

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

As Engrossed: S1/27/11 S2/1/11

# 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

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14 TO CLARIFY THE MEANING OF THE TERM  
15 "COMPENSATION" FOR PURPOSES OF  
16 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 § 23-115-103(4), concerning the definitions*  
22 *used in the Arkansas Scholarship Lottery Act, is amended to read as follows:*

23 *(4)(A) "Compensation" means any money or anything of value*  
24 *received or to be received as a claim for future services, whether in the*  
25 *form of a retainer, fee, salary, expense, allowance, forbearance,*  
26 *forgiveness, interest, dividend, royalty, rent, or any other form of*  
27 *recompense or any combination thereof.*

28 *(B) "Compensation" includes without limitation a payment*  
29 *made under obligation for services or other value received.*

30 *(C) Subdivisions 4(A) and (B) of this section do not apply*  
31 *to "compensation" as used in § 23-115-304;*  
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33 SECTION 2. Arkansas Code § 23-115-304 is amended to read as follows:  
34 23-115-304. Commission employees – Participation in Arkansas Public  
35 Employees' Retirement System.

36 (a) Employees of the Arkansas Lottery Commission shall be members of



1 the Arkansas Public Employees' Retirement System.

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

7 (2) A commission employee's compensation for retirement purposes  
8 does not include a multiplier or other special salary allowance used to  
9 increase the employee's salary as authorized by the General Assembly,  
10 including without limitation the special salary allowances authorized under §  
11 23-115-306.

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13 SECTION 3. Arkansas Code § 24-4-101(11), concerning the definition of  
14 "compensation" under the Arkansas Public Employees' Retirement System, is  
15 amended to read as follows:

16 (11)(A) "Compensation" means the recurring remuneration paid a  
17 member by public employers for personal services rendered by a member in a  
18 position covered by an employer participating in the Arkansas Public  
19 Employees' Retirement System.

20 (B) The following ~~shall be considered~~ are recurring  
21 remuneration for personal services for the purposes of determining retirement  
22 benefits:

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

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

27 (iii)(a) Except as provided in subdivision  
28 (11)(B)(iii)(b) of this section, payments made to a member under § 14-14-  
29 1206(a), including without limitation a bonus or lump-sum payment.

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

35 (iv)(a) Except as provided in subdivision  
36 (11)(B)(iv)(b) of this section, a bonus or lump-sum payment made to a

1 municipal employee as provided in the municipality's annual budget under §  
2 14-42-308.

3 (b) The maximum amount of the bonus or lump-  
4 sum payment that will be considered to be compensation during the member's  
5 last year of employment is the lesser of five percent (5%) of the current  
6 year's salary or the amount of the bonus or lump-sum payment that was  
7 received by the member during the previous year of employment; and

8 (v) Lump-sum payments made to a member under §§ 21-  
9 5-211 and 21-5-219.

10 (C) ~~In case~~ If a member's compensation includes either  
11 lodging or meals, or both, exclusive of travel expense, the cash value of the  
12 lodging and meals shall be fixed by the board, not to exceed the amount the  
13 employee is required to report for federal income tax purposes.

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

18  
19 SECTION 4. Arkansas Code § 24-4-1102(a), concerning member  
20 contributions to the Arkansas Public Employees' Retirement System, is amended  
21 to read as follows:

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

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

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

29  
30 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
31 General Assembly of the State of Arkansas that the Arkansas Public Employees'  
32 Retirement System currently requires that retirement contributions be based  
33 on a member's base salary plus any multipliers; that retirement contributions  
34 and benefits should be determined based on a member's base salary and not any  
35 multipliers or special salary allowances; and that this act is immediately  
36 necessary to clarify the meaning of the term "compensation" for purposes of

1 the Arkansas Public Employees' Retirement System. Therefore, an emergency is  
2 declared to exist and this act being immediately necessary for the  
3 preservation of the public peace, health, and safety shall become effective  
4 on:

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

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

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

11 /s/J. Key

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