



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
First Regular Session

House: MAPS DPA 8-7-0-0

## **HB 2756: law enforcement; defunding; prohibition**

**Sponsor: Representative Marshall, LD 7**

**Caucus & COW**

### **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 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. Requires a municipality that reduces a law enforcement agency's budget to notify the State Treasurer. (Sec. 1)
3. 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. 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)
5. Stipulates that the State Treasurer is not to withhold any amount of state shared monies which the 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)
6. Provides that if a municipality does not have the monies required, to continue the law enforcement agency's budget at the same amount as the previous year, that the municipality will not have its state shared monies withheld. (Sec. 1)

Prop 105 (45 votes)     Prop 108 (40 votes)     Emergency (40 votes)     Fiscal Note

7. Defines *law enforcement agency*. (Sec. 1, 2, 3)
8. Makes technical and conforming changes. (Sec. 2, 3)

### **Amendments**

#### *Committee on Military Affairs and Public Safety*

1. Requires a municipality that reduces the budget of a law enforcement agency to reduce the budget of all other departments within the municipality by an equal amount.
2. Asserts that the budget of a law enforcement agency must be the last budget to be reduced.
3. Stipulates that onetime capital improvement is not considered part of a law enforcement agency's budget.
4. Specifies and delineates what is considered *severe financial hardship*, for the purposes of exempting a municipality from the requirement to continue a law enforcement agency's budget at the same amount as the previous year.
5. Alters the calculation of the budget to be the *per capita annual operating budget*.