

House Engrossed

noncustodial federal monies; appropriation

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2814

AN ACT

AMENDING TITLE 41, CHAPTER 49, ARIZONA REVISED STATUTES, BY ADDING
ARTICLE 2; RELATING TO FEDERAL MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 41, chapter 49, Arizona Revised Statutes, is
3 amended by adding article 2, to read:

4 ARTICLE 2. APPROPRIATION OF FEDERAL MONIES

5 41-4921. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "BUDGET UNIT" HAS THE SAME MEANING PRESCRIBED IN SECTION 35-101.

8 2. "NONCUSTODIAL FEDERAL MONIES":

9 (a) MEANS FEDERAL MONIES THAT MEET ONE OF THE FOLLOWING CRITERIA:

10 (i) ARE DESIGNATED BY THE FEDERAL GOVERNMENT AS BLOCK GRANT MONIES.

11 (ii) ARE DESIGNATED BY THE FEDERAL GOVERNMENT AS GENERAL REVENUE
12 SHARING MONIES.

13 (iii) PROVIDE THIS STATE WITH BROAD AUTHORITY TO MAKE SPENDING
14 DECISIONS REGARDING DEVELOPING, IMPLEMENTING OR OPERATING A PROGRAM OR
15 SERVICE.

16 (iv) ARE CONSIDERED ESSENTIAL TO MEET TOTAL SPENDING OBLIGATIONS OF
17 A FEDERALLY REQUIRED OR MATCHED PROGRAM OR SERVICE AUTHORIZED BY THE
18 LEGISLATURE IN WHICH THE FEDERAL GOVERNMENT REQUIRES AT LEAST ONE PERCENT
19 OF THE PROGRAM OR SERVICE FUNDING TO COME FROM THIS STATE.

20 (b) DOES NOT INCLUDE:

21 (i) FEDERAL MONIES OR RESEARCH GRANTS AWARDED TO UNIVERSITIES,
22 UNIVERSITY EMPLOYEES OR THE ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF
23 THE UNIVERSITIES UNDER ITS JURISDICTION.

24 (ii) FEDERAL MONIES FOR USE BY THE DEPARTMENT OF EMERGENCY AND
25 MILITARY AFFAIRS.

26 (iii) FEDERAL MONIES AWARDED DIRECTLY TO SCHOOL DISTRICTS OR
27 COMMUNITY COLLEGES.

28 41-4922. Receipt of noncustodial federal monies; accounting

29 A BUDGET UNIT THAT RECEIVES NONCUSTODIAL FEDERAL MONIES SHALL
30 ACCOUNT FOR THE NONCUSTODIAL FEDERAL MONIES IN SEPARATE ACCOUNTS OR FUNDS
31 AS NECESSARY TO MEET ACCOUNTING, BUDGETARY AND AUDITING REQUIREMENTS. THE
32 DEPARTMENT OF ADMINISTRATION MAY USE THE MOST EFFICIENT SYSTEM OF ACCOUNTS
33 AND RECORDS, CONSISTENT WITH LEGAL REQUIREMENTS AND STANDARDS, AND
34 NECESSARY FISCAL SAFEGUARDS.

35 41-4923. Appropriation of federal monies; legislative powers
36 and duties

37 A. THE LEGISLATURE RETAINS THE AUTHORITY TO APPROPRIATE
38 NONCUSTODIAL FEDERAL MONIES. IF THE LEGISLATURE DOES NOT MAKE AN
39 APPROPRIATION FOR EITHER A PARTICULAR FUND, A SPECIFIC GRANT PROGRAM OR A
40 BLOCK OF NONCUSTODIAL FEDERAL MONIES, THE BUDGET UNIT THAT HAS LAWFUL
41 AUTHORITY SHALL ADMINISTER AND SPEND THESE MONIES PURSUANT TO FEDERAL AND
42 STATE LAW.

43 B. THE LEGISLATURE SHALL SPECIFY IN EACH NONCUSTODIAL FEDERAL
44 MONIES APPROPRIATION THE PURPOSES FOR WHICH THE NONCUSTODIAL FEDERAL
45 MONIES ARE TO BE USED, CONSISTENT WITH FEDERAL LAW. FOR THE PURPOSES OF

1 OBTAINING EXPENDITURE AUTHORITY FOR UNANTICIPATED NONCUSTODIAL FEDERAL
2 MONIES THAT MAY BECOME AVAILABLE WHEN THE LEGISLATURE IS NOT IN SESSION,
3 THE LEGISLATURE MAY MAKE A LUMP SUM APPROPRIATION. BEFORE SPENDING MONIES
4 FROM THE LUMP SUM APPROPRIATION, THE BUDGET UNIT SHALL SUBMIT THE PROPOSED
5 EXPENDITURE TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW, SUBJECT
6 TO ANY CONDITION SPECIFIED BY THE LEGISLATURE.

7 C. IF THE AMOUNT OF THE NONCUSTODIAL FEDERAL MONIES RECEIVED IS
8 LESS THAN THE AMOUNT APPROPRIATED, THE APPROPRIATION OF NONCUSTODIAL
9 FEDERAL MONIES SHALL BE REDUCED TO THE AMOUNT OF THE NONCUSTODIAL FEDERAL
10 MONIES RECEIVED. THE ACTIVITIES FINANCED BY THE NONCUSTODIAL FEDERAL
11 MONIES SHALL BE REDUCED PROPORTIONATELY.

12 D. IF THE AMOUNT OF THE NONCUSTODIAL FEDERAL MONIES RECEIVED IS
13 MORE THAN THE AMOUNT APPROPRIATED, THE TOTAL APPROPRIATION OF FEDERAL AND
14 STATE MONIES ALLOCATED FOR A PROGRAM OR SERVICE SHALL REMAIN AT THE AMOUNT
15 DESIGNATED BY THE LEGISLATURE. THE STATE TREASURER SHALL CREDIT THE
16 EXCESS NONCUSTODIAL FEDERAL MONIES TO THE APPROPRIATE BUDGET UNIT ACCOUNT.

17 Sec. 2. Effective date

18 This act is effective from and after December 31, 2026.