



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature  
First Regular Session

Senate: APPROP DP 8-2-0-0 | 3<sup>rd</sup> Read 17-12-1-0

## **SB 1735: 2025-2026; general appropriations act**

**Sponsor: Senator Kavanagh (with permission of committee on Rules), LD 3  
Caucus & COW**

### **Overview**

Appropriates monies for the operation of the state government in FY 2026.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#) of the Constitution of Arizona requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills prepared according to subject area.

### **Provisions**

The tables below indicate state **ongoing** General Fund (GF) and **other fund** (OF) changes for appropriated state agencies in FY 2026 stated in terms of changes to the [FY 2026 JLBC Baseline](#).

Major footnotes are stated in terms of changes to the [FY 2025 General Appropriations Act](#).

Summary of Changes	Fund	Comments	FY 2026 Changes to JLBC Baseline
--------------------	------	----------	----------------------------------

### **Acupuncture Board of Examiners (ABE) (Sec. 6)**

1. Allows ABE to use up to \$42,818 of its FY 2026 appropriation to pay for the cost of services provided by the Arizona Department of Administration (ADOA) Central Services Bureau in prior years.

### **ADOA (Sec. 7)**

Tribal healthcare investment	GF	Non-lapsing	\$3,000,000
Healthcare Interoperability Grants	GF	Exempt from lapsing until FY 2029	\$1,000,000

☐ Prop 105 (45 votes)    ☐ Prop 108 (40 votes)    ☐ Emergency (40 votes)    ☐ Fiscal Note

State Personnel IT System Software Transition	OF	Onetime	\$1,911,800
IT System	OF	New state personnel IT system, ongoing costs	\$1,802,600
Annual Financial Report/Single Audit	OF		\$574,000
IT Oversight	OF	Add 1 FTE	\$103,500
Business One-Stop	OF	Ongoing support	\$2,114,300
Law Enforcement Records Management	OF	Records management system, real-time data sharing	\$500,000

2. Requires ADOA to submit a report to the Joint Legislative Budget Committee (JLBC) and Governor's Office of Strategic Planning and Budgeting (OSPB) by March 31, 2026 regarding the amount that the Maricopa County Special Health Care District has agreed to send to ADOA for deposit into the state GF in FY 2026, including the reason for any change in amount from the prior FY.
3. Requires the ADOA General Accounting Office to account for the second \$37,500,000 semiannual payment due on June 30, 2025, from the Maricopa County Special Health Care District to ADOA in the state GF for FY 2025 in the annual financial report.
4. Exempts the \$3,000,000 FY 2026 appropriation for tribal health care investment from lapsing.
5. Exempts the \$1,000,000 appropriated to ADOA for Navajo Nation electrical connections in FY 2025 from lapsing until June 30, 2026.
6. Appropriates \$7,150,650 from the state GF in FY 2026 to ADOA for equal distribution to counties with a population of fewer than 900,000 persons according to the 2020 U.S. Decennial Census (2020 Census) to maintain essential county services.
7. Appropriates \$500,000 from the state GF in FY 2026 to ADOA for distribution to Graham County to maintain essential county services.
8. Appropriates \$3,000,000 from the state GF in FY 2026 to ADOA for equal distribution to counties with a population of fewer than 300,000 persons according to the 2020 Census in order to supplement the cost of the Elected Officials' Retirement Plan (EORP).
9. Prohibits the counties from using the distributed FY 2026 \$3,000,000 appropriation for anything other than employer contributions to EORP.

#### ADOA – School Facilities Division (SFD) (Sec. 8)

Building Renewal Grant Funding	GF	Onetime	\$183,300,000
--------------------------------	----	---------	---------------

New School Construction Projects	GF		\$(375,700)
Building renewal	GF	Administrative costs	\$750,000
Offset	GF	Offset FY 2026 New Construction with Existing SFD Fund Balance	(\$10,000,000)

10. Exempts the \$750,000 FY 2026 appropriation for building renewal grants administration from lapsing.

11. Allows the SFD to use the unencumbered balance of \$18,117,400 in the New School Facilities Fund for facilities and land costs for school districts that received final approval by December 15, 2024.

<b>Arizona Department of Agriculture (AZDA) (Sec. 10)</b>			
State Veterinarian's Office	GF	2 FTEs	\$400,000
Livestock Inspectors	GF	2 FTEs	\$400,000
Meat/Poultry Inspection Supervisor	GF	1 FTE	\$200,000
Food Safety Scientist	GF	1 FTE	\$127,000
Agriculture and Water Innovation Fund	GF	Deposit, Onetime	\$2,000,000

12. Allows the AZDA to use up to \$250,000 from the Commercial Feed Trust Fund in FY 2026 for expenses related to the avian influenza outbreak

<b>Arizona Healthcare Cost Containment System (AHCCCS) (Sec. 11)</b>			
Formula Adjustments	GF	May Capitation Rate	\$41,800,000
Caseload Adjustments	GF		\$(68,300,000)
Enhanced Federal Medical Assistance Percentage (FMAP) Savings	GF		\$(6,000,000)
Traditional Healing Services	GF		\$100,000
Prescription Drug Rebate Fund (PDRF)	GF	Ongoing shift	\$(150,000,000)

Income Verification	GF	Eligibility Income Verification Data Charge, Backfill Loss of Federal Funding	\$2,220,000
Graduate Medical Education	GF	Onetime, non-lapsing	\$4,000,000
Speech Therapy & Cochlear Implant Coverage	GF		\$274,200
Legal Costs	OF	Contracted onetime legal costs for sober living homes	\$1,375,000
Secure Behavioral Health Residential Facilities	OF		\$5,000,000

13. Exempts the \$4,000,000 appropriation from the state GF and the \$7,507,400 appropriation from expenditure authority for graduate medical education from lapsing.
14. Allows \$100,000 from the Prescription Drug Rebate to be used for administrative costs of granting one-year extensions for all managed care organizations with existing AHCCCS complete care contracts and regional behavioral health agreements.
15. Requires AHCCCS to distribute monies for secure behavioral health residential facilities that intend to apply for licensure with the Department of Health Services (DHS) and provide secure on-site supportive treatment to persons that are determined to be seriously mentally ill that are chronically resistant to treatment and placed in the facility by court order.
16. Requires AHCCCS and DHS to coordinate, by February 1, 2026, to produce an implementation plan that contains recommendations for secure behavioral health facilities populations to the Governor, the President of the Senate and the Speaker of the House of Representatives and outlines requirements that the implementation plan must include.
17. Requires AHCCCS, in consultation with ADOA, to issue a request for proposals for the secure behavioral health residential facilities by May 1, 2026.
18. Requires AHCCCS, when determining the entity or entities that will receive monies for secure behavioral health residential facilities, to:
  - a) prioritize facilities that can open within 12 months after the effective date of this Act;
  - b) prioritize facilities that meet the geographic needs of Arizona;
  - c) consider an entity's experience in operating behavioral health facilities;
  - d) consider the benefits of selecting one entity or multiple entities to receive the monies; and
  - e) award the contract or contracts to the best qualified bidder or bidders.
19. Stipulates that, for an entity to receive an award, the entity must submit a bid that includes the entity's plan to either construct a new secure behavioral health residential facility or retrofit an existing building to become a secure behavioral health residential facility.

<b>Attorney General (AG) (Sec. 13)</b>			
Internet Crimes Against Children Task Force	OF	Add 2 FTEs	\$335,000
Medicaid Fraud Control Unit	OF	4 FTEs and vehicles	\$204,100
Coordinated Re-Entry	OF		\$10,000,000

20. Requires the \$10,000,000 appropriation for coordinated reentry to be distributed in \$2,000,000 increments to each Coconino, Mohave, Navajo, Pinal and Yavapai counties in FY 2026 to supplement costs associated with the operation of an existing coordinated reentry planning services program.
21. Specifies that the coordinated reentry planning services grants include \$10,000,000 from opioid claims-related monies deposited in the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund.
22. Requires the AG to complete the transfer of opioid claims-related monies to the Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR) before spending any monies on coordinated reentry planning services grants.
23. Requires \$204,100 and 4 FTEs from the AG's operating lump sum to be used to expand the Medicaid Fraud Control Unit within the Criminal Division of the AG's Office.

<b>Board of Behavioral Health Examiners (Sec. 15)</b>			
E-Licensing	OF	Onetime, transition consultant	\$20,400
Office Space Reorganization	OF	Onetime, 7 FTEs	\$187,900

<b>Department of Child Safety (DCS) (Sec. 17)</b>			
Operating Budget Increase	GF		\$6,949,000
Caseworkers	GF		\$4,600,000
Office of Child Welfare Investigations	GF		\$600,000
Congregate Care	GF		\$23,210,500
Adoption Services	GF		\$(2,900,000)

Permanent Guardianship	GF		\$(3,500,000)
Kinship Care	GF		\$(11,500,000)
Foster Care Home Placement	GF		\$(2,000,000)
Extended Foster Care	GF		\$3,900,000
Extended Foster Care	GF	Service model, Onetime	\$6,400,000
Out-Of-Home Support	OF		\$(6,000,000)
In-Home Mitigation	OF		\$6,000,000

24. Directs DCS to develop and maintain a webpage for a group home training program that each employee of each group home contracted with DCS must annually complete.
25. Requires the webpage to include at least one free training program and educational materials and resources related to preventing human trafficking.
26. Requires DCS to notify the Director of JLBC and OSPB if the nurturing parent and family connections programs are favorably reviewed by the federal government and qualify for federal reimbursement.

#### **Arizona Commerce Authority (ACA) (Sec. 19)**

Applied Research Centers	GF		\$500,0000
State Rural Development Council	GF		\$1,200,000
Romania Trade Office	GF		\$125,000

27. Requires the ACA to distribute the monies for applied research centers to centers located in Arizona that specialize in medical technology, including hardware or software components that monitor, enhance or improve the delivery of health care or human performance.
28. Requires the ACA to distribute the monies for applied research centers in increments of up to \$250,000 within 30 days after the applied research center notifies ACA in writing that it has receive matching funds.
29. Exempts the appropriation for applied research centers from lapsing until June 30, 2027.
30. Requires the ACA, by December 1, 2025, to submit a report to the Joint Legislative Budget Committee (JLBC) on the location, activities and annual expenses of each trade office operated by the ACA during the prior fiscal year.

#### **Arizona Community Colleges (Sec. 20)**

Out of County Reimbursement Adjustment	GF		\$494,900
Eastern Arizona College	GF		\$1,000,000
Maricopa Wrestling Scholarships	GF		\$250,000

Corporation Commission (Sec. 22)			
Salary Adjustments	OF		\$950,000
Employee Training & Equipment	OF		\$400,000
Utilities Audit & Studies	OF		\$620,000
Rate Case Reviews	OF	Add 1 FTE	\$200,000

Arizona Department of Corrections (ADC) (Sec. 23)			
Operating Budget	GF		\$37,400,000
Overtime and Compensatory Time	GF		\$17,000,000
Community Corrections	GF		\$(3,900,000)
Private Prison Per Diem	GF		\$(6,400,000)
Inmate Health Care Contracted Services	GF		\$13,400,000
Substance Abuse Treatment	GF		\$(3,900,000)
Noncontract Medication	GF		\$(40,000,000)
Injunction Related IT Projects	GF		\$(13,600,000)
Software Contract Increase	OF		\$3,233,200

System Improvements	OF	Correctional information system improvements	\$2,000,000
New Cloud and Data Warehouse Systems	OF		\$510,700
Kitchen Equipment Replacement	OF	Onetime	\$1,535,300

31. Allows ADCRR to use the FY 2024 appropriation for noncontract medication on operating expenses without seeking JLBC review.

32. Allows ADCRR to use up to \$9,500,000 from the FY 2024 appropriation for noncontract medication to pay obligations incurred in FY 2024 for operating expenses.

33. Exempts the \$650,000 FY 2024 appropriation for Inmate Dog Training from lapsing.

<b>Arizona State Schools for the Deaf and the Blind (ASDB) (Sec. 25)</b>			
Supplemental Early Childhood Therapies	GF		\$100,000
Remove Preschool Disability Cost	OF	Remove disability costs added in FY 2025	\$(168,000)

34. Requires the \$100,000 FY 2026 appropriation for the supplemental early childhood therapies to be spent to contract with multiple providers to provide supplemental early childhood listening and spoken language therapies to eligible infants and toddlers from birth to three years old and their families.

35. Requires contractors chosen to provide the supplemental early childhood listening and spoken language therapies to ensure that the services will be provided or overseen by a certified auditory verbal educator or therapist in a natural environment, clinical setting, educational setting or virtually.

#### **Commission for the Deaf and Hard of Hearing (Sec. 26)**

36. Exempts the FY 2025 \$200,000 appropriation for the website security upgrades from lapsing until June 30, 2026.

<b>Office of Economic Opportunity (OEO) (Sec. 28)</b>			
Dual Enrollment Incentive Program	GF		\$1,500,000
Adult Workforce Diploma Program	GF		\$1,000,000

37. Exempts the \$1,500,000 FY 2026 appropriation for the Dual Enrollment Student Development Program from lapsing.



<b>Department of Economic Security (DES) (Sec. 29)</b>			
Formula Adjustments	GF		\$170,000,000
Enhanced FMAP Savings	GF		\$(8,400,000)
Area Agencies on Aging	GF	Remove One-Time Area Agencies on Aging Funding	\$7,000,000
After School and Summer Child Care Grant Program	GF		\$3,000,000
Child Care Assistance Program	GF	Base funding	\$7,100,000
Child Care Assistance Program	GF	20% Quality rate, 50% waitlist	\$37,800,000
\$120 Summer Food Benefit	GF	SUN Bucks	\$200,000
Mainframe as a Service Contract Increase	GF		\$4,010,000
Adult Protective Services (APS)	GF	Backfill ARPA Funds, 44 FTEs	\$3,700,000
Eligibility Income Verification Data Charge	GF		\$990,000
Community Based Services	GF	Community based services for high-cost developmental disability (DD) clients	\$14,800,000
Formula Adjustment	GF	Backfill prior year DD actuarial loss	\$32,300,000
Benefit Services Digital Portal	GF	Implementation	\$1,170,000
Coordinated Homelessness Services	GF		\$15,500,000
Veteran Homelessness Strategic Plan	GF		\$500,000
Veteran Homelessness Services	GF		1,500,000
Civil Legal Aid	GF		\$3,000,000

Produce Incentive Program	GF	Non-lapsing	\$2,000,000
Education Workforce Initiative	GF		\$500,000
Child Care	OF	To maintain services	\$81,080,500

38. Exempts the following FY 2025 appropriations from lapsing until June 30, 2026:
- a) \$500,000 for Navajo Nation women's shelter and social services;
  - b) \$500,000 for Navajo Nation youth programs;
  - c) \$1,000,000 for Pascua Yaqui Tribe social services programs; and
  - d) \$1,000,000 for the Developmental Disabilities job training and life skills services.
39. Requires DES to allocate the monies for homeless veterans services as follows:
- a) \$750,000 to veterans treatment court to provide services to veterans that have substance use disorders or mental health conditions; and
  - b) \$750,000 for homeless prevention services to provide immediate assistance to homeless veterans through shelter connection and utility, rental and employment assistance.
40. Requires DES to allocate the monies for coordinated homeless services as follows:
- a) at least \$4,000,000 for eviction prevention services and assistance to provide a portion of monthly housing and utility expenses or legal aid and resources for Arizonans facing eviction;
  - b) at least \$4,000,000 for homeless response and operations to rehouse homeless youth and families; and
  - c) at least \$1,000,000 for referral network operations to connect homeless individuals and individuals experiencing other crises with available state resources.
41. Requires DES to use monies for homeless veterans strategic plan in collaboration with the Arizona Department of Veterans' Services to create a strategic plan to address veteran homelessness.
42. Requires DES to submit a report to JLBC on expenditures from the cost effectiveness study by January 31, 2026, rather than November 30, 2025.
43. Requires the \$32,300,000 appropriation for the Developmental Disabilities Reconciliation Payment to be used to process the reconciliation payment associated with an operating cost shortfall for the contract year ending on September 30, 2024.
44. Exempts the monies appropriated for the Out-of-School Time Program Fund from lapsing until June 30, 2027.
45. Allows DES, beginning April 1, 2026, to use up to \$25,000,000 from the Budget Stabilization Fund (BSF) to provide funding for reimbursement grants.
46. Requires DES, before using the BSF monies, to notify the Director of JLBC and the Director of OSPB.
47. Requires the BSF appropriation to be fully reimbursed by September 1, 2026, and to be reimbursed in full as part of the closing process for FY 2026.
48. Prohibits the BSF appropriation from being used for additional programmatic expenditures.

49. Exempts \$2,000,000 from the DES adult services line item from lapsing.
50. Requires the \$3,000,000 appropriation for civil legal aid to be distributed to nonprofit organizations for the provision of statewide general civil legal aid services consistent with the terms and restrictions of the legal services corporation as of federal FY 2025.
51. Requires DES to distribute the monies for the Education Workforce Innovation Initiative to qualifying programs led by Arizona-based organizations with supporting partnerships from a public university and a local education agency and requires a proposal request to be made public by no later than October 15, 2025.
52. Requires grantees that have received monies to have demonstrated a record of developing the leadership capacity of parents and caregivers and have been in operation for at least four years.
53. Requires qualifying programs for the Education Workforce Innovation Initiative to:
- a) focus on developing parents and caregivers as education professionals whose income falls at or below the federal poverty levels across urban and rural Arizona;
  - b) provide participants with knowledge in the science of reading and the skill development to enter the education profession as literacy classroom aides or in paraprofessional roles;
  - c) support the job placement of program participants with the partnered local education agency; and
  - d) provide continuing education and ongoing professional development to the parent educators once placed in professional education roles.

Arizona Department of Education (ADE) (Sec. 31)			
Formula	GF		\$33,573,800
Truth in Taxation (TNT) Savings	GF		\$(3,528,200)
3rd Year Low Income Weight Increase	GF	Onetime	\$37,000,000
3rd Year Additional Assistance Increase	GF	Onetime	\$29,000,000
School Meals	GF	Make elimination of school meals co-pay ongoing	\$3,800,000
9th Grade On-Track Program	GF		\$3,400,000
Virtual School Assessments	GF		\$400,000
Apache Junction Unified School District	GF	Robotics Program	\$200,000

Continuing High School and Workforce Training Program	GF		\$1,000,000
Comm College Adult Education Workforce Development Program	GF	Deposit	\$6,000,000
Rural School Nurse Access Grant Fund	GF	Non-lapsing	\$2,500,000
Teacher Retention Study	GF		\$100,000

54. Specifies that, of the \$29,000,000 appropriated for additional assistance, \$23,142,00 is included for a onetime district additional assistance supplement and \$5,858,00 is included for a onetime charter additional assistance supplement.
55. Requires ADE to distribute monies for district additional assistance and charter additional assistance on a proportional basis based on the district or charters additional assistance funding that each district or charter received in FY 2026.
56. Allows a school district to budget the onetime district additional assistance in either the school district's maintenance and operation fund or unrestricted capital outlay fund.
57. Requires ADE to distribute the appropriated amount for onetime Free and Reduced-Price Lunch (FRPL) group B weight supplement to school districts and charter schools on a pro rata basis using the weighted student count for FRPL students for the school district or charter school.
58. Allows a school district to budget the monies it receives from the onetime FRPL group B weight supplement in either the school district's maintenance and operation fund or unrestricted capital outlay fund.
59. Exempts the \$3,400,000 for the Ninth Grade On-Track Program from lapsing.
60. Requires ADE to allocate monies for the onetime school meal grants to school districts and charter schools that participate in the National Lunch Program or School Breakfast Program under the National School Lunch and Child Nutrition Acts for grants to reduce or eliminate copayments that would be charged to eligible children for reduced-price meals.
61. Stipulates that, if there are insufficient monies to cover the school meal grant awards for all eligible grantees, ADE must reduce each grant proportionately to cover all eligible grantees.
62. Specifies that, of the amount appropriated for accountability and achievement testing, \$400,000 is included for contracted third-party vendor expenses associated with implementation of assessments in a virtual setting.
63. Exempts the FY 2025 \$4,000,000 onetime allocation to the Continuing High School and Workforce Training Program from lapsing and requires ADE to spend any monies available for a continuing high school and workforce training program.
64. Requires ADE to allocate at least \$500,000 of the \$2,500,000 for the Rural Arizona School Nurse Access Program for grants to increase the salaries of school nurses in rural school

districts and charter schools and allows ADE to spend any remaining monies on grants to rural school districts and charter schools to hire new school nurses.

65. Requires the \$100,000 for the teacher retention study be used by ADE to conduct and complete a comprehensive study to determine the retention rate of teachers in school districts and charter schools in Arizona and requires ADE to submit the result of the study to the Governor, the President of the Senate, the Speaker of the House of Representatives, the State Board of Education and provide a copy to the Secretary of State by December 31, 2025.
66. Requires ADE to develop and maintain a publicly accessible interactive dashboard on ADE's website that contains the study results and recommendations.

#### **Department of Emergency and Military Affairs (DEMA) (Sec. 32)**

67. Extends the lapsing date for the \$20,000,000 FY 2023 appropriation from the Border Security Fund to Cochise County for the construction of a new county jail facility from June 30, 2027 to June 30, 2029.
68. Exempts the \$500,000 appropriation for additional grant support staff from lapsing.

#### **Arizona Department of Environmental Quality (ADEQ) (Sec. 33)**

Solid Waste Adjustments	OF		\$484,200
Hazardous Waste Program Increase	OF	Fee increases	\$717,500
Clean Air State Plan/Diesel State Match/Air Emission Data	OF	Onetime	\$1,170,100
Continue Recycling Grants as Ongoing	OF		\$2,773,100
Offset WQARF Funding with WIFA Water Aug. Fund	OF		\$15,000,000
Water Quality Feed Fund Deposit	OF	WIFA	\$9,000,000
Iron King Mine/Humboldt Smelter Cleanup	OF		\$2,000,000
Aquifer Facility Permits	OF	2 FTEs	\$776,600

69. Extends the lapsing date for the \$1,000,000 FY 2025 appropriation for the zero-emission heavy duty eight-ton pilot program from June 30, 2025 to June 30, 2026.

70. Specifies that ADEQ's lump sum appropriation includes \$776,600 from the Water Quality Fee Fund to add two FTEs to process an increase in permit applications resulting from revised aquifer water quality standards if matching amounts of aquifer protection permit program fee are deposited in the Water Quality Fee Fund by the end of FY 2026.

**Board of Executive Clemency (Sec. 36)**

Full-Time Case Analyst	GF	1 FTE	\$105,000
------------------------	----	-------	-----------

**Arizona Exposition and State Fair Board (AESF) (Sec. 37)**

71. Exempts the \$3,771,400 FY 2025 appropriation for enhanced state fair operations from lapsing until June 30, 2026.

**Arizona Department of Forestry and Fire Management (DFFM) (Sec. 38)**

72. Makes the \$27,110,300 FY 2026 appropriation for the wildfire mitigation line item non-lapsing.
73. Makes the \$65,000,000 FY 2023 appropriation for the wildfire emergency response line item non-lapsing through FY 2028.
74. Appropriates \$30,000,000 from the Long-Term Water Augmentation Fund in FY 2025 to the DFFM for wildfire suppression and allows DFFM to spend the monies on:
- a) fire suppression and pre-positioning of fire suppression equipment and staff;
  - b) capital expenditures and equipment associated with fire suppression and pre-positioning activities for fire suppression;
  - c) mitigation projects to address postfire flooding and other damage that may occur because of fires or fire suppression activities;
  - d) financial assistance to public and private landowners for emergency repairs for infrastructure damage resulting from fires or fire suppression activities; and
  - e) reimbursement to a state agency or political subdivision for the state agency's or political subdivision's cost share of eligible claims arising from an emergency declared or a federal declaration of emergency or major disaster.
75. Requires the \$30,000,000 FY 2025 appropriation to be used to supplement and not supplant any monies allocated by the federal government.
76. Requires DFFM to seek federal reimbursement as appropriate for expenditures made from the appropriation and any reimbursements must be credited to the appropriation.
77. Requires DFFM, before spending any monies on capital projects, to submit its expenditure plans for review by the Joint Committee on Capital Review.
78. Requires DFFM, within 15 days after the end of each month, to report to the President of the Senate, Speaker of the House of Representatives and JLBC on expenditures from, and reimbursements for, the prior month.
79. Requires each report to include information regarding the total expenditures and reimbursements for each allowable expense.

80. Exempts the \$30,000,000 FY 2025 appropriation from lapsing.

<b>Arizona Game and Fish Department (AZGF) (Sec. 39)</b>			
Livestock Loss Compensation	GF		\$250,000
Wildlife Habitat Enhancement Costs	OF		\$2,300,000
Wildlife & Big Game Surveys and Relocation of Wildlife	OF		\$600,000
Federally Listed Endangered/In Need Species Surveys	OF		\$300,000
Wildlife Area Operations and Property Management	OF		\$1,200,000
Hatcheries and Dams	OF	Operations and maintenance	\$600,000
Annual Outdoor Expo	OF		\$200,000

<b>Arizona Department of Gaming (ADG) (Sec. 40)</b>
---

81. Specifies that the ADG must allocate \$1,000,000 of the amount appropriated for racetrack capital projects and maintenance and operations funding to a commercial live racing permittee located in Maricopa County.

82. Requires ADG, by December 31, 2025, to submit a report to JLBC detailing the Division of Racing's workload, regulatory and budgetary changes since FY 2017.

<b>Department of Health Services (DHS) (Sec. 43)</b>			
Nurse Education Investment Program	GF		\$1,500,000
Health Facilities Licensing Costs	GF	Shift Health Facilities Licensing Costs from state GF, 31 FTEs	\$(1,635,400)
State Hospital	GF	Operating shortfall	\$1,807,900
State Hospital Sexually Violent Persons Program	GF		\$1,520,300

Dementia Awareness Campaign	GF		\$750,000
Ibogaine Clinical Research Grants	GF	Non-lapsing	\$5,000,000
Contract Facilitator	GF	Rural Maternal Health Advisory Commission	\$100,000
Clinical Health Care Training Program	GF		\$100,000
International Medical School Collaboration	GF		\$125,000
Childcare Training	OF		\$159,800
Newborn Screening Panel	OF		\$2,769,600
Health Facilities Licensing Costs	OF	Shift Health Facilities Licensing Costs from state GF	\$1,635,400
Health Facilities Licensing Customer Support/Community Outreach	OF		\$3,933,300
State Hospital	OF	Technology improvements	\$946,600
Health Care Directives Registry	OF		\$2,000,000

83. Exempts the \$750,000 FY 2026 appropriation for a dementia awareness campaign from lapsing until June 30, 2027.
84. Requires DHS, by December 31, 2025, and June 30, 2026, to submit a report to the Governor, Speaker of the House of Representatives, President of the Senate and provide a copy to the Secretary of State of outlined information relating to the health care directives registry.
85. Requires DHS to use the monies appropriated for ibogaine clinical research grants to award a grant to conduct a certified clinical research study on the use of ibogaine for the treatment of neurological diseases.
86. Allows DHS to award an ibogaine clinical research grant only to an entity that has:
- a) history of proven research and treatment of neurological diseases;
  - b) a neurosurgery program with the requisite clinical and research facilities and that is staffed by professionals having expertise in the most challenging neurological and neurosurgical conditions; and
  - c) the ability to facilitate pioneering research and innovation in diagnosis and treatment of neurological conditions.



87. Extends the lapsing date for the following FY 2025 appropriations from June 30, 2025, to June 30, 2026:
- a) \$500,000 for Preventive Health Services;
  - b) \$500,000 for counseling services for parents of deceased children;
  - c) \$1,000,000 for Southern Arizona counseling and community service grants; and
  - d) \$1,000,000 for senior health promotion and coordination.
88. Outlines requirements for DHS to implement a public education campaign to increase awareness for Alzheimer's organizations.
89. Requires the \$125,000 to DHS for the International Medical School Collaboration to be used for a onetime grant program to a public or private medical school in Arizona to establish a collaboration with an international medical school and provide international hands-on learning opportunities for students in Arizona.
90. Requires the \$100,000 for the Clinical Health Care Training Program in FY 2026 to be used by DHS for a onetime grant program to a public or private university to operate a clinical health care training program that provides healthcare services to the working poor and provides hands-on learning experiences for students in Arizona.

#### **Arizona Historical Society (Sec. 44)**

91. Exempts the FY 2026 appropriation for the Flagstaff Pioneer Museum from lapsing until June 30, 2028.

#### **Prescott Historical Society (Sec. 45)**

Territorial Governor Mansion Restoration	GF		\$500,000
--	----	--	-----------

#### **Arizona Department of Homeland Security (Sec. 46)**

92. Exempts the FY 2026 appropriation for federal cybersecurity grant matching monies from lapsing until June 30, 2028.

#### **Judiciary – Supreme Court (Sec. 51)**

Child and Family Representation Program	GF		\$600,000
Increased Filing Fee Revenues	OF		\$500,000
Commission on Judicial Conduct	GF	1 FTE for a complaint investigator	\$145,000

Investigate Complaints Against Fiduciaries	OF	1 FTE	\$349,900
--	----	-------	-----------

#### **Judiciary – Cour of Appeals (Sec. 51)**

Human Resources Staff	GF	1 FTE	\$93,700
-----------------------	----	-------	----------

#### **Judiciary – Superior Court (Sec. 51)**

New Mohave County Judge	GF		\$191,800
-------------------------	----	--	-----------

#### **State Land Department (Sec. 53)**

Trust Land Management	OF	9 FTEs	\$2,000,000
-----------------------	----	--------	-------------

#### **Legislature – Legislative Council (Sec. 54)**

Museum and Security Staff	GF	Add 7 FTEs	No cost
---------------------------	----	------------	---------

#### **Legislature – Auditor General (Sec. 54)**

Local Government Special Audit	GF	1 FTE	\$5,300,000
--------------------------------	----	-------	-------------

#### **Natural Resource and Conservation Board (Sec. 60)**

Groundwater Recharge Facilities	GF	Non-lapsing	\$250,000
---------------------------------	----	-------------	-----------

93. States that the \$250,000 appropriated in FY 2026 for groundwater recharge facilities must be used to clean and restore artificial groundwater recharge facilities that are in a groundwater basin that has been designated as a subsequent active management area and provide flood control benefits.

### State Board of Nursing (Sec. 63)

94. Adds 1 FTE to the State Board of Nursing.

### Board of Osteopathic Examiners in Medicine and Surgery (Sec. 68)

Salary Increases	OF	Salary parity increases with comparable 85/15 boards	\$23,000
Rate Increase	OF	Outside medical expert rate increases	\$68,000

### Arizona State Parks Board (ASPB) (Sec. 69)

Heritage Fund Deposit	GF		\$1,000,000
State Lake Improvement Fund	GF	Deposit	\$1,500,000
Expand Family Campout Program	OF	2 FTEs	\$448,200
Operating Costs	OF	Pay operating costs of ARPA-funded water-related capital projects	\$541,000
Operating Costs	OF	Pay operating costs of ARPA-funded broadband installation projects	\$242,100

95. Prohibits the Arizona State Parks Board from spending any monies deposited into the Heritage Fund to purchase property.

96. Requires the Arizona State Parks Board, if it receives land and water conservation grant funding for capital projects in FY 2026, to report its revised expenditure plans to JCCR and OSPB.

97. Stipulates if federal historic preservation fund grant monies are unavailable to the State Historic Preservation Office in federal FY 2026, the Arizona State Parks Board may spend up to \$865,000 of monies in the State Parks Revenue Fund.

98. Exempts the \$10,000,000 FY 2024 appropriation for the veterans memorial park from lapsing.

99. Requires ASPB to report its expenditure plan to JLBC before spending any monies for the State Historic Preservation Office operating costs.

### State Board of Pharmacy (Sec. 71)

Complete Investigations in 180 Days	OF	1 FTE	\$207,200
-------------------------------------	----	-------	-----------

100. Extends the lapsing date for the \$190,500 FY 2024 appropriation for e-licensing system upgrades until June 30, 2026.

Board of Physical Therapy (Sec. 72)			
Licensing Workload	OF	0.5 FTE	\$23,200

Board of Podiatry Examiners (BPE) (Sec. 74)			
---	--	--	--

101. Allows BPE to use up to \$9,200 of its FY 2026 appropriation to pay for the cost of services provided by ADOA's Central Services Bureau in prior years.

State Board for Private Postsecondary Education (Sec. 75)			
Record Digitization Ongoing Project	OF	1st of 5-year project	\$100,000

State Board of Psychologist Examiners (Sec. 76)			
Behavior Analyst Investigator	OF	1 FTE	\$150,000
Parity Salary Adjustment for Agency Leadership	OF	Parity Salary Adjustment for Agency Leadership	\$35,600
Increased Operating Expenses	OF		\$25,000

Department of Public Safety (Sec. 77)			
Local Border Support Funding	GF		\$5,000,000
Replacement Vehicles	GF	Non-lapsing through FY 2027	\$8,667,500
Additional Dispatch Call Takers	GF	9 FTEs	\$788,200

Recruitment Funding	GF		\$150,000
Sex Offender Management Board	GF	2 FTEs	\$400,000
Yuma County Family Advocacy Center	GF		\$750,000
Anti-Human Trafficking Fund Deposit	GF		\$1,600,000
One-Time ACTIC Funding Increase	GF		\$1,500,000
Repurpose Unused Border Security Fund Monies	GF		\$(10,900,000)
Aircraft Maintenance Costs	OF	Onetime	\$693,000
Uniform Allowance	OF	Raise Sworn Officers Uniform Allowance to \$1,900	\$1,171,400
Communication network	OF	Convert North Loop Comm Network to Digital	\$1,490,000
Repurpose Unused Border Security Fund Monies	OF		\$10,900,000

102. Exempts \$5,000,000 of the \$18,232,900 FY 2026 appropriation for local border support from lapsing.
103. Requires \$1,500,000 of the \$3,632,700 FY 2026 appropriation for ACTIC to be used on
104. anti-human trafficking efforts.
105. Requires the \$750,000 FY 2026 appropriation for the Yuma County family advocacy center distribution to be allocated to an advocacy center in Yuma County that has provided support for domestic violence, sexual assault, child abuse and elderly abuse for at least 25 years.
106. Exempts the appropriation for onetime vehicle replacement from lapsing until June 30, 2027.
107. Requires DPS to spend \$2,500 of the \$144,000 FY 2026 appropriation for civil air patrol maintenance and operations on dues to the National Association for Search and Rescue.
108. Exempts the \$400,000 FY 2026 appropriation for sex offender management board administration from lapsing until June 30, 2027.

**Arizona Department of Revenue (ADOR) (Sec. 82)**

109. Stipulates that, if ADOR incurs legal expenses to protect the unclaimed property program from legal challenges, the unclaimed property legal expenses is transferred from the state GF to ADOR's Administrative Fund and is appropriated to ADOR for unclaimed property legal expenses.
110. Prohibits ADOR from transferring more than \$1,500,000 from the state GF in FY 2026 for unclaimed property legal expenses.
111. Exempts the \$500,000 FY 2026 appropriation for Proposition 312 property tax refund administration costs until June 30, 2027.

Residential Utility Consumer Office (Sec. 79)			
Workload	OF	Workload Due to New ACC Formula Rate Policy, 2 FTEs	\$330,700

Secretary of State (SOS) (Sec. 83)			
Address Confidentiality Program Fund	GF	Non-lapsing	\$400,000
CD7 Special Election	GF		\$8,000,000
Increased Records Storage Fees	OF		\$279,300
AVID Database Costs	OF		\$516,000

112. Prohibits monies for the Address Confidentiality Program Fund deposit from being transferred to another line item.
113. Requires the SOS, by November 1, 2025, to submit a report to JLBC and OSPB on the actual expenditures for the prior fiscal year for the access voter information database.
114. Extends the lapsing date for the \$450,000 FY 2025 appropriation from the Records Services Fund for electronic records repository program from June 30, 2025, to June 30, 2026.
115. Extends the lapsing date for the \$5,352,200 FY 2020 appropriation to the SOS for the county allocation of the Help America Vote Act from June 30, 2025, to June 30, 2026.
116. Appropriates \$8,000,000 from the state GF in FY 2025 to the SOS to reimburse expenses incurred by Cochise, Maricopa, Pima, Pinal, Santa Cruz and Yuma counties for the administration of the special primary and special general elections to fill the vacancy in the U.S. House of Representatives for Arizona's Congressional District 7.
117. Appropriates \$500,000 from the state GF in FY 2025 to the SOS for expenses incurred for the administration of the special primary and special general elections to fill the vacancy in the U.S. House of Representatives for Arizona's Congressional District 7.

118. Requires the SOS to reimburse a county for the additional cost of printing and mailing ballots and other election materials, compensation paid to election board and tally board officers serving during the special elections and for costs to administer the special elections.
119. Allows the SOS to advance a portion of the estimated expenses to the county and requires a county that receives an advance to provide subsequent documentation to the SOS.
120. Requires the clerk of the board of supervisors, by November 30, 2025, to submit to the SOS for approval itemized claims, together with documentation verified by the clerk, for expenses incurred or to be incurred by the county recorder and the county elections department.
121. Requires the SOS, on approval of a claim, to submit the claim to ADOA for payment to the county from the \$8,000,000 FY 2025 appropriation.
122. Caps the reimbursement of expenses by county as follows:
  - a) Cochise County, \$139,500;
  - b) Maricopa County, \$906,900;
  - c) Pima County, \$5,597,700;
  - d) Pinal County, \$66,100;
  - e) Santa Cruz County, \$240,600; and
  - f) Yuma County, \$349,200.
123. Requires the SOS, by March 1, 2026, to submit a report to JLBC and OSPB on the reimbursements made.

#### **State Board of Technical Registration (Sec. 85)**

Investigator	OF	Investigator to Reduce Case Resolution Time to under 180 Days, 1 FTE	\$91,000
--------------	----	--	----------

#### **Arizona Department of Transportation (ADOT) (Sec. 87)**

124. Specifies that ADOT's operating lump sum includes a \$2,000,000 reduction from the State Highway Fund in FY 2026 from ADOT's Enforcement and Compliance Division.

#### **State Treasurer (Sec. 88)**

Veterans' Health Innovations Pilot Program	GF		\$150,000
--	----	--	-----------

125. Requires the appropriation for Veterans' Health Innovations Pilot Program to be used to conduct a pilot program with an emphasis on innovations that improve veterans' health that satisfy statutory requirements.

#### **Arizona Board of Regents (Sec. 90)**

Arizona Promise Program	GF		\$16,300,000
Washington D.C. Internships	GF		\$150,000

#### **Universities – University of Arizona (UA) (Sec. 93)**

On-Farm Irrigation Efficiency Fund	GF		\$2,000,000
------------------------------------	----	--	-------------

126. Requires, of the UA lump sum appropriation, \$1,350,000 to be used for the Yuma Center of Excellence for Desert Agriculture and \$500,000 to be used for the space, defense and critical minerals initiative.

#### **Universities – University of Arizona Health Sciences Center (Sec. 93)**

Medical Mission Scholarships	GF		\$50,000
------------------------------	----	--	----------

127. Requires the \$500,000 FY 2026 appropriation for AZ REACH to be used to provide medical care transfer services for hospitals with less than 20 beds.

#### **Department of Veterans Services (DVS) (Sec. 94)**

Veterans' Mental Health Pilot Program	GF	Exempt from lapsing	\$1,000,000
---------------------------------------	----	---------------------	-------------

128. Requires the \$1,000,000 FY 2026 appropriation for veterans' mental health services grant program to be used to support community health programs that provide services and treatment to veterans with mental illness.
129. Requires ADVS to:
- a) administer the veterans' mental health services grant program;
  - b) establish eligibility criteria for grant applicants, acceptable uses of grant monies and reporting requirements for all grant recipients; and
  - c) award program monies on a competitive basis directly to private entities that provide services and treatment to veterans with mental illness.
130. Extends the lapsing date for the FY 2025 appropriation for a veterans' resource center from June 30, 2025, to June 30, 2026.

#### **Arizona State Veterinary Medical Examining Board (Sec. 95)**

Medical Investigator	OF	Medical Investigator to Address Additional Complaints, 1 FTE	\$109,700
----------------------	----	--	-----------

#### **Water Infrastructure Finance Authority (Sec. 96)**



Gilbert Wells Project	OF		\$5,000,000
Kingman Water Well Drilling and Rehabilitation	OF		\$3,000,000
Water Conservation Grant Fund	OF	Deposit	\$250,000

Department of Water Resources (ADWR) (Sec. 97)			
Colorado River/Assured Water Supply Program	OF	6 FTEs	741,100
Colorado River Legal Defense	OF	Non-lapsing	\$1,000,000

***FY 2025 Supplemental Appropriations and Adjustments (Sec. 98-114)***

Agency	Fund	Amount
ADOA – Risk Management losses and premiums	OF	\$8,900,000
AHCCCS – Formula	GF	\$(94,051,600)
AHCCCS – Eligibility Income Verification	GF	\$1,832,000
ADE – Basic State Aid Formula	GF	\$206,206,000
ADE – Statewide Assessment Expenses	OF	\$2,000,000
DFFM – Debt Owed to Federal Government for Wildfire Suppression Activities (exempt from lapsing)	OF	\$11,180,000
DES – Formula	GF	\$(9,900,000)
DES – Summer Food Benefits (exempt from lapsing)	GF	\$1,879,600
DES – Eligibility Income Verification	GF	\$700,000
Department of Liquor Licenses and Control – Records System (exempt from lapsing)	GF	\$2,900,000
State Treasurer – Justice of the Peace Salary Adjustment	GF	\$310,000
Arizona Department of Veterans' Services – State Homes for Veterans Trust Fund for Operating Costs	GF	\$1,000,000
DHS – Arizona State Hospital Operating Costs	OF	\$3,328,200
DHS – Child Care Licensing Expenditures	OF	\$1,992,000
ABE – Operating Costs	OF	\$15,000

131. Appropriates \$15,000,000 from the state GF in FY 2025 to ADOA for the following purposes:

- a) to pay disallowed costs relating to excess retained earnings;
- b) to pay disallowed costs relating to the statewide information technology charges;
- c) for fund transfers in FY 2024; and
- d) to pay interest owed from prior-year disallowed costs.

132. Declares the Legislature's intent that ADOA not enter into any agreements to pay for any federal reimbursements related to excess balances in the Special Employee Health Insurance Trust Fund unless proposed agreements have been reviewed by JLBC.

***Automation Projects Fund (APF) (Sec. 116)***

133. Appropriates the following amounts in FY 2026 from the APF subaccounts to ADOA for the following automation and information technology projects:

<b>Project</b>	<b>Subaccount</b>	<b>Amount</b>
Human Resources Information System – Replacement	HRIS Subaccount	5,941,700
Migrate State Websites to New Platform	ADOA Subaccount	1,750,000
A to Z Arizona Web Portal	ADOA Subaccount	3,370,000
Software and Security Upgrades – State Web Portal	ADOA Subaccount	375,000
Medicaid Enterprise System Mainframe - Replacement	Medicaid Enterprise System Subaccount	1,800,000
Arizona Department of Real Estate's IT Systems - Replacement	Arizona Department of Real Estate Subaccount	1,962,000
Business One-Stop Portal	Business One-Stop Subaccount	\$1,700,000

134. Requires ADOA to submit a quarterly report to JLBC on implementing projects approved by the Information Technology Authorization Committee that includes the project expenditures, deliverables, timeline for completion and current status.

135. Exempts the FY 2026 appropriations from the APF from lapsing until June 30, 2027.

136. Extends the lapsing date for the following projects:

- a) \$2,000,000 from the APF for the Arizona Department of Agriculture for cloud mitigation until July 1, 2027;
- b) \$494,500 from the APF to DPS to replace the concealed weapons tracking system until July 1, 2026;
- c) \$6,700,000 from the APF to ADOA for a new information technology platform to authenticate individuals applying for health and human services programs until July 1, 2026;
- d) \$19,369,400 from the APF to ADOR to implement the Integrated Tax System Modernization Project until July 1, 2026; and
- e) \$7,000,000 from the APF to the Arizona Corporation Commission to replace the online records and filing system until July 1, 2026.

***State Treasurer Local Distribution Miscellaneous Appropriations (Sec. 118-119)***

137. Appropriates the following amounts in FY 2026 from the state GF to the State Treasurer for distribution to the following entities:

<b>Local Entity - Project</b>	<b>Amount</b>
Ak-Chin Indian Community Police Department	\$300,000
Arizona City Fire District	\$100,000
Casa Grande Police Department	\$300,000
Casa Grande Fire Department	\$200,000
Coolidge Police Department	\$200,000
Coolidge Fire Department	\$200,000
Eloy Police Department	\$200,000
Eloy Fire District	\$200,000
Florence Police Department	\$500,000
Florence Fire Department	\$270,000
Gila River Police Department	\$200,000
Gila River Fire Department	\$200,000
Maricopa County Attorney's Office - sexual assault investigator training and anti-human trafficking activities	\$2,000,000
City of Maricopa Police Department	\$200,000
City of Maricopa Fire and Medical Department	\$200,000
Mohave County - south cove lunch ramp at Lake Mead recreational area	\$500,000
Mohave County - improvements to firefighting infrastructure in the Horizon Six Improvement District	\$500,000
Pinal County Sheriff's Office	\$400,000
Pinal County - signage relating to illegal dumping	\$50,000
Prescott Valley – Police Department	\$450,000
Sierra Vista - infrastructure funding	\$100,000
Sierra Vista - attaining a part 433 reentry license through the Federal Aviation Administration	\$1,500,000
Mohave County Sheriff's Office - search and rescue training	\$100,000
Mohave County Sheriff's Office	\$1,000,000
Paradise Valley - development of an indoor police shooting range	\$100,000
Phoenix Police Department - community policing	\$100,000
Salt River Police Department - community policing	\$100,000

Scottsdale - adaptive services park or adaptive services recreational facility	\$100,000
Snowflake – restoration of James M. Flake house historical site for the purpose of providing community educational programming	\$350,000
Thunderbird Fire District	\$100,000
Yavapai County Sheriff's Office - criminal information intelligence analysis coordination center	\$2,000,000
Yavapai County Sheriff's Office	\$950,000
Yavapai County Sheriff's Office - Satellite Communications Pilot Program	\$500,000
Yuma County - disposal of excess waste tires	\$850,000
Yuma County Recorder - operating costs	\$1,000,000
City of Yuma - distribute to a nonprofit regional hospital that supports at least 400 beds	\$3,000,000
Yavapai County – construction of a public safety facility in Peeples Valley	\$1,000,000
La Paz County Sheriff's Office	\$500,000
Peoria - capital improvements to city parks	\$300,000
Winslow	\$2,500,000

138. Appropriates \$3,300,000 from the state GF in FY 2026 to the State Treasurer to distribute, by July 15, 2025, to a nonprofit organization that is designated as an international dark sky discovery center and that is focused on dark sky preservation in Arizona.
139. Requires the international dark sky discovery center nonprofit organization to use the monies for the public purpose of providing educational programming to Arizona students and offering its capabilities to university students for research purposes.
140. Appropriates the following from the state GF in FY 2026 to the State Treasurer for the following:
- a) \$200,000 to distribute to a nonprofit organization located in Pinal County that provides after-school recreational and educational programming to students in Pinal County;
  - b) \$300,000 to distribute to a nonprofit organization located in Pinal County that provides suicide prevention services to the residents of Pinal County;
  - c) \$25,000 to distribute to a nonprofit organization that promotes economic development in Pinal County to support a reading program for residents of Pinal County;
  - d) \$200,000 to distribute to a nonprofit organization located in Pinal County that provides services to veterans with an in-person facility and a mobile outreach center and has previously received a grant from ADVS; and
  - e) \$1,500,000 to distribute to a child development center located in the Town of Taylor that supports long-term education and workforce needs.

141. Appropriates \$1,000,000 from the Long-Term Water Augmentation Fund to the State Treasurer for distribution to the City of Bullhead City for the installation of a new water transmission line.
142. Appropriates \$4,100,000 from the state GF in FY 2026 to the Maricopa County Recorder for election related operations and exempts the monies from lapsing.
143. Specifies that the Maricopa County Board of Supervisors may not reduce the FY 2026 funding to the Maricopa County Recorder's office below the amount adopted in FY 2025 budget.
144. Requires the Maricopa County Recorder's to submit quarterly expenditure summaries to JLBC detailing the use of the monies appropriated.

***Onetime Correctional Office Stipend (Sec. 120)***

145. Appropriates the following amount from the state GF in FY 2026 for awarding onetime correctional officer stipend:
  - a) \$17,075,300 to the Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR);
  - b) \$3,767,200 to ADCRR private prison per diem special line item; and
  - c) \$542,200 to the Arizona Department of Juvenile Corrections (ADJC).
146. Requires ADCRR to amend private prison bed contracts to increase per diem rates in FY 2026 on a onetime basis to provide an amount sufficient for a onetime four percent stipend to each correctional officer employed in a private prison that contracts with Arizona.
147. Requires the Director of ADCRR and the Director of ADJC to award a onetime stipend payment to an employee that is employed by the agency after July 4, 2025.
148. Requires the stipend be equal to four percent of the employee's annual salary level and the amount must be distributed evenly throughout each pay period in FY 2026.

***Prescott Rodeo Ground (Sec. 121)***

149. Shifts monies appropriated to a Nonprofit Volunteer Rodeo in FY 2024 to the City of Prescott to renovate and repair the rodeo grounds owned by the City.
150. Specifies that the monies distributed from the State Treasurer to the City of Prescott to improve and refurbish the rodeo grounds owned by Prescott be must promptly spent to promote use of the rodeo grounds, including landscaping, hardscaping, drainage and the replacement, improvement and increased capacity of aging water and sewer infrastructure.

***Arizona Arts Trust Fund (Sec. 122)***

151. Appropriates \$2,000,000 from the state GF in FY 2026 to be deposited into the Arizona Arts Trust Fund.

***Debt Service Payments (Sec. 123-124)***

152. Allocates \$26,497,400 of state GF revenue in FY 2026 to the Arizona Convention Center Development Fund.
153. Asserts that the Rio Nuevo Multipurpose Facility District is estimated to receive \$19,000,000 from a portion of state transaction privilege tax revenues in FY 2026 and that the actual amount of distribution will be made as outlined in statute.

***Fund Transfers (Sec. 125-128)***

154. Transfers the following unexpended and unencumbered amounts from the following sources in FY 2026 to the Colorado River Litigation Fund:
- a) the amount appropriated for Lower Colorado River litigation expenses in the FY 2016 General Appropriations Act;
  - b) the amount appropriated for the Lower Colorado River litigation expenses in the FY 2017 General Appropriations Act;
  - c) the amount appropriated for the Lower Colorado River litigation expenses in the FY 2021 General Appropriations Act; and
  - d) the amount appropriated for the Lower Colorado River litigation expenses in the FY 2022 General Appropriations Act.
155. Transfers \$15,500,000, by July 1, 2026, from the State Highway Fund to the state GF in FY 2026 for the purposes of providing adequate support and maintenance for agencies of this state.
156. Specifies that the \$15,500,000 transferred from the State Highway Fund reflects the interest income earned from investment of State Highway Fund monies from a portion of revenues derived from the state GF portion of transaction privilege tax revenues transferred in the FY 2023 state budget.
157. Transfers the following amounts in FY 2026 from outlined sources to APF projects subaccounts and specifies the transfers are not appropriations from the APF and only direct appropriations from the APF are appropriations:

<b>Project</b>	<b>Source</b>	<b>Subaccount</b>	<b>Amount</b>
Human Resources Information System	Information Technology Fund	Human Resources Information System	\$5,941,700
State Websites New Software Program	Information Technology Fund	ADOA	\$1,750,000
A to Z Web Portal	State Web Portal Fund	ADOA	\$3,370,000
Software and Security Upgrades	State Web Portal Fund	ADOA	\$375,000
Replace IT System	GF	Arizona Department of Real Estate	\$1,962,000
Replace Medicaid Enterprise System	GF	Medicaid Enterprise System Modernization	\$1,800,000
Business One-Stop	Information Technology Fund	Business One-Stop	1,700,000

158. Transfers \$2,700,000 from the Residential Contractors' Recovery Fund to the Registrar of Contractors Fund in FY 2026.

***Payment Deferrals (Sec. 129-130)***

159. Appropriates \$40,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund in FY 2026 to the AG and specifies that the monies consist of opioid claims-related litigation or settlements.
160. Requires the AG, by July 3, 2025, or if sufficient monies are not available on July 3, 2025, within three calendar days after sufficient monies become available, to transfer the \$40,000,000 to the ADCRR Opioid Remediation Fund.
161. Requires ADCRR to use the monies in the specified opioid-related fund only for past and current costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes prescribed in a court order, a settlement funds agreement that is entered into by the state and other parties to the opioid litigation.
162. Prohibits the AG from imposing any conditions on the transfer of the monies in the ADCRR Opioid Remediation Fund.
163. Stipulates that, if the AG does not transfer the full amounts specified by July 3, 2025, the ADOA General Accounting Office must directly transfer the amount from the subaccount to the ADCRR Opioid Remediation Fund.
164. Exempts the AG monies from lapsing.
165. Continues to defer \$800,727,700 in Basic State Aid (BSA) and additional state aid (ASA) payments from ADE in FY 2026 until after June 30, 2026, but no later than July 12, 2026, and excludes charter schools and school districts with a student count less than 4,000 pupils from the deferral.
166. Requires ADE to make the deferral by reducing the apportionment of state aid for each month in the fiscal year by the same amount.
167. Requires ADE to disburse the FY 2027 appropriations of \$800,727,700 to the counties for the school districts starting July 1, 2026, and no later than July 12, 2026, in amounts equal to the reductions in the apportionment of BSA and ASA.
168. Requires school districts to include, in the revenue estimates used for computing FY 2026 tax rates, the deferred appropriation monies that the districts will receive.

***State Operating Adjustments (Sec. 131-132)***

Area of Adjustment	GF	OF	Total
Employer Health Insurance Contribution Reduction	\$(140,000,000)	\$(41,551,600)	\$(181,551,600)
Employer Health Insurance Contribution Increase	\$194,941,000	\$50,000,000	\$244,941,000
State Fleet Operations Adjustment	\$5,331,500	\$500,000	\$5,831,500
State Fleet Replacement	\$3,281,400	\$2,700,000	\$5,981,400

Area of Adjustment	GF	OF	Total
Agency Retirement Adjustment	\$(3,152,900)	\$(2,907,900)	\$(6,060,800)
Agency Rent Adjustment	\$1,650,700	\$65,000	\$1,715,700
Agency Risk Management	\$26,000,000	\$11,500,000	\$37,500,000
Agency Salary Increases	\$4,956,000	\$7,000,000	\$11,956,000
Accounting System Charge	\$(200,300)	\$(276,700)	\$(477,000)

169. Outlines statewide adjustment instructions and procedures.

170. Outlines the FY 2026 individual agency charges totaling \$1,798,500 for general agency counsel provided by the AG.

***FY 2027 Appropriations (Sec. 133)***

171. Appropriates \$94,137,900 from the state GF in FY 2027 for a onetime deposit in the New School Facilities Fund.

172. Instructs SFD to use monies only for facilities that will be constructed for school districts that received final approval from SFD by December 15, 2024.

***JLBC Project Approvals (Sec, 134)***

173. Declares that the following projects have been favorably reviewed by JLBC:

- a) the mid-year capitation rate adjustments proposed by AHCCCS for the contract year ending September 30, 2025, retroactive to April 1, 2025:
  - i. an average 6% adjustment across all AHCCCS programs; and
  - ii. an increase of 12.9% in DES's Developmental Disabilities Program.
- b) \$1,700,000 from the APF for ADA to develop a new licensing, compliance, inspection and enforcement system;
- c) a transfer of \$2,000,000 from the ADC private prison per diem line item to the overtime and compensatory line item in the FY 2025 General Appropriations Act to pay compensatory time accruals;
- d) a transfer of \$3,236,400 from the DES home and community based services – Medicaid line item state GF appropriation to the case management – state-only line in the FY 2024 General Appropriations Act for increased formula expenses;
- e) the transfer of the following amounts from expenditure authority in the following DES line items to the home and community based services – Medicaid line item in the FY 2024 General Appropriations Act for vendor payments:
  - i. \$8,241,900 from the targeted case management – Medicaid line item;
  - ii. \$14,707,700 from the case management – Medicaid line item;
  - iii. \$30,672,600 from the operating lump sums appropriation.
- f) the transfer of the following amounts from the SOS's election services line item to the operating budget in the FY 2025 General Appropriations Act:
  - i. \$72,200 of additional access voter information database operating costs in FY 2025;
  - ii. \$89,700 of additional access voter information database development costs in FY 2025;



- iii. \$212,397 for access voter information database hosting costs incurred in FY 2023; and
- iv. \$27,487 for access voter information database hosting costs incurred in FY 2022.
- g) the allocation of \$1,694,600 from the basic state aid line item in the FY 2025 General Appropriations Act for additional basic state aid funding in FY 2025 for the following recalculations performed by ADE:
  - i. \$435,400 to Hyder Elementary School District;
  - ii. \$789,200 to Antelope Union High School District
  - iii. \$360,700 to Southwest Technical Education District of Yuma; and
  - iv. \$109,300 to Bonita Elementary School District.

174. Deems that the following items have been approved by JLBC:

- a) the following state liability claim settlement proposals:
  - v. The Notice of Claim of Parker Terry, filed June 14, 2024;
  - vi. *Jennifer Power, et al. v. Tuccino, King, Gallardo, et al. and Jennifer Power, et al. v. State of Arizona, et al.*, settled jointly.
- b) the transfer of the following amounts from ADOA's losses and premiums line item to the following line items in the FY 2025 General Appropriations Act for the following purposes:
  - vii. \$3,900,000 to the administrative services line item for costs incurred by the AG's office for external legal services; and
  - viii. \$5,000,000 to the workers' compensation line item for increased Workers' Compensation Program costs.

***Miscellaneous (Sec. 135-145)***

- 175. Declares the Legislature's intent that all departments, agencies, and budget units receiving appropriations continue to report actual, estimated and requested expenditures in a specified format.
- 176. Contains various reporting requirements.
- 177. Defines terms.