



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

April 30, 2019

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

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on April 30th, 2019:

H.B. 2036 dual enrollment; reported information; date (Cook)  
H.B. 2080 civil rights restoration; application; procedures (J.Allen)  
H.B. 2122 do-not-resuscitate orders; minors; parental consent (Barto)  
H.B. 2271 public lands day; holiday (Dunn)  
H.B. 2285 pharmacy benefit managers; pharmacy benefits (Cobb)  
H.B. 2366 motor vehicle accidents; restricted license (Toma)  
H.B. 2432 state treasurer's office; funds; consolidation (Cobb)  
H.B. 2477 adjudication statutes; unconstitutional provisions; repeal (Bowers)  
H.B. 2550 regulation; kratom products (Rivero)  
H.B. 2606 share the road special plates (Shope)  
S.B. 1016 ASRS; ineligible contributions; unfunded liability (Livingston)  
S.B. 1177 home school district; special education (S. Allen)  
S.B. 1442 state fleet; neighborhood electric vehicles (Pratt)  
S.B. 1453 affordable homeownership special plate (Rios)

Sincerely,

Douglas A. Ducey  
Governor  
State of Arizona

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

Senate Engrossed

**FILED**  
**KATIE HOBBS**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 158**  
**SENATE BILL 1016**

AN ACT

AMENDING SECTION 38-748, 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 38-748, Arizona Revised Statutes, is amended to  
3 read:

4 38-748. Employer payments for ineligible contributions:  
5 definitions

6 A. If an employer pays contributions on behalf of any person who is  
7 not eligible by statute OR RULE for ASRS membership OR PAYS CONTRIBUTIONS  
8 ON COMPENSATION THAT IS NOT ELIGIBLE BY STATUTE OR RULE FOR ASRS  
9 CONTRIBUTIONS and either ASRS or a court determines that ASRS is legally  
10 obligated to provide ~~that~~ A person with any benefit or credit under this  
11 article or article 2.1 of this chapter BASED ON SUCH CONTRIBUTIONS, the  
12 employer shall pay to ASRS any unfunded liability resulting from the  
13 provision of benefits or credit to the person.

14 B. If the employer does not remit full payment of the unfunded  
15 liability pursuant to subsection A of this section within ninety days  
16 after being notified by ASRS of the amount due, the unpaid amount accrues  
17 interest until the amount is paid in full.

18 C. Credited service ceases to accrue as of the date that ASRS or a  
19 court first determines that ASRS is legally obligated to provide any  
20 benefit or credit to the person.

21 D. If the amount in the person's ASRS account is greater than the  
22 present value of the benefit or credit, ASRS shall retain the entire  
23 account and ~~shall~~ IS not ~~be~~ required to refund, credit or offset any  
24 excess against future contributions.

25 E. This section applies to an employer that employs, either  
26 directly or indirectly, a person who performs services for a third-party  
27 organization and that does not have a written representation by ASRS of  
28 the person's eligibility.

29 F. For the purposes of this section:

30 1. "Amount in the person's ASRS account" means two times the  
31 person's retirement contributions made pursuant to section 38-736:

32 (a) Plus:

33 (i) Interest on the person's retirement contributions made pursuant  
34 to section 38-736.

35 (ii) Any contributions made for the purchase of service credits  
36 pursuant to section 38-742, 38-743, 38-744 or 38-745.

37 (iii) Interest on the amount contributed for the purchase of  
38 service credits pursuant to section 38-742, 38-743, 38-744 or 38-745.

39 (b) Minus any amounts paid by ASRS pursuant to this article or  
40 article 2.1 of this chapter.

41 2. "Interest" means the interest rate assumption that is approved  
42 by ASRS for actuarial equivalency.

43 3. "Unfunded liability" means:

44 (a) FOR A PERSON WHO IS NOT ELIGIBLE BY STATUTE OR RULE FOR ASRS  
45 MEMBERSHIP, the amount, if any, that the present value of the person's

1 benefit or credit, using the actuarial assumptions approved by ASRS,  
2 exceeds the amount in the person's ASRS account calculated as of the date  
3 that ASRS or a court first determines that ASRS is legally obligated to  
4 provide any benefit or credit to the person.

5 (b) FOR CONTRIBUTIONS ON COMPENSATION THAT IS NOT ELIGIBLE BY  
6 STATUTE OR RULE FOR ASRS CONTRIBUTIONS, THE DIFFERENCE, IF ANY, OF THE  
7 AMOUNT THAT THE PRESENT VALUE OF A PERSON'S BENEFIT OR CREDIT, USING THE  
8 ACTUARIAL ASSUMPTIONS APPROVED BY ASRS, EXCEEDS THE AMOUNT OF THE PRESENT  
9 VALUE OF THE BENEFIT OR CREDIT THE PERSON WOULD RECEIVE IF THE INELIGIBLE  
10 CONTRIBUTIONS, AND THE COMPENSATION AND CREDIT ASSOCIATED WITH THOSE  
11 INELIGIBLE CONTRIBUTIONS, HAD NOT BEEN REPORTED TO ASRS AND THE AMOUNT IN  
12 THE PERSON'S ASRS ACCOUNT THAT IS ASSOCIATED WITH THE INELIGIBLE  
13 CONTRIBUTIONS ON COMPENSATION.

**APPROVED BY THE GOVERNOR APRIL 30, 2019.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2019.**

Passed the House April 23, 2019,

Passed the Senate February 4, 2019,

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

24<sup>th</sup> day of April, 2019,

at 11:37 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 30<sup>th</sup> day of

April, 2019,

at 4:40 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 30 day of April, 2019,

at 5:45 o'clock P M.

[Signature]  
Secretary of State

S.B. 1016