

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

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

HOUSE BILL 1199

By: Representative Perry
By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO PERMIT A REFUND OF UNUSED PURCHASED SERVICE
CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO PERMIT A REFUND OF UNUSED PURCHASED
SERVICE CREDIT UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM; AND TO DECLARE AN
EMERGENCY.

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

SECTION 1. Arkansas Code § 24-1-107(b)(1)(B), concerning credit for federal service for a member of the Arkansas Teacher Retirement System, is amended to read as follows:

(B)(i) An active member of the Arkansas Teacher Retirement System shall receive credit for the member's federal service upon the payment of the cost of service under § 24-7-502(b) and as prescribed by the Board of Trustees of the Arkansas Teacher Retirement System.

(ii) At the member's request, a member's payment for federal service credit under this section shall be refunded if the:

(a) Member ceases to be an active member before the federal service credit is established as credited service in the system; or

(b) Federal service credit is not otherwise used to establish the member's eligibility for retirement under the system.



SECTION 2. Arkansas Code § 24-7-602(b), concerning military service credit for a member of the Arkansas Teacher Retirement System, is amended to read as follows:

(b)(1) All United States Armed Forces service not otherwise creditable under this section shall be creditable, provided the member pays to the system the actuarial equivalent for the service credit.

(2) At the member's request, a member's payment for United States Armed Forces service credit under this subsection shall be refunded if the:

(A) Member ceases to be an active member before the United States Armed Forces service credit is established as credited service in the system; or

(B) United States Armed Forces service credit is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 3. Arkansas Code § 24-7-603, concerning service credit under the Arkansas Teacher Retirement System for service rendered in another state under similar circumstances, is amended to add an additional subsection to read as follows:

(f) At the member's request, a member's payment under this section shall be refunded if the:

(1) Member ceases to be an active member before the out-of-state service is established as credited service in the system; or

(2) Out-of-state service is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 4. Arkansas Code § 24-7-604, concerning service credit under the Arkansas Teacher Retirement System for service rendered at an overseas school, is amended to add an additional subsection to read as follows:

(c) At the member's request, a member's payment under this section shall be refundable if the:

(1) Member ceases to be an active member before the overseas service is established as credited service in the system; or

(2) Overseas service is not otherwise used to establish the

member's eligibility for retirement under the system.

SECTION 5. Arkansas Code § 24-7-605, concerning service credit under the Arkansas Teacher Retirement System for service rendered as a member of the General Assembly, is amended to add an additional subsection to read as follows:

(c) At the member's request, member's payment under this section shall be refunded if the:

(1) Member ceases to be an active member before the General Assembly service is established as credited service in the system; or

(2) General Assembly service is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 6. Arkansas Code § 24-7-606(a)(1), concerning a public school teacher or administrator's ability to receive credited service under the Arkansas Teacher Retirement System for leave of absence to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant, is amended to read as follows:

(a)(1) ~~From and after June 28, 1985, any~~ A public school teacher or administrator who is a member of the Arkansas Teacher Retirement System and takes a leave of absence from a school in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant shall be eligible, upon application, to receive credited service in the system for the time of actual enrollment in the institution.

SECTION 7. Arkansas Code § 24-7-606, concerning the purchase of service credit under the Arkansas Teacher Retirement System for time spent on a leave of absence from a school under certain conditions, is amended to add an additional subsection to read as follows:

(d) At the member's request, a member's payment under this section shall be refunded if the:

(1) Member ceases to be an active member before the service for leave of absence to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant is established as credited service in the system; or

(2) Service for leave of absence to obtain an advanced degree at

an institution of higher learning or to fulfill the requirements of a scholarship or grant is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 8. Arkansas Code § 24-7-607(b)(3)(B)(ii), concerning when private school service becomes credited service under the Arkansas Teacher Retirement System, is amended to read as follows:

~~(ii) If a member ceases to be an active member before the private school service has been established as system-credited service, the member payments contributed under this section shall be refunded to the member upon request.~~ At the member's request, a member's payment for certified private school service credit shall be refunded if the:

(a) Member ceases to be an active member before the certified private school service is established as credited service in the system; or

(b) Certified private school service is not otherwise used to establish the member's eligibility for retirement under the system;

SECTION 9. Arkansas Code § 24-7-607(c)(2)(B)(ii), concerning when noncertified private school service or private education-related entity private school service becomes credited service under the Arkansas Teacher Retirement System, is amended to read as follows:

~~(ii) If a member ceases to be an active member before the noncertified service has been established as system-credited service, the member payments contributed under this section shall be refunded to the member upon request.~~ At the member's request, a member's payment for noncertified private school service credit or noncertified private education-related entity private school service shall be refundable if the:

(a) Member ceases to be an active member before the noncertified private school service or private education-related entity private school service is established as credited service in the system; or

(b) Noncertified private school service or private education-related entity private school service is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 10. Arkansas Code § 24-7-610(f), concerning the refund of member payments contributed to the Arkansas Teacher Retirement System when a member ceases to be an active member before service in the National Guard or the armed forces reserve has been established as system-credited service, is amended to read as follows:

~~(f) If a member ceases to be an active member before the service in the National Guard or the armed forces reserve has been established as system credited service, the member payments contributed as specified in subdivision (b)(1)(C) of this section shall be refundable~~ At the member's request, a member's payment under this section shall be refunded if the:

(1) Member ceases to be an active member before the service in the National Guard or the armed forces reserve is established as credited service in the system; or

(2) Service in the National Guard or the armed forces reserve is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 11. Arkansas Code § 24-7-611, concerning the purchase of service credit under the Arkansas Teacher Retirement System for domestic federal service rendered as a teacher or administrator at a facility administered by the United States Department of Defense, is amended to add an additional subsection to read as follows:

(e) At the member's request, a member's payment under this section shall be refunded if the:

(1) Member ceases to be an active member before the domestic federal service is established as credited service in the system; or

(2) Domestic federal service is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 12. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Teacher Retirement System must be able to meet the needs of its members as anticipated by the General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act need revision and updating to bring them into conformance with

sound public pension policy and actuarial requirements; that under the current provisions of the Arkansas Teacher Retirement System Act, a member is unable to receive a refund of certain types of purchased service credit when the member becomes inactive or the purchased service is not otherwise used to establish the member's retirement eligibility; that this act would allow members to receive a refund of purchased service credit when the member becomes inactive or the purchased service is not otherwise used to establish the member's retirement eligibility; that the revisions and updates are of great importance to members of the Arkansas Teacher Retirement System and to other citizens of the State of Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary in order to allow the provisions within this act to begin on the first day of the fiscal year and to allow for a structured and proper administration of the procedures referenced in this act; that the updates and revisions to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and for the improvement and protection of member benefits under the Arkansas Teacher Retirement System; and that this act is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2023.