



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

April 5, 2018

The Honorable Michele Reagan  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2<sup>nd</sup> Regular Session, which I signed on April 5, 2018:

- HB 2027 alternative fuel special plates; veterans (Friese)
- HB 2031 spousal maintenance; significant contribution; reduction (Lawrence)
- HB 2107 pharmacies; practices; pharmacy benefits managers (Syms)
- HB 2153 campaign finance; nonprofits; disclosure (Leach)
- HB 2248 incompetency; screening; sexually violent persons (Farnsworth, E.)
- HB 2259 juvenile court facilities; shelters; use (Carter)
- HB 2311 limited liability; employers; ex-offenders (Farnsworth, E.)
- HB 2456 stadium district; extension; Rio Nuevo (Finchem)
- HB 2503 building code exemptions; public notice (Barton)
- HB 2545 EORP; cost-of-living adjustment (Livingston)
- HB 2548 health professionals; continuing education; opioids (Carter)
- HB 2647 internal revenue code conformity (Mesnard)
- SB 1043 county recorder; recording fees (Kavanagh)
- SB 1071 adoption; subsidy; review; nonrecurring expenses (Brophy McGee)
- SB 1165 child care assistance; rates (Brophy McGee)
- SB 1179 memorial; buffalo soldiers (Miranda)
- SB 1203 vehicle towing (Worsley)
- SB 1235 Native American day; state holiday (Peshlakai)
- SB 1380 children; out-of-home placement (Petersen)
- SB 1381 service contracts (Petersen)
- SB 1396 group home beds; mentally ill (Barto)

SB 1397 behavioral health; dependent children; reports (Barto)  
SB 1473 kinship care; aggravated circumstances; dependency (Barto)

Sincerely,

A handwritten signature in black ink, reading "Douglas A. Ducey". The signature is written in a cursive style with a large initial "D".

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

House Engrossed

**FILED**

**MICHELE REAGAN**

**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-third Legislature  
Second Regular Session  
2018

CHAPTER 140

# HOUSE BILL 2545

AN ACT

REPEALING SECTIONS 38-818, 38-818.01, 38-818.02, 38-818.03 AND 38-819, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-818.04; AMENDING LAWS 2017, CHAPTER 163, SECTION 24; RELATING TO PUBLIC RETIREMENT PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Sections 38-818, 38-818.01, 38-818.02, 38-818.03 and 38-819, Arizona  
4 Revised Statutes, are repealed.

5 Sec. 2. Title 38, chapter 5, article 3, Arizona Revised Statutes,  
6 is amended by adding section 38-818.04, to read:

7 38-818.04. Cost-of-living adjustment

8 A. EACH RETIRED MEMBER OR SURVIVOR OF A RETIRED MEMBER IS ELIGIBLE  
9 TO RECEIVE A COMPOUNDING COST-OF-LIVING ADJUSTMENT IN THE BASE BENEFIT AS  
10 PROVIDED IN THIS SECTION. THE FIRST PAYMENT UNDER THIS SECTION SHALL BE  
11 MADE IMMEDIATELY FOLLOWING THE FIRST YEAR THE COST-OF-LIVING ADJUSTMENT  
12 SPECIFIED IN SUBSECTION C OF THIS SECTION IS PAID. THE COST-OF-LIVING  
13 ADJUSTMENT SHALL BE MADE ON JULY 1 EACH YEAR THEREAFTER.

14 B. A RETIRED MEMBER OR A SURVIVOR OF A RETIRED MEMBER SHALL RECEIVE  
15 ANNUALLY A COST-OF-LIVING ADJUSTMENT IN THE BASE BENEFIT BASED ON THE  
16 AVERAGE ANNUAL PERCENTAGE CHANGE IN THE METROPOLITAN PHOENIX-MESA CONSUMER  
17 PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF  
18 LABOR STATISTICS, WITH THE IMMEDIATELY PRECEDING YEAR AS THE BASE YEAR FOR  
19 MAKING THE DETERMINATION, NOT TO EXCEED ANNUALLY TWO PERCENT OF THE  
20 RETIRED MEMBER'S OR SURVIVOR'S BASE BENEFIT.

21 C. IN THE FIRST YEAR OF A MEMBER'S RETIREMENT, THE COST-OF-LIVING  
22 ADJUSTMENT SPECIFIED IN SUBSECTION B OF THIS SECTION SHALL BE PRORATED  
23 BASED ON THE DATE OF RETIREMENT.

24 D. THE PLAN ACTUARY SHALL INCLUDE THE PROJECTED COST OF PROVIDING  
25 THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN SUBSECTION B OF THIS SECTION IN  
26 THE CALCULATION OF NORMAL COST AND ACCRUED LIABILITY.

27 Sec. 3. Laws 2017, chapter 163, section 24 is amended to read:

28 Sec. 24. Conditional enactment

29 Section 38-885.01, Arizona Revised Statutes, as amended by ~~this act~~  
30 LAWS 2017, CHAPTER 163, SECTION 14, sections 38-905, 38-905.01, 38-905.02,  
31 38-905.03 and 38-905.04, Arizona Revised Statutes, as repealed by ~~this act~~  
32 LAWS 2017, CHAPTER 163, SECTION 20, section 38-905.05, Arizona Revised  
33 Statutes, as added by ~~this act~~ LAWS 2017, CHAPTER 163, SECTION 21 and  
34 section 38-911, Arizona Revised Statutes, as amended by ~~this act~~ LAWS  
35 2017, CHAPTER 163, SECTION 22, do not become effective unless the  
36 Constitution of Arizona is amended as prescribed in ~~Senate~~ HOUSE  
37 concurrent resolution ~~1023~~ 2032, fifty-third legislature, ~~first~~ SECOND  
38 regular session, by vote of the people at the next general election.

39 Sec. 4. Conditional enactment

40 Sections 38-818, 38-818.01, 38-818.02, 38-818.03 and 38-819, Arizona  
41 Revised Statutes, as repealed by this act, and section 38-818.04, Arizona  
42 Revised Statutes, as added by this act, do not become effective unless the  
43 Constitution of Arizona is amended as prescribed in House concurrent  
44 resolution 2032, fifty-third legislature, second regular session, by vote  
45 of the people at the next general election.

Passed the House February 21, 20 18

Passed the Senate March 29, 20 18

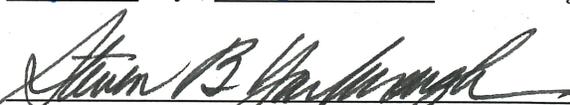
by the following vote: 58 Ayes,

by the following vote: 30 Ayes,

2 Nays, 0 Not Voting

0 Nays, 0 Not Voting

  
Speaker of the House  
 Pro Tempore

  
President of the Senate

  
Chief Clerk of the House

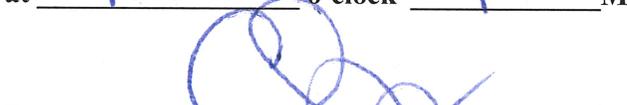
  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

21st day of April, 20 18

at 11:41 o'clock P. M.

  
Secretary to the Governor

Approved this 5th day of

April 2018

at 3:00 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 5 day of April, 20 18

at 4:41 o'clock P. M.

  
Secretary of State

H.B. 2545