

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
2013 LEGISLATIVE SESSION
(adjourned June 14, 2013)**

ENACTED BILLS ONLY

**Bills become law on September 13, 2013
(unless stated otherwise)**

To review a bill in its entirety, please visit
The State Legislature's Website: <http://www.azleg.gov/>

HB2056 PSPRS; AMENDMENTS

Makes various changes to statutes governing the Public Safety Personnel Retirement System, including prohibiting members from taking a loan against or removing contributions from their account prior to termination of membership or receipt of a pension, exempting stocks acquired for coinvestment with the system's investments and interests in mutual funds from certain investment requirements, and modifying provisions for contributions by retired members who are reemployed following retirement. PSPRS will no longer pay part of the single coverage premium of any group health insurance premium for members who retire or become a survivor on or after the effective date of this legislation and who are reemployed and participate in employer-provided health care coverage. Paid full-time firefighters employed directly by a joint powers authority (identified elsewhere in statute as a separate legal entity formed by government entities to jointly exercise common powers for a fire district) are added to the definition of "eligible group" for the PSPRS. Establishes PSPRS local board membership for joint powers authorities. For purposes of the public safety officer supplemental benefits plan for duty-related injuries, a retired member of PSPRS who is a certified peace officer is added to the definition of "member."

Sponsor: Rep. Lova

Current Action: Signed by the Governor, June 19, 2013. Chapter 203, Laws 2013.

HB2204 LAW ENFORCEMENT; SURVIVING SPOUSE; INSURANCE

The surviving spouse or a "dependent" of a "law enforcement officer" (both defined) killed in the line of duty is entitled to receive payments for health insurance premiums from public monies of the officer's employer. The employer is required to make payments if the surviving spouse or dependent is enrolled in the employer's health insurance program or the health insurance plan offered by the retirement system or plan from which the person is receiving benefits. The amount of the payment and circumstances under which payments will be discontinued are specified. Emergency clause.

Sponsor: Rep. Robson

**Current Action: Signed by the Governor, April 5, 2013. Chapter 54, Laws 2013.
Effective April 5, 2013.**

For the purpose of the Elected Officials Retirement Plan, the definition of “elected official” is modified to include every full-time superior court administrator. Deletes provisions making full-time superior court commissioners appointed on or after July 1 of the first fiscal year after the federal Social Security Administration approves the inclusion of the commissioners on Arizona's section 218 agreement members of the Arizona State Retirement System instead of EORP.

Sponsor: Rep. Robson

Current Action: Signed by the Governor, April 17, 2013. Chapter 122, Laws 2013.

Various changes relating to peace officers. The spouse or minor child of a deceased peace officer and "former public officials" (defined as a former elected or appointed member of Congress, the Legislature or a statewide office who was the victim of a dangerous offense while in office) are added to the list of persons who may file an affidavit to request that county officers and the Department of Transportation prohibit access to that person's residential address and telephone number contained in certain public records, and who must be notified of the expiration of restrictions on related public records. Law enforcement officers are permitted to terminate a rental agreement within 30 days if the officer provides to the landlord a written notice that the officer is protected under an injunction against harassment that was issued within the immediately preceding 30 day period. If the officer received any lease concession or benefit, the concession or benefit actually received or used must be repaid to the landlord prior to vacating the rental unit. A surviving spouse or dependent of a law enforcement officer, other than a corrections officer or firefighter who works on behalf of the state or a political subdivision through a contract with a private company, who was killed in the line of duty or who died from injuries suffered in the line of duty on or after April 5, 1933 is entitled to receive payments for health insurance premiums from public monies of the officer's employer. The premium payments apply only for premiums paid on or after the effective date of this legislation.

Sponsor: Rep. Petersen

Current Action: Signed by the Governor, June 19, 2013. Chapter 211, Laws 2013.

The Arizona State Retirement System Board is required to establish, administer and operate a defined contribution plan for certain employees. The ASRS Board is authorized to delegate authority to implement the plan to the ASRS Director, to administer the plan through contracts with multiple vendors and to employ the services of the third-party administrator that administers the ASRS supplemental defined contribution plan to also administer the plan. All employee contributions made to the defined contribution plan must be picked up and paid by the employer. State or political subdivision employees hired on or after the effective date of this legislation who are not eligible for the ASRS or other public retirement systems because the employee is not included in agreements providing for the employee's coverage or does not meet the definition of member, but who work at least 20 hours per week for at least 20 weeks in each fiscal year are enrolled in the ASRS defined contribution plan at the employer's option. Each employee and each employer is required to contribute 50 percent of the total ASRS normal cost plus 1.5 percent of the employee's compensation, which is deposited in the employee's annuity account and is immediately vested. Employees cannot be enrolled in the plan if the employee has entered into an agreement with the employer that required participation in an alternative retirement plan or for other compensation provided in lieu of retirement benefits. The agreement must specify that it is irrevocable for the remainder of the employment and must be executed within two years of initial eligibility. For employees hired on or after the effective date of this legislation, if an ASRS employer disagrees with a written determination made by the state social security section 218 administrator of the employee's inclusion under agreements providing for the employee's coverage under the federal old age and survivor's insurance system or the application and use of that determination by ASRS for ASRS membership, and the employee is enrolled in ASRS, the employee's ASRS account is suspended, additional contributions cannot be collected and service credit cannot be applied during the ASRS administrative appeals process. The employee must be enrolled in the ASRS supplemental defined contribution plan, with some exceptions. If there is a determination of the employee's eligibility that is final and not appealable and the employee is determined ineligible for ASRS, the employee will continue participating in the defined contribution plan. If the employee is determined eligible for ASRS, the employee must be enrolled in ASRS. ASRS employers are required to ensure the proper enrollment of members in the ASRS, submit any information requested by ASRS that is necessary to make eligibility determinations and for proper plan administration, and attend the ASRS annual training conference. Specifies that Public Safety Personnel Retirement System local boards have powers necessary to decide all questions of eligibility for membership and benefits. Each employee of an eligible group is required to participate in the PSPRS plan on proper determination of eligibility for membership by the local board. The employer is required to provide to the local board all necessary information to determine an employee's eligibility for membership. Appropriates 1 FTE position and \$502,400 from the ASRS Administration Account Fund in FY2013-14 to the ASRS for personal and professional services.

Sponsor: Rep. Robson

Current Action: Signed by the Governor, June 19, 2013. Chapter 216, Laws 2013.

Establishes an Elected Officials' Defined Contribution Retirement System (EODCRS) for elected officials who are elected or appointed on or after January 1, 2014 and who were not a member of the plan on December 31, 2013. Beginning January 1, 2014, the EODCRS is the retirement program for elected officials, and elected officials must be enrolled in the defined contribution plan established by the Public Safety Personnel Retirement System (PSPRS). The PSPRS Board is responsible for the administration of the EODCRS, and is required to annually report the status of the EODCRS to the Governor and the Legislature. Each EODCRS member must contribute eight percent of gross compensation by salary reduction, which is deposited in the member's annuity account. Each employer is required to annually make a contribution equal to six percent of each member's gross compensation. Also establishes an EODCRS disability program and requires all EODCRS members to participate in the disability program. Beginning January 1, 2014, employers are required to contribute the percentage of the gross compensation of all the EODCRS members under their employment so that the total employer contributions equals the amount the PSPRS Board determines is necessary to pay 1/2 of all benefits under and costs of administering the disability program, and members are required to contribute the same amount. Employer and employee disability contributions must be determined by the system actuary in an annual valuation using specified methods. Eligibility for a disability benefit and the amount of the benefit is determined in the same manner as EORP disability benefits. A person who knowingly falsifies any record of the disability program with intent to defraud is guilty of a class 6 (lowest) felony. Retired members of the EODCRS may elect to obtain group health insurance coverage through the Arizona State Retirement System, but must pay the premium for the coverage selected and are not eligible for premium assistance benefits. The Elected Officials' Retirement Plan (EORP) is available only to elected officials who were a member of the plan before January 1, 2014. An elected official who is elected or appointed on or after January 1, 2014 and who was not a member of the plan on December 31, 2013 is not eligible for EORP. Beginning January 1, 2014 through June 30, 2044, each EORP employer is required to make level percent compensation contributions of 23.5 percent of the compensation of all employees who are members of EORP or the EODCRS to meet the normal cost plus an amount to amortize the unfunded accrued liability. This employer contribution cannot be used to pay for an increase in benefits to members. In FY2013-14 through FY2042-43, appropriates \$5 million in each FY from the general fund to the EORP Fund to supplement the normal cost plus an amount to amortize the unfunded accrued liability. These appropriations cannot be used to pay for an increase in benefits to members.

Sponsor: Rep. Lovas

Current Action: Signed by the Governor, June 19, 2013. Chapter 217, Laws 2013.

Various changes relating to the Corrections Officer Retirement Plan, including prohibiting members from taking a loan against or removing contributions from their account prior to termination of membership or receipt of a pension, allowing the CORP Board to make a retroactive payment of a pension for a period of up to 180 days, increased from 90 days, before the date of application, and prohibiting a disability pension from being recomputed at a disabled retired member's normal retirement date. A CORP member applying for disability retirement must terminate the member's employment by reason of the disability. CORP will no longer pay part of the single coverage premium of any group health insurance premium for members who retire or become a survivor on or after the effective date of this legislation and who are reemployed and participate in employer-provided health care coverage.

Sponsor: Sen. Yarbrough

Current Action: Signed by the Governor, April 10, 2013. Chapter 78, Laws 2013.

Makes various changes to statutes governing the Elected Officials' Retirement Plan, including prohibiting members from taking a loan against or removing contributions from their account prior to termination of membership or receipt of a pension, and allowing members of a municipal retirement system or EORP who become a member of one or the other systems to transfer service credits if specified conditions are met. Also, EORP will no longer pay part of the single coverage premium of any group health insurance premium for members who retire or become a survivor on or after the effective date of this legislation and who are reemployed and participate in employer-provided health care coverage. The EORP Board is required to establish a separate account for health insurance premium benefits, and health insurance premium benefits cannot exceed 25 percent of the total actual employer and employee contributions to the plan after the day the account is established.

Sponsor: Sen. Yarbrough

Current Action: Signed by the Governor, April 16, 2013. Chapter 111, Laws 2013.