

JLBC Fiscal Note

BILL # HB 4044

TITLE: public safety parity fund

SPONSOR: Weninger

PREPARED BY: Jordan Johnston

STATUS: As Introduced

Description

The bill would establish the Public Safety Parity Fund within the Arizona Department of Corrections (ADC) to pay for salaries of employees from the Department of Public Safety (DPS) and ADC. The bill would require that a share of the revenues from the sale of forfeited digital assets, defined as virtual currency or cryptocurrency, be deposited into the fund. The bill would also require any earned interest from the Budget Stabilization Fund be deposited into the fund. The bill further requires ADC to annually establish benchmarks on the average total compensation of their employees relative to the 2 largest county jails and 2 largest private prisons in the state.

Estimated Impact

We estimate that the bill would generate \$43.0 million in annual revenues to be deposited into the Public Safety Parity Fund beginning in FY 2027. These revenues reflect interest income from the Budget Stabilization Fund redirected to the Public Safety Parity Fund and therefore do not represent new revenues to the state. We are unable to estimate the annual revenue generated from digital asset forfeitures without input from the Attorney General (AG).

We have asked the AG for their estimated revenues generated from digital asset forfeitures and are awaiting a response.

We have asked ADC for their estimated impact of the bill and are awaiting a response.

Analysis

Our estimate assumes the following:

- 1) The FY 2025 ending balance of the Budget Stabilization Fund was \$1.55 billion. The FY 2027 Baseline estimates \$43.0 million in interest income generated from the Budget Stabilization Fund in FY 2027. These revenues would instead be deposited into the Public Safety Parity Fund beginning in FY 2027.
- 2) The FY 2027 budget will not expend any additional monies from the Budget Stabilization Fund.
- 3) The Arizona Criminal Justice Commission (ACJC) produces quarterly reports on Racketeer Influenced and Corrupt Organization (RICO) Fund revenues. We are unable to find any forfeitures in the ACJC RICO quarterly reports from FY 2025 that match the bill's description of digital assets. As such, we are unable to determine the magnitude of revenues generated from digital asset forfeitures without the AG's input.
- 4) The bill stipulates that, beginning in FY 2028, ADC shall distribute 40% of revenues deposited from the ADC Public Safety Parity Fund into the DPS Parity Compensation Fund (which is used for department's employee salaries and compensation). As such, we estimate that of the \$43.0 million in estimated revenues, the DPS fund would receive \$17.2 million beginning in FY 2028. The remaining 60% would remain for use by ADC.
- 5) ADC is required to administer the Public Safety Parity Fund and annually establish benchmarks on the department's average total compensation compared to the 2 largest county jails and the 2 largest private prisons in the state. The department may incur administrative costs from these requirements, but we are unable to determine this cost without ADC input.

2/18/26