1   State of Arkansas

2   89th General Assembly   A Bill

3   Regular Session, 2013   SENATE BILL 112

4

5   By: Senator R. Thompson

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7   **For An Act To Be Entitled**

8   AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS

9   TEACHER RETIREMENT SYSTEM TO ISSUE RULES NECESSARY TO

10   ALIGN WITH THE RULES OF THE INTERNAL REVENUE SERVICE

11   WHEN THE INTERNAL REVENUE SERVICE REMOVES A PENALTY

12   OR LOOSENS A RESTRICTION ON PUBLIC PENSION PLANS TO

13   BENEFIT MEMBERS; TO DECLARE AN EMERGENCY; AND FOR

14   OTHER PURPOSES.

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17   **Subtitle**

18   TO ALLOW THE BOARD OF TRUSTEES OF THE

19   ARKANSAS TEACHER RETIREMENT SYSTEM TO

20   ISSUE RULES NECESSARY TO ALIGN WITH THE

21   RULES OF THE INTERNAL REVENUE SERVICE AND

22   TO DECLARE AN EMERGENCY.

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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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27   SECTION 1. Arkansas Code § 24-7-305(b)(2), concerning duties and

28 responsibilities of the board of trustees Board of Trustees of the Arkansas

29 Teacher Retirement System, is amended to read as follows:

30   (2) In order to fully comply with federal requirements that may

31 affect the members or the members' benefits under this subchapter, and to

32 limit the impact of changes in federal requirements on members or the

33 members' benefits, the board may promulgate rules to:

34   (A) Establish the regular retirement age for members

35 consistent with the provisions of Section 411 of the Internal Revenue Code;

36 and

1   (B) Maintain the system's retirement plan tax

2   qualification status by the federal government to remain tax exempt and tax

3   qualified under Section 401(a) of the Internal Revenue Code~.;

4   (C) Modify or eliminate a plan provision that was

5   originally established to comply with Internal Revenue Code requirements but

6   is no longer necessary to maintain the plan's tax-qualified status under the

7   Internal Revenue Code, including without limitation provisions concerning:

8   (i) Penalties;

9   (ii) Restrictions;

10   (iii) Time limitations; or

11   (iv) Other requirements that impact a member,

12   members' benefits, or the plan.

13   (D) The board may adopt rules, procedures, plans,

14   programs, and actions necessary to enable the system to pay all benefits

15   earned by the system's members and reduce penalties or restrictions required

16   by the Internal Revenue Service while maintaining compliance with the

17   Internal Revenue Service.

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19   SECTION 2. EMERGENCY CLAUSE. It is found and determined by the

20   General Assembly of the State of Arkansas that to maintain an orderly system

21   of benefits for the members of the Arkansas Teacher Retirement System and to

22   comply with complex federal tax laws and regulations the Board of Trustees of

23   the Arkansas Teacher Retirement System needs the authority to adopt rules,

24   procedures, plans, programs, and actions necessary to enable the system to

25   pay all benefits earned by the system's members; that the board should have

26   broad authority whenever possible to resolve expeditiously an Internal

27   Revenue System code limitation or restriction on payment of earned benefits

28   of members and to lessen the financial burden on members of any unnecessary

29   penalties or charges; and that this act is immediately necessary to take

30   appropriate action to lessen any penalties or restrictions required by the

31   Internal Revenue Service code while maintaining qualified plan status to

32   protect members and their retirement. Therefore, an emergency is declared to

33   exist, and this act being immediately necessary for the preservation of the

34   public peace, health, and safety shall become effective on:

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

36   (2) If the bill is neither approved nor vetoed by the Governor,

1   the expiration of the period of time during which the Governor may veto the

2   bill; or

3   (3) If the bill is vetoed by the Governor and the veto is

4   overridden, the date the last house overrides the veto.

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