

House Engrossed

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

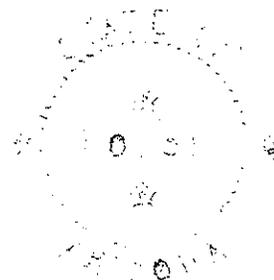
CHAPTER 106

# HOUSE BILL 2103

AN ACT

AMENDING SECTION 38-749, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 38-749, Arizona Revised Statutes, is amended to  
3 read:

4 38-749. Employer termination incentive program; employer  
5 payment of actuarial cost; definition

6 A. If a ~~retirement~~ TERMINATION incentive program that is offered by an  
7 employer results in an actuarial unfunded liability to ASRS, the employer  
8 shall pay to ASRS the amount of the unfunded liability. ASRS shall determine  
9 the amount of the unfunded liability in consultation with its actuary.

10 B. An employer shall notify ASRS if the employer plans to implement a  
11 ~~retirement~~ TERMINATION incentive program that may affect ASRS funding.

12 C. If ASRS determines that an employer has implemented a ~~retirement~~  
13 TERMINATION incentive program that results in an actuarial unfunded liability  
14 to ASRS, ASRS shall assess the cost of the unfunded liability to that  
15 employer. If the employer does not remit full payment of all monies due  
16 within ninety days after being notified by ASRS of the amount due, the unpaid  
17 amount accrues interest until the amount is paid in full. The interest rate  
18 is the interest rate assumption that is approved by the board for actuarial  
19 equivalency for the period in question to the date payment is received.

20 D. For the purposes of this section, "~~retirement~~ TERMINATION incentive  
21 program":

22 1. Means a total increase in compensation of thirty per cent or more  
23 that is given to a member in any one or more years of the last three years  
24 before ~~retirement~~ TERMINATION if that increase in compensation is used to  
25 calculate the member's retirement benefit and that increase in compensation  
26 is not attributed to a:

- 27 (a) Promotion.  
28 (b) Reclassification of the position.  
29 (c) Merit or a cost of living increase.

30 2. Means any monies, credited service or points that the employer  
31 provides to a member in exchange for a member's written agreement to ~~retire~~  
32 TERMINATE on OR BEFORE a date certain.

33 3. Does not include payments to an employee for:

- 34 (a) Compensation for accrued vacation.  
35 (b) Compensation for accrued sick leave.  
36 (c) Compensatory time.

APPROVED BY THE GOVERNOR APRIL 12, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2006.