

House Engrossed Senate Bill

~~barbering and cosmetology fund; enforcement~~  
(now: political subdivision entity; benefits)

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

## CHAPTER 154

# SENATE BILL 1117

AN ACT

AMENDING SECTIONS 11-951 AND 11-981, ARIZONA REVISED STATUTES; RELATING TO  
POLITICAL SUBDIVISION ENTITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-951, Arizona Revised Statutes, is amended to  
3 read:

4 11-951. Definition of public agency

5 For the purposes of this article, "public agency" includes:

6 1. The federal government or any federal department or agency. ~~;~~

7 2. Indian tribes. ~~;~~

8 3. This state, ~~OR~~ any other state. ~~;~~

9 4. All departments, agencies, boards and commissions of this state  
10 or any other state. ~~;~~

11 5. Counties. ~~;~~

12 6. School districts. ~~;~~

13 7. Fire districts. ~~;~~

14 8. Cities. ~~;~~

15 9. Towns. ~~;~~

16 10. All municipal corporations. ~~and~~

17 11. POLITICAL SUBDIVISION ENTITIES AS DEFINED IN SECTION 38-711.

18 12. Any other political subdivisions of this state or any other  
19 state.

20 Sec. 2. Section 11-981, Arizona Revised Statutes, is amended to  
21 read:

22 11-981. Payment of benefits, losses and claims; establishment  
23 of trust funds; definition

24 A. In addition to authority granted pursuant to other provisions of  
25 law or city charter, any city, town, county, ~~any~~ special health care  
26 district organized pursuant to title 48, chapter 31, POLITICAL SUBDIVISION  
27 ENTITY or other political subdivision that is located in a county with a  
28 population of more than one million persons and whose governing body is  
29 composed of members of a county board of supervisors may procure insurance  
30 from any insurer authorized by the director of the department of insurance  
31 and financial institutions or may establish a self-insurance program for  
32 the management and administration of a system for direct payment of  
33 benefits, losses or claims or any combination of insurance and direct  
34 payments, and including risk management consultation, to provide:

35 1. Health, accident, life or disability benefits for employees and  
36 officers of the city, town, county, ~~any~~ special health care district  
37 organized pursuant to title 48, chapter 31 or other political subdivision  
38 that is located in a county with a population of more than one million  
39 persons and whose governing body is composed of members of a county board  
40 of supervisors and their dependents.

41 2. Payment of any property loss sustained or lawful claim of  
42 liability or fortuitous loss made against the city, town, county, ~~any~~  
43 special health care district organized pursuant to title 48, chapter 31,  
44 POLITICAL SUBDIVISION ENTITY or other political subdivision that is  
45 located in a county with a population of more than one million persons and

1 whose governing body is composed of members of a county board of  
2 supervisors or its elected or appointed officials, employees or officers  
3 if such elected or appointed officials, employees or officers are acting  
4 within the scope of employment or authority.

5 B. If any city, town, county, ~~any~~ special health care district  
6 organized pursuant to title 48, chapter 31, **POLITICAL SUBDIVISION ENTITY**  
7 or other political subdivision that is located in a county with a  
8 population of more than one million persons and whose governing body is  
9 composed of members of a county board of supervisors establishes a  
10 self-insurance program for the management and administration of a system  
11 for direct payment of benefits, losses or claims pursuant to subsection A,  
12 the governing body of such city, town, county, ~~any~~ special health care  
13 district organized pursuant to title 48, chapter 31, **POLITICAL SUBDIVISION**  
14 **ENTITY** or other political subdivision that is located in a county with a  
15 population of more than one million persons and whose governing body is  
16 composed of members of a county board of supervisors shall place all ~~funds~~  
17 **MONIES** into a trust fund for the purposes of this section in amounts as  
18 determined appropriate by the governing body of the city, town, county,  
19 ~~any~~ special health care district organized pursuant to title 48, chapter  
20 31, **POLITICAL SUBDIVISION ENTITY** or other political subdivision that is  
21 located in a county with a population of more than one million persons and  
22 whose governing body is composed of members of a county board of  
23 supervisors, except that any city, town, county, ~~any~~ special health care  
24 district organized pursuant to title 48, chapter 31 or other political  
25 subdivision that is located in a county with a population of more than one  
26 million persons and whose governing body is composed of members of a  
27 county board of supervisors establishing such a trust fund shall:

28 1. Designate a risk management consultant or insurance  
29 administrator licensed pursuant to title 20, chapter 2, article 3 or 9,  
30 and such license shall be verified by the governing body of the city,  
31 town, county, ~~any~~ special health care district organized pursuant to title  
32 48, chapter 31 or other political subdivision that is located in a county  
33 with a population of more than one million persons and whose governing  
34 body is composed of members of a county board of supervisors.

35 2. The trust shall be administered by at least five joint trustees,  
36 of whom not more than one may be a member of the governing body of the  
37 city, town, county, ~~any~~ special health care district organized pursuant to  
38 title 48, chapter 31, **POLITICAL SUBDIVISION ENTITY** or other political  
39 subdivision that is located in a county with a population of more than one  
40 million persons and whose governing body is composed of members of a  
41 county board of supervisors and not more than one may be an employee of  
42 the city, town, county, ~~any~~ special health care district organized  
43 pursuant to title 48, chapter 31 or other political subdivision that is  
44 located in a county with a population of more than one million persons and

1 whose governing body is composed of members of a county board of  
2 supervisors.

3 3. The trustees of the trust must be bonded, a stop-loss provision  
4 must be incorporated in the trust agreement and an annual audit must be  
5 performed by an external auditor and a copy of the report kept on file in  
6 the offices of the governing body of the city, town, county, ~~any~~ special  
7 health care district organized pursuant to title 48, chapter 31 or other  
8 political subdivision that is located in a county with a population of  
9 more than one million persons and whose governing body is composed of  
10 members of a county board of supervisors for a period of not less than  
11 five years.

12 4. Not make any expenditure from the trust fund for any purpose not  
13 specified in this article.

14 C. Expenditures during the fiscal year from the trust fund and  
15 monies in the trust fund at the close of the fiscal year shall not be  
16 subject to the provisions of title 42, chapter 17, article 3.

17 D. In the event that such a trust fund is no longer used by the  
18 city, town, county, ~~any~~ special health care district organized pursuant to  
19 title 48, chapter 31, **POLITICAL SUBDIVISION ENTITY** or other political  
20 subdivision that is located in a county with a population of more than one  
21 million persons and whose governing body is composed of members of a  
22 county board of supervisors for the purposes herein set forth, it shall  
23 revert during that fiscal year to the general fund of such city, town,  
24 county, ~~any~~ special health care district organized pursuant to title 48,  
25 chapter 31, **POLITICAL SUBDIVISION ENTITY** or other political subdivision  
26 that is located in a county with a population of more than one million  
27 persons and whose governing body is composed of members of a county board  
28 of supervisors.

29 E. The authority granted to a city, town, county, ~~any~~ special  
30 health care district organized pursuant to title 48, chapter 31, **A**  
31 **POLITICAL SUBDIVISION ENTITY** or other political subdivision that is  
32 located in a county with a population of more than one million persons and  
33 whose governing body is composed of members of a county board of  
34 supervisors by this section is not subject to title 20, except that any  
35 health, life, accident or disability benefit plan shall conform to the  
36 benefits required by title 20.

37 F. This section does not authorize any city, town, county, ~~any~~  
38 special health care district organized pursuant to title 48, chapter 31,  
39 **POLITICAL SUBDIVISION ENTITY** or other political subdivision that is  
40 located in a county with a population of more than one million persons and  
41 whose governing body is composed of members of a county board of  
42 supervisors to procure insurance from any insurer not authorized by the  
43 director of the department of insurance and financial institutions.

44 **G. FOR THE PURPOSES OF THIS SECTION, "POLITICAL SUBDIVISION ENTITY"**  
45 **HAS THE SAME MEANING PRESCRIBED IN SECTION 38-711.**

APPROVED BY THE GOVERNOR MAY 12, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2025.