DOUGLAS A. DUCEY
GOVERNOR

STATE OF ARIZONA
OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

March 22, 2019

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

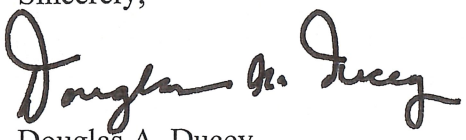
Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on March 22nd, 2019:

SB 1004 insurance; surplus lines; reports; payments (Livingston)
SB 1006 internationally active insurance groups; supervision (Livingston)
SB 1008 insurance; prohibited inducements; exceptions (Livingston)
SB 1021 commission for postsecondary education; continuation (S. Allen)
SB 1052 certificates of title; applications (Livingston)
SB 1072 early voting centers; identification required (Ugenti-Rita)
SB 1093 prisoner accounts; use; ADOT credentialing. (Livingston)
SB 1113 insurance; information practices (Livingson)
SB 1212 prepaid legal insurance contracts; definition (Livingston)
SB 1218 beneficiary deeds; separate property; nonlapse (Leach)
SB 1309 renewal of judgments; applicability (E. Farnsworth)
SB 1317 bodily fluids exposure; testing (Boyer)
SB 1333 real estate appraisal (Mesnard)
SB 1474 POW/MIA flag; display (Contreras)
HB 2004 nuclear management fund; appropriation; assessment (Kavanagh)
HB 2007 ASRS; political subdivision plans; adjustments (Kavanagh)
HB 2009 navigable stream adjudication commission; extension (Griffin)
HB 2023 political signs; ballot measures; tampering (Kavanagh)
HB 2112 community property award; convicted spouse (Griffin)
HB 2230 writ of garnishment; certified mail (J. Allen)
HB 2284 credit unions; declaration of purpose (Weninger)
HB 2363 tax lien sales; procedures (Toma)
HB 2421 animal cruelty; working animal; harassment (Blackman)
HB 2463 occupational regulations; licenses; communications; notice (Petersen)

HB2464 water infrastructure finance; municipal approval (Shope)

Sincerely,



Douglas A. Ducey
Governor
State of Arizona

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

House Engrossed

FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 25

HOUSE BILL 2007

AN ACT

AMENDING SECTIONS 38-729 AND 38-738, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 38-729, Arizona Revised Statutes, is amended to read:

38-729. Political subdivision plans

A. The governing body of any political subdivision may adopt, by appropriate legislation, a supplemental retirement plan for employees and officers of the political subdivision. The supplemental retirement plan shall provide the same retirement benefits and require the same obligations for entitlement as are provided for other members under this article, except that:

1. The supplemental retirement plan shall specify the date of commencement of the supplemental retirement plan as the first day of the month following board approval of the supplemental plan of the political subdivision as provided in this section.

2. Employer and employee obligations shall be paid to ASRS in accordance with that date.

B. The governing body of the political subdivision shall submit the supplemental retirement plan to the board in the form of an agreement. The agreement shall state the terms of the supplemental retirement plan as provided in this section. The board shall either approve or disapprove the supplemental retirement plan submitted by the governing body of the political subdivision.

C. On approval, the board shall administer the supplemental plan of the political subdivision.

D. The employer's share of contributions and payments in excess of those required of the employer under section 38-737 shall be paid from monies of the political subdivision.

E. On establishment of the supplemental retirement plan the governing body of the political subdivision shall deduct member contributions in the same amounts and in the same manner as provided in this article for state employees and shall pay those contributions, together with the employer contributions for the political subdivision, to ASRS for deposit in the ASRS depository. The governing body of the political subdivision shall reimburse ASRS in a similar manner for its pro rata share of administrative costs attributable to coverage of employees of the political subdivision.

F. In addition to the employer contributions required under section 38-737, on establishment of the supplemental retirement plan the governing body of the political subdivision shall pay to ASRS the ~~amounts, as determined by the board,~~ AMOUNT EQUAL TO THE PRESENT VALUE required to fund additional costs of benefits attributable to service for the political subdivision before the effective date of the supplemental retirement plan USING THE ACTUARIAL ASSUMPTIONS THAT ARE APPROVED BY THE BOARD. The board may authorize payments to be made at such times as the

board requires and in amounts that are less than the amount required for fully funding the additional costs.

G. If the supplemental retirement plan is authorized by a political subdivision, then on or after the effective date of the supplemental retirement plan the governing body of the political subdivision and the board may sign an agreement to waive the provisions of subsection F of this section and to authorize benefits under the supplemental retirement plan only for service with the political subdivision after the effective date of the supplemental retirement plan. In lieu of waiving benefits for all service before the effective date of the supplemental retirement plan, the governing body of the political subdivision may elect to waive benefits for a portion of that service. Amendments to the agreement may increase but shall not reduce the service for which a member is entitled to benefits. The governing body of the political subdivision shall certify for each member the years of service before the effective date of the supplemental retirement plan for which the member is entitled to benefits. In addition to the employer contributions required in section 38-737, the governing body of the political subdivision shall pay to ASRS the amount, as determined by the board, required to fund the cost of the benefits attributable to service before the effective date of the supplemental retirement plan for which members are entitled to benefits.

H. The new political subdivision shall designate the classification of employees that is eligible for membership in ASRS and shall make contributions each year as provided in this section.

I. The liability of the political subdivision providing a supplemental retirement plan within ASRS arises in consideration of the officer's or employee's retention in or entrance into service for the political subdivision.

J. NOTWITHSTANDING ANY OTHER LAW, AN EMPLOYEE OF A POLITICAL SUBDIVISION WHO WAS PREVIOUSLY A MEMBER OF ANOTHER PUBLIC EMPLOYEE RETIREMENT SYSTEM AND WHO RECEIVES OR IS ELIGIBLE TO RECEIVE RETIREMENT BENEFITS FROM THAT PUBLIC EMPLOYEE RETIREMENT SYSTEM FOR ANY PERIOD OF EMPLOYMENT IS INELIGIBLE TO RECEIVE SERVICE CREDIT FROM ASRS FOR THE SAME PERIOD OF EMPLOYMENT.

Sec. 2. Section 38-738, Arizona Revised Statutes, is amended to read:

38-738. Adjustment and refund

A. If more than the correct amount of employer or member contributions is paid into ASRS by an employer through a mistake of fact, ASRS shall return those contributions to the employer if the employer requests return of the contributions through an employer credit or, if the request is made within one year after the date of overpayment, by check on request of the employer. If more than the correct amount of employer or member contributions is paid into ASRS by an employer through a mistake of

law, ASRS shall return those contributions to the employer if the employer requests return of the contributions through an employer credit.

B. If less than the correct amount of employer or member contributions is paid into ASRS by an employer, the following apply:

1. The member shall pay an amount that is equal to the amount that would have been paid in member contributions for the period in question. For active members, payments shall be made as provided in section 38-747. For members who are inactive, retired or on long-term disability, payments shall be made using after-tax income and a personal check, cashier's check or money order. If the member does not make the payment within ninety days after being notified by ASRS that the employer has paid all amounts due from the employer, the unpaid amount accrues interest until the amount is paid in full. The member is responsible for payment of the unpaid amount and interest. The interest rate is the interest rate assumption that is approved by the board for actuarial equivalency for the period in question to the date payment is received.

2. If the member contributions to ASRS made pursuant to this subsection exceed the limits prescribed in section 38-747, subsection E when taking into account other annual additions of the member for the limitation year, the amount to be paid by the member shall be adjusted as provided in section 38-747. For the purposes of this paragraph, "limitation year" has the same meaning prescribed in section 38-769.

3. The employer shall pay to ASRS an amount equal to the amount that would have been paid in employer contributions for the period in question together with accumulated interest that would have accrued on both the employer and member contributions due. If the employer does not remit full payment of all employer contributions and all interest due within ninety days after being notified by ASRS of the amount due, the unpaid amount accrues interest until the amount is paid in full. The interest rate is the interest rate assumption that is approved by the board for actuarial equivalency for the period in question to the date payment is received.

4. On satisfaction of the requirements of this subsection, the member's salary history on the records of ASRS shall be adjusted and any additional service credits acquired by the member shall be reinstated.

5. If the member retires before all contributions are made pursuant to this subsection, the member's benefits shall be calculated only based on the contributions actually made.

6. Annual additions shall be determined as provided in section 38-747, subsection O.

7. The initiator of the request for correction of salary history and service credits on records of ASRS is responsible for providing credible evidence of past employment and compensation to ASRS in a form or forms that would lead a reasonable person to conclude that a period of employment occurred under circumstances that made the employee eligible

for membership in ASRS during that period. A determination of eligibility by ASRS may be appealed to the ASRS board in a manner prescribed by the board.

8. A member who previously received a return of contributions pursuant to section 38-740 may receive an adjustment of employer contributions or service credits pursuant to this section only for qualifying employment and compensation that occurred after the member's most recent return of contributions pursuant to section 38-740.

C. Subsection B of this section applies to eligible verified service that occurred less than or equal to fifteen years before the date the initiator of the request for correction of salary history and service credits on the records of ASRS provides ASRS with credible evidence in writing that less than the correct amount of contributions was paid into ASRS or ASRS otherwise determines that less than the correct amount of contributions was made.

D. Eligible verified service that is more than fifteen years before the date the initiator of the request for correction of salary history and service credits on the records of ASRS provides ASRS with credible evidence in writing that less than the correct amount of contributions was paid into ASRS or ASRS otherwise determines that less than the correct amount of contributions was made is considered public service credit. The member may purchase this service pursuant to section 38-743.

E. NOTWITHSTANDING ANY OTHER LAW, AN EMPLOYER MAY CORRECT A CONTRIBUTIONS ERROR PURSUANT TO SUBSECTION B OF THIS SECTION BY MAKING PAYMENT ADJUSTMENTS THROUGH THE EMPLOYER'S PAYROLL REPORTING FOR THE CONTRIBUTIONS THAT WERE NOT SUBMITTED IF BOTH OF THE FOLLOWING APPLY:

1. THE ADJUSTMENT IS MADE WITHIN THE SAME FISCAL YEAR THAT THE CONTRIBUTIONS WERE DUE TO ASRS.

2. THE EMPLOYER OBTAINS WRITTEN CONSENT FROM THE EMPLOYEE TO MAKE THE ADJUSTMENT TO THE EMPLOYEE'S PAYCHECK.

APPROVED BY THE GOVERNOR MARCH 22, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2019.

Passed the House February 11, 2019

by the following vote: 55 Ayes,

5 Nays, 0 Not Voting

Speaker of the House

Pro Tempore

Chief Clerk of the House

Passed the Senate March 18, 2019

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

19th day of March, 2019

at 9:50 o'clock A M.

Secretary to the Governor

Approved this 22nd day of

March 2019

at 10:38 o'clock A M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 22 day of March, 2019

at 4:01 o'clock P. M.

Secretary of State

H.B. 2007