

Stricken language would be deleted from and underlined language would be added to present law.
Act 151 of the Regular Session

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H2/5/25

A Bill

HOUSE BILL 1118

By: Representative Warren

By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND THE LAWS CONCERNING THE MANAGEMENT OF
PREMIUM TAXES UNDER THE ARKANSAS FIRE AND POLICE
PENSION REVIEW BOARD; TO DECLARE AN EMERGENCY; AND
FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAWS CONCERNING THE
MANAGEMENT OF PREMIUM TAXES UNDER THE
ARKANSAS FIRE AND POLICE PENSION REVIEW
BOARD; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-11-203(k), concerning certification of funding recommended for disbursement of premium tax funds to underfunded municipal fire and police relief and pension plans, is repealed.

~~(k)(1) On or before June 15 of each fiscal year, the Arkansas Fire and Police Pension Review Board shall certify to the Chief Fiscal Officer of the State the amount of funding it recommends for disbursement in the ensuing fiscal year to underfunded municipal fire and police relief and pension plans as defined in § 24-11-217.~~

~~(2) After receiving the certification required under subdivision (k)(1) of this section, the Chief Fiscal Officer of the State shall immediately transfer on his or her books and the books of the Treasurer of State the lesser of the total amount recommended by the Arkansas Fire and Police Pension Review Board or the amount appropriated by the General Assembly for the ensuing fiscal year from the Revenue Holding Fund Account to~~



~~the Firemen's and Police Officers' Pension and Relief Fund for distribution to the recommended underfunded plans.~~

SECTION 2. Arkansas Code § 24-11-211(a), concerning the creation and administration of the Arkansas Policemen's Pension Supplement Program, is amended to read as follows:

(a)(1) There is created the Arkansas Policemen's Pension Supplement Program, to be administered by the ~~Arkansas Fire and Police Pension Review Board~~ Department of Finance and Administration.

SECTION 3. Arkansas Code § 24-11-211(b)(2)-(c)(2), concerning funding and administration of the Policemen's Pension Supplement Program Fund, are amended to read as follows:

(2) The Policemen's Pension Supplement Program Fund shall be funded by that portion of those unallocated premium taxes levied on insurers for the support of police retirement programs that is transferred to the control of the ~~board~~ department under § 24-11-215(c).

(c)(1) The ~~board~~ department shall administer the program and make the payments called for under the program, including formulating necessary rules, procedures, and forms.

(2) The ~~board~~ department may retain one percent (1%) of the funds transferred for administrative expenses of the program.

SECTION 4. Arkansas Code § 24-11-211(f)-(g), concerning payments and certification of transfers related to the Policemen's Pension Supplement Program Fund, are amended to read as follows:

~~(f) On or after July 1 of each fiscal year following the board's payments required by subsection (e) of this section, the board shall pay to the State Treasury the amounts transferred to the board under § 24-11-215(c) that exceed the amounts the board is required to pay under the program.~~

~~(g)~~(1) The program is effective July 1, 1999.

(2) The first payments may be made under the program beginning July 31, 1999, and the first transfer under § 24-11-215(c) shall occur on July 25, 1999, and on each July 25 thereafter.

SECTION 5. Arkansas Code § 24-11-212(b), concerning the administration

of the Future Supplement Fund, is amended to read as follows:

(b) The Future Supplement Fund shall be administered by the ~~Arkansas Fire and Police Pension Review Board~~ Department of Finance and Administration.

SECTION 6. Arkansas Code § 24-11-212(f), concerning the use of allocations in previous years that were not distributed for the Future Supplement Fund, is amended to read as follows:

(f) The ~~Arkansas Fire and Police Pension Review Board~~ department may use an amount allocated in previous years that has not been distributed for the Future Supplement Fund to:

- (1) Ensure the distribution of an amount listed in subdivision (d)(1) of this section; and
- (2) Help offset a reduction described in § 24-11-215.

SECTION 7. Arkansas Code § 24-11-213(b), concerning the allocation of funds between the Firemen's and Police Officers' Pension and Relief Fund and the General Revenue Fund Account, is amended to read as follows:

(b) The allocation of funds between the Firemen's and Police Officers' Pension and Relief Fund and the General Revenue Fund Account under this section is subject to the following conditions:

(1) The ~~Arkansas Fire and Police Pension Review Board~~ Department of Finance and Administration shall review annually the distribution of funds to each qualified city, town, or fire protection district made in the previous calendar year before disbursing funds to an area qualified under § 24-11-214; and

(2) The ~~board~~ department shall consider as part of the annual assessment of the allocation of the disbursement of funds under § 24-11-214:

(A) The certification of a new city, town, or fire protection district for participation in the Firemen's and Police Officers' Pension and Relief Fund; and

(B) A change in the legal description of a city, town, or fire protection district, which shall be reported to the ~~board~~ department annually by December 14.

SECTION 8. Arkansas Code § 24-11-214(b)(2)(B), concerning the

actuarial cost for a calendar year to determine the amount of the premium tax revenues, is amended to read as follows:

(B) For a group that is covered by a local policemen's pension and relief fund or a local firemen's relief and pension fund, shall be the cost calculated by the actuary for the ~~Arkansas Fire and Police Pension Review Board~~ Department of Finance and Administration for the preceding calendar year; and

SECTION 9. Arkansas Code § 24-11-214(c), concerning the calculation of the amount of the premium tax revenues, is amended to read as follows:

(c) The amount of revenues to be directed to cities, towns, and fire protection districts shall equal the amount in the Firemen's and Police Officers' Pension and Relief Fund less the payment for the administrative and actuarial expenses of the ~~board~~ Arkansas Fire and Police Pension Review Board under subsection (i) of this section and under § 24-11-203.

SECTION 10. Arkansas Code § 24-11-214(f)(2), concerning the timing of the certification by the Arkansas Fire and Police Pension Review Board, is amended to read as follows:

(2) On or before June 15 of each calendar year after ~~2002~~ 2025, ~~the board shall certify to~~ the Department of Finance and Administration shall certify the exact amount of tax revenues each city, town, or fire protection district is entitled to receive for the calendar year under this section.

SECTION 11. Arkansas Code § 24-11-214(h)-(i), concerning fees and expenses for the administration of this section, is amended to read as follows:

(h)(1) There shall be no administrative fees charged to these entities by the ~~board~~ department upon qualification.

(2) The ~~board~~ department shall incur all administrative and actuarial costs associated with obtaining the information required under this section.

(i)(1) The ~~board~~ department shall establish a certain percentage of the insurance tax revenues to use to meet its proper actuarial expenses and administrative costs incurred in obtaining and evaluating the population information required under § 24-11-213, but in no event shall the ~~board~~

department be entitled to more than one percent (1%) of the Firemen's and Police Officers' Pension and Relief Fund as defined in § 24-11-809(a)(2).

(2) This assessment shall be collected in addition to the assessment provided in § 24-11-203.

SECTION 12. Arkansas Code § 24-11-214(1), concerning the promulgation of rules for the implementation of this section, is amended to read as follows:

(1) ~~The Arkansas Fire and Police Pension Review Board~~ department shall may promulgate rules that are necessary to implement this section.

SECTION 13. Arkansas Code § 24-11-215(c), concerning annual transfers to the Arkansas Policemen's Pension Supplement Program, is amended to read as follows:

(c) After transfers are made to cover funds distributed under subsection (b) of this section and the portion of those premium taxes set aside for transfer to the State Police Retirement Fund under § 24-6-209(b), the Secretary of the Department of Finance and Administration is directed to make annual transfers from the police portion of the revenues to the Policemen's Pension Supplement Program Fund on or before ~~July 25, 1999, and each year thereafter as certified by the Arkansas Fire and Police Pension Review Board~~ on July 1 each year as the amount needed to pay the expenses of and to make payments to the eligible retired police officers and survivors under the Arkansas Policemen's Pension Supplement Program for the coming year of the program.

SECTION 14. Arkansas Code § 24-11-217(c), concerning approval of additional allocations to the policemen's pension and relief funds and firemen's relief and pension funds, is amended to read as follows:

(c) The policemen's pension and relief funds and firemen's relief and pension funds shall qualify for the additional allocation after ~~approval of the Arkansas Fire and Police Pension Review Board and after~~ meeting the following criteria:

- (1) The policemen's pension and relief fund or the firemen's relief and pension fund is in compliance with all applicable laws and rules;
- (2) The policemen's pension and relief fund or the firemen's

relief and pension fund shall receive employer contributions other than premium tax allocations that are at least eighty percent (80%) of the actuarial cost under § 24-11-214 during the calendar year before an allocation; and

(3)(A) A firemen's relief and pension fund that provides benefits to volunteer members shall receive funding without meeting the employer contribution requirement described in subdivision (c)(2) of this section if the firemen's relief and pension fund is:

(i) Less than fifty percent (50%) funded as of the most recent actuarial valuation; and

(ii) Administered by the Arkansas Local Police and Fire Retirement System.

(B) The funding under this subsection shall be eliminated to meet the criteria of § 24-11-215(e)(2)(A) notwithstanding the requirement of § 24-11-215(d).

SECTION 15. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the management of premium taxes collected for the benefit of municipal firemen's relief and pension funds and policemen's pension and relief funds is in need of a change in administration from the Arkansas Fire and Police Pension Review Board to the Department of Finance and Administration for purposes of financial security and efficiency; and that it is necessary for this act to have an effective date of July 1, 2025, in order to allow for a structured and proper administration of the procedures referenced in this act. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2025.

/s/Warren

APPROVED: 2/25/25