



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

ENACTED

AMENDED

FACT SHEET FOR H.B. 2381/S.B. 1214

PSPRS; CORP; local boards; consolidation.

Purpose

Allows a Public Safety Personnel Retirement System (PSPRS) local board or a Corrections Officer Retirement Plan (CORP) local board to consolidate with other local boards for the respective employers. Requires the PSPRS Board of Trustees (PSPRS Board), rather than a local board, to decide on eligibility for service credits and retirement benefits and to determine retirement benefits. Limits the powers and duties of a PSPRS or CORP local board to determining eligibility for disability and in-the-line-of duty death benefits, rather than all retirement benefits.

Background

A PSPRS and CORP local board must effectively administer PSPRS and each employer group participating in PSPRS must have a local board. A local board is responsible for: 1) deciding on questions of service credits and retirement benefits; 2) determining the amount, manner and time of payment of retirement benefits; 3) prescribing procedures for claimant applications for retirement benefits; 4) determining a claimant's right to a retirement benefit; and 5) requesting information for the proper administration of action on claims for eligibility of retirement benefits. A local board must establish and adopt necessary rules for its administration (A.R.S. §§ [38-847](#) and [38-893](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

PSPRS Board, and PSPRS and CORP Local Board Benefits Determinations

1. Requires the PSPRS Board or its designee to decide all questions of eligibility for service credits and retirement benefits and to determine the amount, manner and time of payment of retirement benefits.
2. Removes the power of a local board to:
 - a) decide on questions of service credits and retirement benefits;
 - b) determine the amount, manner and time of payment of retirement benefits;
 - c) prescribe procedures for claimant applications for retirement benefits;
 - d) determine a claimant's right to a retirement benefit; and
 - e) request information for the proper administration of action on claims for eligibility of retirement benefits.

3. Requires a local board to:
 - a) decide on questions of eligibility for disability and in-the-line-of duty death benefits;
 - b) prescribe procedures for claimant applications for disability and in-the-line-of duty death benefits;
 - c) make a determination of a claimant's right to a disability and in-the-line-of duty death benefits;
 - d) issue opinions on questions of whether benefits are consistent with and allowable under PSPRS; and
 - e) request information for the proper administration of action on claims for eligibility for disability and in-the-line-of duty death benefits.
4. Requires each employer who has received a completed retirement application from a member to submit the retirement application to the PSPRS Board within 10 days after receipt.
5. Requires the PSPRS Board or its designee to contact the employer and applicant if discrepancies are found in an application and to resolve the discrepancies before the start date of the retirement benefits.
6. Requires an employer who participates in EORP to submit any reports, data, paperwork or other materials that are requested by the PSPRS Board for any reason, including eligibility determinations and proper administration of EORP.

Local Board Consolidation

7. Allows a local board to enter into an intergovernmental agreement with other local boards to consolidate the boards for the respective employers.
8. Requires a consolidated local board to work with the PSPRS Board to ensure that the consolidated local board is duly empaneled consistent with the statutorily required representation and that all appointments or elections for local board members are completed in a timely manner.
9. Requires a consolidated local board to decide eligibility for membership and disability and in-the-line-of duty death benefits, and grants the consolidated local board the duties and responsibilities of a local board.
10. Requires the consolidated local board members and secretary, within 180 days after appointment or election, to complete PSPRS Board-prescribed local board training, including open meeting laws, ethics, legal review and fiduciary responsibilities and duties.
11. Prohibits a consolidated local board's independent legal counsel from being employed by or contracted with the employer or any employee organizations or a member.
12. Requires the consolidated local board's legal counsel to review the model uniform rules for local board procedure issued by the PSPRS Board.
13. Requires a consolidated local board to submit to the PSPRS Board:
 - a) the names of the consolidated local board members, secretary and independent legal counsel; and
 - b) any changes to those positions with 10 days after the change.

Uniform Medical Review

14. Requires a local board secretary to submit an application for disability benefits or in-the-line-of duty benefits to the PSPRS Administrator within 10 days after receiving the application.
15. Requires the PSPRS Administrator or their designee to review the findings after a local board has made a determination on an application or an application is deemed granted because of a local board's failure to hear a claim.
16. Allows the PSPRS Administrator to contract with medical professionals to review a disability or in-the-line-of duty benefit application.
17. Allows the PSPRS Board or the PSPRS Administrator to require:
 - a) additional records from the local board or the employer; or
 - b) that the local board conduct a rehearing on a benefit application matter.
18. Subjects the decision of a local board to judicial review if the PSPRS Board disagrees with the local board's decision after a requested rehearing.

PSPRS and CORP Local Board Power and Duties

19. Requires each local board member, within 180 days after appointment or election, to complete the PSPRS Board-prescribed local board training, including open meeting laws, ethics, legal review and fiduciary responsibilities and duties.
20. Prohibits a local board from waiving or failing to apply any requirements of eligibility for disability and in-the-line-of duty death benefits, rather than all retirement benefits.
21. Requires a local board to establish and adopt rules to adjudicate claims and disputes.
22. Requires a local board's rules to incorporate the model uniform rules for local board procedure issued by the PSPRS Board.
23. Requires the PSPRS Board, if an audit or investigation finds that a local board is not in compliance with statute or the model uniform rules for local board procedure, to notify the local board of the noncompliance.
24. Grants a local board 60 days to take corrective action in the case of rules or statute noncompliance.
25. Allows the PSPRS Board to act on behalf of a local board who has failed to take adequate corrective action in the case of rules or statute noncompliance until the matter is resolved.
26. Requires the PSPRS Board or its designee to work with the local board members to take the appropriate corrective actions, including appointing any vacant or noncompliant local board member positions to bring the local board and its membership, policies and procedures into compliance.
27. Requires an employer and a local board to submit any reports, data, paperwork or other materials requested by the PSPRS Board for any reason.

28. Allows the PSPRS Board to require, rather than seek, a review or rehearing of actions or omissions of a local board.
29. Allows the PSPRS Board, not more than 20 days after taking action by a majority vote of local board members, to require:
 - a) local board or employer records in addition to local board minutes; and
 - b) that the local board conduct a rehearing on the matter decided by majority vote.
30. Allows the PSPRS Board to require, rather than apply for, a rehearing before a local board within the statutorily prescribed time periods.
31. Requires a local board to submit to the PSPRS Board:
 - a) the names of the local board members, secretary and independent legal counsel; and
 - b) any changes to those positions with 10 days after the change.
32. Allows a local board's meeting minutes to be submitted to the PSPRS Board by email.
33. Requires a local board secretary, within 180 days after election, to complete PSPRS Board-prescribed local board training, including open meeting laws, ethics, legal review and fiduciary responsibilities and duties.
34. Requires each local board to hire an independent legal counsel who is not an employee of or contracted with an employer or an employee organization.
35. Prohibits a local board's independent legal counsel from representing a member before any local board or judicial appeal of a local board decision.
36. Requires a local board's independent legal counsel to review the model uniform rules for local board procedures issued by the PSPRS Board.
37. Removes the discretionary permission of the PSPRS Board to review actions of a local board to protect the PSPRS Fund.

Miscellaneous

38. Defines terms.
39. Makes technical and conforming changes.
40. Becomes effective on January 1, 2022.

Amendments Adopted by Committee

- Makes technical changes.

Amendments Adopted by Committee of the Whole

- Prohibits a local board's independent legal counsel from representing a member before any local board or judicial appeal of a local board decision.

FACT SHEET – Enacted

H.B. 2381/S.B. 1214

Page 5

House Action

GE 2/3/21 DPA 13-0-0-0
3rd Read 2/11/21 60-0-0

Senate Action

FIN 1/27/21 DPA 10-0-0
3rd Read 2/16/21 30-0-0
(H.B. 2381 was substituted for S.B. 1214 on
3rd Read)

Signed by the Governor 2/24/21
Chapter 34

Prepared by Senate Research
March 4, 2021
MG/gs