

State of Arizona
Senate
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 380

SENATE BILL 1295

AN ACT

AMENDING SECTIONS 15-1451, 15-1628, 38-727 AND 38-729, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-748; AMENDING SECTIONS 38-757, 38-760, 38-767, 38-804, 38-815 AND 38-851, ARIZONA REVISED STATUTES; AMENDING SECTION 38-885, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1129, SECTION 2, FORTY-FIFTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 38-902, ARIZONA REVISED STATUTES; REPEALING TITLE 38, CHAPTER 5, ARTICLE 8, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 8; REPEALING LAWS 1999, CHAPTER 329, SECTION 8; MAKING AN APPROPRIATION; RELATING TO PUBLIC RETIREMENT; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1451, Arizona Revised Statutes, is amended to
3 read:

4 15-1451. Optional retirement plans

5 A. ~~Notwithstanding section 38-729, subsection I,~~ and Pursuant to
6 section 15-1444, subsection B, paragraph 5, a community college district
7 board may establish an optional retirement program under which contracts
8 providing retirement and death benefits may be purchased for employees of the
9 institutions under its jurisdiction as designated by the community college
10 district board.

11 B. An optional retirement program established pursuant to this section
12 shall:

13 1. Be designed to be a qualified governmental plan under section
14 401(a) of the internal revenue code.

15 2. Comply with all requirements of the internal revenue code
16 applicable to governmental plans.

17 3. Be a qualified plan under section 401(a) of the internal revenue
18 code.

19 4. Apply for and maintain a current letter of determination issued by
20 the United States internal revenue service.

21 5. Be a qualified pick-up plan as defined by section 414(h)(2) of the
22 internal revenue code as confirmed by a private letter ruling issued by the
23 United States internal revenue service.

24 6. Provide benefits through annuity contracts that are fixed or
25 variable in nature or that are a combination of fixed and variable.

26 C. Eligible employees may elect to participate in an optional
27 retirement plan established by the community college district board. The
28 eligible employee shall make the election in writing and file the election
29 with the Arizona state retirement system and the disbursing officer of the
30 employing institution. The eligible employee shall make the election within
31 thirty days of the employee's effective date of employment or, if the
32 employee is a member of the Arizona state retirement system on the date the
33 optional retirement program becomes effective, within ninety days of the
34 effective date of the optional retirement program. If an employee who is a
35 member of the Arizona state retirement system elects to participate in an
36 optional retirement program within thirty days of the employee's effective
37 date of employment or within ninety days of the effective date of the
38 optional retirement program, the Arizona state retirement system shall
39 transfer the employee's contributions to the Arizona state retirement system
40 and interest as determined by the board of the Arizona state retirement
41 system to the optional retirement program within the later of ninety days
42 after the election or ninety days after receipt by the optional retirement
43 program of a favorable letter of determination issued by the United States
44 internal revenue service. If an eligible employee fails to make an election
45 as provided in this subsection, the employee is deemed to have elected to

1 participate in the Arizona state retirement system. The election to
2 participate in an optional retirement program is irrevocable and constitutes
3 a waiver of all benefits provided by the Arizona state retirement
4 system. All eligible employees who elect to participate in an optional
5 retirement program shall remain participants in the optional
6 retirement program during the continuance of employment with the community
7 college district.

8 D. The community college district board shall make contributions from
9 public monies appropriated or any other monies available for this purpose on
10 behalf of each participant in the optional retirement program in an amount
11 equal to the employer contribution prescribed in title 38, chapter 5, article
12 2.

13 E. Subject to subsection G of this section, each community college
14 district board that establishes an optional retirement program shall
15 establish program provisions including:

16 1. Categories of employees that are eligible to elect to participate
17 in the optional retirement program.

18 2. The employee contribution rate. This rate may be greater than the
19 employee contribution rate prescribed in title 38, chapter 5, article 2.

20 3. A vesting period for employer contributions, if any. All employee
21 contributions that are picked up by the employer are fully vested at all
22 times.

23 4. Restrictions on benefits, except that the optional retirement
24 program shall not allow a participant to withdraw employer contributions
25 except as retirement income payable for life or to provide for loans on
26 retirement income.

27 F. A community college district board may elect to provide health or
28 long-term disability coverage to optional retirement program participants
29 under separate benefit plans. The community college district board may
30 allocate a portion of its employer contribution that would otherwise be made
31 to the optional retirement program under subsection D of this section to the
32 separate benefit plans to provide health or long-term disability coverage.

33 G. Community college district boards that establish an optional
34 retirement program under this section may enter into intergovernmental
35 agreements appointing a single administrator or designating a single
36 community college district board to administer the optional retirement
37 program. A community college district board may satisfy the requirements of
38 this section by entering into an intergovernmental agreement with another
39 community college district board to participate in that community college
40 district's optional retirement program. The administration shall include,
41 without limitation, the design and implementation of the plan document
42 establishing the optional retirement program, compliance with the
43 qualification requirements prescribed in subsection B of this section and
44 such other duties that are not inconsistent with this section as may be

1 delegated to the administrator pursuant to the intergovernmental agreements
2 entered into among the community college district boards.

3 H. Although designated as employee contributions, all employee
4 contributions made to an optional retirement program shall be picked up and
5 paid by the community college district in lieu of contributions by the
6 employee. The contributions picked up by a community college district may
7 be made through a reduction in the employees' salary or an offset against
8 future salary increases, or a combination of both. The employees
9 participating in the optional retirement program do not have the option of
10 choosing to receive the contributed amounts directly instead of the community
11 college district paying the amounts to the optional retirement program. It
12 is intended that all employee contributions that are picked up by the
13 community college district as provided in this subsection shall be treated
14 as employer contributions under section 414(h) of the internal revenue code
15 and shall be excluded from the employees' gross income for federal and state
16 income tax purposes and are includable in the gross income of the employees
17 or their beneficiaries only in the taxable year in which they are
18 distributed.

19 I. A community college district board shall not be liable to any
20 employee, retiree or other person for any reason relating to the community
21 college district board's provision of or failure to provide for an optional
22 retirement program or health or long-term disability coverage.

23 Sec. 2. Section 15-1628, Arizona Revised Statutes, is amended to read:

24 15-1628. Powers and procedures pertaining to optional
25 retirement programs

26 A. The Arizona board of regents may establish optional retirement
27 programs under which contracts providing retirement and death benefits may
28 be purchased for members of the faculty and administrative officers of the
29 institutions under its jurisdiction. The benefits to be provided for or on
30 behalf of participants in the optional retirement program shall be provided
31 through annuity contracts, fixed or variable in nature, or a combination
32 thereof, or other retirement plans approved by the Arizona board of regents.

33 B. Elections to participate in the optional retirement programs shall
34 be made as follows:

35 1. Eligible employees initially appointed on or after August 9, 1974
36 shall elect to become members of the Arizona state retirement system or to
37 participate in an optional retirement program established by the Arizona
38 board of regents. The election shall be made in writing and filed with the
39 Arizona state retirement system and the disbursing officer of the employing
40 institution and shall be effective as of the effective date of
41 appointment. If an eligible employee fails to make an election as provided
42 in this paragraph, the eligible employee shall be deemed to have elected
43 membership in the Arizona state retirement system.

44 2. Eligible employees initially appointed before August 9, 1974 may
45 elect to participate in the optional retirement programs. The election shall

1 be made in writing and filed with the Arizona state retirement system and the
2 disbursing officer of the employing institution on or before December 14,
3 1974, shall become effective as of January 1, 1975 and shall constitute a
4 waiver of all benefits provided by the Arizona state retirement system,
5 except all such benefits as are expressly provided by law.

6 3. Any employee who becomes eligible may elect an optional retirement
7 program. The election shall be made in writing and filed with the Arizona
8 state retirement system and the disbursing officer of the employing
9 institution within thirty days after notice in writing to the employee of the
10 employee's eligibility, and shall become effective on the first day of the
11 pay period following such election, and shall constitute a waiver of all
12 benefits provided by the Arizona state retirement system, except all such
13 benefits as are expressly provided by law.

14 4. Any eligible employee who is a member of the Arizona state
15 retirement system at the time the employee elects to participate in the
16 optional retirement program shall leave the funds in the employee's
17 retirement account on deposit with the Arizona state retirement system during
18 the continuance of employment. Additional contributions to the employee's
19 retirement account shall not be required and continued service with the
20 Arizona board of regents or an institution under the jurisdiction of the
21 Arizona board of regents while under an optional retirement program shall be
22 deemed to be member service in the Arizona state retirement system for the
23 purpose of determining eligibility for any benefits under such system. The
24 amount of any such benefits under such system shall be computed only on the
25 basis of service otherwise creditable to a member of the system and the
26 employee's compensation during such service. For purposes of subsection D
27 of this section, years of member service in the Arizona state retirement
28 system shall count as years of service under the optional retirement
29 programs.

30 C. The Arizona board of regents shall contribute public funds
31 appropriated or any other funds available for such purpose on behalf of each
32 participant in the optional retirement programs in an amount equal to seven
33 per cent of the participant's compensation. Each participant shall also
34 contribute an amount equal to seven per cent of the participant's
35 compensation. The appropriation to each university for purposes of enabling
36 the Arizona board of regents to make the contribution provided in this
37 subsection shall not exceed the employer contribution required under the
38 Arizona state retirement system as prescribed by title 38, chapter 5, article
39 2. Funds utilized by the board of regents or by a university to pay that
40 portion of the contribution that represents the difference between the
41 employer contribution as prescribed by title 38, chapter 5, article 2 and the
42 contribution rate provided in this subsection for an optional retirement
43 program do not constitute a use of appropriated monies for supplemental
44 retirement.

1 D. In the case of an electing employee initially appointed on or after
2 August 9, 1974, contributions pursuant to subsection C of this section shall
3 not be made by the Arizona board of regents until the employee's completion
4 of five years of service. Employee contributions required during this
5 initial five year period and during continued service with an institution
6 under the jurisdiction of the Arizona board of regents shall be promptly
7 remitted to the optional retirement programs approved by the Arizona board
8 of regents. At the end of an electing employee's completion of five years
9 of service, a single contribution in an amount determined pursuant to
10 subsection C of this section, with interest, shall be made by the chief
11 financial officer of the employing institution to the approved company or
12 companies on behalf of such employee. In the case of an electing employee
13 who does not continue in service with an institution under the jurisdiction
14 of the Arizona board of regents for at least five years, the amount of
15 employer contributions, with interest, shall be refunded to this state.

16 E. If an employee's service is terminated by death prior to the
17 completion of five years of service, a death benefit equal to the sums
18 appropriated for such employee, plus interest, shall be paid to the
19 beneficiary designated by the participant under the participant's optional
20 retirement program.

21 F. The provisions of subsection D of this section shall not apply to
22 any electing employee who, at the time of initial appointment, owns a
23 contract determined by the Arizona board of regents to be acceptable for use
24 in the optional retirement program.

25 G. The Arizona board of regents may provide for the administration of
26 such optional retirement programs and perform or authorize the performance
27 of such functions as may be necessary for such purposes. The Arizona board
28 of regents shall approve the company or companies from which benefits may be
29 purchased under the optional retirement programs. Such optional retirement
30 programs shall not allow a participant to withdraw any employer contributions
31 except as a retirement income benefit payable for life, nor shall there be
32 any provision for cash surrender or PERMIT loans. In giving its approval,
33 the board shall consider:

34 1. The nature and extent of the rights and benefits to be provided for
35 participants and their beneficiaries.

36 2. The relation of such rights and benefits to the amount of
37 contributions to be made.

38 3. The suitability of such rights and benefits to the needs of the
39 participants and the interests of the institutions under its jurisdiction in
40 the recruitment and retention of faculty and administrative officers.

41 4. The ability of the approved company or companies to provide such
42 suitable rights and benefits.

43 H. Any eligible employee initially appointed after August 9, 1974,
44 electing to participate in the optional retirement programs, shall be
45 ineligible for membership in the Arizona state retirement system as long as

1 the employee remains continuously employed in any position by the Arizona
2 board of regents or by an institution under its jurisdiction, except as
3 expressly provided by law.

4 I. The benefits, annuities and employee and employer contributions
5 provided for in this section, and all interest, earnings and other credits
6 pertaining to such benefits, annuities and contributions, shall not be
7 subject to execution or attachment and shall be nonassignable. The employee
8 and employer contributions provided for in this section and all interest,
9 earnings and other credits pertaining to such contributions are exempt from
10 state, county and municipal taxes. The benefits and annuities received by
11 an employee under this section after December 31, 1988 are subject to tax
12 pursuant to title 43.

13 J. Subject to amendment of the federal-state agreement provided for
14 in section 38-702, every eligible employee electing to participate in the
15 optional retirement programs shall have old age, survivors and disability
16 insurance coverage provided by the federal social security act in accordance
17 with the provisions of title 38, chapter 5, article 1.

18 Sec. 3. Section 38-727, Arizona Revised Statutes, is amended to read:

19 38-727. Eligibility; options

20 The following provisions apply to all employees hired on or after the
21 effective date:

22 1. All employees and officers of this state and all officers and
23 employees of political subdivisions establishing a retirement plan
24 administered by the board pursuant to this article who as a result of state
25 service or service for the political subdivision are included in agreements
26 providing for their coverage under the federal old age and survivors
27 insurance system are subject to this article, except that membership is not
28 mandatory:

29 (a) On the part of any employee who is eligible and who elects to
30 participate in the optional retirement programs established by the Arizona
31 board of regents pursuant to the authority conferred by section 15-1628 or
32 by a community college district board pursuant to authority conferred by
33 section 15-1451.

34 (b) For a state elected official who is subject to term limits, who
35 is eligible for participation in ASRS because the state elected official
36 elected not to participate in the elected officials' retirement plan as
37 provided in section 38-804, subsection A and who elects not to participate
38 in ASRS as provided in paragraph 7 of this section.

39 ~~(c) For an employee of the legislature who elects as provided~~
40 ~~in paragraph 8 of this section to participate in a tax deferred annuity and~~
41 ~~deferred compensation program established pursuant to article 5 of this~~
42 ~~chapter in lieu of participation in ASRS.~~

43 ~~(d) For exempt state officers or employees as defined in section~~
44 ~~38-951 who elect to participate in the defined contribution retirement plan~~
45 ~~option pursuant to article 8 of this chapter.~~

1 2. All employees and officers of political subdivisions whose
2 compensation is provided wholly or in part from state monies and who are
3 declared to be state employees and officers by the legislature for retirement
4 purposes are subject, on legislative enactment, to this article and are
5 members of ASRS.

6 3. Any member whose service terminates other than by death or
7 withdrawal from membership is deemed to be a member of ASRS until the
8 member's death benefit is paid.

9 4. Employees and officers shall not become members of ASRS and, if
10 they are members immediately before becoming employed as provided by this
11 section, shall have their membership status suspended while they are employed
12 by state departments paying the salaries of their officers and employees
13 wholly or in part from monies received from sources other than appropriations
14 from the state general fund for the period or periods payment of the employer
15 contributions is not made by or on behalf of the departments.

16 5. Notwithstanding other provisions of this section, a temporary
17 employee of the legislature whose projected term of employment is for not
18 more than six months is ineligible for membership in ASRS. If the employment
19 continues beyond six successive months, the employee may elect to either:

20 (a) Receive credit for service for the first six months of employment
21 and establish membership in ASRS as of the beginning of the current term of
22 employment if, within forty-five days after the first six months of
23 employment, both the employer and the employee contribute to ASRS the amount
24 that would have been required to be contributed to ASRS during the first six
25 months of employment as if the employee had been a member of ASRS during
26 those six months.

27 (b) Establish membership in ASRS as of the day following the
28 completion of six months of employment.

29 6. A person who is employed in postgraduate training in an approved
30 medical residency training program of an employer is ineligible for
31 membership in ASRS.

32 7. A state elected official who is subject to term limits and who is
33 eligible for participation in ASRS because the state elected official elected
34 not to participate in the elected officials' retirement plan as provided in
35 section 38-804, subsection A may elect not to participate in ASRS. The
36 election not to participate is specific for that term of office. The state
37 elected official who is subject to term limits shall make the election in
38 writing and file the election with ASRS within thirty days after the elected
39 official's retirement plan mails the notice to the state elected official of
40 the state elected official's eligibility to participate in ASRS. The
41 election is effective on the first day of the state elected official's
42 eligibility. If a state elected official who is subject to term limits fails
43 to make an election as provided in this paragraph, the state elected official
44 is deemed to have elected to participate in ASRS. The election not to
45 participate in ASRS is irrevocable and constitutes a waiver of all benefits

1 provided by ASRS for the state elected official's entire term, except for any
2 benefits accrued by the state elected official in ASRS for periods of
3 participation prior to being elected to an office subject to term limits or
4 any benefits expressly provided by law.

5 ~~8. In lieu of participation in ASRS or the defined contribution
6 retirement plan option pursuant to article 8 of this chapter, an employee of
7 the legislature may elect pursuant to this paragraph to participate in a tax
8 deferred annuity and deferred compensation program established pursuant to
9 article 5 of this chapter. An employee of the legislature shall make the
10 election in writing and file the written election with ASRS. If an employee
11 of the legislature elects to participate in a tax deferred annuity and
12 deferred compensation program pursuant to this paragraph, the election is
13 irrevocable and constitutes a waiver of all benefits provided by ASRS, except
14 for any benefits accrued by the employee before election pursuant to this
15 paragraph. If an employee of the legislature elects to participate in a tax
16 deferred annuity and deferred compensation program pursuant to this
17 paragraph, the employee's employer shall pay an amount equal to five per cent
18 of the employee's base salary directly to the program in lieu of employer
19 contributions to ASRS.~~

20 Sec. 4. Section 38-729, Arizona Revised Statutes, is amended to read:

21 38-729. Political subdivision plans

22 A. The governing body of any political subdivision may adopt, by
23 appropriate legislation, a supplemental retirement plan for employees and
24 officers of the political subdivision who are included within agreements
25 entered into between the governing body and the state agency providing for
26 the extension of federal old age and survivors insurance benefits to the
27 officers and employees. The supplemental retirement plan shall provide the
28 same retirement benefits and require the same obligations for entitlement as
29 are provided for other members under this article, except that:

30 1. The supplemental retirement plan shall specify the date of
31 commencement of the supplemental retirement plan as the first day of the
32 month following board approval of the supplemental plan of the political
33 subdivision as provided in this section.

34 2. Employer and employee obligations shall be paid to ASRS in
35 accordance with that date.

36 B. The governing body of the political subdivision shall submit the
37 supplemental retirement plan to the board in the form of an agreement. The
38 agreement shall state the terms of the supplemental retirement plan as
39 provided in this section. The board shall either approve or disapprove the
40 supplemental retirement plan submitted by the governing body of the political
41 subdivision.

42 C. On approval, the board shall administer the supplemental plan of
43 the political subdivision.

1 D. The employer's share of contributions and payments in excess of
2 those required of the employer under section 38-737 shall be paid from monies
3 of the political subdivision.

4 E. On establishment of the supplemental retirement plan the governing
5 body of the political subdivision shall deduct member contributions in the
6 same amounts and in the same manner as provided in this article for state
7 employees and shall pay those contributions, together with the employer
8 contributions for the political subdivision, to ASRS for deposit in the ASRS
9 depository. The governing body of the political subdivision shall reimburse
10 ASRS in a similar manner for its pro rata share of administrative costs
11 attributable to coverage of employees of the political subdivision.

12 F. In addition to the employer contributions required under section
13 38-737, on establishment of the supplemental retirement plan the governing
14 body of the political subdivision shall pay to ASRS the amounts, as
15 determined by the board, required to fund additional costs of benefits
16 attributable to service for the political subdivision before the effective
17 date of the supplemental retirement plan. The board may authorize payments
18 to be made at such times as the board requires and in amounts that are less
19 than the amount required for fully funding the additional costs.

20 G. If the supplemental retirement plan is authorized by a political
21 subdivision, then on or after the effective date of the supplemental
22 retirement plan the governing body of the political subdivision and the board
23 may sign an agreement to waive the provisions of subsection F of this section
24 and to authorize benefits under the supplemental retirement plan only for
25 service with the political subdivision after the effective date of the
26 supplemental retirement plan. In lieu of waiving benefits for all service
27 before the effective date of the supplemental retirement plan, the governing
28 body of the political subdivision may elect to waive benefits for a portion
29 of that service. Amendments to the agreement may increase but shall not
30 reduce the service for which a member is entitled to benefits. The governing
31 body of the political subdivision shall certify for each member the years of
32 service before the effective date of the supplemental retirement plan for
33 which the member is entitled to benefits. In addition to the employer
34 contributions required in section 38-737, the governing body of the political
35 subdivision shall pay to ASRS the amount, as determined by the board,
36 required to fund the cost of the benefits attributable to service before the
37 effective date of the supplemental retirement plan for which members are
38 entitled to benefits.

39 H. The new political subdivision shall designate the classification
40 of employees that is eligible for membership in ASRS and shall make
41 contributions each year as provided in this section.

42 ~~I. Before the effective date of membership and as a condition of an~~
43 ~~employer's membership in ASRS, the employer shall formally terminate any~~
44 ~~existing retirement program administered by the board on behalf of the~~
45 ~~designated eligible employee group included in ASRS and shall formally agree~~

1 ~~that no retirement program, exclusive of ASRS and the federal social security~~
2 ~~system, may thereafter be established on behalf of that group.~~

3 ~~I.~~ I. The board shall transfer all assets under any existing
4 retirement program administered by the board, to the extent attributable to
5 the employer's designated employee group, from that program to ASRS no later
6 than sixty days after the effective date of the supplemental retirement
7 plan. The transferred assets shall be considered in determining any
8 additional payments prescribed in subsections F and G of this section.

9 ~~J.~~ J. The liability of the political subdivision providing a
10 supplemental retirement plan within ASRS arises in consideration of the
11 officer's or employee's retention in or entrance into service for the
12 political subdivision.

13 Sec. 5. Title 38, chapter 5, article 2, Arizona Revised Statutes, is
14 amended by adding section 38-748, to read:

15 38-748. Employers; termination options

16 A. TO ENCOURAGE ACTIVE MEMBERS TO CONTINUE TO WORK BEYOND NORMAL
17 RETIREMENT AGE, AN EMPLOYER MAY ELECT TO OFFER TO ELIGIBLE EMPLOYEES WHO ARE
18 ACTIVE MEMBERS OF ASRS A TERMINATION OPTION AS PROVIDED IN SUBSECTION B OF
19 THIS SECTION.

20 B. AN EMPLOYER MAY ENTER INTO AN AGREEMENT WITH AN ELIGIBLE ACTIVE
21 MEMBER WHO HAS ATTAINED AT LEAST A NORMAL RETIREMENT AGE THAT PROVIDES THAT
22 IF THE MEMBER AGREES TO AND PERFORMS WORK FOR UP TO THIRTY-SIX MONTHS AFTER
23 THE EFFECTIVE DATE OF THE AGREEMENT THE MEMBER IS ELIGIBLE TO RECEIVE:

24 1. UP TO THIRTY-SIX MONTHS OF CREDITED SERVICE IN ASRS FOR THE WORK
25 PERFORMED UNDER THE AGREEMENT. THE AGREEMENT SHALL PROVIDE THAT THE EMPLOYER
26 AND THE MEMBER SHALL NOT MAKE CONTRIBUTIONS TO ASRS FOR THE PERIOD OF
27 CREDITED SERVICE.

28 2. ELIGIBILITY TO PURCHASE CREDITED SERVICE EQUAL TO THE PERIOD THAT
29 THE MEMBER HAS AGREED TO WORK. THIS PURCHASE SHALL BE MADE WITHOUT REGARD
30 TO PREVIOUS PUBLIC SERVICE, BUT THE COST OF THE CREDITED SERVICE SHALL BE
31 DETERMINED AS PROVIDED IN SECTION 38-743, SUBSECTION B.

32 C. THE MEMBER AND EMPLOYER SHALL MAKE CONTRIBUTIONS AS AGREED BETWEEN
33 THE MEMBER AND EMPLOYER TO BE PAID DURING THE TERM OF THE AGREEMENT. THESE
34 CONTRIBUTIONS SHALL BE PAID INTO A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN
35 ESTABLISHED PURSUANT TO SECTION 38-952 FOR THE PURPOSE OF PURCHASING THE
36 ADDITIONAL CREDITED SERVICE AUTHORIZED BY SUBSECTION B, PARAGRAPH 2 OF THIS
37 SECTION.

38 D. A MEMBER WHO DOES NOT COMPLETE THE TERMS OF THE AGREEMENT FORFEITS
39 ANY CREDITED SERVICE PROVIDED UNDER THE AGREEMENT, EXCEPT THAT ANY EMPLOYER
40 OR MEMBER CONTRIBUTIONS TO A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN ARE THE
41 PROPERTY OF THE MEMBER OR THE MEMBER'S ESTATE.

42 E. AN EMPLOYER WHO FAILS TO COMPLETE THE TERMS OF THE AGREEMENT SHALL
43 MAKE ALL CONTRIBUTIONS REQUIRED BY THE AGREEMENT TO THE SUPPLEMENTAL DEFINED
44 CONTRIBUTION PLAN.

1 F. A MEMBER WHO ENTERS INTO AN AGREEMENT UNDER THIS SECTION IS NOT
2 ELIGIBLE TO PURCHASE OTHER CREDITED SERVICE FOR OTHER PUBLIC SERVICE AS
3 PROVIDED IN SECTION 38-742, 38-743, 38-744 OR 38-745.

4 Sec. 6. Section 38-757, Arizona Revised Statutes, is amended to read:
5 38-757. Normal retirement

6 A. After application on a form prescribed by the director, a member
7 may retire on reaching the member's normal retirement date.

8 B. Except as provided in section 38-768 AND SUBSECTION C OF THIS
9 SECTION, a member who meets the requirements for retirement benefits at
10 normal retirement shall receive a monthly life annuity that equals the result
11 of paragraph 1 multiplied by paragraph 2 when those paragraphs are defined
12 as follows:

13 1. The number of whole and fractional years of credited service times
14 THE FOLLOWING:

15 (a) ~~Two and one-tenth~~ 2.10 per cent IF THE MEMBER DOES NOT HAVE MORE
16 THAN 19.99 YEARS OF CREDITED SERVICE.

17 (b) 2.15 PER CENT IF THE MEMBER HAS AT LEAST 20.00 YEARS OF CREDITED
18 SERVICE BUT NOT MORE THAN 24.99 YEARS OF CREDITED SERVICE.

19 (c) 2.20 PER CENT IF THE MEMBER HAS AT LEAST 25.00 YEARS OF CREDITED
20 SERVICE BUT NOT MORE THAN 29.99 YEARS OF CREDITED SERVICE.

21 (d) 2.30 PER CENT IF THE MEMBER HAS AT LEAST 30.00 YEARS OF CREDITED
22 SERVICE.

23 2. The member's average monthly compensation.

24 C. FOR A PERSON WHO BECOMES A MEMBER ON OR AFTER THE EFFECTIVE DATE
25 OF THIS AMENDMENT TO THIS SECTION, THE AMOUNT OF A MEMBER'S MONTHLY LIFE
26 ANNUITY COMPUTED PURSUANT TO SUBSECTION B OF THIS SECTION SHALL NOT BE MORE
27 THAN EIGHTY PER CENT OF THE MEMBER'S AVERAGE MONTHLY COMPENSATION. THIS
28 LIMITATION DOES NOT PRECLUDE BENEFIT INCREASES PURSUANT TO SECTION 38-767.

29 ~~C.~~ D. Employers shall provide evidence of, and certify to, in a
30 manner provided by the board, the member's average monthly compensation if
31 that information is not already available from the records of ASRS.

32 Sec. 7. Section 38-760, Arizona Revised Statutes, is amended to read:
33 38-760. Optional forms of retirement benefits

34 A. On retirement, members may elect an optional form of retirement
35 benefit as provided in this section.

36 B. The optional retirement benefits available under this section
37 include the following:

38 1. Joint and survivor annuity in a reduced amount payable to the
39 retiring member during life, with the provisions that after the member's
40 death all, two-thirds or one-half of the retirement income, as the member
41 elects, shall be continued during the lifetime of the contingent annuitant
42 designated by the retiring member subject to the restrictions prescribed in
43 section 38-764. The amount of retirement income shall be the actuarial
44 equivalent of the retirement income to which the member would be entitled
45 under normal or early retirement. The election in a manner prescribed by the

1 board shall name the contingent annuitant. The election may be revoked at
2 any time before the member's effective date of retirement. At any time after
3 benefits have commenced, the member may name a different contingent annuitant
4 or rescind the election by written notice to the board as follows:

5 (a) If a different contingent annuitant is named, the annuity of the
6 member under the same joint and survivor annuity option previously elected
7 shall be adjusted to the actuarial equivalent of the original annuity, based
8 on the age of the new contingent annuitant. The adjustment shall include all
9 post-retirement increases in retirement income that are authorized by law
10 after the member's date of retirement. Payment of this adjusted annuity
11 shall continue under the provisions of the option previously elected by the
12 member.

13 (b) If the member rescinds the election the member shall thereafter
14 receive a straight life annuity, equal to what the member would otherwise be
15 entitled to receive if the member had not elected the joint and survivor
16 annuity option, including all post-retirement increases in retirement income
17 that are authorized by law after the date of retirement. The increased
18 payment shall continue during the remainder of the member's lifetime.

19 (c) If the member reverts to a straight life annuity pursuant to
20 subdivision (b), the member may name a new contingent annuitant subject to
21 the same restrictions prescribed in subdivision (a).

22 2. A period certain and life annuity actuarially reduced with payments
23 for five, ten or fifteen years that are not dependent on the continued
24 lifetime of the member but whose payments continue for the member's lifetime
25 beyond the five, ten or fifteen year period.

26 3. BEGINNING ON JULY 1, 2002, A LUMP SUM PAYMENT EQUAL TO NOT MORE
27 THAN THIRTY-SIX MONTHS OF THE MEMBER'S RETIREMENT BENEFITS UNDER THE BENEFIT
28 OPTION ELECTED BY THE MEMBER. THE MEMBER'S BENEFIT SHALL BE ACTUARIALLY
29 REDUCED TO PROVIDE FOR THE LUMP SUM PAYMENT. THE LUMP SUM PAYMENT SHALL BE
30 MADE AT THE TIME OF RETIREMENT. ANY BENEFIT INCREASE GRANTED TO A MEMBER WHO
31 ELECTS A LUMP SUM PAYMENT PURSUANT TO THIS PARAGRAPH IS SUBJECT TO THE
32 FOLLOWING CONDITIONS:

33 (a) IF THE BENEFIT INCREASE IS A PERCENTAGE INCREASE OF THE MEMBER'S
34 RETIREMENT BENEFIT, THE INCREASE SHALL BE BASED ON THE ACTUARIALLY REDUCED
35 RETIREMENT BENEFIT OF THE MEMBER.

36 (b) IF THE BENEFIT INCREASE IS PURSUANT TO SECTION 38-767, THE AMOUNT
37 OF THE MEMBER'S BENEFIT INCREASE SHALL BE CALCULATED WITHOUT REGARD TO THE
38 LUMP SUM PAYMENT PURSUANT TO THIS PARAGRAPH.

39 ~~3.~~ 4. Other forms of actuarially reduced optional benefits prescribed
40 by the board.

1 Sec. 8. Section 38-767, Arizona Revised Statutes, is amended to read:
2 38-767. Benefit increases

3 A. Effective July 1 of each year, each retired member or beneficiary
4 of a retired member is entitled to receive a permanent benefit increase in
5 the base benefit equal to the amount determined in subsection D of this
6 section if the retired member or beneficiary of a retired member was
7 receiving benefits on or before July 31 of the previous calendar year. The
8 annual permanent benefit increases shall be paid on a monthly basis. The
9 benefit increase shall commence on July 1.

10 B. The total amount of the percentage increase provided in subsection
11 A of this section shall not exceed four per cent in aggregate for all persons
12 eligible for an increase. The percentage payable from excess investment
13 earnings shall be determined as follows:

14 1. Determine any excess investment earnings account balance available.

15 2. Determine the total excess investment earnings as provided in
16 subsection C of this section.

17 3. Add the amount determined in paragraph 1 of this subsection to the
18 amount determined in paragraph 2 of this subsection.

19 4. Determine one per cent of the actuarial present value of benefits
20 for retired members and beneficiaries as of June 30 of the year prior to the
21 year for which an increase is being granted.

22 5. Divide the amount determined in paragraph 3 of this subsection by
23 the amount determined in paragraph 4 of this subsection. If the quotient is
24 equal to or more than four, the percentage increase payable from excess
25 investment earnings on accounts associated with those persons eligible for
26 an annual benefit increase pursuant to subsection A of this section is four
27 per cent. If the quotient is one or more but less than four, the percentage
28 increase payable from excess investment earnings on accounts associated with
29 those persons eligible for an annual benefit increase pursuant to subsection
30 A of this section is that per cent rounded to the nearest tenth of a per
31 cent. If the quotient is less than one, no benefit increases shall be
32 granted.

33 C. The excess investment earnings on accounts associated with those
34 persons eligible for an annual benefit increase pursuant to subsection A of
35 this section are equal to the actuarial present value of benefits for all
36 retired members and beneficiaries as of June 30 of the year prior to the year
37 for which an increase is being granted multiplied by the positive difference,
38 if any, between the yield rate on the actuarial value of ASRS assets for the
39 fiscal year that ended June 30 of the year prior to the year for which an
40 increase is being granted and eight per cent. The excess investment earnings
41 on accounts associated with those persons eligible for an annual benefit
42 increase pursuant to subsection A of this section are zero if the yield rate
43 on ASRS assets is less than or equal to eight per cent.

1 D. The permanent benefit increase for each person entitled to receive
2 an increase pursuant to subsection A of this section shall be determined
3 based on years of credited service as follows:

4 1. Multiply the percentage determined in subsection B, paragraph 5 of
5 this section by the actuarial present value of benefits for retired members
6 and beneficiaries as of June 30 of the year prior to the year for which an
7 increase is being granted.

8 2. Determine the actuarial present value of a one dollar per year of
9 credited service annual increase in the base benefit amounts as of June 30
10 of the year prior to the year for which an increase is being granted,
11 received by all persons entitled to receive an increase pursuant to
12 subsection A of this section.

13 3. Divide the amount determined in paragraph 1 of this subsection by
14 the amount determined in paragraph 2 of this subsection.

15 4. Multiply the amount determined in paragraph 3 of this subsection
16 by the number of years of credited service for each retired member and the
17 number of years of credited service earned by a retired member for each
18 beneficiary entitled to receive an increase pursuant to subsection A of this
19 section.

20 E. Any excess investment earnings on accounts associated with those
21 persons eligible for an annual benefit increase pursuant to subsection A of
22 this section from any year that are not used for benefit adjustments for that
23 year are available for future benefit increases in the following years.

24 F. MONIES AVAILABLE FOR FUTURE BENEFIT INCREASES SHALL EARN INTEREST
25 AT A RATE OF EIGHT PER CENT PER YEAR. THIS INTEREST SHALL BE USED TO PAY THE
26 ADDITIONAL BENEFIT INCREASES PROVIDED FOR IN SUBSECTION G OF THIS SECTION.

27 G. IN ADDITION TO A BENEFIT INCREASE PURSUANT TO SUBSECTION A OF THIS
28 SECTION, IF A RETIRED MEMBER HAD MORE THAN TEN YEARS OF CREDITED SERVICE, THE
29 RETIRED MEMBER OR BENEFICIARY OF THE RETIRED MEMBER IS ENTITLED TO RECEIVE
30 A BENEFIT INCREASE BASED ON THE NUMBER OF YEARS FOLLOWING RETIREMENT AS
31 FOLLOWS:

32 1. AT LEAST FIVE YEARS BUT LESS THAN TEN YEARS, A MONTHLY BENEFIT
33 INCREASE EQUAL TO THE AMOUNT DETERMINED IN SUBSECTION H OF THIS SECTION.

34 2. AT LEAST TEN YEARS BUT LESS THAN FIFTEEN YEARS, A MONTHLY BENEFIT
35 INCREASE EQUAL TO TWO TIMES THE AMOUNT DETERMINED IN SUBSECTION H OF THIS
36 SECTION.

37 3. AT LEAST FIFTEEN YEARS BUT LESS THAN TWENTY YEARS, A MONTHLY
38 BENEFIT INCREASE EQUAL TO THREE TIMES THE AMOUNT DETERMINED IN SUBSECTION H
39 OF THIS SECTION.

40 4. AT LEAST TWENTY YEARS BUT LESS THAN TWENTY-FIVE YEARS, A MONTHLY
41 BENEFIT INCREASE EQUAL TO FOUR TIMES THE AMOUNT DETERMINED IN SUBSECTION H
42 OF THIS SECTION.

43 5. AT LEAST TWENTY-FIVE YEARS BUT LESS THAN THIRTY YEARS, A MONTHLY
44 BENEFIT INCREASE EQUAL TO FIVE TIMES THE AMOUNT DETERMINED IN SUBSECTION H
45 OF THIS SECTION.

1 6. AT LEAST THIRTY YEARS, A MONTHLY BENEFIT INCREASE EQUAL TO SIX
2 TIMES THE AMOUNT DETERMINED IN SUBSECTION H OF THIS SECTION.

3 H. THE AMOUNT OF THE MONTHLY BENEFIT INCREASE UNDER SUBSECTION G OF
4 THIS SECTION FOR A RETIRED MEMBER OR BENEFICIARY OF A RETIRED MEMBER WHO IS
5 ENTITLED TO THE INCREASE WHEN AT LEAST FIVE YEARS BUT LESS THAN TEN YEARS
6 HAVE ELAPSED SINCE THE RETIRED MEMBER'S RETIREMENT DATE IS EQUAL TO THE
7 AMOUNT OBTAINED BY DIVIDING THE AMOUNT OF INTEREST CREDITED PURSUANT TO
8 SUBSECTION F OF THIS SECTION BY THE AMOUNT THAT EQUALS THE SUM OF:

9 1. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
10 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF ONE DOLLAR
11 PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED MEMBERS WHO
12 ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION AND FOR WHOM
13 AT LEAST FIVE YEARS BUT LESS THAN TEN YEARS HAVE ELAPSED SINCE THE RETIRED
14 MEMBERS' RETIREMENT DATES.

15 2. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
16 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF TWO DOLLARS
17 PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED MEMBERS WHO
18 ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION AND FOR WHOM
19 AT LEAST TEN YEARS BUT LESS THAN FIFTEEN YEARS HAVE ELAPSED SINCE THE RETIRED
20 MEMBERS' RETIREMENT DATES.

21 3. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
22 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF THREE
23 DOLLARS PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED
24 MEMBERS WHO ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION
25 AND FOR WHOM AT LEAST FIFTEEN YEARS BUT LESS THAN TWENTY YEARS HAVE ELAPSED
26 SINCE THE RETIRED MEMBERS' RETIREMENT DATES.

27 4. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
28 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF FOUR DOLLARS
29 PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED MEMBERS WHO
30 ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION AND FOR WHOM
31 AT LEAST TWENTY YEARS BUT LESS THAN TWENTY-FIVE YEARS HAVE ELAPSED SINCE THE
32 RETIRED MEMBERS' RETIREMENT DATES.

33 5. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
34 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF FIVE DOLLARS
35 PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED MEMBERS WHO
36 ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION AND FOR WHOM
37 AT LEAST TWENTY-FIVE YEARS BUT LESS THAN THIRTY YEARS HAVE ELAPSED SINCE THE
38 RETIRED MEMBERS' RETIREMENT DATES.

39 6. THE ACTUARIAL PRESENT VALUE, AS OF JUNE 30 OF THE YEAR PRIOR TO THE
40 YEAR FOR WHICH THE INCREASE IS GRANTED, OF A BENEFIT INCREASE OF SIX DOLLARS
41 PER MONTH FOR THE RETIRED MEMBERS AND BENEFICIARIES OF RETIRED MEMBERS WHO
42 ARE ELIGIBLE FOR AN INCREASE UNDER SUBSECTION G OF THIS SECTION AND FOR WHOM
43 AT LEAST THIRTY YEARS HAVE ELAPSED SINCE THE RETIRED MEMBERS' RETIREMENT
44 DATES.

1 less any benefit payments the member has received and any amount the member
2 may owe to the plan:

3 1. If the member has less than five years of credited service with the
4 plan, the member may withdraw the member's accumulated contributions from the
5 plan.

6 2. If the member has five or more years of credited service with the
7 plan, the member may withdraw the member's accumulated contributions plus an
8 amount equal to the amount determined as follows:

9 (a) 5.0 to 5.9 years of credited service, twenty-five per cent of all
10 member contributions deducted from the member's salary pursuant to section
11 38-810, subsection A.

12 (b) 6.0 to 6.9 years of credited service, forty per cent of all member
13 contributions deducted from the member's salary pursuant to section 38-810,
14 subsection A.

15 (c) 7.0 to 7.9 years of credited service, fifty-five per cent of all
16 member contributions deducted from the member's salary pursuant to section
17 38-810, subsection A.

18 (d) 8.0 to 8.9 years of credited service, seventy per cent of all
19 member contributions deducted from the member's salary pursuant to section
20 38-810, subsection A.

21 (e) 9.0 to 9.9 years of credited service, eighty-five per cent of all
22 member contributions deducted from the member's salary pursuant to section
23 38-810, subsection A.

24 (f) 10.0 or more years of credited service, one hundred per cent of
25 all member contributions deducted from the member's salary pursuant to
26 section 38-810, subsection A.

27 C. If a member has more than ten years of credited service with the
28 plan, leaves the monies prescribed in subsection B of this section on account
29 with the plan for more than thirty days after termination of employment and
30 after that time period requests a refund of those monies, the member is
31 entitled to receive the amount prescribed in subsection B of this section
32 plus interest at a rate determined by the fund manager for each year computed
33 from and after the member's termination of employment.

34 D. If the amount prescribed in subsection B or C of this section
35 includes monies that are an eligible rollover distribution and the member
36 elects to have the distribution paid directly to an eligible retirement plan
37 or individual retirement account or annuity and specifies the eligible
38 retirement plan or individual retirement account or annuity to which the
39 distribution is to be paid, the distribution shall be made in the form of a
40 direct trustee-to-trustee transfer to the specified eligible retirement
41 plan. The distribution shall be made in the form and at the time prescribed
42 by the fund manager. A member who receives the amount prescribed in
43 subsection B or C of this section from the plan or who elects a transfer
44 pursuant to this subsection forfeits the member's credited service, and all
45 rights to benefits under the plan and membership in the plan terminate.

1 E. If an elected official who has terminated the member's membership
2 in the plan pursuant to subsection B of this section is subsequently elected
3 or otherwise becomes eligible for membership in the plan pursuant to
4 subsection A of this section, credited service only accrues from the date of
5 the member's most recent eligibility as an elected official.

6 F. Notwithstanding subsection E of this section, if an elected
7 official files a written election form with the fund manager within ninety
8 days after the day of the member's reemployment as an elected official and
9 repays the amount previously withdrawn pursuant to subsection B or C of this
10 section within one year after the date of the member's reemployment as an
11 elected official, with interest on that amount at the rate of nine per cent
12 for each year, compounded each year from the date of withdrawal to the date
13 of repayment, credited service shall be restored. Credited service shall not
14 be restored until complete repayment is made to the fund.

15 G. If a retired member subsequently becomes an elected official,
16 contributions shall not be made by the retired member or the retired member's
17 employer and credited service shall not accrue while the retired member is
18 holding office, except that if a retired member subsequently becomes an
19 elected official of the same office from which the member retired, the member
20 shall not receive a pension, contributions shall not be made by the member
21 or the member's employer and credited service shall not accrue while the
22 member is holding office. If the elected official ceases to hold the same
23 office, the elected official is entitled to receive the same pension the
24 elected official was receiving when the elected official's pension was
25 discontinued pursuant to this subsection. Nothing in this subsection
26 prohibits a retired judge called by the supreme court to active duties of a
27 judge pursuant to section 38-813 from receiving retirement benefits.

28 Sec. 10. Section 38-815, Arizona Revised Statutes, is amended to read:

29 38-815. Joinder agreement

30 A. Elected officials of an incorporated city or town may participate
31 in the plan if the governing body of the city or town enters into a joinder
32 agreement with the fund manager on behalf of its elected officials and the
33 employer unconditionally accepts the provisions of the plan and binds its
34 elected officials thereto. All elected officials shall be designated for
35 membership unless written consent to the contrary is obtained from the fund
36 manager. A member shall be qualified for participation in order to obtain
37 written consent to the contrary from the fund manager.

38 B. The effective date of participation shall be specifically
39 stipulated in the joinder agreement.

40 C. Any city or town which is considering participation in the plan
41 shall request a preliminary actuarial survey to determine the estimated cost
42 of participation, the benefits to be derived and such other information as
43 may be deemed appropriate. The cost of such survey shall be paid by the city
44 or town requesting it.

1 ~~D. As a condition of a city's or town's participation in the plan, the~~
2 ~~employer, before the effective date of the participation, shall formally~~
3 ~~terminate any existing retirement program on behalf of the elected officials~~
4 ~~included in the plan and shall formally agree that no retirement program,~~
5 ~~exclusive of the plan and the federal social security system, shall~~
6 ~~thereafter be established on behalf of the elected officials.~~

7 E. D. All assets under any existing public employee defined benefit
8 retirement program, to the extent attributable to the city's or town's
9 elected officials, shall be transferred from the program to this fund no
10 later than sixty days after the city's or town's effective date of
11 participation. That portion of the transferred assets which is attributable
12 to the elected official's contributions, including interest credits thereon,
13 shall be properly allocated to each affected elected official of the city or
14 town and credited to the elected official's accumulated contributions, in
15 accordance with a schedule furnished by the city or town to the fund manager.

16 Sec. 11. Section 38-851, Arizona Revised Statutes, is amended to read:

17 38-851. Participation of new employers

18 A. This state, any municipality, county, or other political
19 subdivision of the state, any Indian tribe or any public or quasi-public
20 organization created wholly or partly by, or deriving its powers from, the
21 legislature, may request to become a participating employer in the system on
22 behalf of a designated eligible employee group. Such a request shall be made
23 by the state departmental director or after a proper resolution has been
24 adopted by the governing body of the political subdivision, Indian tribe or
25 public organization, and after such resolution has been approved by any other
26 party or officer required by law to approve the resolution. A certified copy
27 of such resolution shall be filed with the fund manager. This state or the
28 political subdivision, Indian tribe or public organization shall be
29 considered as a participating employer upon proper execution of a joinder
30 agreement in which the employer unconditionally accepts the provisions of the
31 system and binds the employer's designated eligible employees to those
32 provisions. All members of an eligible group shall be designated for
33 membership, unless written consent to the contrary is obtained from the fund
34 manager. A member shall be qualified for participation in order to obtain
35 written consent to the contrary from the fund manager.

36 B. The effective date of participation in the system by this state or
37 a political subdivision, Indian tribe or public organization shall be the
38 July 1, next succeeding the approval of its participation, unless the fund
39 manager consents to another date, as shall be specifically stipulated in the
40 joinder agreement.

41 C. The new employer shall designate the departments, groups or other
42 classifications of public safety employees which shall be eligible to
43 participate in the system, and shall agree to make contributions each year
44 which shall be sufficient to meet both the normal cost on a level cost method

1 attributable to inclusion of its employees and the prescribed interest on the
2 past service cost for its employees.

3 D. This state or any political subdivision, Indian tribe or public
4 organization which is contemplating participation in the system shall request
5 a preliminary actuarial survey to determine the estimated cost of
6 participation, the benefits to be derived, and such other information as may
7 be deemed appropriate. The cost of such a survey shall be paid by this state
8 or the political subdivision, Indian tribe or public organization requesting
9 it.

10 ~~E. As a condition of an employer's participation in the system, the~~
11 ~~employer shall, prior to the effective date of such participation, formally~~
12 ~~terminate any existent retirement program, except a military retirement~~
13 ~~program, on behalf of the designated eligible employee group included in the~~
14 ~~system and shall formally agree that no retirement program, exclusive of a~~
15 ~~military retirement program, the system and the federal social security~~
16 ~~system, shall thereafter be established on behalf of such group.~~

17 F. E. As a condition to participation in the system an Indian tribe
18 employer, by resolution of the governing body, shall:

19 1. Agree that all disputes involving interpretation of state statutes
20 involving the system, and any amendments to such statutes, will be resolved
21 through the court system of this state.

22 2. Agree to be bound by state statutes and laws which regulate and
23 interpret the provisions of the system, including eligibility to membership
24 in the system, service credits and the rights of any claimant to benefits and
25 the amount of such benefits.

26 3. Agree to meet any requirement which the fund manager may prescribe
27 to ensure timely payment of member and employer contributions and any other
28 amounts due from the employer to the system.

29 4. Include in the joinder agreement any other provision deemed
30 necessary by the fund manager for the administration or enforcement of the
31 agreement.

32 ~~G.~~ F. Assets under any existing public employee defined benefit
33 retirement program, except a military retirement program, necessary to equal
34 the actuarial present value of projected benefits attributable to the
35 employer's designated employee group, calculated using the actuarial methods
36 and assumptions adopted by the existing public employee retirement program,
37 shall be transferred from such program to this fund no later than sixty days
38 after the employer's effective date. That portion of the transferred assets
39 which is attributable to employee contributions, including interest credits
40 thereon, shall be properly allocated to each affected employee of the
41 employer and credited to the employee's initial accumulated contributions,
42 in accordance with a schedule furnished by the employer to the fund manager.

43 Sec. 12. Section 38-885, Arizona Revised Statutes, as amended by
44 senate bill 1129, section 2, forty-fifth legislature, first regular session,
45 as transmitted to the governor, is amended to read:

1 38-885. Normal retirement; conditions and pension

2 A. A member may retire if the member:

3 1. Files a written application for normal retirement with the plan in
4 the form prescribed by the plan.

5 2. Ceases to be an employee before the date of retirement.

6 3. Meets one of the age and service requirements for normal retirement
7 prescribed in subsection B.

8 B. A member is eligible for a normal retirement pension if the member
9 satisfies one of the following requirements:

10 1. Is sixty-two years or older and has ten or more years of service.

11 2. Has twenty years of service OR IN THE CASE OF A DISPATCHER,
12 TWENTY-FIVE YEARS.

13 3. The sum of the member's age and years of credited service equals
14 at least eighty.

15 C. A member who meets the requirements for a normal retirement pension
16 and who has twenty years OR TWENTY-FIVE YEARS, AS APPLICABLE, of credited
17 service is entitled to receive a pension that equals fifty per cent of the
18 member's average monthly salary, except that:

19 1. If the member retires with more than twenty years of credited
20 service the foregoing amount shall be increased by a monthly amount equal to
21 two per cent of the member's average monthly salary multiplied by the number
22 of the member's years of credited service in excess of twenty years, with pro
23 rata increase for any fractional years, except that if a member retires with
24 twenty-five or more years of credited service the foregoing amount shall be
25 increased by a monthly amount equal to two and one-half per cent of the
26 member's average monthly salary multiplied by the number of the member's
27 years of credited service in excess of twenty years, with pro rata increase
28 for any fractional year.

29 2. If the member retires pursuant to subsection B but has less than
30 twenty years of credited service, the member is entitled to receive a pension
31 equal to the product of:

32 (a) Two and one-half per cent of the member's average monthly salary.

33 (b) The member's credited service.

34 D. In no case shall the amount of a member's pension exceed eighty per
35 cent of the member's average monthly salary. Such limitation does not
36 preclude cost-of-living increases granted by the legislature.

37 Sec. 13. Section 38-902, Arizona Revised Statutes, is amended to read:

38 38-902. Joinder agreement

39 A. County detention officers and nonuniformed employees of a sheriff's
40 department whose primary duties require direct contact with inmates may
41 participate in this plan if the board of supervisors of the county enters
42 into a joinder agreement with the fund manager to bring such employees into
43 this plan. The joinder agreement shall be in accordance with the provisions
44 of this plan. All such employees shall be designated for membership in the

1 joinder agreement unless written consent to the contrary is obtained from the
2 fund manager.

3 B. City or town detention officers may participate in this plan if the
4 governing body of the city or town enters into a joinder agreement with the
5 fund manager to bring its detention officers into this plan. The joinder
6 agreement shall be in accordance with the provisions of the plan. The
7 governing body of the city or town shall designate all detention officers for
8 membership in the plan unless written consent to the contrary is obtained
9 from the fund manager.

10 C. The new employer shall designate the groups of employees who are
11 eligible to participate in the plan and shall agree to make contributions
12 each year that are sufficient to meet both the normal cost of a level cost
13 method attributable to inclusion of its employees and the prescribed interest
14 on the past service cost for its employees.

15 ~~D. As a condition of an employer's participation in this plan, the~~
16 ~~employer, before the effective date of the participation, shall formally~~
17 ~~terminate any existing retirement program on behalf of the designated~~
18 ~~eligible employee group.~~

19 E. D. Before the execution of any joinder agreement each county
20 contemplating participation in the plan shall have an actuarial valuation
21 made, which is payable by the county, to determine the estimated cost of
22 participation in accordance with section 38-894.

23 F. E. Assets under any existing public employee defined benefit
24 retirement program, except a military retirement program, that are necessary
25 to equal the actuarial present value of projected benefits attributable to
26 the employer's designated employee group, calculated using the actuarial
27 methods and assumptions adopted by the existing public employee retirement
28 program, shall be transferred from the program to this fund no later than
29 sixty days after the employer's effective date. That portion of the
30 transferred assets that is attributable to employee contributions, including
31 interest credits, shall be properly allocated to each affected employee of
32 the employer and credited to the employee's initial accumulated contributions
33 in accordance with a schedule furnished by the employer to the fund manager.

34 Sec. 14. Repeal

35 A. Title 38, chapter 5, article 8, Arizona Revised Statutes, is
36 repealed.

37 B. Laws 1999, chapter 329, section 8 is repealed.

38 Sec. 15. Title 38, chapter 5, Arizona Revised Statutes, is amended by
39 adding a new article 8, to read:

40 ARTICLE 8. SUPPLEMENTAL DEFINED CONTRIBUTION PLANS

41 38-951: Definitions

42 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

43 1. "BOARD" MEANS THE ARIZONA STATE RETIREMENT SYSTEM BOARD ESTABLISHED
44 BY SECTION 38-713.

45 2. "ELIGIBLE GROUP" MEANS ANY OF THE FOLLOWING:

1 (a) THE ARIZONA STATE RETIREMENT SYSTEM ESTABLISHED BY ARTICLE 2 OF
2 THIS CHAPTER.

3 (b) THE ELECTED OFFICIALS' RETIREMENT PLAN ESTABLISHED BY ARTICLE 3
4 OF THIS CHAPTER.

5 (c) THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM ESTABLISHED BY
6 ARTICLE 4 OF THIS CHAPTER.

7 (d) THE CORRECTIONS OFFICER RETIREMENT PLAN ESTABLISHED BY ARTICLE 6
8 OF THIS CHAPTER.

9 (e) AN OPTIONAL RETIREMENT PROGRAM ESTABLISHED PURSUANT TO SECTION
10 15-1451 OR 15-1628.

11 3. "EMPLOYER" MEANS AN AGENCY OR DEPARTMENT OF THIS STATE OR AN AGENCY
12 OR DEPARTMENT OF A POLITICAL SUBDIVISION OF THIS STATE THAT HAS EMPLOYEES IN
13 AN ELIGIBLE GROUP.

14 4. "FUND MANAGER" MEANS THE FUND MANAGER ESTABLISHED BY SECTION
15 38-848.

16 5. "PLAN" MEANS A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN AUTHORIZED
17 BY THIS ARTICLE.

18 38-952. Supplemental defined contribution plan; establishment;
19 administration

20 A. THE BOARD, EMPLOYER OR FUND MANAGER OF AN ELIGIBLE GROUP MAY
21 ESTABLISH, ADMINISTER, MANAGE AND OPERATE A SUPPLEMENTAL DEFINED CONTRIBUTION
22 PLAN. THE FUND MANAGER MAY ESTABLISH A SINGLE SUPPLEMENTAL DEFINED
23 CONTRIBUTION PLAN FOR ALL CONTRIBUTING MEMBERS OF THE RETIREMENT SYSTEM AND
24 PLANS IT ADMINISTERS.

25 B. IF A BOARD, EMPLOYER OR FUND MANAGER ESTABLISHES A SUPPLEMENTAL
26 DEFINED CONTRIBUTION PLAN:

27 1. THE BOARD MAY DELEGATE AUTHORITY TO IMPLEMENT THE PLAN TO ITS
28 DIRECTOR APPOINTED PURSUANT TO SECTION 38-715.

29 2. THE EMPLOYER MAY DELEGATE AUTHORITY TO IMPLEMENT THE PLAN TO ITS
30 INTERNAL BENEFITS ADMINISTRATOR OR DESIGNEE.

31 3. THE FUND MANAGER MAY DELEGATE AUTHORITY TO IMPLEMENT THE PLAN TO
32 THE ADMINISTRATOR EMPLOYED PURSUANT TO SECTION 38-848, SUBSECTION K,
33 PARAGRAPH 6.

34 4. THE BOARD, EMPLOYER OR FUND MANAGER MAY:

35 (a) EMPLOY SERVICES IT DEEMS NECESSARY, INCLUDING LEGAL SERVICES, FOR
36 THE OPERATION AND ADMINISTRATION OF THE PLAN.

37 (b) ADMINISTER THE PLAN THROUGH CONTRACTS WITH MULTIPLE VENDORS.

38 (c) PERFORM ALL ACTS, WHETHER OR NOT EXPRESSLY AUTHORIZED, THAT IT
39 DEEMS NECESSARY AND PROPER FOR THE OPERATION AND PROTECTION OF THE PLAN.

40 (d) FOR THE PURPOSES OF THIS ARTICLE, ENTER INTO INTERGOVERNMENTAL
41 AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3.

42 C. A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN SHALL BE DESIGNED TO BE
43 A QUALIFIED GOVERNMENTAL PLAN UNDER SECTION 401(a) OF THE INTERNAL REVENUE
44 CODE. THE LEGISLATURE INTENDS THAT A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN
45 IS A QUALIFIED PLAN UNDER SECTION 401 OF THE INTERNAL REVENUE CODE, AS

1 AMENDED, OR SUCCESSOR PROVISIONS OF LAW, AND THAT A PLAN IS EXEMPT FROM
2 TAXATION UNDER SECTION 501 OF THE INTERNAL REVENUE CODE. THE BOARD, EMPLOYER
3 OR FUND MANAGER MAY ADOPT ANY ADDITIONAL PROVISIONS TO A PLAN THAT ARE
4 NECESSARY TO FULFILL THIS INTENT.

5 D. ALTHOUGH DESIGNATED AS EMPLOYEE CONTRIBUTIONS, ALL EMPLOYEE
6 CONTRIBUTIONS MADE TO A PLAN SHALL BE PICKED UP AND PAID BY THE EMPLOYER IN
7 LIEU OF CONTRIBUTIONS BY THE EMPLOYEE. THE CONTRIBUTIONS PICKED UP BY AN
8 EMPLOYER MAY BE MADE THROUGH A REDUCTION IN THE EMPLOYEE'S SALARY OR AN
9 OFFSET AGAINST FUTURE SALARY INCREASES, OR A COMBINATION OF BOTH. AN
10 EMPLOYEE PARTICIPATING IN A PLAN DOES NOT HAVE THE OPTION OF CHOOSING TO
11 RECEIVE THE CONTRIBUTED AMOUNTS DIRECTLY INSTEAD OF THE EMPLOYER PAYING THE
12 AMOUNTS TO THE PLAN. IT IS INTENDED THAT ALL EMPLOYEE CONTRIBUTIONS THAT ARE
13 PICKED UP BY THE EMPLOYER AS PROVIDED IN THIS SUBSECTION SHALL BE TREATED AS
14 EMPLOYER CONTRIBUTIONS UNDER SECTION 414(h) OF THE INTERNAL REVENUE CODE,
15 SHALL BE EXCLUDED FROM EMPLOYEES' GROSS INCOME FOR FEDERAL AND STATE INCOME
16 TAX PURPOSES AND ARE INCLUDABLE IN THE GROSS INCOME OF THE EMPLOYEES OR THEIR
17 BENEFICIARIES ONLY IN THE TAXABLE YEAR IN WHICH THEY ARE DISTRIBUTED. THE
18 SPECIFIED EFFECTIVE DATE OF THE PICKUP PURSUANT TO THIS SUBSECTION SHALL NOT
19 BE BEFORE THE DATE THE PLAN RECEIVES NOTIFICATION FROM THE INTERNAL REVENUE
20 SERVICE THAT PURSUANT TO SECTION 414(h) OF THE INTERNAL REVENUE CODE THE
21 EMPLOYEE CONTRIBUTIONS PICKED UP SHALL NOT BE INCLUDED IN GROSS INCOME FOR
22 INCOME TAX PURPOSES UNTIL THE TIME THAT THE PICKED UP CONTRIBUTIONS ARE
23 DISTRIBUTED BY PENSION PAYMENTS. UNTIL NOTIFICATION IS RECEIVED, ANY
24 CONTRIBUTIONS MADE UNDER SECTION 38-953, SUBSECTION D ARE MADE WITH AFTER-TAX
25 CONTRIBUTIONS.

26 38-953. Supplemental option

27 A. A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN IS IN ADDITION TO AND DOES
28 NOT REPLACE AN EMPLOYEE'S EXISTING STATE DEFINED BENEFIT RETIREMENT PLAN.

29 B. EXCEPT AS PROVIDED IN SUBSECTION C, ANY CONTRIBUTING MEMBER OF AN
30 ELIGIBLE GROUP THAT ESTABLISHES A SUPPLEMENTAL DEFINED CONTRIBUTION PLAN AS
31 AUTHORIZED BY THIS ARTICLE MAY PARTICIPATE IN THE SUPPLEMENTAL DEFINED
32 CONTRIBUTION PLAN. PARTICIPATION IN THE PLAN AUTHORIZES THE MEMBER'S
33 EMPLOYER TO MAKE REDUCTIONS OR DEDUCTIONS IN THE MEMBER'S SALARY. THE
34 EMPLOYER SHALL INITIATE SALARY REDUCTIONS OR DEDUCTIONS FOR THE PLAN AS
35 DIRECTED BY EACH EMPLOYEE PARTICIPATING IN THE PLAN AND SHALL SUBMIT ANY
36 REPORTS REQUIRED BY THE PLAN. ANY SALARY DEFERRED UNDER THE PLAN SHALL BE
37 INCLUDED AS REGULAR COMPENSATION OR SALARY FOR THE PURPOSE OF COMPUTING THE
38 RETIREMENT AND PENSION BENEFITS EARNED BY ANY EMPLOYEE PARTICIPATING IN THE
39 PLAN.

40 C. IF THE ARIZONA STATE RETIREMENT SYSTEM ESTABLISHES A SUPPLEMENTAL
41 DEFINED CONTRIBUTION PLAN AND AN EMPLOYER MEMBER OF THE ARIZONA STATE
42 RETIREMENT SYSTEM ELECTS TO PARTICIPATE IN THE SUPPLEMENTAL DEFINED
43 CONTRIBUTION PLAN, ANY EMPLOYEE MEMBER OF THE EMPLOYER MAY PARTICIPATE IN THE
44 SUPPLEMENTAL DEFINED CONTRIBUTION PLAN.

1 D. IF AN EMPLOYEE ELECTS TO PARTICIPATE IN A PLAN PURSUANT TO THIS
2 SUBSECTION, THE EMPLOYEE SHALL CONTRIBUTE AN AMOUNT EQUAL TO AT LEAST ONE PER
3 CENT OF THE EMPLOYEE'S GROSS SALARY. AN ELECTION TO PARTICIPATE IN A PLAN
4 IS IRREVOCABLE AND SHALL BE FOR A PERIOD OF AT LEAST ONE YEAR. AN EMPLOYEE
5 MAY ANNUALLY INCREASE OR DECREASE THE EMPLOYEE CONTRIBUTIONS IN INCREMENTS
6 OF ONE PER CENT UP TO THE MAXIMUM ALLOWED BY LAW. AN EMPLOYEE IS NOT
7 REQUIRED TO CONTRIBUTE UNDER THIS SUBSECTION IN ORDER TO QUALIFY FOR AN
8 EMPLOYER MATCH UNDER SUBSECTION E. THE EMPLOYER MATCH MAY ACCRUE FROM ANY
9 PROGRAM ESTABLISHED BY THE EMPLOYER.

10 E. AN EMPLOYER MAY ELECT TO MATCH THE CONTRIBUTIONS MADE BY THE
11 EMPLOYEE PURSUANT TO SUBSECTION D OR ANY OTHER PROGRAM ESTABLISHED BY THE
12 EMPLOYER UNDER THE INTERNAL REVENUE CODE, INCLUDING ANY PLAN ESTABLISHED
13 UNDER INTERNAL REVENUE CODE SECTION 401(a), 403(b) OR 457, AT A RATE
14 DETERMINED BY THE EMPLOYER. THE RATE OF THE EMPLOYER MATCH SHALL BE
15 DETERMINED AT THE BEGINNING OF THAT EMPLOYER'S BUDGET CYCLE AND SHALL
16 TERMINATE AT THE END OF THAT BUDGET CYCLE.

17 38-954. Vesting

18 A. EMPLOYEE CONTRIBUTIONS AND EARNINGS ON EMPLOYEE CONTRIBUTIONS ARE
19 IMMEDIATELY VESTED.

20 B. EMPLOYER MATCHING CONTRIBUTIONS, IF ANY, AND THE EARNINGS ON
21 EMPLOYER MATCHING CONTRIBUTIONS ARE VESTED AND THE EMPLOYEE IS ENTITLED TO
22 RECEIVE EMPLOYER MATCHING CONTRIBUTIONS AND EARNINGS ON THOSE CONTRIBUTIONS
23 AS FOLLOWS:

24 1. IF THE EMPLOYEE HAS LESS THAN ONE YEAR OF CREDITED SERVICE IN AN
25 ELIGIBLE GROUP, ZERO PER CENT.

26 2. IF THE EMPLOYEE HAS AT LEAST ONE YEAR BUT LESS THAN TWO YEARS OF
27 CREDITED SERVICE IN AN ELIGIBLE GROUP, TWENTY PER CENT.

28 3. IF THE EMPLOYEE HAS AT LEAST TWO YEARS BUT LESS THAN THREE YEARS
29 OF CREDITED SERVICE IN AN ELIGIBLE GROUP, FORTY PER CENT.

30 4. IF THE EMPLOYEE HAS AT LEAST THREE YEARS BUT LESS THAN FOUR YEARS
31 OF CREDITED SERVICE IN AN ELIGIBLE GROUP, SIXTY PER CENT.

32 5. IF THE EMPLOYEE HAS AT LEAST FOUR YEARS BUT LESS THAN FIVE YEARS
33 OF CREDITED SERVICE IN AN ELIGIBLE GROUP, EIGHTY PER CENT.

34 6. IF THE EMPLOYEE HAS AT LEAST FIVE YEARS OF CREDITED SERVICE IN AN
35 ELIGIBLE GROUP, ONE HUNDRED PER CENT.

36 C. ALL NONVESTED EMPLOYER CONTRIBUTIONS AND EARNINGS ON THOSE
37 CONTRIBUTIONS MAY BE USED TO PAY FOR THE ADMINISTRATIVE COSTS OF THE PLAN.

38 Sec. 16. Termination of the tax deferred annuity and deferred
39 compensation pilot program

40 This act terminates the pilot program option for legislative employees
41 and state elected officials to elect to participate in a tax deferred annuity
42 and deferred compensation program pursuant to title 38, chapter 5, article
43 5, Arizona Revised Statutes, in lieu of participation in the Arizona state
44 retirement system pursuant to title 38, chapter 5, article 2, Arizona Revised
45 Statutes. All legislative employees and state elected officials who elected

1 on or before the effective date of this act to participate in a deferred tax
2 annuity and deferred compensation program in lieu of participation in the
3 Arizona state retirement system shall continue to participate in that option
4 pursuant to the irrevocable election made by the employee or state elected
5 official and the employer shall continue to pay an amount equal to five per
6 cent of the employee's or state elected official's base salary directly to
7 the program in lieu of employer contributions to a public retirement system.

8 Sec. 17. Termination of the defined contribution retirement
9 plan option pilot program

10 This act terminates the pilot program option for certain exempt state
11 officers or employees and state elected officials who are subject to term
12 limits to elect to participate in a defined contribution retirement plan
13 option in lieu of participation in their respective state defined benefit
14 retirement plans. All exempt state officers or employees and state elected
15 officials who are subject to term limits and who elected on or before the
16 effective date of this act to participate in the defined contribution
17 retirement plan option established by Laws 1999, chapter 329, section 6 shall
18 continue to participate in that option pursuant to the irrevocable election
19 made by the exempt state officer or employee or state elected official who
20 is subject to term limits and the employer shall continue to contribute to
21 each participating state elected official's or exempt state officer's or
22 employee's account an amount equal to two and sixty-six hundredths per cent
23 of the state elected official's or exempt state officer's or employee's gross
24 salary.

25 Sec. 18. Appropriation; purpose

26 The sum of \$2,613,700 is appropriated from the Arizona state retirement
27 system administration account in fiscal year 2001-2002 to the Arizona state
28 retirement system for the administrative implementation of this act.

29 Sec. 19. Conditional enactment

30 Section 12 of this act is not effective unless senate bill 1129,
31 section 2, forty-fifth legislature, first regular session, relating to
32 retirement benefits, is enacted into law.

APPROVED BY THE GOVERNOR MAY 8, 2001.

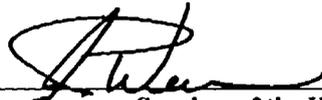
FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2001.

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 3, 2001,

by the following vote: 52 Ayes,

0 Nays, 8 Not Voting


Speaker of the House

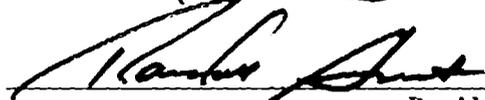

Chief Clerk of the House

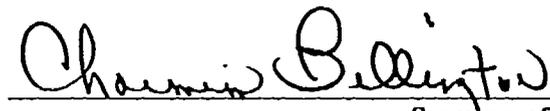
SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 2, 2001,

by the following vote: 20 Ayes,

9 Nays, 3 Not Voting


President of the Senate

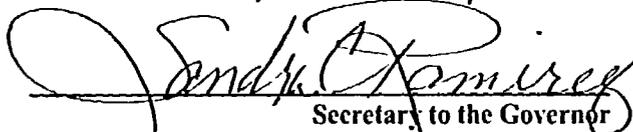

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 3 day of May, 2001,

at 10:29 o'clock A M.


Secretary to the Governor

Approved this 8 day of

May, 2001,

at 4:01 o'clock P M.

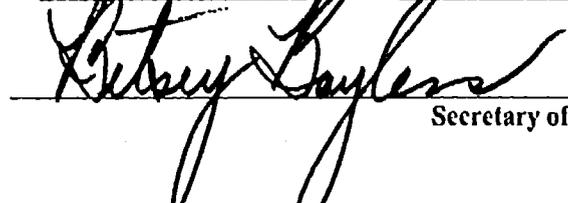

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 2001,

at 5:30 o'clock P M.

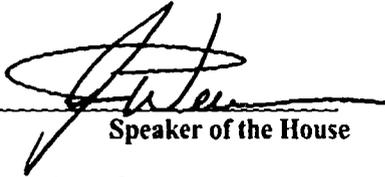

Secretary of State

S.B. 1295

Passed the House April 26, 20 01

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

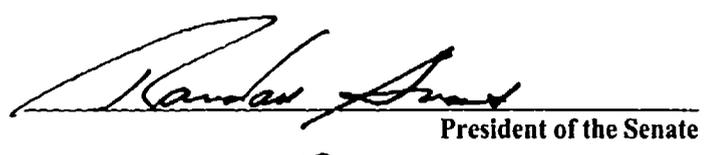

Speaker of the House

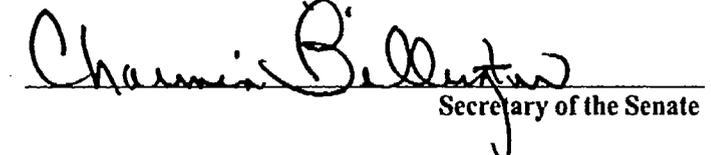

Chief Clerk of the House

Passed the Senate March 14, 20 01

by the following vote: 24 Ayes,

5 Nays, 1 Not Voting


President of the Senate


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of
_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

S.B. 1295