



ARIZONA HOUSE OF REPRESENTATIVES

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First Regular Session

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SB 1051: ASRS; employer payments; ineligible contributions

Sponsor: Senator Livingston, LD 22
Committee on Government & Elections

Overview

Removes the current requirement for a determination to be made that the Arizona State Retirement System (ASRS) is *legally obligated* to supply certain items related to employer payments and ineligible contributions.

History

Unfunded liability means that for an individual who is not eligible by statute or rule for ASRS membership, it is the amount that the present value of the individual's benefit or credit exceeds the amount in the individual's ASRS account calculated as of the date that ASRS or a court first determines that ASRS is *legally obligated* to provide any benefit or credit to that individual.

Statute requires an employer to pay any unfunded liability if an employer pays contributions on behalf of any person ineligible by statute or rule for ASRS membership or pays contributions on compensation that is ineligible by statute or rule for ASRS contributions and either ASRS or a court determines that ASRS is *legally obligated* to provide a person with any benefit or credit based on such contributions ([A.R.S. § 38-748](#)).

Provisions

1. Mandates that an employer must pay to ASRS any unfunded liability if a court determines that ASRS *must*, rather than be legally obligated to, provide a person with any benefit or credit based on ineligible contributions. (Sec. 1)
2. Stipulates that credited service ceases to accrue as of the date that ASRS or a court first determines that ASRS *must*, rather than be legally obligated to, provide any benefit or credit to the person. (Sec. 1)
3. Modifies the definition of *unfunded liability* to state that for a person ineligible by statute or rule for ASRS membership as the amount of a person's benefit or credit that exceeds the amount in the person's ASRS account as of the date that ASRS or a court first determines that ASRS *must* provide any benefit or credit to the person. (Sec. 1)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note