



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

FACT SHEET FOR S.B. 1722

capital outlay; appropriations; 2023-2024.

Purpose

Makes session law changes relating to capital outlay necessary to implement the FY 2024 state budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

S.B. 1722 contains the budget reconciliation provisions for changes relating to capital outlay.

Provisions

Building Renewal

1. Appropriates the following amounts in FY 2024 to the following state agencies from the specified funds for major maintenance and repair activities for state buildings:

Agency	Fund Source	Amount	% of Formula
Arizona Department of Administration (ADOA)	state General Fund (state GF)	\$25,124,700	64.22%
	Capital Outlay Stabilization Fund (COSF)	\$14,000,000	35.78%
Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR)	state GF	\$33,942,600	85.27%
	Department of Corrections Building Renewal Fund	\$5,864,300	14.73%
Arizona Department of Transportation (ADOT)	State Highway Fund (SHF)	\$21,978,300	98.03%
	State Aviation Fund	\$441,900	1.97%

Agency	Fund Source	Amount	% of Formula
Arizona Game and Fish Department (AZGFD)	Game and Fish Fund	\$1,776,400	100%
Arizona State Lottery Commission	State Lottery Fund	\$214,200	100%

2. Requires ADOA to allocate monies from the capital outlay appropriation to state agencies for necessary building renewal.
3. Reduces the ADOA appropriation for building renewal by the difference between the amount appropriated and the balance in the COSF, if monies in the COSF are insufficient to fund the appropriation.
4. Allows ADOA to use monies appropriated for building renewal in FY 2024 to retrofit facilities for space consolidation initiatives.
5. Prohibits ADCRR from spending any monies from the capital outlay appropriation on personal services or overhead expenses related to managing projects funded by the appropriation.

Individual Capital Projects

6. Appropriates the following amounts in FY 2024 to the following state agencies from the specified funds for individual capital projects:

Agency	Purpose	Fund	Amount
ADCRR	Replace evaporative cooling statewide with HVAC	state GF	\$66,783,600
ADCRR	Statewide door, lock and fire systems replacement	state GF	\$48,650,600
ADOA	Electric vehicle charging and advance fuel infrastructure	state GF	\$5,000,000
ADOT	Replace vehicle fueling facilities in Springerville, Holbrook and Chambers	SHF	\$2,600,000

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Agency	Purpose	Fund	Amount
ADOT	Electric vehicle charging and advance fuel infrastructure at ADOT facilities open and accessible to the public, excluding rest areas	SHF	\$2,500,000
ADOT	Electric vehicle charging and advance fuel infrastructure at ADOT fleet facilities	SHF	\$5,000,000
ADOT	Renovate motor vehicle division in north Tucson	SHF	\$4,100,000
ADOT	Water conservation projects	SHF	\$2,500,000
ADOT	Planning of passenger rail service from Phoenix to Tucson	state GF	\$3,500,000
ADOT	Construct new maintenance facility in Keams Canyon	SHF	\$3,400,000
Department of Emergency and Military Affairs (DEMA)	Additional construction monies for Surprise readiness center	state GF	\$1,125,000
Arizona Exposition and State Fair Board	Capital improvements	Arizona Exposition and State Fair Fund	\$3,802,100
Arizona Pioneers' Home	Capital improvements	Miners' Hospital for Miners with Disabilities Land Fund	\$468,700
Arizona Pioneers' Home	Cemetery columbarium	Miners' Hospital for Miners with Disabilities Land Fund	\$75,000
Arizona Pioneers' Home	Cemetery parking	Miners' Hospital for Miners with Disabilities Land Fund	\$250,000
Arizona State Parks Board (ASPB)	Capital improvements	State Parks Revenue Fund	\$3,034,400

Agency	Purpose	Fund	Amount
ASPB	Verde River State Park	state GF	\$7,000,000
AZGFD	Dam maintenance	Capital Improvement Fund	\$150,000
AZGFD	Hatchery maintenance	Capital Improvement Fund	\$400,000
AZGFD	Property maintenance	Capital Improvement Fund	\$300,000
AZGFD	Water conservation projects	Game and Fish Fund	\$500,000
Department of Health Services (DHS)	Arizona State Hospital (ASH) water pump replacements	ASH Fund	\$209,000
DHS	ASH water isolation valves	ASH Fund	\$200,000
Department of Public Safety	Renovate Flagstaff aviation hangar	state GF	\$320,000

7. Directs the ASPB to establish a state park at the headwaters of the Verde River.
8. Requires the ASPB to report promptly to the Joint Committee on Capital Review (JCCR) and the Governor's Office of Strategic Planning and Budgeting (OSPB) if the ASPB revises the plan for any project for which monies are appropriated because the ASPB receives land and water conservation grant funding.
9. Exempts the \$10,000,000 ADOA appropriation for capital improvements from individual review by JCCR.

ADOT Statewide Highway Construction

10. Appropriates \$367,709,600 in FY 2024 from the state GF to ADOT for specified highway projects as follows:

Project	Amount
Construct an emergency evacuation bridge in Lake Havasu City	\$35,500,000
Construct turn lanes along State Route (SR) 95 near Bullhead City	\$8,000,000
Design a freeway interchange on Interstate 10 (I-10) at Jackrabbit Trail	\$5,000,000
Design of SR 87 intersection improvements at Arica Road and Shedd Road	\$700,000
Design work and engineer improvements on SR 85 between mile post 123 and Maricopa Road	\$6,500,000
Distribute to Apache County for SR 264 turn lane construction into the Ganado senior citizens center and veterans building development area	\$538,700
Distribute to Cochise County for Moson Road drainage and safety improvements between SR 90 and Hereford Road	\$6,100,000

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Distribute to Gila County for Houston Mesa Road improvements between SR 260 and .4 miles south of Forest Road 198	\$243,600
Distribute to Graham County for intersection reconstruction at Norton Road and Reay Lane	\$500,000
Distribute to Graham County for Safford Bryce Road improvements in the vicinity of Talley Wash Crossing	\$1,781,500
Distribute to Pinal County for engineering and design of the West Pinal Parkway East-West Corridor	\$9,240,000
Distribute to Santa Cruz County for improvements to traffic interchanges at Interstate 19 (I-19) and Rio Rico Drive and I-19 and Ruby Road	\$8,600,000
Distribute to the Canyon Water Improvement District to make improvements to infrastructure, including fire hydrants and other related water needs	\$610,000
Distribute to the City of Coolidge for Coolidge Avenue reconstruction between Christensen Road and Clemans Road	\$5,300,000
Distribute to the City of Douglas for road development and construction connecting the Douglas international commercial port of entry and SR 80	\$8,170,000
Distribute to the City of Eloy for Sunland Gin Road I-10 overpass and road improvements between I-10 and Arica Road	\$5,000,000
Distribute to the City of Globe for Cottonwood Street bridge replacement and improvements at Pinal Creek	\$632,500
Distribute to the City of Globe for Jesse Hayes Road bridge replacement and improvements at Pinal Creek	\$643,200
Distribute to the City of Globe for sidewalk construction along Jesse Hayes Road and Six Shooter Canyon Road	\$3,501,100
Distribute to the City of Phoenix for improvements on Happy Valley Road between 35th Avenue and 67th Avenue	\$12,500,000
Distribute to the City of Phoenix to extend 43rd Avenue between Dove Valley Road and SR 74	\$6,500,000
Distribute to the City of Sierra Vista for Theater Drive corridor improvement between 7th Street and Carmichael Avenue	\$1,800,000
Distribute to the City of Tucson for improvements to the Drexel Road bridge	\$15,000,000
Distribute to the Navajo Nation for improvements to N9402 Road near Lupton and Houck	\$10,000,000
Distribute to the Town of Cave Creek to study the construction of expanding lanes along Cave Creek Road between Loop 101 and Carefree Highway	\$250,000
Distribute to the Town of Clarkdale to replace the current bridge over Bitter Creek wash	\$6,321,400
Distribute to the Town of Huachuca City for Skyline Drive reconstruction between SR 90 and Huachuca City Landfill	\$1,565,200
Distribute to the Town of Huachuca City for Skyline Pathway development along Skyline Drive between Gila Avenue and Edgewood Street	\$506,000
Distribute to the Town of Marana for design costs for traffic interchange between I-10 and Cortaro Road	\$10,000,000
Distribute to the Town of Patagonia for McKeown Avenue reconstruction between Fourth Avenue West and SR 82	\$1,500,000

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Distribute to the Town of Payson for roundabout construction and improvements at intersection of Longhorn Road and McLane Road	\$1,529,800
Distribute to the Town of Pinetop-Lakeside for Porter Mountain Road improvements in the vicinity of Blue Ridge elementary school	\$2,242,200
Distribute to the Town of Prescott Valley to improve Glassford Hill Road	\$9,900,000
Distribute to the Town of Queen Creek to extend SR 24, including a traffic interchange at SR 24 and Ironwood Road	\$87,500,000
Distribute to the Town of Superior for Panther Drive bridge design and construction at Queen Creek	\$2,486,700
Distribute to the Town of Thatcher for 8th Street improvements between 1st Avenue and 20th Avenue	\$4,526,400
Distribute to the Town of Winkelman for improvements to Golf Course Road and Quarelli Street	\$1,560,900
Distribute to Yuma County for U.S. Route 95 pavement rehabilitation between County 22nd Street and County 11th Street	\$5,910,400
Improve intersection on SR 347 at Casa Blanca Road and Cement Plant access	\$18,000,000
Improve SR 260 within Navajo County	\$4,250,000
Improve SR 83 within Santa Cruz County	\$9,000,000
Improve the interchange at SR 303 and U.S. Route 60	\$4,500,000
Improve U.S. Route 95 between Wellton Mohawk Canal Road and Aberdeen Road	\$33,300,000
Repave U.S. Route 60 between Morrystown and Wickenburg	\$10,500,000

11. Requires ADOT, within 30 days after the last day of each calendar quarter, to report to JLBC the projected cost and status of the outlined projects.
12. Requires ADOT to submit a report for review by JCCR, prior to transferring monies between the outlined projects.
13. Exempts the FY 2024 appropriation of \$369,239,400 for state highway construction from review by the JCCR.
14. Declares the Legislature's intent that the City of Phoenix contribute \$14,800,000 to the project for improvements on Happy Valley Road.
15. Conditions ADOT's distribution of \$9,900,000 on whether the Town of Prescott Valley can demonstrate to ADOT that the Town has a commitment of at least \$1,100,000 in matching monies of gifts, grants and donations for improvements to Glassford Hill Road from sources other than the state.
16. Deems the \$87,500,000 distribution to the Town of Queen Creek as eligible to be used for all necessary expenses from the current project status until completion.
17. Requires the Town of Queen Creek to collaborate with Pinal County before spending the \$87,500,000 distribution for the project.
18. Appropriates a total of \$165,200,000 from the state GF in FY 2024 to ADOT, including:
 - a) \$89,000,000 to widen I-10 between Chandler and Casa Grande; and
 - b) \$76,200,000 to widen I-17 between Anthem and Black Canyon City.

19. Requires ADOT to use the \$89,000,000 and \$76,200,000 appropriations for construction-related activities, including drawing down federal matching monies for the projects.
20. Appropriates \$444,243,000 from the SHF in FY 2024 to ADOT to:
 - a) plan and construct state highways;
 - b) acquire rights-of-way; and
 - c) provide for the cost of contracted field administration and engineering on construction projects and debt service payments on bonds issued for highway construction.
21. Exempts the \$444,243,000, \$89,000,000 and \$76,200,000 appropriations from review by the JCCR.
22. Appropriates balances and collections in the SHF that exceed the amount appropriated by the FY 2024 General Appropriations Act and the Capital Outlay Budget Reconciliation Act to ADOT for authorized purposes.
23. Requires ADOT, by November 1, 2023, to report to the Directors of JLBC and OSPB on:
 - a) ADOT's actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources;
 - b) capital outlay information for FYs 2023, 2024 and 2025; and
 - c) ADOT's outstanding debt principal balance at the end of FY 2025 and the estimated debt service payment amounts for FYs 2025 through 2028.
24. Requires ADOT's highway construction expenses report to:
 - a) include appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies; and
 - b) be in the same format as the prior year unless the Directors of JLBC and OSPB have approved modifications.
25. Requires ADOT's reported capital outlay information to be in the same format as tables two, three and six of the FY 2023 Appropriations Report.
26. Requires ADOT's estimated outstanding debt principal balance and estimated debt service payments report to include SHF statewide construction bonds, Highway User Revenue Fund bonds, Maricopa Association of Governments and Pima Association of Governments controlled access bonds, Maricopa Regional Area Road Fund bonds and grant anticipation notes.
27. Directs ADOT's estimated outstanding debt principal balance and estimated debt service payments report to be comparable to the information in the FY 2023 Appropriations Report.

Tribal Highway Construction and Improvements

28. Appropriates \$10,000,000 from the state GF in FY 2024 to ADOA to distribute to the Diné College Board of Regents for capital improvements.
29. Exempts the \$10,000,000 appropriation from JCCR review.

ADOT Airport Planning and Development

30. Appropriates \$35,000,000 from the State Aviation Fund in FY 2024 to ADOT to plan, construct, develop and improve state, county, city or town airports as determined by the State Transportation Board.
31. Exempts the \$35,000,000 appropriation for airport planning and development from JCCR review.
32. Appropriates any balances and collections in the State Aviation Fund that exceed the amount appropriated by the General Appropriations Act and the Capital Outlay Budget Reconciliation Act to ADOT in FY 2024 for authorized purposes.
33. Requires ADOT, by December 31, 2023, to report to JLBC Staff on the status of all aviation grant awards and distributions.
34. Requires the report on aviation grant awards to delineate projects by individual airport and fiscal year, including any future year commitments.

FY 2023 Appropriations

35. Appropriates \$5,000,000 from the state GF in FY 2023 to ADOA for West Adams Street building renovation projects.
36. Appropriates \$54,300,000 from the state GF in FY 2023 to ADOT for pavement rehabilitation projects that:
 - a) are not located in Maricopa or Pima County;
 - b) on roads that are graded as being in fair or poor condition by ADOT; and
 - c) not contained in ADOT's 2023-2027 Five-Year Transportation Facilities Construction Program.
37. Exempts the \$54,300,000 appropriation from JCCR review.
38. Appropriates \$52,090,000 from the state GF in FY 2023 to ADOT to design and construct additional vehicle lanes, separated by a lighted median, on I-10 between SR 85 and Citrus Road.
39. Exempts the \$52,090,000 appropriation from JCCR review.
40. Appropriates \$7,000,000 from the state GF in FY 2023 to ADOT to distribute to the Phoenix-Mesa Gateway Airport.
41. Exempts the \$7,000,000 appropriation to Phoenix-Mesa Gateway Airport from JCCR review.
42. Reallocates \$13,000,000 of the \$19,000,000 appropriation from the SHF in FY 2023 to ADOT for the design to widen lanes along SR 347 between I-10 and City of Maricopa as follows:
 - a) \$10,300,000 to ADOT to distribute to the City of Maricopa to design and construct improvements to SR 238 or SR 347, or both;
 - b) \$2,000,000 to ADOT to distribute to the Gila River Indian Community for transportation infrastructure; and
 - c) \$700,000 to ADOT for engineering and design costs associated with improvements along SR 87 near the City of Coolidge.

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43. Exempts the reallocated appropriations from:
 - a) JCCR review; and
 - b) lapsing until the purpose for which the appropriations were made has been accomplished or abandoned or the appropriations stand unexpended or unencumbered for a full fiscal year.
44. Redirects the \$1,000,000 appropriation from the state GF in FY 2023 to ADOA to distribute to the Navajo Nation, rather than Navajo County, to construct a Little Colorado River visitor center.
45. Increases the appropriation, from \$5,000,000 to \$8,100,000, from the state GF in FY 2023 to ADOT to:
 - a) construct a traffic circle at the intersection of North Lake Powell Boulevard and U.S. Route 89 in Page, Arizona; and
 - b) install traffic control devices at the intersection of U.S. Route 89 and the road to the Horseshoe Bend parking lot.
46. Increases the following appropriations from the SHF in FY 2023 to ADOT for highway projects:
 - a) from \$1,645,000 to \$1,823,000, to repave SR 69 in Prescott Valley;
 - b) from \$8,750,000 to \$24,000,000 to construct an overpass at Riggs Road and SR 347;
 - c) from \$16,330,000 to \$18,981,000, to rehabilitate pavement along U.S. Route 191 between Armory Road and East Safford;
 - d) from \$1,500,000 to \$8,022,500, to construct a roundabout at the intersection of SR 69 and SR 169; and
 - e) from \$568,000 to \$1,085,000, to install lighting on the Sentinel exit in Gila Bend.
47. Reduces the following appropriations from the SHF in FY 2023 to ADOT for highway projects:
 - a) from \$64,200,000 to \$60,910,000, to design and construct additional vehicle lanes, separated by a lighted median, on I-10 between SR 85 and Citrus Road;
 - b) from \$39,200,000 to \$38,620,000, to rehabilitate pavement along SR 90 between Campus Drive and the U.S. Border Patrol Station in Huachuca City;
 - c) from \$3,000,000 to \$600,000, to design traffic interchange on SR 89 at SR 89A;
 - d) from \$19,534,600 to \$13,373,000, to repave SR 95 in Mohave County;
 - e) from \$1,464,100 to \$1,455,000, to repair SR 186 and State Business Route 10 in Willcox; and
 - f) from \$3,710,000 to \$3,300,000, to improve SR 90 from Moson Road to Campus Drive.
48. Removes the following appropriations from the SHF in FY 2023 to ADOT for highway projects:
 - a) \$6,142,800 to construct and improve former SR 279;
 - b) \$3,500,000 to improve U.S. Route 95 near Yuma Proving Ground; and
 - c) \$2,625,000 for the final design plan, right-of-way and easements for an overpass at Riggs Road and SR 347.
49. Repeals the FY 2023 appropriation of \$25,000,000 from the state GF to ADOT for the Loop 101 slip ramp access project.

50. Exempts the \$1,800,000 appropriation to DEMA for additional construction monies for the Tucson readiness center from lapsing.

FY 2022 Appropriations

51. Exempts the following FY 2022 appropriations from lapsing until June 30, 2024:
- a) \$24,200,000 to ADOA for ADOA building renewal;
 - b) \$1,215,800 to AZGFD for AZGFD building renewal;
 - c) \$2,800,000 to ADOA to demolish the state-owned buildings located at 1601 West Jefferson Street and 1645 West Jefferson Street and convert the building's physical plant to provide service to 1535 West Jefferson Street;
 - d) \$3,500,000 to ADOA to replace capitol mall air handler units at the House of Representatives and Senate buildings;
 - e) \$1,000,000 to the Arizona Exposition and State Fair Board for capital improvements;
 - f) \$1,000,000 to the Arizona Exposition and State Fair Board for replacement of the fire alarm system in the Arizona Veterans Memorial Coliseum building on the state fairgrounds;
 - g) \$2,500,000 to the Arizona Department of Juvenile Corrections to replace doors in four units at the Adobe Mountain School facility;
 - h) \$2,396,700 to ASPB for capital improvements;
 - i) \$126,000 to ASPB to replace the fire suppression system at Red Rock State Park;
 - j) \$750,000 to ASPB to construct a new day-use park at the Rockin' River Ranch State Park;
 - k) \$353,100 to the Arizona Pioneers' Home for capital improvements; and
 - l) \$3,150,000 to ADOT to construct new maintenance facilities in Wickenburg.
52. Exempts, from lapsing until June 30, 2025, the \$25,564,400 appropriation to ADCRR in FY 2022 for fire and life safety upgrades at the Eyman State Prison Complex.

FY 2021 Appropriations

53. Modifies the following appropriations from the state GF in FY 2021 to ADOT for highway projects by:
- a) removing the \$10,000,000 appropriation to improve U.S. Route 95 near Yuma Proving Ground; and
 - b) increasing the appropriation, from \$13,600,000 to \$15,807,500, to rehabilitate pavement along SR 77 near Oro Valley.
54. Requires ADOT, before transferring monies between FY 2021 highway projects, to submit a report for review by the JCCR.

FY 2020 Appropriations

55. Exempts, from lapsing until June 30, 2023, the \$4,600,000 appropriation to ADOT in FY 2020 to construct new maintenance facilities in Wickenburg.

Miscellaneous

56. Appropriates \$12,500,000 from the state GF in FY 2024 to the State Match Advantage for Rural Transportation Fund.

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57. Allows ADOA to spend up to five percent of all capital outlay appropriations that are distributed to state agencies by ADOA for expenditures for project management of building renewal and capital projects.
58. Prohibits ADOA from spending any other capital outlay appropriations:
 - a) on personal services or employee-related expenditures; or
 - b) for maintenance contracts on building components and equipment without review by JCCR.
59. Prohibits all other capital outlay appropriations from being spent for personal services or employee-related expenditures of state employees, excluding services provided as part of the Inmate Construction Program for correctional facilities.
60. Makes technical and conforming changes.
61. Becomes effective on signature of the Governor.

Prepared by Senate Research

May 8, 2023

KJA/sr