

EXECUTIVE DIRECTOR UPDATE
2015 BILLS AFFECTING ATRS
February 19, 2015

ATRS Board's Legislative Package

The ATRS Board of Trustees has unanimously voted to support a seven (7) bill package for this legislative session. SB 171 by Senator Bill Sample has been activated from a shell bill to the ATRS package bills to clarify ATRS law on military service credit in ATRS. In addition, the *ATRS appropriation bill** has been signed into law by Governor Hutchinson.

- Non-Spousal Rollover:** Makes ATRS law comply with IRS code that allows a beneficiary that is not the spouse of a member to be eligible for certain rollovers.
Now **SB38**
Senator Blake Johnson
- Disability Retirement:** To allow members to retire on disability as they currently do, but require additional requirements for continued eligibility after retirement.
Now **SB48**
Senator Bill Sample
- Technical Corrections:** Minor clarifications of existing laws.
Now **SB50**
Senator Eddie Cheatham.
- Private School Service:** Allow ATRS to make the determination of eligibility to purchase this service credit.
Now **SB75**
Senator Uvalde Lindsey
- Member Annuities Paid:** Repeal the law that allows a reserve payout of benefits of less than \$20 per month.
Now **SB137**
Senator Jason Rapert
- Option C Clarification:** To allow members who retirement with a benefit option C, which guarantees 120 payments, to change beneficiaries after retirement if the option beneficiary is a spouse and the marriage ends in divorce or other marriage dissolution.
Now **HB1078**
Representative Gary Deffenbaugh
- Recycling Tax Credits:** To extend the transferability of recycling tax credits within equity owners of certain investment projects in Arkansas, to encourage more specialized projects and enhance investment returns.
Now **HB1132**
Lead Sponsor: Representative Monte Hodges,
Co-Sponsors: Senator David Burnett, Senator Keith Ingram

Military Service Credit Clarifies, but does not change military service credit and purchases for ATRS service.
 Now SB171
 Senator Bill Sample

***ATRS Appropriation:** *ATRS appropriation for the 2015-2016 fiscal year*
 Now **SB113**

Sponsor: Joint Budget Committee

ATRS closely follows bills that could impact ATRS during the 2015 Legislative Session. ATRS has a 8 bill package. At this time, all 8 bills have been formally introduced and have a listed sponsor and bill number. ATRS appreciates the assistance of all legislators who are sponsoring bills in the ATRS Board's legislative package. The Sponsors include:

Senator Blake Johnson	Senator Uvalde Lindsey
Senator Eddie Cheatham	Senator Keith Ingram
Senator David Burnett	Representative Lanny Fite
Senator Jason Rapert	Representative Monte Hodges
Senator Bill Sample	Representative Gary Deffenbaugh

This summary provides a brief title and explains the potential impact of all 8 bills in the package and any other bills that impact ATRS. (Shell bills may be filed on behalf of ATRS to act as place holders in the event action is needed beyond the current legislative package.) Some bills have an emergency clause that would make the bill effective July 1, 2015. Some bills have an emergency clause that makes the bill become effective **immediately**. A bill without an emergency clause would become effective 90 days after the session ends.

ATRS PACKAGE BILLS FOR THE 2015 SESSION

<u>Bills</u>	<u>Sponsor</u>	<u>Description</u>	<u>Status</u>
SB38	Sen. B. Johnson	<i>Compliance with Law allowing Direct Rollover</i>	Now ACT 87
SB48	Sen. Sample	<i>Disability Retirement Benefit</i>	Passed Senate
SB50	Sen. Cheatham	<i>Technical Corrections</i>	Passed Senate
SB75	Sen. Lindsey	<i>How Private School Service is Recorded</i>	Now ACT 90
SB113	JBC	<i>ATRS Appropriation for 2015-2016 fiscal year</i>	Now ACT 93
SB137	Sen. Rapert	<i>Member Annuities Page as Lifetime Benefit</i>	Passed Senate
SB171	Sen. Sample	<i>Military Service Credit Clarification</i>	Committee
HB1078	Rep. Deffenbaugh	<i>Option C Clarification</i>	Committee
HB1132	Rep. Hodges	<i>Recycling Tax Credit Clarification</i>	Committee

BILLS ON BEHALF OF ATRS OUTSIDE OF ATRS PACKAGE

SB134	Sen. D. Johnson	<i>Technical Corrections to Title 24 of the AR Code Concerning Public Retirement (no substantive change)</i>	Filed
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NON-ATRS FORMER SHELL BILL NOW AFFECTS ATRS & OTHERS

HB1215	Rep. House	<i>Amend Law Concerning Reporting Requirements</i>	Amended
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SHELL BILLS ON BEHALF OF ATRS

<u>Bills</u>	<u>Sponsor</u>	<u>Description</u>	<u>Status</u>
SB189	Sen. D. Johnson	<i>Amend Statutes Concerning ATRS</i>	Filed

IMPACT AND ANALYSIS OF ATRS PACKAGE BILLS AFFECTING ATRS, MEMBERS, AND EMPLOYERS

Bill# **Sponsor:** Senator Blake Johnson
SB38 **Compliance with Law Allowing Direct Rollover**

Emergency Clause: Effective 07/01/2015

Explanation: Non-Spousal Rollover Provisions—This bill makes ATRS law comply with IRS tax code provisions that allow a beneficiary that is not the spouse of a member to be eligible for certain rollovers like those made by ATRS. This law change needs to be made to ensure ATRS remains compliant with newer IRS regulations that expand the group of family members eligible for a rollover of an ATRS residual balance.

ACTION:

02/17/2015 11:05:15 AM	- Senate - Notification that SB38 is now Act 87.
12/12/2015 3:36:02 PM	- Senate -- DELIVERED TO GOVERNOR.
2/12/2015 3:35:55 PM	- Senate -- Reported correctly enrolled and ordered delivered to the Governor.
2/12/2015 3:00:52 PM	- Senate -- ORDERED ENROLLED.
2/12/2015 3:00:35 PM	- Senate – Returned from the House as passed.
2/12/2015 2:38:52PM	- House - Returned to the Senate as Passed.
2/12/2015 2:38:14 PM	- House – Read the third time and passed and ordered transmitted to Senate.
2/3/2015 4:33:57 PM	- House—Read the first time, rules suspended, read the second time and placed on the CALENDAR
2/3/2015 4:04:54 PM	- House—RECEIVED FROM SENATE
2/3/2015 1:55:56 PM	- Senate—Ordered immediately transmitted to the House.
2/3/2015 1:55:50 PM	- Senate—EMERGENCY CLAUSE ADOPTED
2/3/2015 1:51:07 PM	- Senate--Read the third time and passed
2/2/2015 1:38:24 PM	Returned to Committee, with the recommendation that it Do Pass
1/13/2015 10:12:10 AM	- Senate -- Read first time, rules suspended, read second time, referred to Joint Committee on Public Retirement and Social Security Programs
1/12/2015 1:43:00 PM	- Senate -- Filed

Bill# **Sponsor:** Senator Bill Sample
SB48 **Disability Retirement Benefits**

Emergency Clause: Effective 07/01/2015

Explanation: Disability Retirement—This bill is to allow members to retire on ATRS disability as they currently do, but would add requirements for continued eligibility after three years of disability retirement for those still under age 60. Essentially, ATRS disability retirees under age 60 will be required to obtain Social Security Disability status within three (3) years of being approved for ATRS disability unless an extension is granted for good cause. This change is designed to allow a quick disability decision and at the same time provide more meaningful oversight after disability retirement is approved.

ACTION:

- 2/10/2015 4:33:46 PM - House – Read the first time, rules suspended, read the second time and placed on the CALENDAR
- 2/10/2015 2:39:53 PM - House -- RECEIVED FROM THE SENATE
- 2/10/2015 2:10:10 PM - Senate – Ordered immediately transmitted to House.
- 2/10/2015 2:10:06 PM - Senate – EMERGENCY CLAUSE ADOPTED
- 2/10/2015 2:07:39 PM - Senate -- Read the third time and passed.
- 2/9/2015 1:42:04 PM - Senate – Returned by Committee, with the recommendation that it Do Pass.
- 1/13/2015 10:27:43 AM - Senate -- Read first time, rules suspended, read second time, referred to Joint Committee on Public Retirement and Social Security Programs
- 1/13/2015 10:06:00 AM - Senate -- Filed

Bill# **Sponsor:** Senator Eddie Cheatham
SB50 **Technical Corrections**

Emergency Clause: Effective Immediately Upon Passage

Explanation: Technical Corrections— This bill makes minor changes in the wording of existing laws to clarify language and intent of laws affecting ATRS.

ACTION:

- 2/10/2015 4:33:54 PM - House -- Read the first time, rules suspended, read the second time and placed on the CALENDAR.
- 2/10/2015 2:39:59 PM - House – RECEIVED FROM THE SENATE
- 2/10/2015 2:11:19 PM - Senate -- Ordered immediately transmitted to the House.

2/10/2015 2:11:16 PM - Senate -- EMERGENCY CLAUSE ADOPTED
2/10/2015 2:10:16 pm - Senate – Read the third time and passed.
2/09/2015 1:41:50 PM - Senate – Returned by the Committee, with the recommendation that it Do Pass.
1/21/2015 1:41:54 PM - Senate -- Re-referred to Joint Committee on Public Retirement and Social Security Programs
1/21/2015 1:41:49 PM - Senate -- REPORTED CORRECTLY ENGROSSED
1/21/2015 1:41:41 PM - Senate -- Amendment # 2 read the first time, rules suspended, read the second time and adopted, ordered engrossed.
1/21/2015 1:40:22 PM - Senate -- Withdraw amendment #1.
1/21/2015 1:40:00 PM - Senate -- Withdrawn from Committee for purpose of amendment # 1
1/13/2015 10:28:43 AM - Senate -- Read first time, rules suspended, read second time, referred to Joint Committee on Public Retirement and Social Security Programs
1/13/2015 10:15:00 AM - Senate -- Filed

Bill# **Sponsor:** Senator Uvalde Lindsey
SB75 **How Private School Service is recorded for purpose of retirement benefits.**

Emergency Clause: Effective Immediately Upon Passage

Explanation: Private School Service— This bill allows ATRS to make the determination of eligibility to purchase certified teaching service credit, instead of the Department of Education due to responsibility changes at the Department of Education. The Department of Education no longer has staff responsibility to certify private school teachers, so a request was made to shift certification responsibility to ATRS. ATRS already certifies all other types of service and this will bring uniformity to the process.

ACTION:

2/17/2015 11:05:49 AM - Senate – Notification that SB75 is now Act 90
2/10/2015 2:44:00 PM - Senate – DELIVERED TO GOVERNOR.
2/10/2015 2:43:50 PM - Senate – Reported correctly enrolled and ordered delivered to the Governor.
2/10/2015 2:43:45 PM - Senate -- ORDERED ENROLLED
2/10/2015 2:43:27 PM - Senate – Returned from the House as passed.
2/10/2015 2:21:17 PM - House – Returned to the Senate as Passed.
2/10/2015 2:21:14 PM - House – EMERGENCY CLAUSE ADOPTED.
2/10/2015 2:20:27 PM - House – Read the third time and passed and ordered transmitted to the Senate.
2/3/2015 4:34:07 PM - House—Read the first time, rules suspended, read the second time and placed on the CALENDAR
2/3/2015 4:05:04 PM - House—RECEIVED FROM SENATE
2/3/2015 2:00:33 PM - Senate—Ordered immediately transmitted to the House.

2/3/2015 2:00:30 PM - Senate—EMERGENCY CLAUSE ADOPTED
2/3/2015 1:56:02 PM - Senate--Read the third time and passed
1/20/2015 1:53:02 PM - Senate -- Read first time, rules suspended, read second time, referred to Joint Committee on Public Retirement and Social Security Programs
1/20/2015 12:35:00 PM - Senate -- Filed

Bill# **Sponsor:** Senator Jason Rapert
SB137 Member Annuities are paid as a lifetime benefit by repealing lump-sum payments of reserve value of small annuities in the Arkansas Teacher Retirement System.

Emergency Clause: Effective 07/01/2015

Explanation: Lump-Sum Payments of Reserve Value of Small Annuities--- This bill repeals the law that allows a reserve payout of benefits of less than \$20 per month. Most members and ATRS now prefer to pay the member a lifetime benefit, even on smaller annuity amounts since usually the smaller annuity amounts usually are associated with the member also receiving a lifetime benefit from another retirement system, such as APERS at the same time.

ACTION:

2/10/2015 4:33:58 PM - House -- Read the first time, rules suspended, read the second time and placed on the CALENDAR.
2/10/2015 2:40:09 PM - House -- RECEIVED FROM THE SENATE
2/10/2015 2:13:19 PM - Senate -- Ordered immediately transmitted to the House.
2/10/2015 2:13:14 PM - Senate -- EMERGENCY CLAUSE ADOPTED
2/10/2015 2:11:24 PM - Senate -- Read the third time and passed.
2/9/2015 1:41:36 PM - Senate – Returned by the Committee, with the recommendation that it Do Pass.
1/26/2015 2:05:56 PM - Senate -- Read the first time, rules suspended, read the second time and referred to Joint Committee on Public Retirement and Social Security Programs
1/26/2015 1:31:00 PM - Senate -- Filed

Bill# **Sponsor:** Representative Gary Deffenbaugh
HB1078 **Option C Benefit**

Emergency Clause: Effective Immediately Upon Passage

Explanation: Option C Clarification— This bill is to allow members who retire with an Option C benefit election (guaranteed 120 monthly benefit payments even if the member dies) to change beneficiaries after retirement if the option beneficiary is a spouse and the marriage ends in divorce or other marriage dissolution before the 120 months have passed. This brings Option C in line with the other lifetime options available to ATRS members. Under current law, a divorce does not allow a member to remove a new former spouse as the Option C beneficiary.

ACTION:

- 1/15/2015 4:43:02 PM - House -- Read the first time, rules suspended, read the second time and referred to the Committee on PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS-JOINT
- 1/15/2015 2:06:00 PM - House -- Filed

Bill# **Sponsor:** Representative Monte Hodges
HB1132 **Allocation of Recycling Tax Credit**

Emergency Clause: Effective Immediately After Passage

Explanation: Tax Credits – This bill is to extend the transferability of Arkansas recycling tax credits to another equity owner if an Arkansas public retirement system is an equity owner of a project eligible for the tax credit. This allows ATRS to share in the tax credit like other investors.

ACTION:

- 2/9/2015 1:54:14 PM - Senate – Read first time, rules suspended, read second time, referred to Senate Committee on Revenue and Taxation.
- 2/5/2015 3:00:55 PM - Senate – Received from House.
- 2/5/2015 1:57:22 PM - House – EMERGENCY CLAUSE ADOPTED
- 2/5/2015 1:57:19 PM - House – Read the third time and passed and ordered transmitted to Senate.
- 2/3/2015 10:38:54 AM House -- Returned by the Committee Do Pass
- 1/22/2015 4:31:21 PM - House -- Read the first time, rules suspended, read the second time and referred to the Committee on REVENUE & TAXATION- HOUSE
- 1/22/2015 2:14:00 PM - House -- Filed

IMPACT AND ANALYSIS OF BILLS ON BEHALF OF ATRS OUTSIDE OF ATRS PACKAGE

Bill# **Sponsor:** Senator David Johnson
SB134 Technical Correction Requested by Code Revision Commission of the General Assembly

Emergency Clause: Effective 90 Days After Legislative Session Adjourns Sine Die

Explanation: This is a technical corrections bill requested by the Code Revision Commission of the General Assembly to correct minor wording, punctuation, and numbering rules for laws in Title 24 (Arkansas Public Retirement) in the Arkansas code. This is an ongoing function of this Commission to bring consistency to the laws of Arkansas. There are no substantive changes to ATRS in this bill.

ACTION:

- 2/4/2015 1:39:53 PM - Senate—Re-referred to Senate Committee on Judiciary
- 2/4/2015 1:39:48 PM - Senate –REPORTED CORRECTELY ENGROSSED
- 2/4/2015 1:39:44 PM - Senate—Amendment #1 read the first time, rules suspended, read the second time and adopted, ordered engrossed
- 2/4/2015 1:39:34 PM - Senate – Withdrawn from Committee for purpose of amended #1
- 1/26/2015 2:0:00 PM - Senate -- Read the first time, rules suspended, read the second time and referred to Senate Committee on Judiciary
- 1/26/2015 12:54:00 PM - Senate -- Filed

IMPACT AND ANALYSIS OF NON ATRS FORMER SHELL BILL NOW AFFECTS ATRS AND OTHERS

Bill# **Sponsor:** Representative Douglas House
HB1215 **Amend Law Concerning Public Employee Retirement Plans to specify Reporting Requirements for all Taxpayer Funded Retirement Systems.**

Emergency Clause: N/A

Explanation: This former shell bill is now an active bill that affects ATRS and other retirement systems.

ACTION:

2/6/2015 9:09:51 AM House – REPORTED CORRECTLY ENGROSSED.
2/6/2015 8:34:18 AM House – Amendment No. 2 read and adopted and the bill ordered engrossed.
2/6/2015 8:34:07 AM House – Placed on second reading for the purpose of amendment.
2/3/2015 4:03:58 PM House – In accordance with House Rule 39 Read the second time and referred to the Committee on PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS-JOINT
2/3/2015 9:34:56 AM House - - REPORTED CORRECTLY ENGROSSED
2/3/2015 8:28:48 AM House --Amendment No. 1 read and adopted and the bill ordered engrossed.
2/3/2015 8:28:43 AM House --Placed on second reading for the purpose of amendment.
2/2/2015 2:25:51 PM House-- In accordance with House Rule 39 Read the first time and referred to the Committee on HOUSE JOURNAL; ENGROSSED AND ENROLLED BILLS
1/30/2015 11:30:00AM House Filed

IMPACT AND ANALYSIS OF SHELL BILLS ON BEHALF OF ATRS

Bill# **Sponsor:** Senator Bill Sample
SB171 Concerning the Arkansas Teacher Retirement System

Emergency Clause: N/A

Explanation: This is a shell bill filed on behalf of ATRS.

ACTION:

- 2/18/2015 1:50 08 PM - Senate – Re-referred to Joint Committee on Public Retirement and Social Security Programs.
- 2/18/2015 1:50:05 PM - Senate – REPORTED CORRECTLY ENGROSSED.
- 2/18/2015 1:50:01 PM - Senate-- Amendment #1 read the first time, rules suspended, read the second time, And adopted, ordered engrossed.
- 2/18/2015 1:49:27 PM - Senate – Withdrawn from Committee for purpose of amendment #1
- 1/29/2015 7:17:02 AM - Senate—Read first time, rules suspended, read second time, referred to Joint committee on Public Retirement and Social Security Programs
- 1/28/2015 2:30:00 PM - Senate –Filed

Bill# **Sponsor:** Senator David Johnson
SB189 Amend Statutes Concerning ATRS

Emergency Clause: N/A

Explanation: This shell bill will be filed on behalf of ATRS by the Senate Co-Chair of the Public Retirement Committee. Senator Johnson will file shell bills on behalf of each of the retirement systems.

ACTION:

- 2/2/2015 1:43:59 PM - Senate --Read first time, rules suspended, read second time, referred to Joint Committee on Public Retirement and Social Security Program
- 1/30/2015 8:44:00 AM - Senate—Filed

Bill# **Sponsor:** Representative Bill Gossage
HB1107 **Amend Statutes Concerning ATRS**

Emergency Clause: N/A

Explanation: This is a shell bill filed on behalf of ATRS.

ACTION:

1/20/2015 4:50:21 PM - House – In accordance with House Rule 39 Read the first time and referred to the Committee on HOUSE JOURNAL; ENGROSSED AND ENROLOED BILLS
1/20/2015 4:13:00 PM - House -- Filed

Bill# **Sponsor:** Representative Greg Leding
HB1200 **Amend Statutes Concerning ATRS**

Emergency Clause: N/A

Explanation: This is a shell bill filed on behalf of ATRS.

ACTION:

1/29/2015 4:30:10 PM - House – In accordance with House Rule 39 Read the first time and referred to the Committee on HOUSE JOURNAL; ENGROSSED AND ENROLOED BILLS
1/29/2015 1:47:00 PM - House -- Filed

IMPACT AND ANALYSIS OF OTHER SHELL BILL THAT COULD BE AMENDED TO AFFECT ATRS

Bill# **Sponsor:** Representative Bob Ballinger
HB1182 **Amend Law Concerning Retirement and Pensions**

Emergency Clause: N/A

Explanation: This is a shell bill that could possibly affect ATRS.

ACTION:

1/27/2015 4:40:12 PM - House – In accordance with House Rule 39 Read the first time and referred to the Committee on HOUSE JOURNAL; ENGROSSED AND ENROLOLED BILLS

1/27/2015 2:30:00 PM - House -- Filed