

Conference Engrossed

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 244

# **HOUSE BILL 2148**

AN ACT

AMENDING SECTION 38-745, ARIZONA REVISED STATUTES; AMENDING SECTION 38-745, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; 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 38-745, Arizona Revised Statutes, is amended to  
3 read:  
4 38-745. Credit for military service  
5 A. An active member of ASRS or a member who is receiving benefits  
6 pursuant to section 38-797.07 may purchase credited service in ASRS for  
7 active military service if both of the following apply:  
8 1. The member was honorably separated from the military service.  
9 2. The member submits a copy of the member's military service record  
10 (DD-214) or its equivalent with the member's application for military service  
11 credit.  
12 B. The cost to purchase military service credit is an amount equal to  
13 the present value of the additional benefit that is derived from the  
14 purchased credited service using the actuarial assumptions that are approved  
15 by the board.  
16 C. An active member of ASRS who is called to active military service  
17 may receive credited service for not more than sixty months of active  
18 military service, except as provided by the uniformed services employment and  
19 reemployment rights act (38 United States Code section 4312(c)). The  
20 member's employer shall make employer contributions and member contributions  
21 for the member if the member meets the following requirements:  
22 1. Was an active member of ASRS on the day before the member began  
23 active military service.  
24 2. Is a member of the Arizona national guard or is a member of the  
25 reserves of any military establishment of the United States.  
26 3. Volunteers or is ordered into active military service of the United  
27 States as part of a ~~presidential~~ MILITARY call-up.  
28 4. ONE OF THE FOLLOWING OCCURS:  
29 (a) Is honorably separated from active military service and returns to  
30 employment for the same employer from which the member left for active  
31 military service within ninety days after the date active military service is  
32 terminated. —  
33 (b) Is hospitalized as a result of military service and returns to  
34 employment for the same employer from which the member left for active  
35 military service within ninety days after release from service related  
36 hospitalization. or  
37 (c) BECOMES DISABLED AS A RESULT OF OR DURING THE MILITARY SERVICE AND  
38 IS UNABLE TO RETURN TO THE SAME EMPLOYER.  
39 (d) Dies as a result of OR DURING the military service.  
40 D. Contributions made pursuant to subsection C of this section shall  
41 be for the period of time beginning on the date the member began active  
42 military service and ending on THE LATER OF one of the following dates:  
43 1. The date the member is separated from active military service.

1           2. The date the member is released from service related  
2 hospitalization or one year after initiation of service related  
3 hospitalization, whichever date is earlier.

4           3. ONE YEAR AFTER THE DATE OF DISABILITY.

5           ~~3-~~ 4. The date the member dies as a result of OR DURING active  
6 military service.

7           E. Notwithstanding any other law, on payment of the contributions made  
8 pursuant to subsection C of this section, the member shall be credited with  
9 service for retirement purposes for the period of time of active military  
10 service of not more than sixty months.

11           F. The employer shall make contributions pursuant to subsection C of  
12 this section as follows:

13           1. Contributions shall be based on the compensation that a member  
14 would have received but for the period that the member was ordered into  
15 active military service.

16           2. If the employer cannot reasonably determine a member's rate of  
17 compensation for the period that the member was ordered into active military  
18 service, the employer shall make contributions based on the member's average  
19 rate of compensation during the twelve-month period immediately preceding the  
20 period of active military service.

21           3. If a member has been employed less than twelve months before being  
22 ordered into active military service, the employer shall make contributions  
23 based on the employment period immediately preceding the period of active  
24 military service.

25           4. Employer contributions shall be made in a lump sum and without  
26 penalty when the member returns to employment, WHEN IT IS DETERMINED THAT THE  
27 MEMBER IS UNABLE TO RETURN TO EMPLOYMENT BECAUSE OF A DISABILITY AS A RESULT  
28 OF OR THAT OCCURRED DURING MILITARY SERVICE or on receipt of the member's  
29 death certificate. If a member suffers a service related death, the employer  
30 shall make the employer and member contributions up to and including the date  
31 of the member's death. Death benefits shall be calculated as prescribed by  
32 law.

33           G. In computing the length of total credited service of a member for  
34 the purpose of determining retirement benefits or eligibility, the period of  
35 military service, as prescribed by this section, shall be included.

36           H. Notwithstanding any other law, the member is not required to  
37 reimburse the member's employer or ASRS for any contribution made pursuant to  
38 subsection C of this section.

39           I. In addition to, but not in duplication of, the provisions of  
40 subsection C of this section, contributions, benefits and credited service  
41 provided pursuant to this section shall be provided in accordance with  
42 section 414(u) of the internal revenue code.

1           Sec. 2. Section 38-745, Arizona Revised Statutes, as amended by  
2 section 1 of this act, is amended to read:

3           38-745. Credit for military service

4           A. An active member of ASRS or a member who is receiving benefits  
5 pursuant to section 38-797.07 may purchase credited service in ASRS for  
6 active military service if both of the following apply:

7           1. The member was honorably separated from the military service.

8           2. The member submits a copy of the member's military service record  
9 (DD-214) or its equivalent with the member's application for military service  
10 credit.

11           B. The cost to purchase military service credit is an amount equal to  
12 the present value of the additional benefit that is derived from the  
13 purchased credited service using the actuarial assumptions that are approved  
14 by the board.

15           C. An active member of ASRS who is called to active military service  
16 may receive credited service for not more than sixty months of active  
17 military service, except as provided by the uniformed services employment and  
18 reemployment rights act (38 United States Code section 4312(c)). The  
19 member's employer shall make employer contributions and member contributions  
20 for the member if the member meets the following requirements:

21           1. Was an active member of ASRS on the day before the member began  
22 active military service.

23           2. Is a member of the Arizona national guard or is a member of the  
24 reserves of any military establishment of the United States.

25           3. Volunteers or is ordered into active military service of the United  
26 States as part of a military call-up.

27           4. One of the following occurs:

28           (a) Is honorably separated from active military service and returns to  
29 employment for the same employer from which the member left for active  
30 military service within ninety days after the date active military service is  
31 terminated.

32           (b) Is hospitalized as a result of military service and returns to  
33 employment for the same employer from which the member left for active  
34 military service within ninety days after release from service related  
35 hospitalization.

36           ~~(c) Becomes disabled as a result of or during the military service and~~  
37 ~~is unable to return to the same employer.~~

38           ~~(d)~~ (c) Dies as a result of or during the military service.

39           D. Contributions made pursuant to subsection C of this section shall  
40 be for the period of time beginning on the date the member began active  
41 military service and ending on the later of one of the following dates:

42           1. The date the member is separated from active military service.

43           2. The date the member is released from service related  
44 hospitalization or one year after initiation of service related  
45 hospitalization, whichever date is earlier.

1           ~~3. One year after the date of disability.~~

2           ~~4.~~ 3. The date the member dies as a result of or during active  
3 military service.

4           E. Notwithstanding any other law, on payment of the contributions made  
5 pursuant to subsection C of this section, the member shall be credited with  
6 service for retirement purposes for the period of time of active military  
7 service of not more than sixty months.

8           F. The employer shall make contributions pursuant to subsection C of  
9 this section as follows:

10           1. Contributions shall be based on the compensation that a member  
11 would have received but for the period that the member was ordered into  
12 active military service.

13           2. If the employer cannot reasonably determine a member's rate of  
14 compensation for the period that the member was ordered into active military  
15 service, the employer shall make contributions based on the member's average  
16 rate of compensation during the twelve-month period immediately preceding the  
17 period of active military service.

18           3. If a member has been employed less than twelve months before being  
19 ordered into active military service, the employer shall make contributions  
20 based on the employment period immediately preceding the period of active  
21 military service.

22           4. Employer contributions shall be made in a lump sum and without  
23 penalty when the member returns to employment, ~~when it is determined that the~~  
24 ~~member is unable to return to employment because of a disability as a result~~  
25 ~~of or that occurred during military service~~ or on receipt of the member's  
26 death certificate. If a member suffers a service related death, the employer  
27 shall make the employer and member contributions up to and including the date  
28 of the member's death. Death benefits shall be calculated as prescribed by  
29 law.

30           G. In computing the length of total credited service of a member for  
31 the purpose of determining retirement benefits or eligibility, the period of  
32 military service, as prescribed by this section, shall be included.

33           H. Notwithstanding any other law, the member is not required to  
34 reimburse the member's employer or ASRS for any contribution made pursuant to  
35 subsection C of this section.

36           I. In addition to, but not in duplication of, the provisions of  
37 subsection C of this section, contributions, benefits and credited service  
38 provided pursuant to this section shall be provided in accordance with  
39 section 414(u) of the internal revenue code.

40           Sec. 3. Retroactivity

41           Section 38-745, Arizona Revised Statutes, as amended by section 1 of  
42 this act, applies retroactively to from and after June 30, 2007.

43           Sec. 4. Effective date

44           Section 38-745, Arizona Revised Statutes, as amended by section 2 of  
45 this act, is effective from and after June 30, 2009.

APPROVED BY THE GOVERNOR JUNE 13, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 14, 2007.

Passed the House February 26, 20 07

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Speaker of the House  
*Pro Tempore*

Chief Clerk of the House

Passed the Senate April 25, 20 07

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

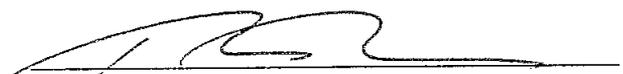
\_\_\_\_\_  
Secretary of State

H.B. 2148

HOUSE FINAL PASSAGE  
as per Joint Conference

Passed the House June 11, 20 07

by the following vote: 52 Ayes,  
0 Nays, 8 Not Voting

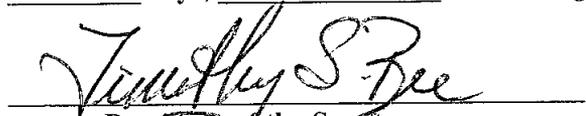
  
Speaker of the House  
*Pro Tempore*

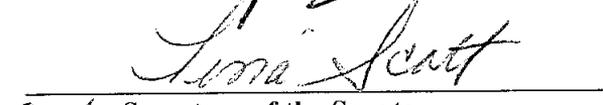
  
Chief Clerk of the House

SENATE FINAL PASSAGE  
as per Joint Conference

Passed the Senate June 13, 20 07

by the following vote: 23 Ayes,  
0 Nays, 7 Not Voting

  
President of the Senate

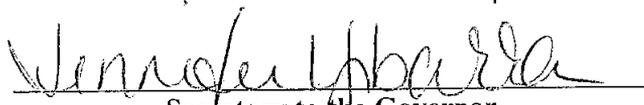
  
Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

13th day of June, 20 07

at 3:15 o'clock P. M.

  
Secretary to the Governor

Approved this 13 day of

June 2007

at 5<sup>10</sup> o'clock P. M.

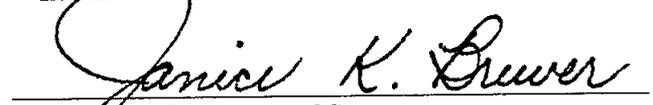
  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 14 day of June, 20 07

at 9:49 o'clock A. M.

  
Secretary of State