

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
2021 PROPOSED LEGISLATION**

(55th Legislature, 1st Regular Session)

Updated: May 24, 2021

H2059 RETIREMENT SYSTEMS; BENEFIT COMPUTATION; RETURN-TO-WORK

In the computation of average monthly benefit compensation for the Public Safety Personnel Retirement System, a period of nonpaid or partially paid industrial leave must be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave. Payment of benefits to a Public Safety Personnel Retirement System, Corrections Officer Retirement Plan or Elected Officials' Retirement Plan member are required to commence no later than April 1 of the calendar year following the later of the date the member terminates employment or the calendar year in which the member attains 72 years of age, increased from 70.5 years of age. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS, CORP and EORP

First sponsor: Rep. Kavanagh

Current Action: 2/18 signed by Governor, Chapter 23, Laws 2021; 2/11 substituted in Senate for identical bill 1136, passed Senate 29-0, ready for Governor; 1/28 passed House 59-0, ready for Senate; 1/25 from House Rules okay; 1/20 from House Government and Elections do pass; 1/20 House Government and Elections do pass, report awaited; 1/14 referred to House Government and Elections

H2122 BONDS; FINANCIAL ADVISORY FEES

Deletes the requirement for school or municipal bond financial advisory fees for bonds issued pursuant to a bond election to be paid from either the amount authorized by the voters or current operating funds.

Affected Plans/Statutes: PSPRS

First sponsor: Rep. Bolick

Current Action: 3/10 from Senate Finance do pass; 3/10 Senate Finance do pass, report awaited; Hearing: 3/10 at 9:30 AM, Senate Rm. 1; 2/18 referred to Senate Finance: 1/28 House COW approved, passed House 46-12, ready for Senate; 1/25 from House Rules okay; 1/20 from House Ways & Means do pass; 1/20 House Ways & Means do pass, report awaited; 1/14 referred to House Ways & Means

H2381 PSPRS; CORP; LOCAL BOARDS; CONSOLIDATION

Various changes to statutes governing the Public Safety Personnel Retirement System (PSPRS) and Corrections Officer Retirement Plan (CORP). The powers and duties of PSPRS local boards and CORP local boards are expanded to include deciding all questions of eligibility for membership and disability and in the line of duty death benefits, and a uniform process for reviewing applications for these benefits is established. Each PSPRS local board and CORP local board is required to hire an independent legal counsel, and requirements and prohibitions for the legal counsel are specified. PSPRS and CORP local board members are required to complete local board training within 180 days after appointment or election. PSPRS and CORP employers and local boards are required to submit any materials requested by the PSPRS Board of Trustees for any reason. If the PSPRS Board of Trustees finds through an audit or investigation that a local board is not in compliance with statute or rule, the local board has 60 days to take corrective action, and failure to take adequate correction action authorizes the Board of Trustees to act on behalf of that local board until the matter is resolved. PSPRS and CORP local boards are authorized to enter into an intergovernmental agreement with other local boards to consolidate the boards. Effective January 1, 2022.
AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS and CORP

First sponsor: Rep. Blackman

Current Action: 2/24 signed by the Governor, Chapter 34, Laws 2021; 2/16 substituted in Senate for identical bill 1214, passed Senate 30-0, ready for Governor; 2/11 passed House 60-0, ready for Senate; 2/11 House COW approved with amendment #4096 and floor amendment #4237; Hearing: 2/8 at 1:00 PM; 2/4 from House Government & Elections with amendment #4096; 2/3 House Government & Elections do pass, report awaited; 2/3 at 9:00 AM, House Rm. 1; 1/27 referred to House Government & Elections

H2420 LAW ENFORCEMENT; PROSECUTION GRANTS; ACCEPTANCE

By October 15 of each year, counties and municipalities are required to certify in writing to each state agency through which the county or municipality receives any state monies that there has been no disproportionate funding reductions to the county's or municipality's law enforcement agency. The certification must include a statement that any reduction in funding or proposed funding to the law enforcement agency is a result of reduced revenue collection and the reduction in law enforcement agency funding is "proportionate" (defined) to the reduction in revenue. A county or municipality that has disproportionately reduced its law enforcement agency funding is not eligible to receive state shared monies. The State Treasurer is required to continue to withhold state shared monies until certification from the county or municipality that the reduction in the law enforcement agency's budget has been restored to a proportionate amount.

Affected Plans/Statutes: PSPRS

First sponsor: Rep. Carroll

Current Action: 3/3 House COW approved with amendment #4409, FAILED House 27-33; 2/23 from House Rules okay; 2/22 from House Military and Public Safety with amendment #4409; 2/19 House Military Affairs and Public Safety amended, report awaited; Hearing: 2/19 at 1:00 PM, House Rm. 1; 1/26 referred to House Military Affairs and Public Safety

H2455 FIRE DISTRICTS; PENSION LIABILITY; FINANCING

A fire district, through the district board, is authorized to lease, lease-purchase or grant a lien on any or all of its present or future property to pay amounts to the Public Safety Personnel Retirement System, pension prefunding plan investment accounts, and the Arizona Employers' Pension Prefunding Plan, and to create reserves to supplement those payments as deemed necessary by the board. Emergency clause. AS PASSED HOUSE

Affected Plans/Statutes: PSPRS

First sponsor: Rep. Cobb

Current Action: 3/24 Senate Finance held; Hearing: 3/24 at 9:00 AM, Senate Rm. 109; 3/2 referred to Senate Finance; 2/23 passed House 58-1, ready for Senate; 2/23 House COW approved with amendment #4324; 2/22 from House Rules okay; Hearing: 2/22 at 8:30 AM (House Rules); 2/18 from House Government & Elections with amendment #4324; Hearing: 2/18 at 1:00 PM, House Rm. 1; 2/17 House Government & Elections amended, report awaited; Hearing: 2/17 at 9:00 AM, House Rm. 1; 2/10 House Government & Elections held; Hearing: 2/10 at 8:30 AM, House Rm. 1; 1/27 referred to House Government & Elections

H2604 RETIREMENT SYSTEMS; BOARDS; PAID LEAVE

Public Safety Personnel Retirement System (PSPRS) employers are required to provide an employee-member of the PSPRS Board of Trustees or a PSPRS local board paid leave of absence for the time the employee attends board meetings. Corrections Officer Retirement Plan employers are required to provide an employee-member of the a local board paid leave of absence for the time the employee attends board meetings.

Affected Plans/Statutes: PSPRS and CORP

First sponsor: Rep. Blackman

Current Action: 2/1 referred to House Government & Elections

H2612 RETIREMENT SYSTEMS; INVESTMENT FEES; DISCLOSURES

Each "alternative investment manager" (defined) that receives capital commitments for an "alternative investment vehicle" (defined) from the governing board of a public retirement system is required to file a disclosure on each alternative investment vehicle at least annually with the State Treasurer. The disclosure must include a list of specified information, including the fees and expenses incurred, and compensation for the alternative investment manager's named executive officers. Applies to all new, amended, renewed or extended contracts beginning January 1, 2021. Retroactive to January 1, 2021.

Affected Plans/Statutes: PSPRS

First sponsor: Rep. Salman

Current Action: 1/28 referred to House Government & Elections

H2700**COUNTY OFFICERS; SALARIES; INCREASE**

Beginning January 1, 2025, the annual salaries of county elected officers are increased by \$20,000 each. Beginning January 1, 2023, the annual salary of the clerk of the superior court is increased by \$20,000. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: EORP and EODC

First sponsor: Rep. Kavanagh

Current Action: 5/5 signed by Governor, Chapter 326, Laws 2021; 4/29 House concurred in Senate amendments and passed on final reading 37-23, ready for Governor; 4/26 passed 22-7, returned to House for concurrence in Senate amendments; 4/13 Senate COW approved with amendment [#4986](#) and floor amendment [#5033](#); 4/1 from Senate Appropriations with amendment [#4986](#), from Senate Rules okay; 3/31 Senate Appropriations do pass, report awaited; 3/8 referred to Senate Appropriations; 3/4 House COW approved, passed House 39-21, ready for Senate; 2/22 from House Government & Elections do pass; 2/18 House Government & Elections do pass, report awaited; 2/18 House Government & Elections held; 2/10 House Government & Elections held; 2/2 referred to House Government & Elections

S1043**PUBLIC SAFETY; CANCER INSURANCE; ELIGIBILITY**

The Board of Trustees of the Public Safety Personnel Retirement System is required to annually review the premiums required under the Public Safety Cancer Insurance Policy Program to ensure the financial security of the Program. Persons eligible for coverage under the Program remain eligible upon retirement for the statutorily specified time periods, regardless of whether the person has a cancer diagnosis.

Affected Plans/Statutes: PSPRS and CORP

First sponsor: Sen. Livingston

Current Action: 1/26 from Senate Rules okay; 1/14 from Senate Finance do pass; 1/13 Senate Finance do pass, report awaited; 1/11 referred to Senate Finance

S1045 DEFINED CONTRIBUTION; HEALTH SUBSIDY; DISABILITY

Retired members of the Public Safety Personnel Defined Contribution Retirement System (PSPDCRS) are no longer required to pay the premium for coverage in the group health and accident coverage and are no longer excluded from eligibility for benefits under the health insurance premium assistance program for members with disabilities. The accidental disability pension for a member of the Public Safety Personnel Retirement System (PSPRS) must be at least 50 percent of the member's average monthly benefit compensation. The PSPRS Board is required to establish and administer a group health benefits plan for retired participants who elect to participate. For 90 days after the effective date of this legislation, existing PSPDCRS participants must have an opportunity to opt in to the group health benefits plan through an irrevocable election to pay the required costs through payroll deduction. Each participant in the group health benefits plan and the participant's employer are required to pay an equal amount for costs, as actuarially determined, for the plan. Other than provisions relating to accidental disability pension, this legislation becomes effective July 1, 2022. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS/PSPDCRS

First sponsor: Sen. Livingston

Current Action: 5/5 signed by Governor, Chapter 330, Laws 2021; 4/28 passed House 60-0, ready for Governor; 3/31 from House Rules okay; Hearing: 3/31 at 9:45 AM, House Rm. 4; 3/10 from House Government & Elections do pass; 3/10 House Government & Elections do pass, report awaited; Hearing: 3/10 at 9:00 AM, House Rm. 1; 3/3 referred to House Government & Elections; 3/1 passed Senate 28-1, ready for House; 2/24 Senate COW approved with floor amendment [#4531](#); 2/10 retained on Senate COW calendar; 1/26 from Senate Rules okay; 1/14 from Senate Finance do pass; 1/13 Senate Finance do pass, report awaited; 1/11 referred to Senate Finance

S1046 MEMBER DISTRIBUTIONS; DEFERRED RETIREMENT; TRANSFERS

For the purpose of Public Safety Personnel Retirement System (PSPRS) rollover distributions, the definition of "eligible retirement plan" is expanded to include a Roth individual retirement account that satisfies the requirements of section 408A of the federal Internal Revenue Code. A PSPRS member or the member's surviving spouse who is entitled to receive an eligible rollover distribution is authorized to elect to directly roll over all or part of that distribution to an eligible retirement plan, and a member's beneficiary other than the spouse is authorized, on the death of the member, to elect to directly roll over all or part of an eligible rollover distribution from the system. Requirements for eligible rollover distributions are specified. Retroactive to January 1, 2020. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS and CORP

First sponsor: Sen Livingston

Current Action: 3/24 signed by Governor, Chapter 120, Laws 2021; 3/18 passed House 59-0 ready for Governor; 3/16 from House Rules okay; Hearing: 3/15 at 1:00 PM, House Rm. 4; Hearing: 3/8 at 1:00 PM, House Rm. 4; 3/3 from House Government & Elections do pass; 3/3 House Government & Elections do pass, report awaited; Hearing: 3/3 at 9:00 AM, House Rm. 1; 2/23 referred to House Government & Elections; 1/28 passed Senate 29-0, ready for House; 1/26 from Senate Rules okay; 1/20 from Senate Finance do pass; 1/20 Senate Finance do pass, report awaited; 1/13 Senate Finance held; 1/11 referred to Senate Finance

S1136 RETIREMENT SYSTEMS; BENEFIT COMPUTATION; RETURN-TO-WORK

In the computation of average monthly benefit compensation for the Public Safety Personnel Retirement System, a period of nonpaid or partially paid industrial leave must be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave. Payment of benefits to a Public Safety Personnel Retirement System, Corrections Officer Retirement Plan or Elected Officials' Retirement Plan member are required to commence no later than April 1 of the calendar year following the later of the date the member terminates employment or the calendar year in which the member attains 72 years of age, increased from 70.5 years of age.

Affected Plans/Statutes: PSPRS, CORP and EORP

First sponsor: Sen. Livingston

Current Action: 2/9 from Senate rules okay; Hearing: 2/8 at 1:00 PM, Caucus Rm. 1; 2/4 from Senate Finance do pass; 2/3 Senate Finance do pass, report awaited; Hearing: 2/3 at 9:00 AM, Senate Rm. 109; 1/20 referred to Senate Finance

S1214 PSPRS; CORP; LOCAL BOARDS; CONSOLIDATION

Various changes to statutes governing the Public Safety Personnel Retirement System (PSPRS) and Corrections Officer Retirement Plan (CORP). The powers and duties of PSPRS local boards and CORP local boards are expanded to include deciding all questions of eligibility for membership and disability and in the line of duty death benefits, and a uniform process for reviewing applications for these benefits is established. Each PSPRS local board and CORP local board is required to hire an independent legal counsel. PSPRS and CORP local board members are required to complete local board training within 180 days after appointment or election. PSPRS and CORP employers and local boards are required to submit any materials requested by the PSPRS Board of Trustees for any reason. If the PSPRS Board of Trustees finds through an audit or investigation that a local board is not in compliance with statute or rule, the local board has 60 days to take corrective action, and failure to take adequate correction action authorizes the Board of Trustees to act on behalf of that local board until the matter is resolved. PSPRS and CORP local boards are authorized to enter into an intergovernmental agreement with other local boards to consolidate the boards. Effective January 1, 2022.

Affected Plans/Statutes: PSPRS and CORP

First sponsor: Sen. Livingston

Current Action: 2/3 Senate COW approved with amendment [#4019](#) and floor amendment [#4082](#); 2/2 from Senate Rules okay; 1/28 from Senate Finance with amendment [#4019](#); Hearing: 1/27 at 9:00 AM, Senate Rm. 109; 1/20 referred to Senate Finance

S1298 FIRE DISTRICTS; PENSION LIABILITY; FINANCING

A fire district, through the district board, is authorized to lease, lease-purchase or grant a lien on any or all of its present or future property to pay amounts to the Public Safety Personnel Retirement System, pension prefunding plan investment accounts, and the Arizona Employers' Pension Prefunding Plan, and to create reserves to supplement those payments as deemed necessary by the board. Emergency clause. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Shope

Current Action: 4/16 signed by Governor, Chapter 241, Laws 2021; 4/8 passed House 48-10, ready for Governor; 3/30 from House Rules okay; Hearing: 3/29 at 1:00 PM, House Rm. 4; 3/10 from House Government & Elections do pass; 3/10 House Government & Elections do pass, report awaited; Hearing: 3/10 at 9:00 AM, House Rm. 1; 3/3 referred to House Government & Elections; 3/1 passed Senate 22-7, ready for House; 2/24 Senate COW approved with amendment [#4173](#); 2/23 from Senate Rules okay; Hearing: 2/22 at 9:00 AM, Senate Rm. 109; 2/11 from Senate Finance with amendment [#4173](#); 2/10 Senate Finance amended, report awaited; Hearing: 2/10 at 9:00 AM, Senate Rm. 109; 1/25 referred to Senate Finance

S1333 LAW ENFORCEMENT; BUDGET REDUCTION; PROHIBITION

Municipalities are prohibited from reducing the annual operating budget for a law enforcement agency by any amount below the previous year's budget. If a municipality reduces the annual operating budget for a law enforcement agency, the municipality is required to notify the State Treasurer of the reduction, and the State Treasurer is required to withhold any state shared monies from the municipality in an amount equal to the amount of the reduction of the annual operating budget for the law enforcement agency. Some exceptions. The State Treasurer is required to deposit any amounts withheld in the newly established Law Enforcement Support Fund. If a municipality reduces the annual operating budget for a law enforcement agency by more than 25 percent, the State Treasurer is required to withhold state shared monies in an amount equal to the law enforcement agency's entire budget for the previous year. If a municipality reduces a law enforcement agency's budget by more than 25 percent, the municipality is required to notify the county sheriff, that sheriff is authorized to assume law enforcement functions for that municipality, and the State Treasurer is required to provide all state shared monies withheld from the municipality to the county sheriff's department. The State Treasurer is required to continue to withhold state shared monies until notification from the municipality that the reduction in the law enforcement agency's budget has been restored. More. Retroactive to January 1, 2021.

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Gowan

Current Action: 2/16 from Senate Rules okay; Hearing: 2/15 at 1:00 PM, Senate Rm. 109; 2/11 from Senate Appropriations with amendment [#4159](#); Hearing: 2/9 at 2:00 PM, Senate Rm. 109; 2/2 Senate Appropriations held; Hearing: 2/2 at 2:00 PM, Senate Rm. 109; 2/52 Senate Appropriations held; 1/25 referred to Senate Appropriations

S1396**PSPRS; SURVIVOR BENEFITS**

The amount of a surviving spouse's pension from the Public Safety Personnel Retirement System is 40 percent of the deceased member's average monthly salary or 4/5 of what the deceased member's pension would have been on the date of death had the member been retired, whichever is greater. Previously, the surviving spouse's pension was 40 percent of the deceased member's average monthly salary. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Borrelli

Current Action: 4/16 signed by Governor, Chapter 249, Laws 2021; 4/8 passed House 58-0, ready for Governor; 3/30 from House Rules okay; Hearing: 3/29 at 1:00 PM, House Rm. 4; 3/23 from House Military Affairs & Public Safety do pass; Hearing: 3/22 at 2:00 PM, House Rm. 1; 3/16 referred to House Military Affairs & Public Safety; 2/23 passed Senate 30-0, ready for House; 2/23 from Senate Rules okay, Senate COW approved; Hearing: 2/22 at 9:00 AM, Senate Rm. 109; 2/18 from Senate Finance do pass; 2/17 Senate Finance do pass, report awaited; Hearing: 2/17 at 9:00 AM, Senate Rm. 109; 1/27 referred to Senate Finance

S1467**ELECTED OFFICIALS' RETIREMENT PLAN; APPROPRIATIONS**

Appropriates the following amounts from the general fund in the following fiscal years to the Elected Officials' Retirement Plan Fund to supplement the normal cost plus an amount to amortize the unfunded accrued liability: \$6 million in FY2021-22, \$7 million in FY2022-23, \$8 million in FY2023-24, \$9 million in FY2024-25, and \$10 million in FY2025-26 through FY2042-43.

Affected Plans/Statutes: EORP

First sponsor: Sen. Livingston

Current Action: 3/31 from House Appropriations do pass; 3/30 House Appropriations do pass, report awaited; Hearing: 3/30 at 9:00 AM, House Rm. 1; 3/18 from House Government & Elections do pass; 3/17 House Government & Elections do pass, report awaited; Hearing: 3/17 at 9:00 AM, House Rm. 1; 3/9 referred to House Government & Elections, House Appropriations; 3/3 passed Senate 30-0, ready for House; 3/1 Senate COW approved; 2/24 from Senate Appropriations do pass, from Senate Rules okay; 2/23 Senate Appropriations do pass, report awaited; Hearing: 2/23 at 9:00 AM, Senate Rm. 109; 2/11 from Senate Finance do pass; 2/10 Senate Finance do pass, report awaited; Hearing: 2/10 at 9:00 AM, Senate Rm. 109; 1/28 referred to Senate Finance, Senate Appropriations

S1468 DPS; PENSION LIABILITY; SUPPLEMENTAL APPROPRIATION

Makes a supplemental appropriation of \$300 million from the general fund in FY2021-22 to the Public Safety Personnel Retirement System (PSPRS) to be deposited in the employer account of the Department of Public Safety PSPRS group to reduce the unfunded accrued liability.

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Livingston

Current Action: 3/31 from House Appropriations do pass; 3/30 House Appropriations do pass, report awaited; Hearing: 3/30 at 9:00 AM, House Rm. 1; 3/18 from House Government & Elections do pass; 3/17 House Government & Elections do pass, report awaited; Hearing: 3/17 at 9:00 AM, House Rm. 1; 3/9 referred to House Government & Elections, House Appropriations; 3/3 passed Senate 28-2, ready for House; 2/25 retained on Senate COW calendar; 2/24 from Senate Appropriations do pass, from Senate Rules okay; 2/23 Senate Appropriations do pass, report awaited; Hearing: 2/23 at 9:00 AM, Senate Rm. 109; 2/11 from Senate Finance do pass; 2/10 Senate Finance do pass, report awaited; Hearing: 2/10 at 9:00 AM, Senate Rm. 109; 1/28 referred to Senate Finance, Senate Appropriations

S1649 PSPRS; INVESTMENT REPORTING

The Public Safety Personnel Retirement System (PSPRS) Board of Trustees is required to issue a request for proposals every five years for an external auditor, and to develop a policy regarding routine “stress testing” (defined) of the retirement systems and plans administered by the Board at the employer level and the system level. The Board is required to annually review and adopt a pension funding policy for each defined benefit plan and system administered by the Board that outlines the strategy to achieve financial solvency. By June 30 of each year, the Board is required to submit to the Governor and the Legislature a financial report that includes a list of specified information, and to post the report on the PSPRS website. Expands the information that the Board is required to include in the PSPRS annual report to the Governor and the Legislature to include an estimate of the aggregate fees paid for alternative investments, in addition to private equity investments, including carried interest. The Senate President and Speaker of the House of Representatives are each required to appoint one member to the PSPRS Advisory Committee who is either a legislator or a legislative staff member. Also, conditioned on the enactment of H2381, a PSPRS or Corrections Officer Retirement Plan local board’s independent legal counsel is prohibited from representing a PSPRS member before any local board or any judicial appeal of a local board decision. AS SIGNED BY GOVERNOR

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Livingston

Current Action: 4/16 signed by Governor, Chapter number 251, Laws 2021; 4/8 passed House 58-0, ready for Governor; 3/30 from House Rules okay; Hearing: 3/29 at 1:00 PM, House Rm. 4; 3/18 from House Government & Elections do pass; 3/17 House Government & Elections do pass, report awaited; Hearing: 3/17 at 9:00 AM, House, Rm. 1; 3/2 referred to House Government & Elections; 2/25 passed Senate 28-0, ready for House; 2/24 Senate COW approved with floor amendment #4536 2/16 from Senate Rules okay; 2/11 from Senate Finance do pass; 2/10 Senate Finance do pass, report awaited; 2/3 referred to Senate Finance

The 2022 general election ballot is to carry the question of whether to amend state statute to increase the surcharge on every fine, penalty and forfeiture imposed and collected by the courts for criminal offenses and on specified civil penalties to eight percent, from seven percent, and to deposit the additional one percent in the newly established State Supplemental Benefit Fund. Monies in the Fund must be used to provide supplemental death benefits to the surviving spouse or dependents of an "eligible person" (defined as specified law enforcement and first responders) who is "killed in the line of duty" (defined). The supplemental death benefit amount is the difference of \$1 million and the sum of amounts received from any onetime death benefit paid by any governmental entity. The total amount of supplemental death benefits that can be paid for a single incident where multiple eligible persons are killed in the line of duty is capped at \$10 million.

Affected Plans/Statutes: PSPRS

First sponsor: Sen. Rogers

Current Action: 2/1 referred to Senate Finance