



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

ENACTED

FACT SHEET FOR S.B. 1053/H.B. 2356

ASRS; nonparticipatory employer liability

Purpose

Removes the requirement for the Arizona State Retirement System (ASRS) to establish a separate fund for certain nonparticipating employers.

Background

ASRS must establish a separate fund for an employer, other than a charter school, who is considered to employ a minimum of 50 employees as of August 3, 2018, and is no longer participating in ASRS after reducing the number of actively contributing employees by: 1) 30 percent or more over a three-year period; or 2) 50 percent or more over any period by filling a position that would ordinarily be filled by an employee of the employer with an employee who is not otherwise actively contributing.

ASRS must establish a separate fund for an employer who: 1) changes from a public entity to a private entity; 2) dissolves, other than Arizona; and 3) through legislative action, is no longer enrolling new employees in ASRS or contributing to ASRS.

The *nonparticipation date* is the date on which the employer is no longer participating in ASRS. A nonparticipatory employer is not eligible to participate in ASRS after the employer's nonparticipation date ([A.R.S. § 38-751](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Removes the requirement for ASRS to establish a separate fund for a nonparticipating employer who, based on the number of contributing employees as of August 3, 2018, is:
 - a) considered to employ a minimum of 50 employees one year before their participation date; and
 - b) no longer participating in ASRS because of a reduction in the number of actively contributing employees.
2. Removes the ineligibility of a nonparticipating employer's participation in ASRS after the employer's nonparticipation date.
3. Makes technical and conforming changes.
4. Becomes effective on the general effective date.

FACT SHEET – Enacted

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Senate Action

FIN	1/20/21	DP	9-0-1
3 rd Read	1/28/21		29-0-1

House Action

GE	2/3/21	DP	13-0-0-0
3 rd Read	2/15/21		60-0-0

(S.B. 1052 was substituted for H.B. 2356 on 3rd Read)

Signed by the Governor 2/18/21
Chapter 29

Prepared by Senate Research
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MG/ML/gs