

Senate Engrossed

capital outlay; 2026-2027; appropriations

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1834

AN ACT

AMENDING LAWS 2024, CHAPTER 211, SECTION 6; 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. Laws 2024, chapter 211, section 6 is amended to read:

3 Sec. 6. Appropriation reduction; fiscal year 2021-2022;
4 appropriation; fiscal year 2028-2029; department of
5 veterans' services; veterans' home facility; site
6 selection; review; exemption

7 A. Notwithstanding any other law, the following amounts are reduced
8 from appropriations made to the following state agency in fiscal year
9 2021-2022 by Laws 2021, chapter 406, section 29 for the following project:

10 B. DEPARTMENT OF VETERANS' SERVICES

11 Veterans' home facility \$(25,000,000)

12 Fund source:

13 State general fund \$(25,000,000)

14 C. The sum of \$25,000,000 is appropriated from the state general
15 fund in fiscal year ~~2027-2028~~ 2028-2029 to the department of veterans'
16 services to construct and establish a veterans' home facility in the
17 northwestern portion of this state.

18 D. The appropriation made in subsection C of this section is
19 intended to be this state's share of the costs and is not subject to
20 expenditure for any purpose unless the department of veterans' services
21 has irrevocable commitments from the United States government to fund at
22 least sixty-five percent of the total costs.

23 E. The department shall submit the proposed site location in the
24 northwestern portion of this state to the Arizona veterans' service
25 advisory commission established by section 41-602, Arizona Revised
26 Statutes, for approval. The department shall provide the commission a
27 feasibility analysis of suitable sites to consider when approving the site
28 location.

29 F. Before spending the appropriation made in subsection C of this
30 section, the department of veterans' services shall submit the scope,
31 purpose and estimated cost of the capital improvements to the joint
32 committee on capital review for its review pursuant to section 41-1252,
33 Arizona Revised Statutes.

34 G. The appropriation made in subsection C of this section is exempt
35 from the provisions of section 35-190, Arizona Revised Statutes, relating
36 to lapsing of appropriations.

37 Building Renewal

38 Sec. 2. Capital outlay appropriations; major maintenance and
39 repair of state buildings

40 A. Notwithstanding section 41-793.01, Arizona Revised Statutes, the
41 amounts appropriated in this section are appropriated for fiscal year
42 2026-2027 to be used by the applicable agency for major maintenance and
43 repair activities for state buildings in accordance with title 41,
44 chapter 4, article 7, Arizona Revised Statutes.

45 B. DEPARTMENT OF ADMINISTRATION \$16,800,000

1 Fund source:

2 Capital outlay stabilization fund \$16,800,000

3 The department of administration shall allocate the monies to state
4 agencies for necessary building renewal. If monies in the capital outlay
5 stabilization fund established by section 41-792.01, Arizona Revised
6 Statutes, are insufficient to fund the appropriation to the department of
7 administration for building renewal, the appropriation to the department
8 of administration is reduced by the difference between the amount
9 appropriated to the department of administration from the capital outlay
10 stabilization fund and the balance in the capital outlay stabilization
11 fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised
12 Statutes, the department of administration may use monies appropriated for
13 building renewal in fiscal year 2026-2027 for building projects related to
14 retrofitting facilities for space consolidation initiatives.

15 C. STATE DEPARTMENT OF CORRECTIONS \$ 5,864,300

16 Fund source:

17 Department of corrections building
18 renewal fund \$ 5,864,300

19 The state department of corrections may not spend any of this
20 appropriation on personal services or overhead expenses related to
21 managing the funded projects.

22 D. ARIZONA GAME AND FISH DEPARTMENT \$ 1,932,900

23 Fund source:

24 Game and fish fund \$ 1,932,900

25 E. ARIZONA STATE LOTTERY COMMISSION \$ 237,800

26 Fund source:

27 State lottery fund \$ 237,800

28 F. DEPARTMENT OF TRANSPORTATION \$23,385,300

29 Fund sources:

30 State highway fund \$22,990,400

31 State aviation fund \$ 394,900

32 Department of Transportation Statewide Highway Construction

33 Sec. 3. Appropriation; department of transportation;
34 statewide highway construction; reports; exemption

35 A. The amount appropriated in this section is appropriated for
36 fiscal year 2026-2027 to plan and construct state highways, including the
37 national system of interstate highways within this state, the state
38 primary or secondary system, the county primary or secondary system and
39 urban rural routes, to acquire rights-of-way and to provide for the cost
40 of contracted field administration and field engineering on construction
41 projects and debt service payments on bonds issued for highway
42 construction.

43 B. DEPARTMENT OF TRANSPORTATION \$432,663,000

44 Fund source:

45 State highway fund \$432,663,000

1 Any balances and collections in the state highway fund established
2 by section 28-6991, Arizona Revised Statutes, that exceed the specific
3 amounts appropriated in the general appropriations act and in this act are
4 appropriated to the department of transportation for the purposes provided
5 in this section.

6 C. On or before November 1, 2026, the department of transportation
7 shall report to the directors of the joint legislative budget committee
8 and the governor's office of strategic planning and budgeting on its
9 actual prior year, estimated current year and upcoming budget year highway
10 construction expenses from all fund sources, including appropriated
11 monies, federal monies, local agency monies, state highway monies, bond
12 proceeds and regional area road monies. The report shall be in the same
13 format as in the prior year unless the directors of the joint legislative
14 budget committee and the governor's office of strategic planning and
15 budgeting have approved modifications to the format.

16 D. On or before November 1, 2026, the department of transportation
17 shall report capital outlay information for fiscal years 2025-2026,
18 2026-2027 and 2027-2028 to the directors of the joint legislative budget
19 committee and the governor's office of strategic planning and budgeting.
20 This information shall appear in the same format as tables two, three and
21 seven, as found in the fiscal year 2025-2026 appropriations report.

22 E. On or before November 1, 2026, the department of transportation
23 shall report the department's estimated outstanding debt principal balance
24 at the end of fiscal year 2027-2028 and the estimated debt service payment
25 amount for each of fiscal years 2027-2028, 2028-2029, 2029-2030 and
26 2030-2031 to the directors of the joint legislative budget committee and
27 the governor's office of strategic planning and budgeting. This report
28 shall include state highway fund statewide construction bonds, Arizona
29 highway user revenue fund bonds, Maricopa association of governments and
30 Pima association of governments controlled access bonds, Maricopa regional
31 area road fund bonds and grant anticipation notes and is intended to be
32 comparable to the information in the fiscal year 2025-2026 appropriations
33 report.

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

37 Sec. 4. Department of transportation; U.S. Route 191 pavement
38 rehabilitation; transfer

39 On or before June 30, 2026, the reduction of \$2,500,000 made by Laws
40 2022, chapter 309, section 8, as amended by Laws 2023, chapter 135,
41 section 3 and Laws 2025, chapter 235, section 1, from the state highway
42 project to rehabilitate of pavement along United States Route 191 between
43 Armory Road and East Safford is transferred from the state highway fund
44 established by section 28-6991, Arizona Revised Statutes, to the state
45 general fund for the support and maintenance of agencies of this state.

1 Sec. 5. Appropriation; fiscal year 2028-2029; state match
2 advantage for rural transportation fund

3 The sum of \$26,300,000 is appropriated from the state general fund
4 in fiscal year 2028-2029 to the state match advantage for rural
5 transportation fund established by section 28-339, Arizona Revised
6 Statutes.

7 Department of Transportation Airport Planning and Development

8 Sec. 6. Appropriation; department of transportation; airport
9 planning and development; report; exemption

10 A. The amount appropriated in this section is appropriated in
11 fiscal year 2026-2027 to plan, construct, develop and improve state,
12 county, city or town airports as determined by the state transportation
13 board.

14 B. DEPARTMENT OF TRANSPORTATION \$ 29,048,900

15 Fund source:

16 State aviation fund \$ 29,048,900

17 Any balances and collections in the state aviation fund established
18 by section 28-8202, Arizona Revised Statutes, that exceed the specific
19 amounts appropriated in the general appropriations act and in this act are
20 appropriated to the department of transportation in fiscal year 2026-2027
21 for the purposes provided in this section.

22 C. On or before December 31, 2026, the department of transportation
23 shall report to the joint legislative budget committee staff on the status
24 of all aviation grant awards and aviation grant distributions. The report
25 shall delineate projects by individual airport and fiscal year, including
26 any future year commitments.

27 D. 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 Sec. 7. Use of appropriations

31 A. The department of administration may spend up to five percent of
32 the amounts appropriated to the department in this act, excluding amounts
33 to be distributed to nonstate agencies, for expenditures for project
34 management of building renewal and capital projects. All other monies
35 appropriated to the department in this act may not be spent for personal
36 services or employee-related expenditures or for maintenance contracts on
37 building components and equipment without review by the joint committee on
38 capital review.

39 B. Except as provided in subsection A of this section, the monies
40 appropriated in this act may not be spent for personal services or
41 employee-related expenditures of state employees, excluding any services
42 provided as part of the inmate construction program for correctional
43 facilities.