

Senate Engrossed

FILED

KEN BENNETT

SECRETARY OF STATE

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 79

SENATE BILL 1194

AN ACT

AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-751; 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. Title 38, chapter 5, article 2, Arizona Revised Statutes,
3 is amended by adding section 38-751, to read:

4 38-751. Nonparticipatory employer liability allocation:
5 definitions

6 A. ASRS SHALL ALLOCATE A LIABILITY TO AN EMPLOYER THAT IS NO LONGER
7 PARTICIPATING IN ASRS IF THAT NONPARTICIPATION IS BASED ON ANY OF THE
8 FOLLOWING:

9 1. THE CHARACTER OF THE EMPLOYER CHANGES FROM A PUBLIC ENTITY TO A
10 PRIVATE ENTITY.

11 2. AN EMPLOYER, OTHER THAN THIS STATE OR A CHARTER SCHOOL, FILES FOR
12 BANKRUPTCY OR OTHERWISE DISSOLVES.

13 3. AN EMPLOYER IS NO LONGER PARTICIPATING.

14 4. FOR THIS STATE, THE CHARACTER OF A STATE AGENCY, BOARD OR
15 COMMISSION CHANGES FROM PUBLIC TO PRIVATE.

16 B. ASRS SHALL DETERMINE THE SCHEDULE AND METHOD OF PAYMENT OF THE
17 ALLOCATED LIABILITY.

18 C. THE LIABILITY ALLOCATED TO AN EMPLOYER UNDER THIS SECTION IS EQUAL
19 TO THE SUM OF THE FOLLOWING:

20 1. THE PLAN EMPLOYER ACTUARIAL ACCRUED LIABILITY MULTIPLIED BY THE
21 PLAN TOTAL DEFICIT PERCENTAGE.

22 2. THE LTD PROGRAM EMPLOYER ACTUARIAL ACCRUED LIABILITY MULTIPLIED BY
23 THE LTD PROGRAM TOTAL DEFICIT PERCENTAGE.

24 D. THIS SECTION DOES NOT PERMIT AN EMPLOYER TO ALTER THE IRREVOCABLE
25 AGREEMENT APPROVED BY THE BOARD UNDER SECTION 38-729.

26 E. FOR THE PURPOSES OF THIS SECTION:

27 1. "LTD PROGRAM" MEANS THE PROGRAM ESTABLISHED BY ARTICLE 2.1 OF THIS
28 CHAPTER.

29 2. "LTD PROGRAM EMPLOYER ACTUARIAL ACCRUED LIABILITY" MEANS THE VALUE
30 OF ALL OF THE EMPLOYER'S OPEN LTD PROGRAM CLAIMS AS OF THE NONPARTICIPATION
31 DATE PLUS THE VALUE OF ANY LTD PROGRAM CLAIMS THAT EMPLOYEES OF THE EMPLOYER
32 FILE WITHIN TWENTY-FOUR MONTHS AFTER THE NONPARTICIPATION DATE AND THAT ARE
33 APPROVED BY ASRS.

34 3. "LTD PROGRAM TOTAL DEFICIT PERCENTAGE" MEANS THE TOTAL LTD PROGRAM
35 ACTUARIAL ACCRUED LIABILITIES MINUS THE TOTAL MARKET VALUE OF LTD PROGRAM
36 ASSETS DIVIDED BY THE TOTAL LTD PROGRAM ACTUARIAL ACCRUED LIABILITIES, AS OF
37 THE ACTUARIAL VALUATION PERFORMED IMMEDIATELY PRECEDING THE NONPARTICIPATION
38 DATE. IF THE PERCENTAGE IS LESS THAN ZERO, THE LTD PROGRAM TOTAL DEFICIT
39 PERCENTAGE IS ZERO.

40 4. "NONPARTICIPATION DATE" MEANS THE DATE ON WHICH THE EMPLOYER IS NO
41 LONGER PARTICIPATING IN ASRS.

42 5. "PLAN" MEANS THE RETIREMENT PLAN ESTABLISHED BY THIS ARTICLE.

43 6. "PLAN EMPLOYER ACTUARIAL ACCRUED LIABILITY" MEANS THE PLAN'S
44 ACTUARIAL ACCRUED LIABILITY FOR ALL BENEFITS PROVIDED UNDER THIS ARTICLE,
45 INCLUDING BENEFITS ESTABLISHED IN SECTION 38-783, FOR THE EMPLOYER'S ACTIVE,

1 INACTIVE OR RETIRED MEMBERS AS OF THE ACTUARIAL VALUATION PERFORMED
2 IMMEDIATELY PRECEDING THE NONPARTICIPATION DATE.

3 7. "PLAN TOTAL DEFICIT PERCENTAGE" MEANS THE PLAN'S ACTUARIAL ACCRUED
4 LIABILITY FOR ALL BENEFITS PROVIDED UNDER THIS ARTICLE, INCLUDING BENEFITS
5 ESTABLISHED IN SECTION 38-783, FOR ALL ACTIVE, INACTIVE OR RETIRED MEMBERS
6 MINUS THE MARKET VALUE OF TOTAL PLAN ASSETS DIVIDED BY THE PLAN'S ACTUARIAL
7 ACCRUED LIABILITY FOR ALL BENEFITS PROVIDED UNDER THIS ARTICLE, INCLUDING
8 BENEFITS ESTABLISHED IN SECTION 38-783, FOR ALL ACTIVE, INACTIVE OR RETIRED
9 MEMBERS AS OF THE ACTUARIAL VALUATION PERFORMED IMMEDIATELY PRECEDING THE
10 NONPARTICIPATION DATE. IF THE PERCENTAGE IS LESS THAN ZERO, THE PLAN TOTAL
11 DEFICIT PERCENTAGE IS ZERO.

12 Sec. 2. Effective date

13 Section 38-751, Arizona Revised Statutes, as added by this act is
14 effective from and after January 1, 2013.

APPROVED BY THE GOVERNOR MARCH 26, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 26, 2012.

Passed the House March 19, 2012,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate February 2, 2012

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

[Signature]
President of the Senate

Charmaine Bellon
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

20 day of March, 2012.

at 10 o'clock A M.

[Signature]
Secretary to the Governor

Approved this 26th day of

March, 2012

at 1:40 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 26th day of March, 2012,

at 2:55 o'clock P M.

[Signature]
Secretary of State

S.B. 1194