

House Engrossed

state budget implementation; 2026-2027

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

CHAPTER 138

HOUSE BILL 4166

AN ACT

AMENDING SECTION 18-104, ARIZONA REVISED STATUTES; APPROPRIATING MONIES;
RELATING TO IMPLEMENTATION OF BUDGETARY REVISIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 18-104, Arizona Revised Statutes, is amended to
3 read:
4 18-104. Powers and duties of the department; violation;
5 classification
6 A. The department shall:
7 1. Develop, implement and maintain a coordinated statewide plan for
8 information technology. This includes:
9 (a) Adopting statewide technical and coordination standards for
10 information technology, WHICH MAY INCLUDE A REQUIREMENT THAT BUDGET UNITS
11 ADOPT CERTAIN TECHNOLOGIES AND DATA SHARING PRACTICES TO IMPROVE THE
12 EFFICIENCY OF ADMINISTERING INFORMATION TECHNOLOGY.
13 (b) Serving as statewide coordinator for information technology
14 resources.
15 (c) Developing a statewide disaster recovery plan, identifying
16 risks in each budget unit and directing agencies to adopt risk mitigation
17 strategies, methods and procedures to minimize the risks.
18 (d) Developing a list of approved department projects by priority
19 category.
20 (e) Developing a detailed list of information technology assets
21 that are owned, leased or employed by this state.
22 (f) Evaluating and either approving or disapproving budget unit
23 information technology plans. Budget units shall submit information
24 technology plans that include quality assurance plans and disaster
25 recovery plans to the department each year on or before May 15. The
26 legislative and judicial departments of state government shall submit
27 information technology plans on or before September 1 for information
28 purposes.
29 (g) Evaluating specific information technology projects relating to
30 the approved budget unit and statewide information technology plans in
31 consultation with the statewide information security and privacy office in
32 the Arizona department of homeland security. The department shall approve
33 or reject projects with total costs of at least \$25,000 but not more than
34 \$1,000,000 and may establish conditional approval criteria, including
35 procurement purchase authority. If the total project costs exceed
36 \$1,000,000, the department shall evaluate the project and make
37 recommendations to the information technology authorization committee. If
38 the total project costs exceed \$5,000,000, the department shall require
39 the budget unit to contract with an independent third party to review and
40 guide the technology approach, scope, estimated cost, timeline for
41 completion and overall feasibility of the project before making
42 recommendations to the information technology authorization committee. On
43 or before the thirtieth day following the last day of each calendar
44 quarter, the budget unit shall submit a report from the independent third
45 party to the information technology authorization committee and the joint

1 legislative budget committee regarding the progress of each ongoing
2 project. As part of a budget request for an information technology
3 project that has total costs of at least \$25,000, a budget unit shall
4 indicate the status of review by the department. Projects shall not be
5 artificially divided to avoid review by the department.

6 (h) DEVELOPING A STATEWIDE DATA STRATEGIC PLAN FOR THE PURPOSES OF
7 IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF DATA SHARING AND DATA
8 GOVERNANCE ACTIVITIES.

9 2. Require that budget units incorporate a life-cycle analysis into
10 the information technology planning, budgeting and procurement processes.

11 3. Require that budget units demonstrate expertise to carry out
12 information technology plans, either by employing staff or contracting for
13 outside services.

14 4. Monitor information technology projects that the department
15 considers to be major or critical, including expenditure and activity
16 reports and periodic review.

17 5. Temporarily suspend the expenditure of monies if the department
18 determines that the information technology project is at risk of failing
19 to achieve its intended results or does not comply with the requirements
20 of this section.

21 6. Continuously study emergent technology and evaluate its impact
22 on this state's system.

23 7. Advise each budget unit as necessary and report to the committee
24 on an annual basis.

25 8. Provide to budget units information technology consulting
26 services it deems necessary, either directly or by procuring outside
27 consulting services.

28 9. Maintain all otherwise confidential information received from a
29 budget unit pursuant to this section as confidential.

30 10. Provide staff support to the committee.

31 11. Subject to section 35-149, accept, spend and account for
32 grants, monies and direct payments from public or private sources and
33 other grants of monies or property to conduct programs that it deems
34 consistent with the government information technology purposes and
35 objectives of the department.

36 12. Adopt rules it deems necessary or desirable to further the
37 government information technology objectives and programs of the
38 department.

39 13. Formulate policies, plans and programs to effectuate the
40 government information technology purposes of the department.

41 14. Advise and make recommendations to the governor and the
42 legislature on all matters concerning its objectives.

43 15. Contract and enter into interagency and intergovernmental
44 agreements pursuant to title 11, chapter 7, article 3 with any public or
45 private party.

- 1 16. Have an official seal that shall be judicially noticed.
- 2 17. Establish an interactive online directory of codes, rules,
3 ordinances, if available electronically, and statutes to assist
4 individuals and businesses with regulatory requirements and obligations.
5 As provided in this paragraph, counties, municipalities and budget units
6 shall submit information in a manner and format prescribed by the agency.
- 7 18. Manage enterprise-level information technology infrastructure,
8 except that the STATEWIDE information security and privacy office in the
9 Arizona department of homeland security shall manage the information
10 security aspects of the infrastructure.
- 11 19. Develop strategies to protect the information technology
12 infrastructure of this state and the data that is stored on or transmitted
13 by the infrastructure.
- 14 20. Temporarily suspend access to information technology
15 infrastructure when directed by the Arizona department of homeland
16 security and consult with the Arizona department of homeland security
17 regarding security policies, standards and procedures.
- 18 21. HAVE THE ABILITY TO DELEGATE AUTHORITY OR SPECIFIC INFORMATION
19 TECHNOLOGY FUNCTIONS TO ANY BUDGET UNIT.
- 20 22. HAVE THE AUTHORITY TO ENTER INTO AGREEMENTS WITH ANY STATE
21 AGENCY OR POLITICAL SUBDIVISION OF THIS STATE TO FURNISH INFORMATION
22 TECHNOLOGY SERVICES. UNLESS MONIES HAVE BEEN APPROPRIATED BY THE
23 LEGISLATURE FOR THIS PURPOSE, ANY AGREEMENT SHALL PROVIDE FOR
24 REIMBURSEMENT TO THE DEPARTMENT FOR THE COSTS OF THE SERVICES FURNISHED AS
25 DETERMINED BY THE DEPARTMENT.
- 26 B. The department shall advise the judicial and legislative
27 branches of state government concerning information technology.
- 28 C. The department may examine all books, papers, records and
29 documents in the office of any budget unit and may require any state
30 officer of the budget unit to furnish information or statements necessary
31 to carry out this chapter.
- 32 D. The director, any member of the director's staff or any employee
33 who knowingly divulges or makes known in any manner not permitted by law
34 any particulars of any confidential record, document or information is
35 guilty of a class 5 felony.
- 36 Sec. 2. Unrestricted federal monies; essential government
37 services; retroactivity
- 38 A. Any unrestricted federal monies received by this state beginning
39 July 1, 2026 through June 30, 2027 shall be deposited in the state general
40 fund. The monies shall be used to pay essential government services.
- 41 B. This section applies retroactively to from and after June 30,
42 2026.

- 1 Sec. 3. Budget stabilization fund; exceptions
2 Notwithstanding section 35-144, Arizona Revised Statutes:
3 1. For fiscal years 2026-2027 and 2027-2028, the legislature is not
4 required to appropriate monies to or transfer monies from the budget
5 stabilization fund.
6 2. For fiscal year 2026-2027, the budget stabilization fund is not
7 limited to ten percent of the state general fund revenue for the fiscal
8 year, and the state treasurer may not transfer any surplus monies from the
9 budget stabilization fund to the state general fund.

APPROVED BY THE GOVERNOR JUNE 13, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 13, 2026.