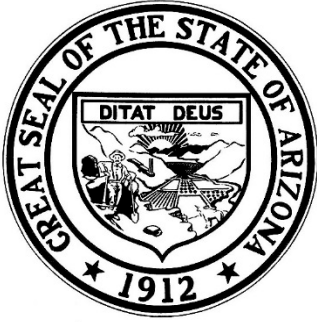




Bill Number: S.B. 1148

Payne Floor Amendment

Reference to: Public Safety Committee Amendment

Amendment drafted by: Leg Council

FLOOR AMENDMENT EXPLANATION

- 1. Requires all Corrections Officer Retirement Plan (CORP) members hired on or after July 1, 2026, rather than only county detention officers, to contribute 7.5 percent of gross pensionable wages as the employee contribution rate, excluding judiciary, probation and surveillance officers.**
- 2. Requires CORP employers to pay the increased employer contribution rate based on years of service for all CORP members hired on or after July 1, 2026, rather than only county detention officers, and excluding judiciary, probation and surveillance officers.**
- 3. Makes conforming changes.**

PAYNE FLOOR AMENDMENT
SENATE AMENDMENTS TO S.B. 1148
(Reference to PUBLIC SAFETY S/E Committee amendment)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

~~[GREEN STRIKEOUT IN BRACKETS]~~ indicates new text removed from statute or previously enacted session law.

~~[Green strikeout in brackets]~~ indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

~~<<Green strikeout in carets>>~~ indicates a section removed from the bill.

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

2 Strike everything after the enacting clause and insert:

3 "Section 1. Section 38-865, Arizona Revised Statutes, is amended to
4 read:

5 38-865. Definitions

6 In this article, unless the context otherwise requires:

7 1. "Annuity account" means an account that is established for each
8 participant to record the deposit of participant contributions, employer
9 contributions and interest, dividends or other accumulations credited on
10 behalf of the participant.

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

13 3. "Compensation":

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

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

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

21 5. "Employer" has the same meaning prescribed in section 38-842 or
22 38-881, as applicable.

23 6. "Employer contribution" means an amount deposited by an
24 employer, from the employer's own monies, in the participant's annuity
25 account on a periodic basis coinciding with the participant's regular pay
26 period.

27 7. "Participant" means:

1 (a) A member as defined in section 38-842, paragraph 31,
2 subdivision (a), excluding subdivision (a), item (vi), who is one of the
3 following:

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

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

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

15 (i) An employee who is hired on or after July 1, 2018 [AND BEFORE
16 JULY 1, 2026], who is not in a designated position as defined in section
17 38-881, paragraph 13, subdivision (g) and who was not an active, an
18 inactive or a retired member of the corrections officer retirement plan or
19 a member of the corrections officer retirement plan with a disability on
20 June 30, 2018.

21 (ii) An employee who is hired on or after July 1, 2018, who is in a
22 designated position as defined in section 38-881, paragraph 13,
23 subdivision (g), who makes the irrevocable election pursuant to section
24 38-881.01 to participate solely in the defined contribution plan
25 established pursuant to this article and who was not an active, an
26 inactive or a retired member of the corrections officer retirement plan or
27 a member of the corrections officer retirement plan with a disability on
28 June 30, 2018.

29 (iii) AN EMPLOYEE WHO IS HIRED ON OR AFTER JULY 1, 2026, WHO IS
30 [NOT] IN A DESIGNATED POSITION AS DEFINED IN SECTION 38-881, PARAGRAPH 13,
31 SUBDIVISION ~~[(a), ITEM (i)]~~ [(g)] AND WHO WAS NOT AN ACTIVE, AN INACTIVE OR
32 A RETIRED MEMBER OF THE CORRECTIONS OFFICER RETIREMENT PLAN OR A MEMBER OF
33 THE CORRECTIONS OFFICER RETIREMENT PLAN WITH A DISABILITY ON JUNE 30,
34 2026.

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

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

40 Sec. 2. Section 38-867, Arizona Revised Statutes, is amended to
41 read:

42 38-867. Contributions; member; employer; pickup

43 A. Each participant in the defined contribution plan shall
44 contribute the following percentage of the participant's gross pensionable
45 compensation by salary reduction that shall be deposited in the
46 participant's annuity account:

1 1. For a participant as defined in section 38-865, paragraph 7,
2 subdivision (a), item (ii), three percent.

3 2. For a participant as defined in section 38-865, paragraph 7,
4 subdivision (a), item (i), nine percent.

5 3. For a participant as defined in section 38-865, paragraph 7,
6 subdivision (b), **ITEMS (i) AND (ii)**, seven percent.

7 **4. FOR A PARTICIPANT AS DEFINED IN SECTION 38-865, PARAGRAPH 7,**
8 **SUBDIVISION (b), ITEM (iii), SEVEN AND ONE-HALF PERCENT.**

9 B. A participant as defined in section 38-865 may make a onetime
10 irrevocable election, before the participant is eligible to participate in
11 any qualified plan of the employer, to contribute more than the percentage
12 of the participant's gross pensionable compensation specified in this
13 section, up to the amount allowable under section 415(c) of the internal
14 revenue code. A participant as defined in section 38-865, paragraph 7,
15 subdivision (b), **ITEM (i) OR (ii)** may make a onetime irrevocable election,
16 before the participant is eligible to participate in any qualified plan of
17 the employer, to contribute less than the percentage of the participant's
18 gross pensionable compensation specified in this section but may not elect
19 to contribute less than five percent of the participant's gross
20 pensionable compensation. The election made pursuant to this subsection
21 shall be the participant's contribution rate for the remainder of the
22 participant's employment.

23 C. Although designated as employee contributions, all participant
24 contributions made to the defined contribution plan shall be picked up and
25 paid by the employer in lieu of contributions by the employee. The
26 contributions picked up by an employer may be made through a reduction in
27 the participant's compensation. A participant in the defined contribution
28 plan may not choose to receive the contributed amounts directly instead of
29 the employer paying the amounts to the defined contribution plan. All
30 participant contributions that are picked up by the employer as provided
31 in this subsection shall be treated as employer contributions under
32 section 414(h) of the internal revenue code, shall be excluded from the
33 participant's gross income for federal and state income tax purposes and
34 are includable in the gross income of the participant or the participant's
35 beneficiaries only in the taxable year in which they are distributed.

36 D. Each employer shall annually make a contribution equal to the
37 following percentages of each participant's gross pensionable
38 compensation:

39 1. For a participant as defined in section 38-865, paragraph 7,
40 subdivision (a), item (ii), three percent.

41 2. For a participant as defined in section 38-865, paragraph 7,
42 subdivision (a), item (i), nine percent.

43 3. For a participant as defined in section 38-865, paragraph 7,
44 subdivision (b), five percent.

1 4. BEGINNING JULY 1, 2026, FOR A PARTICIPANT AS DEFINED IN SECTION
2 38-865, PARAGRAPH 7, SUBDIVISION (b), ~~[WHO IS IN A DESIGNATED POSITION AS~~
3 ~~DEFINED IN SECTION 38-881, PARAGRAPH 13, SUBDIVISION (a).]~~ ITEM (i) ~~[OR~~
4 ~~(iii)]~~, THE FOLLOWING PERCENTAGES BASED ON THE PARTICIPANT'S YEARS OF
5 SERVICE:
6 (a) UP TO THREE YEARS OF SERVICE, TEN PERCENT.
7 (b) THREE YEARS BUT NOT MORE THAN TEN YEARS OF SERVICE, SEVENTEEN
8 AND ONE-HALF PERCENT.
9 (c) TEN YEARS BUT NOT MORE THAN FIFTEEN YEARS OF SERVICE, TWENTY
10 PERCENT.
11 (d) FIFTEEN OR MORE YEARS OF SERVICE, TWENTY-TWO AND ONE-HALF
12 PERCENT.
13 E. The pro rata share of the amount paid in subsection D of this
14 section shall be paid on each date that a participant contribution is made
15 and shall be credited to the participant's annuity account.
16 F. Each participant as defined in section 38-865, paragraph 7,
17 subdivision (a), item (i) and subdivision (b) and each employer shall
18 contribute:
19 1. To the public safety personnel defined contribution retirement
20 plan disability program established by article 4.2 of this chapter.
21 2. For participants who make an election pursuant to section
22 38-869, an equal amount for the group health benefits plan payments as
23 specified in section 38-869 as determined by actuarial valuations reported
24 by the board to the employer and local board, which shall be deposited in
25 a separate account established pursuant to section 38-869.
26 G. A participant's contributions and earnings on those
27 contributions are immediately vested.
28 H. A participant as defined in section 38-865, paragraph 7,
29 subdivision (a) or section 38-865.01 is fully vested in the defined
30 contribution plan after ten years of service, with employer contributions
31 vesting at a rate of ten percent per year. If a participant described in
32 this subsection dies or is determined to be eligible for an accidental or
33 catastrophic disability pension pursuant to section 38-844 before
34 completing ten years of service, the employer contributions are
35 immediately fully vested.
36 I. A participant as defined in section 38-865, paragraph 7,
37 subdivision (b) is fully vested in the defined contribution plan after
38 three years of service, with the employer contributions vesting at the
39 following rates:
40 1. Twenty-five percent after the first year of service.
41 2. Fifty percent after the second year of service.
42 3. One hundred percent after the third year of service.

Senate Amendments to S.B. 1148

1 J. If a participant as defined in section 38-865, paragraph 7,
2 subdivision (b) dies or is determined to be eligible for an accidental or
3 total and permanent disability pension pursuant to section 38-886 before
4 completing three years of service, the employer contributions are
5 immediately fully vested."

6 Enroll and engross to conform
7 Amend title to conform

KEVIN PAYNE

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