

House Engrossed
public safety parity fund

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

HOUSE BILL 4044

AN ACT

AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1610.02; AMENDING SECTION 41-1720, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF PUBLIC SAFETY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-144, Arizona Revised Statutes, is amended to
3 read:

4 35-144. Budget stabilization fund; definitions

5 A. The budget stabilization fund is established consisting of
6 monies transferred from the state general fund pursuant to subsection B of
7 this section. The state treasurer shall administer the budget
8 stabilization fund, ~~and~~ invest and divest monies in the budget
9 stabilization fund as provided by sections 35-313 and 35-314.02, and
10 DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, monies earned from
11 investment ~~shall be credited to the budget stabilization fund IN THE~~
12 ~~PUBLIC SAFETY PARITY FUND ESTABLISHED BY SECTION 41-1610.02, EXCEPT THAT~~
13 ~~THE FIRST \$10,000,000 GENERATED ANNUALLY SHALL REMAIN IN THE BUDGET~~
14 ~~STABILIZATION FUND.~~ Except as provided by this section:

15 1. Monies in the budget stabilization fund are exempt from the
16 provisions of section 35-190 relating to the reversion of monies to the
17 state general fund.

18 2. The monies in the fund are separate monies to be used only for
19 the purposes of the fund.

20 3. An amount sufficient to pay claims certified by the state
21 forester pursuant to section 37-1305, subsection E, paragraph 4 is
22 continuously appropriated from the fund to the state treasurer for payment
23 of the certified claims. Not more than \$20,000,000 in unreimbursed claims
24 may be outstanding from the fund at any time from the monies appropriated
25 pursuant to this paragraph.

26 B. In a calendar year in which the annual growth rate exceeds the
27 trend growth rate, the excess growth when multiplied by total general fund
28 revenue of the fiscal year ending in the calendar year determines the
29 amount to be appropriated by the legislature to the budget stabilization
30 fund in the fiscal year in which the calendar year ends.

31 C. In a calendar year in which the annual growth rate is both less
32 than two percent and less than the trend growth rate, the difference
33 between the annual growth rate and the trend growth rate when multiplied
34 by the total general fund revenue of the fiscal year ending in the
35 calendar year determines the amount to be transferred by the legislature
36 from the budget stabilization fund to the state general fund at the end of
37 the fiscal year in which the calendar year ends. The transfer calculated
38 pursuant to this subsection shall not exceed the available balance in the
39 budget stabilization fund, nor shall the legislature transfer an amount
40 that exceeds the amount sufficient to balance the state general fund
41 budget.

42 D. The legislature shall pass a bill that contains the emergency
43 clause if the legislature either:

44 1. Reduces the amount for appropriation to the budget stabilization
45 fund under subsection B of this section.

1 2. Increases the amount for transfer to the state general fund
2 under subsection C of this section.

3 E. The annual budget recommendations of the governor and the joint
4 legislative budget committee shall include estimates of appropriations or
5 transfers required under subsection B or C of this section.

6 F. A final determination of the amount to be appropriated to or
7 transferred from the budget stabilization fund shall be made using
8 personal income and price deflator estimates as reported in the second
9 calendar quarter for the preceding calendar year. The economic estimates
10 commission shall determine the annual growth rate, the trend growth rate
11 and the required appropriation to or transfer from the budget
12 stabilization fund at its first meeting following the second calendar
13 quarter report of the United States department of commerce, but not later
14 than June 1. The commission shall certify and report its findings to the
15 governor, the state treasurer, the president of the senate, the speaker of
16 the house of representatives and the joint legislative budget committee.

17 G. The appropriation calculated pursuant to subsection B of this
18 section may be included in the general appropriations bill for that fiscal
19 year. Any additional appropriation calculated pursuant to subsection F of
20 this section shall be made by a separate act.

21 H. At the end of a fiscal year, the budget stabilization fund
22 balance shall not exceed ten percent of state general fund revenue for the
23 fiscal year. Any surplus monies above ten percent shall be transferred by
24 the state treasurer to the state general fund.

25 I. The state treasurer may temporarily divest monies in the budget
26 stabilization fund to avoid a negative cash balance in operating
27 monies. The amount divested shall not exceed the amount required to meet
28 immediate cash needs. The state treasurer may divest monies in the budget
29 stabilization fund only when the state general fund has a negative cash
30 balance.

31 J. For the purposes of this section:

32 1. "Adjusted personal income" means personal income minus transfer
33 payments, as reported by the United States department of commerce, bureau
34 of economic analysis, or its successor agency.

35 2. "Annual growth rate" means the percentage change in real
36 adjusted personal income in the calendar year ending during a fiscal year
37 as compared to real adjusted personal income for the preceding calendar
38 year. The annual growth rate shall be rounded to the nearest
39 one-hundredth of one percent.

40 3. "GDP price deflator" means the gross domestic product price
41 deflator reported by the United States department of commerce, bureau of
42 economic analysis, or its successor agency.

43 4. "Personal income" means the total personal income of all persons
44 in this state reported by the United States department of commerce, bureau
45 of economic analysis, or its successor agency.

1 5. "Real adjusted personal income" means an amount that is
2 determined by dividing adjusted personal income by the GDP price deflator
3 and multiplying the result by one hundred.

4 6. "Transfer payments" means that portion of personal income that
5 represents a government expenditure for which no service is rendered or
6 product is delivered, as determined by the United States department of
7 commerce, bureau of economic analysis, or its successor agency.

8 7. "Trend growth rate" means the average annual growth rate for the
9 most recent seven calendar years, rounded to the nearest one-hundredth of
10 one percent.

11 Sec. 2. Title 41, chapter 11, article 1, Arizona Revised Statutes,
12 is amended by adding section 41-1610.02, to read:

13 41-1610.02. Public safety parity fund

14 A. THE PUBLIC SAFETY PARITY FUND IS ESTABLISHED TO PROVIDE
15 RETENTION PAY AND BENEFITS FOR EMPLOYEES FROM THE DEPARTMENT OF PUBLIC
16 SAFETY AND THE STATE DEPARTMENT OF CORRECTIONS. THE FUND CONSISTS OF
17 MONIES EARNED FROM INVESTMENT FROM THE BUDGET STABILIZATION FUND
18 ESTABLISHED BY SECTION 35-144. THE STATE DEPARTMENT OF CORRECTIONS SHALL
19 ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE
20 APPROPRIATION.

21 B. BEGINNING JUNE 30, 2027 AND EACH FISCAL YEAR THEREAFTER, THE
22 STATE DEPARTMENT OF CORRECTIONS SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
23 AND 35-147, FORTY PERCENT OF THE MONIES DEPOSITED IN THE PUBLIC SAFETY
24 PARITY FUND ESTABLISHED BY THIS SECTION IN THE PARITY COMPENSATION FUND
25 ESTABLISHED BY SECTION 41-1720.

26 C. IN DETERMINING THE AMOUNT OF THE EXPENDITURES FROM THE FUND, THE
27 STATE DEPARTMENT OF CORRECTIONS SHALL ANNUALLY ESTABLISH AND CONSIDER
28 BENCHMARKS BASED ON THE AVERAGE TOTAL COMPENSATION FOR EACH COMPARABLE
29 CORRECTIONS PERSONNEL RANK OF THE TWO LARGEST COUNTY JAILS IN THIS STATE
30 AND THE TWO LARGEST PRIVATE PRISONS IN THIS STATE.

31 D. THE STATE DEPARTMENT OF CORRECTIONS SHALL DISTRIBUTE THE MONIES
32 IN THE FUND ON JULY 1 AND DECEMBER 31 EACH YEAR. THE STATE DEPARTMENT OF
33 CORRECTIONS MAY PROVIDE A RETENTION BONUS TO DEPARTMENT EMPLOYEES OF NOT
34 MORE THAN THREE PERCENT FROM FUND MONIES.

35 Sec. 3. Section 41-1720, Arizona Revised Statutes, is amended to
36 read:

37 41-1720. Parity compensation fund

38 A. The parity compensation fund is established consisting of monies
39 deposited pursuant to ~~section~~ SECTIONS 28-5808 AND 41-1610.02 and monies
40 appropriated by the legislature. The department shall administer the fund
41 and, considering state revenues and state employee pay adjustments, ~~. The~~
42 ~~department~~ shall spend monies from the fund TO PROVIDE RETENTION PAY AND
43 BENEFITS FOR EMPLOYEES FROM THE DEPARTMENT AND for salaries and benefits
44 for law enforcement personnel that the department determines will enhance
45 the ability of the department to successfully recruit and retain qualified

1 law enforcement personnel. In determining the amount of the expenditures
2 from the fund, the department shall annually establish and consider
3 benchmarks based on the average total compensation for each comparable law
4 enforcement personnel rank of the department's three largest county or
5 municipal peer law enforcement agencies in this state. For the purposes
6 of this subsection, "total compensation" includes base salary, educational
7 incentive pay, physical performance pay, longevity pay and retirement
8 contributions made by an employer on behalf of an employee.

9 B. On notice from the department, the state treasurer shall invest
10 and divest monies in the fund as provided by section 35-313, and monies
11 earned from investment shall be credited to the fund.

12 C. Fund monies:

13 1. Do not revert to the state general fund.

14 2. Are exempt from the provisions of section 35-190 relating to
15 lapsing of appropriations.

16 3. Are subject to legislative appropriation.

17 D. THE DEPARTMENT MAY PROVIDE A RETENTION BONUS TO DEPARTMENT
18 EMPLOYEES OF NOT MORE THAN THREE PERCENT FROM MONIES DEPOSITED IN THE FUND
19 PURSUANT TO SECTION 41-1610.02.