

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: S1/27/11

A Bill

SENATE BILL 139

5 By: Senator J. Key
6

For An Act To Be Entitled

8 AN ACT TO CLARIFY THE MEANING OF THE TERM
9 "COMPENSATION" FOR PURPOSES OF RETIREMENT; AND FOR
10 OTHER PURPOSES.
11

Subtitle

12
13 TO CLARIFY THE MEANING OF THE TERM
14 "COMPENSATION" FOR PURPOSES OF
15 RETIREMENT.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 23-115-304 is amended to read as follows:

22 23-115-304. Commission employees – Participation in Arkansas Public
23 Employees' Retirement System.

24 (a) Employees of the Arkansas Lottery Commission shall be members of
25 the Arkansas Public Employees' Retirement System.

26 (b)(1) A commission employee's salary compensation for retirement
27 purposes ~~shall be the amount determined by the commission as authorized by~~
28 ~~the General Assembly and shall not include any multipliers used to increase a~~
29 ~~person's salary as authorized by the General Assembly.~~ includes only the base
30 salary of the employee under § 23-115-305.

31 (2) A commission employee's compensation for retirement purposes
32 does not include a multiplier or other special salary allowance used to
33 increase the employee's salary as authorized by the General Assembly,
34 including without limitation the special salary allowances authorized under §
35 23-115-306.
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1 SECTION 2. Arkansas Code § 24-4-101(11), concerning the definition of
2 “compensation” under the Arkansas Public Employees’ Retirement System, is
3 amended to read as follows:

4 (11)(A) “Compensation” means the recurring remuneration paid a
5 member by public employers for personal services rendered by a member in a
6 position covered by an employer participating in the Arkansas Public
7 Employees’ Retirement System.

8 (B) The following ~~shall be considered~~ are recurring
9 remuneration for personal services for the purposes of determining retirement
10 benefits:

11 (i) Career service recognition payments paid to a
12 member under § 21-5-106;

13 (ii) Payments made to a member under § 21-5-1101,
14 including without limitation a lump-sum payment;

15 (iii)(a) Except as provided in subdivision
16 (11)(B)(iii)(b) of this section, payments made to a member under § 14-14-
17 1206(a), including without limitation a bonus or lump-sum payment.

18 (b) The maximum amount of the bonus or lump-
19 sum payment that will be considered to be compensation during the last year
20 of a member’s employment is the lesser of five percent (5%) of the current
21 year’s salary or the amount of the bonus or lump-sum payment that was
22 received by the member during the previous year of employment;

23 (iv)(a) Except as provided in subdivision
24 (11)(B)(iv)(b) of this section, a bonus or lump-sum payment made to a
25 municipal employee as provided in the municipality’s annual budget under §
26 14-42-308.

27 (b) The maximum amount of the bonus or lump-
28 sum payment that will be considered to be compensation during the member’s
29 last year of employment is the lesser of five percent (5%) of the current
30 year’s salary or the amount of the bonus or lump-sum payment that was
31 received by the member during the previous year of employment; and

32 (v) Lump-sum payments made to a member under §§ 21-
33 5-211 and 21-5-219.

34 (C) ~~In case~~ If a member’s compensation includes either
35 lodging or meals, or both, exclusive of travel expense, the cash value of the
36 lodging and meals shall be fixed by the board, not to exceed the amount the

1 employee is required to report for federal income tax purposes+.

2 (D) Except as provided in subdivision (11)(C) of this
3 section, "compensation" includes only the base salary of the member and does
4 not include a multiplier or other special salary allowance used to increase a
5 person's salary as authorized by the General Assembly;

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7 SECTION 3. Arkansas Code § 24-4-1102(a), concerning member
8 contributions to the Arkansas Public Employees' Retirement System, is amended
9 to read as follows:

10 (a)(1) The contributions of a member shall be five percent (5%) of the
11 member's annual compensation and shall be placed in the member's deposit
12 account as provided in § 24-4-401.

13 (2) Interest shall be paid on accumulated member contributions
14 at the rate of four percent (4%) per annum.

15 (3) As used in this subsection, "compensation" has the same
16 meaning as in § 24-4-101.

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18 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
19 General Assembly of the State of Arkansas that the Arkansas Public Employees'
20 Retirement System currently requires that retirement contributions be based
21 on a member's base salary plus any multipliers; that retirement contributions
22 and benefits should be determined based on a member's base salary and not any
23 multipliers or special salary allowances; and that this act is immediately
24 necessary to clarify the meaning of the term "compensation" for purposes of
25 the Arkansas Public Employees' Retirement System. Therefore, an emergency is
26 declared to exist and this act being immediately necessary for the
27 preservation of the public peace, health, and safety shall become effective
28 on:

29 (1) The date of its approval by the Governor;

30 (2) If the bill is neither approved nor vetoed by the Governor,
31 the expiration of the period of time during which the Governor may veto the
32 bill; or

33 (3) If the bill is vetoed by the Governor and the veto is
34 overridden, the date the last house overrides the veto.

35 /s/J. Key
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