

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
2011 LEGISLATIVE SESSION (ended April 20, 2011)**

**Bills become law on July 20, 2011
(unless stated otherwise)**

Bills enclosed in border have been passed. To review a bill in its entirety, please visit the State Legislature's Website: www.azleg.state.az.us

HB2094 STATE HEALTH COVERAGE; SURVIVOR BENEFITS

Surviving spouses and dependents of state employees who die while the employee's surviving spouse's health insurance is in force will pay only the out-of-pocket premium amount for their classification that an active employee would pay. Public monies are no longer prohibited from being expended to pay any part of the premium.

Sponsor: Rep. Heinz

Current Action: Held in Committees.

HB2095 STATE EMPLOYEE HEALTH INSURANCE; DEPENDENTS

Deletes the statutory definition of "dependent" for the purposes of state employee health insurance. A legislative intent section states that the intent is to apply the definition prescribed by AZ Administrative Code, except those provisions that are superseded by federal law. Retroactive to September 30, 2009.

Sponsor: Rep. Heinz

Current Action: Held in Committees.

HB2105 RETIREMENT; PSPRS; BOARD OF TRUSTEES

Blends multiple enactments of statute dealing with limitations on receiving pensions and reemployment for members of the Public Safety Personnel Retirement System.

Sponsor: Rep. Robson

Current Action: No action posted.

HB2199 RETIREMENT; PSPRS; PLAN DESIGN

Makes various changes for new members of the Public Safety Personnel Retirement System, including the definition of "normal retirement date" to require 25 years of service and the member's age being at least 52 and one-half. (Formerly, either 20 years of service regardless of age or 15 years of service at an age of at least 62). For all members, the percentage of the member's contribution (currently at 8.65%) increases 1% per year fiscal year 2014-15 when it reaches 11.65%. Thereafter, it is the lower of 11.65% or one-third of the aggregate computed employer contribution rate.

Sponsor: Rep. Robson

Current Action: Held in House.

HB2334 PRIVATE ATTORNEY RETENTION; CONTINGENCY FEES

A state agency or agent cannot retain a lawyer or law firm for legal services if the fee and expenses for the services are more than \$100,000 until there is an open and competitive bidding process. A state agency or agent cannot enter into a contract in excess of \$1 million without an opportunity for legislative review of the contract. In no case may the state incur expenses of more than \$1,000 per hour for legal services.

First Sponsor: Rep. Harper

Current Action: Held in House.

HB2423 STATE HIRING; PRIVATE ATTORNEYS (TECH CORRECTION; STATE INSTITUTIONS)

The state is authorized to enter into a contingency fee contract with a private attorney for any case for which the attorney general determines such an arrangement is both cost effective and in the public interest. A government attorney retains control of the conduct of the case, has veto power over decisions made by the private attorney and may have talks with the defendant without participation of the private attorney. Limits are placed on the amount of the fee: for example, no more than 25% on any recovery of less than \$10 million or no more than 20% on a recovery of between \$10-15 million. Annually by Feb. 1, the attorney general shall submit a report on the preceding year's contingency fee contracts to the House speaker and Senate president.

Sponsor: Rep. Yee

Current Action: April 14, 2011 signed by Governor. Chapter 116, Laws 2011.

HB2440 AGENCY SETTLEMENT AGREEMENTS; PUBLIC RECORD

Public bodies or public agencies must maintain a public record of all settled claims. Any settlement agreement involving a public body is a public record, with some exceptions.

First Sponsor: Rep. Montenegro

Current Action: Held in House.

HB2726 RETIREMENT SYSTEMS; PLAN DESIGN

Various changes to the plan design of all four state retirement systems, including: changing eligibility criteria for normal retirement; repealing COLAs; eliminating early retirement and reducing retirement calculators for members of the Elected Officials Retirement System (EORP); eliminating the Deferred Retirement Option Plan election and increasing member contributions for members of the Public Safety Personnel Retirement System (PSPRS); eliminating refunds of contributions made by members of EORP, PSPRS and the Corrections Officers Retirement Plan (CORP) who terminate after completing five but before ten years of service. The salary on which the retirement benefit is based for members of EORP, PSPRS and CORP is changed to the highest average salary during a five-year period (currently, during a three-year period). Many changes are retroactive to July 1, 2011, and thus are effective for new hires as of that date. Severability clause.

First Sponsor: Rep. Adams

Current Action: Held in House.

SB1079 LAW ENFORCEMENT; SURVIVING SPOUSES; INSURANCE

The law stating that the surviving spouse of a law enforcement officer killed in the line of duty or who had died as a result of injuries suffered in the line of duty is entitled to receive health insurance payments from the officer's employer is expanded to include a dependent of the law enforcement officer. The list of conditions that qualify the spouse (and now dependent) to receive health insurance payments from the officer's employer is also expanded to include that the spouse or dependent is enrolled in the health insurance program offered by the retirement plan from which the person(s) is receiving benefits. Formerly, payments would be made only if the recipient was covered by the employer's health insurance plan. Conditions are also added that will cause the payments to cease.

First Sponsor: Sen. Gray

Current Action: Held in Senate.

SB1316 RETIREMENT; PSPRS; TRUSTEES; EMPLOYMENT AGREEMENTS

The powers of the Board of Trustees of the Public Safety Personnel Retirement System would have been expanded to include authorization to enter into employment agreements with the administrator and assistant administrators. The board's decisions regarding investment management agreements, etc., would have been specifically exempt from procurement rules. **AS VETOED BY GOVERNOR.** Her veto message stated the bill has the unintended consequence of weakening statutory prohibitions against the state doing business with companies with scrutinized business operations in Sudan or Iran.

Sponsor: Sen. Yarbrough

Current Action: Vetoed by Governor.

SB1317 RETIREMENT; PSPRS; CORP; EORP; ADMINISTRATION

Various changes in statutes dealing with the Public Safety Personnel Retirement System (PSPRS) the Elected Officials retirement Plan (EORP, and the Corrections Officers' Retirement Plan (CORP). The PSPRS Board is prohibited from making a retroactive pension payment to a person that is more than 90 days after the date of the person's application for benefits. The time period within which CORP employers are required to forward members' contributions is extended to 10 working days from five working days. Employers are subject to a daily penalty (calculated at 10% per annum) if contributions are not timely received. A retired member of PSPRS, EORP or CORP who elects to purchase health care coverage through the person's former employer must notify the retirement board in order to be eligible for the subsidy currently provided in law.

Sponsor: Sen. Yarbrough

Current Action: April 29, 2011 signed by Governor. Chapter 347, Laws 2011.

SB1340 RETIREMENT; DEFINED CONTRIBUTION SYSTEM

Creates an Arizona State Defined Contribution Retirement System (DC System). Beginning January 1, 2012, the DC System is the single retirement program for all new employees, and those employees are ineligible for membership in ASRS. Establishes provisions regulating the DC system, including powers and duties of a DC System Board, employee and employer contributions, retirement age, amount of annuity payments, and termination of membership.

Sponsor: Sen. Antenori

Current Action: Held in Senate.

SB1609 RETIREMENT SYSTEMS; PLANS; PLAN DESIGN

Makes various changes in the Elected Officials Retirement Plan (EORP), the Public Safety Personnel Retirement System (PSPRS), and the Corrections Officer Retirement Plan (CORP) to reduce costs to employers and to the plans, including changing contribution rates, pension amounts, and normal retirement dates. All members must make contributions to their retirement plan according to a schedule established in this act. An alternate contribution rate is established for retired members of any of the plans who return to work. Conditions are prescribed under which permanent increases (COLAs) will be granted. Severability clause. Some provisions are effective retroactive to July 1, 2011.

First Sponsor: Sen. Yarbrough

Current Action: April 29, 2011 signed by Governor. Chapter 357, Laws 2011.

SB1614 BUDGET; BUDGET PROCEDURES; FY2011-12

Makes various changes that impact the budget across agencies. Provisions include: the number of mandatory furlough days for state employees in the current fiscal year (FY10-11) is reduced to five days from six days, and the number of mandatory furlough days in FY11-12 is reduced to zero from six. However, agency directors are given the authority to reduce the hours of employees who are covered by merit rules if the agency's appropriation is reduced. State employees hired after this act's effective date are not eligible for health and accident insurance benefits until the employee has worked for at least 90 days and are not eligible for membership in ASRS until the employee has worked for at least 6 months. With regards to payroll contributions to the Arizona State Retirement System, beginning July 1, 2011, the formula governing contribution rates for employees and employers will change so that employees must pay 53% of the total contribution and employers must pay 47%. Formerly, employer and employee contributed equal amounts. Gubernatorial allocation of more than \$250 million in federal stimulus funding is recognized. Unrestricted federal funds received in FY11-12 shall be deposited in the General Fund and used to pay for "essential government services." Rental rates charged in FY11-12 to agencies for state-owned space by the Dept of Administration is reduced by 28%. Some retroactive provisions.

First Sponsor: Sen. Biggs

Current Action: April 6, 2011 signed by Governor. Chapter 26, Laws 2011.