

House Engrossed

noncustodial federal monies; appropriation

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 2148

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 FOR USE BY THE DEPARTMENT OF EMERGENCY AND  
22 MILITARY AFFAIRS.

23 (ii) FEDERAL MONIES OR RESEARCH GRANTS THAT ARE AWARDED TO  
24 UNIVERSITIES, UNIVERSITY EMPLOYEES OR THE ARIZONA BOARD OF REGENTS FOR AND  
25 ON BEHALF OF THE UNIVERSITIES UNDER JURISDICTION OF THE ARIZONA BOARD OF  
26 REGENTS.

27 41-4922. Receipt of noncustodial federal monies; accounting

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

34 41-4923. Appropriation of federal monies; legislative powers  
35 and duties

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

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

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

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

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

16 Sec. 2. Effective date

17 This act is effective from and after December 31, 2027.