

State of Arizona  
House of Representatives  
Forty-second Legislature  
Second Regular Session  
1996

**FILED**

**Jane Dee Hull  
Secretary of State**

CHAPTER 363

**HOUSE BILL 2432**

AN ACT

PROVIDING FOR THE RETENTION BY STATE AGENCIES OF CERTAIN APPROPRIATED MONIES.

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

Section 1. Agency retention of appropriated monies; conditions; approval

A. Each state agency that receives an appropriation in the general appropriations act is eligible to retain up to fifty per cent of the amount that would otherwise revert pursuant to section 35-190, Arizona Revised Statutes, if the following conditions are met:

1. The unspent monies are the result of efficiencies developed according to a plan submitted to the governor's office on strategic planning and budgeting by no later than January 1 of the fiscal year and implemented by agency personnel and are not due to unforeseen budgetary factors or economic conditions, a diminution of service levels or the deferral of legitimate expenditure obligations.

2. The unspent monies are in the agency's operating budget subtotal and are not derived from programmatic monies.

3. Before September 30 following the end of the fiscal year, the joint legislative budget committee reviews the agency's plan for the expenditure of the retained share of the unspent monies.

4. The agency plan provides for expenditures totaling not less than seventy per cent of the retained monies for one-time salary incentives that do not increase the base pay of employees, and for expenditures totaling no more than thirty per cent of the retained monies for capital equipment.

1           5. The expenditure plan equally benefits all employees that the agency  
2 head determines have satisfactorily contributed to the success of the  
3 agency's programs or projects from which the savings were derived.

4           B. By April 1, each agency plan that meets the requirements of this  
5 section shall be submitted for review by the performance based incentives  
6 pilot program oversight committee established by Laws 1993, chapter 114,  
7 section 2, as amended by Laws 1994, chapter 39, section 1 and Laws 1995,  
8 chapter 43, section 2.

9           C. By July 31, the department of administration shall reserve fifty  
10 per cent of the unspent monies as defined in subsection A that would  
11 otherwise revert and shall place the monies in a carry forward appropriations  
12 account until October 1.

13           D. By August 15, each agency plan reviewed pursuant to subsection B  
14 of this section shall be submitted to the joint legislative budget committee  
15 for review.

16           E. By October 1, and after consideration of suggestions from the  
17 performance based incentives pilot program oversight committee, the director  
18 of the joint legislative budget committee shall inform the department of  
19 administration of all agency plans that have been reviewed by the joint  
20 legislative budget committee. Upon receipt of this notification, the  
21 director of the department of administration shall release monies from the  
22 carry forward appropriations account in accordance with any agency plan that  
23 has received joint legislative budget committee review. Any carry forward  
24 monies that are not subject to a reviewed plan shall thereafter revert to the  
25 appropriate fund. Any monies that are subject to a reviewed plan shall be  
26 available for expenditure only until the end of the fiscal year.

27           Sec. 2. Plan submission; fiscal year 1995-1996

28           A. Notwithstanding section 1, subsection A, paragraph 1, agencies that  
29 have implemented a plan for fiscal year 1995-1996 may submit it to the  
30 governor's office of strategic planning and budgeting by June 1, 1996.

31           B. Notwithstanding section 1, subsection B, each agency plan that  
32 meets the requirements of section 1 for fiscal year 1995-1996 shall be  
33 submitted by August 1, 1996 for review by the performance based incentives  
34 pilot program oversight committee established by Laws 1993, chapter 114,  
35 section 2, as amended by Laws 1994, chapter 39, section 1 and Laws 1995,  
36 chapter 43, section 2.

37           Sec. 3. Retirement benefits; calculation; prohibition

38           One time salary incentives awarded pursuant to this act shall not be  
39 considered when calculating either employees' contributions or state  
40 contributions for retirement or when calculating future retirement benefits.

41           Sec. 4. Delayed repeal

42           This act is repealed from and after June 30, 1999.

43           Sec. 5. Emergency

44           This act is an emergency measure that is necessary to preserve the  
45 public peace, health or safety and is operative immediately as provided by  
46 law.

APPROVED BY THE GOVERNOR MAY 1, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 1996