



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

HB 2455: fire districts; pension liability; financing.

**Sponsor: Representative Cobb, LD 5
Committee on Government & Elections**

Overview

Allows a fire district to lease, lease-purchase or grant a lien on any or all of its present or future property to pay amounts to the Public Safety Personnel Retirement System (PSPRS), pension prefunding plan investment accounts (pension accounts) and the Arizona employers' pension prefunding plan (AEPP Plan) and create reserves to supplement payments as deemed necessary by the fire district board.

History

Fire District Boards

Fire districts are governed by three-member or five-member district boards, depending on the population of the fire district. If a vacancy occurs on the fire district board for any reason other than expiration of a term, a quorum of the remaining board must fill the vacancy by appointment of an interim member ([A.R.S. § 48-803](#)).

Fire districts boards are permitted to employ any personnel and provide services deemed necessary for fire protection, for preservation of life and for carrying out its other powers and duties, including providing ambulance transportation services when authorized to do so pursuant to statute. Additionally, they may construct, purchase, lease, lease-purchase or otherwise acquire apparatus, water and rescue equipment or land, buildings, equipment and furnishings to house equipment and personnel necessary or appropriate to carry out its purposes. These boards are also allowed to enforce, amend and revise the fire code of the district, contract with a city or town for fire protection services and procure the services of an organized private fire company or department of a neighboring city, town, district or settlement ([A.R.S. § 48-805](#)).

Pension Accounts

[Laws 2020, Chapter 79](#) authorizes the State Treasurer to invest and reinvest pension prefunding plan monies in equity securities for pension prefunding plan investment accounts. These monies are for the purposes of allowing employers that provide a *defined benefit pension plan* (DBP Plan) to their employees to prefund the employer's required defined benefit pension payments. DBP Plans are provided through PSPRS, Arizona State Retirement System, Elected Officials' Retirement Plan, Corrections Officer Retirement Plan and any other governing body of a political subdivision that has established a DBP Plan. The State Board of Investment serves as trustees of any pension prefunding plan investment account ([A.R.S. § 35-314.04](#)).

AEPP Plan

Current law establishes the AEPP Plan which allows participating employers that provide a DBP Plan to their employees to prefund the employer's required pension contributions. The PSRPS Board has the sole and exclusive control of the administration and investment of the AEPP Plan ([A.R.S. §§ 38-932](#) and [38-933](#)).

Provisions

1. Permits a fire district board to lease, lease-purchase or grant a lien on any or all of its present or future property to pay amounts to PSPRS, pension accounts and the AEPP Plan and to create reserves to supplement such payments as deemed necessary by the board. (Sec. 2)
2. Makes technical and conforming changes. (Sec. 1-3)

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