

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: S1/23/13
A Bill

SENATE BILL 51

By: Senator B. Sample

For An Act To Be Entitled

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE LAW
CONCERNING THE ARKANSAS FIRE AND POLICE PENSION
REVIEW BOARD; TO DECLARE AN EMERGENCY; AND FOR OTHER
PURPOSES.

Subtitle

TO MAKE TECHNICAL CORRECTIONS TO THE LAW
CONCERNING THE ARKANSAS FIRE AND POLICE
PENSION REVIEW BOARD.

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

SECTION 1. Arkansas Code § 24-11-102 is amended to read as follows:
24-11-102. Increase in benefits.

(a) The board of trustees of a municipal firemen's relief and pension fund and the board of trustees of a policemen's pension and relief fund are authorized to increase benefits for future or current retired members and beneficiaries of the firemen's relief and pension fund or policemen's pension and relief fund.

(b) Any proposed increase by the board of trustees shall be in strict compliance with the following conditions:

(1) The board of trustees of the firemen's relief and pension fund or policemen's pension and relief fund shall adopt a resolution approved by not less than three-fourths (3/4) of the membership of the board of trustees, outlining the proposed increase in benefits;

(2)(A) The action proposed by the board of trustees under the resolution shall be determined by an actuarial ~~evaluation~~ valuation to be



actuarially feasible to the extent that the unfunded liabilities resulting from the proposed increase in member or beneficiary benefits under the fund will be funded over a period of not more than thirty (30) years, pursuant to rules promulgated by the Arkansas Fire and Police Pension Review Board, based on the current available and known revenue or income sources available to the retirement and pension fund.

(B) The actuarial valuations shall be made by an actuary who is a member of the American Academy of Actuaries and who is employed by the review board.

(C) The Executive Director of the Arkansas Fire and Police Pension Review Board shall state the actuarial findings in writing to the board of trustees and shall certify the appropriate action to be taken;

(3)(A) A copy of the resolution adopted by the board of trustees of the firemen's relief and pension fund or policemen's pension and relief fund outlining the proposed increase in member or beneficiary benefits is filed with the executive director, who shall determine that an actuarial valuation has been made in accordance with the provisions of this subchapter and that the actuarial valuation had determined that the proposed increase in benefits may be funded, over a period of time set forth in subdivision (b)(2)(A) of this section, based on available or defined revenue sources of the relief fund, in which event the executive director may approve the proposed increase to member beneficiary benefits under the firemen's relief and pension fund or policemen's pension and relief fund.

(B) The board of trustees of the firemen's relief and pension fund or policemen's pension and relief fund shall comply with the appropriate action as approved by the executive director; and

(4)(A) A copy of the resolution adopted by the board of trustees, a copy of the actuarial valuation, and a copy of the action taken by the executive director ~~is~~ are filed with the circuit clerk and the city clerk of the county and city in which the firemen's relief and pension fund or policemen's pension and relief fund is located.

(B) All actions taken by the executive director shall be subject to review and acceptance by the review board.

(c) If it is determined by the review board that a local pension plan is not complying with the provisions of law governing benefit increases, the executive director shall certify that noncompliance to the ~~Insurance~~

~~Commissioner, and the commissioner~~ Director of the Department of Finance and Administration who shall withhold all moneys otherwise due the plan from the state until compliance is achieved.

SECTION 2. Arkansas Code § 24-11-104 is amended to read as follows:
24-11-104. Rules and regulations.

The Department of Finance and Administration is authorized to promulgate such reasonable rules and regulations as are necessary to carry out the provisions of §§ 24-11-301, ~~24-11-302,~~ and 24-11-809, ~~and 24-11-810.~~

SECTION 3. Arkansas Code § 24-11-203 is amended to read as follows:
24-11-203. Arkansas Fire and Police Pension Review Board.

(a) The purpose of this section, which creates and establishes the Arkansas Fire and Police Pension Review Board, is to establish a state pension review board for all municipal fire and police pension funds established under §§ 14-52-106, 24-11-401 -- 24-11-403, 24-11-405 -- 24-11-413, 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 -- 24-11-430, 24-11-801 -- 24-11-807, 24-11-809, ~~24-11-810 [repealed],~~ 24-11-813 -- 24-11-815, and 24-11-818 -- 24-11-821, which shall oversee all requests for benefit increases and review the annual financial ~~accountant's~~ reports and ~~biennial~~ annual actuarial valuations required by this subchapter ~~and which shall oversee, invest, and administer the Arkansas Fire and Police Pension Guarantee Fund as established by law.~~

(b)(1) The ~~board~~ Arkansas Fire and Police Pension Review Board shall be composed of nine (9) persons as follows:

(A) Two (2) firefighters, an active member, retired member, or a deferred retirement option plan participant, one (1) of whom shall be appointed by the Governor from a list submitted by the Arkansas ~~Council of Professional Fire Fighters~~ State Firefighters Association and the other from a list submitted by the Arkansas Professional Fire Fighters Association;

(B) Two (2) police officers, an active member, retired member, or a deferred retirement option plan participant, to be appointed by the Governor, one (1) from a list submitted by the Arkansas Municipal Police Association and the other from a list submitted by the Fraternal Order of Police;

(C) Three (3) persons to be appointed by the Governor from a list submitted by the Arkansas Municipal League;

(D) One (1) person who is not a member, retirant, or beneficiary of the Arkansas Local Police and Fire Retirement System and who is not a current or former member of the governing body of any political subdivision, to be appointed by the Governor from a list of persons submitted to the Governor by the Joint Committee on Public Retirement and Social Security Programs; and

(E) The Director of the Department of Finance and Administration or the director's designee.

(2) The ~~board~~ Arkansas Fire and Police Pension Review Board shall elect one (1) of its members as chair.

(c) ~~Board members~~ Members of the Arkansas Fire and Police Pension Review Board who are appointed as employee members must be active members, retired firefighters or police officers, or deferred retirement option plan participants of local firemen's and policemen's pension and relief funds established under §§ 14-52-106, 24-11-401 -- 24-11-403, 24-11-405 -- 24-11-413, 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 -- 24-11-430, 24-11-801 -- 24-11-807, 24-11-809, ~~24-11-810 [repealed]~~, 24-11-813 -- 24-11-815, and 24-11-818 -- 24-11-821.

(d) ~~Board members~~ Members of the Arkansas Fire and Police Pension Review Board who are appointed as employer members shall be elected or appointed officials of municipalities or fire protection districts with established firemen's or policemen's pension and relief funds. However, ~~both~~ employer members shall not be from the same municipality or fire protection district.

(e) Whenever the Governor is to appoint a ~~board member~~ member of the Arkansas Fire and Police Pension Review Board, the list of persons submitted to the Governor shall consist of the names of at least two (2) persons.

(f)(1) The normal term of office shall be four (4) years from January 1 next following the appointment.

(2) Each ~~board member~~ member of the Arkansas Fire and Police Pension Review Board shall continue to serve until a successor has been appointed and has qualified.

(g)(1) In the event any ~~employee board member~~ employee member of the Arkansas Fire and Police Pension and Review Board ceases to be an active or

retired member or a deferred retirement option plan participant of a local pension fund, or any ~~employer board member~~ employer member of the Arkansas Fire and Police Pension and Review Board ceases to be an appointed or elected official of an employer or becomes a member of a local pension fund, or if the ~~citizen board member~~ citizen member of the Arkansas Fire and Police Pension Review Board becomes a member of a local pension fund or an elected or appointed official of an employer, or if any board member fails to attend three (3) consecutive meetings of the board, unless in each case excused for cause by the remaining board members attending the meeting or meetings, the member shall be considered as having resigned from the board, and the board shall declare by resolution the office of that member vacated.

(2) If a vacancy occurs in the office of a member, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

(3) From the time a vacancy in the office of a member occurs and the board has begun the steps to see that the vacancy will be filled and before the time the vacancy is filled, the members in office may elect a person by majority vote to fill temporarily the vacancy for the interim period, but in no event for a period longer than one (1) year.

(h)(1) The executive director and staff of the Arkansas Local Police and Fire Retirement System shall serve as executive director and staff for the Arkansas Fire and Police Pension Review Board.

(2)(A) The Arkansas Fire and Police Pension Review Board or its designated members may meet in executive session with the Board of Trustees of the Arkansas Local Police and Fire Retirement System or its designated members for the purposes stated in and subject to the provisions of § 25-19-106(c) concerning the boards' executive director, staff, or persons being considered for any of those positions.

(B)(i) When applicable, records created by or at the instruction of the Arkansas Fire and Police Pension Review Board concerning the boards' executive director or staff shall be considered personnel records or job evaluation or performance records for purposes of and subject to the provisions of §§ 25-19-105(b)(12) and 25-19-105(c).

(ii) The records in subdivision (h)(2)(B)(i) of this section may be made available to the Arkansas Fire and Police Pension Review Board or its designated members and the boards' executive director.

(i)(1) The board shall be responsible for reviewing and approving at least one (1) time annually all actions taken by the staff in regard to benefit increase requests and administration of the disclosure and reporting requirements under this subchapter.

(2) All benefit increase determinations shall be made in compliance with the provisions of §§ 24-11-101 -- 24-11-103.

(j)(1) The board shall have the power to make all rules and regulations necessary to enforce the laws governing funding standards and benefit levels for ~~fire~~ firemen's relief and pension fund and police pension and relief funds. Further, the board shall have the authority to make all rules and regulations necessary to assure continued tax qualification of each firemen's relief and pension fund and policemen's pension and relief fund that is subject to this subchapter.

(2) All rules and regulations must be promulgated in accordance with the provisions of the Arkansas Administrative Procedure Act, § 25-15-201 et seq. In addition, all rules and regulations relating to continued tax qualification of such plans shall be specifically presented to the Joint Committee on Public Retirement and Social Security Programs or the Legislative Council when the General Assembly is not in session for review prior to final adoption.

(k)(1) Expenses incurred by the board for performing ~~biennial~~ annual actuarial valuations and for all other administrative services to local pension funds shall be paid from the revenues derived from premium taxes levied by the state on insurers for the support of fire and police retirement programs.

(2) The board shall report its administrative and actuarial expenses budgeted for the current year to the Department of Finance and Administration by or on April 30 of each year.

(3) The board shall establish a portion of the insurance tax revenues to use to meet its proper administrative expenses each year, but ~~in no event shall~~ the board shall not be entitled to more than one percent (1%) of the insurance tax revenues.

(4) Each member of the board may receive expense reimbursement and stipends ~~in accordance with~~ under § 25-16-901 et seq.

SECTION 4. Arkansas Code § 24-11-205 is amended to read as follows:

24-11-205. Actuarial valuation.

(a)(1) The Executive Director of the Arkansas Fire and Police Pension Review Board shall cause an actuarial valuation of each plan to be made ~~biennially~~ annually to determine how well the plan is meeting the objectives set forth in § 24-11-204.

(2) The actuarial valuation shall be prepared by an actuary under the supervision of the executive director, who shall establish and implement procedures for securing actuarial services.

(3) Valuations shall be prepared ~~at least for each odd-numbered year ending December 31~~ each year or as required by the board for all or certain plans.

(4) The executive director shall submit one (1) copy of the actuarial study to the local pension board and a summary of the findings to the Joint Committee on Public Retirement and Social Security Programs.

(5) Expenses incurred for performing the actuarial valuations ~~should~~ shall be paid from the revenues derived from the premium taxes levied on insurers for the support of fire and police retirement programs.

(6) The method and amount of the payment shall be ~~allowed by~~ made under § 24-11-203.

(b) The report of each actuarial valuation shall include at least the following:

(1) A summary of the plan benefits evaluated;

(2) The level normal cost of plan benefits, expressed as a percent of active employee payroll or, in the case of volunteer fire department pension plans, expressed in dollar amounts, computed in accordance with generally accepted actuarial funding methods which produce a normal cost rate at least as high as the entry age normal cost funding method;

(3) The accrued liabilities of the plan, which shall be equal to the present value of all future benefits for present plan participants minus the present value of all future normal cost contributions for present plan participants;

(4) The contribution required to amortize unfunded accrued liabilities over a period not to exceed ~~forty (40)~~ thirty (30) years. Unfunded accrued liabilities shall be equal to the accrued liabilities minus the plan's accrued assets, which are the plan's cash and investments;

(5) The employer contribution required to provide for the normal

cost of the plan plus the amount required to amortize the unfunded accrued liability of the plan;

(6) Assumptions of future experiences which are appropriate for the fund in pursuing the general financial objective established by this subchapter. Assumptions shall be made with respect to at least the following:

- (A) Investment return;
- (B) Pay increase assumptions;
- (C) Mortality;
- (D) Withdrawal (turnover);
- (E) Disability;
- (F) Retirement ages; and
- (G) Change in active employee group size.

If the pay increase assumption is a constant percentage for all active employee ages, the investment return rate percentage shall not exceed the pay increase percentage by more than two percent (2%) annually, compounded annually, and preferably not by more than one and one-half percent (1.5%). If the pay increase assumptions are the total of a constant percent plus a changing percentage which decreases as age increases, the investment return rate percentage shall not exceed the constant percent of the pay increase assumptions by more than three percent (3%) annually, compounded annually, and preferably not by more than two percent (2%).

If the entire employee group size is assumed to increase, the increase shall be assumed to occur within the five-year period after the valuation date, and to an eventual active employee group size no more than one hundred fifteen percent (115%) of present size;

(7) Changes in each assumption since the last actuarial valuation shall be noted; and

(8) The actuary shall certify that, in his or her opinion, the assumptions used for the valuation produce results which, in the aggregate, are reasonable.

SECTION 5. Arkansas Code § 24-11-208 is amended to read as follows:

24-11-208. Administration of underfunded plans.

(a) The purpose of this section is to provide a method for the funding of benefits in certain underfunded plans. Some of the municipal fire and police pension funds established under §§ 14-52-106, 24-11-401 -- 24-11-403,

24-11-405 -- 24-11-413, 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 -- 24-11-430, 24-11-801 -- 24-11-807, 24-11-809, ~~24-11-810~~, 24-11-813 -- 24-11-815, and 24-11-818 -- 24-11-821, may run out of funds before all of the promised benefits have been paid to their members, retirants, and beneficiaries.

(b)(1) ~~Biennially~~ Annually, in conjunction with the actuarial valuations required by § 24-11-205, the Arkansas Fire and Police Pension Review Board shall identify those plans ~~which~~ that are projected to deplete their assets within ten (10) years after the valuation date.

(2) A plan so identified shall be declared a projected insolvent fund.

(c) The Arkansas Fire and Police Pension Review Board shall notify the board of trustees of each projected insolvent fund of its funded status and the options that are available to the fund to protect the benefits of its members, retirants, and beneficiaries.

SECTION 6. Arkansas Code § 24-11-209 is repealed.

~~24-11-209. Arkansas Fire and Police Pension Guarantee Fund.~~

~~(a) The Arkansas Fire and Police Pension Guarantee Fund shall be created and established for the purpose of providing a state fund to provide financial assistance to certain municipal fire and police pension funds established under §§ 14-52-106, 24-11-401 -- 24-11-403, 24-11-405 -- 24-11-413, 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 -- 24-11-430, 24-11-801 -- 24-11-807, 24-11-809, 24-11-810 [repealed], 24-11-813 -- 24-11-815, and 24-11-818 -- 24-11-821.~~

~~(b)(1) Some of the municipal fire and police pension funds established under §§ 14-52-106, 24-11-401 -- 24-11-403, 24-11-405 -- 24-11-413, 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 -- 24-11-430, 24-11-801 -- 24-11-807, 24-11-809, 24-11-810 [repealed], 24-11-813 -- 24-11-815, and 24-11-818 -- 24-11-821, may run out of funds before all of the promised benefits have been paid to their members, retirants, and beneficiaries.~~

~~(2) The Arkansas Fire and Police Pension Guarantee Fund may assist the municipal funds, in accordance with the following:~~

~~(A) A municipal fire or police pension fund may receive financial assistance from the Arkansas Fire and Police Pension Guarantee Fund if the assistance is approved by the Arkansas Fire and Police Pension Review~~

~~Board and if the fund complies with subdivision (b)(2)(B) of this section;~~

~~(B) If a municipal fire or police pension fund is to receive financial assistance from the Arkansas Fire and Police Pension Guarantee Fund, then:~~

~~(i) The municipal fire or police pension fund must apply in writing for financial assistance to the Arkansas Fire and Police Pension Guarantee Fund;~~

~~(ii) Upon receipt of the application, the Arkansas Fire and Police Pension Review Board shall notify the board of trustees of the fund, in writing, that the fund will receive financial assistance from the Arkansas Fire and Police Pension Guarantee Fund if all of the provisions of this subdivision (b)(2)(B) are met;~~

~~(iii) In order to receive any financial assistance from the Arkansas Fire and Police Pension Guarantee Fund, the local fund must be receiving a dedicated millage of one (1) mill;~~

~~(iv) Any benefits, including refunds of active member contributions to terminating members, due after the date the local fund is receiving assistance from the Arkansas Fire and Police Pension Guarantee Fund, shall not exceed the minimum amount provided by law;~~

~~(v) The Arkansas Fire and Police Pension Review Board may review the medical condition of all persons receiving a disability pension from the local fund. If the Arkansas Fire and Police Pension Review Board finds that a person receiving a disability pension from the local fund is no longer disabled, and as a result is no longer entitled to a disability pension, the person shall no longer receive a benefit from the local fund.~~

~~(c)(1)(A) The Arkansas Fire and Police Pension Guarantee Fund shall receive a portion of the taxes levied on insurers for the support of fire and police retirement programs by § 23-60-101 et seq. and §§ 24-11-301—24-11-303, 24-11-801—24-11-807, 24-11-809, 24-11-810 [repealed], 24-11-813, 24-11-818—24-11-821, 26-57-601—26-57-605, and 26-57-607, or any other state fund designated for support of fire and police retirement programs in political subdivisions.~~

~~(B) The amount received by the Arkansas Fire and Police Pension Guarantee Fund shall be based upon the taxes that are levied on insurers but are not allocated to cities, towns, or fire protection districts qualified to participate in the distribution of the taxes, and shall be the~~

~~amount so provided in §§ 24-11-302 [repealed] and 24-11-809.~~

~~(2) If a fire or police retirement program, or the political subdivision supporting a retirement program, does not receive a portion of the taxes levied on insurers for the support of fire and police retirement programs due to § 24-11-202, the taxes shall be paid into the Arkansas Fire and Police Pension Guarantee Fund.~~

~~(d) The maximum financial assistance that an eligible municipal fire or police pension fund can receive in any year from the Arkansas Fire and Police Pension Guarantee Fund is the remainder, if any, of the amount of the item in subdivision (d)(1) of this section, after subtracting the amount equal to the sum of all the items of subdivision (d)(2) of this section, as follows:~~

~~(1) The actuarially recommended contribution for the year, determined as if the fund were providing the minimum benefits required by law; and~~

~~(2)(A) Twelve percent (12%) of the covered salaries, or one dollar (\$1.00) per month for each volunteer fire fighter;~~

~~(B) The dollar amount of the millage that would be produced if one (1) mill was contributed to the plan;~~

~~(C) For police pension funds only, ten percent (10%) of fines and forfeitures under § 24-11-413(a)(5) in the prior year; and~~

~~(D) The amount of state insurance turnback funds allocated to the fund in the prior year.~~

~~(e)(1) The Arkansas Fire and Police Pension Review Board shall annually recommend to the Chief Fiscal Officer of the State which pension funds shall receive financial assistance from the Arkansas Fire and Police Pension Guarantee Fund and the amount of the assistance.~~

~~(2) The Arkansas Fire and Police Pension Review Board shall take into consideration the amount of income expected by the Arkansas Fire and Police Pension Guarantee Fund when determining the amount of financial assistance available to the local funds and considering whether the local fund would be better served by consolidating into the Arkansas Local Police and Fire Retirement System.~~

~~(3) The Arkansas Fire and Police Pension Review Board shall recommend financial assistance from the Arkansas Fire and Police Pension Guarantee Fund according to the following priorities:~~

~~(A) Projected insolvent funds which are not expected to have enough funds to provide benefits for the current year;~~

~~(B) Projected insolvent funds which are expected to deplete their funds within the next three (3) years;~~

~~(C) Projected insolvent funds which are expected to deplete their funds within the next ten (10) years;~~

~~(D) Funds that are determined to be actuarially unsound by the Arkansas Fire and Police Pension Review Board; and~~

~~(E) Other pension funds covering municipal police officers and fire fighters in Arkansas, without regard to subsection (d) of this section, or without regard to subdivision (b)(2)(B)(iii) of this section for funds administered by the Arkansas Local Police and Fire Retirement System.~~

~~(f) The executive director and staff of the Arkansas Fire and Police Pension Review Board shall serve as the executive director and staff of the Arkansas Fire and Police Pension Guarantee Fund.~~

~~(g) Any expenses required to administer the Arkansas Fire and Police Pension Guarantee Fund shall be determined and paid by the Arkansas Fire and Police Pension Review Board out of the Arkansas Fire and Police Pension Guarantee Fund.~~

~~(h)(1) The Arkansas Fire and Police Pension Review Board shall report to the General Assembly on the condition of the Arkansas Fire and Police Pension Guarantee Fund.~~

~~(2) The report shall be due by December 31 of each even-numbered year.~~

~~(3) The report shall include the amount of financial assistance provided during the last two (2) years and the expected tax allocation for the next two (2) years.~~

~~(i)(1) For the allocations in fiscal years 2012 — 2015, the amount of the additional allocation to a pension and relief fund under § 24-11-217 shall not be less than would be provided under this section.~~

~~(2) Beginning in fiscal year 2016, this section does not provide any allocation.~~

~~(j) The amounts provided under this section are subject to the limits under § 24-11-215.~~

SECTION 7. Arkansas Code § 24-11-211 is amended to read as follows:

24-11-211. Arkansas Policemen's Pension Supplement Program.

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

(2) As used in this section, "retired police officers" includes:

(A) Police officers who are retired from active service;
and

(B) Police officers who remain actively employed while participating in the Arkansas Police Officers' Deferred Option Plan under a policemen's pension and relief fund.

(b)(1) The Policemen's Pension Supplement Program Fund is created to provide a state fund to provide financial assistance to certain retired police officers and their survivors who are receiving pensions from policemen's pension and relief funds.

(2) The ~~fund~~ 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 under § 24-11-215(c).

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

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

(d) Retired police officers and their survivors are eligible for the pension supplement under this program as follows:

(1) A retired police officer or a survivor receiving retirement benefits from a local policemen's pension and relief fund of less than four hundred dollars (\$400) per month shall receive a supplement under the program in an amount equivalent to raise his or her total benefits plus the supplement to four hundred dollars (\$400) per month or the amount in subdivision (d)(2) of this section, whichever is greater; and

(2) A retired police officer or a survivor currently receiving retirement benefits from a local policemen's pension and relief fund of four hundred dollars (\$400) or more per month shall receive a supplement under the program of fifty dollars (\$50.00) per month.

~~(e)(1)(A) Retired police officers or their survivors may submit to the~~

~~board an application for the pension supplement in a form specified by the board.~~

~~(B) The application form shall be submitted between July 1 and July 31 of each year.~~

~~(2)(A) Following July 31 of each year, the board shall:~~

~~(i) Review the applications submitted by the due date; and~~

~~(ii) Pay to each eligible person an amount each month thereafter computed in accordance with subsection (d) of this section.~~

~~(B) The payment shall be treated for all purposes as a supplement to the retirement benefits received by the person.~~

(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 8. Arkansas Code § 24-11-214(e)(13), concerning the steps in keeping separate the fire portion and the police portion in the allocation of insurance premium taxes, is amended to read as follows:

~~(13)(A) The total amount allocated to a city, town, or fire protection district shall be the sum of amounts under subdivisions (e)(11) and (12) of this section.~~

~~(B) However, a city covered under § 24-11-435 shall receive the same dollar amount as it received in calendar year 2002.~~

SECTION 9. Arkansas Code § 24-11-215 is amended to read as follows:

24-11-215. Allocation of insurance premium tax -- Special provisions.

(a) Revenues distributed to the State of Arkansas as general revenue are subject to the allocations in this section.

(b)(1) All taxes that are levied on insurers that are allocated to general revenues under § 24-11-213 may be allocated to the Fire Protection Premium Tax Fund, ~~the Arkansas Fire and Police Pension Guarantee Fund,~~

underfunded plans under § 24-11-217, and then to general revenues.

(2)(A) For the 1999-2000 state fiscal year, six hundred thousand dollars (\$600,000) of the fire portion of funds transferred to general revenues under this section and § 24-11-213 shall be transferred to the Fire Protection Premium Tax Fund.

(B) In all subsequent years fifty percent (50%) of the percentage increase in the amount allocated to general revenues under this section and § 24-11-213, using the dollar amount allocated in fiscal year 1999-2000 as the baseline, shall be transferred to the Fire Protection Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000) per year until the time that a cap of two million dollars (\$2,000,000) annually is transferred to the Fire Protection Premium Tax Fund.

(C) Thereafter, the annual transfer shall be set at two million dollars (\$2,000,000).

~~(3) Funds shall be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the Arkansas Fire and Police Pension Review Board in an amount necessary to fund the priority categories defined by § 24-11-209(e)(3)(A)-(D).~~

~~(4) Funds may be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the board for plans in the priority category defined by § 24-11-209(e)(3)(E).~~

(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 Director 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 ~~board~~ 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.

(d) Fifty percent (50%) of the increase in the amount allocated to general revenues under § 24-11-213, using the dollar amount allocated in

fiscal year 1999-2000 as the base amount, shall be transferred to the Future Supplement Fund-Police under § 24-11-212.

(e) The amounts under § 24-11-217 shall be reduced proportionately so that the remainder portion for general revenue does not fall below four million dollars (\$4,000,000).

(f)(1)(A) The factor applied to groups allocated under § 24-11-214(1) is forty percent (40%).

(B) The factor applied to groups allocated under § 24-11-214(m) is thirty percent (30%).

(2) The factors under subdivision (f)(1) of this section may be reduced proportionately to meet the following criteria:

(A) The general revenue portion resulting from this subsection does not fall below four million dollars (\$4,000,000); and

(B) If the amount resulting from the percentages under subdivision (f)(1) of this section and the amounts in subsections (b)-(d) of this section in total reduce the general revenue portion of the allocation below four million dollars (\$4,000,000), the amounts resulting from the percentages take precedence.

SECTION 10. Arkansas Code § 24-11-301 is amended to read as follows:

24-11-301. Appropriation of tax revenues from foreign insurers.

(a)(1) Sixty-six and two-thirds percent (66 2/3%) of the total tax revenues derived from premium taxes paid to the State of Arkansas by alien and foreign insurance companies upon premiums collected by the insurance companies upon insurance contracts written on motor vehicles, the licensed addresses of which are qualified cities or towns wherein the motor vehicles are insured against the perils of physical damage or the owner or operators of the motor vehicles are insured against legal liability arising out of the use, ownership, or operation of the motor vehicles, is appropriated and set aside for the:

(A) Use and benefit of all duly qualified police officers' pension and relief funds;

(B) Administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board; and

(C) ~~Arkansas Fire and Police Pension Guarantee Fund; and~~

~~(D) Arkansas Policemen's Pension Supplement Program.~~

(2) The premium taxes collected in this subsection shall be placed in a fund combined with the premium taxes collected pursuant to § 24-11-809. The combined fund shall be entitled the "Firemen's and Police Officers' Pension and Relief Fund".

(b) The amount of the tax revenues attributable to the fire peril of physical damage insurance shall not be included.

SECTION 11. Arkansas Code § 24-11-303 is repealed.

~~24-11-303. Payments.~~

~~(a) Payment by the companies of their respective portions of the tax described and appropriated by this subchapter shall be made to each qualified city or town on or before August 1 of each calendar year.~~

~~(b) All funds received pursuant to the provisions of this subchapter by any city or town shall be turned over to the board of trustees of that city or town's police officers' pension and relief fund and shall be administered by the board as other funds belonging to the fund.~~

~~(c) Premium taxes collected from risks not principally garaged in a qualified city or town shall not be affected by this subchapter.~~

SECTION 12. Arkansas Code § 24-11-418 is amended to read as follows:

~~24-11-418. Credited service — Purchase for military service by past or present members generally.~~ Former military service credit purchase.

~~(a) A person who is or was a member of the policemen's pension and relief fund as established by this subchapter and who was not receiving benefits under the system on June 17, 1981, may purchase credited service in the system for a period not to exceed two (2) years for service rendered by the member while on active duty in the armed forces of the United States before the member's employment covered by the policemen's pension and relief fund as established by this subchapter, but only if:~~

~~(1) The person received an honorable discharge from the armed forces; and~~

~~(2) The person does one (1) of the following:~~

~~(A) If he or she has participated in the policemen's pension and relief fund for at least eighteen (18) years, he or she contributes to the member's deposit account a sum of money equal to the amount of the combined employee and employer contribution made by or on~~

~~behalf of the member to the system based upon the contributions for the last month of the employee's eighteenth year of service, multiplied by the number of months of military service the member is eligible for and desires to purchase under this section with interest thereon at the rate of six percent (6%) per annum from the date of eligibility to purchase the service to the date of purchase; or~~

~~(B) If he or she has participated in the policemen's pension and relief fund for at least twenty (20) years, he or she contributes to the member's deposit account a sum of money equal to the amount of the combined employee and employer contribution made by or on behalf of the member to the system based upon contributions at the time he or she first became a member of the retirement system, multiplied by the number of months of military service the member is eligible for and desires to purchase under this section with interest thereon at the rate of six percent (6%) per annum from the date of eligibility to purchase the service to the date of purchase.~~

~~(b) A member who purchases credited service in the system as authorized in this section shall not be entitled to receive retirement benefits under the system until the date on which he or she has twenty (20) years of actual service under the system or would have had twenty (20) years of actual service under the system if the member had continued his or her employment.~~

~~(c) When a member purchases credited service as authorized in this section and terminates employment before his or her twentieth anniversary as a member of the system, that portion of the insurance premium tax returned to the employing city for credit to policemen's pension funds that was previously credited to the policemen's pension and relief fund for the position held by the member shall continue to be credited to that fund until the date on which the member would have been a member of the system for twenty (20) years had he or she continued employment.~~

(a) Any active member of a policemen's pension and relief fund may purchase credited service in the pension fund equivalent to a period not to exceed five (5) years for service rendered by the member while on active duty in the armed forces of the United States before the member's employment covered by the pension fund, if the member:

- (1) Received an honorable discharge from the armed forces;
- (2) Has at least twenty (20) years of actual service in the

pension fund; and

(3)(A) Contributes to the pension fund an amount that is the actuarial equivalent of the value of the credited service to be purchased.

(B) The actuarial equivalent is of the time of the purchase of the credited service and shall be determined by the actuary for the Arkansas Fire and Police Pension Review Board or for a pension fund under administration of the Arkansas Local Police and Fire Retirement System, the actuary for that system.

(b) The board of trustees of the pension fund shall make the final determination as to the:

(1) Length of purchased service credit;

(2) Amount of regular interest to be charged; and

(3) Manner in which payment is made to the pension fund.

(c) Service credit purchased under this section shall be used to determine the member's total credited service under the pension fund but shall not be used to determine his or her final average pay under the pension fund.

SECTION 13. Arkansas Code § 24-11-419 is repealed.

~~24-11-419. Credited service — Purchase of military service by active police in cities of 75,000.~~

~~(a)(1) Any person who on July 20, 1979, was an active member of the police department of any city having a population of seventy five thousand (75,000) or more persons according to the 1970 Federal Decennial Census shall be entitled to purchase credited service in the policemen's pension and relief fund of the city for the time the person served on active duty in the armed forces of the United States.~~

~~(2) No member shall be entitled to purchase more than two (2) years of credited service in a pension fund for service in the armed forces.~~

~~(b)(1) The policemen's pension and relief fund in each city having a population of seventy five thousand (75,000) or more persons according to the 1970 Federal Decennial Census is authorized to allow the purchase of service credit for military service as provided in this section whenever it is determined by an actuary employed by the Arkansas Local Police and Fire Retirement System who is a member of the American Academy of Actuaries that it is and has been actuarially feasible for a period of five (5) years for~~

~~the policemen's pension and relief fund to pay both the benefits provided under this section and all other benefits provided by law from the policemen's pension and relief fund.~~

~~(2) The Executive Director of the Arkansas Fire and Police Pension Review Board shall state the actuarial findings in writing to the board of trustees and shall certify the appropriate action to be taken.~~

~~(c) A policemen's pension and relief fund shall be deemed to be actuarially sound if the unfunded liabilities of the fund can be funded over a period of not more than thirty (30) years, based on the current available and known revenue or income sources available to the policemen's pension and relief fund.~~

~~(d)(1)(A) An explanation by the board of trustees of the policemen's pension and relief fund outlining the increase in active member benefits shall be filed with the executive director.~~

~~(B) The executive director shall determine that an actuarial valuation has been made in accordance with the provisions of this section and that the actuarial valuation has determined that the proposed increase in benefits may be funded over a period of time set forth in subsection (c) of this section based upon available or defined revenue sources of the relief fund, in which event the executive director may approve the increase to member or beneficiary benefits under the policemen's pension and relief fund.~~

~~(2) All actions of the executive director shall be subject to review and acceptance by the Arkansas Fire and Police Pension Review Board.~~

~~(c) A copy of the explanation by the board of trustees, a copy of the actuarial evaluation, and a copy of the action taken by the executive director shall be filed with the circuit clerk and the city clerk of the county and city in which the policemen's pension and relief fund is located.~~

~~(f)(1) A member of any pension and relief fund who desires to purchase credited service in the fund for military service as provided in this section shall make application therefor to the board of trustees of the fund and shall furnish the board proof of the military service of the applicant, as well as proof that the applicant was honorably discharged from the armed forces.~~

~~(2) Within such time as may be prescribed by the board, the member shall pay into the fund such amount of money as the board determines~~

~~would have been contributed to the fund by or on behalf of the applicant had he or she been a member of the fund during his or her term of military service, based on the contributions made to the fund by or on behalf of the member at the time he or she first became a member of the fund, together with interest thereon at the rate of six percent (6%) per annum beginning six (6) months after the member became eligible to purchase the credit.~~

~~(g)(1) The cost of the actuarial valuation made under the provisions of this section shall be paid by the board of trustees of the policemen's pension and relief fund which proposes to increase member or beneficiary benefits under the fund.~~

~~(2) The actuarial valuation shall include:~~

~~(A) The current financial and actuarial status of the income and liabilities of the firemen's and policemen's pension and relief fund;~~

~~(B) A detailed statement of the proposed benefit increases;~~

~~(C) A comparison reflecting that the level of contributions and other income under the pension and relief fund is sufficient to amortize the unfunded liabilities resulting from the benefit increase over a thirty-year period; and~~

~~(D) An evaluation determining whether, in the opinion of the actuary, the income under the policemen's pension and relief fund will be actuarially sound.~~

SECTION 14. Arkansas Code § 24-11-422(a), concerning voluntary retirement, is amended to read as follows:

(a)(1)(A) Any member of a police department who has performed faithful service for a period of at least twenty (20) years shall be eligible for voluntary retirement.

(B) Upon written application by the member, the board of trustees shall place him or her on the pension roll ~~at~~ and be entitled to receive from the fund a monthly pension equal to one-half (1/2) the actual salary based upon his or her highest salary year during his or her time of service.

(2)(A)(i) The term "salary" ~~as used herein shall mean~~ means regular salary only and ~~shall~~ does not include, except as otherwise provided

in subdivision (a)(2)(A)(ii) of this section, overtime pay, payments for unused accrued sick or annual leave, or the cash value of any nonrecurring or unusual remuneration.

(ii)(a) The term "salary" may include the payments to a police officer for unused accrued sick leave not to exceed ninety (90) work days recorded on the records of the city or town as of the officer's date of retirement, provided the municipality agrees by ordinance to make adequate contributions to the fund to cover the additional costs for the benefits from the increased salary and the fund is judged by an actuarial determination to be actuarially sound.

(b) The board of trustees of the local fund shall determine the actuarial costs of the payments for the unused accrued sick leave to the fund.

(B) The overtime exclusion shall not apply to a benefit computed at any time on a salary year prior to June 28, 1985.

SECTION 15. Arkansas Code § 24-11-423 is amended to read as follows:
24-11-423. Benefits -- Disability retirement.

(a)(1)(A) If any member of ~~the~~ a police department ~~shall become~~ becomes physically or mentally permanently disabled and this fact is certified ~~to~~ by ~~the physician on~~ a physician named by the local board of trustees, he or she shall be entitled to retire and receive a pension as provided herein. ~~The board may first require that a second evaluation be performed by another physician to be named by the board. No member~~ A member of the police department shall not be retired for disability for natural causes unless he or she has served at least five (5) years.

(B) If the disabling injury or disease occurred while not actually performing work in gainful employment for the police department, the monthly benefit shall be equal to the benefit paid to normal service retirants.

(C)(i) If, however, a police officer is injured in the line of duty, the monthly disability benefit shall either be equal to sixty-five percent (65%) of the salary attached to the rank held by the member ~~in~~ of the police department or shall be equal to the benefit paid to normal service retirants, whichever is greater.

(ii) For purposes of this section, "injured in the

line of duty" means to have sustained a disabling injury or disease ~~which~~ that occurs while the member of the police department is conducting official police department operations or ~~while in~~ training to become a police officer.

(iii) The ~~board~~ local board of trustees shall determine whether the disability occurred in the line of duty and may require any medical evidence, official reports, expert testimony, or other information to be supplied by the applicant in addition to the required physician's examination. The additional benefits provided in this subdivision (a)(1)(C) shall be effective for all qualifying applications first received by the ~~board~~ local board of trustees on or after January 1, 1987.

(2) For purposes of computing all benefits under this section, the term "salary" means regular salary only and shall not include overtime pay, payments for unused accrued sick leave or annual leave, or the cash value of any nonrecurring or unusual remuneration.

(b) ~~Any~~ A police officer retired for reasons of disability who has more than twenty (20) years of service shall also be entitled to receive any supplementary benefit for which he or she would otherwise be qualified under this section and § 24-11-422.

(c)(1) If ~~any member~~ a member of the police department is retired because of any disability, ~~it shall be the duty of the member to have an examination made of himself or herself by the physician on the board at least once every six (6) months,~~ and, if he or she shall have recovered from the disability, and this fact is certified by a physician, it shall be the duty of the ~~board~~ local board of trustees to stop the payment of the pension and to place the member back in service ~~on~~ in the police department.

(2) The time of ~~his or her~~ the member's retirement shall be considered as continuous service in the police department.

~~(3) A member receiving the examination shall pay to the physician examining him or her a fee of five dollars (\$5.00) for the examination so made.~~

(d)(1) In addition to the examination ~~required by~~ under subsection (c) of this section, the ~~board~~ local board of trustees may require the member of the police department to have an examination ~~made of himself or herself~~ by a physician named by the ~~board~~ local board of trustees no more often than once every six (6) months, and, if the physician determines that the member of the police department has recovered from the disability, it shall be the duty of

the ~~board~~ local board of trustees to stop the payment of the pension and to place the member back in service ~~on~~ in the police department.

(2) The time of ~~his or her~~ the member's retirement shall be considered as continuous service in the police department.

(3) The ~~board~~ local board of trustees shall pay for the cost of the additional physician's examination.

SECTION 16. Arkansas Code § 24-11-426(a), concerning optional vesting rights policy, is amended to read as follows:

(a)(1) Upon an actuarial determination that the ~~fund~~ policemen's pension and relief fund will remain actuarially sound, the board of trustees of a local policemen's pension and relief fund of cities of the first class shall have the option to establish a vesting rights policy in its policemen's pension and relief fund.

(2) The required actuarial ~~evaluation~~ valuation shall be made by the actuary employed by the ~~Arkansas Local Police and Fire Retirement System~~ upon application to the Executive Director of the Arkansas Fire and Police Pension Review Board, who shall then report the actuarial findings in writing to the board of trustees.

(3) All costs for the ~~evaluations~~ actuarial valuation shall be borne by the local funds.

SECTION 17. Arkansas Code § 24-11-433 is amended to read as follows:
24-11-433. Police pension funds -- Partial disability pensions.

(a)(1) If ~~any~~ a member of ~~the~~ a police department of a city of the first class with a population in excess of one hundred seventy thousand (170,000) persons as determined by the 1990 population totals as published by the Bureau of the Census of the Department of Commerce ~~shall become~~ becomes physically or mentally permanently partially disabled and this fact is certified ~~to~~ by ~~the physician on~~ a physician named by the local board of trustees, ~~he or she~~ the member of the police department shall be entitled to retire and receive a pension as provided in this section.

(2) ~~No member~~ A member of the police department shall not be retired for disability for natural causes unless he or she has served at least five (5) years.

(b)(1) The physician's certification shall state whether the

disability is total or partial.

(2) In the event such disability is partial, the physician shall state the extent of such partial disability, apportioned to the body as a whole, in percentage terms.

~~(3) The board may first require that a second evaluation be performed by another physician to be named by the board.~~

~~(4)~~ (3)(A) If the disability injury or disease occurred while not actually performing work in gainful employment for the police department and the physician ~~member of the board~~ certifies that such disability is total, the monthly benefit shall be equal to the benefit paid to normal service retirants.

(B) If the physician ~~member of the board~~ certifies that such disability is partial, the monthly benefits shall be equal to the benefit paid to normal service retirants multiplied by the percentage the member is disabled, as certified by the physician ~~member of the board~~.

~~(5)~~ (4)(A) If, however, a police officer is injured in the line of duty and the physician ~~member of the board~~ certifies that such disability is total, the monthly disability benefit shall either be equal to sixty-five percent (65%) of the salary attached to the rank held by the member in the police department or shall be equal to the benefit paid to normal service retirants, whichever is greater.

(B) If the physician ~~member~~ certifies that such disability is partial, the monthly benefit shall be equal to sixty-five percent (65%) of the salary attached to the rank held by the member in the police department or shall be equal to the benefit paid to normal service retirants, whichever is greater, multiplied by the percentage the member is disabled, as certified by the physician ~~member of the board~~.

(c) The ~~board~~ local board of trustees shall determine whether the disability occurred in the line of duty and may require any medical evidence, official reports, expert testimony, or other information to be supplied by the ~~applicant~~ police officer in addition to the required physician's examination.

(d) The additional benefits provided in this section shall be effective for all qualifying applications first received by the ~~board~~ local board of trustees on or after January 1, 1987.

(e) For purposes of this section, "injured in the line of duty" means

to have sustained a disabling injury or disease which occurs while while the member of the police department is conducting official police department operations or ~~while in~~ training to become a police officer.

SECTION 18. Arkansas Code § 24-11-434(a), concerning deferred retirement option plan, is amended to read as follows:

(a)(1) In lieu of terminating employment and accepting a service retirement pension under this subchapter, ~~any a~~ a police officer who is a member of a policemen's pension and relief fund who has not less than twenty (20) years of credited service and who is eligible to receive a service retirement pension may elect to participate in the Arkansas Police Officers' Deferred Retirement Option Plan and defer the receipt of benefits in accordance with the provisions of this section, provided that the board of trustees of the local policemen's pension and relief fund approves the participation in the plan.

(2) For purposes of this section, credited service ~~shall include~~ includes service credit recognized pursuant to this subchapter.

SECTION 19. Arkansas Code § 24-11-435 is repealed.

~~24-11-435. Buy-out option.~~

~~(a)(1) Any city of the first class which has a local police pension and relief fund which covers only retired members, no longer accepts new members, and has over four hundred percent (400%) of its retired life liabilities covered by assets may use those funds to buy out the beneficiaries or otherwise assure that the beneficiaries will receive all benefits to which they are entitled under the plan.~~

~~(2) Thereafter, the city by ordinance may dissolve the police retirement plan and transfer all surplus funds to the city treasury to be used solely for capital improvements of the city.~~

~~(b) All turnback funds from insurance premium taxes or other sources which the municipal police retirement plan or the city previously received to help fund the retirement plan shall thereafter be remitted to the city to be used for retirement benefits for uniformed and nonuniformed employees.~~

SECTION 20. Arkansas Code § 24-11-436 is amended to read as follows:

24-11-436. ~~Credit for military service.~~ Military service.

~~(a) In the event an active member of a policemen's pension and relief fund entered or enters the armed forces of the United States during any period of voluntary or compulsory military service, the armed service actually served by him or her shall be credited him or her as service under this section, but only if he or she again becomes an employee within a period of one (1) year from and after honorable termination of the armed service actually served by him or her and he or she returns to the system the amount, if any, he or she may have withdrawn therefrom, together with regular interest from the date of withdrawal to the date of repayment.~~

~~(b) In any case of doubt as to the period of armed service to be so credited, the board shall have the final power to determine the period.~~

~~(c) During the period of armed service and until the member's return as an employee, his or her contributions to the system shall be suspended, and any balance not withdrawn shall remain on the books to his or her credit.~~

(a) If a member of a police pension and relief fund who while an employee enters the armed forces of the United States during any period of compulsory or voluntary military service, the service shall be credited under this subchapter.

(b)(1) In any case of doubt as to the period of armed service to be so credited a member under this section, the board of trustees of the pension fund shall determine the period.

(2) Except for service credited under subsection (d) of this section, a member of a police pension and relief fund shall not be credited with a total of more than five (5) years of armed service.

(c) During the period of armed service and until the member's return as an employee, his or her contributions to the pension fund shall be suspended, and any balance remaining to the member's credit in the pension fund shall be accumulated at regular interest.

(d)(1)(A) Under the requirements of section 4312 of the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353, in effect October 13, 1996, a member who leaves covered employment to serve in the uniformed services of the United States after giving notice to the employer and who returns to employment shall be treated as not having incurred a break in service with the employer.

(B) The employer shall certify to the pension fund that reemployment was in accordance with section 4312 of the Uniformed Services

Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353 as in effect October 13, 1996.

(2) Under this subsection, the uniformed services of the United States are limited to the armed forces of the United States, the Army, and Air National Guard when engaged in active duty for training; inactive duty training or full-time National Guard duty; the commissioned corps of the Public Health Service; and any other category of persons designated by the President of the United States in time of war or national emergency.

(3) The cumulative length of the absence from a position of employment with the employer by reason of service in the uniformed services for which service credit shall be given shall not exceed five (5) years.

(4) A member of a police pension and relief fund whose uniformed service is honorably terminated and who reports for reemployment under this subsection within the time provided in section 4312 of Pub. L. No. 103-353 shall be entitled to accrue benefits for the time he or she served in the uniformed services by paying the employee contributions required by § 24-11-413, if any, within the time provided in section 4312 of Pub. L. No. 103-353, and by repaying any amount he or she may have previously withdrawn from the pension fund, with interest.

(5)(A) An employer reemploying a member of a police pension and relief fund under this subsection shall pay to the pension fund the employer contributions due for the time he or she served in the uniformed services as required under § 24-11-413.

(B) However, if a member of a police pension and relief fund does not pay the employee contributions due, then no employer contributions are due.

(6) For the purposes of determining the employee and employer contributions due, the compensation for a member of a police pension and relief fund during the period of service in the uniformed services shall be computed at:

(A) The rate he or she would have received if the member of a police pension and relief fund had not served in the uniformed services;
or

(B) The average compensation level for the member of a police pension and relief fund during the twelve-month period, or shorter if applicable, immediately preceding the service.

(7) Unless both employee and employer contributions are paid, the member of a police pension and relief fund shall not be entitled to any accrued benefits for the time served in the uniformed services.

(8)(A) If a member dies on or after January 1, 2007, while performing USERRA-qualified military service, he or she shall be treated as though he or she resumed covered employment on the day before the day of death.

(B) For a member of a police pension and relief fund who had not attained a vested status in the pension fund, sufficient service credit shall accrue to permit he or she to become vested.

(C) For a member of a police pension and relief fund who had attained a vested status, additional service credit accrual shall not occur.

(D) In all cases, the eligible benefit awarded by the pension fund under this section shall be a nonduty death benefit.

SECTION 21. Arkansas Code § 24-11-437 is amended to read as follows:

24-11-437. Credited service -- Purchase of former law enforcement service.

(a) If the local board of trustees for a policemen's pension and relief fund decides to extend this benefit for its members and if the pension fund will be actuarially sound as determined by the actuary for the Arkansas Fire and Police Pension Review Board after this benefit increase is extended to members, any member of the policemen's pension and relief fund as established by this subchapter shall be entitled to purchase credited service in the system, not to exceed ~~two (2)~~ five (5) years, for service rendered by the member as a law enforcement officer in this state prior to the member's employment covered by the policemen's pension and relief fund.

(b) ~~He or she~~ The member may purchase the credited service if:

(1) ~~He or she has participated~~ The member is an active member with at least twenty (20) years actual service in the policemen's pension and relief fund ~~for at least eighteen (18) years;~~ and contributes to the pension fund an amount that is the actuarial equivalent of the value of the credited service to be purchased; and

(2) The actuarial equivalent is of the time of the purchase of the credited service and shall be determined by the actuary for the Arkansas

Fire and Police Pension Review Board, or for a pension fund under administration of the Arkansas Local Police and Fire Retirement System by the actuary for that system.

(c) Service that is or will be eligible for benefit payment from another plan shall not be eligible for purchase under the pension fund.

(d) The board of trustees of the pension fund shall make the final determination as to the:

(1) Length of purchased service credit;

(2) Amount of regular interest to be charged; and

(3) Manner in which payment is made to the pension fund.

(e) Service credit purchased under this section shall be used to determine the member's total credited service under the pension fund but shall not be used to determine his or her final average pay under the pension fund.

~~(2) He or she contributes to the member's deposit account a sum of money equal to the amount of the combined employee and employer contribution made by or on behalf of the member to the system based upon the contributions for the last month of the employee's eighteenth year of service, multiplied by the number of months of law enforcement service the member is eligible for and desires to purchase under this section with interest thereon at the rate of six percent (6%) per annum from the date of eligibility to purchase the service to the date of purchase.~~

~~(c) A member who purchases credited service in the system as authorized in this section shall not be entitled to receive retirement benefits under the system until the date on which he or she has twenty (20) years of actual service under the system or would have had twenty (20) years of actual service under the system if the member had continued his or her employment.~~

~~(d) When a member purchases credited service as authorized in this section and terminates employment before his or her twentieth anniversary as a member of the system, that portion of the insurance premium tax returned to the employing city for credit to policemen's pension funds that was previously credited to the policemen's pension and relief fund for the position held by the member shall continue to be credited to that fund until the date on which the member would have been a member of the system for twenty (20) years had he or she continued employment.~~

SECTION 22. Arkansas Code § 24-11-802 is amended to read as follows:

24-11-802. Board of trustees -- Proceedings.

(a) Meetings of the board of trustees may be called by the chair or by a majority of the members in a manner established by the board.

(b) The board shall issue orders signed by the ~~president~~ chair and secretary to the persons entitled thereto for the amount of money ordered paid to the persons from the fund by the board. The order shall state for what purpose the payment is made.

(c) The board shall keep a record of its proceedings. The record shall be a public record.

(d)(1) At each meeting, the board shall send to the treasurer of the city or town a written or printed list of all persons entitled to payment from the fund provided for in this subchapter.

(2) This list shall state the amount of the payment and for what granted and shall be certified to and signed by the ~~president~~ chair and secretary of the board and attested under oath.

(e)(1) The treasurer of the city or town shall thereupon enter a copy of the list upon the book to be kept for that purpose. The book shall be known as "The Firemen's Relief and Pension Fund Book".

(2) The board shall direct payment of the amounts named therein to the persons entitled thereto out of those funds.

(f) A majority of all the members of the board shall constitute a quorum and shall have the power to transact business.

(g)(1) ~~No money~~ Money belonging to the fund shall ~~ever~~ not be disbursed for any purpose without a vote of a majority of all the members of the board of trustees, which shall be taken by the "yeas" and "nays".

(2) The vote of each member so voting shall be entered upon the proceedings of the board.

SECTION 23. Arkansas Code § 24-11-803 is amended to read as follows:

24-11-803. Board of trustees -- Powers.

(a) In addition to the other powers granted in this subchapter, the board of trustees shall have the power to:

(1)(A) Compel witnesses to attend and testify before it upon all matters connected with the operation of this act and in the same manner as

provided by law for the taking of testimony before a notary public.

(B) ~~Its president~~ The chair or any member of the board may administer oaths to the witnesses;

(2)(A) Provide for the payment from the fund of all its necessary expenses ~~and printing~~.

(B) However, no compensation ~~or emoluments~~ shall be paid to any member of the board for any duties performed under this act; and

(3) Make all rules ~~and regulations~~ needful for ~~its guidance in~~ conformity compliance with the provisions of this act.

(b) The board shall have the power to accept and disburse according to the provisions of this act any and all sums which may come into its hands through appropriation, gift, or devise.

(c) Members of the board of trustees of the firemen's relief and pension fund of incorporated cities and towns in Arkansas shall have the power, in their discretion, to expend moneys from the firemen's pension and relief fund for the purpose of paying premiums and purchasing group insurance covering the members of the fire departments of the cities and towns against accidental injury or death occurring within the line of duty of the fire fighters.

SECTION 24. Arkansas Code § 24-11-809(a), concerning apportionments, is amended to read as follows:

(a)(1) There is apportioned and set aside for the use and benefit of duly constituted firemen's relief and pension funds and for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board ~~and the Arkansas Fire and Police Pension Guarantee Fund~~ the annual taxes of two and one-half percent (2.5%) on all foreign and alien premiums collected by all property and casualty insurance companies, corporations, or associations incorporated under the laws of any state or nation and doing business in the State of Arkansas after all cancellations and dividends to policyholders are deducted as provided by §§ 23-60-102, 24-11-809, 26-57-601 -- 26-57-605, and 26-57-607 upon real and personal property insured against the perils of fire and extended coverage, tornado, windstorm, cyclone, and hail, except upon growing crops, and located in or at cities, towns, and fire protection districts in the State of Arkansas coming within the provisions of this act.

(2) The premium taxes collected in this subsection shall be placed in a fund combined with the premium taxes collected pursuant to § 24-11-301. The combined fund shall be entitled the "Firemen's and Police Officers' Pension and Relief Fund".

SECTION 25. Arkansas Code § 24-11-813 is amended to read as follows:

24-11-813. Clerk's report to pension review board.

It is made the duty of the clerk of each city, town, or fire improvement district in which an organized firemen's pension and relief fund is maintained to file ~~on or before December 31 of each~~ following each fiscal year a report with the Arkansas Fire and Police Pension Review Board of the number of ~~fire fighters~~ firefighters with their names, dates of appointment, dates of retirement, birth dates, amounts of pensions paid, and other information as required by the ~~pension review board~~ Arkansas Fire and Police Pension Review Board.

SECTION 26. Arkansas Code § 24-11-817 is amended to read as follows:

24-11-817. ~~Credit for military service.~~ Military service.

~~(a) In the event an active member of a firemen's pension and relief fund established under §§ 24-11-801—24-11-807, 24-11-809, 24-11-810, 24-11-813—24-11-815, and 24-11-818—24-11-821, entered or enters the armed forces of the United States during any period of voluntary or compulsory military service, the armed service actually served by him or her shall be credited him or her as service under this section, but only if he or she again becomes an employee within a period of one (1) year from and after honorable termination of the armed service actually served by him or her and he or she returns to the system the amount, if any, he or she may have withdrawn therefrom, together with regular interest from the date of withdrawal to the date of repayment.~~

~~(b) In any case of doubt as to the period of armed service to be so credited, the board shall have the final power to determine the period.~~

~~(c) During the period of armed service and until the member's return as an employee, his or her contributions to the system shall be suspended, and any balance not withdrawn shall remain on the books to his or her credit.~~

(a) In the event that a member of a firemen's pension and relief fund, while an employee, enters the armed forces of the United States during any

period of compulsory or voluntary military service, the armed service actually served by him or her shall be credited him or her as service under this subchapter.

(b)(1) In any case of doubt as to the period of armed service to be so credited a member under this section, the board of trustees of the pension fund shall have final power to determine the period.

(2) Except for service credited under subsection (d) of this section, a member shall not be credited with a total of more than five (5) years of armed service.

(c) During the period of armed service and until the member's return as an employee, his or her contributions to the pension fund shall be suspended, and any balance remaining to his or her credit in the pension fund shall be accumulated at regular interest.

(d)(1)(A) Under the requirements of section 4312 of the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353, as in effect October 13, 1996, a member who leaves covered employment to serve in the uniformed services of the United States after giving notice to the employer and who returns to employment shall be treated as not having incurred a break in service with the employer.

(B) The employer shall certify to the pension fund that reemployment was in accordance with section 4312 of the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353, as in effect October 13, 1996.

(2) Under this subsection, the uniformed services of the United States are limited to the armed forces of the United States, the Army and Air National Guard when engaged in active duty for training; inactive duty training, or full-time National Guard duty; the commissioned corps of the Public Health Service; and any other category of persons designated by the President of the United States in time of war or national emergency.

(3) The cumulative length of the absence from a position of employment with the employer by reason of service in the uniformed services for which service credit will be given shall not exceed five (5) years.

(4) A member whose uniformed service is honorably terminated and who reports for reemployment under this subsection within the time provided in section 4312 of the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353, as in effect October 13, 1996, shall be

entitled to accrue benefits for the time the member served in the uniformed services by paying the employee contributions required by § 24-11-816, if any, within the time provided in section 4312 of the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. No. 103-353, and by repaying any amount the member may have previously withdrawn from the pension fund, with interest.

(5)(A) An employer reemploying a member under this subsection shall pay to the pension fund the employer contributions due for the time the member served in the uniformed services as required by § 24-11-816.

(B) However, if a member does not pay the employee contributions due, then no employer contributions are due.

(6) For the purposes of determining the employee and employer contributions due, the member's compensation during the period of service in the uniformed services shall be computed at:

(A) The rate the member would have received if the member had not served in the uniformed services; or

(B) The member's average compensation level during the twelve-month period, or shorter if applicable, immediately preceding the service.

(7) Unless both employee and employer contributions are paid, the member shall not be entitled to any accrued benefits for the time served in the uniformed services.

(8)(A) If a member dies on or after January 1, 2007, while performing Uniformed Services Employment and Reemployment Rights Act of 1994-qualified military service, the member shall be treated as though he or she resumed covered employment on the day before the day of death.

(B) For a member who had not attained a vested status in the pension fund, sufficient service credit shall accrue to permit the member to become vested.

(C) For a member who had attained a vested status, additional service credit accrual shall not occur.

(D) In all cases, the eligible benefit awarded by the pension fund under this section shall be a nonduty death benefit.

SECTION 27. Arkansas Code § 24-11-818 is amended to read as follows:
24-11-818. Benefits -- Voluntary retirement.

(a)(1)(A) As used in this section, unless the context otherwise requires, the term "salary" shall mean recurring pays ~~which~~ that are received for the ~~fire fighter's~~ firefighter's regularly scheduled workweek and shall not include, except as otherwise provided in subdivision (a)(1)(B) of this section, payments for unused accrued sick leave or annual leave or the cash value of any nonrecurring or unusual remunerations.

(B)(i) The term "salary" may include the payments to ~~fire fighters~~ a firefighter for unused accrued sick leave not to exceed ninety (90) workdays recorded on the records of the city or town as of the ~~fire fighter's~~ firefighter's date of retirement, provided the municipality agrees by ordinance to make adequate contributions to the fund to cover the additional costs for the benefits from the increased salary and the fund is judged by an actuarial determination to be actuarially sound.

(ii) The board of trustees shall determine the actuarial costs of the payments for the unused accrued sick leave to the fund.

(2) Any pension fund member who has served in a fire department in the State of Arkansas for a period of twenty (20) years or more, the last five (5) years of which shall have been consecutive, shall be entitled to be retired and receive from the fund a monthly pension equal to one-half (1/2) of the salary attached to the rank he or she held as a volunteer, part-paid, or full-paid member.

(b) Any ~~fire fighter~~ firefighter who shall have completed the period of service as provided for in this section shall receive from the board a certificate showing that he or she has completed the term of service required and is entitled to participate in all the benefits provided for in this act upon compliance with, and subject to, all the other terms and conditions of this act, whether he or she severs his or her connections or continues in service at the expiration of the time as set out in subdivision (a)(2) of this section. The right to participate in the fund shall become a vested right and shall not be lost by the termination of his or her services with or without cause.

(c) Any full-paid ~~fire fighter~~ firefighter who is already retired shall not receive less than three hundred fifty dollars (\$350) per month.

(d)(1)(A)(i) Any full-paid ~~fire fighter~~ firefighter who has more than twenty (20) years of service at the time of retirement shall be entitled to receive the sum of twenty dollars (\$20.00) per month in addition to his or

her regular retirement pay for each full year worked over and above twenty (20) years.

(ii) In no instance shall he or she receive more than one hundred dollars (\$100) per month in addition to his or her regular benefits.

(B)(i) ~~Any~~ A volunteer or part-paid ~~fire fighter~~ firefighter who has more than twenty (20) years of service at the time of retirement shall be entitled to receive the sum of ten dollars (\$10.00) per month in addition to his or her regular retirement pay for each full year worked over and above twenty (20) years.

(ii) In no instance shall he or she receive more than fifty dollars (\$50.00) per month in addition to his or her regular benefits.

(2) The increase in benefit levels provided in this subsection for service beyond twenty (20) years shall apply only to those ~~fire fighters~~ firefighters who retire on or after January 1, 1987, and, notwithstanding the provisions of § 24-11-826, may exceed one hundred percent (100%) of final salary.

(e) A volunteer or part-paid ~~fire fighter~~ firefighter who becomes a full-paid member of his or her fire department shall be eligible to retire as a full-paid member only if he or she shall have been employed as a full-paid member for a period of at least five (5) years immediately prior to his or her retirement.

(f)(1) For purposes of this subsection, the term "compensation" shall not include:

(A) Any money received by the retired ~~fire fighter~~ firefighter for replacement of personal clothing or equipment destroyed during the performance of active service to a fire department; or

(B) Any expenditures by a municipality, as determined on a case-by-case basis, on behalf of the retired ~~fire fighter~~ firefighter for hospitalization insurance benefits.

(2) Notwithstanding the provisions of subsection (a) of this section or any other law to the contrary, a person retired from the service of a fire department may remain actively involved in the fire department, provided the person does not receive compensation for the service provided.

(3) Service to a fire department under subdivision (f)(2) of this section shall not cause any suspension of retirement benefits payable

under § 24-11-801 et seq., nor shall such service be interpreted by any board administering funds under § 24-11-801 et seq. as a reinstatement of employment in a fire department.

SECTION 28. Arkansas Code § 24-11-819 is amended to read as follows:
24-11-819. Benefits – Disability retirement.

(a)(1) Any ~~fire fighter~~ firefighter who becomes totally and permanently physically or mentally incapacitated for any suitable duty as an employee as a result of personal injury or disease may be retired by the board, upon written application filed by or on behalf of the member, if, after medical examination of the member made by or under the direction of a physician designated by the board, the physician reports in writing that the member is physically or mentally totally incapacitated for the further performance of any suitable duty, that the incapacity will probably be permanent, and that the ~~fire fighter~~ firefighter should be retired.

(2) The benefit amount shall be as follows:

(A) If the disabling injury or disease occurred while not actually performing work in gainful employment for the fire department, the monthly benefit shall be equal to the benefit paid to normal service retirants; or

(B)(i) For a full-paid ~~fire fighter~~ firefighter who is injured in the line of duty, the monthly disability benefit shall either be equal to sixty-five percent (65%) of the salary attached to the rank held by the member in the fire department or shall be equal to the benefit paid to normal service retirants, whichever is greater.

(ii)(a) For purposes of this section, “injured in the line of duty” means a disabling injury or disease that occurs while conducting official fire department operations or while in training to become a ~~fire fighter~~ firefighter.

(b) The board shall determine whether the disability occurred in the line of duty and may require any medical evidence, official reports, expert testimony, or other information to be supplied by the applicant in addition to the required physician’s examination and report.

(iii)(a) The additional benefits provided in this section shall be effective for all qualifying applications first received by the board on or after January 1, 1987, except that the board of trustees of

any municipal firemen's pension and relief fund or of the Arkansas Local Police and Fire Retirement System may increase the benefits for any disabled ~~fire fighter~~ firefighter injured in the line of duty before January 1, 1987, but after January 1, 1983, if the board adopts a resolution to extend the benefit retroactively to those ~~fire fighters~~ firefighters and if the fund will remain actuarially sound as determined by an actuary for the Arkansas Fire and Police Pension Review Board or the Arkansas Local Police and Fire Retirement System.

(b) The disability benefit provided in this section shall continue to be paid to the ~~fire fighter~~ firefighter so long as he or she is retired and shall not be reduced to the regular service annuity amount, if less, when the retirant reaches the normal retirement age.

(iv) Upon the death of the retirant, any survivor benefits shall be based upon the ~~normal service retirement~~ annuity amount received by the member at the time of his or her death, excepting any amount payable under § 24-11-826.

(3) For purposes of computing all benefits, "salary" means recurring pays which are received for a regularly scheduled workweek and shall not include payments for unused accrued sick leave or annual leave or the cash value of any nonrecurring or unusual remunerations.

(4) Any disability benefit approved under this section shall be effective the first day of the calendar month next following the latter of either the ~~fire fighter's~~ firefighter's termination of active membership or six (6) months before the date the written application was filed with the board.

(5) In the event that a ~~fire fighter's~~ firefighter's disability ceases, his or her benefit shall also cease, and he or she shall be returned to active service at not less than the same salary he or she received at the time of his or her retirement.

(b)(1) No person shall be retired as provided in this section or receive any pension from the fund unless there shall be filed with the board certificates of his or her disability. The certificates shall be subscribed and sworn to by the person and by the city or town physician, if there is one, and by the firemen's relief and pension fund physician.

(2) The board may require other evidence of disability before ordering the retirement and payment as provided in this section.

(c)(1) At least once each year during the first five (5) years, or as often as required by the board following a member's retirement for disability and at least once each three (3) years thereafter, the board may require any disability retirant who has not attained the normal retirement age to undergo a medical examination by or under the direction of a physician or physicians designated by the board.

(2) If the retirant refuses to submit to the medical examination in any period, his or her disability annuity may be suspended by the board until he or she complies with the provisions of this section.

(3) If his or her refusal continues for one (1) year, all his or her rights in and to a disability annuity may be revoked by the board.

(4) If, upon such medical examination of the retirant, the physician reports to the board that the retirant is physically and mentally able and capable of resuming suitable duty as an employee, his or her disability retirement shall terminate.

SECTION 29. Arkansas Code § 24-11-821 is repealed.

~~24-11-821. Benefits — Cessation of payments.~~

~~(a) When any person who shall have received any benefits from the fund shall be convicted of any felony, shall become an habitual drunkard, shall fail to report himself or herself for examination for duty as required in this act, unless excused by the board, or shall disobey the requirements of the board under this act in respect to the examination for duty, then the board shall order that the pension or allowance as may have been granted to the person shall immediately cease. That person shall receive no further pension, allowance, or benefit under this act, but in lieu thereof, the pension, allowance, or benefit may be paid to those immediately dependent upon him or her or his or her legally appointed guardian.~~

~~(b) In the event the chief or any member of the fire department shall be removed or discharged without just cause, the removal or discharge shall not in any way affect the right of the person to the benefits of this act. At the time of the discharge or removal of the person, the board shall investigate and determine whether the removal or discharge was without just cause and shall make a report of its findings, and any person feeling himself or herself aggrieved by the decision of the board shall have the right to appeal therefrom to the circuit court of the county in the method provided~~

~~for appealing from decisions of the justices of the peace in civil cases.~~

~~(c) In the event it shall be determined on appeal that the removal was without just cause, then the person so removed shall be reinstated by the board and shall be entitled to all the rights under the provisions of this act.~~

SECTION 30. Arkansas Code § 24-11-823(b) is amended to read as follows:

(b) The benefits of any such person shall not be increased to more than five hundred dollars (\$500) per month, and the increase shall be subject to the following conditions:

(1) The board of trustees shall adopt a resolution approved by not less than three-fourths (3/4) of the membership of the board outlining the proposed increase in benefits;

(2) The board shall obtain an ~~evaluation~~ actuarial valuation by an actuary stating that the fund will continue to be actuarially sound notwithstanding the effects of the resolution; and

(3) A copy of the resolution adopted by the board and a copy of the actuarial ~~evaluation~~ valuation approving the resolution shall be filed with the circuit clerk of the county ~~wherein~~ in which the fire department is located, with the Arkansas Fire and Police Pension Review Board, and, if the fire department is located within the incorporated boundaries of a city, with the city clerk of that city.

SECTION 31. Arkansas Code § 24-11-824 is amended to read as follows:

24-11-824. Fire protection districts.

(a) Any fire protection district in this state formed pursuant to §§ 14-284-101 -- 14-284-121 and maintaining a fire department within that district ~~shall be~~ is eligible to establish by resolution of the commissioners of the district a firemen's relief and pension fund covering the employees of that fire department.

(b)(1) The board of commissioners of the district together with the chief of the fire department of the district shall constitute the board of trustees of the firemen's relief and pension fund of the district and shall designate the beneficiaries thereof in the same manner and with the same qualifications as specified in §§ 24-11-801 ~~— 24-11-807, 24-11-809 — 24-11-~~

~~811, 24-11-813, 24-11-815, and 24-11-818~~ ~~24-11-821~~ et seq. for the designation of beneficiaries of firemen's relief and pension funds in cities and towns of this state.

(2) ~~The firemen's relief and pension fund authorized by this section shall be operated in the same manner and governed by the same procedures as specified in §§ 24-11-801, 24-11-807, 24-11-809, 24-11-811, 24-11-813, 24-11-815, and 24-11-818~~ ~~24-11-821~~. The boards of trustees of firemen's relief and pension funds established pursuant to this section shall be operated in the same manner, have the same powers and be subject to the same limitations imposed on, and granted to, those boards of trustees of firemen's relief and pension funds established by §§ 24-11-801 ~~24-11-807, 24-11-809, 24-11-811, 24-11-813, 24-11-815, and 24-11-818~~ ~~24-11-821~~. et seq.

(c) In addition to the funds provided by § 24-11-809 from insurance premium taxes, there shall also be added the following moneys:

(1) All money given or donated to the fund; and

(2)(A) ~~One~~ Six percent ~~(1%)~~ (6%) of the monthly salary of each ~~member~~ full paid firefighter and each part paid firefighter of the department, to be deducted each month by the district and immediately paid to the board of trustees of the firemen's relief and pension fund.

(B) However, in the event of resignation or discharge from the fire department of any member thereof, all money deducted from his or her salary shall be immediately returned to him or her without interest.

(d)(1) In the event the fire protection district maintaining a firemen's relief and pension fund pursuant to this section should be merged with, and become a part of, any city or town of this state having a firemen's relief and pension fund pursuant to §§ 24-11-801 ~~24-11-803, 24-11-805, 24-11-810, 24-11-812, 24-11-816, and 24-11-818~~ ~~24-11-821~~, et seq., the fund of the district shall be merged into, and for all purposes become a part of, the firemen's relief and pension fund of the city or town, and the board of trustees of the firemen's relief and pension fund of the city or town shall operate the ~~fund~~ firemen's relief and pension fund of the district as a part of the fund of the city or town and shall assume all obligations and assets of the district fund as its own.

(2) The board of trustees of the firemen's relief and pension fund of the merging district shall cease to exist upon the completion of the

transfer and merger.

(e) The board of trustees of the firemen's relief and pension fund of any fire protection district formed pursuant to §§ 14-284-101 -- 14-284-121 may expend moneys from the firemen's relief and pension fund for the purpose of purchasing and paying the premiums on, group insurance covering the members of the fire department of the district against accidental injury or death occurring in the line of duty.

SECTION 32. Arkansas Code § 24-11-826 is amended to read as follows:

24-11-826. Additional benefits for certain ~~fire fighters~~ firefighters hired prior to January 1, 1983.

(a) Beginning July 1, 1987, in addition to the monthly pension benefits as set forth in §§ 24-11-801 -- 24-11-807, 24-11-809, ~~24-11-810~~, 24-11-812 -- 24-11-815, 24-11-818, 24-11-820, and 24-11-821, for those ~~fire fighters~~ firefighters hired prior to January 1, 1983, and who continue to work beyond their twenty-fifth year, the member shall receive at age sixty (60) and thereafter a benefit on the amount equal to one and one-fourth percent (1.25%) of final salary attached to the rank which he or she ~~may have~~ held in the department preceding the date of retirement multiplied by the number of years of service in excess of twenty-five (25) years, up to a maximum total benefit of seventy-five percent (75%) of final salary, provided that the maximum seventy-five percent (75%) of final salary shall no longer apply to benefits payable on April 30, 1991, and thereafter to persons retiring henceforth and to those persons who retired on or after July 1, 1987. However, in no case shall the benefit payment exceed one hundred percent (100%) of final salary.

(b) This benefit shall be payable to the member only and not to surviving spouses or dependent children.

(c)(1) For the purposes of this section, "salary" means recurring pays ~~which~~ that are received for a regularly scheduled workweek and shall not include, except as otherwise provided in this subsection, payments for unused accrued sick leave or annual leave or the cash value of any nonrecurring or unusual remunerations.

(2)(A) The term "salary" may include the payments to those ~~fire fighters~~ firefighters under this section for unused accrued sick leave not to exceed ninety (90) workdays recorded on the records of the city or town as of

the ~~fire fighter's~~ firefighter's date of retirement, provided the municipality agrees by ordinance to make adequate contributions to the fund to cover the additional costs for the benefits from the increased salary and the fund is judged by an actuarial determination to be actuarially sound.

(B) The board of trustees shall determine the actuarial costs of the payments for the unused accrued sick leave to the fund.

SECTION 33. Arkansas Code § 24-11-827 is amended to read as follows:
24-11-827. Retired member returning to active status.

(a) Notwithstanding any other provision of the law to the contrary, should an age or service retirant return March 1, 1986, or later, to employment in a position covered by the firemen's fund from which he or she retired, no pension payments shall be paid him or her for the period of ~~such~~ the reemployment, and he or she ~~may~~ shall make member contributions to the system as if he or she were an active member during ~~such~~ the reemployment.

(b)~~(1)~~ If reemployment terminates before the retirant has rendered sufficient reemployment to accumulate at least three (3) years of credited service had he or she been an active member during ~~such~~ the reemployment, the payment of his or her pension shall resume upon ~~such~~ termination, under the form of payment in force at the beginning of reemployment and in an amount as it would be had he or she not been reemployed.

~~(2) The retirant shall be paid the accumulated contributions based upon any member contributions he or she may have made during such reemployment.~~

(c)~~(1)~~ If reemployment continues until the retirant has rendered sufficient reemployment to accumulate at least three (3) years of credited service ~~had he or she been an active member during such reemployment~~, then effective upon completion of ~~such~~ reemployment, his or her retirement shall be ~~canceled and the former retirant shall again become an active member~~ recalculated to account for the additional accrued service credit and salary.

~~(2) Upon resuming active membership, the service and contributions and pay records during reemployment shall be added to the member's records as they were at retirement.~~

SECTION 34. Arkansas Code § 24-11-829 is amended to read as follows:
24-11-829. Increase in surviving spouse benefits.

(a) Notwithstanding the other provisions of this chapter, the board of trustees of any municipal firemen's pension and relief fund for which a full one (1) mill tax is levied and which received in excess of five hundred thousand dollars (\$500,000) from premium tax funds during the most recent year shall increase surviving spouse benefits payable from the firemen's pension and relief fund to the amount of the pension received by the retired ~~fire fighter~~ firefighter at the time of his or her death, or the amount of the pension to which the member would have been entitled on the day he or she died had he or she been retired.

(b) The board of trustees shall direct a monthly pension in the increased amount effective on or before August 1, 1993.

SECTION 35. Arkansas Code § 24-11-833 is amended to read as follows:

24-11-833. Fire-related service.

(a) ~~Any~~ A member of a firemen's pension and relief fund who has fire-related service with the municipal government ~~shall be~~ is entitled to purchase credited service in the system equivalent to the amount of employment service he or she has with the municipal fire department in a position as fire-related employment service up to a maximum of three (3) years of credited service, provided that the member contributes to the system an amount as the Arkansas Fire and Police Pension Review Board shall determine would be actuarially equivalent to the value of the service purchased.

(b) The board shall have the final power to determine the value of the service purchased.

(c) Service credit purchased under this section may be used to determine the member's total credited service for the amount upon retirement and shall not be used to determine his or her final average pay for service under the system.

(d) As used in this section, "fire-related service" means service with a municipality ~~which~~ that has ~~fire fighters~~ firefighters covered under a firemen's pension and relief fund in a job or in a paid position within a covered fire department or fire department where the person performs duties ~~which~~ that are related to the delivery of fire services, including service such as a fire department radio dispatcher or other similar service.

SECTION 36. Arkansas Code § 24-11-834 is amended to read as follows:

24-11-834. ~~Credited service~~—Purchase of military service Former military service credit purchase.

~~(a) Any full paid firefighter who is or was a member of the firemen's pension and relief fund established by this subchapter is entitled to purchase credited service for a period not to exceed two (2) years for service rendered while on active duty in the armed forces of the United States.~~

~~(b) The member may purchase the credited service for military service if the person:~~

~~(1) Served on active duty in the armed forces before the member's employment covered by the fund;~~

~~(2) Received an honorable discharge from the armed forces; and~~

~~(3) Does one (1) of the following:~~

~~(A) If the person has participated in the fund for at least eighteen (18) years, the person contributes to the member's deposit account a sum of money equal to the amount of the combined employee and employer contribution made to the system based upon the contributions for the last month of the employee's eighteenth year of service, multiplied by the number of months of military service the member is eligible for and desires to purchase under this section, plus interest on the amount at the rate of six percent (6%) per annum from the date of eligibility to purchase the service to the date of purchase; or~~

~~(B) If the person has participated in the fund for at least twenty (20) years, the person contributes to the member's deposit account a sum of money equal to the amount of the combined employee and employer contribution made to the system based upon contributions at the time the person first became a member of the retirement system, multiplied by the number of months of military service the member is eligible for and desires to purchase under this section, plus interest on the amount at the rate of six percent (6%) per annum from the date of eligibility to purchase the service to the date of purchase.~~

~~(c) A member who purchases credited service under this section shall not be entitled to receive retirement benefits until the date on which the member has twenty (20) years of actual service or would have had twenty (20) years of actual service under the fund if the member had continued~~

employment.

(a) An active member of a firemen's pension and relief fund may purchase credited service in the pension fund equivalent to a period not to exceed five (5) years for service rendered by the member while on active duty in the armed forces of the United States before the member's employment covered by the pension fund, if the member:

(1) Received an honorable discharge from the armed forces;

(2) Has at least twenty (20) years of actual service in the pension fund; and

(3)(A) Contributes to the pension fund an amount that is the actuarial equivalent of the value of the credited service to be purchased.

(B) The actuarial equivalent is of the time of the purchase of the credited service and shall be determined by the actuary for the Arkansas Fire and Police Pension Review Board, or for a pension fund under administration of the Arkansas Local Police and Fire Retirement System, the actuary for that system.

(b) The board of trustees of the pension fund shall make the final determination as to the:

(1) Length of purchased service credit;

(2) Amount of regular interest to be charged; and

(3) Manner in which payment is made to the pension fund.

(c) Service credit purchased under this section shall be used to determine the member's total credited service under the pension fund but shall not be used to determine his or her final average pay under the pension fund.

SECTION 37. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the local police and fire retirement systems provide economic security for eligible citizens of Arkansas; that the statutes need amending to update and clarify existing law; and that these changes need to be made immediately. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

the expiration of the period of time during which the Governor may veto the bill; or

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

/s/B. Sample