Senate Engrossed House Bill

FILED
KEN BENNETT
SECRETARY OF STATE

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CHAPTER 36

HOUSE BILL 2118

AN ACT

AMENDING SECTIONS 38-615, 38-711, 38-715, 38-730, 38-743 AND 38-744, ARIZONA REVISED STATUTES; AMENDING SECTION 38-745, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2007, CHAPTER 244, SECTION 1; REPEALING SECTION 38-745, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2007, CHAPTER 244, SECTION 2; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-748; AMENDING SECTIONS 38-749, 38-757, 38-762, 38-766, 38-766.01, 38-783 AND 38-797, ARIZONA REVISED STATUTES; REPEALING SECTION 38-797.06, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2.1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 38-797.06; AMENDING SECTION 38-797.07, ARIZONA REVISED STATUTES; REPEALING LAWS 2007, CHAPTER 244, SECTION 4; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 38-615, Arizona Revised Statutes, is amended to read:

38-615. Payment for accumulated sick leave; requirements; limit; definition

A. An officer or employee of ~~the~~ THIS state, subject to legislative appropriation, or an officer or employee of a county, subject to authorization by the board of supervisors, is eligible, on retirement, to receive benefits as follows:

1. An officer or employee who has at least five hundred but less than seven hundred fifty hours of sick leave ~~shall~~ IS ENTITLED TO receive payments equal to twenty-five per cent of the officer's or employee's salary at the officer's or employee's current hourly rate for each hour of accumulated sick leave.

2. An officer or employee who has at least seven hundred fifty but less than one thousand hours of sick leave ~~shall~~ IS ENTITLED TO receive payments equal to thirty-three per cent of the officer's or employee's salary at the officer's or employee's current hourly rate for each hour of accumulated sick leave.

3. An officer or employee who has at least one thousand hours of sick leave ~~shall~~ IS ENTITLED TO receive payments equal to fifty per cent of the officer's or employee's salary at the officer's or employee's current hourly rate for each hour of accumulated sick leave not to exceed one thousand five hundred hours of accumulated sick leave.

~~B. An officer or employee who receives payments as provided in subsection A of this section shall not receive more than thirty thousand dollars. If an officer or employee receives payments pursuant to subsection A of this section, the officer or employee shall be paid the amount due the officer or employee in installments over a three year period.~~

B. IN ORDER TO BE ELIGIBLE TO RECEIVE PAYMENTS PURSUANT TO SUBSECTION A OF THIS SECTION:

1. AN OFFICER OR EMPLOYEE MUST ESTABLISH A RETIREMENT DATE NOT LATER THAN THIRTY-ONE DAYS AFTER TERMINATION OF EMPLOYMENT BY QUALIFYING WITH AN AUTHORIZED RETIREMENT SYSTEM OR PLAN OF THIS STATE.

2. THE RETIREMENT DATE MUST BE EFFECTIVE NOT LATER THAN THIRTY-ONE DAYS AFTER TERMINATION OF EMPLOYMENT.

3. AN OFFICER OR EMPLOYEE SHALL ELECT RETIREMENT BENEFITS THAT ARE DEFINED NOT LATER THAN THIRTY-ONE DAYS AFTER TERMINATION OF EMPLOYMENT.

C. AN OFFICER OR EMPLOYEE WHO RECEIVES PAYMENTS AS PROVIDED IN SUBSECTION A OF THIS SECTION SHALL NOT RECEIVE MORE THAN THIRTY THOUSAND DOLLARS.

D. IF AN OFFICER OR EMPLOYEE RECEIVES PAYMENTS PURSUANT TO SUBSECTION A OF THIS SECTION, THE OFFICER OR EMPLOYEE SHALL BE PAID THE AMOUNT DUE THE OFFICER OR EMPLOYEE EITHER IN A LUMP SUM OR IN INSTALLMENTS OVER A THREE YEAR PERIOD.

~~C.~~ E. If an officer or employee dies before the officer or employee receives the total payment due to the officer or employee or if an officer or employee is eligible for normal retirement but has not retired at the time of the officer's or employee's death, the officer's or employee's beneficiary ~~shall~~ IS ENTITLED TO receive the balance due to the officer or employee in a lump sum.

~~D.~~ F. Notwithstanding any other law:

1. The cash value of the sick leave credit pursuant to subsection A of this section shall not be used to compute the average salary.

2. The payment authorized by this section for accumulated sick leave is not salary or compensation for the purposes of making retirement contributions or computing any pension benefit.

3. THE SICK LEAVE MUST BE AVAILABLE FOR USE BY THE OFFICER OR EMPLOYEE AT THE TIME OF TERMINATION OF EMPLOYMENT. THIS SECTION DOES NOT APPLY TO PREVIOUSLY FORFEITED SICK LEAVE.

~~E.~~ G. ~~The provisions of~~ This section ~~apply~~ APPLIES to an officer or employee of ~~the~~ THIS state or a county who is eligible to participate in the Arizona state retirement system as provided in chapter 5, article 2 of this title, in the public safety personnel retirement system as provided in chapter 5, article 4 of this title, in the corrections officer retirement plan as provided in chapter 5, article 6 of this title or in an optional retirement program established by the Arizona board of regents pursuant to section 15-1628.

~~F.~~ H. This section applies retroactively to July 1, 1998 to an officer or employee of a university under the jurisdiction of the Arizona board of regents who participates in a federal retirement system, except that this section does not apply to a participant in a federal retirement system if the participant receives any sick leave payment from the federal government.

~~G.~~ I. ~~The provisions of~~ This section ~~shall apply~~ APPLIES only to officers or employees of ~~the~~ THIS state or a county whose compensation regulations provide for a forfeiture of sick leave on retirement.

~~H.~~ J. For the purposes of this section, "hourly rate" means an officer's or employee's hourly salary on retirement, excluding overtime pay and pay for unused annual leave.

Sec. 2. Section 38-711, Arizona Revised Statutes, is amended to read:

38-711. <u>Definitions</u>

In this article, unless the context otherwise requires:

1. "Active member" means a member as defined in paragraph 23, subdivision (b) of this section who satisfies the eligibility criteria prescribed in section 38-727 and who is currently making member contributions as prescribed in section 38-736.

2. "Actuarial equivalent" means equality in value of the aggregate amounts expected to be received under two different forms of payment, based

on mortality and interest rate assumptions approved from time to time by the board.

3. "ASRS" means the Arizona state retirement system established by this article.

4. "Assets" means the resources of ASRS including all cash, investments or securities.

5. "Average monthly compensation" means:

(a) For a member whose membership in ASRS commenced before January 1, 1984 and who left the member's contributions on deposit or reinstated forfeited credited service pursuant to section 38-742 for a period of employment that commenced before January 1, 1984, the monthly average of compensation on which contributions were remitted during a period of sixty consecutive months during which the member receives the highest compensation within the last one hundred twenty months of credited service. Any month for which no contributions are reported to ASRS or that falls within a period of nonpaid or partially paid leave of absence or sabbatical leave shall be excluded from the computation. The sixty consecutive months may entirely precede, may be both before and after or may be completely after any excluded months. If the member was employed for less than sixty consecutive months, the average monthly compensation is based on the total consecutive months worked. Payments for accumulated vacation or annual leave, sick leave, compensatory time or other forms of termination pay which, before August 12, 2005, constitute compensation for members whose membership in ASRS commenced before January 1, 1984, do not cease to be included as compensation if paid in the form of nonelective employer contributions under a 26 United States Code section 403(b) plan if all payments of employer and employee contributions are made at the time of termination. Contributions shall be made to ASRS on these amounts pursuant to sections 38-735, 38-736 and 38-737.

(b) Effective July 1, 1985, the monthly average of compensation on which contributions were remitted during a period of thirty-six consecutive months during which a member receives the highest compensation within the last one hundred twenty months of credited service. Any month for which no contributions are reported to ASRS or that falls within a period of nonpaid or partially paid leave of absence or sabbatical leave shall be excluded from the computation. The thirty-six consecutive months may entirely precede, may be both before and after or may be completely after any excluded months. If the member was employed for less than thirty-six consecutive months, the average monthly compensation shall be based on the total consecutive months worked. This subdivision applies only to members whose membership in ASRS was effective after December 31, 1983 or who agree in writing as a binding condition of eligibility for being granted the benefit advantages available under this subdivision to have their benefit computed on the basis of the definition of compensation.

6. "Board" means the ASRS board established in section 38-713.

7. "Compensation" means the gross amount paid to a member by an employer as salary or wages, including amounts that are subject to deferred compensation or tax shelter agreements, for services rendered to or for an employer, or that would have been paid to the member except for the member's election or a legal requirement that all or part of the gross amount be used for other purposes, but does not include amounts paid in excess of compensation limits established in section 38-746. Compensation includes amounts paid as salary or wages to a member by a second employer IF THE MEMBER MEETS THE REQUIREMENTS PRESCRIBED IN PARAGRAPH 23, SUBDIVISION (b) OF THIS SECTION WITH THAT SECOND EMPLOYER. Compensation, as provided in paragraph 5, subdivision (b) of this section, does not include:

(a) Lump sum payments, on termination of employment, for accumulated vacation or annual leave, sick leave, compensatory time or any other form of termination pay whether the payments are made in one payment or by installments over a period of time.

(b) Damages, costs, attorney fees, interest or other penalties paid pursuant to a court order or a compromise settlement or agreement to satisfy a grievance or claim even though the amount of the payment is based in whole or in part on previous salary or wage levels, except that, if the court order or compromise settlement or agreement directs salary or wages to be paid for a specific period of time, the payment is compensation for that specific period of time. If the amount directed to be paid is less than the actual salary or wages that would have been paid for the period if service had been performed, the contributions for the period shall be based on the amount of compensation that would have been paid if the service had been performed.

(c) Payment, at the member's option, in lieu of fringe benefits that are normally paid for or provided by the employer.

(d) Merit awards pursuant to section 38-613 and performance bonuses paid to assistant attorneys general pursuant to section 41-192.

(e) AMOUNTS THAT ARE PAID AS SALARY OR WAGES TO A MEMBER FOR WHICH EMPLOYER CONTRIBUTIONS HAVE NOT BEEN PAID.

8. "Contingent annuitant" means the person named by a member to receive retirement income payable following a member's death after retirement as provided in section 38-760.

9. "Credited service" means, subject to section 38-739, the number of years standing to the member's credit on the books of ASRS during which the member made the required contributions.

10. "Current annual compensation" means the greater of:

(a) Annualized compensation of the typical pay period amount immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743, 38-744 or 38-745. The typical pay period amount shall be determined by taking the five pay periods immediately before the date of a request, disregarding the highest and lowest compensation amount pay periods and averaging the three remaining pay periods.

(b) Annualized compensation of the partial year, disregarding the first compensation amount pay period, if the member has less than twelve months total credited service on the date of a request to purchase credited service pursuant to section 38-743, 38-744 or 38-745.

(c) The sum of the twelve months of compensation immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743, 38-744 or 38-745.

(d) The sum of the thirty-six months of compensation immediately before the date of a request to ASRS to purchase credited service pursuant to section 38-743, 38-744 or 38-745 divided by three.

(e) If the member has retired one or more times from ASRS, the average monthly compensation that was used for calculating the member's last pension benefit times twelve.

11. "Early retirement" means retirement before a member's normal retirement date after five years of total credited service and attainment of age fifty.

12. "Effective date" means July 1, 1970, except with respect to employers and members whose contributions to ASRS commence thereafter, the effective date of their membership in ASRS is as specified in the applicable joinder agreement.

13. "Employer" means:

(a) This state.

(b) Participating political subdivisions.

(c) Participating political subdivision entities.

14. "Employer contributions" means all amounts paid into ASRS by an employer on behalf of a member.

15. "Fiscal year" means the period from July 1 of any year to June 30 of the following year.

16. "Inactive member" means a member who previously made contributions to ASRS and who satisfies each of the following:

(a) Has not retired.

(b) Is not eligible for active membership in ASRS.

(c) Is not currently making contributions to ASRS.

(d) Has not withdrawn contributions from ASRS.

17. "Interest" means the assumed actuarial investment earnings rate approved by the board.

18. "Internal revenue code" means the United States internal revenue code of 1986, as amended.

19. "Investment management" means the persons, companies, banks, insurance company investment funds, mutual fund companies, management or any combinations of those entities that are appointed by ASRS and that have responsibility and authority for investment of the monies of ASRS.

20. "Late retirement" means retirement after normal retirement.

21. "Leave of absence" means any unpaid leave authorized by the employer, including leaves authorized for sickness or disability or to pursue education or training.

22. "Life annuity" means equal monthly installments payable during the member's lifetime after retirement.

23. "Member":

(a) Means any employee of an employer on the effective date.

(b) Means all employees of an employer who are eligible for membership pursuant to section 38-727 and who are engaged to work at least twenty weeks in each fiscal year and at least twenty hours each week.

(c) Means any person receiving a benefit under ASRS.

(d) Means any person who is a former active member of ASRS and who has not withdrawn contributions from ASRS pursuant to section 38-740.

(e) Does not include any employee of an employer who is otherwise eligible pursuant to this article and who begins service in a limited appointment for not more than eighteen months on or after July 1, 1979. If the employment exceeds eighteen months, the employee shall be covered by ASRS as of the beginning of the nineteenth month of employment. In order to be excluded under this subdivision, classifications of employees designated by employers as limited appointments must be approved by the director.

(f) Does not include any leased employee. For the purposes of section 414(n) of the internal revenue code, "leased employee" means an individual who:

(i) Is not otherwise an employee of an employer.

(ii) Pursuant to a leasing agreement between the employer and another person, performs services for the employer on a substantially full-time basis for at least one year.

(iii) Performs services under the primary direction or control of the employer.

24. "Member contributions" means all amounts paid to ASRS by a member.

25. "Normal costs" means the sum of the individual normal costs for all active members for each fiscal year. The normal cost for an individual active member is the cost that is assigned to the fiscal year using the projected unit credit method.

26. "Normal retirement age" means the age at which a member reaches the member's normal retirement date.

27. "Normal retirement date" means the earliest of the following:

(a) A member's sixty-fifth birthday.

(b) A member's sixty-second birthday and completion of at least ten years of credited service.

(c) The first day that the sum of a member's age and years of total credited service equals eighty.

28. "Political subdivision" means any political subdivision of this state and includes a political subdivision entity.

29. "Political subdivision entity" means an entity:

(a) That is located in this state.

(b) That is created in whole or in part by political subdivisions, including instrumentalities of political subdivisions.

(c) Where a majority of the membership of the entity is composed of political subdivisions.

(d) Whose primary purpose is the performance of a government related service.

30. "Retired member" means a member who is receiving retirement benefits pursuant to this article.

31. "Service year" means fiscal year, except that:

(a) If the normal work year required of a member is less than the full fiscal year but is for a period of at least nine months, the service year is the normal work year.

(b) For a salaried member employed on a contract basis under one contract, or two or more consecutive contracts, for a total period of at least nine months, the service year is the total period of the contract or consecutive contracts.

(c) In determining average monthly compensation pursuant to paragraph 5 of this section, the service year is considered to be twelve months of compensation.

32. "State" means this state, including any department, office, board, commission, agency, institution or other instrumentality of this state.

33. "Vested" means that a member is eligible to receive a future retirement benefit.

Sec. 3. Section 38-715, Arizona Revised Statutes, is amended to read:

38-715. Director; powers and duties

A. The board shall appoint a director. The term of the director is one year and expires on June 30. On expiration of a director's term, the board may reappoint the director for another term. The board may remove the director at any time for cause.

B. The director shall appoint a deputy director and assistant directors with the approval of the board.

C. The director, under the supervision of the board, shall:

1. Administer this article, except the investment powers and duties of investment management.

2. Hire employees and services the director deems necessary and prescribe their duties.

3. Prescribe procedures to be followed by members and their beneficiaries in filing applications for benefits.

4. Be responsible for:

(a) Income and the collection of income and the accuracy of all expenditures.

(b) Maintaining books and maintaining and processing records of ASRS.

(c) The investment of temporary surplus monies only in obligations of the United States government or agencies whose obligations are guaranteed by the United States government, commercial paper or banker's acceptances for a term of not more than fifteen days.

(d) Providing continuing education programs for the board to keep the board members informed of current issues and information needed to carry out their duties.

5. Perform additional powers and duties as may be prescribed by the board and delegated to the director.

D. The director, under the supervision and approval of the board, may:

1. Delegate duties and responsibilities to such state departments as the director deems feasible and desirable to administer this article.

2. Appoint a custodian for the safekeeping of all investments owned by ASRS and register stocks, bonds and other investments in the name of a nominee.

3. Invest marketable securities owned by ASRS by entering into security loan agreements with one or more security lending entities. For the purpose of this paragraph:

(a) "Marketable securities" means securities that are freely and regularly traded on recognized exchanges or marketplaces.

(b) "Security loan agreement" means a written contract under which ASRS, as lender, agrees to lend specific marketable securities for a period of not more than one year. ASRS, under a security loan agreement, shall retain the right to collect from the borrower all dividends, interest, premiums and rights and any other distributions to which ASRS otherwise would have been entitled. During the term of a security loan agreement ASRS shall waive the right to vote the securities that are the subject of the agreement. A security loan agreement shall provide for termination by either party on terms mutually acceptable to the parties. The borrower shall deliver collateral to ASRS or its designated representative. At all times during the term of any security loan agreement the collateral shall be in an amount equal to at least one hundred per cent of the market value of the loaned securities. A security loan agreement shall provide for payment of additional collateral on a daily basis, or at such other less frequent intervals as the value of the loaned securities increases. A security loan agreement with a security lending entity shall contain the terms and conditions of the fees to be paid to a security lending entity for servicing the security loan agreement. ASRS shall pay the fees approved by the board to the security lending entity for servicing a security loan agreement from the revenues of the security lending program.

4. Establish one or more reserve holding accounts, into which the board shall close periodically the account balances of inactive accounts. If any person files a claim and furnishes proof of ownership of any amounts in any inactive account the claim shall be paid from the reserve holding account on the same basis as if no action had been taken under this paragraph.

Interest and supplemental credits shall be allocated to each reserve holding account on June 30 of each year, as determined by the board. For the purposes of this paragraph, "inactive account" means an account to which contributions have not been paid for six months or more.

5. Make retirement under this article effective retroactively to on or after the day following the date employment is terminated if the member was unable to apply before the retroactive effective date through no fault of the member.

E. The director, under supervision of the governing committee for tax deferred annuity and deferred compensation plans, may hire and supervise employees and obtain services the director deems necessary to administer article 5 of this chapter. The tax deferred annuity and deferred compensation programs established pursuant to article 5 of this chapter shall bear the costs for these employees and services.

F. The director and all persons employed by the director ~~shall be compensated as determined pursuant~~ ARE NOT SUBJECT to section 38-611 OR TITLE 41, CHAPTER 4, ARTICLE 5 OR 6.

Sec. 4. Section 38-730, Arizona Revised Statutes, is amended to read:

38-730. Charter city or ASRS retirement service credits; transfers

A. On application the retirement service credits of an employee of a charter city that is not an employer under ASRS or an employee of an employer that is an employer under ASRS whose job functions are shifted by law from one employer jurisdiction to another shall be transferred to the retirement system of the new employer.

B. An employee of a charter city that is not an employer under ASRS or an employee of an employer that is an employer under ASRS who becomes employed by the other employer jurisdiction may apply to have the employee's retirement service credits transferred to the retirement system of the new employer. The retirement service credits of an employee of a charter city that is not an employer under ASRS shall not be transferred unless the governing body of that city approves the transfer. The retirement service credits of an employee of an employer that is an employer under ASRS shall not be transferred unless the board approves the transfer.

C. The retirement system that transfers the retirement service credits shall pay to the retirement system of the new employer an amount equal to the present value, as of the date of the transfer, of all benefits generated by the transferred service credits in the retirement system of the new employer as determined by the governing board of the retirement system of the new employer. The amount of any payment under this subsection shall include the accumulated retirement contributions of the employee whose retirement service credits are transferred.

D. The accumulated retirement contributions of an employee whose retirement service credits are transferred that are paid to the retirement

system of the new employer shall not be withdrawn by the employee unless the employee's employment terminates.

E. THE RETIREMENT SYSTEM TO WHICH THE EMPLOYEE IS TRANSFERRING SHALL NOT APPLY SERVICE CREDITS TO THE EMPLOYEE'S ACCOUNT UNTIL SUCH TIME AS COMPLETE PAYMENT IS MADE TO THE RETIREMENT SYSTEM TO WHICH THE EMPLOYEE IS TRANSFERRING. ON COMPLETION OF THE TRANSFER PROVIDED FOR IN THIS SECTION, THE EMPLOYEE'S RIGHTS IN THE RETIREMENT SYSTEM FROM WHICH THE EMPLOYEE IS TRANSFERRING ARE EXTINGUISHED.

Sec. 5. Section 38-743, Arizona Revised Statutes, is amended to read:

38-743. Public service credit

A. If an active member of ASRS or a member who is receiving benefits pursuant to section 38-797.07 was previously employed by the United States government, a state, TERRITORY, COMMONWEALTH, OVERSEAS POSSESSION OR INSULAR AREA of the United States or a political subdivision of a state, TERRITORY, COMMONWEALTH, OVERSEAS POSSESSION OR INSULAR AREA of the United States, excluding any time worked for a prison while the member was incarcerated, the member may receive credited service for this prior employment if the member pays into ASRS the amount prescribed in subsection B of this section.

B. A member who elects to receive credit for service with the United States government, a state, TERRITORY, COMMONWEALTH, OVERSEAS POSSESSION OR INSULAR AREA of the United States or a political subdivision of a state, TERRITORY, COMMONWEALTH, OVERSEAS POSSESSION OR INSULAR AREA of the United States shall pay to ASRS an amount equal to the present value of the additional benefit that is derived from the purchased credited service using the actuarial assumptions that are approved by the board.

C. A member who previously was a member of another public employee retirement system and who receives or is eligible to receive retirement benefits from that system for any period of employment is ineligible to receive retirement benefits from ASRS for the same period.

D. BEGINNING JULY 1, 2010, A MEMBER SHALL HAVE AT LEAST FIVE YEARS OF CREDITED SERVICE IN ASRS BEFORE ELECTING TO RECEIVE CREDIT FOR SERVICE PURSUANT TO THIS SECTION.

Sec. 6. Section 38-744, Arizona Revised Statutes, is amended to read:

38-744. Leave of absence; credit for leave without pay

A. If an active member of ASRS or a member who is receiving benefits pursuant to section 38-797.07 is officially granted a leave of absence from employment without pay and returns to employment with the same employer, unless employment could not be resumed because of disability or nonavailability of a position, the member may elect to be credited with service for retirement purposes for not more than one year of the leave by paying to ASRS the amounts as provided in subsection B of this section, if the member has not withdrawn contributions from ASRS and the member's employer has certified that the leave of absence benefits or is in the best interests of the employer.

B. A member who elects to be credited with a leave period as provided in subsection A of this section shall pay to ASRS an amount equal to the present value of the additional benefit that is derived from the purchased credited service using the actuarial assumptions that are approved by the board.

C. BEGINNING JULY 1, 2010, A MEMBER SHALL HAVE AT LEAST FIVE YEARS OF CREDITED SERVICE IN ASRS BEFORE ELECTING TO RECEIVE CREDIT FOR SERVICE PURSUANT TO THIS SECTION.

~~C.~~ D. For the purposes of subsection A of this section, each employer shall adopt rules establishing guidelines for a leave of absence that benefits or is in the best interests of the employer.

Sec. 7. Section 38-745, Arizona Revised Statutes, as amended by Laws 2007, chapter 244, section 1, is amended to read:

38-745. Credit for military service

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

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

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

3. BEGINNING JULY 1, 2010, A MEMBER HAS AT LEAST FIVE YEARS OF CREDITED SERVICE IN ASRS.

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

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

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

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

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

4. One of the following occurs:

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

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

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

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

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

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

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

3. One year after the date of disability.

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

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

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

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

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

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

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

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

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

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

Sec. 8. Repeal

Section 38-745, Arizona Revised Statutes, as amended by Laws 2007, chapter 244, section 2, is repealed.

Sec. 9. Title 38, chapter 5, article 2, Arizona Revised Statutes, is amended by adding section 38-748, to read:

38-748. Employer payment for ineligible persons; definitions

A. IF AN EMPLOYER PAYS CONTRIBUTIONS ON BEHALF OF ANY PERSON WHO IS NOT ELIGIBLE BY STATUTE FOR ASRS MEMBERSHIP AND EITHER ASRS OR A COURT DETERMINES THAT ASRS IS LEGALLY OBLIGATED TO PROVIDE THAT PERSON WITH ANY BENEFIT OR CREDIT UNDER THIS ARTICLE OR ARTICLE 2.1 OF THIS CHAPTER, THE EMPLOYER SHALL PAY TO ASRS ANY UNFUNDED LIABILITY RESULTING FROM THE PROVISION OF BENEFITS OR CREDIT TO THE PERSON.

B. IF THE EMPLOYER DOES NOT REMIT FULL PAYMENT OF THE UNFUNDED LIABILITY PURSUANT TO SUBSECTION A OF THIS SECTION WITHIN NINETY DAYS AFTER BEING NOTIFIED BY ASRS OF THE AMOUNT DUE, THE UNPAID AMOUNT ACCRUES INTEREST UNTIL THE AMOUNT IS PAID IN FULL.

C. CREDITED SERVICE CEASES TO ACCRUE AS OF THE DATE THAT ASRS OR A COURT FIRST DETERMINES THAT ASRS IS LEGALLY OBLIGATED TO PROVIDE ANY BENEFIT OR CREDIT TO THE PERSON.

D. IF THE AMOUNT IN THE PERSON'S ASRS ACCOUNT IS GREATER THAN THE PRESENT VALUE OF THE BENEFIT OR CREDIT, ASRS SHALL RETAIN THE ENTIRE ACCOUNT AND SHALL NOT BE REQUIRED TO REFUND, CREDIT OR OFFSET ANY EXCESS AGAINST FUTURE CONTRIBUTIONS.

E. THIS SECTION APPLIES TO AN EMPLOYER THAT EMPLOYS, EITHER DIRECTLY OR INDIRECTLY, A PERSON WHO PERFORMS SERVICES FOR A THIRD-PARTY ORGANIZATION AND THAT DOES NOT HAVE A WRITTEN REPRESENTATION BY ASRS OF THE PERSON'S ELIGIBILITY.

F. FOR THE PURPOSES OF THIS SECTION:

1. "AMOUNT IN THE PERSON'S ASRS ACCOUNT" MEANS TWO TIMES THE PERSON'S RETIREMENT CONTRIBUTIONS MADE PURSUANT TO SECTION 38-736:

(a) PLUS:

(i) INTEREST ON THE PERSON'S RETIREMENT CONTRIBUTIONS MADE PURSUANT TO SECTION 38-736.

(ii) ANY CONTRIBUTIONS MADE FOR THE PURCHASE OF SERVICE CREDITS PURSUANT TO SECTION 38-742, 38-743, 38-744 OR 38-745.

(iii) INTEREST ON THE AMOUNT CONTRIBUTED FOR THE PURCHASE OF SERVICE CREDITS PURSUANT TO SECTION 38-742, 38-743, 38-744 OR 38-745.

(b) MINUS ANY AMOUNTS PAID BY ASRS PURSUANT TO THIS ARTICLE OR ARTICLE 2.1 OF THIS CHAPTER.

2. "INTEREST" MEANS THE INTEREST RATE ASSUMPTION THAT IS APPROVED BY ASRS FOR ACTUARIAL EQUIVALENCY.

3. "UNFUNDED LIABILITY" MEANS THE AMOUNT, IF ANY, THAT THE PRESENT VALUE OF THE PERSON'S BENEFIT OR CREDIT, USING THE ACTUARIAL ASSUMPTIONS APPROVED BY ASRS, EXCEEDS THE AMOUNT IN THE PERSON'S ASRS ACCOUNT CALCULATED AS OF THE DATE THAT ASRS OR A COURT FIRST DETERMINES THAT ASRS IS LEGALLY OBLIGATED TO PROVIDE ANY BENEFIT OR CREDIT TO THE PERSON.

Sec. 10. Section 38-749, Arizona Revised Statutes, is amended to read:

38-749. <u>Employer termination incentive program; employer payment of actuarial cost; definition</u>

A. If a termination incentive program that is offered by an employer results in an actuarial unfunded liability to ASRS, the employer shall pay to ASRS the amount of the unfunded liability. ASRS shall determine the amount of the unfunded liability in consultation with its actuary.

B. An employer shall notify ASRS if the employer plans to implement a termination incentive program that may affect ASRS funding.

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

D. For the purposes of this section, "termination incentive program":

1. Means a total increase in compensation of thirty per cent or more that is given to a member in any one or more years ~~of the last three years~~ before termination THAT ARE USED TO CALCULATE THE MEMBER'S AVERAGE MONTHLY COMPENSATION if that increase in compensation is used to calculate the member's retirement benefit and that increase in compensation is not attributed to a~~:~~

~~(a)~~ promotion.

~~(b) Reclassification of the position.~~

~~(c) Merit or a cost of living increase~~.

2. Means ANYTHING OF VALUE, INCLUDING any monies, credited service or points that the employer provides to OR ON BEHALF OF a member ~~in exchange for a~~ THAT IS CONDITIONED ON THE member's ~~written agreement to terminate on or before a date certain~~ TERMINATION EXCEPT FOR~~:~~

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

~~(a) Compensation for~~ accrued vacation~~.~~

~~(b) Compensation for accrued~~, sick leave~~.~~

~~(c)~~ OR compensatory time UNLESS THE PAYMENT IS ENHANCED BEYOND THE EMPLOYER'S CUSTOMARY PAYMENT.

Sec. 11. Section 38-757, Arizona Revised Statutes, is amended to read:

38-757. Normal retirement

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

B. Except as provided in section 38-768 ~~and subsection C of this section~~, a member who meets the requirements for retirement benefits at normal retirement shall receive a monthly life annuity that equals the result of paragraph 1 multiplied by paragraph 2 when those paragraphs are defined as follows:

1. The number of whole and fractional years of credited service times the following:

(a) 2.10 per cent if the member does not have more than 19.99 years of credited service.

(b) 2.15 per cent if the member has at least 20.00 years of credited service but not more than 24.99 years of credited service.

(c) 2.20 per cent if the member has at least 25.00 years of credited service but not more than 29.99 years of credited service.

(d) 2.30 per cent if the member has at least 30.00 years of credited service.

2. The member's average monthly compensation.

~~C. For a person who becomes a member on or after the effective date of this amendment to this section, the amount of a member's monthly life annuity computed pursuant to subsection B of this section shall not be more than eighty per cent of the member's average monthly compensation. This limitation does not preclude benefit increases pursuant to section 38-767.~~

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

Sec. 12. Section 38-762, Arizona Revised Statutes, is amended to read:

38-762. Survivor benefits before retirement; definition

A. On the ~~termination of employment by~~ death of any active or inactive member before retirement, the designated beneficiary of the member shall be paid a survivor benefit equal to the sum of both of the following:

1. Two times the member's contribution and interest to the defined benefit plan established by this article for credited service that a member earned by working for an employer, plus all contributions and interest made for the purchase of military service, leave without pay or other public service credit.

2. The amount of the member's employee account and the member's employer account together with supplemental credits, if any, transferred from the defined contribution program administered by ASRS to the defined benefit program established by this article.

B. Subsection A, paragraphs 1 and 2 of this section shall be accumulated at compound interest at a rate determined by the board through the day of the payment of the benefit.

C. In lieu of a single payment, a designated beneficiary who is eligible for a survivor benefit pursuant to subsection A of this section of more than five thousand dollars may elect to receive the actuarial equivalent of the survivor benefit pursuant to one of the following options:

1. A monthly income for five, ten or fifteen years certain and for life thereafter.

2. Another form of optional benefits approved by the board.

D. On the death of an active or inactive member who has reached an early retirement date applicable to the member or who has a minimum of fifteen years of credited service and whose designated beneficiary is a spouse, child under the age of twenty-one or handicapped child age twenty-one or older, including a legally adopted child or a stepchild, ASRS shall pay the designated beneficiary a survivor benefit equal to the present value, on the date following the date of the member's death, of the life annuity that would have been payable to the designated beneficiary if the member had retired on the date of the member's death and elected to receive an annuity in the form of a joint and survivor annuity providing the same amount of annuity to the surviving beneficiary as the reduced amount that would have been payable during the lifetime of the member. If there is more than one designated beneficiary under this subsection, ASRS shall determine the amount of the annuity and its present value as if the oldest of the beneficiaries was the sole beneficiary. Payment under this subsection shall be in lieu of, but not less than, any payment under subsection A of this section. Payment under this subsection, at the election of the designated beneficiary, may be made in a single sum or may be made in accordance with subsection C of this section. A beneficiary may not elect this option unless a benefit of twenty-five dollars or more per month is payable to the designated beneficiary or the designated beneficiary's estate.

E. If a member dies before distribution of the member's benefits commences, the member's entire benefits shall be distributed within the required distribution provisions of section 401(a)(9) of the internal revenue code and the regulations that are issued under that section by the United States secretary of the treasury as prescribed in section 38-775.

F. If a deceased member did not designate a beneficiary or the beneficiary named by a member predeceases the member, ASRS shall pay the member's survivor benefit to the following persons in the following order of priority:

1. The member's surviving spouse.

2. The member's surviving children, including adopted children, in equal shares.

3. The member's surviving parents in equal shares.

4. The member's estate.

G. Any payment pursuant to this section is payment for the account of the member or the member's beneficiary and all persons entitled to payment and, to the extent of the payment, is a full and complete discharge of all liability of the board or ASRS, or both, under or in connection with ASRS.

H. For the purposes of this section, "designated beneficiary" means any individual designated by the member as the member's beneficiary.

Sec. 13. Section 38-766, Arizona Revised Statutes, is amended to read:

38-766. Retired members; return to work; suspension of benefits; exceptions; maximum benefit

A. A retired member who is engaged to work by an employer for at least twenty weeks in each fiscal year and at least twenty hours per week resumes active membership in ASRS. ASRS shall suspend payment of the member's retirement benefits until the member either:

1. Terminates employment AND FILES AN APPLICATION FOR RERETIREMENT ON A FORM THAT IS APPROVED BY THE DIRECTOR.

2. Attains a normal retirement date, ~~and~~ no longer meets the requirements for active membership pursuant to this subsection AND FILES AN APPLICATION FOR RERETIREMENT ON A FORM THAT IS APPROVED BY THE DIRECTOR.

B. A member who satisfies subsection A, paragraph 1 or 2 of this section is entitled to receive an annuity recomputed to include the additional compensation and credited service. However, the recomputed annuity shall be in the original optional form chosen pursuant to section 38-760, with the same beneficiary, if applicable, as when the member first retired, UNLESS THE MEMBER HAS RESUMED ACTIVE MEMBERSHIP FOR AT LEAST SIXTY CONSECUTIVE MONTHS. A member who retired under a provision of law allowing increased benefits if the retirement occurred during a specific period of time and who subsequently becomes an employee under ASRS shall not retain the increased benefits under the prior law when benefits are computed for the member's most recent retirement.

C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, ASRS SHALL NOT SUSPEND THE PAYMENT OF RETIREMENT BENEFITS IF A RETIRED MEMBER BEGINS OR RETURNS TO EMPLOYMENT WITH AN EMPLOYER IN A POSITION THAT SATISFIES ALL OF THE FOLLOWING:

1. RESULTS IN A TRUE CHANGE IN POSITION, JOB DUTIES AND JOB TITLE FROM THE POSITION OCCUPIED BY THE MEMBER BEFORE ASRS RETIREMENT.

2. EITHER:

(a) REQUIRES PARTICIPATION IN ANOTHER STATE RETIREMENT SYSTEM, PLAN OR PROGRAM AND THE RETIRED MEMBER MAKES CONTRIBUTIONS OR WAIVES PARTICIPATION PURSUANT TO SECTION 38-804, SUBSECTION A.

(b) PERMITS A MEMBER TO ELECT TO PARTICIPATE IN ANOTHER STATE RETIREMENT SYSTEM, PLAN OR PROGRAM AND THE MEMBER MAKES SUCH AN ELECTION.

3. DOES NOT REQUIRE MEMBERSHIP IN THE DEFINED BENEFIT PLAN ESTABLISHED BY THIS ARTICLE.

D. A RETIRED MEMBER WHO RETURNS TO WORK PURSUANT TO SUBSECTION C OF THIS SECTION DOES NOT ACCRUE CREDITED SERVICE, MEMBER SERVICE AS PROVIDED IN SECTION 15-1628, SUBSECTION B, PARAGRAPH 4, ADDITIONAL ACCOUNT BALANCES, RETIREMENT BENEFITS OR LONG-TERM DISABILITY PROGRAM BENEFITS PURSUANT TO ARTICLE 2.1 OF THIS CHAPTER FOR THE PERIOD THE RETIRED MEMBER RETURNS TO WORK. THE PERIOD THE RETIRED MEMBER RETURNS TO WORK IS NOT ELIGIBLE FOR PURCHASE UNDER SECTION 38-743 OR 38-744.

~~C.~~ E. Section 38-769, subsection L applies when determining the maximum benefit that may be paid to a retired member who resumes active membership and subsequently retires.

Sec. 14. Section 38-766.01, Arizona Revised Statutes, is amended to read:

38-766.01. Retired members; return to work; employer contribution payments; definitions

A. Notwithstanding section 38-766, AT A RETIRED MEMBER'S ELECTION, a retired member may return to work and still be eligible to receive retirement benefits if all of the following requirements are satisfied:

1. The retired member has attained the member's normal retirement age.

2. The retired member terminated employment at least twelve months before returning to work.

~~3. If the retired member returns to work as a teacher, the retired member is working as a certificated teacher.~~

~~4.~~ 3. If the retired member returns to work as a teacher, the retired member's employment is not subject to the requirements prescribed in sections 15-538, 15-538.01 and 15-539 through 15-543.

~~5. The retired member acknowledges in writing the provisions of this section.~~

B. A RETIRED MEMBER'S ELECTION TO RETURN TO WORK UNDER THIS SECTION IS IRREVOCABLE FOR THE REMAINDER OF THE RETIRED MEMBER'S EMPLOYMENT FOR WHICH THE RETIREE MADE THE ELECTION.

C. THE RETIRED MEMBER SHALL ACKNOWLEDGE THIS SECTION IN WRITING AND FILE THE ACKNOWLEDGEMENT WITH THE EMPLOYER WITHIN THIRTY DAYS OF RETURNING TO WORK.

~~B.~~ D. An employer of a retired member who returns to work pursuant to this section shall not pay contributions on behalf of the retired member pursuant to section 38-736, 38-737 or 38-797.05.

E. A retired member who returns to work pursuant to this section does not accrue credited service, MEMBER SERVICE AS PROVIDED IN SECTION 15-1628, SUBSECTION B, PARAGRAPH 4, ADDITIONAL ACCOUNT BALANCES, retirement benefits or long-term disability program benefits pursuant to article 2.1 of this chapter for the period the retired member returns to work. THE PERIOD THE RETIRED MEMBER RETURNS TO WORK IS NOT ELIGIBLE FOR PURCHASE UNDER SECTION 38-743 OR 38-744.

Sec. 15. Section 38-783, Arizona Revised Statutes, is amended to read:

38-783. Retired members; dependents; health insurance; premium payment; separate account; definitions

A. Subject to subsections ~~J, K and L~~ G, H AND I of this section, the board shall pay from ASRS assets part of the single coverage premium of any health and accident insurance for each retired, contingent annuitant or disabled member of ASRS if the member elects to participate in the coverage provided by ASRS or section 38-651.01 or elects to participate in a health and accident insurance program provided or administered by an employer or paid for, in whole or in part, by an employer to an insurer. A contingent annuitant must be receiving a monthly retirement benefit from ASRS in order to obtain any premium payment provided by this section. The board shall pay:

1. Up to one hundred fifty dollars per month for a member of ASRS who is not eligible for medicare if the retired or disabled member has ten or more years of credited service.

2. Up to one hundred dollars per month for each member of ASRS who is eligible for medicare if the retired or disabled member has ten or more years of credited service.

B. Subject to subsections ~~J, K and L~~ G, H AND I of this section, the board shall pay from ASRS assets part of the family coverage premium of any health and accident insurance for a retired, contingent annuitant or disabled member of ASRS who elects family coverage and who otherwise qualifies for payment pursuant to subsection A of this section. If a member of ASRS and the member's spouse are both either retired or disabled under ASRS and apply for family coverage, the member who elects family coverage is entitled to receive the payments under this section as if they were both applying under a single coverage premium unless the payment under this section for family coverage is greater. Payment under this subsection is in the following amounts:

1. Up to two hundred sixty dollars per month if the member of ASRS and one or more dependents are not eligible for medicare.

2. Up to one hundred seventy dollars per month if the member of ASRS and one or more dependents are eligible for medicare.

3. Up to two hundred fifteen dollars per month if either:

(a) The member of ASRS is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare.

C. In addition each retired, contingent annuitant or disabled member of ASRS with less than ten years of credited service and a dependent of such a retired, contingent annuitant or disabled member who elects to participate in the coverage provided by ASRS or section 38-651.01 or who elects to participate in a health and accident insurance program provided or administered by an employer or paid for, in whole or in part, by an employer to an insurer is entitled to receive a proportion of the full benefit

prescribed by subsection A~~,~~ OR B~~, E, F, O or P~~ of this section according to the following schedule:

1. 9.0 to 9.9 years of credited service, ninety per cent.
2. 8.0 to 8.9 years of credited service, eighty per cent.
3. 7.0 to 7.9 years of credited service, seventy per cent.
4. 6.0 to 6.9 years of credited service, sixty per cent.
5. 5.0 to 5.9 years of credited service, fifty per cent.
6. Those with less than five years of credited service do not qualify for the benefit.

D. The board shall not pay more than the amount prescribed in this section for a member of ASRS.

~~E. In addition to the payments provided by subsection A of this section, through June 30, 2005, the board shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:~~

~~1. Up to three hundred dollars per month for a member of ASRS who is not eligible for medicare if the retired or disabled member has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member of ASRS shall pay out-of-pocket medical insurance premiums of at least one hundred twenty-five dollars per month.~~

~~2. Up to one hundred seventy dollars per month for a member of ASRS who is eligible for medicare if the retired or disabled member has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member of ASRS shall pay out-of-pocket medical insurance premiums of at least one hundred dollars per month.~~

~~F. In addition to the payments provided by subsection B of this section, through June 30, 2005, the board shall pay from ASRS assets part of the family coverage premium for medical coverage, not including limited benefit coverage as defined in section 20-1137, for a retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection B of this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to six hundred dollars per month if the member of ASRS and one or more dependents are not eligible for medicare and the retired or disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay out-of-pocket medical insurance premiums of at least four hundred twenty five dollars per month.~~

~~2. Up to three hundred fifty dollars per month if the member of ASRS and one or more dependents are eligible for medicare and the retired or disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay~~

~~out-of-pocket medical insurance premiums of at least two hundred dollars per month.~~

~~3. If the retired or disabled member of ASRS has ten or more years of credited service, up to four hundred seventy dollars per month if either:~~

~~(a) The member of ASRS is not eligible for medicare and one or more dependents are eligible for medicare.~~

~~(b) The member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare.~~

~~To qualify for this additional benefit, a retired or disabled member shall pay out-of-pocket medical insurance premiums of at least four hundred dollars per month.~~

~~G. A retired, contingent annuitant or disabled member of ASRS who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E, F, O or P of this section.~~

~~H.~~ E. A retired, contingent annuitant or disabled member of ASRS may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired or disabled member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired or disabled member.

~~I.~~ F. The board shall establish a separate account that consists of the benefits provided by this section. The board shall not use or divert any part of the corpus or income of the account for any purpose other than the provision of benefits under this section unless the liabilities of ASRS to provide the benefits are satisfied. If the liabilities of ASRS to provide the benefits described in this section are satisfied, the board shall return any amount remaining in the account to the employer.

~~J.~~ G. Payment of the benefits provided by this section is subject to the following conditions:

1. The payment of the benefits is subordinate to the payment of retirement benefits payable by ASRS.

2. The total of contributions for the benefits and actual contributions for life insurance protection, if any, shall not exceed twenty-five per cent of the total actual employer and employee contributions to ASRS, less contributions to fund past service credits, after the day the account is established.

3. The board shall deposit the benefits provided by this section in the account.

4. The contributions by the employer to the account shall be reasonable and ascertainable.

~~K.~~ H. A member who elects to receive a retirement benefit pursuant to section 38-760, subsection B, paragraph 1 may elect at the time of retirement an optional form of health and accident insurance premium benefit payment pursuant to this subsection as follows:

1. The optional premium benefit payment shall be an amount prescribed by subsection A, B~~,~~ OR C~~, E, F, O or P~~ of this section that is actuarially reduced to the retiring member for life. The amount of the optional premium benefit payment shall be the actuarial equivalent of the premium benefit payment to which the retired member would otherwise be entitled. The election in a manner prescribed by the board shall name the contingent annuitant and may be revoked at any time before the retiring member's effective date of retirement. At any time after benefits have commenced, the member may name a different contingent annuitant or rescind the election by written notice to the board as follows:

(a) If the retired member names a different contingent annuitant, the optional premium benefit payment shall be adjusted to the actuarial equivalent of the original premium benefit payment based on the age of the new contingent annuitant. The adjustment shall include all postretirement increases or decreases in amounts prescribed by subsection A, B~~,~~ OR C~~, E, F, O or P~~ of this section that are authorized by law after the retired member's date of retirement. Payment of this adjusted premium benefit payment shall continue under the provisions of the optional premium benefit payment previously elected by the retired member. A retired member cannot name a different contingent annuitant if the retired member has at any time rescinded the optional form of health and accident insurance premium benefit payment.

(b) If the retired member rescinds the election, the retired member shall thereafter receive the premium benefit payment that the retired member would otherwise be entitled to receive if the retired member had not elected the optional premium benefit payment, including all postretirement increases or decreases in amounts prescribed by subsection A, B~~,~~ OR C~~, E, F, O or P~~ of this section that are authorized by law after the member's date of retirement. The increased benefit payment shall continue during the remainder of the retired member's lifetime. The decision to rescind shall be irrevocable.

2. If, at the time of the retired member's death:

(a) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section and the contingent annuitant is eligible for family health and accident insurance coverage, the contingent annuitant is entitled to receive a premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section times the reduction factor applied to the retired member's premium benefit payment times the joint and survivor option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 1.

(b) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section and the contingent annuitant is eligible for single health and accident insurance coverage, the contingent annuitant is entitled to receive a premium

benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section times the reduction factor applied to the retired member's premium benefit payment times the joint and survivor option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 1.

(c) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section and the contingent annuitant is not eligible for family health and accident insurance coverage, the contingent annuitant is entitled to receive a premium benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section times the reduction factor applied to the retired member's premium benefit payment times the joint and survivor option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 1.

~~L.~~ I. A member who elects to receive a retirement benefit pursuant to section 38-760, subsection B, paragraph 2 may elect at the time of retirement an optional form of health and accident insurance premium benefit payment pursuant to this subsection as follows:

1. The optional premium benefit payment shall be an amount prescribed by subsection A, B~~,~~ OR C~~, E, F, O or P~~ of this section that is actuarially reduced with payments for five, ten or fifteen years that are not dependent on the continued lifetime of the retired member but whose payments continue for the retired member's lifetime beyond the five, ten or fifteen year period. The election in a manner prescribed by the board shall name the contingent annuitant and may be revoked at any time before the retiring member's effective date of retirement. At any time after benefits have commenced, the member may name a different contingent annuitant or rescind the election by written notice to the board. If the retired member rescinds the election, the retired member shall thereafter receive the premium benefit payment that the retired member would otherwise be entitled to receive if the retired member had not elected the optional premium benefit payment, including all postretirement increases or decreases in amounts prescribed by subsection A, B~~,~~ OR C~~, E, F, O or P~~ of this section that are authorized by law after the member's date of retirement. The increased benefit payment shall continue during the remainder of the retired member's lifetime. The decision to rescind shall be irrevocable.

2. If, at the time of the retired member's death:

(a) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section and the contingent annuitant is eligible for family health and accident insurance coverage, the contingent annuitant is entitled to receive a premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section times the period certain and life option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 2.

(b) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section and the contingent annuitant is eligible for single health and accident insurance coverage, the contingent annuitant is entitled to receive a premium benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section times the period certain and life option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 2.

(c) The retired member was receiving a reduced premium benefit payment based on an amount prescribed in subsection B~~,~~ OR C~~, F or P~~ of this section and the contingent annuitant is not eligible for family health and accident insurance coverage, the contingent annuitant is entitled to receive a premium benefit payment based on an amount prescribed in subsection A~~,~~ OR C~~, E or O~~ of this section times the period certain and life option reduction factor elected by the retired member at the time of retirement pursuant to section 38-760, subsection B, paragraph 2.

~~M.~~ J. If, at the time of retirement, a retiring member does not elect to receive a reduced premium benefit payment pursuant to subsection ~~K or L~~ H OR I of this section, the retired member's contingent annuitant is not eligible at any time for the optional premium benefit payment.

~~N.~~ K. A contingent annuitant is not eligible for any premium benefit payment if the contingent annuitant was not enrolled in an eligible health and accident insurance plan at the time of the retired member's death or if the contingent annuitant is not the dependent beneficiary or insured surviving dependent as provided in section 38-782.

~~O. In addition to the payments provided by subsection A of this section, beginning July 1, 2005 through June 30, 2009, the board shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each medicare eligible retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area of up to one hundred seventy dollars per month for a member of ASRS who is eligible for medicare if the retired or disabled member has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member of ASRS shall pay out of pocket medical insurance premiums of at least one hundred dollars per month.~~

~~P. In addition to the payments provided by subsection B of this section, beginning July 1, 2005 through June 30, 2009, the board shall pay from ASRS assets part of the family coverage premium for medical coverage, not including limited benefit coverage as defined in section 20-1137, for a medicare eligible retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection B of this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to three hundred fifty dollars per month if the member of ASRS and one or more dependents are eligible for medicare and the retired or disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least two hundred dollars per month.~~

~~2. If the retired or disabled member of ASRS has ten or more years of credited service, up to four hundred seventy dollars per month if the member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least four hundred dollars per month.~~

~~Q.~~ L. For the purposes of this section:

1. "Account" means the separate account established pursuant to subsection ~~I~~ F of this section.

2. "Credited service" includes prior service.

~~3. "Nonservice area" means an area in this state in which ASRS pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or any employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired, contingent annuitant or disabled member of ASRS is eligible.~~

~~4.~~ 3. "Prior service" means service for this state or a political subdivision of this state before membership in the defined contribution program administered by ASRS.

Sec. 16. Section 38-797, Arizona Revised Statutes, is amended to read:

38-797. Definitions

In this article, unless the context otherwise requires:

1. "ASRS" means the Arizona state retirement system established by article 2 of this chapter.

2. "Assets" means the accumulated resources of the LTD program.

3. "Board" means the ASRS board established pursuant to section 38-713.

4. "Compensation" ~~means the gross amount paid to a member by an employer as salary or wages, including amounts that are subject to deferred compensation or tax shelter agreements, for services rendered to or for an employer, or that would have been paid to the member except for the member's election or a legal requirement that all or part of the gross amount be used for other purposes. Compensation does not include:~~

~~(a) Lump sum payments on termination of employment for accumulated vacation or annual leave, sick leave, compensatory time or any other form of termination pay whether the payments are made in one payment or by installments over a period of time.~~

~~(b) Damages, costs, attorney fees, interest or other penalties paid pursuant to a court order or a compromise settlement or agreement to satisfy a grievance or claim even though the amount of the payment is based in whole or in part on previous salary or wage levels, except that, if the court order or compromise settlement or agreement directs salary or wages to be paid for a specific period of time, the payment is compensation for that specific period of time.~~

~~(c) Payment, at the member's option, in lieu of fringe benefits that are normally paid for or provided by the employer.~~

~~(d) Merit awards pursuant to section 38-613 and performance bonuses paid to assistant attorneys general pursuant to section 41-192~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

5. "Depository" means a bank in which the monies of the LTD program are deposited and collateralized as provided by law.

6. "Employer" ~~means:~~

~~(a) This state.~~

~~(b) Participating political subdivisions~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

7. "Employer contributions" means all amounts paid into the LTD program by an employer.

8. "Fiscal year" ~~means the period from July 1 of any year to June 30 of the following year~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

9. "LTD program" means the long-term disability program established by this article.

10. "Member" has the same meaning prescribed in section 38-711.

11. "Monthly compensation" means one-twelfth of a member's annual compensation paid and payable in the fiscal year during which a member becomes disabled.

12. "Normal retirement date" ~~means the earliest of the following:~~

~~(a) A member's sixty-fifth birthday.~~

~~(b) A member's sixty-second birthday and completion of at least ten years of credited service.~~

~~(c) The first day that the sum of a member's age and years of total credited service equals eighty~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

13. "Political subdivision" ~~means any political subdivision of this state~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

14. "State" ~~means this state, including any department, office, board, commission, agency, institution or other instrumentality of this state~~ HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.

Sec. 17. Repeal

Section 38-797.06, Arizona Revised Statutes, is repealed.

Sec. 18. Title 38, chapter 5, article 2.1, Arizona Revised Statutes, is amended by adding a new section 38-797.06, to read:

38-797.06. Contribution rate; annual report

A. THE BOARD SHALL SELECT AN ACTUARY TO DETERMINE REQUIRED EMPLOYER CONTRIBUTIONS ON AN ANNUAL BASIS. THE ACTUARY SHALL BE A FELLOW OF THE SOCIETY OF ACTUARIES.

B. EMPLOYER CONTRIBUTIONS SHALL BE A PERCENTAGE OF COMPENSATION OF ALL EMPLOYEES OF THE EMPLOYERS, AS THE ASRS ACTUARY DETERMINES PURSUANT TO THIS SECTION. THE ACTUARY SHALL MAKE THIS DETERMINATION IN AN ANNUAL VALUATION PERFORMED AS OF JUNE 30. THE VALUATION AS OF JUNE 30 OF A CALENDAR YEAR SHALL DETERMINE THE PERCENTAGE TO BE APPLIED TO COMPENSATION FOR THE FISCAL YEAR BEGINNING JULY 1 OF THE FOLLOWING CALENDAR YEAR. THE ACTUARY SHALL DETERMINE THE TOTAL EMPLOYER CONTRIBUTION USING AN ACTUARIAL COST METHOD CONSISTENT WITH GENERALLY ACCEPTED ACTUARIAL STANDARDS. THE TOTAL EMPLOYER CONTRIBUTIONS SHALL BE EQUAL TO THE EMPLOYER NORMAL COST PLUS THE AMOUNT REQUIRED TO AMORTIZE THE PAST SERVICE FUNDING REQUIREMENT OVER A PERIOD CONSISTENT WITH GENERALLY ACCEPTED ACTUARIAL STANDARDS.

C. ALL CONTRIBUTIONS MADE BY THE EMPLOYER AND ALLOCATED TO THE LTD TRUST FUND ESTABLISHED BY SECTION 38-797.02 ARE IRREVOCABLE AND SHALL BE USED AS BENEFITS UNDER THIS ARTICLE OR TO PAY EXPENSES OF THE LTD PROGRAM.

D. ASRS SHALL PROVIDE A PRELIMINARY REPORT ON OR BEFORE NOVEMBER 30 OF THE VALUATION YEAR AND A FINAL REPORT ON OR BEFORE JANUARY 15 OF THE FOLLOWING YEAR TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE ON THE CONTRIBUTION RATE FOR THE ENSUING FISCAL YEAR.

Sec. 19. Section 38-797.07, Arizona Revised Statutes, is amended to read:

38-797.07. LTD program benefits; limitations; definitions

A. The LTD program is subject to the following limitations:

1. Except as provided in paragraph 7 of this subsection, monthly LTD PROGRAM benefits shall not exceed two-thirds of a member's monthly compensation at the time disability commences, reduced by:

(a) For a member whose disability commences before July 1, 2008, sixty-four per cent of social security disability benefits that the member ~~or~~ AND the member's dependents are eligible to receive.

(b) For a member whose disability commences on or after July 1, 2008, eighty-five per cent of social security disability benefits that the member ~~or~~ AND the member's dependents are eligible to receive, but not including:

(i) The amount of attorney fees approved pursuant to social security administration rules and reasonable documented costs paid to an attorney to secure that disability benefit.

(ii) Any cost-of-living adjustments that are granted after the member commences benefits under this section.

1 (c) For a member whose disability commences before July 1, 2008,
2 eighty-three per cent of social security retirement benefits that the member
3 is eligible to receive.
4 (d) For a member whose disability commences on or after July 1, 2008,
5 eighty-five per cent of social security retirement benefits that the member
6 is eligible to receive, but not including any cost-of-living adjustments that
7 are granted after the member commences benefits under this section.
8 (e) All of any workers' compensation benefits.
9 (f) All of any payments for a veteran's disability if both of the
10 following apply:
11 (i) The veteran's disability payment is for the same condition or a
12 condition related to the condition currently causing the member's total
13 disability.
14 (ii) The veteran's disability is due to, or a result of, service in
15 the armed forces of the United States.
16 (g) All of any other benefits by reason of employment that are
17 financed partly or wholly by an employer, including payments for sick leave.
18 This subdivision does not include any retirement benefit that is received by
19 the member pursuant to a state retirement system or plan other than ASRS.
20 (h) Fifty per cent of any salary, wages, commissions or other
21 employment related pay that the member receives or is entitled to receive
22 from any gainful employment in which the member actually engages.
23 2. Monthly LTD PROGRAM benefits are not payable until a member has
24 been totally disabled for a period of six consecutive months.
25 3. Monthly LTD PROGRAM benefits are not payable to a member who is
26 receiving retirement benefits from ASRS.
27 4. Monthly LTD PROGRAM benefits are not payable to a member whose
28 disability is due to, or a result of, any of the following:
29 (a) An intentionally self-inflicted injury.
30 (b) War, whether declared or not.
31 (c) An injury incurred while engaged in a felonious criminal act or
32 enterprise.
33 (d) For a member whose most recent membership in the LTD program
34 commences before July 1, 2008, an injury or sickness for which the member
35 received medical treatment within three months before the date of the
36 member's coverage under the LTD program. This subdivision does not apply to
37 a member who either:
38 (i) Has been an active member of an employer for twelve continuous
39 months.
40 (ii) Is employed by an employer before July 1, 1988.
41 (e) For a member whose most recent membership in the LTD program
42 commences on or after July 1, 2008, an injury or sickness for which the
43 member received medical treatment within six months before the date of the
44 member's coverage under the LTD program. This subdivision does not apply to

a member who has been an active member of an employer for twelve continuous months.

5. Monthly LTD PROGRAM benefits cease to be payable to a member at the earliest of the following:

(a) The date the member ceases to be totally disabled.

(b) The date the member:

(i) Ceases to be under the direct care of a doctor.

(ii) Refuses to undergo any medical examination or refuses to participate in any work rehabilitation program for which the member is reasonably qualified by education, training or experience and that is requested by the insurance company or claims administrator that is selected by the board to administer the LTD program.

(c) The date the member withdraws employee contributions with interest and ceases to be a member.

(d) The later of the following:

(i) The member's normal retirement date.

(ii) The month following sixty months of payments if disability occurs before sixty-five years of age.

(iii) The month following attainment of seventy years of age if disability occurs at sixty-five years of age or after but before sixty-nine years of age.

(iv) The month following twelve months of payments if disability occurs at or after sixty-nine years of age.

(e) If the member is convicted of a criminal offense and sentenced to more than six months in a jail, prison or other penal institution, the first day of the month following the first thirty continuous days of the member's confinement for the remainder of the confinement.

6. Monthly LTD PROGRAM benefits are payable ~~under the LTD program~~ only for disabilities that commence on or after July 1, 1988.

7. The minimum benefit for a member who is entitled to receive MONTHLY LTD PROGRAM benefits ~~under the LTD program~~ is fifty dollars per month.

8. Members are eligible to receive the LTD PROGRAM benefits and payments described in paragraph 1 of this subsection, and the reductions provided by paragraph 1 of this subsection apply even though the SOCIAL SECURITY benefits are not actually paid as follows:

(a) For primary and dependent social security benefits, the members are eligible for the SOCIAL SECURITY benefits until the SOCIAL SECURITY benefits are actually awarded, or if the SOCIAL SECURITY benefits are denied, until the member pursues the social security appeal process through a hearing before a social security administrative law judge or until the insurance company or claims administrator determines that the member is not eligible for social security ~~disability~~ benefits.

(b) For benefits and payments from any other source provided in paragraph 1 of this subsection, the members are eligible for the benefits if it is reasonable to believe that ~~the~~ THOSE benefits will be paid on proper

completion of the claim or would have been paid except for the failure of the member to pursue the claim in time.

9. A member shall be considered totally disabled if:

(a) During the first thirty months of a period of disability, the member is unable to perform all duties of the position held by the member when the member became totally disabled.

(b) For a member who has received monthly LTD PROGRAM benefits for twenty-four months within a five-year period, the member is unable to perform any work for compensation or gain for which the member is reasonably qualified by education, training or experience in an amount at least equal to the scheduled LTD PROGRAM benefits prescribed in paragraph 1 of this subsection.

B. A member who receives monthly LTD PROGRAM benefits ~~from the LTD program~~ is entitled to receive service credit pursuant to article 2 of this chapter from the time disability commences until LTD PROGRAM benefits cease to be payable, except that for a member who receives monthly LTD PROGRAM benefits ~~from the LTD program~~ on or after June 30, 1999 the number of years of service credited to the member's retirement account during the period the member receives LTD PROGRAM benefit payments shall not cause the member's total credited service for retirement benefits to exceed the greater of thirty years or the total years of service credited to the member's retirement account on the commencement of disability.

C. This section does not prohibit a member whose disability has been established to the satisfaction of the board from relying on treatment by prayer through spiritual means in accordance with the tenets and practice of a recognized church, religious denomination or Native American traditional medicine by a duly accredited practitioner of the church, denomination or Native American traditional medicine without suffering reduction or suspension of the member's monthly LTD PROGRAM benefits.

D. For the purposes of this section:

1. "Received medical treatment" means that the member consulted with or received the advice of a licensed medical or dental practitioner, including advice given during a routine examination, and it includes situations in which the member received medical or dental care, treatment or services, including the taking of drugs, medication, insulin or similar substances.

2. "Social security" and "social security disability" includes the railroad retirement act of 1974 (P.L. 93-445; 88 Stat. 1305; 45 United States Code sections 231 through 231u).

Sec. 20. Repeal

Laws 2007, chapter 244, section 4 is repealed.

Sec. 21. Dual employment; prior and current second employment; exemption from compensation definition

A. Notwithstanding section 38-711, paragraph 7, Arizona Revised Statues, as amended by this act, "compensation" includes amounts paid as

salary or wages to a member by a second employer and the second employer shall remit contributions required by title 38, chapter 5, articles 2 and 2.1, Arizona Revised Statutes, regardless of whether the employee meets the requirements prescribed in section 38-711, paragraph 23, subdivision (b), Arizona Revised Statutes, as amended by this act, if both of the following apply:

1. The employee performed services for the same second employer between January 1, 2005 and December 31, 2009 and was not engaged to work at least twenty weeks in each fiscal year and at least twenty hours each week by that second employer.

2. The employee resumes or continues employment with the same second employer before January 1, 2012 and is not engaged to work at least twenty weeks in each fiscal year and at least twenty hours each week by that second employer.

B. If the employee is contributing pursuant to subsection A of this section and the employee leaves employment for more than thirty consecutive days during the employee's service year, as defined in section 38-711, paragraph 31, Arizona Revised Statutes, as amended by this act, this section no longer applies and the employee is subject to section 38-711, paragraph 7, Arizona Revised Statutes, as amended by this act.

Sec. 22. Effective date

Section 38-711, Arizona Revised Statutes, as amended by this act, is effective from and after December 31, 2009.

Sec. 23. Retroactivity

A. Section 38-745, Arizona Revised Statutes, as amended by Laws 2007, chapter 244, section 1 and this act, applies retroactively to from and after June 30, 2009.

B. Sections 8 and 20 of this act are effective retroactively to from and after June 30, 2009.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.

Passed the House June 15, 2009

by the following vote: 49 Ayes,

2 Nays, 9 Not Voting

Speaker of the House

Pro Tempore

Chief Clerk of the House

Passed the Senate June 30, 2009

by the following vote: 23 Ayes,

3 Nays, 4 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. 2118

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

June 30, 2009,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Speaker of the House

Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1st day of July, 2009,

at 8:25 o'clock A. M.

Susan K Myers
Secretary to the Governor

Approved this 10th day of

July, 2009,

at 9:46 o'clock A M.

Janice K. Brewer
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 10 day of July, 2009,

at 12:30 o'clock P. M.

Ken Bennett
Secretary of State

H.B. 2118