

**Hall of the House of Representatives**  
83rd General Assembly - Regular Session, 2001  
**Amendment Form**

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**Subtitle of House Bill No. 1321**

"TO CHANGE THE CALCULATION OF THE FIRE PROTECTION FUND'S PORTION OF  
THE INSURANCE PREMIUM TAXES USED FOR POLICE AND FIRE PENSION FUNDS."

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**Amendment No. 1 to House Bill No. 1321.**

Amend House Bill No. 1321 as originally introduced:

Page 1, delete lines 9 through 16 and substitute the following:

"AN ACT TO AMEND ARKANSAS CODE 24-11-301, 24-11-302, AND 24-11-809 TO CHANGE THE ORDER OF CALCULATION OF THE FIRE PROTECTION FUND'S PORTION OF THE INSURANCE PREMIUM TAXES USED FOR LOCAL POLICE AND FIRE PENSION RELIEF FUNDS; AND FOR OTHER PURPOSES"

AND

Delete Section 1 and substitute the following:

"SECTION 1. Arkansas Code 24-11-302 is amended to read as follows:

24-11-302. Cities and towns qualified to participate - Reports.

(a) Each city or town having a police officers' pension and relief fund which is organized pursuant to any existing statute of this state and each city or town which covers its police department under the Arkansas Local Police and Fire Retirement System shall be qualified to participate in the distribution of the funds described and appropriated by this subchapter.

(b) The allocation of funds to each qualified city or town pursuant to § 24-11-301 shall be subject to the following conditions:

(1) Each calendar year the Arkansas Fire and Police Pension Review Board shall review its previous calendar year distribution of funds to each qualified city or town prior to disbursement to each of these qualified areas. This review shall comply with subdivisions (d)(4) and (5) of this section; and

(2) The certification of any new city or town to participate in the Firemen's and Police Officers' Pension and Relief Fund shall be considered in the board's assessment each calendar year of the allocation of the disbursement of the funds pursuant to subdivisions (d)(4) and (5) of this section.

(c)(1) The revenues collected pursuant to §§ 23-60-102, 24-11-301, 24-

\* **.VVF156** \*

The Amendment was read \_\_\_\_\_

By: Representative R. Smith

EN/VJF

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Chief Clerk

11-302, 26-57-601 - 26-57-605, and 26-57-607 and distribution in accordance with this section shall be allocated to each qualified city or town in a proportion determined by evaluation of the following factors:

(A) The legal description of the metes and bounds of the city or town. The legal description shall be based on standard visible features of the area. If the legal description cannot be based on standard visible features, a Global Positioning System survey shall be conducted to determine the boundaries; and

(B) A census population assessment in the city or town.

(2)(A) The mayor or other qualified representative of each city or town shall certify to the board the accuracy of the metes and bounds legal description of the area and the population information.

(B) The metes and bounds legal description shall be determined by a surveyor licensed in the State of Arkansas, a preexisting map held by the city, town, or fire protection district or by the Institute for Economic Advancement at the College of Business Administration at the University of Arkansas at Little Rock's Geographic Information Systems Lab.

(C) The population of the area shall be determined by the Census State Data Center at the Institute for Economic Advancement at the College of Business Administration at the University of Arkansas at Little Rock's Geographic Information Systems Lab.

(3)(A) An actuary certified by the Society of Actuaries shall evaluate the information submitted pursuant to subsection (c) of this section to determine the amount of turnback funds to be directed to an area based on the following formula:

(i) The legal description of the metes and bounds shall be considered as forty percent (40%) of the calculation; and

(ii) The population of the area shall be considered as sixty percent (60%) of the calculation.

(B) The actuarial assessment shall apply the corresponding ratio of these factors in calculating the exact amount of funds that should be allocated to each city, town, or fire protection district.

(d)(1) All cities, towns, or fire protection districts participating in the Arkansas Firemen's and Police Officers' Pension and Relief Fund as of April 15, 1999, shall receive at least seventy-five percent (75%) of its current level of premium tax distributions upon conversion to the distribution method prescribed in subsection (c) of this section. This threshold percentage may be used as a phase-in tool by the board to accommodate the conversion of distribution of a period of five (5) years from April 15, 1999. The distribution of these funds shall be subject to subsection (b) of this section.

(2) All cities and towns having police departments organized pursuant to §§ 24-11-101 - 24-11-830 that have provided the information required in subsection (c) of this section to the board shall qualify for participation in the distribution of premium taxes for the Firemen's and Police Officers' Pension and Relief Fund under the board.

(3) On or before December 15, 1985, of each calendar year until the year 2000, the board shall certify to the Insurance Commissioner those cities and towns which have organized police departments qualified to participate in the distribution of premium taxes described by §§ 24-11-301 - 24-11-830.

(4) On or before June 15, 2001, the board shall certify to the

Department of Finance and Administration those cities and towns that qualify for distribution of premium taxes collected under §§ 23-60-102, 24-11-301, 24-11-302, 26-57-601 - 26-57-605, and 26-57-607 for the 2000 tax year pursuant to the amended section determining qualification based on metes and bounds and population of the area. Certification shall be provided to the Department of Finance and Administration on all entities participating in the pension plan, including, but not limited to, those entities participating prior to April 15, 1999.

(5) On or before June 15, 2001, the board shall certify to the Department of Finance and Administration the exact amount of tax revenues each city and town is entitled to receive for the calendar year in which coverage began pursuant to subsection (c) of this section. Such information shall be provided each calendar year thereafter on or before June 15.

(6) The eligibility of the cities or towns shall be continuous for a ten-year period without recertification unless otherwise directed by the board. The first year of implementation shall require a nine-year cycle from June 15, 2001. Thereafter each city or town shall resubmit the information required in subsection (c) of this section every ten (10) years beginning on December 15, 2010.

(e) The Arkansas Fire and Police Pension Review Board created by § 24-11-203 is directed, and it shall be its duty, to identify those cities and towns to certify them to the Insurance Commissioner on or before December 15 of each calendar year until the year 2000, indicating that they are qualified to participate in the distribution of those funds described and appropriated by this subchapter. Subsequent to the year 2000, for each political subdivision which covers a police department under the Arkansas Local Police and Fire Retirement System, the board shall certify eligibility for the tax moneys to the Department of Finance and Administration on or before December 15 of the calendar year.

~~(f) Until December 15, 2000, each city and town qualified by either the Arkansas Fire and Police Pension Review Board or the Board of Trustees of the Arkansas Local Police and Fire Retirement System shall then be entitled to receive that portion of the tax, as described and appropriated by this subchapter, that is collected during the forthcoming calendar year, arising from such insurance as shall be written upon every motor vehicle principally garaged in that qualified city or town.~~

~~(g) The Insurance Commissioner shall advise all companies subject to the tax of the name of each qualified city or town.~~

~~(h) At the time of filing their respective annual statements, the companies shall report to the commissioner those premiums from motor vehicle owners for insurance against the perils described in this subchapter and shall identify that qualified city or town in which the subject of the insurance is principally garaged until the year 2000.~~

~~(i) As of December 15, 2000, the provisions of subsections (f), (g), and (h) of this section shall be superseded by the provisions of § 24-11-301(a)-(d).~~

~~(j)(1)(f)(1)~~ All taxes that are levied on insurers ~~but are not allocated to cities or towns qualified to participate in the distribution of the taxes that are allocated to general revenues under § 24-11-301(a)(3)~~ shall first be allocated to the Arkansas Fire and Police Pension Guarantee Fund and next to the Policemen's Pension Supplement Program Fund as provided for in subdivision ~~(j)(3)(f)(4)~~ of this section and then to general revenues.

(2) Funds shall be distributed by the Chief Fiscal Officer of the State 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).

~~(2)(3)~~ Funds ~~shall~~ 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 Arkansas Fire and Police Pension Review Board for plans in the priority category defined by § 24-11-209(e)(3)(E).

~~(3)(4)~~ After transfers are made to cover funds distributed under ~~subdivision (j)(2) subdivisions (f)(3) and (f)(4)~~ 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 ~~monthly~~ annual transfers to the Policemen's Pension Supplement Program Fund on or before July 25, 1999, and each ~~month~~ year thereafter ~~of a portion of those unallocated insurance premium taxes enumerated in § 24-11-301(a)~~ as certified by the Arkansas Fire and Police Pension Review Board on July 1 each year as the amount needed to pay the expenses of and to make payments to the eligible retired police officers and survivors under the Policemen's Pension Supplement Program for the coming year of the program."

AND

Page 4, delete lines 30 through 36 and page 5, delete lines 1 through 26 and substitute the following:

"(3)(A) All taxes that are levied on insurers, but are not allocated to cities, towns, and fire protection districts qualified to participate in the distribution of the taxes, may be allocated to the Fire Protection Premium Tax Fund and the Arkansas Fire and Police Pension Guarantee Fund and then to general revenues.

(B) For the 1999-2000 fiscal year, six hundred thousand dollars (\$600,000) of the funds transferred to General Revenues pursuant to this section and § 24-11-810 shall be transferred to the Fire Protection Premium Tax Fund and in all subsequent years, fifty percent (50%) of the percentage increase in the amount allocated to General Revenues under this section and § 24-11-810, 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 such time that a cap of two million dollars (\$2,000,000) annually is transferred to the Fire Protection Premium Tax Fund. Thereafter, the annual transfer shall be set at two million dollars (\$2,000,000).

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

~~(C)(D)~~ 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 Arkansas Fire and Police Pension Review Board for plans in the priority category defined by § 24-11-209(e)(3)(E).

(4) The payment for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board shall be made prior to the

disbursements to the eligible political subdivisions."

AND

Delete Sections 3 and 4 of the bill and substitute the following:

"SECTION 3. Arkansas Code § 24-11-301(a), concerning the appropriation of tax revenues from insurance premium taxes, is amended to read as follows:

(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 use and benefit of all duly qualified police officers' pension and relief funds and for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board and for the Arkansas Fire and Police Pension Guarantee Fund and for the 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".

~~(3) Each calendar year the Insurance Commissioner shall determine the total gross amount collected pursuant to this section and § 24-11-809. The commissioner shall withdraw six point two percent (6.2%) of the total gross amount collected for this fund and transfer such to General Revenue of the State of Arkansas.~~

~~(4) For the 1999-2000 fiscal year, six hundred thousand dollars (\$600,000) shall be transferred to the Fire Protection Premium Tax Fund from the six point two percent (6.2%) that would have otherwise accrued to General Revenues, and in all subsequent years, fifty percent (50%) of the increase in premium taxes from the six point two percent (6.2%) of the total gross amount collected, using the dollar amount collected 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 such time that a cap of two million dollars (\$2,000,000) annually is transferred to the Fire Protection Premium Tax Fund. Thereafter, the annual transfer shall be set at two million dollars (\$2,000,000).~~

~~(5)(A)(3)(A) The remaining revenues collected pursuant to §§ 23-60-102, 24-11-301, 24-11-302, 24-11-809, 24-11-810, 26-57-601 - 26-57-605, and 26-57-607 shall be distributed to the Firemen's and Police Officers' Pension and Relief Fund and to the State of Arkansas as general revenues. Revenues distributed to the State of Arkansas as general revenues are subject to the allocations enumerated in § 24-11-302(f).~~

(B) The revenues shall be distributed in such a manner that the Firemen's and Police Officers' Pension and Relief Fund and the general revenue fund will each receive distributions of no less than they received in fiscal year 1999, except that:

(i) If the revenues to be distributed in a subsequent year are less than the revenues distributed in 1999, then the

distributions to each shall be reduced proportionately; and

(ii) If additional police departments become eligible for distributions from the Firemen's and Police Officers' Pension and Relief Fund, the base amount for the state shall be reduced in proportion to the population in the area served by the police department to the portion of the population of the state not covered by a police department receiving a distribution from the fund.

(C) Except as provided in subdivision (5)(B) of this section, the portion distributed to the Firemen's and Police Officers' Pension and Relief Fund shall be based on the ratio percentage of the total population of the cities or towns qualified to participate in such fund in comparison to the total population of the State of Arkansas. The remaining percentage shall be distributed to the State of Arkansas' general revenue fund."

AND

Page 6, line 14, delete "4" and substitute "5"

AND

Page 6, line 24 , add the following new Section to the bill:

"SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly that the provisions of this act must be implemented before the funds described herein are next disbursed in order to insure the fiscal well being of the beneficiaries of the Police and Fire Pension and Relief Funds. 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 the date of its approval by the Governor. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto."