

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 140
HOUSE BILL 2545

AN ACT

REPEALING SECTIONS 38-818, 38-818.01, 38-818.02, 38-818.03 AND 38-819, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-818.04; AMENDING LAWS 2017, CHAPTER 163, SECTION 24; RELATING TO PUBLIC RETIREMENT PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Sections 38-818, 38-818.01, 38-818.02, 38-818.03 and 38-819, Arizona
4 Revised Statutes, are repealed.

5 Sec. 2. Title 38, chapter 5, article 3, Arizona Revised Statutes,
6 is amended by adding section 38-818.04, to read:

7 38-818.04. Cost-of-living adjustment

8 A. EACH RETIRED MEMBER OR SURVIVOR OF A RETIRED MEMBER IS ELIGIBLE
9 TO RECEIVE A COMPOUNDING COST-OF-LIVING ADJUSTMENT IN THE BASE BENEFIT AS
10 PROVIDED IN THIS SECTION. THE FIRST PAYMENT UNDER THIS SECTION SHALL BE
11 MADE IMMEDIATELY FOLLOWING THE FIRST YEAR THE COST-OF-LIVING ADJUSTMENT
12 SPECIFIED IN SUBSECTION C OF THIS SECTION IS PAID. THE COST-OF-LIVING
13 ADJUSTMENT SHALL BE MADE ON JULY 1 EACH YEAR THEREAFTER.

14 B. A RETIRED MEMBER OR A SURVIVOR OF A RETIRED MEMBER SHALL RECEIVE
15 ANNUALLY A COST-OF-LIVING ADJUSTMENT IN THE BASE BENEFIT BASED ON THE
16 AVERAGE ANNUAL PERCENTAGE CHANGE IN THE METROPOLITAN PHOENIX-MESA CONSUMER
17 PRICE INDEX PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF
18 LABOR STATISTICS, WITH THE IMMEDIATELY PRECEDING YEAR AS THE BASE YEAR FOR
19 MAKING THE DETERMINATION, NOT TO EXCEED ANNUALLY TWO PERCENT OF THE
20 RETIRED MEMBER'S OR SURVIVOR'S BASE BENEFIT.

21 C. IN THE FIRST YEAR OF A MEMBER'S RETIREMENT, THE COST-OF-LIVING
22 ADJUSTMENT SPECIFIED IN SUBSECTION B OF THIS SECTION SHALL BE PRORATED
23 BASED ON THE DATE OF RETIREMENT.

24 D. THE PLAN ACTUARY SHALL INCLUDE THE PROJECTED COST OF PROVIDING
25 THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN SUBSECTION B OF THIS SECTION IN
26 THE CALCULATION OF NORMAL COST AND ACCRUED LIABILITY.

27 Sec. 3. Laws 2017, chapter 163, section 24 is amended to read:

28 Sec. 24. Conditional enactment

29 Section 38-885.01, Arizona Revised Statutes, as amended by ~~this act~~
30 LAWS 2017, CHAPTER 163, SECTION 14, sections 38-905, 38-905.01, 38-905.02,
31 38-905.03 and 38-905.04, Arizona Revised Statutes, as repealed by ~~this act~~
32 LAWS 2017, CHAPTER 163, SECTION 20, section 38-905.05, Arizona Revised
33 Statutes, as added by ~~this act~~ LAWS 2017, CHAPTER 163, SECTION 21 and
34 section 38-911, Arizona Revised Statutes, as amended by ~~this act~~ LAWS
35 2017, CHAPTER 163, SECTION 22, do not become effective unless the
36 Constitution of Arizona is amended as prescribed in ~~Senate~~ HOUSE
37 concurrent resolution ~~1023~~ 2032, fifty-third legislature, ~~first~~ SECOND
38 regular session, by vote of the people at the next general election.

39 Sec. 4. Conditional enactment

40 Sections 38-818, 38-818.01, 38-818.02, 38-818.03 and 38-819, Arizona
41 Revised Statutes, as repealed by this act, and section 38-818.04, Arizona
42 Revised Statutes, as added by this act, do not become effective unless the
43 Constitution of Arizona is amended as prescribed in House concurrent
44 resolution 2032, fifty-third legislature, second regular session, by vote
45 of the people at the next general election.

APPROVED BY THE GOVERNOR APRIL 5, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2018.