



DOUGLAS A. DUCEY  
GOVERNOR

STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

May 16, 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 May 16, 2018:

- HB 2088 pupils; concussions; parental notification (Carter)
- HB 2197 health professionals; workforce data (Carter)
- HB 2209 internet protocol; corporation commission (Grantham)
- HB 2212 firearm possession; peace officers; definition (Thorpe)
- HB 2235 dental therapy; regulation; licensure (Thorpe)
- HB 2253 schools; exchange teachers; employment duration (Carter)
- HB 2307 scrap vehicles; sales (Campbell)
- HB 2310 underground storage tanks; reimbursement claims (Bowers)
- HB 2324 community health workers; voluntary certification (Carter)
- HB 2356 juvenile court; jurisdiction; age (Bowers)
- HB 2383 HOV lanes; emergency vehicles (Clodfelter)
- HB 2384 unlawful flight; vehicle impoundment (Clodfelter)
- HB 2414 state employee health plan; incentives (Kern)
- HB 2416 appropriation; study; prime contracting classification (Cobb)
- HB 2422 personal delivery devices (Townsend)
- HB 2455 commercial vehicles definition; driver licenses (Cook)
- HB 2510 auto dealers; task force; fund (John)

HB 2520 schools; reading requirement (Coleman)  
HB 2522 traffic violations; penalties (Syms)  
HB 2526 career technical education districts (Clodfelter)  
HB 2527 ticket surcharge; public safety equipment (Clodfelter)  
HB 2529 assisted living; referrals; disclosure (Campbell)  
HB 2532 occupational regulation; municipalities; counties; hearings (Payne)  
HB 2534 teachers; certification requirements (Carter)  
HB 2538 U.S. House vacancy; special election (Coleman)  
HB 2564 court fees; EORP; state contribution (Livingston)  
HB 2589 department of gaming omnibus (Cook)  
HB 2596 property taxes; procedures; abatement (Toma)  
HB 2648 ballot measures; paid circulator definition (Leach)  
HB 2649 public meetings; recordings; posting; definition (Grantham)  
HB 2650 commercial license; defensive driving school (Toma)  
HB 2651 landlord tenant; security deposits (Toma)  
HB 2652 electric bicycles; definition; use (Allen, J.)  
HB 2653 expenditure limitation; waiver of penalties (Cobb)  
HB 2654 illegal substances education; partnership (Thorpe)  
HB 2655 real estate licenses; online classes (Mosley)  
HB 2656 electronic wills and trusts (Leach)  
HB 2657 interscholastic activities; health dangers; information (Carter)  
SB 1039 appropriation; Arizona water protection fund (Griffin)  
SB 1140 certificates of authority; video service (Griffin)  
SB 1167 merit council; law enforcement qualifications (Griffin)  
SB 1181 corporation commission; railway safety inspectors (Griffin)  
SB 1245 appropriation; SNAP; benefit match; produce (Brophy McGee)  
SB 1254 school district consolidation (Allen, S.)  
SB 1271 construction liability; apportionment; study (Fann)  
SB 1273 administrative proceedings; rules; contested cases (Petersen)  
SB 1293 department of revenue; administrative efficiency (Farnsworth, D.)  
SB 1296 government communications; emergency response interpreters (Bowie)  
SB 1398 unemployment; return-to-work program; suitable work (Smith)  
SB 1409 TPT; prime contracting; alteration; replacement (Fann)  
SB 1476 county sheriff; reentry planning; appropriation (Gray)  
SB 1478 employer contributions; EORP (Fann)  
SB 1496 prisoners; drug sentences; out-of-custody treatment (Smith)  
SB 1498 AZPOST; membership; training; AMBER alert (Smith)

SB 1504 developmental disability rates; appropriation (Smith)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive style with a large initial 'D' and a long, sweeping tail.

Douglas A. Ducey  
Governor  
State of Arizona

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

House Engrossed Senate Bill

**FILED**

**MICHELE REAGAN**

**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 343**

# **SENATE BILL 1478**

AN ACT

AMENDING SECTION 38-810, ARIZONA REVISED STATUTES; RELATING TO PUBLIC RETIREMENT SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-810, Arizona Revised Statutes, is amended to  
3 read:

4 38-810. Contributions; appropriations

5 A. Each member shall contribute to the fund an amount equal to the  
6 amount prescribed in subsection G of this section. Contributions of  
7 members shall be made by payroll deductions. Every member is deemed to  
8 consent to these deductions. Payment of a member's compensation, less  
9 these payroll deductions, constitutes a full and complete discharge and  
10 satisfaction of all claims and demands by the member relating to  
11 remuneration for the member's services rendered during the period covered  
12 by the payment, except with respect to the benefits provided under the  
13 plan. A member may not, under any circumstance, borrow from, take a loan  
14 against or remove contributions from the member's account before the  
15 termination of membership in the plan or the receipt of a pension.

16 B. The board's office shall be credited monthly with monies  
17 collected pursuant to section 12-119.01, subsection B, paragraph 2,  
18 section 12-120.31, subsection D, paragraph 2, section 12-284.03,  
19 subsection A, paragraph 6, section 22-281, subsection C, paragraph 3 and  
20 section 41-178. The monies credited to the fund pursuant to this  
21 subsection shall be deposited in the fund on a monthly basis, and there  
22 shall be a complete accounting of the determination of these monies  
23 deposited in the fund.

24 C. ~~Beginning on January 1, 2014 through June 30, 2044~~ JULY 1, 2018,  
25 AS DETERMINED BY ACTUARIAL VALUATIONS PERFORMED BY THE PLAN'S ACTUARY each  
26 employer shall make CONTRIBUTIONS ON A level ~~per cent~~ PERCENT OF  
27 compensation ~~contributions of twenty-three and one-half per cent of the~~  
28 ~~compensation of~~ BASIS FOR all employees of the employer who are either  
29 members under this article, article 3.1 of this chapter or article 2 of  
30 this chapter pursuant to section 38-727, subsection B SUFFICIENT UNDER THE  
31 ACTUARIAL VALUATION to meet BOTH the normal cost plus ~~an~~ THE ACTUARIALLY  
32 DETERMINED amount REQUIRED to amortize the unfunded accrued liability OVER  
33 A CLOSED PERIOD OF AT LEAST TWENTY AND NOT MORE THAN THIRTY YEARS THAT IS  
34 ESTABLISHED BY THE BOARD TAKING INTO ACCOUNT THE RECOMMENDATION OF THE  
35 PLAN'S ACTUARY and the employer's contribution under the elected  
36 officials' defined contribution retirement system established pursuant to  
37 article 3.1 of this chapter and the employer's contribution under article  
38 2 of this chapter for members WHO ARE eligible pursuant to section 38-727,  
39 subsection B. The employer also shall pay the amount required by section  
40 38-797.05 for members under article 2 of this chapter who are eligible  
41 pursuant to section 38-727, subsection B and the amount required by  
42 article 3.2 of this chapter for members under article 3.1 of this chapter.  
43 The monies deposited in the fund pursuant to subsection B of this section  
44 shall be used to supplement the contributions required of all employers  
45 under the plan. The employer level ~~per cent~~ PERCENT compensation

1 contribution that is paid pursuant to this subsection, less the amount  
2 contributed by the employer pursuant to section 38-833 and section 38-737  
3 for members eligible pursuant to section 38-727, subsection B, shall not  
4 be used to pay for an increase in benefits that is otherwise payable to  
5 members but shall be used to meet the normal cost plus an amount to  
6 amortize the unfunded accrued liability.

7 ~~D. Beginning July 1, 2044, as determined by actuarial valuations~~  
8 ~~performed by the plan's actuary, each employer shall make level per cent~~  
9 ~~compensation contributions sufficient under the actuarial valuation to~~  
10 ~~meet both the normal cost plus the actuarially determined amount required~~  
11 ~~to amortize the unfunded accrued liability over a rolling period of at~~  
12 ~~least twenty and not more than thirty years that is established by the~~  
13 ~~board taking into account the recommendation of the plan's actuary, except~~  
14 ~~that the employer contribution rate shall not be less than ten per cent of~~  
15 ~~salary. The monies deposited in the fund pursuant to subsection B of this~~  
16 ~~section shall be used to supplement the contributions required of all~~  
17 ~~employers under the plan. The minimum employer contribution that is paid~~  
18 ~~and that is in excess of the normal cost plus the actuarially determined~~  
19 ~~amount required to amortize the unfunded accrued liability as calculated~~  
20 ~~pursuant to this subsection shall be used to reduce future employer~~  
21 ~~contribution increases and shall not be used to pay for an increase in~~  
22 ~~benefits that are otherwise payable to members. The board shall~~  
23 ~~separately account for these monies in the fund. IN ANY FISCAL YEAR, AN~~  
24 ~~EMPLOYER'S CONTRIBUTION TO THE PLAN IN COMBINATION WITH MEMBER~~  
25 ~~CONTRIBUTIONS MAY NOT BE LESS THAN THE ACTUARIALLY DETERMINED NORMAL COST~~  
26 ~~FOR THAT FISCAL YEAR. After the close of any fiscal year, if the plan's~~  
27 ~~actuary determines that the actuarial valuation of the fund contains~~  
28 ~~excess valuation assets and is more than one hundred per cent PERCENT~~  
29 ~~funded, the board shall account for fifty per cent PERCENT of the excess~~  
30 ~~valuation assets in a stabilization reserve account. After the close of~~  
31 ~~any fiscal year, if the plan's actuary determines that the actuarial~~  
32 ~~valuation of the fund has a valuation asset deficiency and an unfunded~~  
33 ~~actuarial accrued liability, the board shall use any valuation assets in~~  
34 ~~the stabilization reserve account, to the extent available, to limit the~~  
35 ~~decline in the fund's funding ratio to not more than two per cent PERCENT.~~

36 E. The department of administration and the treasurer of each  
37 county and participating city and town shall transfer to the board the  
38 contributions provided for in subsections A, AND C ~~and D~~ of this section  
39 within ten working days after each payroll date. The state, county  
40 treasurers and clerks of the superior court shall transfer the monies  
41 credited under subsection B of this section to the board on or before the  
42 fifteenth day of each calendar month that follows the month in which the  
43 court fees were collected. Contributions and monies credited under  
44 subsection B of this section and transferred after these dates shall  
45 include a penalty equal to ten ~~per cent~~ PERCENT a year, compounded

1 annually, for each day that the contributions or monies credited under  
2 subsection B of this section are late. Delinquent payments due under this  
3 subsection, together with interest charges as provided in this subsection  
4 and court costs, may be recovered by action in a court of competent  
5 jurisdiction against the person or persons responsible for the payments  
6 or, at the request of the board, may be deducted from any other monies,  
7 including excise revenue taxes, payable to a political subdivision by any  
8 department or agency of this state. If requested by the board, the state,  
9 county treasurers or clerks of the superior court shall transfer the  
10 monies credited under subsection B of this section, in an amount  
11 determined by the board, directly to the qualified governmental excess  
12 benefit arrangement established pursuant to section 38-803.01.

13 F. The employer shall pay the member contributions required of  
14 members on account of compensation earned after August 7, 1985. The paid  
15 contributions shall be treated as employer contributions for the purpose  
16 of determining tax treatment under the United States internal revenue  
17 code. The effective date of the employer payment shall not be before the  
18 date the retirement plan has received notification from the United States  
19 internal revenue service that pursuant to section 414(h) of the United  
20 States internal revenue code the member contributions paid will not be  
21 included in gross income for income tax purposes until the paid  
22 contributions are distributed by refund or pension payments. The employer  
23 shall pay the member contributions from monies established and available  
24 in the retirement deduction account, which monies would otherwise have  
25 been designated as member contributions and paid to the retirement plan.  
26 Member contributions paid pursuant to this subsection shall be treated for  
27 all other purposes, in the same manner and to the same extent, as member  
28 contributions made before August 7, 1985.

29 G. The amount contributed by a member pursuant to subsection A of  
30 this section is:

31 1. Through June 30, 2011, seven ~~per cent~~ PERCENT of the member's  
32 gross salary.

33 2. For fiscal year 2011-2012, ten ~~per cent~~ PERCENT of the member's  
34 gross salary.

35 3. For fiscal year 2012-2013, eleven and one-half ~~per cent~~ PERCENT  
36 of the member's gross salary.

37 4. For fiscal year 2013-2014 and each fiscal year thereafter,  
38 thirteen ~~per cent~~ PERCENT of the member's gross salary.

39 H. For fiscal year 2011-2012 and each fiscal year thereafter, the  
40 amount of the member's contribution that exceeds seven ~~per cent~~ PERCENT of  
41 the member's compensation shall not be used to reduce the employer's  
42 contributions that are calculated pursuant to subsection C of this  
43 section.

1 I. In fiscal years 2013-2014 through 2042-2043, the sum of  
2 \$5,000,000 is appropriated in each fiscal year from the state general fund  
3 to the elected officials' retirement plan fund to supplement the normal  
4 cost plus an amount to amortize the unfunded accrued liability pursuant to  
5 subsection C of this section. Monies appropriated pursuant to this  
6 subsection shall not be used to pay for an increase in benefits that is  
7 otherwise payable to members and shall only be used as specified in this  
8 subsection. Monies appropriated pursuant to this subsection are exempt  
9 from the provisions of section 35-190 relating to lapsing of  
10 appropriations.

11 Sec. 2. Emergency

12 This act is an emergency measure that is necessary to preserve the  
13 public peace, health or safety and is operative immediately as provided by  
14 law.

**APPROVED BY THE GOVERNOR MAY 16, 2018**

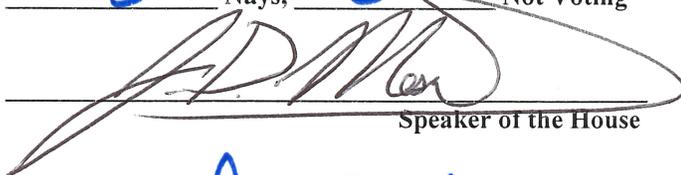
**FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 16, 2018**

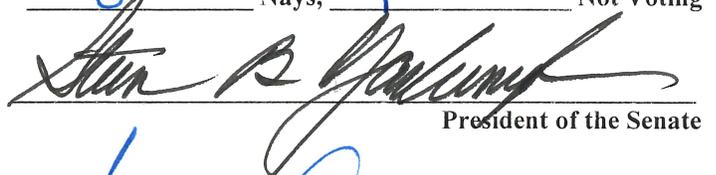
Passed the House May 3, 20 18,

Passed the Senate February 15, 20 18,

by the following vote: 57 Ayes,  
3 Nays, 0 Not Voting  
*With Emergency*

by the following vote: 29 Ayes,  
0 Nays, 1 Not Voting

  
Speaker of the House

  
President of the Senate

  
Chief Clerk of the House

  
Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR~~

~~This Bill was received by the Governor this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

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

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

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

~~\_\_\_\_\_, 20\_\_\_\_,~~

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

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

~~EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE~~

~~This Bill was received by the Secretary of State  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,~~

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

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

S.B. 1478

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 3, 20 18

by the following vote: 26 Ayes,  
*with Emergency*  
2 Nays, 2 Not Voting

*Steven R. Garbergh*  
President of the Senate

*Juan Cisneros*  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

4<sup>th</sup> day of May, 20 18

at 11:14 o'clock A. M.

*[Signature]*  
Secretary to the Governor

Approved this 16<sup>th</sup> day of

May 2018

at 11:44 o'clock P. M.

*Donald D. Trump*  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 16 day of May, 20 18

at 4:34 o'clock P. M.

*Michelle Reagan*  
Secretary of State

S.B. 1478