

Department of Transportation

Summary

JLBC: Bob Hull

OSPB: Marcel Benberou

Subcommittee: Assets

DESCRIPTION	FY 2002	FY 2003	FY 2004	
	ACTUAL	ESTIMATE	OSPB	JLBC
PROGRAM BUDGET				
Administration	55,714,500	52,317,200	56,622,900	53,523,800
Highways	166,713,900	177,182,600	161,705,200	221,087,800
Motor Vehicle	76,775,100	86,362,900	85,215,700	89,432,200
Aeronautics	1,729,700	1,898,000	1,840,600	1,836,700
6th SS Lump Sum Reduction SLI	0	0	0	0
AGENCY TOTAL	300,933,200	317,760,700	305,384,400	365,880,500

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	4,153.0	4,138.0	3,775.0	4,628.4
Personal Services	130,772,400	138,068,700	138,064,600	157,378,900
Employee Related Expenditures	34,480,300	37,353,000	40,627,000	45,721,500
Professional and Outside Services	3,430,800	3,636,300	3,656,900	3,929,600
Travel - In State	1,842,000	2,120,800	2,169,000	2,866,000
Travel - Out of State	140,000	134,000	132,000	134,000
Other Operating Expenditures	106,374,800	118,687,900	120,774,400	135,212,500
Lump Sum Reduction	0	0	(17,648,700)	0
Equipment	17,775,100	15,005,700	14,805,700	17,834,500
OPERATING SUBTOTAL	294,815,400	315,006,400	302,580,900	363,077,000
Special Line Items (SLI)	6,117,800	2,754,300	2,803,500	2,803,500
AGENCY TOTAL	300,933,200	317,760,700	305,384,400	365,880,500

FUND SOURCES

General Fund	3,582,000	63,500	75,200	67,700
<u>Other Appropriated Funds</u>				
Air Quality Fund	48,000	51,100	52,000	52,000
Defensive Driving School Fund	0	0	0	5,216,800
Highway User Revenue Fund	0	648,200	648,200	80,190,700
Motor Vehicle Liability Insurance Enforcement Fund	559,600	1,030,200	1,059,600	1,059,600
Safety Enforcement and Transportation Infrastructure Fund	1,938,300	2,336,000	2,437,200	2,336,300
State Aviation Fund	1,729,700	1,898,000	1,840,600	1,836,700
State Highway Fund	259,876,800	277,041,000	264,289,300	240,138,500
Transportation Department Equipment Fund	32,316,000	33,648,300	33,880,100	33,880,000
Vehicle Inspection and Title Enforcement Fund	882,800	1,044,400	1,102,200	1,102,200
SUBTOTAL - Other Appropriated Funds	297,351,200	317,697,200	305,309,200	365,812,800
SUBTOTAL - Appropriated Funds	300,933,200	317,760,700	305,384,400	365,880,500
Other Non-Appropriated Funds	442,833,200	568,463,800	NA	511,716,400
Federal Funds	496,955,600	468,497,900	NA	439,824,900
TOTAL - ALL SOURCES	1,240,722,000	1,354,722,400	NA	1,317,421,800

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	4,200	6.6%
Other Appropriated Funds	48,115,600	15.1%
Total Appropriated Funds	48,119,800	15.1%

AGENCY DESCRIPTION — The Department of Transportation (DOT) has jurisdiction over state roads, state airports and the registration of motor vehicles and aircraft.

RECOMMENDED CHANGES FROM FY 2003

		<u>FY 2004</u>
Standard Changes	GF	\$ 4,200
	OF	7,679,600
Appropriate Highway Construction	OF	50,742,800
Transfer Defensive Driving School Fund	OF	5,216,800
Legal Services Cost Allocation	OF	16,500
Vehicle Liens	OF	(60,000)
Trailer Registration	OF	(200,000)
Vehicle Registration Enforcement	OF	(529,700)
Security Issues and Computer Equipment	OF	(2,750,400)
Budget Reduction Plan	OF	(12,000,000)

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JLBC RECOMMENDED FORMAT — Detailed Line Item by Program. *(In the FY 2003 budget, the department had a Lump Sum by Program format.)*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Overview of Department Budget

The JLBC recommends a State Highway Fund and Air Quality Fund transfer of \$802,000 and 22 FTE Positions from Administration to the Motor Vehicle program to better align revenue accounting with ADOT’s structure. The JLBC recommends transferring the Defensive Driving School Fund including \$5,216,800 and 28.4 FTE Positions from the Supreme Court to the Motor Vehicle program. The JLBC recommends State Highway Fund decreases to the Motor Vehicle program of \$(2,750,400) for security issues and computer equipment, and \$(260,000) for 2 one-time appropriations to implement legislation. The JLBC recommends a State Highway Fund and Highway User Revenue Fund decrease to the Motor Vehicle program of \$(529,700) for one-time expenditures for vehicle registration enforcement. *(For more information please see Motor Vehicle Division.)*

The JLBC recommends shifting the Motor Vehicle Division’s \$79,807,400 of State Highway Fund funding and 1,607.5 FTE Positions to the Highway User Revenue Fund. Approximately 42.82% of HURF is currently distributed to the State Highway Fund and the remainder is distributed to cities and counties for streets and highways. *(For more information please see Motor Vehicle Division.)*

The JLBC recommends State Highway Fund decreases totaling \$(12,000,000) and (155) FTE Positions for continuation of ADOT’s proposed FY 2003 budget reduction plan. This plan is expected to be considered as part of a proposal to resolve the FY 2003 budget shortfall. This includes decreases of \$(3,000,000) and (38) FTE Positions in Administration, and \$(9,000,000) and (117) FTE Positions in Highways. *(For more information please see Administration and Highways.)*

The JLBC recommends a State Highway Fund appropriation of \$50,742,800 and 619 FTE Positions for field administration, engineering, and oversight on highway construction projects. The department has operated this function in its capital budget for a long time. This function is an ongoing part of the agency’s activities, and is more properly addressed in the department’s operating budget. Additional monies in the capital budget used by the department for consulting services would remain in the capital budget, to allow the agency the flexibility to handle any interim changes in the level of funding for highway construction. *(For more information please see Highways.)*

FTE Position Changes

The JLBC recommends a total increase of 490.4 FTE Positions for the department, including an increase of 619 FTE Positions in Highways due to the appropriation of Highway Construction, an increase of 28.4 FTE Positions in the Motor Vehicle Program due to transferring the Defensive Driving School Fund from the Supreme Court, a decrease of (155) FTE Positions in Administration and Highways for ADOT’s budget reduction plan, and a decrease of (2) FTE pilot Positions for the elimination of 1 aircraft. The JLBC also recommends a transfer of 22 FTE Positions from Administration to the Motor Vehicle Program in order to better align revenue accounting with ADOT’s structure. The JLBC recommends shifting 1,607.5 FTE Positions from the State Highway Fund to the Highway User Revenue Fund in the Motor Vehicle Program to correspond to the shift in funding. *(For more information please see Administration, Highways, and Motor Vehicle programs.)*

The JLBC reinstated as a technical correction the (378) FTE Position reduction for FY 2003, which was included in Chapter 1, 6th Special Session, 45th Legislature, since the Governor line item vetoed the corresponding \$(27,704,100) State Highway Fund lump sum reduction.

FY 2003 Supplemental

The JLBC recommends a FY 2003 supplemental adjustment of \$1,500,000 from the State Aviation Fund for payment of the judgement against the State in the lawsuit brought by Grand Canyon Airlines, Inc.

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Air Quality (DTA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: An annual \$1.50 air quality fee collected for each vehicle at the time of registration. The Department of Transportation (ADOT) is appropriated monies from the Air Quality Fund in the Department of Environmental Quality.		
Purpose of Fund: For tracking the availability and sales of oxygenated fuels to ensure that a sufficient supply is available for non-attainment areas of the state.		
Funds Expended	48,000	51,100
Year-End Fund Balance	0	0
Aviation Federal Funds (DTA2267/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To develop Grand Canyon Airport, to update the State Aviation System Plan, and to conduct the FAA Airport Inspection program.		
Funds Expended - Capital	0	8,754,000
Funds Expended - Operating	8,000	8,700
Year-End Fund Balance	0	0
Cash Deposits (DTA2266/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Deposits from individuals either bidding at auction on department property or renting department property.		
Purpose of Fund: To hold deposits from individuals bidding on excess land and property for sale at auction, which are either applied against their purchase price or are returned to the individual if their bid is unsuccessful. Also, to hold deposits from individuals who rent department property. Their money is either refunded at the end of their tenancy or is used to offset repairs, if needed.		
Funds Expended	143,600	130,000
Year-End Fund Balance	433,000	433,000
Contract Counsel (DTA4212/A.R.S. § 28-6925)		Non-Appropriated
Source of Revenue: An amount of \$30,000 was originally appropriated from the State Highway Fund to the Contract Counsel Fund. The Arizona Department of Administration replenishes expended monies from State Highway Fund monies appropriated for construction of state highways, as the Arizona Department of Transportation submits itemized statements detailing their expenditures from the Contract Counsel Fund. The appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Purpose of Fund: To reimburse the Attorney General for attorneys' services for rights-of-way condemnation cases on federal aid projects.		
Funds Expended	0	0
Year-End Fund Balance	30,000	30,000
ADOT Donations (DTA3080/A.R.S. § 28-818)		Partially-Appropriated
Source of Revenue: Federal funds, donations, monies from this state or any agency of this state for the Bicycle Safety Fund.		
Purpose of Fund: This fund includes 2 smaller funds, the Heavy Vehicle Equipment Licensing Information Fund which ADOT reports to be inactive and the Bicycle Safety Fund. A.R.S. § 28-818 establishes a bicycle safety fund to plan, engineer, construct and maintain bicycle paths. Subject to legislative appropriation, monies may be used to match federal or local monies spent for these purposes or for safety programs. Monies contributed by a political subdivision, donations designated for use in a political subdivision, and matching monies for such contributions or donations must be used in the political subdivision. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	28,000	28,000
Economic Strength Project (DTA2244/A.R.S. § 28-7282)		Non-Appropriated
Source of Revenue: The fund receives \$1,000,000 each June 15 distributed by the department from the Highway User Revenue Fund and interest from investment of inactive balances. Laws 2002, Chapter 22 reduces this distribution to \$500,000 in FY 2003.		
Purpose of Fund: For "economic strength" highway projects recommended by the Commerce and Economic Development Commission and approved by the State Transportation Board. These are projects that will retain or increase a significant number of jobs, lead to significant capital investment, or make a significant contribution to the economy of this state or within a local authority. Monies remaining in the Economic Strength Project Fund at the end of a fiscal year do not revert to the State General Fund.		
Funds Expended - Capital	1,138,400	930,000
Year-End Fund Balance	2,927,600	2,567,600

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Federal Grants (DTA2097/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Federal grants, other than aviation federal grants.		
Purpose of Fund: For Federal highway construction and maintenance; assistance to elderly and handicapped; rural public transit; technical studies; rail planning and rehabilitation; other planning; highway statistical reporting; fatal accident reporting; safety; commercial driver's license; library updates; and fuel tax evasion.		
Funds Expended - Capital	495,683,800	453,664,000
Funds Expended - Operating	1,263,800	6,071,200
Year-End Fund Balance	3,298,700	3,298,700
Grand Canyon Airport Authority Operating (GCA2459/A.R.S. § 35-142)		Appropriated
Source of Revenue: Grand Canyon Airport user fees and charges. This fund was established by the General Accounting Office to account for airport user fees and charges collected by the Grand Canyon Airport Authority. Laws 2000, Chapter 99, eliminated the Grand Canyon Airport Authority and transferred the fund balance to the department, effective July 18, 2000. Chapter 99 subsequently appropriated this balance, which the department reports as \$907,000, to the department for transfer on the effective date of the lease to the nonprofit corporation lessee who would operate the airport. Laws 2001, Chapter 99, reverts the \$907,000 to the State Aviation Fund on July 1, 2002, if the airport has not been leased by then.		
Purpose of Fund: To pay for the Grand Canyon Airport Authority's operating budget.		
Appropriated Funds Expended	0	0
Revert to State Aviation Fund	0	907,000
Year-End Fund Balance	907,000	0
Highway Expansion and Extension Loan Program (DTA2417/A.R.S. § 28-7674)		Non-Appropriated
Source of Revenue: The fund consists of monies appropriated by the Legislature; monies received from the federal government, state agencies, political subdivisions and Indian tribes; interest; and public or private gifts, grants or donations.		
Purpose of Fund: To create a state infrastructure bank under the Federal State Infrastructure Bank Act to provide financial assistance to political subdivisions, Indian tribes and state agencies for eligible transportation projects. The fund may be used to pay costs to administer the fund and shall pay costs of an annual financial audit of the fund. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Funds Expended - Capital	126,972,300	197,063,000
Funds Expended - Operating	275,500	252,000
Year-End Fund Balance	137,170,000	32,017,000
Arizona Highway User Revenue (DTA3113/A.R.S. § 28-6533)		Appropriated
Source of Revenue: Transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, interest earnings, and others.		
Purpose of Fund: For various highway related purposes in the state, including distributions to the State Highway Fund which is the primary source for the department's operating budget, to the Department of Public Safety (DPS) for a portion of the highway patrol costs, to political subdivisions for highway purposes, and for capital highway construction projects.		
Funds Expended - Capital	0	0
Funds Expended - ADOT Operating	0	648,200
Funds Expended - DPS Operating	37,065,600	44,416,200
Distribution to Economic Strength Project Fund	1,000,000	500,000
Distribution to Cities	311,075,400	322,213,000
Distribution to Counties	193,784,700	200,723,000
Distribution to Controlled Access	78,289,000	81,092,000
Transfer to General Fund to Reimburse		
Highway Patrol Expenditures in FY 2001	15,000,000	0
Year-End Fund Balance	54,567,800	10,497,400

SUMMARY OF FUNDS**FY 2002
Actual****FY 2003
Estimate**

Arizona Highways Magazine (DTA2031/A.R.S. § 28-7315)**Non-Appropriated**

Source of Revenue: Sales of subscriptions, maps, pamphlets, and other materials, and interest earnings. The fund can also consist of monies appropriated by the Legislature from the State Highway Fund, not to exceed \$500,000 annually. There are no current appropriations.

Purpose of Fund: For production and sales of subscriptions, maps, pamphlets, etc. Remaining balances in this revolving fund at the end of a fiscal year shall not revert to the State General or State Highway Funds and expenditures are exempt from statutory allotment provisions.

Funds Expended	10,162,800	11,150,300
Year-End Fund Balance	2,049,400	1,501,900

Local Agency Deposits (DTA3701/A.R.S. § 28-363)**Non-Appropriated**

Source of Revenue: Monies received from local jurisdictions.

Purpose of Fund: To pay for locally sponsored secondary road construction projects. Any money left after the project is closed out is returned to the local entity.

Funds Expended - Capital	23,565,600	23,565,600
Funds Expended - Operating	2,016,500	1,986,900
Year-End Fund Balance	5,293,500	2,565,100

Maricopa Regional Area Road (DTA2029/A.R.S. § 28-6302)**Non-Appropriated**

Source of Revenue: The fund consists of all transportation excise taxes collected pursuant to A.R.S. § 42-1482 and A.R.S. § 42-1482.01 that are designated for deposit in the Regional Area Road Fund in Maricopa County, plus proceeds from the sale of bonds, rents, and interest earnings.

Purpose of Fund: For bond related expenses and for the design, purchase of right-of-way or construction of controlled access highways which are included in the county's regional transportation plan and accepted into the state highway system.

Funds Expended - Capital	252,858,900	308,347,000
Funds Expended - Operating	25,690,900	25,002,000
Year-End Fund Balance	129,654,200	106,105,200

Motor Carrier Safety Revolving (DTA2380/A.R.S. § 28-5203)**Non-Appropriated**

Source of Revenue: The fund consists of monies appropriated by the Legislature; fines; forfeitures; fees and taxes deposited pursuant to A.R.S. Title 28, Chapter 14, "Motor Carrier Safety" which applies to all manufacturers, shippers, motor carriers and drivers who transport or cause the transportation of hazardous material, substances or waste; and monies received from private grants or donations.

Purpose of Fund: To carry out the provisions of the chapter. DPS conducts investigations, the Motor Vehicle Division administers hearings, and the Attorney General enforces civil penalties. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

Funds Expended	8,500	7,000
Year-End Fund Balance	5,000	4,000

Motor Vehicle Liability Insurance Enforcement (DTA2285/A.R.S. § 28-4151)**Appropriated**

Source of Revenue: Fees received by the department pursuant to A.R.S. Title 28, Chapter 9, Article 4 (mandatory motor vehicle insurance), such as fees to reinstate drivers' licenses and vehicle registrations canceled due to lack of insurance.

Purpose of Fund: For the department to enforce mandatory motor vehicle liability insurance laws.

Funds Expended	559,600	1,030,200
Year-End Fund Balance	3,543,200	5,079,300

Rental Tax and Bond Deposit (DTA3737/A.R.S. § 28-371)**Non-Appropriated**

Source of Revenue: Cash deposits from motor carrier and use fuel taxpayers, and portions of rent that the department collects.

Purpose of Fund: To hold cash deposits from motor carrier and use fuel taxpayers who choose to make cash deposits instead of providing surety bonds to guarantee their fee payments. Any money remaining in a taxpayer's account would be returned to the taxpayer. To hold the county property tax portion of rent on department properties, which is forwarded to the appropriate county tax office. Also, to hold the privilege tax portion of rent on the department's commercial properties, which is forwarded to the Department of Revenue.

Funds Expended	0	0
Year-End Fund Balance	1,399,200	1,399,200

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
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Safety Enforcement and Transportation Infrastructure (DTA2108/A.R.S. § 28-6547) Appropriated

Source of Revenue: Fees for commercial vehicle permits collected at southern ports of entry on the border with Mexico, and interest earnings. Monies in the fund are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Purpose of Fund: For enforcement of vehicle safety requirements by DPS and ADOT, and for the maintenance and upgrade of transportation facilities, within 25 miles of the border with Mexico. Also provides for the maintenance and construction of transportation facilities along the route of the Canada to Mexico (CANAMEX) trucking and trade corridor, which came about as a result of the North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico.

Funds Expended - Capital	778,500	3,562,700
Funds Expended - ADOT Operating	1,938,300	2,336,000
Funds Expended - DPS Operating	1,014,600	1,128,700
Year-End Fund Balance	4,569,100	1,041,700

Shared Location and Advertising Agreements Expense (DTA2414/A.R.S. § 28-409) Non-Appropriated

Source of Revenue: The fund consists of monies received from agreements with public and private entities for services located in department offices or to advertise those entities' goods and services.

Purpose of Fund: To partially offset the department's cost of providing a location or advertising. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

Funds Expended	200	30,000
Year-End Fund Balance	101,300	101,300

State Aviation (DTA2005/A.R.S. § 28-8202) Appropriated

Source of Revenue: Flight property tax, aircraft registration fees, license taxes and penalties, fuel taxes, the sale of abandoned aircraft, receipts from airports operated by the department, and interest earnings.

Purpose of Fund: For the administration of aviation laws, the operation and maintenance of state-owned airports, and capital projects at publicly-owned and operated airports of political subdivisions.

Funds Expended - Capital	9,596,000	15,152,000
Funds Expended - Operating	1,729,700	1,898,000
Year-End Fund Balance	14,557,800	9,361,800

State Highway (DTA2030/A.R.S. § 28-6991) Appropriated

Source of Revenue: Monies distributed from the Highway User Revenue Fund, certain vehicle fees which are deposited directly to the State Highway Fund, interest earnings, appropriations by the Legislature, and donations.

Purpose of Fund: For the department's operating budget, the acquisition of right-of-way, construction and maintenance of state highways and roads, and other highway related projects.

Other Funds Expended - Capital	886,129,400	656,740,400
Other Funds - Debt Service	83,317,300	117,504,000
Other Funds Expended - ADOT Operating	264,261,100	277,041,000
Other Funds Expended - DPS Operating	25,249,600	28,266,600
Year-End Fund Balance	237,843,300	304,285,700

Transportation Department Equipment (DTA2071/A.R.S. § 28-7006) Appropriated

Source of Revenue: Equipment rental, sale at auction, insurance recoveries, donations, interest earnings, and monies appropriated by the Legislature (for purchase, repairs and maintenance).

Purpose of Fund: For ownership, maintenance, service or repair of equipment and consumable material including administrative expenses.

Funds Expended	33,872,500	33,648,300
Year-End Fund Balance	3,649,200	2,000,900

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
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Underground Storage Tank Revolving (DTA2030/A.R.S. § 28-6008)

Non-Appropriated

Source of Revenue: The fund consists of Underground Storage Tank taxes paid by persons liable for motor/aviation fuel taxes; or persons who refine, manufacture or produce compounds, blend or import diesel (liquid petroleum).

Purpose of Fund: For department administrative expenses. Per subsections A and B of A.R.S. § 28-1599.45, "the director acts only as a collecting agent for the Director of the Department of Environmental Quality and assumes no responsibility for the underlying tax liability." The department retains only administrative costs as determined by an intergovernmental agreement between ADOT and the Department of Environmental Quality.

Funds Expended	0	0
Year-End Fund Balance	270,800	280,800

Vehicle Inspection and Title Enforcement (DTA2272/A.R.S. § 28-2012)

Appropriated

Source of Revenue: Fees of \$20 and \$50 for performing more detailed level 2 and level 3 inspections of vehicle identification numbers, before issuing restored salvage titles on repaired salvage and similar vehicles.

Purpose of Fund: To defray the cost of investigations involving certificates of title, licensing fraud, registration enforcement and other enforcement related issues. A portion of the revenues are transferred to DPS for investigations concerning automobile theft.

Funds Expended	950,100	1,044,400
Year-End Fund Balance	1,220,900	1,504,300

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