# EXECUTIVE DIRECTOR UPDATE 2015 BILLS AFFECTING ATRS March 20, 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. Seven of the nine bills are now Acts. Two remain in the legislative process.

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.

SB38, now Act 87 Senator Blake Johnson

<u>Disability Retirement</u>: To allow members to retire on disability as they currently do, but require

additional requirements for continued eligibility after retirement.

SB48, now Act 219
Senator Bill Sample

<u>Technical Corrections</u>: Minor clarifications of existing laws.

SB50, now Act 301

Senator Eddie Cheatham.

<u>Private School Service:</u> Allow ATRS to make the determination of eligibility to purchase this service

credit.

**SB75, now Act 90** 

**Senator Uvalde Lindsey** 

Member Annuities Paid: Repeal the law that allows a reserve payout of benefits of less than \$20 per

month.

SB137, now Act 225 Senator Jason Rapert

Option C Clarification: To allow members who retire 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. HB1078, now Act 375

**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.

A. Now HB1132, a casualty of tax revisions

Lead Sponsor: Representative Monte Hodges,

Co-Sponsors: Senator David Burnett, Senator Keith Ingram

B. Now **SB844** 

**Co-Sponsor: Senator David Burnett** 

**Co-Sponsor: Representative Monte Hodges** 

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Military Service Credit Clarifies, but does not change military service credit and purchases for ATRS

service.

SB171, now delivered to the Governor

**Senator Bill Sample** 

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

**SB113, now Act 93** 

Sponsor: Joint Budget Committee

ATRS closely follows bills that could impact ATRS during the 2015 Legislative Session. ATRS has an 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 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	Compliance with Law allowing Direct Rollover	Now ACT 87
SB48	Sen. Sample	Disability Retirement Benefit	Now ACT 219
SB50	Sen. Cheatham	Technical Corrections	Now Act 301
SB75	Sen. Lindsey	How Private School Service is Recorded	Now ACT 90
SB113	JBC	ATRS Appropriation for 2015-2016 fiscal year	Now ACT 93
SB137	Sen. Rapert	Member Annuities Page as Lifetime Benefit	Now ACT 225
SB171	Sen. Sample	Military Service Credit Clarification	Governor's Desk
HB1078	Rep. Deffenbaugh	Option C Clarification	Now ACT 375
HB1132	Rep. Hodges	Recycling Tax Credit Clarification	<b>Passed House</b>

# **NON-ATRS FORMER SHELL BILL NOW AFFECTS ATRS & OTHERS**

HB1215 Rep. House Amend Law Concerning Reporting Requirements Author has

unofficially withdrawn this bill from further

consideration

# **SHELL BILLS ON BEHALF OF ATRS**

BillsSponsorDescriptionStatusSB189Sen. D. JohnsonAmend Statutes Concerning ATRSFiled

# **BILLS OUTSIDE ATRS PACKAGE**

BillsSponsorDescriptionStatusSB844Sen. D. BurnettAmended Income Tax Credit for Waste ReductionPassedRep. M. HodgesSenate

# 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** 

<u>Explanation</u>: 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.

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2/17/2015 11:05:15 AM	- Senate - Notification that SB38 is now Act 87.
2/12/2015 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	- SenateRead 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** 

<u>Explanation</u>: 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.

```
3/2/2015 9:00:46 AM - Senate -- Notification that SB48 is now Act 219.
2/24/2015 2:54:15 PM - Senate -- DELIVERED TO GOVERNOR.
2/24/2015 2:54:13 PM - Senate -- Reported correctly enrolled and ordered delivered to the Governor.
2/24/2015 2:54:11 PM - Senate -- ORDERED ENROLLED
2/24/2015 2:53:51 PM - Senate - Returned from the House as passed.
2/24/2015 1:44:10 PM - House -- Returned to the Senate as passed.
                      - House -- EMERGENCY CLAUSE ADOPTED
2/24/2015 1:44:08 PM
2/24/2015 1:43:47 PM
                      - House -- Read the third time and passed and ordered transmitted to the Senate
                     House – Read the first time, rules suspended, read the second time and placed on
2/10/2015 4:33:46 PM
                        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.
                        Senate -- Read first time, rules suspended, read second time, referred to Joint
1/13/2015 10:27:43 AM -
                        Committee on Public Retirement and Social Security Programs
1/13/2015 10:06:00 AM - Senate -- Filed
```

<u>Bill#</u> <u>Sponsor</u>: Senator Eddie Cheatham

SB50 Technical Corrections

**Emergency Clause: Effective Immediately Upon Passage** 

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

```
3/9/2015 9:57:29 AM
                      - Senate -- Notification that SB50 is now Act 301
2/26/2015 3:20:00 PM
                      - Senate -- DELIVERED TO GOVERNOR.
                      - Senate -- Reported correctly enrolled and ordered delivered to the Governor.
2/26/2015 3:19:58 PM
                      - Senate -- ORDERED ENROLLED
2/26/2015 3:19:56 PM
2/26/2015 3:13:47 PM
                      - Senate - Returned from the House as passed.
2/26/2015 3:00:11 PM
                      - House -- Returned to the Senate as passed.
2/26/2015 3:00:09 PM
                      - House -- EMERGENCY CLAUSE ADOPTED
2/26/2015 2:59:39 PM
                      - House -- Read the third time and passed and ordered transmitted to the Senate
                        House -- Read the first time, rules suspended, read the second time and placed on
2/10/2015 4:33:54 PM
                        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.
                        Senate -- Re-referred to Joint Committee on Public Retirement and Social Security
1/21/2015 1:41:54 PM
                        Programs
1/21/2015 1:41:49 PM - Senate -- REPORTED CORRECTLY ENGROSSED
                        Senate -- Amendment # 2 read the first time, rules suspended, read the second time
1/21/2015 1:41:41 PM
                        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
                        Senate -- Read first time, rules suspended, read second time, referred to Joint
1/13/2015 10:28:43 AM -
                        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** 

<u>Explanation</u>: 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.

```
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.
                      House—Read the first time, rules suspended, read the second time and
2/3/2015 4:34:07 PM
                        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
                        Senate -- Read first time, rules suspended, read second time, referred to Joint
1/20/2015 1:53:02 PM
                        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** 

<u>Explanation</u>: 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.

```
3/2/2015 9:02:20 AM - Senate -- Notification that SB137 is now Act 225.
2/24/2015 2:54:56 PM - Senate -- DELIVERED TO GOVERNOR.
2/24/2015 2:54:54 PM - Senate -- Reported correctly enrolled and ordered delivered to the Governor.
2/24/2015 2:54:51 PM - Senate -- ORDERED ENROLLED
2/24/2015 2:54:40 PM - Senate - Returned from the House as passed.
2/24/2015 1:46:36 PM - House -- Returned to the Senate as passed.
2/24/2015 1:46:33 PM - House -- EMERGENCY CLAUSE ADOPTED
2/24/2015 1:46:14 PM - House -- Read the third time and passed and ordered transmitted to the Senate
                        House -- Read the first time, rules suspended, read the second time and placed on
2/10/2015 4:33:58 PM
                        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.
                      - Senate -- EMERGENCY CLAUSE ADOPTED
2/10/2015 2:13:14 PM
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.
                        Senate -- Read the first time, rules suspended, read the second time and referred to
1/26/2015 2:05:56 PM
                        Joint Committee on Public Retirement and Social Security Programs
1/26/2015 1:31:00 PM - Senate -- Filed
```

<u>Bill#</u> <u>Sponsor</u>: Senator Bill Sample

SB171 Clarify Free and Purchased Military Law.

**Emergency Clause: Effective Immediately Upon Passage** 

<u>Explanation</u>: This is a bill to clarify ATRS military service credit, both free service credit granted during periods of a draft, and purchased military service credit. This bill does not change any procedures or policies as to how military service is currently credited.

```
3/18/2015 11:12:05 AM - Senate - DELIVERED TO GOVERNOR.
3/18/2015 11:10:22 AM - Senate - Reported correctly enrolled and ordered delivered to the Governor.
3/17/2015 4:15:36 PM - Senate - ORDERED ENROLLED.
3/17/2015 4:15:29 PM - Senate - Returned from the House as passed.
3/17/2015 3:24:42 PM - House - Returned to the Senate as passed.
3/17/2015 3:24:38 PM - House - EMERGENCY CLAUSE ADOPTED
3/17/2015 3:24:14 PM
                     - House - Read the third time and passed and ordered transmitted to the Senate.
                        House - Read the first time, rules suspended, read the second time and placed on
3/3/2015 5:10:30 PM
                        the Calendar.
3/3/2015 3:08:07 PM
                      - House - RECEIVED FROM THE SENATE
3/3/2015 2:03:28 PM
                      - Senate - Ordered immediately transmitted to the House.
3/3/2015 2:03:20 PM
                      - Senate - EMERGENCY CLAUSE ADOPTED
3/3/2015 2:02:58 PM
                      - Senate - Read the third time and passed.
3/2/2015 1:50:36 PM
                      - Senate - Returned by the Committee, with the recommendation that it Do Pass
                        Senate – Re-referred to Joint Committee on Public Retirement and Social Security
2/18/2015 1:50 08 PM
                        Programs.
2/18/2015 1:50:05 PM - Senate - REPORTED CORRECTLY ENGROSSED.
                        Senate-- Amendment #1 read the first time, rules suspended, read the second time,
2/18/2015 1:50:01 PM
                        And adopted, ordered engrossed.
2/18/2015 1:49:27 PM - Senate - Withdrawn from Committee for purpose of amendment #1
                        Senate—Read first time, rules suspended, read second time, referred to Joint
1/29/2015 7:17:02 AM -
                        committee on Public Retirement and Social Security Programs
1/28/2015 2:30:00 PM - Senate -Filed
```

**Bill#** Sponsor: Representative Gary Deffenbaugh

HB1078 Option C Benefit

**Emergency Clause: Effective Immediately Upon Passage** 

<u>Explanation</u>: 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.

```
3/12/2015 12:48:47 PM - House – Notification that HB1078 is now Act 375
3/11/2015 8:34:48 AM - House - Correctly enrolled and ordered transmitted to the Governor's office.
3/10/2015 3:23:35 PM - House - TO BE ENROLLED
3/10/2015 3:23:27 PM - House - Returned from the Senate as passed.
3/10/2015 2:22:10 PM - Senate -- Returned to the House as passed.
3/10/2015 2:22:06 PM - Senate -- EMERGENCY CLAUSE ADOPTED
3/10/2015 2:19:02 PM - Senate -- Read the third time and passed.
3/4/2015 11:48:45 AM - House -- EMERGENCY CLAUSE ADOPTED
3/4/2015 11:48:23 AM - House -- Read the third time and passed and ordered transmitted to the Senate.
3/2/2015 11:08:10 AM - 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:**

Senate – Read first time, rules suspended, read second time, referred to Senate 2/9/2015 1:54:14 PM

**Committee on Revenue and Taxation.** 

2/5/2015 3:00:55 PM - Senate - Received from House.

- House - EMERGENCY CLAUSE ADOPTED 2/5/2015 1:57:22 PM

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 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: Effective 90 Days After Legislative Session Adjourns Sine Die

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

ACTION: The author of this bill has unofficially withdrawn this bill from further consideration.

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.

House – In accordance with House Rule 39 Read the second time and

2/3/2015 4:03:58 PM 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

1/30/201511:30:00AM House Filed

# IMPACT AND ANALYSIS OF SHELL BILLS ON BEHALF OF ATRS

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

**Emergency Clause: N/A** 

<u>Explanation</u>: 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

# IMPACT AND ANALYSIS OF BILLS OUTSIDE ATRS PACKAGE

**Bill# Sponsor**: Senator David Burnett

SB844 Amend Tax Credit

**Emergency Clause: N/A** 

**Explanation**: This bill is to amend the Income Tax Credit for Waste Reduction, Reuse, or Recycling Equipment; and to declare an emergency

## **ACTION:**

House -- Read the first time, rules suspended, read the second time and referred to 3/19/2015 3:12:21 PM the Committee on REVENUE & TAXATION – HOUSE. 3/19/2015 3:01:22 PM - House -- RECEIVED FROM THE SENATE. 3/19/2015 11:57:39 AM - Senate -- EMERGENCY CLAUSE ADOPTED. 3/19/2015 11:54:11 AM - Senate -- Read the third time and passed. 3/19/2015 11:53:19 AM - Senate - Rules suspended. 3/19/2015 11:32:33 AM - Senate -- Amendment # 1 read the first time, rules suspended, read the second time and adopted, ordered engrossed. 3/19/2015 11:32:08 AM - Senate - Placed on second reading for purpose of amendment. Senate -- Returned by the Committee with the recommendation that it Do Pass as 3/18/2015 2:03:27 PM amended, Amendment #1 Senate -- Read first time, rules suspended, read second time, referred to Senate 3/9/2015 2:07:21 PM Committee on Revenue and Taxation 3/6/2015 12:33:00 PM - Senate—Filed