

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 1200

By: Representative Perry

By: Senator K. Hammer

## For An Act To Be Entitled

AN ACT CONCERNING AN INACTIVE MEMBER'S ELIGIBILITY FOR FREE MILITARY SERVICE CREDIT AND ABILITY TO PURCHASE MILITARY, CONTRIBUTORY, AND FEDERAL SERVICE CREDIT IN THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

CONCERNING AN INACTIVE MEMBER'S ELIGIBILITY FOR FREE MILITARY SERVICE CREDIT AND ABILITY TO PURCHASE MILITARY, CONTRIBUTORY, AND FEDERAL SERVICE CREDIT IN 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 recognition of federal retirement programs, is amended to read as follows:

(B) ~~An active~~ A 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.

SECTION 2. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning retirement fund assets, accounts, members' deposit accounts, and contributions under the Arkansas Teacher Retirement System, is amended to



read as follows:

(iv) ~~An active~~ A member who has previous noncontributory credited service may change credited service on which a member contribution has not been paid to contributory credited service by paying the system the actuarial equivalent of the member benefits.

SECTION 3. Arkansas Code § 24-7-602(a)(1) and (2), concerning military service credit under the Arkansas Teacher Retirement System, are amended to read as follows:

(a)(1) If ~~an active~~ a member of the Arkansas Teacher Retirement System enters the United States Armed Forces during a period that a federal military draft was in effect and obtains a refund of member contributions from the system, the compulsory military service required of the member may be established as free credited service under this subchapter, if after an honorable discharge from the United States Armed Forces and before retirement the member repays to the system the actuarial equivalent of the member's refunded service.

~~(2)(A) In addition, an active member who entered the United States Armed Forces during any period that a federal military draft was in effect and who becomes an active member after an honorable discharge from the United States Armed Forces is eligible to receive free military service credit under this section, whether or not the member has five (5) or more years of credited service at the time of the reemployment. In addition, a member is eligible to receive free military service credit under this section if the member:~~

(i) Entered the United States Armed Forces during any period that a federal military draft was in effect; and

(ii) Becomes an active member after an honorable discharge from the United States Armed Forces.

(B) Subdivision (a)(2)(A) of this section applies to a member whether or not the member has five (5) or more years of credited service at the time of the member's reemployment.

SECTION 4. 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 these provisions into conformance with sound public pension policy and actuarial requirements; that under the current provisions of the Arkansas Teacher Retirement System Act, inactive members are ineligible for free military service credit and cannot purchase military, contributory, and federal service credit; 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 the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30; 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 and necessary for improving and protecting member benefits; 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.