

County Flexibility Language in FY 2016-2017 State Budget

In addition to statutory provisions, the State Budget passed on May 4, 2016, included a variety of allowances for county financial flexibility. Please see below for a breakdown of the flexibility language contained in various parts of the state budget and one additional bill.

Comprehensive Flexibility Language: As session law, allows counties with fewer than 250,000 persons (Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Santa Cruz, Yavapai, and Yuma) to use any source of county revenue, including countywide special districts controlled by the board of supervisors, to meet a county fiscal obligation for FY 2017 up to \$1.25 million. Counties are required to report to the Joint Legislative Budget Committee (JLBC) by October 1, 2016, whether the county used the flexibility language, with the specific amount and revenue source.

[HB 2708 revenue; budget reconciliation; 2016-2017 Sec. 14 \(pg. 6\)](#)

A. Notwithstanding any other law, for fiscal year 2016-2017, a county with a population of less than two hundred fifty thousand persons according to the 2010 United States decennial census may meet any county fiscal obligation from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction of which the board of supervisors serves as the board of directors. Under the authority provided in this subsection, a county may not use more than \$1,250,000 for purposes other than the purposes of the revenue source.

B. On or before October 1, 2016, all counties with a population of less than two hundred fifty thousand persons according to the 2010 United States decennial census shall report to the director of the joint legislative budget committee whether the county used a revenue source for purposes other than the purposes of the revenue source to meet a county fiscal obligation pursuant to subsection A of this section and, if so, the specific source and amount of revenues that the county intends to use in fiscal year 2016-2017.

Continuing Impacts with Flexibility Language in State Cost Shifts

Sexually Violent Persons (SVP) Payments: Includes “flexibility language” allowing all counties to pay for the ongoing cost shift with any source of county revenue, as the budget requires that counties reimburse the Department of Health Services for 31 percent of the cost to house SVPs at the Arizona State Hospital.

[SB 2704; budget reconciliation; health; 2016-2017 Sec. 16 \(pg. 15\)](#)

D. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district in which the board of supervisors serves as the board of directors.

Restoration to Competency (RTC) Payments: Includes “flexibility language” allowing counties to pay for this ongoing cost shift with any source of county revenue, by continuing to require counties to reimburse DHS for 100 percent of the cost associated with competency restoration treatment at the Arizona State Hospital.

[SB 2704; budget reconciliation; health; 2016-2017 Sec. 17 \(pg. 16\)](#)

D. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district in which the board of supervisors serves as the board of directors.

Statutory Flexibility Language for State Cost Shifts

Arizona Department of Juvenile Corrections (ADJC) Cost Shift: The FY 2016 budget added a new section of statute authorizing ADJC to assess a “committed youth confinement cost sharing fee” to each county. Included in the statute was a provision to allow counties to use any source of county revenue to pay this fee.

[A.R.S. § 41-2832](#)

D. Notwithstanding any other law, a county may meet the cost sharing requirements of this section from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.

Arizona Department of Revenue (ADOR) Cost Shift: The FY 2016 budget added a new section of statute authorizing ADOR to assess fees to each city, town, county, council of governments, and regional transportation authority for the collection of sales tax. Included in the statute was a provision to allow cities and counties to use any source of city or county revenue to pay this fee.

[A.R.S. § 42-5041](#)

G. Counties, cities and towns may meet their cost sharing obligation from any source of county, city or town revenue designated by the appropriate county, city or town. The county sources may include monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.