



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: MAPS DP 8-7-0-0

HB 2120: law enforcement; defunding; prohibition

Sponsor: Representative Marshall, LD 7

House Engrossed

Overview

Mandates that a city or town (municipality) must not reduce the annual operating budget (budget) of a law enforcement agency below the previous year's budget.

History

The Urban Revenue Sharing (URS) program provides that a percentage of state individual and corporate income tax revenues are to be shared with municipalities in Arizona. The amount currently distributed to municipalities is 15% of net income tax collections from the fiscal year two years prior to the current fiscal year. URS monies are distributed to municipalities based on population ([A.R.S. § 43-206](#); [JLBC FY 2024 Baseline, GF Revenue; DOR Tax Handbook, Individual Income Tax](#)).

Revenues collected through state transaction privilege tax (TPT), often called "sales tax", are also shared with Arizona's counties and municipalities through a complex system of formulas established in statute. The Department of Revenue transmits all TPT revenues to the State Treasurer, a portion of which are designated for distribution to counties, municipalities, and other purposes. After the required distributions, remaining monies are credited to the state General Fund ([A.R.S. § 42-5029](#); [DOR Tax Handbook, TPT](#)).

Provisions

1. Prohibits a municipality from reducing the budget of a law enforcement agency below the previous year's budget. (Sec. 1)
2. Provides that a municipality that reduces its law enforcement agency's budget will not have its state shared monies withheld if:
 - a) The municipality does not have sufficient monies;
 - b) The budgets of all other departments and agencies are reduced by an equal or greater amount as the reduction in the law enforcement agency's budget;
 - c) The municipality has not experienced population growth; or
 - d) The municipality increased the law enforcement agency's budget in the previous year for a onetime capital expense. (Sec. 1)
3. Requires a municipality that reduces its law enforcement agency's budget to reduce all other department and agency budgets by at least 50% or the same amount. (Sec. 1)
4. Prohibits law enforcement agencies from having their budgets reduced first. (Sec. 1)
5. Requires a municipality that reduces a law enforcement agency's budget to notify the State Treasurer. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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6. Requires the State Treasurer to withhold URS and state-shared TPT monies, from a municipality that reduces a law enforcement agency's budget, in an amount equal to the budget reduction. (Sec. 1, 2, 3, 4)
7. Specifies that the State Treasurer is to continue withholding state shared monies until the municipality restores the law enforcement agency's budget. (Sec. 1, 2, 3, 4)
8. Stipulates that the State Treasurer is not to withhold any amount of state shared monies which a municipality certifies as being necessary to make required payments for debt service on bonds or other long-term obligations issued or incurred before the reduction in the law enforcement agency's budget. (Sec. 2, 3, 4)
9. Contains a delayed effective date of January 1, 2025. (Sec. 5)
10. Defines *law enforcement agency*. (Sec. 1, 2, 3, 4)
11. Makes technical and conforming changes. (Sec. 2, 3)