



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR S.B. 1004

state finance review; task force

Purpose

Establishes the Citizens Finance Review Task Force (Task Force) to analyze state General Fund (state GF) and nongeneral fund revenues and expenditures and to make recommendations regarding the responsible retirement of existing state debt. Outlines Task Force membership and requirements.

Background

The revenues collected from Arizona's taxes are deposited in a number of funds, including the state GF. In FY 2020, ongoing state GF revenue was \$11.6 billion. Revenues from numerous taxes are deposited in the state GF and four taxes constitute most of state GF collections. Those taxes are: 1) sales tax; 2) individual income tax; 3) corporate income tax; and 4) insurance premium tax ([JLBC Tax Handbook, 2020](#)).

A majority of state GF expenditures are determined by statutory funding formulas. In FY 2021, funding formula spending constitutes approximately \$8.1 billion of the state budget, which represents approximately 68.5 percent of total state GF spending ([Statutory Funding Formula and Lease-Purchase Costs, JLBC](#)).

There is no anticipated fiscal impact to the state GF associated with this legislation.

Provisions

1. Requires the Task Force to:
 - a) analyze the source of state GF and nongeneral fund revenues, as compared to other states, including sustainable, stable and equitable fund revenues, including:
 - i. an analysis of the state GF impact of all tax credits and transaction privilege tax exemptions and their impact on economic development;
 - b) analyze state GF and nongeneral fund expenditures, as compared to other states, including budgeted expenditures based on an analysis of necessary funding levels to meet the responsibilities of the various state agencies; and
 - c) make recommendations regarding the responsible retirement of existing state debt.
2. Establishes the Task Force consisting of the following members:
 - a) three members of the House of Representatives (House), two of whom are appointed by the Speaker of the House and one of whom is appointed by the Minority Leader of the House;
 - b) three members of the Senate, two of whom are appointed by the Minority Leader of the Senate and one of whom is appointed by the President of the Senate;

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- c) the President of the Arizona Board of Regents (ABOR) or their designee;
 - d) the President of the State Board of Education or their designee;
 - e) the Director of the Department of Child Safety or their designee;
 - f) the Director of the Arizona Health Care Cost Containment System administration or their designee;
 - g) one representative of a statewide organization representing the business community who is appointed by the President of the Senate;
 - h) one representative of a regional business organization representing rural Arizona who is appointed by the Speaker of the House;
 - i) one representative of a statewide organization representing business and education leaders who is appointed by the Governor;
 - j) one representative of a statewide organization representing public schoolteachers who is appointed by the Minority Leader of the Senate;
 - k) one representative of a statewide organization representing school boards who is appointed by the Minority Leader of the House;
 - l) one representative of a statewide organization that advocates on behalf of children in the areas of education, human services and the state budget who is appointed by the Governor;
 - m) three economists, appointed by the President of ABOR, who work for the University of Arizona, Arizona State University and Northern Arizona University;
 - n) one economist from the Arizona Department of Revenue (ADOR) who is appointed by the Director of ADOR; and
 - o) two private sector economists who are appointed by the Governor.
3. Requires the Speaker of the House and the Minority Leader of the Senate to designate the co-chairpersons of the Task Force from the appointed members of the Legislature.
 4. Directs the Task Force, by September 30, 2022, to submit a report of its findings and recommendations to the Governor, the President of the Senate and the Speaker of the House.
 5. Requires the Task Force to provide a copy of the report to the Secretary of State.
 6. Directs the Task Force, by January 31, 2023, to present the report to a joint meeting of the House and Senate Appropriations Committees and requires the joint meeting to allow public testimony.
 7. Allows the Task Force to use the staff of the following state agencies, for technical assistance and preparation of meeting presentations:
 - a) the Joint Legislative Budget Committee;
 - b) the Governor's Office of Strategic Planning and Budgeting;
 - c) the state universities; and
 - d) nongovernmental entities.
 8. Requires the Task Force to hold regular public meetings that allow public testimony and requires the Task Force to give the statutorily required notice of the meetings.

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9. Requires the Task Force to meet at least once in Tucson, Yuma and Flagstaff.
10. Prohibits Task Force members from receiving compensation, except certain appointed members are eligible for reimbursement of expenses.
11. Repeals the Task Force on October 1, 2023.
12. Becomes effective on the general effective date.

Prepared by Senate Research

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MG/ML/gs