



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

FACT SHEET FOR H.C.R. 2015

referendum; noncustodial federal monies; appropriation

Purpose

Subject to voter approval, statutorily authorizes the Legislature to appropriate noncustodial federal monies.

Background

The Legislature does not currently appropriate federal monies, except for a limited number of block grants and federal funds by the Department of Economic Security. There are two categories of federal monies that come to Arizona: 1) custodial monies that do not provide the state any discretion for disbursement, including university research grants, Social Security payments and Medicare benefits; and 2) noncustodial monies which include grants, block grants and general revenue sharing monies designated by the federal government to allow the state discretion in the development, implementation and operation of a program.

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

Provisions

1. Defines *non-custodial federal monies* as federal monies that meet one of the following criteria:
 - a) are designated by the federal government as block grant monies;
 - b) are designated by the federal government as general revenue sharing monies;
 - c) provides the state with broad authority to make spending decisions to develop, implement or operate a program or service; or
 - d) are considered essential to meet total spending obligations of a federally matched program.
2. Excludes, from the definition of *noncustodial federal monies*, federal monies or research grants awarded to the universities, the Arizona Board of Regents, the Department of Emergency and Military Affairs, school districts and community colleges.
3. Requires a budget unit that receives noncustodial federal monies to account for the monies in separate accounts or funds as necessary to meet accounting, budgeting and auditing requirements.
4. Allows the Arizona Department of Administration to use necessary fiscal safeguards and the most efficient system of accounts and records.
5. States that the Legislature has the authority to appropriate noncustodial federal monies.

6. Requires the budget unit, if the Legislature does not appropriate non-custodial federal monies, to administer and spend, unexpended monies from a particular fund, specific grant program or a block of noncustodial federal monies according to state and federal law.
7. Requires the Legislature to specify, in each noncustodial federal monies appropriation, the purposes for which the monies are to be used.
8. Allows the Legislature, for the purposes of obtaining expenditure authority for unanticipated noncustodial federal monies while the Legislature is not in session, to make a lump sum appropriation.
9. Requires a budget unit, before spending monies from the lump sum appropriation, to submit the proposed expenditure to the Joint Legislative Budget committee for review.
10. Requires the appropriation of noncustodial federal monies be reduced to the amount of the monies received if the amount received is less than the amount appropriated.
11. Specifies that, if the amount of the noncustodial federal monies received is more than the amount appropriated, the total appropriation of federal and state monies for a program remain at the amount appropriated by the Legislature.
12. Requires the State Treasurer to credit the excess noncustodial federal monies to the appropriate budget unit.
13. Defines *budget unit* as any department, commission, board, institution or other agency of this state receiving, expending or disbursing state monies or incurring obligations against the state.
14. Requires the Secretary of State to submit the proposition to the voters at the next general election.
15. Becomes effective if approved by the voters and on the proclamation of the Governor.

House Action

APPROP	1/30/25	DPA/SE	11-7-0-0
3 rd Read	2/26/25		32-27-1

Prepared by Senate Research
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LMM/JP/ci