

House Engrossed

capital outlay; appropriations; FY2026

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2964

AN ACT

MAKING CAPITAL OUTLAY APPROPRIATIONS FOR THE DIFFERENT DEPARTMENTS OF THE
STATE AND FOR STATE INSTITUTIONS; PROVIDING FOR REVIEW OF CAPITAL OUTLAY
PROJECTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Appropriations; Arizona state parks board;
3 reductions; reversions

4 A. The following amounts are reduced from monies appropriated from
5 the state parks revenue fund established by section 41-511.21, Arizona
6 Revised Statutes, to the Arizona state parks board pursuant to Laws 2022,
7 chapter 309:

- | | |
|--|----------------|
| 8 1. Dead Horse Ranch state park amphitheater | \$ (210,000) |
| 9 2. Southern construction services relocation | \$ (2,000,000) |
| 10 3. Statewide water conservation | \$ (1,339,000) |
| 11 4. Statewide campground improvements | \$ (4,100,000) |
| 12 5. Statewide sunshade structures | \$ (2,233,333) |
| 13 6. Statewide water conservation | \$ (1,339,000) |
| 14 7. Yuma territorial prison renovation | \$ (5,945,000) |
| 15 8. Red Rock renovation | \$ (4,000,000) |
| 16 9. San Rafael renovation | \$ (1,500,000) |

17 B. The reductions made by subsection A of this section revert to
18 the state parks revenue fund established by section 41-511.21, Arizona
19 Revised Statutes.

20 Building Renewal

21 Sec. 2. Capital outlay appropriations; major maintenance and
22 repair of state buildings

23 A. Notwithstanding section 41-793.01, Arizona Revised Statutes, the
24 amounts appropriated in this section are appropriated for fiscal year
25 2025-2026 to be used by the applicable agency for major maintenance and
26 repair activities for state buildings in accordance with title 41,
27 chapter 4, article 7, Arizona Revised Statutes.

28 B. DEPARTMENT OF ADMINISTRATION \$19,000,000

29 Fund source:

30 Capital outlay stabilization fund \$19,000,000

31 The department of administration shall allocate the monies to state
32 agencies for necessary building renewal. If monies in the capital outlay
33 stabilization fund established by section 41-792.01, Arizona Revised
34 Statutes, are insufficient to fund the appropriation to the department of
35 administration for building renewal, the appropriation to the department
36 of administration is reduced by the difference between the amount
37 appropriated to the department of administration from the capital outlay
38 stabilization fund and the balance in the capital outlay stabilization
39 fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised
40 Statutes, the department of administration may use monies appropriated for
41 building renewal in fiscal year 2025-2026 for building projects related to
42 retrofitting facilities for space consolidation initiatives.

1 C. STATE DEPARTMENT OF CORRECTIONS \$ 5,864,300
 2 Fund source:
 3 Department of corrections building
 4 renewal fund \$ 5,864,300
 5 The state department of corrections may not spend any of this
 6 appropriation on personal services or overhead expenses related to
 7 managing the funded projects.
 8 D. ARIZONA GAME AND FISH DEPARTMENT \$ 1,815,700
 9 Fund source:
 10 Game and fish fund \$ 1,815,700
 11 E. ARIZONA STATE LOTTERY COMMISSION \$ 218,200
 12 Fund source:
 13 State lottery fund \$ 218,200
 14 F. DEPARTMENT OF TRANSPORTATION \$22,540,100
 15 Fund sources:
 16 State highway fund \$22,145,300
 17 State aviation fund \$ 394,800

18 Individual Projects

19 Sec. 3. Arizona state parks board; report; capital projects
 20 On or before September 1, 2025, the Arizona state parks board shall
 21 submit a report to the joint committee on capital review delineating which
 22 projects that were approved by the committee in July 2022 that the board
 23 plans to prioritize in fiscal year 2025-2026 and the proposed fiscal year
 24 2025-2026 funding level for each of those projects.

25 Department of Transportation Statewide Highway Construction

26 Sec. 4. Appropriation; department of transportation;
 27 statewide highway construction; reports; exemption

28 A. The amount appropriated in this section is appropriated for
 29 fiscal year 2025-2026 to plan and construct state highways, including the
 30 national system of interstate highways within this state, the state
 31 primary or secondary system, the county primary or secondary system and
 32 urban rural routes, to acquire rights-of-way and to provide for the cost
 33 of contracted field administration and field engineering on construction
 34 projects and debt service payments on bonds issued for highway
 35 construction.

36 B. DEPARTMENT OF TRANSPORTATION \$458,770,000
 37 Fund source:
 38 State highway fund \$458,770,000

39 Any balances and collections in the state highway fund established
 40 by section 28-6991, Arizona Revised Statutes, that exceed the specific
 41 amounts appropriated in the general appropriations act and in this act are
 42 appropriated to the department of transportation for the purposes provided
 43 in this section.

44 C. On or before November 1, 2025, the department of transportation
 45 shall report to the directors of the joint legislative budget committee

1 and the governor's office of strategic planning and budgeting on its
 2 actual prior year, estimated current year and upcoming budget year highway
 3 construction expenses from all fund sources, including appropriated
 4 monies, federal monies, local agency monies, state highway monies, bond
 5 proceeds and regional area road monies. The report shall be in the same
 6 format as in the prior year unless the directors of the joint legislative
 7 budget committee and the governor's office of strategic planning and
 8 budgeting have approved modifications to the format.

9 D. On or before November 1, 2025, the department of transportation
 10 shall report capital outlay information for fiscal years 2024-2025,
 11 2025-2026 and 2026-2027, to the directors of the joint legislative budget
 12 committee and the governor's office of strategic planning and budgeting.
 13 This information shall appear in the same format as tables three, four and
 14 seven, as found in the fiscal year 2024-2025 appropriations report.

15 E. On or before November 1, 2025, the department of transportation
 16 shall report the department's estimated outstanding debt principal balance
 17 at the end of fiscal year 2026-2027 and the estimated debt service payment
 18 amount for each of fiscal years 2026-2027, 2027-2028, 2028-2029 and
 19 2029-2030, to the directors of the joint legislative budget committee and
 20 the governor's office of strategic planning and budgeting. This report
 21 shall include state highway fund statewide construction bonds, Arizona
 22 highway user revenue fund bonds, Maricopa association of governments and
 23 Pima association of governments controlled access bonds, Maricopa regional
 24 area road fund bonds and grant anticipation notes and is intended to be
 25 comparable to the information in the fiscal year 2024-2025 appropriations
 26 report.

27 F. Notwithstanding section 41-1252, Arizona Revised Statutes, the
 28 appropriation made in this section is not subject to review by the joint
 29 committee on capital review.

30 Department of Transportation Airport Planning and Development

31 Sec. 5. Appropriation; department of transportation; airport
 32 planning and development; report; exemption

33 A. The amount appropriated in this section is appropriated in
 34 fiscal year 2025-2026 to plan, construct, develop and improve state,
 35 county, city or town airports as determined by the state transportation
 36 board.

37 B. DEPARTMENT OF TRANSPORTATION \$ 44,340,700

38 Fund source:

39 State aviation fund \$ 44,340,700

40 Any balances and collections in the state aviation fund established
 41 by section 28-8202, Arizona Revised Statutes, that exceed the specific
 42 amounts appropriated in the general appropriations act and in this act are
 43 appropriated to the department of transportation in fiscal year 2025-2026
 44 for the purposes provided in this section.

1 C. On or before December 31, 2025, the department of transportation
2 shall report to the joint legislative budget committee staff on the status
3 of all aviation grant awards and aviation grant distributions. The report
4 shall delineate projects by individual airport and fiscal year, including
5 any future year commitments.

6 D. Notwithstanding section 41-1252, Arizona Revised Statutes, the
7 appropriation made in this section is not subject to review by the joint
8 committee on capital review.

9 Sec. 6. Use of appropriations

10 The monies appropriated in this act may not be spent for personal
11 services or employee-related expenditures of state employees, excluding
12 any services provided as part of the inmate construction program for
13 correctional facilities.