

House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 321

HOUSE BILL 2159

AN ACT

AMENDING SECTIONS 38-714 AND 38-721, ARIZONA REVISED STATUTES; RELATING TO
THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-714, Arizona Revised Statutes, is amended to
3 read:

4 38-714. Powers and duties of ASRS and board

5 A. ASRS shall have the powers and privileges of a corporation, shall
6 have an official seal and shall transact all business in the name "Arizona
7 state retirement system", and in that name may sue and be sued.

8 B. The board is responsible for supervising the administration of this
9 article by the director of ASRS.

10 C. The board is responsible for the performance of fiduciary duties
11 and other responsibilities required to preserve and protect the retirement
12 trust fund established by section 38-712.

13 D. The board shall not advocate for or against legislation providing
14 for benefit modifications, except that the board shall provide technical and
15 administrative information regarding the impact of benefit modification
16 legislation.

17 E. The board may:

18 1. Determine the rights, benefits or obligations of any person under
19 this article and afford any person dissatisfied with a determination a
20 hearing on the determination.

21 2. Determine the amount, manner and time of payment of any benefits
22 under this article.

23 3. Recommend amendments to this article and articles 2.1 and 7 of this
24 chapter that are required for efficient and effective administration.

25 4. Adopt, amend or repeal rules for the administration of the plan,
26 this article and articles 2.1 and 7 of this chapter.

27 F. Beginning June 30, 2016, the board shall determine which of the
28 generally accepted actuarial cost methods shall be used in the annual
29 actuarial valuation of the plan.

30 G. THE BOARD AND ASRS ARE NOT SUBJECT TO TITLE 41, CHAPTER 6, EXCEPT
31 TITLE 41, CHAPTER 6, ARTICLE 10, FOR ACTUARIAL ASSUMPTIONS AND CALCULATIONS,
32 INVESTMENT STRATEGY AND DECISIONS AND ACCOUNTING METHODOLOGY.

33 ~~G.~~ H. The board shall submit to the governor and legislature for each
34 fiscal year no later than eight months after the close of the fiscal year a
35 report of its operations and the operations of ASRS. The report shall follow
36 generally accepted accounting principles and generally accepted financial
37 reporting standards and shall include:

38 1. A report on an actuarial valuation of ASRS assets and liabilities.

39 2. Any other statistical and financial data that may be necessary for
40 the proper understanding of the financial condition of ASRS and the results
41 of board operations.

42 3. On request of the governor or the legislature, a list of
43 investments owned. This list shall be provided in electronic format.

- 1 ~~H-~~ I. The board shall:
- 2 1. Prepare and publish a synopsis of the annual report for the
- 3 information of ASRS members.
- 4 2. Contract for a study of the mortality, disability, service and
- 5 other experiences of the members and employers participating in ASRS. The
- 6 study shall be conducted for fiscal year 1990-1991 and for at least every
- 7 fifth fiscal year thereafter. A report of the study shall be completed
- 8 within eight months ~~of~~ AFTER the close of the applicable fiscal year and
- 9 shall be submitted to the governor and the legislature.
- 10 3. Conduct an annual actuarial valuation of ASRS assets and
- 11 liabilities.
- 12 ~~I-~~ J. The auditor general may make an annual audit of ASRS and
- 13 transmit the results to the governor and the legislature.
- 14 Sec. 2. Section 38-721, Arizona Revised Statutes, is amended to read:
- 15 38-721. Administration account
- 16 A. ASRS shall maintain an administration account consisting of all
- 17 monies for administrative purposes. The following monies shall be deposited
- 18 in the administration account:
- 19 1. All monies appropriated by the legislature to pay administrative
- 20 expenses of ASRS.
- 21 2. All monies received for proportionate shares of administrative
- 22 expenses from departments that pay the salaries of their officers and
- 23 employees wholly or in part from monies received from sources other than
- 24 appropriations from the state general fund.
- 25 3. All monies received for proportionate shares of administrative
- 26 expenses from political subdivisions paying employer contributions.
- 27 4. Monies that the director transfers from the investment account and
- 28 that are necessary for the payment of expenditures made pursuant to
- 29 subsections C and D of this section.
- 30 B. Except as provided in subsection C of this section, expenditures
- 31 from the administration account shall be made in accordance with board
- 32 directives, subject to legislative appropriation.
- 33 C. Expenditures for the following are continuously appropriated and
- 34 shall be paid from the administration account in the amount deemed necessary
- 35 by the board:
- 36 1. Investment management fees and related consulting fees necessary to
- 37 meet the board's investment objectives.
- 38 2. Rent.
- 39 3. Actuarial consulting fees.
- 40 4. Retiree payroll.
- 41 D. With the approval of the board, the director:
- 42 1. May expend monies from the administration account for staff,
- 43 expenses and related consulting fees necessary to implement section 38-714,
- 44 subsection E, paragraph 1 and subsection ~~H-~~ I, paragraphs 2 and 3, section
- 45 38-718, subsection D, paragraph 5 and sections 38-755 and 38-756.

1 2. Shall pay from the administration account the costs for
2 administering the health insurance program for retired members pursuant to
3 section 38-782, the cost of continuing education programs for the board and
4 the cost of legal counsel.

5 Sec. 3. Retroactivity

6 Sections 38-714 and 38-721, Arizona Revised Statutes, as amended by
7 this act, apply retroactively to from and after December 31, 1986.

8 Sec. 4. Purpose

9 The purpose of this act is to clarify that the Arizona state retirement
10 system actuarial and investment decisions are fiduciary decisions that are
11 not subject to rulemaking.

APPROVED BY THE GOVERNOR MAY 17, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House February 25, 2016

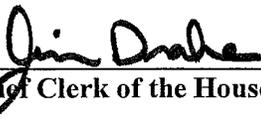
by the following vote: 49 Ayes,

11 Nays, 0 Not Voting



Speaker of the House

Pro Tempore

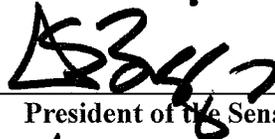


Chief Clerk of the House

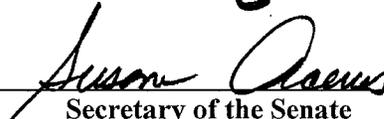
Passed the Senate May 7, 2016

by the following vote: 24 Ayes,

3 Nays, 3 Not Voting



President of the Senate



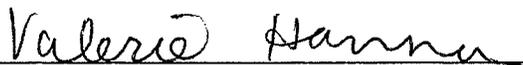
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

7 day of May, 2016

at 3:33 o'clock A. M.

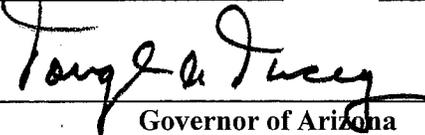


Secretary to the Governor

Approved this 17th day of

May

at 4:45 o'clock P. M.



Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 18th day of May, 2016

at 10:20 o'clock A. M.



Secretary of State

H.B. 2159