NOTICES OF FINAL EXPEDITED RULEMAKING

This section of the Arizona Administrative Register contains Notices of Final Expedited Rulemakings. An agency prepares these notices under A.R.S. § 41-1013(9).

Expedited rulemaking is an accelerated rulemaking process that does not increase the cost of regulatory compliance, increase a fee, or reduce procedural rights of persons regulated. Other requirements to conduct expedited rulemaking are listed under A.R.S. § 41-1027.

Under the law an agency is required to file a Notice of Proposed Expedited Rulemaking for review. The notices in this section include Register publication dates where the Notices of Proposed Expedited Rulemakings were published.

The Office of the Secretary of State is the filing office and publisher of these rules.

Questions about the interpretation of expedited rules should be addressed to the agency promulgating the rules.

Refer to item 4 to contact the person charged with the rulemaking.

NOTICE OF FINAL EXPEDITED RULEMAKING

TITLE 2. ADMINISTRATION
CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

[R22-123]

PREAMBLE

1. Article, Part, or Section Affected (as applicable) Rulemaking Action
   R2-8-701 Amend
   R2-8-704 Amend
   R2-8-706 Amend
   R2-8-707 Amend

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 statute: A.R.S. §§ 38-711 et seq.

3. The effective date for the rules:
   May 18, 2022
   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 Proposed Expedited Rulemaking: 27 A.A.R. 2691, November 19, 2021

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
   Email: Ruleswriter@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:
   The agency needs to amend these rules consistent with its five-year review report that was approved by the Governor’s Regulatory Review Council in May 2021. These amendments will correct minor formatting and grammatical errors. This rulemaking will also clarify the processes for correcting a contributions not withheld error. A.R.S. § 41-1027(A)(7) allows an agency to complete an expedited rulemaking if it “implements, without materials change, a course of action that is proposed in a five-year review report approved by the council.” In its 2021 five-year review report, the ASRS proposed to make these changes and the Council approved that proposed action in May 2021.
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 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. The preliminary summary of the economic, small business, and consumer impact:

Under A.R.S. § 41-1055(D)(2), ASRS is not required to provide an economic, small business, and consumer impact statement.

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

None

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.

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 7. CONTRIBUTIONS NOT WITHHELD

Section
R2-8-701. Definitions
R2-8-704. Member’s Discovery of Error
R2-8-706. Determination of Contributions Not Withheld
R2-8-707. Submission of Payment

R2-8-701. Definitions

The following definitions apply to this Article unless otherwise specified:

1. “218 agreement” means a written agreement between the state, political subdivision, or political subdivision entity and the Social Security Administration, under the provisions of § 218 of the Social Security Act, to provide Social Security and Medicare or Medicare-only coverage to employees of the state, political subdivision, or political subdivision entity.

2. “Documentation” means a pay stub, completed W-2 form, completed Verification of Contributions Not Withheld form, Employer letter or spreadsheet, completed State Personnel Action Request Form, Social Security Earnings Report, employment contract, payroll record, timesheet, or other Employer-provided form that includes:

a. Whether the employee was covered under the Employer’s 218 Agreement prior to July 24, 2014,

b. The number of hours the member worked or was Engaged to Work for the Employer per pay period, and

c. The amount and type of compensation earned by the member within each pay period.

3. “Eligible service” means employment with an Employer:

a. That is no more than 15 years before the date the ASRS receives written credible evidence that less than the correct amount of contributions were paid into the ASRS or the ASRS otherwise determines that less than the correct amount of contributions were made as specified in A.R.S. § 38-738(C); and
b. In which the member was Engaged to Work for an Employer.

4. “Engaged to Work” means the same as in R2-8-1001.

R2-8-704. Member’s Discovery of Error

A. If a member believes that an Employer has not withheld contributions for the member for a period of Eligible Service, the member shall:

1. Notify the member’s Employer that the Employer has not withheld contributions correctly by contacting the Employer directly; or

2. Submit to the ASRS a Contributions Not Withheld Request form through the member’s secure ASRS account with the following:

   a. The name of the Employer that should have remitted contributions;
   b. The range of dates that any contribution was not withheld;
   c. The member’s position title during the date range listed in subsection (b);
   d. Whether the member was Engaged to Work for the Employer; and
   e. Dated signature of the member certifying the member understands:

      i. The ASRS will be providing the member’s Social Security number to the Employer for verification; and

      ii. If the member’s Employer cannot verify this request, it is the member’s responsibility to provide Documentation of Eligible Service.

B. If the information provided by the eligible member pursuant to subsection (A) is correct, the Employer shall validate the information and submit the information to the ASRS through the Employer’s secure ASRS account. If the information provided by the eligible member pursuant to subsection (A) is incorrect, the Employer shall either correct the information and submit the corrected information to the ASRS through the Employer’s secure ASRS account, along with the information identified in R2-8-703 or cancel the request by notifying the member through ASRS secure messaging the reason the request was canceled.

C. If the Employer refuses to fill out the Verification of Contributions Not Withheld form, or if the member disputes the information the Employer completes on the form, the member shall provide the ASRS with the Documentation the member believes supports the allegation that contributions should have been withheld.

R2-8-706. Determination of Contributions Not Withheld

A. Upon receipt of the information listed in R2-8-703, R2-8-704, or R2-8-705, the ASRS shall review the information to determine whether or not member contributions should have been withheld by the Employer, the length of time those contributions should have been withheld, and the amount of contributions that should have been withheld.

B. Except for a member who met the requirements to be an active member while simultaneously contributing to another retirement plan listed in subsection (B)(2), for purposes of this Article, the ASRS shall determine that contributions should not have been withheld for the period of service in question if:

1. An Employer remits an accurate ACR amount pursuant to R2-8-116; or

2. The employee participates in:

   a. Another Arizona retirement plan listed in A.R.S. Title 38, Chapter 5, Articles 3, 4, or 6; or

   b. In an optional retirement plan listed in A.R.S. Title 15, Chapter 12, Article 3 or A.R.S. Title 15, Chapter 13, Article 2.

C. Except for returning to work under A.R.S. § 38-766.01, the presence of a contract between a member and the Employer does not alter the contribution requirements of A.R.S. §§ 38-736 and 38-737.

D. If there is any discrepancy between the Documentation provided by the Employer and the Documentation provided by the member, a document used in the usual course of business prepared at the time in question is controlling.

E. The ASRS shall provide to each, the Employer and the member, an invoice with the following:

1. The amount of Eligible Service for which contributions were not withheld,

2. The dollar amount of the contributions to be paid to the ASRS by the Employer,

3. The interest on the Employer contributions and member contributions to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-738,

4. The amount of the delinquent interest late charge to be paid to the ASRS by the Employer pursuant to A.R.S. § 38-735, and

5. The dollar amount of contributions to be paid to the ASRS by the member.

E. The ASRS shall send the member an invoice according to subsection (E) after the Employer has remitted the full amount due to be paid by the Employer.

R2-8-707. Submission of Payment

A. Within 90 days from the date on the statement invoice identified in R2-8-706(E), the Employer shall pay to the ASRS the amount due to be paid by the Employer. An Employer who makes payment under A.R.S. § 38-738(B)(3) is not liable for additional interest that may accrue as a result of a member’s failure to remit payment required by A.R.S. § 38-738(B)(1). If the ASRS does not receive full payment of the Employer’s amount due within 90 days after the ASRS notifies the Employer of the amount due, the full amount due will accrue interest as provided in A.R.S. § 38-738. The ASRS may collect the unpaid balance plus interest pursuant to A.R.S. § 38-735(C).

B. The member shall make payment to the ASRS pursuant to A.R.S. § 38-738 by the due date specified on the member’s invoice identified in R2-8-706(E).

C. If the ASRS does not receive full payment of the member’s amount due by the due date specified on the member’s invoice identified in R2-8-706(E), the full amount due will accrue interest, as provided in A.R.S. § 38-738.

D. A member does not receive service credit or credit for salary until both the Employer and member portions of the contributions and all interest has been paid pursuant to A.R.S. § 38-738.