



**Bill Number: S.B. 1287**

**Gowan Floor Amendment**

**Reference to: Finance Committee Amendment**

**Amendment drafted by: Leg Council**

### **FLOOR AMENDMENT EXPLANATION**

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- 1. Specifies that, for the purposes of eligibility for receiving credited service for part-time employment with a Public Safety Personnel Retirement System employer, the part-time employee must be engaged to work as a patrol officer and be scheduled to work between 20 and 30 hours per week following a consistent schedule, in addition to meeting other outlined requirements.**
- 2. Requires the average monthly benefit compensation to exclude part-time earnings for the purposes of calculating an accidental, ordinary or catastrophic disability pension for a patrol officer that meets the requirements of a part-time member.**
- 3. Makes technical and conforming changes.**

GOWAN FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1287  
(Reference to FINANCE Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute

or previously enacted session law.

[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.

~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.

~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.

<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.

~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.

{{ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS}} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.

{{Orange lowercase underlining in double curly brackets}} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.

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~~<<Orange strikeout with double orange underlined carets enclosing an entire section>>~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Section 38-842, Arizona Revised Statutes, is amended to  
3 read:

4 38-842. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Accidental disability" means a physical or mental condition  
7 that the local board finds totally and permanently prevents an employee  
8 from performing a reasonable range of duties within the employee's job  
9 classification and that was incurred in the performance of the employee's  
10 duty.

11 2. "Accumulated contributions" means, for each member, the sum of  
12 the amount of the member's aggregate contributions made to the fund and  
13 the amount, if any, attributable to the employee's contributions before  
14 the member's effective date under another public retirement system, other  
15 than the federal social security act, and transferred to the fund minus  
16 the benefits paid to or on behalf of the member.

1       3. "Actuarial equivalent" means equality in present value of the  
2 aggregate amounts expected to be received under two different forms of  
3 payment, based on mortality and interest assumptions adopted by the board.

4       4. "Alternate payee" means the spouse or former spouse of a  
5 participant as designated in a domestic relations order.

6       5. "Alternate payee's portion" means benefits that are payable to  
7 an alternate payee pursuant to a plan approved domestic relations order.

8       6. "Annuitant" means a person who is receiving a benefit pursuant  
9 to section 38-846.01.

10       7. "Average monthly benefit compensation" means the result obtained  
11 by dividing the total compensation paid to an employee during a considered  
12 period by the number of months, including fractional months, in which such  
13 compensation was received. For an employee who becomes a member of the  
14 system:

15       (a) Before January 1, 2012, the considered period shall be the  
16 three consecutive years within the last twenty completed years of credited  
17 service that yield the highest average. In the computation under this  
18 subdivision, a period of nonpaid or partially paid industrial leave shall  
19 be considered based on the compensation the employee would have received  
20 in the employee's job classification if the employee was not on industrial  
21 leave.

22       (b) On or after January 1, 2012 and before July 1, 2017, the  
23 considered period is the five consecutive years within the last twenty  
24 completed years of credited service that yield the highest average. In  
25 the computation under this subdivision, a period of nonpaid or partially  
26 paid industrial leave shall be considered based on the compensation the  
27 employee would have received in the employee's job classification if the  
28 employee was not on industrial leave.

29       (c) On or after July 1, 2017, the considered period is the five  
30 consecutive years within the last fifteen completed years of credited  
31 service that yield the highest average. In the computation under this  
32 subdivision, a period of nonpaid or partially paid industrial leave shall  
33 be considered based on the compensation the employee would have received  
34 in the employee's job classification if the employee was not on industrial  
35 leave.

36       8. "Board" means the board of trustees of the system, who are the  
37 persons appointed to invest and operate the fund.

38       9. "Catastrophic disability" means a physical and not a  
39 psychological condition that the local board determines prevents the  
40 employee from totally and permanently engaging in any gainful employment  
41 and that results from a physical injury incurred in the performance of the  
42 employee's duty.

43       10. "Certified peace officer" means a peace officer certified by  
44 the Arizona peace officer standards and training board.

45       11. "Claimant" means any member or beneficiary who files an  
46 application for benefits pursuant to this article.

1       12. "Compensation" means, for the purpose of computing retirement  
2 benefits, base salary, overtime pay, shift differential pay, military  
3 differential wage pay, compensatory time used by an employee in lieu of  
4 overtime not otherwise paid by an employer and holiday pay paid to an  
5 employee by the employer for the employee's performance of services in an  
6 eligible group on a regular monthly, semimonthly or biweekly payroll basis  
7 and longevity pay paid to an employee at least every six months for which  
8 contributions are made to the system pursuant to section 38-843,  
9 subsection D. Compensation does not include, for the purpose of computing  
10 retirement benefits, payment for unused sick leave, payment in lieu of  
11 vacation, payment for unused compensatory time or payment for any fringe  
12 benefits. In addition, compensation does not include, for the purpose of  
13 computing retirement benefits, payments made directly or indirectly by the  
14 employer to the employee for work performed for a third party on a  
15 contracted basis or any other type of agreement under which the third  
16 party pays or reimburses the employer for the work performed by the  
17 employee for that third party, except for third-party contracts between  
18 public agencies for law enforcement, criminal, traffic and crime  
19 suppression activities training or fire, wildfire, emergency medical or  
20 emergency management activities or where the employer supervises the  
21 employee's performance of law enforcement, criminal, traffic and crime  
22 suppression activities training or fire, wildfire, emergency medical or  
23 emergency management activities. For the purposes of this paragraph,  
24 "base salary" means the amount of compensation each employee is regularly  
25 paid for personal services rendered to an employer before the addition of  
26 any extra monies, including overtime pay, shift differential pay, holiday  
27 pay, longevity pay, fringe benefit pay and similar extra payments.

28       13. "Credited service":

29       (a) Means the member's total period of service before the member's  
30 effective date of participation, plus those compensated periods of the  
31 member's service thereafter for which the member made contributions to the  
32 fund.

33       (b) INCLUDES THOSE COMPENSATED PERIODS OF THE MEMBER'S PART TIME  
34 SERVICE, CALCULATED ON A PRO RATA BASIS, DURING WHICH THE MEMBER MADE  
35 CONTRIBUTIONS TO THE FUND.

36       14. "Cure period" means the ninety-day period in which a  
37 participant or alternate payee may submit an amended domestic relations  
38 order and request a determination, calculated from the time the system  
39 issues a determination finding that a previously submitted domestic  
40 relations order did not qualify as a plan approved domestic relations  
41 order.

42       15. "Depository" means a bank in which all monies of the system are  
43 deposited and held and from which all expenditures for benefits, expenses  
44 and investments are disbursed.

45       16. "Determination" means a written document that indicates to a  
46 participant and alternate payee whether a domestic relations order  
47 qualifies as a plan approved domestic relations order.

1       17. "Determination period" means the ninety-day period in which the  
2 system must review a domestic relations order that is submitted by a  
3 participant or alternate payee to determine whether the domestic relations  
4 order qualifies as a plan approved domestic relations order, calculated  
5 from the time the system mails a notice of receipt to the participant and  
6 alternate payee.

7       18. "Direct rollover" means a payment by the system to an eligible  
8 retirement plan that is specified by the distributee.

9       19. "Distributee" means a member, a member's surviving spouse or a  
10 member's spouse or former spouse who is the alternate payee under a plan  
11 approved domestic relations order.

12       20. "Domestic relations order" means an order of a court of this  
13 state that is made pursuant to the domestic relations laws of this state  
14 and that creates or recognizes the existence of an alternate payee's right  
15 to, or assigns to an alternate payee the right to, receive a portion of  
16 the benefits payable to a participant.

17       21. "Effective date of participation" means July 1, 1968, except  
18 with respect to employers and their covered employees whose contributions  
19 to the fund commence thereafter, the effective date of their participation  
20 in the system is as specified in the applicable joinder agreement.

21       22. "Effective date of vesting" means the date a member's rights to  
22 benefits vest pursuant to section 38-844.01.

23       23. "Eligible child" means an unmarried child of a deceased member  
24 or retired member who meets one of the following qualifications:

25       (a) Is under eighteen years of age.

26       (b) Is at least eighteen years of age and under twenty-three years  
27 of age only during any period that the child is a full-time student.

28       (c) Is under a disability that began before the child attained  
29 twenty-three years of age and remains a dependent of the surviving spouse  
30 or guardian.

31       24. "Eligible groups" means only the following who are regularly  
32 assigned to hazardous duty:

33       (a) Municipal police officers who are certified peace officers.

34       (b) Municipal firefighters.

35       (c) Paid full-time firefighters employed directly by a fire  
36 district organized pursuant to section 48-803 or 48-804 or a joint powers  
37 authority pursuant to section 48-805.01 with three or more full-time  
38 firefighters, but not including firefighters employed by a fire district  
39 pursuant to a contract with a corporation.

40       (d) State highway patrol officers who are certified peace officers.

41       (e) State firefighters.

42       (f) County sheriffs and deputies who are certified peace officers.

43       (g) Game and fish wardens who are certified peace officers.

44       (h) Police officers who are certified peace officers and  
45 firefighters of a nonprofit corporation operating a public airport  
46 pursuant to sections 28-8423 and 28-8424. A police officer shall be  
47 designated pursuant to section 28-8426 to aid and supplement state and

1 local law enforcement agencies and a firefighter's sole duty shall be to  
2 perform firefighting services, including services required by federal  
3 regulations.

4 (i) Police officers who are certified peace officers and who are  
5 appointed by the Arizona board of regents.

6 (j) Police officers who are certified peace officers and who are  
7 appointed by a community college district governing board.

8 (k) State attorney general investigators who are certified peace  
9 officers.

10 (l) County attorney investigators who are certified peace officers.

11 (m) Police officers who are certified peace officers and who are  
12 employed by an Indian reservation police agency.

13 (n) Firefighters who are employed by an Indian reservation  
14 firefighting agency.

15 (o) Department of liquor licenses and control investigators who are  
16 certified peace officers.

17 (p) Arizona department of agriculture officers who are certified  
18 peace officers.

19 (q) Arizona state parks board rangers and managers who are  
20 certified peace officers.

21 (r) County park rangers who are certified peace officers.

22 (s) Game rangers who are certified peace officers and who are  
23 employed by an Indian reservation.

24 25. "Eligible retirement plan" means any of the following that  
25 accepts a distributee's eligible rollover distribution:

26 (a) An individual retirement account described in section 408(a) of  
27 the internal revenue code.

28 (b) An individual retirement annuity described in section 408(b) of  
29 the internal revenue code.

30 (c) An annuity plan described in section 403(a) of the internal  
31 revenue code.

32 (d) A qualified trust described in section 401(a) of the internal  
33 revenue code.

34 (e) An annuity contract described in section 403(b) of the internal  
35 revenue code.

36 (f) An eligible deferred compensation plan described in section  
37 457(b) of the internal revenue code that is maintained by a state, a  
38 political subdivision of a state or any agency or instrumentality of a  
39 state or a political subdivision of a state and that agrees to separately  
40 account for amounts transferred into the eligible deferred compensation  
41 plan from this plan.

42 (g) A Roth individual retirement account that satisfies the  
43 requirements of section 408A of the internal revenue code.

44 (h) For distributions made after December 18, 2015, a simple  
45 retirement account as defined in section 408(p) of the internal revenue  
46 code.

1       26. "Eligible rollover distribution" means a payment to a  
2 distributee, but does not include any of the following:

3       (a) Any distribution that is one of a series of substantially equal  
4 periodic payments made not less frequently than annually for the life or  
5 life expectancy of the member or the joint lives or joint life  
6 expectancies of the member and the member's beneficiary or for a specified  
7 period of ten years or more.

8       (b) Any distribution to the extent the distribution is required  
9 under section 401(a)(9) of the internal revenue code.

10       (c) The portion of any distribution that may not be included in  
11 gross income.

12       (d) Any distribution made to satisfy the requirements of section  
13 415 of the internal revenue code.

14       (e) Hardship distributions.

15       (f) Similar items designated by the commissioner of the United  
16 States internal revenue service in revenue rulings, notices and other  
17 guidance published in the internal revenue bulletin.

18       27. "Employee" means any person who is employed by a participating  
19 employer and who is a member of an eligible group but does not include any  
20 persons compensated on a contractual or fee basis. If an eligible group  
21 requires certified peace officer status or firefighter certification and  
22 at the option of the local board, employee may include a person who is  
23 training to become a certified peace officer or firefighter.

24       28. "Employers" means:

25       (a) Cities contributing to the fire fighters' relief and pension  
26 fund as provided in sections 9-951 through 9-973 or statutes amended  
27 thereby and antecedent thereto, as of June 30, 1968 on behalf of their  
28 full-time paid firefighters.

29       (b) Cities contributing under the state police pension laws as  
30 provided in sections 9-911 through 9-934 or statutes amended thereby and  
31 antecedent thereto, as of June 30, 1968 on behalf of their municipal  
32 policemen.

33       (c) The state highway patrol covered under the state highway patrol  
34 retirement system.

35       (d) The state, or any political subdivision of this state,  
36 including towns, cities, fire districts, joint powers authorities,  
37 counties and nonprofit corporations operating public airports pursuant to  
38 sections 28-8423 and 28-8424, that has elected to participate in the  
39 system on behalf of an eligible group of public safety personnel pursuant  
40 to a joinder agreement entered into after July 1, 1968.

41       (e) Indian tribes that have elected to participate in the system on  
42 behalf of an eligible group of public safety personnel pursuant to a  
43 joinder agreement entered into after July 1, 1968.

44       29. "Fund" means the public safety personnel retirement fund, which  
45 is the fund established to receive and invest contributions accumulated  
46 under the system and from which benefits are paid.

1       30. "Local board" means the retirement board of the employer, who  
2 are the persons appointed to administer the system as it applies to their  
3 members in the system.

4       31. "Member":

5       (a) Means any full-time employee who meets all of the following  
6 qualifications:

7       (i) Who is either a paid municipal police officer, a paid  
8 firefighter, a law enforcement officer who is employed by this state  
9 including the director thereof, a state firefighter who is primarily  
10 assigned to firefighting duties, a firefighter or police officer of a  
11 nonprofit corporation operating a public airport pursuant to sections  
12 28-8423 and 28-8424, all ranks designated by the Arizona law enforcement  
13 merit system council, a state attorney general investigator who is a  
14 certified peace officer, a county attorney investigator who is a certified  
15 peace officer, a department of liquor licenses and control investigator  
16 who is a certified peace officer, an Arizona department of agriculture  
17 officer who is a certified peace officer, an Arizona state parks board  
18 ranger or manager who is a certified peace officer, a county park ranger  
19 who is a certified peace officer, a person who is a certified peace  
20 officer and who is employed by an Indian reservation police agency, a game  
21 ranger who is a certified peace officer and who is employed by an Indian  
22 reservation, a firefighter who is employed by an Indian reservation  
23 firefighting agency or an employee included in a group designated as  
24 eligible employees under a joinder agreement entered into by their  
25 employer after July 1, 1968 and who is or was regularly assigned to  
26 hazardous duty or, beginning retroactively to January 1, 2009, who is a  
27 police chief or a fire chief.

28       (ii) Who, on or after the employee's effective date of  
29 participation, is receiving compensation for personal services rendered to  
30 an employer or would be receiving compensation except for an authorized  
31 leave of absence.

32       (iii) Whose customary employment is at least forty hours per week  
33 or, for those employees who customarily work fluctuating workweeks, whose  
34 customary employment averages at least forty hours per week.

35       (iv) Who is engaged to work for more than six months in a calendar  
36 year.

37       (v) Who, if economic conditions exist, is required to take furlough  
38 days or reduce the hours of the employee's normal workweek below forty  
39 hours but not less than thirty hours per pay cycle, and maintain the  
40 employee's active member status within the system as long as the hour  
41 change does not extend beyond twelve consecutive months.

42       (vi) Who has not attained age sixty-five before the employee's  
43 effective date of participation or who was over age sixty-five with  
44 twenty-five years or more of service prior to the employee's effective  
45 date of participation.

46       (b) BEGINNING FROM AND AFTER ~~[DECEMBER 31, 2025]~~[JUNE 30, 2026],  
47 INCLUDES ANY PART-TIME EMPLOYEE WHOSE EMPLOYER HAS CHOSEN TO ALLOW



1 PART-TIME EMPLOYEES TO PARTICIPATE IN THE SYSTEM AND TO WHOM ALL OF THE  
2 FOLLOWING APPLY:

3 (i) IS HIRED IN AN ELIGIBLE GROUP AS DEFINED IN PARAGRAPH 24,  
4 SUBDIVISION (a), (d) OR (f) OF THIS SECTION.

5 (ii) HAS AT LEAST ~~[FIVE]~~[THREE] YEARS OF CREDITED SERVICE IN EITHER  
6 THE SYSTEM OR THE PUBLIC SAFETY PERSONNEL DEFINED CONTRIBUTION RETIREMENT  
7 PLAN ESTABLISHED PURSUANT TO ARTICLE 4.1 OF THIS CHAPTER BEFORE THE  
8 EMPLOYEE IS HIRED AS A PART-TIME EMPLOYEE FOR THE PURPOSES OF THIS  
9 SUBDIVISION.

10 (iii) IS ENGAGED ~~{{IN}}~~[[TO]] WORK [AS A PATROL OFFICER] ~~{{AND IS~~  
11 SCHEDULED TO WORK}}FOR AT LEAST TWENTY HOURS PER WEEK BUT NOT MORE THAN  
12 THIRTY HOURS PER WEEK {{FOLLOWING A CONSISTENT SCHEDULE}}, AS DETERMINED  
13 BY THE EMPLOYER.

14 [(iv) MEETS THE REQUIREMENTS OF SECTION 38-842.03.]

15 ~~(b)~~ (c) Does not include an employee who is hired on or after July  
16 1, 2017, who makes the irrevocable election to participate solely in the  
17 public safety personnel defined contribution retirement plan established  
18 pursuant to article 4.1 of this chapter and who was not an active, an  
19 inactive or a retired member of the system or a member of the system with  
20 a disability on June 30, 2017.

21 32. "Normal retirement date" means:

22 (a) For an employee who becomes a member of the system before  
23 January 1, 2012, the first day of the calendar month immediately following  
24 the employee's completion of twenty years of service or the employee's  
25 sixty-second birthday and the employee's completion of fifteen years of  
26 service.

27 (b) For an employee who becomes a member of the system on or after  
28 January 1, 2012 and before July 1, 2017, the first day of the calendar  
29 month immediately following the employee's completion of either  
30 twenty-five years of service or fifteen years of credited service if the  
31 employee is at least fifty-two and one-half years of age.

32 (c) For an employee who becomes a member of the system on or after  
33 July 1, 2017, the first day of the calendar month immediately following  
34 the employee's completion of fifteen years of credited service if the  
35 employee is at least fifty-five years of age.

36 33. "Notice of receipt" means a written document that is issued by  
37 the system to a participant and alternate payee and that states that the  
38 system has received a domestic relations order and a request for a  
39 determination that the domestic relations order is a plan approved  
40 domestic relations order.

41 34. "Ordinary disability" means a physical condition that the local  
42 board determines will prevent an employee totally and permanently from  
43 performing a reasonable range of duties within the employee's department  
44 or a mental condition that the local board determines will prevent an  
45 employee totally and permanently from engaging in any substantial gainful  
46 activity.

1       35. "Participant" means a member who is subject to a domestic  
2 relations order.

3       36. "Participant's portion" means benefits that are payable to a  
4 participant pursuant to a plan approved domestic relations order.

5       37. "Pension" means a series of monthly amounts that are payable to  
6 a person who is entitled to receive benefits under the plan but does not  
7 include an annuity that is payable pursuant to section 38-846.01.

8       38. "Personal representative" means the personal representative of  
9 a deceased alternate payee.

10       39. "Physician" means a physician who is licensed pursuant to title  
11 32, chapter 13 or 17.

12       40. "Plan approved domestic relations order" means a domestic  
13 relations order that the system approves as meeting all the requirements  
14 for a plan approved domestic relations order as otherwise prescribed in  
15 this article.

16       41. "Plan year" or "fiscal year" means the period beginning on  
17 July 1 of any year and ending on June 30 of the next succeeding year.

18       42. "Regularly assigned to hazardous duty" means regularly assigned  
19 to duties of the type normally expected of municipal police officers,  
20 municipal or state firefighters, eligible fire district firefighters,  
21 state highway patrol officers, county sheriffs and deputies, fish and game  
22 wardens, firefighters and police officers of a nonprofit corporation  
23 operating a public airport pursuant to sections 28-8423 and 28-8424,  
24 police officers who are appointed by the Arizona board of regents or a  
25 community college district governing board, state attorney general  
26 investigators who are certified peace officers, county attorney  
27 investigators who are certified peace officers, department of liquor  
28 licenses and control investigators who are certified peace officers,  
29 Arizona department of agriculture officers who are certified peace  
30 officers, Arizona state parks board rangers and managers who are certified  
31 peace officers, county park rangers who are certified peace officers,  
32 police officers who are certified peace officers and who are employed by  
33 an Indian reservation police agency, firefighters who are employed by an  
34 Indian reservation firefighting agency or game rangers who are certified  
35 peace officers and who are employed by an Indian reservation. Those  
36 individuals who are assigned solely to support duties such as secretaries,  
37 stenographers, clerical personnel, clerks, cooks, maintenance personnel,  
38 mechanics and dispatchers are not assigned to hazardous duty regardless of  
39 their position classification title. Since the normal duties of those  
40 jobs described in this paragraph are constantly changing, questions as to  
41 whether a person is or was previously regularly assigned to hazardous duty  
42 shall be resolved by the local board on a case-by-case basis. Resolutions  
43 by local boards are subject to rehearing and appeal.

44       43. "Retirement" or "retired" means termination of employment after  
45 a member has fulfilled all requirements for a pension, for an employee who  
46 becomes a member of the system on or after January 1, 2012 and before  
47 July 1, 2017, attains the age and service requirements for a normal

1 retirement date or for an employee who becomes a member of the system on  
2 or after July 1, 2017 attains the age and credited service requirements  
3 for a normal retirement date. Retirement shall be considered as  
4 commencing on the first day of the month immediately following a member's  
5 last day of employment or authorized leave of absence, if later.

6 44. "Segregated funds" means the amount of benefits that would  
7 currently be payable to an alternate payee pursuant to a domestic  
8 relations order under review by the system, or a domestic relations order  
9 submitted to the system that failed to qualify as a plan approved domestic  
10 relations order, if the domestic relations order were determined to be a  
11 plan approved domestic relations order.

12 45. "Service" means the last period of continuous employment of an  
13 employee by the employers before the employee's retirement, except that if  
14 such period includes employment during which the employee would not have  
15 qualified as a member had the system then been effective, such as  
16 employment as a volunteer firefighter, then only twenty-five percent of  
17 such noncovered employment shall be considered as service. Any absence  
18 that is authorized by an employer shall not be considered as interrupting  
19 continuity of employment if the employee returns within the period of  
20 authorized absence. Transfers between employers also shall not be  
21 considered as interrupting continuity of employment. Any period during  
22 which a member is receiving sick leave payments or a temporary disability  
23 pension shall be considered as service. Notwithstanding any other  
24 provision of this paragraph, any period during which a person was employed  
25 as a full-time paid firefighter for a corporation that contracted with an  
26 employer to provide firefighting services on behalf of the employer shall  
27 be considered as service if the employer has elected at its option to  
28 treat part or all of the period the firefighter worked for the company as  
29 service in its applicable joinder agreement. Any reference in this system  
30 to the number of years of service of an employee shall be deemed to  
31 include fractional portions of a year.

32 46. "State" means the state of Arizona, including any department,  
33 office, board, commission, agency or other instrumentality of this state.

34 47. "System" means the public safety personnel retirement system  
35 established by this article.

36 48. "Temporary disability" means a physical or mental condition  
37 that the local board finds totally and temporarily prevents an employee  
38 from performing a reasonable range of duties within the employee's  
39 department and that was incurred in the performance of the employee's  
40 duty.

41 <<Sec. 2. Title 38, chapter 5, article 4, Arizona Revised Statutes,  
42 is amended by adding section 38-842.03, to read:

43 38-842.03. Part-time employees; requirements; prohibition;  
44 definitions

45 [A. TO QUALIFY AS A MEMBER AS DEFINED IN SECTION 38-842, PARAGRAPH  
46 31, SUBDIVISION (b), A PART-TIME EMPLOYEE SHALL MEET BOTH OF THE  
47 FOLLOWING:

1       1. HAS ENTERED INTO A WRITTEN AGREEMENT WITH THE EMPLOYEE'S  
2 EMPLOYER BEFORE JULY 1, 2031 TO WORK PART TIME FOR A PERIOD OF NOT MORE  
3 THAN THREE YEARS DUE TO A SPECIFIED QUALIFYING EVENT.

4       2. HAS NOT WORKED AS A PART-TIME EMPLOYEE FOR THE PURPOSES OF THIS  
5 SECTION FOR MORE THAN SIX YEARS.

6       B. A PART-TIME EMPLOYEE MAY NOT PERFORM OFF-DUTY WORK.

7       C. FOR THE PURPOSES OF THIS SECTION:

8       1. "IMMEDIATE FAMILY MEMBER" MEANS A CHILD, SPOUSE, PARENT,  
9 GRANDCHILD OR GRANDPARENT.

10       2. "OFF-DUTY WORK" MEANS BEING EMPLOYED AS A POLICE OFFICER, STATE  
11 HIGHWAY PATROL OFFICER OR COUNTY SHERIFF OR DEPUTY BY AN EMPLOYER OTHER  
12 THAN THE PART-TIME EMPLOYEE'S EMPLOYER PURSUANT TO THIS ARTICLE.

13       3. "QUALIFYING EVENT" MEANS THE BIRTH OR ADOPTION OF A CHILD OR  
14 PROVIDING CARE FOR A SERIOUS HEALTH CONDITION OF AN IMMEDIATE FAMILY  
15 MEMBER.

16       4. "SERIOUS HEALTH CONDITION" HAS THE SAME MEANING PRESCRIBED IN 29  
17 CODE OF FEDERAL REGULATIONS SECTION 825.113.]>>

18       <<Sec. 3. Section 38-845, Arizona Revised Statutes, is amended to  
19 read:

20       38-845. Amount of retirement benefit

21       A. A member who meets the requirements for a normal pension, who  
22 becomes a member of the system before January 1, 2012 and who has twenty  
23 years of credited service shall receive a monthly amount that equals fifty  
24 percent of the member's average monthly benefit compensation. If the  
25 member retires with other than twenty years of credited service, the  
26 foregoing amount shall be:

27       1. Reduced by four percent for each year of credited service under  
28 twenty years, with pro rata reduction for any fractional year.

29       2. Increased by a monthly amount equal to two percent of the  
30 member's average monthly benefit compensation multiplied by the number of  
31 the member's years of credited service in excess of twenty years, with pro  
32 rata increase for any fractional year, except that if a member retires  
33 with twenty-five or more years of credited service the amount shall be  
34 increased by a monthly amount equal to two and one-half percent of the  
35 member's average monthly benefit compensation multiplied by the number of  
36 the member's years of credited service in excess of twenty years, with pro  
37 rata increase for any fractional year.

38       B. A member who meets the requirements for an accidental disability  
39 pension shall receive a monthly amount, which shall be computed in the  
40 same manner as a normal pension, using the member's average monthly  
41 benefit compensation before termination of employment and the member's  
42 actual credited service or twenty years of credited service, whichever is  
43 greater. Notwithstanding any other provision of this section, the  
44 accidental disability pension for a member shall be a monthly amount that  
45 equals not less than fifty percent of the member's average monthly benefit  
46 compensation.

1 C. A member who meets the requirements for an ordinary disability  
2 pension shall receive a monthly amount that is equal to a fraction times  
3 the member's normal pension that is computed according to subsection A,  
4 ~~{{G-}}~~ H ~~{{OR I}}~~ of this section if the member had twenty years of  
5 credited service. The fraction is the result obtained by dividing the  
6 member's actual years of credited service, not to exceed twenty years of  
7 credited service, by the member's required credited service for the  
8 applicable normal retirement date.

9 D. A member who meets the requirements for a temporary disability  
10 pension shall receive a monthly amount that is equal to one-twelfth of  
11 fifty percent of the member's annual compensation received immediately  
12 prior to the date on which the member's disability was incurred.

13 E. A member who meets the requirements for a catastrophic  
14 disability pension is entitled to receive a monthly amount computed as  
15 follows:

16 1. For the first sixty months, ninety percent of the member's  
17 average monthly benefit compensation before termination of employment.

18 2. After sixty months, sixty-two and one-half percent of the  
19 member's average monthly benefit compensation before termination of  
20 employment or computed in the same manner as a normal pension using the  
21 member's average monthly benefit compensation before termination of  
22 employment and the member's actual credited service, whichever is greater.

23 {{F. FOR THE PURPOSES OF CALCULATING AN ACCIDENTAL, ORDINARY OR  
24 CATASTROPHIC DISABILITY PENSION PURSUANT TO THIS SECTION FOR A MEMBER AS  
25 DEFINED IN SECTION 38-842, PARAGRAPH 31, SUBDIVISION (b), THE AVERAGE  
26 MONTHLY BENEFIT COMPENSATION SHALL EXCLUDE ANY PART-TIME EARNINGS.}}

27 ~~{{F-}}~~ ~~{{G-}}~~ A member who was employed before September 15, 1989 by  
28 an employer participating in the system and who retires on or after  
29 November 1, 2001 is entitled to receive a tax equity benefit allowance  
30 consisting of a permanent increase of two percent of the member's base  
31 benefit retroactive to the day of retirement.

32 ~~{{G-}}~~ ~~{{H-}}~~ A member who meets the requirements for a normal  
33 pension, who becomes a member of the system on or after January 1, 2012  
34 and before July 1, 2017 and who has twenty-five years of credited service  
35 shall receive a monthly amount that equals sixty-two and one-half percent  
36 of the member's average monthly benefit compensation. If the member has  
37 at least fifteen years of credited service, but less than twenty-five  
38 years of service, the monthly amount shall be equal to the member's  
39 average monthly benefit compensation multiplied by the number of whole and  
40 fractional years of credited service multiplied by the appropriate  
41 percentage specified in subsection ~~{{H}}~~ ~~{{I}}~~ of this section. If the  
42 member has twenty-five years of service and retires with other than  
43 twenty-five years of credited service, the foregoing amount shall be:

44 1. Reduced by four percent for each year of credited service under  
45 twenty-five years, with pro rata reduction for any fractional year.

46 2. Increased by a monthly amount equal to two and one-half percent  
47 of the member's average monthly benefit compensation multiplied by the

1 number of the member's years of credited service in excess of twenty-five  
2 years, with pro rata increase for any fractional year.

3 ~~{{H-}}~~~~{{I-}}~~ A member who becomes a member of the system on or  
4 after July 1, 2017 and who retires on or after the member's normal  
5 retirement date shall receive a monthly amount equal to the member's  
6 average monthly benefit compensation multiplied by the number of whole and  
7 fractional years of credited service multiplied by the following:

8 1. 1.50 percent if the member has at least fifteen years of  
9 credited service but less than seventeen years of credited service.

10 2. 1.75 percent if the member has at least seventeen years of  
11 credited service but less than nineteen years of credited service.

12 3. 2.00 percent if the member has at least nineteen years of  
13 credited service but less than twenty-two years of credited service.

14 4. 2.25 percent if the member has at least twenty-two years of  
15 credited service but less than twenty-five years of credited service.

16 5. 2.50 percent if the member has at least twenty-five years of  
17 credited service.

18 ~~{{F-}}~~~~{{J-}}~~ Notwithstanding subsections A, ~~{{G-and}}~~ H ~~{{AND I}}~~  
19 of this section, the maximum amount payable as a normal pension is eighty  
20 percent of the average monthly benefit compensation. >>

21 <<Sec. 4. Section 38-845.03, Arizona Revised Statutes, is amended  
22 to read:

23 38-845.03. Early retirement

24 Members who are hired on or after July 1, 2017 and who have earned  
25 at least fifteen years of credited service may retire at fifty-two and  
26 one-half years of age and will receive an actuarially equivalent  
27 retirement benefit to the benefit amount prescribed in section 38-845,  
28 subsection ~~{{H-}}~~~~{{I-}}~~. >>

29 <<Sec. 5. Section 38-846.01, Arizona Revised Statutes, is  
30 amended to read:

31 38-846.01. Deferred annuity; exception

32 A. If any member who has at least ten years of credited service  
33 terminates employment for reasons other than retirement or disability, the  
34 member may elect to receive a deferred annuity, except that if the  
35 annuitant withdraws all or part of the annuitant's accumulated  
36 contributions in the system all rights in and to a deferred annuity shall  
37 be forfeited by the annuitant. A deferred annuity is a lifetime monthly  
38 payment actuarially equivalent to the annuitant's accumulated  
39 contributions in the system plus an equal amount paid by the employer and  
40 shall commence on application on or after the sixty-second birthday of the  
41 annuitant. The annuity is not a retirement benefit and annuitants are not  
42 entitled to receive any amount prescribed by section 38-845, subsection  
43 ~~{{F-}}~~~~{{G-}}~~ or section 38-846, 38-856.05 or 38-857.

44 B. This section does not apply to a member who becomes a member of  
45 the system on or after January 1, 2012. For a member who is hired on or  
46 after January 1, 2012 and before July 1, 2017, a member who attains a  
47 normal retirement date is eligible for retirement and a retirement benefit

1 even if the member terminates employment with an employer before the age  
2 requirement for normal retirement if the member attains the service  
3 requirement for normal retirement. For a member who is hired on or after  
4 July 1, 2017, a member who attains a normal retirement date is eligible  
5 for retirement and a retirement benefit even if the member terminates  
6 employment with an employer before the age requirement for normal  
7 retirement if the member attains the credited service requirement for  
8 normal retirement. Once a member described in this subsection reaches the  
9 normal retirement age, the member may receive payments made under section  
10 38-845. >>

11 Sec. 6. Section 38-865, Arizona Revised Statutes, is amended to  
12 read:

13 38-865. Definitions

14 In this article, unless the context otherwise requires:

15 1. "Annuity account" means an account that is established for each  
16 participant to record the deposit of participant contributions, employer  
17 contributions and interest, dividends or other accumulations credited on  
18 behalf of the participant.

19 2. "Board" means the board of trustees of the public safety  
20 personnel retirement system established by section 38-848.

21 3. "Compensation":

22 (a) For participants as defined in paragraph 7, subdivision (a) of  
23 this section and section 38-865.01, has the same meaning prescribed in  
24 section 38-842.

25 (b) For participants as defined in paragraph 7, subdivision (b) of  
26 this section, means salary as defined in section 38-881.

27 4. "Defined contribution plan" means the public safety personnel  
28 defined contribution retirement plan established pursuant to this article.

29 5. "Employer" has the same meaning prescribed in section 38-842 or  
30 38-881, as applicable.

31 6. "Employer contribution" means an amount deposited by an  
32 employer, from the employer's own monies, in the participant's annuity  
33 account on a periodic basis coinciding with the participant's regular pay  
34 period.

35 7. "Participant" means:

36 (a) A member as defined in section 38-842, paragraph 31,  
37 subdivision (a) OR (b), excluding subdivision (a), item (vi), who is one  
38 of the following:

39 (i) An employee who is hired on or after July 1, 2017, who makes  
40 the irrevocable election to participate solely in the defined contribution  
41 plan established pursuant to this article and who was not an active, an  
42 inactive or a retired member of the system or a member of the system with  
43 a disability on June 30, 2017.

44 (ii) An employee who is hired on or after July 1, 2017, who is not  
45 covered by the federal old age and survivors insurance system and who  
46 makes the irrevocable election to participate in the system or is enrolled  
47 in the system pursuant to section 38-842.01, subsection A.

1 (b) A member as defined in section 38-881, paragraph 27,  
2 subdivision (a) who is one of the following:

3 (i) An employee who is hired on or after July 1, 2018, who is not  
4 in a designated position as defined in section 38-881, paragraph 13,  
5 subdivision (g) and who was not an active, an inactive or a retired member  
6 of the corrections officer retirement plan or a member of the corrections  
7 officer retirement plan with a disability on June 30, 2018.

8 (ii) An employee who is hired on or after July 1, 2018, who is in a  
9 designated position as defined in section 38-881, paragraph 13,  
10 subdivision (g), who makes the irrevocable election pursuant to section  
11 38-881.01 to participate solely in the defined contribution plan  
12 established pursuant to this article and who was not an active, an  
13 inactive or a retired member of the corrections officer retirement plan or  
14 a member of the corrections officer retirement plan with a disability on  
15 June 30, 2018.

16 8. "Pensionable compensation" means the amount of the participant's  
17 annual compensation that does not exceed the limitation specified in  
18 section 38-843.04 or 38-895.01, as applicable.

19 9. "System" means the public safety personnel retirement system  
20 established by article 4 of this chapter.

21 Sec. 7. Section 38-865.01, Arizona Revised Statutes, is amended to  
22 read:

23 38-865.01. Definition of participant

24 For the purposes of this article, "participant" includes a member as  
25 defined in section 38-842, paragraph 31, subdivision (a) OR (b), excluding  
26 subdivision (a), item (vi), who is hired on or after January 1, 2012 and  
27 before July 1, 2017, who is not covered by the federal old age and  
28 survivors insurance system and who is a member of the system.

29 Sec. 8. Section 38-867.02, Arizona Revised Statutes, is amended to  
30 read:

31 38-867.02. Trustee-to-trustee transfers from system:  
32 definitions

33 A. A trustee-to-trustee transfer made pursuant to section  
34 38-844.06, subsection C shall be deposited in a separate transfer account  
35 established on behalf of the participant and made immediately available  
36 for the participant's beneficiary to either withdraw all or any portion of  
37 the deposited monies or directly transfer all or any portion of the monies  
38 to an eligible retirement plan in accordance with section 401(a)(31) of  
39 the internal revenue code.

40 B. For the purposes of this section:

41 1. "Beneficiary" means the person designated as the beneficiary of  
42 a participant's deferred retirement option plan participation account  
43 pursuant to section 38-844.07.

44 2. "Participant" means a member as defined in section 38-842,  
45 paragraph 31, subdivision (a), item (vi) OR (b), who has both:

46 (a) Elected to enter into the deferred retirement option plan  
47 established by section 38-844.02.



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1 (b) Died while a participant in the deferred retirement option  
2 plan.

3 3. "Separate transfer account" means a fully vested and  
4 nonforfeitable separate account under the defined contribution plan  
5 established by the trustee in accordance with subsection A of this  
6 section.

7 Enroll and engross to conform

8 Amend title to conform

DAVID GOWAN

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C: MH