



**NOTICES OF FINAL RULEMAKING**

This section of the *Arizona Administrative Register* contains Notices of Final Rulemaking. Final rules have been through the regular rulemaking process as defined in the Administrative Procedures Act. These rules were either approved by the Governor’s Regulatory Review Council or the Attorney General’s Office. Certificates of Approval are on file with the Office.

The final published notice includes a preamble and

text of the rules as filed by the agency. Economic Impact Statements are not published.

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the final rules should be addressed to the agency that promulgated them. Refer to Item #5 to contact the person charged with the rulemaking. The codified version of these rules will be published in the Arizona Administrative Code.

**NOTICE OF FINAL RULEMAKING  
TITLE 2. ADMINISTRATION  
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

[R18-261]

**PREAMBLE**

- 1. Article, Part, or Section Affected (as applicable)**

<u>Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
Article 10	New Article
R2-8-1001	New Section
R2-8-1002	New Section
R2-8-1003	New Section
R2-8-1004	New Section
R2-8-1005	New Section
R2-8-1006	New Section
  
- 2. Citations to the agency’s statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):**  
 Authorizing statute: A.R.S. § 38-714(E)(4)  
 Implementing statutes: A.R.S. §§ 38-701 et seq., 38-711, and 38-729
  
- 3. The effective date for the rules:**  
 February 4, 2019
  - a. If the agency selected a date earlier than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):**  
 Not applicable
  
  - b. If the agency selected a date later than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):**  
 Not applicable
  
- 4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:**  
 Notice of Rulemaking Docket Opening: 24 A.A.R. 2361, August 24, 2018  
 Notice of Proposed Rulemaking: 24 A.A.R. 2351, August 24, 2018
  
- 5. The agency’s contact person who can answer questions about the rulemaking:**  
 Name: Jessica A.R. Thomas, Rules Writer  
 Address: Arizona State Retirement System  
 3300 N. Central Ave., Suite 1400  
 Phoenix, AZ 85012-0250  
 Telephone: (602) 240-2039  
 E-mail: [JessicaT@azasrs.gov](mailto:JessicaT@azasrs.gov)
  
- 6. An agency’s justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:**  
 A.R.S. § 38-711(23) defines member as an employee of the Employer who is “engaged to work” at least 20 hours per week for at least 20 weeks per fiscal year. These rules will clarify which employees meet ASRS membership requirements. These rules will increase understandability of how an employee may become an ASRS member, but the rules do not impose any additional requirements or burdens on members. Additionally, these rules will clarify the steps a potential Employer must take in order to join the ASRS.



7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

No study was reviewed.

8. **A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

9. **A summary of the economic, small business, and consumer impact:**

The ASRS promulgates rules that allow the agency to provide for the proper administration of the state retirement trust fund. ASRS rules affect ASRS members and ASRS employers regarding how they contribute to, and receive benefits from, the ASRS. The ASRS effectively administrates how public-sector employers and employees participate in the ASRS. As such, the ASRS does not issue permits or licenses, or charge fees, and its rules have little to no economic impact on private-sector businesses, with the exception of some employer-partner political subdivision and political subdivision entities, which have voluntarily contracted to join the ASRS. Thus, there is little to no economic, small business, or consumer impact, other than the minimal cost to the ASRS to prepare the rule package. The rules will have minimal economic impact, if any, because they merely clarify when an employee of an Employer may be eligible for ASRS membership and how a potential Employer may join the ASRS. Such clarification will increase understandability of when an employee becomes a member of the ASRS and how a potential Employer may join the ASRS, which will increase the effectiveness and efficiency of the administration of the ASRS, thus, reducing the regulatory burden and the economic impact.

10. **A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking:**

The ASRS changed reference of § 418 of the Social Security Act in R2-8-1001(2) to the correct citation “§ 218.”

11. **An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:**

The ASRS received no written comments regarding the rulemaking. No one attended the oral proceeding on October 2, 2018.

12. **All agencies shall list any other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**

None

a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**

The rules do not require a permit.

b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:**

There are no federal laws applicable to these rules.

c. **Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:**

No analysis was submitted.

13. **A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:**

No materials are incorporated by reference.

14. **Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:**

Not applicable

15. **The full text of the rules follows:**

**TITLE 2. ADMINISTRATION  
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD**

**ARTICLE 10. MEMBERSHIP**

Section

- R2-8-1001. Definitions
- R2-8-1002. Employee Membership
- R2-8-1003. Charter School Employer Membership
- R2-8-1004. Other Political Subdivision and Political Subdivision Entity Employer Membership
- R2-8-1005. Employer Reporting
- R2-8-1006. Prior Service Purchase Cost for New Employers

**ARTICLE 10. MEMBERSHIP****R2-8-1001. Definitions**

The following definitions apply to this Article unless otherwise specified:

1. "218 Agreement" means the same as in R2-8-701.
2. "218 Resolution" means written authorization for a potential Employer to provide Social Security and Medicare or Medicare-only coverage to employees under the provisions of § 218 of the Social Security Act.
3. "Acceptable Documentation" means the same as in R2-8-115.
4. "Designated Employer Administrator" means an individual designated by the Employer and who has authorized access to the Employer's secure ASRS account in order to fulfill the Employer's responsibilities.
5. "Engaged To Work" means the earlier of:
  - a. The date the employee begins rendering services for the Employer and the Employer intends the employee to work for at least 20 hours a week for at least 20 weeks in a fiscal year or;
  - b. The week an employee renders services to an Employer for at least 20 hours a week for at least 20 weeks in a fiscal year.
6. "Leasing An Employee From A Third Party" means the same as "Leased from a third party" in R2-8-116.
7. "State Social Security Administrator" means the ASRS staff designated by the Board to approve 218 Agreements.
8. "Week" means 12:00 a.m. on Sunday through 11:59 p.m. on the following Saturday.

**R2-8-1002. Employee Membership**

- A. For purposes of active member eligibility, an employee of an Employer becomes a member of the ASRS pursuant to A.R.S. § 38-711(23) when the employee is Engaged To Work for the Employer.
- B. If the Employer does not provide an accurate date for which an employee was Engaged To Work pursuant to subsection (A), the ASRS shall determine that an employee's membership effective date will be the member's hire date, if provided by the Employer and within 30 days of the first pay period end date after the hire date, for which the Employer was required to submit contributions.
- C. If the Employer does not provide a hire date pursuant to subsection (B), the effective date is the first pay period end date of contributions received for that member.
- D. Unless a member terminates employment or retires from the ASRS, for purposes of determining active member eligibility, a member will continue to be an active member for the remainder of a fiscal year in which the employee met the requirements to be an active member in the ASRS with that Employer pursuant to A.R.S. § 38-711.
- E. Within 30 days of employment, an employee who is eligible for ASRS membership pursuant to A.R.S. § 38-711(23) shall create a secure ASRS account and submit to the ASRS through the employee's secure ASRS account the following information:
  1. The Employee's full name;
  2. The Employee's Social Security number;
  3. The Employee's date of birth;
  4. The Employee's gender;
  5. The Employee's marital status;
  6. The Employee's primary phone number;
  7. The Employee's personal email address;
  8. The Employee's current mailing address; and
  9. The Employee's designated beneficiary.
- F. Within 30 days of a change in the member's name, the member shall submit to the ASRS through the member's secure ASRS account a Change of Name form that contains:
  1. The member's full name that is on file with the ASRS;
  2. The member's Social Security number;
  3. The member's current mailing address;
  4. The member's date of birth;
  5. The member's personal email address;
  6. The member's primary phone number;
  7. The member's gender;
  8. The member's marital status;
  9. The member's retired, active, inactive, or LTD status with the ASRS;
  10. The member's new full name;
  11. The type of legal document establishing the member's new name;
  12. A copy of the legal document establishing the member's new name; and
  13. The member's dated signature.
- G. Within 30 days of a change in the member's contact information, the member shall notify the ASRS of the change.
- H. If an employee of an Employer meets the requirements of A.R.S. § 38-727(A)(8), the employee may elect to not participate in the ASRS.
- I. Within 30 days after employment, an Employer whose employee is 65 years of age or older as of the date of employment and who has elected not to participate in the ASRS pursuant to subsection (H), shall submit to the ASRS through the Employer's secure ASRS account a 65+ Membership Waiver form that contains:
  1. The employee's full name;
  2. The employee's Social Security number;
  3. The employee's current mailing address;
  4. The employee's date of birth;
  5. The employee's dated signature acknowledging the following statements:



- a. The employee is electing to waive any rights to ASRS membership and the employee will not be eligible for any retirement, disability, or health insurance benefits offered by the ASRS;
  - b. The employee is not a member of the ASRS as of the date of employment; and
  - c. The employee understands that this election is irrevocable for the remainder of the employee's employment with that Employer and the time the employee works under this election is not eligible for purchase in the ASRS;
  - 6. The Employer's name;
  - 7. The date employee's employment began; and
  - 8. The name and dated signature of the Employer's representative.
- J.** A corrected and completed 65+ Membership Waiver form must be resubmitted to the ASRS pursuant to subsection (I) within 14 days of the date the ASRS notifies the employee that the 65+ Membership Waiver form is incorrect or incomplete.

**R2-8-1003. Charter School Employer Membership**

- A.** Pursuant to A.R.S. § 15-187(C), a charter school in Arizona is considered a political subdivision that is eligible to participate in the ASRS if the charter school is sponsored by:
- 1. A state university;
  - 2. A community college district;
  - 3. A group of community college districts;
  - 4. The state board of education; or
  - 5. The state board for charter schools.
- B.** In order to participate as an Employer in the ASRS, a charter school shall notify the ASRS in writing of the charter school's intent to join the ASRS and provide:
- 1. A copy of the current and active Charter Contract, including any amendments, which is approved by the entity sponsoring the charter school pursuant to subsection (A);
  - 2. Documentation showing the name and location of all schools authorized by the Charter Contract identified in subsection (B)(1); and
  - 3. Documentation showing the charter school board's approval to pursue ASRS membership and complete ASRS requirements for membership.
- C.** Upon receipt of the information contained in subsection (B), the ASRS shall determine if the charter school is eligible to participate in the ASRS. If the charter school is not eligible to participate in the ASRS, the ASRS shall send the charter school a notice of ineligibility. If the charter school is eligible to participate, the ASRS shall provide the charter school a Potential New Employer Letter.
- D.** In order to participate as an Employer in the ASRS, an eligible charter school shall submit to the ASRS the following original documents by the due date listed on the Potential New Employer Letter:
- 1. The current retirement plan or a statement signed by the designated authorized agent for the charter school acknowledging there is no current retirement plan.
  - 2. Two ASRS Agreements showing:
    - a. The legal name and current mailing address of the charter school as sponsored pursuant to subsection (A);
    - b. What amount of prior service the charter school shall purchase for employees pursuant to R2-8-1006;
    - c. The approximate number of employees that will become members upon the effective date of the ASRS Agreement;
    - d. The name, title, email address, and telephone number of the designated authorized agent for the charter school;
    - e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
    - f. The ASRS Agreement is binding and irrevocable;
    - g. The effective date of the ASRS Agreement;
    - h. The charter school agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law; and
    - i. The dated signature of the designated authorized agent for the charter school.
  - 3. Two ASRS Resolutions showing:
    - a. The legal name of the charter school as sponsored pursuant to subsection (A);
    - b. The charter school is adopting a supplemental ASRS retirement plan pursuant to A.R.S. § 38-729;
    - c. The charter school agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law;
    - d. The designated authorized agent for the charter school;
    - e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
    - f. The dated and notarized signature of the designated authorized agent.
  - 4. Two 218 Agreements either electing or declining coverage. If the charter school is electing coverage pursuant to a 218 Agreement, the 218 Agreement must be completed and approved by the Social Security Administration prior to joining the ASRS.
  - 5. Two 218 Resolutions, if the charter school is electing coverage pursuant to subsection (D)(4). The 218 Resolutions must be completed and approved by the Social Security Administration prior to joining the ASRS.
- E.** Upon receipt of Acceptable Documentation identified in subsection (D), the ASRS may approve the charter school's request for membership pursuant to A.R.S. § 38-729. If the request to join the ASRS is approved, the state Social Security administrator shall sign the 218 Agreements and the ASRS Director shall sign the ASRS Agreements before the ASRS shall send one of each of the original documents identified in subsection (D) to the charter school.



**E.** Any charter school that is established under the charter contract of a participating charter school shall participate in the ASRS.

**R2-8-1004. Other Political Subdivision and Political Subdivision Entity Employer Membership**

**A.** A political subdivision or political subdivision entity, other than a charter school, may be eligible to participate in the ASRS pursuant to A.R.S. §§ 38-711 and 38-729 if it notifies the ASRS in writing of the political subdivision's or political subdivision entity's intent to join the ASRS and provides to the ASRS:

1. A copy of the current legal authority establishing the political subdivision or political subdivision entity;
2. Documentation showing the name and location of the political subdivision or political subdivision entity; and
3. Documentation showing the political subdivision or political subdivision entity has taken the necessary legal action to be eligible to participate pursuant to A.R.S. § 38-729.

**B.** Upon receipt of the information contained in subsection (C), the ASRS shall determine if the political subdivision or political subdivision entity is eligible to participate in the ASRS. If the political subdivision or political subdivision entity is not eligible to participate in the ASRS, the ASRS shall send the political subdivision or political subdivision entity a notice of ineligibility. If the political subdivision or political subdivision entity is eligible to participate, the ASRS shall provide the political subdivision or political subdivision entity a Potential New Employer Letter.

**C.** In order to participate as an Employer in the ASRS, an eligible political subdivision or political subdivision entity shall submit to the ASRS the following original documents by the due date listed on the Potential New Employer Letter:

1. The current retirement plan or a statement signed by the designated authorized agent for the political subdivision or political subdivision entity acknowledging there is no current retirement plan.
2. Two ASRS Agreements showing:
  - a. The legal name and current mailing address of the political subdivision or political subdivision entity;
  - b. What amount of prior service the political subdivision or political subdivision entity shall purchase for employees pursuant to R2-8-1006;
  - c. The approximate number of employees that will become members upon the effective date of the ASRS Agreement;
  - d. The name, title, email address, and telephone number of the designated authorized agent for the political subdivision or political subdivision entity;
  - e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
  - f. The ASRS Agreement is binding and irrevocable;
  - g. The effective date of the ASRS Agreement;
  - h. The political subdivision or political subdivision entity agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law; and
  - i. The dated signature of the designated authorized agent for the political subdivision or political subdivision entity.
3. Two ASRS Resolutions showing:
  - a. The legal name of the political subdivision or political subdivision entity;
  - b. The political subdivision or political subdivision entity is adopting a supplemental ASRS retirement plan pursuant to A.R.S. § 38-729;
  - c. The political subdivision or political subdivision entity agrees to be bound by the provisions of A.R.S. Title 38, Chapter 5, Article 2 and Article 2.1 unless otherwise indicated by law;
  - d. The designated authorized agent for the political subdivision or political subdivision entity;
  - e. The designated authorized agent is authorized and directed to conduct all negotiations, conclude all arrangements, and sign all documents necessary to administer the supplemental ASRS retirement plan pursuant to A.R.S. Title 38, Chapter 5, Articles 2 and 2.1; and
  - f. The dated and notarized signature of the designated authorized agent.
4. Two 218 Agreements either electing or declining coverage. If the political subdivision or political subdivision entity is electing coverage pursuant to a 218 Agreement, the 218 Agreement must be completed and approved by the Social Security Administration prior to joining the ASRS.
5. Two 218 Resolutions, if the political subdivision or political subdivision entity is electing coverage pursuant to subsection (C)(4). The 218 Resolutions must be completed and approved by the Social Security Administration prior to joining the ASRS.

**D.** Upon receipt of Acceptable Documentation identified in subsection (B), the ASRS may approve the political subdivision's or political subdivision entity's request for membership pursuant to A.R.S. § 38-729. If the request to join the ASRS is approved, the state Social Security administrator shall sign the 218 Agreements and the ASRS Director shall sign the ASRS Agreements before the ASRS shall send one of each of the original documents identified in subsection (B) to the political subdivision or political subdivision entity.

**R2-8-1005. Employer Reporting**

**A.** An Employer shall submit contribution information and contribution payments pursuant to A.R.S. § 38-735, through the Employer's secure ASRS account.

**B.** Within 14 days of receiving the information contained in subsection R2-8-1002(E)(1) through (E)(3), the Employer shall:

1. Verify the information the employee provided;
2. Confirm the employee meets membership requirements pursuant to A.R.S. § 38-711; and
3. Submit the verified information to the ASRS through the Employer's secure ASRS account.

**C.** For an Employer whose employee elects to participate in an Optional Retirement Plan in lieu of the ASRS pursuant to A.R.S. §15-1628, within 30 days of electing to participate in an Optional Retirement Plan, the Employer shall submit to the ASRS through the Employer's secure ASRS account the:

1. Employee's full name;



- 2. Employee’s Social Security number;
- 3. Date of the employee’s employment; and
- 4. Date of the employee’s Optional Retirement Plan election.
- D.** For an Employer who has submitted information pursuant to subsection (C), within 30 days of that employee terminating employment with that Employer, the Employer shall notify the ASRS through the Employer’s secure ASRS account of the employee’s termination date.
- E.** Within 14 days before the effective date of joining the ASRS, an Employer shall submit an initial online authorization and designation form in writing to the ASRS with the following information:
  - 1. The Employer’s name;
  - 2. The following information for the person authorized by the Employer to approve the Employer’s Designated Employer Administrator:
    - a. The person’s full name;
    - b. The person’s title;
    - c. The person’s phone number;
    - d. The person’s email address;
    - e. The person’s dated signature affirming that person has the authority to approve the Employer’s Designated Employer Administrator;
  - 3. The full name of the individual the Employer is designating as the Employer’s Designated Employer Administrator;
  - 4. The title of the individual the Employer is designating as the Employer’s Designated Employer Administrator;
  - 5. The phone number of the individual the Employer is designating as the Employer’s Designated Employer Administrator;
  - 6. The email address of the individual the Employer is designating as the Employer’s Designated Employer Administrator;
  - 7. The dated signature of the individual the Employer is designating as the Employer’s Designated Employer Administrator.
- F.** An Employer’s Designated Employer Administrator shall establish a new Employer’s Designated Employer Administrator as needed through the Employer’s secure ASRS account.
- G.** Within 30 days of an Employer no longer having an Employer’s Designated Employer Administrator, the Employer shall submit in writing an initial online authorization and designation form pursuant to subsection (E).
- H.** Within 30 days of change in the Employer’s address, the Employer shall notify the ASRS of the change through the Employer’s secure ASRS account.
- I.** Within 10 days of any change in the name or ownership of the Employer, the Employer shall provide written notice of the change to the ASRS through the Employer’s secure ASRS account by providing the Employer’s previous account information and the changes to that information.
- J.** Within 30 days of any change in the character of an Employer’s organizational structure, the Employer shall send to the ASRS through the Employer’s secure ASRS account, written notice of the previous organizational structure and the effective changes to the Employer’s organizational structure.
- K.** Within 30 days of Leasing An Employee From A Third Party, an Employer shall submit the following information:
  - 1. The employee’s full name;
  - 2. The number of hours per week the employee works for the Employer;
  - 3. The title of the employee’s position;
  - 4. A copy of the agreement showing the Employer Leasing An Employee From A Third Party; and
  - 5. Whether the employee is retired from the ASRS.

**R2-8-1006. Prior Service Purchase Cost for New Employers**

- A.** Pursuant to A.R.S. § 38-729, upon the effective date of joining the ASRS, an Employer may elect to purchase service credit for a period of employment prior to the effective date of joining the ASRS for employees Engaged To Work for the Employer on the effective date of joining the ASRS who are members of the ASRS as of the effective date of joining the ASRS.
- B.** The ASRS may provide to a potential Employer an estimated cost to purchase service credit pursuant to this section. In order for the ASRS to estimate the cost to purchase service pursuant to this section, a potential Employer shall provide the following information to the ASRS for each employee of the potential Employer who is Engaged To Work for the potential Employer and for whom the potential Employer intends to purchase service credit pursuant to this section:
  - 1. The employee’s full name;
  - 2. The employee’s date of birth;
  - 3. The employee’s Social Security number;
  - 4. The employee’s current salary; and
  - 5. The date the employee began employment with the potential Employer.
- C.** An Employer who elects to purchase service credit pursuant to this section shall submit the following information for each member for which the Employer is purchasing service credit:
  - 1. Member’s full name;
  - 2. Member’s date of birth;
  - 3. Member’s Social Security number;
  - 4. Member’s date of employment;
  - 5. Documentation showing the Member is Engaged To Work for the Employer as of the effective date of joining the ASRS;
  - 6. Member’s current salary as of the effective date of joining the ASRS; and
  - 7. The number of years the Employer is electing to purchase for the member pursuant to this section or the dollar amount the Employer is electing to pay to purchase service for the member pursuant to this section.
- D.** The cost to purchase service credit pursuant to this section shall be determined using an actuarial present value calculation.
- E.** An Employer who elects to purchase service credit pursuant to this section shall submit payment for the full cost of the service purchase to the ASRS within 90 days of the date of notification by the ASRS.



- E.** If an Employer who elects to purchase service credit pursuant to this section does not submit payment for the full cost of the service purchase within 90 days of the date of notification, the Employer is not eligible to purchase service credit pursuant to this section.

**NOTICE OF FINAL RULEMAKING**  
**TITLE 4. PROFESSIONS AND OCCUPATIONS**  
**CHAPTER 1. BOARD OF ACCOUNTANCY**

[R18-262]

**PREAMBLE**

- 1. Article, Part, or Section Affected (as applicable)**

<ul style="list-style-type: none"> <li>R4-1-226.01</li> <li>R4-1-343</li> <li>R4-1-453</li> </ul>	<ul style="list-style-type: none"> <li>Amend</li> <li>Amend</li> <li>Amend</li> </ul>
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- 2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):**
  - Authorizing statute: A.R.S. § 32-703(B)(7)
  - Implementing statute: A.R.S. § 32-703(B)(4), (6), and (13)
- 3. The effective date of the rule:**
  - February 4, 2019
  - a. If the agency selected a date earlier than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):**
    - Not applicable
  - b. If the agency selected a date later than the 60 day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):**
    - Not applicable
- 4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:**
  - Notice of Rulemaking Docket Opening: 24 A.A.R. 1752, June 22, 2018
  - Notice of Proposed Rulemaking: 24 A.A.R. 1707, June 22, 2018
- 5. The agency's contact person who can answer questions about the rulemaking:**
  - Name: Monica L. Petersen, Executive Director
  - Address: Board of Accountancy  
100 N. 15th Ave., Suite 165  
Phoenix, AZ 85007
  - Telephone: (602) 364-0870
  - Fax: (602) 364-0903
  - E-mail: mpetersen@azaccountancy.gov
  - Website: [www.azaccountancy.gov](http://www.azaccountancy.gov)
- 6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:**

R4-1-226.01 and R4-1-343. The application and examination rule, R4-1-226.01, and education and accounting experience rule, R4-1-343, are amended to reduce fraud and ensure a consistent comparative analysis by requiring that course-by-course evaluations be done by the National Association of State Boards of Accountancy International Evaluation Services (NIES) rather than from a service that is a member of either the National Association of Credential Evaluation Services (NACES) or the Association of International Credential Evaluators (AICE). NIES evaluates international education for the sole purpose of the CPA examination and CPA certification in the United States. When originally drafted, the Board's rules assumed that it would primarily need to evaluate certificate applicants from the U.S. who completed education outside of the United States. Based on this assumption, the need to evaluate a foreign academic transcript was expected to only be an occasional endeavor. However, with the international offering of the Exam, the Board has experienced a nearly 60% increase in the receipt and processing of initial exam applications between 2014 and 2017, the majority of which is due to increases in foreign applications. Of the 38 NACES and AICE member evaluators, the overwhelming majority of evaluations that Arizona receives are from two primary companies. It is believed that these two companies do not provide the same rigor in their evaluation of transcripts, including protection from fraud and abuse in the Exam application process, as is offered through NIES. NIES' mission is to uphold the integrity of the U.S. CPA credential through expert evaluation of international coursework. NIES' stringent authentication of education will better ensure that applications submitted to Arizona meet higher and consistent levels of accuracy and integrity while offering evidence of whether or not the applicant meets Arizona educational requirements. NIES will be able to provide a level of rigor in evaluation that has not been observed in other foreign transcript evaluators, including the detection and communication of fraudulent documents.

R4-1-226.01 is additionally amended to permit the Board to request additional information or documents to assist in the determination of compliance with eligibility requirements.