

Appropriations Committee

Senator John Kavanagh, Chairperson



Liam Maher, Research Analyst

Sam Rosenberg, Assistant Research Analyst

APPROPRIATIONS COMMITTEE

LEGISLATION ENACTED

monument and memorial repair fund (S.B. 1110) – Chapter 49

[SEE THE GOVERNMENT COMMITTEE.](#)

appropriations; named claimants (S.B. 1111) – Chapter 81

Effective April 3, 2024, appropriates \$69,884.06 from the state General Fund and \$285,215.69 from other funds in FY 2024 to various state agencies for the payment of past claims.

expenditure limit; school districts; authorization (H.C.R. 2065/S.C.R. 1047)

[SEE THE EDUCATION COMMITTEE.](#)

FY 2024 – FY 2025 STATE BUDGET PACKAGE

general appropriations act; 2024-2025 (H.B. 2897/S.B. 1735) – Chapter 209

Effective June 18, 2024, the FY 2025 budget includes spending in the total amount of \$16.2 billion and a cash balance of \$95 million. The adopted budget includes ongoing and one-time revenues of \$16.3 billion.

The budget includes FY 2025 (unless otherwise stated) one-time additional state General Fund (state GF) spending as follows:

	State GF \$ (in Millions)*
Arizona Commerce Authority (ACA) – Eliminate Federal Broadband Matching Funds – FY 2024	(23.6)
ACA – Small Business Grants	0.5
Arizona Commission on the Arts – Funding	2.0
Arizona Department of Administration (ADOA) – Automation Projects Fund (APF) – Shift Arizona Department of Revenue (ADOR) Tax System Funding – FY 2024	(1.3)
ADOA – APF – Reduce Business One-Stop Funding – FY 2024	(7.0)
ADOA – APF – Reduce Health and Human Services Information Technology (IT) Funding	(1.8)

	State GF \$ (in Millions)*
ADOA – APF – Arizona Health Care Cost Containment System (AHCCCS) – IT Mainframe Replacement Initiative	3.4
ADOA – Reduce Employee Compensation Study – FY 2024	(2.2)
ADOA – Reduce Health Care Interoperability Grant Funding – FY 2024	(1.52)
ADOA – Navajo Nation Household Electrical Connections	1.0
ADOA – School Facilities Division (SFD) – Building Renewal Funding	183.3
ADOA – SFD – New Construction Formula	(16.6)
Arizona Department of Agriculture (AZDA) – Reduce IT Modernization Funding – FY 2024	(0.3)
Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR) – Repurpose Community Treatment for Imprisoned Women Funding – FY 2024	(2.0)
ADCRR – Transition Program Fund – Other Fund (OF)	13.0
ADCRR – Private Prison Rate Increase	54.3
Arizona Department of Education (ADE) – Holocaust Education Center	7.0
ADE – Reduce Art Consumables Grant Funding – FY 2024	(2.5)
ADE – Eliminate Dual Enrollment – Teachers Incentives – FY 2024	(0.5)
ADE – English Language Learner Achievement Testing Funding	5.0
ADE – Third Year of Incremental Low-Income Weight Increase One-time Funding	37.0
ADE – Third Year of Incremental Additional Assistance Increases One-time Funding	29.0
ADE – Adult Workforce Diploma Programs One-time Funding	4.0
ADE – Community College Adult Education Workforce Development Program One-time Funding	4.0
ADE – Continuing High School Workforce and Training Program One-time Funding	4.0
ADE – High School Centers for Success	1.0
ADE – K-12 Mental Health Telehealth Pilot Programs	2.0
ADE – Low-Income After School Program Grants	2.0
ADE – Reduce Broadband Funding – FY 2024	(2.5)
ADE – Reduce Dual Enrollment – FY 2024	(12.0)
ADE – Remove Co-Pay for School Meals	3.8
Arizona Department of Environmental Quality (ADEQ) – Water Quality Fee Fund Deposit – OF	7.2

	State GF \$ (in Millions)*
ADEQ – Zero-Emissions Heavy-Duty Eight Ton Pilot Program	1.0
Arizona Department of Gaming (ADG) – Racetrack Capital Projects and Maintenance and Operations Funding	1.5
ADG – Racing Purse Enhancement Funding	4.0
Arizona Department of Homeland Security (AZDOHS) – Cybersecurity Programs	0.2
Arizona Department of Housing – Housing Trust Fund Deposit	15.0
Arizona Department of Juvenile Corrections (ADJC) – Operating Budget Shift to OF	(0.1)
ADJC – Operating Budget Shift to OF	(0.8)
Arizona Department of Veterans' Services (ADVS) – Veterans Center Funding	0.5
Arizona Department of Water Resources (ADWR) – Eliminate Brackish Groundwater Recovery Pilot Program Funding – FY 2024	(11.0)
AHCCCS – Case Management Provider Wage Increases	1.0
AHCCCS – Critical Access Hospitals Supplemental Pool	4.2
AHCCCS – Increase Hospital Assessment – Behavioral Health and Hospital Rate Increase – FYs 2025 and 2026	(100.0)
Arizona Office of Tourism (AOT) – Reduce Culinary Tourism and Workforce Development Funding – FY 2024	(0.15)
Arizona State Parks Board (ASPB) – Arizona Trail Fund	0.1
Attorney General (AG) – Grants to Veterans Services Organizations – OF	5.0
Department of Child Safety (DCS) – Additional Federal Expenditure Authority Savings	(15.2)
DCS – Backfill Loss of Federal Congregate Care Funds – FY 2024	14.7
DCS – Caseworkers – Additional Operating Resources – FY 2024	19.7
DCS – Children and Family Supports Contract Increase – FY 2024	6.2
DCS – Eliminate Positive Program for Permanency Placement Pilot – FY 2024	(4.0)
DCS – Reduce Extended Foster Care Comprehensive Service Model Funding – FY 2024	(2.72)
DCS – Extended Foster Care Surplus – FY 2024	(6.7)
DCS – Health Families Expansion	12.5
DCS – In-Home Mitigation Utilization Adjustment – FY 2024	6.3
DCS – Out-of-Home Support Services Utilization Adjustments – FY 2024	(6.3)

	State GF \$ (in Millions)*
Department of Economic Security (DES) – Area Agencies on Aging Funding	2.0
DES – Child Care Network Funding	12.0
DES – Developmentally Disabled Job Training and Life Skills Services	1.0
DES – Food Distribution for Low-Income Individuals in Cochise County	1.0
DES – Low-Income Food Services for Tribal Reservations	0.25
DES – Navajo Nation Women's Shelter and Services	0.5
DES – Navajo Nation Youth Programs	0.5
DES – Nutrition, Housing and Rental Assistance Programs in Pinal County	0.5
DES – Pascua Yaqui Tribe Social Services Programs	1.0
Department of Emergency and Military Affairs (DEMA) – Assist Local Law Enforcement Fentanyl Interdiction – OF	3.0
Department of Forestry and Fire Management (DFFM) – Fire Suppression Funding	5.0
Department of Health Services (DHS) – Counseling Services for Parents of Deceased Children	0.5
DHS – Distribute Overdose Medication to First Responders – OF	1.0
DHS – Eliminate Nurse Education Investment Pilot Program – FY 2025	(15.0)
DHS – Licensing Compliance	1.2
DHS – Preventative Health Services for Low-Income and Underserved Women	0.5
DHS – Senior Health Promotion and Coordination in Santa Cruz County	1.0
DHS – Shift Alzheimer's Disease Research to OF	(1.0)
DHS – Shift Biomedical Research to OF	(2.0)
DHS – Southern Arizona Counseling and Community Service Grants	1.0
DHS – Southern Arizona Heat Mitigation Programs	0.5
Department of Insurance and Financial Institutions (DIFI) – Health Insurance Claims Appeals	0.25
Department of Public Safety (DPS) – Increase Local Border Support	4.0
DPS – Repurpose DEMA Emergency Operations Center Capital Funding to Border Security Funding	(27.7)
Independent Redistricting Commission – Revert Remaining Unused Funding – FY 2024	(0.4)
Office of Administrative Hearings (OAH) – Health Insurance Claims Appeals	0.2
Secretary of State (SOS) – 2024 Primary and General Election Funding	4.0
SOS – One-time Operating Funding	1.0

	State GF \$ (in Millions)*
State Treasurer – Local Distribution – Reduce Glendale Veterans Community Project – FY 2024	(0.8)
Universities – Arizona Board of Regents (ABOR) – Eliminate Camp Verde Meat Processing Facility Funding – FY 2024	(9.7)
Universities – ABOR – Teachers Academy Funding	1.0
Water Infrastructure Finance Authority – Eliminate Water Supply Funding	(333.0)

**Figures are rounded.*

The budget also includes ongoing additional state GF spending as follows:

	State GF \$ (in Millions)*
ACA – Reduce Economic Development Marketing	(0.5)
ADCRR – Inmate Health Care – IT Upgrades	16.0
ADCRR – Inmate Health Care – Medication	55.0
ADCRR – Inmate Health Care – Other Injunction Costs	2.7
ADCRR – Inmate Health Care – Savings Offsets	(30.8)
ADCRR – Inmate Health Care – Savings Offsets – Marana Prison	(9.7)
ADCRR – Inmate Health Care – Staff and Overtime Costs	6.8
ADCRR – Inmate Health Care – Vendor Contract	107.1
ADCRR – Opioid Settlement Shift	(40.0)
ADCRR – Private Prison Capacity Savings	(14.5)
ADCRR – Substance Abuse Treatment Reduction	(1.5)
ADE – Eliminate Adult Education Administration Funding	(0.15)
ADE – Eliminate Adult Workforce Diploma Program	(6.0)
ADE – Eliminate Joint Legislative Budget Committee (JLBC) Baseline FY 2024 Ex-Appropriation	43.9
ADE – Eliminate Kindergarten Entry Assessment	(1.5)
ADE – Formula	(9.2)
ADE – Fund Community College Adult Education Workforce Development Program	(6.0)
ADE – Limit Empowerment Scholarship Account Enrollment to 1.0 ADM	(2.5)
ADE – Move Third Year of Incremental Additional Assistance Increases to One-time	(29.0)
ADE – Move Third Year of Incremental Low-Income Weight Increases to One-time	(37.0)

	State GF \$ (in Millions)*
ADE – Move Continuing High School Workforce and Training Funding to One-time	(6.1)
ADE – Reduce College Credit by Examination Incentive Program	(3.7)
ADG – Racing Division – Eliminate Racing Purse Enhancement Funding	(5.0)
ADG – Racing Division – Shift Horseracing Integrity and Safety Act (HISA) Costs to OF	(0.4)
ADOA – Add One Ombudsman Full-Time Equivalent (FTE) for Arizona State Hospital Complaints	0.1
ADOA – Eliminate Southwest Defense Contracts	(0.025)
ADWR – Arizona Water Protection Fund Deposit Reduction	(0.5)
AHCCCS – Add 101 FTEs for Service Administrative Staff to Reduce Fraud	3.3
AHCCCS – Formula – FY 2026	6.3
AHCCCS – Prescription Drug Rebate Fund Shift	(24.7)
AHCCCS – Reduced Level of Invalid Payments from Additional Fee for Service	(3.3)
AOT – Reduce Arizona Promotion	(0.2)
Arizona State Land Department (ASLD) – Eliminate Streambed Navigability Litigation	(0.22)
ASLD – Operating Budget Shift to OF	(0.2)
AZDA – Centralize IT Position	(0.1)
AZDA – Reduce Salt River Horse Liaison from Full-Time to Part-Time	(0.1)
Community Colleges – Formula	0.4
DCS – Administrative Cost of New Social Security Payment Policy	0.9
DCS – Adoption Surplus	(5.7)
DCS – Backfill Social Security Payments No Longer Retained by the State	5.0
DCS – Caseworker – Savings from 50 Vacant Positions and Reduced Overtime	(6.1)
DCS – Community-Based Child Abuse Prevention	0.3
DCS – Foster Care Surplus	(11.4)
DCS – Fund Incremental FY 2025 Health Families Expansion	(2.5)
DCS – Kinship Care Surplus	(4.2)
DCS – Move Base of Health Families Expansion to One-time	(12.5)
DCS – Operating Budget Increase	13.3
DCS – Permanent Guardianship Caseload Increase	4.3
DCS – Shift Preventative Services to Federal Funds	(5.5)

	State GF \$ (in Millions)*
DEMA – National Guard Matching Fund Reduction	(0.6)
DEMA – Risk Management Error Adjustment	(0.6)
DES – Formula – FY 2026	25.2
DES – Homeless Youth Assistance General Fund Backfill Delay	(1.0)
DES – Reduce Incremental Rate Increase	(2.4)
DFFM – Reduce Wildfire Mitigation Funding	(5.0)
DHS – Arizona Care Check	1.4
DPS – Civil Air Patrol Maintenance and Operations	(0.006)
DPS – Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Permanent Vacancy Savings	(0.7)
DPS – GIITEM Aid to Others Permanent Vacancy Savings	(0.2)
DPS – Increase Local Border Support	1.0
DPS – Increase State Highway Fund Usage	(3.6)
DPS – Major Incident Division	(8.5)
DPS – Pharmaceutical Diversion and Drug Theft Task Force Excess Funding	(0.1)
Judiciary – Court of Appeals – Judicial Salary Increase	0.3
Judiciary – Superior Court – Judicial Salary Increase	0.8
Judiciary – Supreme Court – Judicial Salary Increase	0.1
Judiciary – Supreme Court – Probation IT System Ongoing Costs	2.1
Other – Administrative Adjustments and Revertment	(15.0)
Other – Lump Sum Reduction	(39.6)
Other – Statewide Arizona Financial Information System Adjustments	(0.8)
Other – Statewide Human Resources Information System Adjustments	(1.0)
Other – Statewide Retirement Adjustments	7.2
SOS – Talking Book Library	(0.1)
State Mine Inspector – Aggregate Mining Land Reclamation Reduction	(0.1)
State Treasurer – Justice of the Peace Salary Reduction	(0.5)

**Figures are rounded.*

The budget reduces the following state GF amounts from the lump sum appropriations for the following budget units in FY 2025:

	State GF \$
ABOR	(109,200)
ACC	(27,600)
ADE	(469,700)
ADJC	(1,098,100)
ADOA	(300,000)
ADOA – SFD	(57,100)
ADOR	(1,748,200)
ADVS	(108,200)
ADWR	(21,500)
AG	(839,000)
AHCCCS	(1,242,000)
AOT	(75,800)
Arizona Department of Real Estate	(110,400)
Arizona Historical Society	(83,500)
Arizona Legislative Council	(328,100)
Arizona State Board for Charter Schools	(97,800)
Arizona State Lottery Commission	(279,800)
Arizona State Schools for the Deaf and the Blind	(897,000)
Arizona State University (ASU)	(10,995,800)
ASLD	(148,000)
AZDA	(671,500)
State Board of Tax Appeals	(13,000)
DES	(3,026,200)
DFFM	(248,600)
DHS	(719,200)
DIFI	(222,500)
Governor's Office	(368,100)
Governor's Office of Strategic Planning and Budgeting	(101,400)
Governor's Office on Tribal Relations	(2,400)
House of Representatives	(664,100)
JLBC	(107,800)
Judiciary – Court of Appeals	(508,200)
Judiciary – Superior Court	(180,100)
Judiciary – Supreme Court	(386,300)

	State GF \$
Navigable Streams Commission	(6,000)
Northern Arizona University (NAU)	(4,070,200)
OAH	(34,200)
Office of Economic Opportunity	(21,000)
Prescott Historical Society	(35,000)
State Senate	(587,300)
SOS	(463,600)
State Board of Education	(111,200)
State Board of Equalization	(30,000)
University of Arizona (UA) – Health Sciences	(1,469,300)
UA – Main	(6,562,200)

Major Footnote Changes

The budget includes the following major footnote additions, deletions and modifications. This list does not include footnotes pertaining to one-time reports, appropriations or footnote changes conforming to enacted policy.

Arizona Department of Administration (ADOA)

- Requires the amount of monies appropriated for a school district health insurance actuarial study to be used to conduct an actuarial study of the cost and benefits for school district optional participation in the state health insurance program.

Office of Administrative Hearings (OAH)

- Specifies that, in the lump sum appropriation to the OAH, \$200,000 must be used to administer the provisions of a bill addressing insurance provider claims against insurers, if the bill becomes law in the Fifty-Sixth Legislature, Second Regular Session.
- Reverts \$200,000 of the lump sum appropriation to the OAH to the state GF, if a bill addressing provider claims against insurers does not become law.

Arizona Health Care Cost Containment System (AHCCCS)

- Requires \$100,000,000 of the appropriation for Proposition 204 from the Hospital Assessment Fund to be used to cover a portion of the nonfederal share of service costs, as included in the expenditure authority.
- Allows AHCCCS, if any graduate medical education monies remain after funding all eligible graduate medical education programs in counties with a population of fewer than 500,000 persons, to fund graduate medical education programs operated by community health centers and rural health clinics.

Attorney General (AG)

- Appropriates specified opioid claims-related amounts from the Consumer Restitution Subaccount of the Consumer and Remediation Revolving Fund and prescribes transfer timelines and requirements for the AG and ADOA.

Department of Economic Security (DES)

- Requires at least 10 percent of the state GF share of the amount appropriated to DES for childcare subsidies to be distributed to childcare centers in counties other than Maricopa, Pima and Pinal Counties.

Arizona Department of Education (ADE)

- Directs ADE to distribute the one-time allocations for charter additional assistance and district additional assistance on a proportional basis based on FY 2025 funding.
- Requires ADE to distribute the appropriated amount for one-time 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 district or school.
- Requires ADE to allocate the appropriated amount for one-time school meal grants to school districts and charter schools that participate in the National School Lunch or School Breakfast Programs established under the federal National School Lunch and Child Nutrition Acts for grants to reduce or eliminate copayments that would otherwise be charged to children eligible for reduced-price meals.

Arizona Department of Environmental Quality (ADEQ)

- Requires ADEQ, before expending any Emissions Inspection Fund monies on operating costs in excess of the amount appropriated, to report on the intended use of the monies to JLBC.

Arizona Department of Gaming (ADG)

- Requires the monies appropriated for the HISA assessment to be used by ADG during FY 2025 to pay the 2024 assessment.
- Requires the \$4,000,000 appropriation for racing purse enhancements to be distributed to a recognized nonprofit horsemen's organization that has represented horsemen participating in racing meetings since 1988 and be used to promote racing and enhance the general purse structure for eligible horse races in Arizona.

Arizona Department of Homeland Security (AZDOHS)

- Allows the AZDOHS to use up to \$500,000 of statewide cybersecurity grant monies for grant administration.

Department of Public Safety (DPS)

- Outlines required allocations for FY 2024 appropriations for law enforcement retention initiatives to law enforcement agencies for recruitment and retention services and software.
- Requires each law enforcement agency that receives monies for law enforcement retention initiatives to use the monies to obtain goods and services from a vendor that fulfills outlined requirements.

Arizona State Parks Board (ASPB)

- Specifies that an amount equal to the revenue share agreement with the U.S. Forest Service for Fool Hollow Lake Recreation Area and Catalina State Park is appropriated to ASPB from the State Parks Revenue Fund.

Secretary of State (SOS)

- Allows the SOS to make expenditures or incur indebtedness to employ outside or private attorneys if certain stipulations are met.
- Allows the SOS to use up to \$250,000 of election services monies for direct costs related to the 2024 primary and general elections.

Arizona Department of Transportation (ADOT)

- Specifies that ADOT's operating lump sum includes a \$2,000,000 reduction from the State Highway Fund in FY 2025 from ADOT's Enforcement and Compliance Division.

Universities

- Declares the Legislature's intent that the ASU School of Civic and Economic Thought and Leadership, the NAU Economic Policy Institute and the UA Center for the Philosophy of Freedom maintain the same funding level as FY 2023, except the universities may allocate the lump sum reduction of up to 3.45 percent as prescribed by the FY 2025 General Appropriations Act.

amusements; 2024-2025 (H.B. 2898/S.B. 1736) – Chapter 210

Makes the following statutory and session law changes to amusements necessary to reconcile the FY 2025 state budget:

Makes permanent the Exposition and State Fair Board Permanent Revolving Fund balance cap increase from \$60,000 to \$400,000 for the period beginning 15 days before and ending 15 days after the annual Arizona State Fair, rather than from October 1 to November 30. Decreases the annual distribution from the State Lottery Fund to the Arizona Competes Fund from \$3,500,000 to \$1,750,000 and restores the \$3,500,000 annual distribution beginning July 1, 2027.

Authorizes, until January 1, 2026, the Arizona Department of Gaming (ADG) to allow a first-time starter horse to race as long as the horse has gate approval and at least two timed workouts for race meetings in 2024 and 2025. One of the timed workouts must be an out-of-the-gate workout conducted within 60 days of the race in which the horse is entered. Continues to require ADG, in FY 2025, to establish and collect, in addition to statutorily authorized deductions, a regulatory assessment from each commercial racing permittee in the amount of 0.5 percent of the amounts wagered, payable from pari-mutuel pools from in-state and out-of-state live and simulcast races.

capital outlay; appropriations; 2024-2025 ([H.B. 2899/S.B. 1737](#)) – Chapter 211

Effective June 18, 2024, transportation funding and capital outlay expenditures account for \$0 of FY 2025 state budget expenditures.

Building Renewal – Appropriates \$52,110,300 in FY 2025 to the following state agencies from the specified funds for major maintenance and repair activities for state buildings:

Agency	Fund	Amount
Arizona Department of Administration (ADOA)	Capital Outlay Stabilization Fund (COSF)	\$19,000,000
Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR)	ADCRR Building Renewal Fund	\$5,864,300
	Prison Construction and Operations Fund	\$2,692,700
Arizona Department of Transportation (ADOT)	State Highway Fund (SHF)	\$22,082,800
	State Aviation Fund	\$457,300
Arizona Game and Fish Department (AZGFD)	AZGFD Fund	\$1,795,000
Arizona State Lottery Commission	State Lottery Fund	\$218,200

Requires ADOA to allocate monies to state agencies for building projects related to retrofitting facilities for space consolidation initiatives. Reduces the ADOA appropriation for building renewal by the difference between the amount appropriated and the balance in the COSF, if COSF monies are insufficient to fund the appropriation. ADCRR may not spend building renewal appropriations on personal services or overhead expenses related to managing funded projects.

Capital Projects – Appropriates \$12,575,200 in FY 2025 to the following state agencies from the specified funds for capital projects:

Agency	Purpose	Fund	Amount
ADOT	Additional vehicle fueling replacement funding for facilities in Flagstaff, Needle Mountain, Kingman, Tucson, Willcox, Three Points, Saint David, Springerville, Holbrook and Chambers	SHF	\$9,088,200
Arizona Pioneers' Home	Capital improvements	Miners' Hospital for Miners with Disabilities Land Fund	\$465,000
Arizona State Parks Board (ASPB)	Capital improvements	State Parks Revenue Fund	\$3,022,000

ASPB – Requires ASPB to report to the Joint Committee on Capital Review (JCCR) and Governor's Office of Strategic Planning and Budgeting (OSP) if ASPB revises a project plan due to receiving land and water conservation grant funding.

Airports – Appropriates \$25,550,000 from the State Aviation Fund in FY 2025 to ADOT for airport planning and development, as determined by the State Transportation Board. Appropriates balances and collections in the State Aviation Fund that exceed the amount appropriated by the FY 2025 General Appropriations and Capital Outlay Budget Reconciliation Acts to ADOT for authorized purposes. Prescribes reporting requirements for aviation grant awards and distributions.

Statewide Highway Construction – Appropriates \$462,488,000 from the SHF in FY 2025 to ADOT to plan and construct state highways, acquire rights-of-way and provide for the cost of contracted field administration and construction project engineering and debt service payments on specified bonds. Appropriates balances and collections in the SHF that exceed the amount appropriated by the FY 2025 General Appropriations and Capital Outlay Budget Reconciliation Acts to ADOT for authorized purposes. Prescribes reporting and oversight requirements for outlined highway construction expenses, capital outlay information, outstanding debt principal balance and debt service payments.

ADOA – Prohibits ADOA from spending capital outlay appropriations on personal services or employee-related expenditures, except for services provided by the Inmate Construction Program for correctional facilities, or for maintenance contracts on building components and equipment without JCCR review.

Adjustments – Modifies the following amounts appropriated from specified funds in FYs 2021, 2023 and 2024 to ADOT for the following highway projects:

Purpose	Fiscal Year	Fund	Amount Modified
Conduct a tier 2 study for the Sonoran Corridor in Pima County	2023	SHF	(\$2,436,000)
Construct roundabout at the intersection of State Route (SR) 69 and 169	2024	SHF	\$939,100
Design of SR 87 intersection improvements at Arica and Shedd Road	2024	state GF	\$315,000
Design work and engineer improvements on SR 85 between mile post 123 and Maricopa Road	2024	SHF	\$12,600,500
Design work for the interchange at SR 303 and I-17	2023	SHF	(\$4,000,000)
Distribute to Queen Creek to extend SR 24, including a traffic interchange at SR 24 and Ironwood Road	2024	state GF	(\$27,700,000)
Final design plan, right-of-way and easements for an overpass at Riggs Road and SR 347	2024	SHF	\$1,500,000
Improve intersection on SR 347 at Casa Blanca Road and Cement Plant access	2024	state GF	\$1,901,000
Improve SR 260 within Navajo County	2024	state GF	\$172,200
Improve SR 83 within Santa Cruz County	2024	SHF	\$1,100,000
Improve SR 90 from Moson Road to Campus Drive	2023	SHF	(\$3,300,000)
Improve SR 90 near Fort Huachuca	2021	state GF	(\$2,095,000)
Improve the interchange at SR 303 and U.S. Route 60	2024	state GF	\$167,000
Rehabilitate pavement along SR 90 between Campus Drive and the U.S. Border Patrol Station in Huachuca City	2023	SHF	(\$8,720,000)
Rehabilitate pavement along U.S. Route 191 between Armory Road and East Safford	2023	SHF	(\$7,038,200)
Repave U.S. Route 60 between Morristown and Wickenburg	2024	SHF	\$220,900
		state GF	\$206,800

Prioritizes monies appropriated to the Town of Queen Creek for SR 24 for a traffic interchange at DR 24 and Ironwood Road and requires any remaining appropriated monies to be used to extend SR 24. The reduced FY 2024 appropriation of \$59,800,000 from the state General Fund (state GF) to ADOT to extend SR 24 must be distributed to the Town of Queen Creek by June 30, 2024. Exempts the \$1,800,000 FY 2022 appropriation to ADOT to replace vehicle fueling facilities in Flagstaff, Holbrook and Kingman from lapsing until June 30, 2025.

Transfers, by June 30, 2024, a total of \$156,624,000 to the state GF to provide adequate support and maintenance for state agencies, including \$38,237,100 from the State Parks Revenue Fund and a total of \$118,386,900 from the SHF by removing \$9,133,700 from the FY 2023 distribution of transaction privilege tax (TPT) revenues and the following FY 2023 appropriations to ADOT: 1) \$24,000,000 to construct an overpass at Riggs Road and SR 347; 2) \$55,910,000 to design and construct additional vehicle lanes on the I-10; and 3) \$29,343,200 to rehabilitate pavement on selected road projects. The monies transferred to the state GF reflect a distribution of TPT revenues in FY 2023 to the SHF and State Parks Revenue Fund by Laws 2022, Chapter 321.

ADOT – Modifies the following amounts appropriated from the SHF and state GF in various fiscal years to ADOT for the following projects:

Project	Fund	Fiscal Year	Amount Modified	Amount Appropriated
Construct an overpass at Riggs Road and SR 347	SHF	2023	(\$24,000,000)	
	state GF	2021	(\$25,000,000)	
		2028		\$49,000,000
Design and construct additional vehicle lanes on I-10 between SR 85 and Citrus Road	SHF	2023	(\$55,910,000)	
	state GF	2024	(\$52,090,000)	
		2027		\$30,000,000
		2028		\$78,000,000
Distribute to Pinal County for engineering and design of the West Pinal Parkway East-West Corridor	state GF	2024	(\$9,240,000)	
		2028		\$9,240,000
Rehabilitate pavement on selected road projects	SHF	2023	(\$29,343,200)	
	state GF	2024	(\$41,000,000)	
Improve SR 97 near Bagdad	state GF	2024	(\$10,000,000)	

ASPB – Requires, by September 1, 2024, the ASPB to submit an expenditure report to JCCR that describes how monies appropriated from the State Parks Revenue Fund by the FY 2023 Capital Outlay Budget Reconciliation Act will be allocated for the prescribed capital projects after deducting the \$38,237,100.

ADOA – Reduces a total of \$61,208,000 in FY 2023 appropriations from the state GF to ADOA by removing: 1) \$12,875,800 from the \$37,594,200 appropriation for building renewal; 2) \$68,600 from the \$1,568,000 appropriation for building demolition; and 3) \$48,263,600 from the \$52,274,000 appropriation for West Adams building renovations. Reduces a total of \$27,539,500 in FY 2024 appropriations from the state GF to ADOA by removing: 1) \$22,539,500 from the \$25,124,700 appropriation for building renewal; and 2) the \$5,000,000 appropriation for electric vehicle charging and advance fuel infrastructure.

ADCRR – Reduces a total of \$76,362,700 in FY 2024 appropriations from the state GF to ADCRR by removing \$19,379,100 from the \$33,942,600 appropriation for building renewal and \$56,983,600 from the \$66,783,600 appropriation to replace evaporative cooling with HVAC.

Arizona Department of Veterans' Services (ADVS) – Appropriates \$25,000,000 from the state GF in FY 2028, rather than FY 2022, to the ADVS to construct and establish a veterans' home facility in northwest Arizona. Before spending the reappropriated monies, the ADVS must: 1) obtain irrevocable commitments from the U.S. government to fund at least 65 percent of the total costs; 2) submit the scope, purpose and estimated cost for JCCR review; and 3) provide the Arizona Veterans' Service Advisory Commission with a feasibility analysis of suitable sites and the proposed site location for approval. The \$25,000,000 reappropriation is exempt from lapsing.

Miscellaneous – Deems the following as favorably reviewed by JCCR: 1) \$214,200 for Arizona State Lottery Commission FY 2024 building renewal projects for specified structural repairs; 2) \$250,000 for the FY 2024 Arizona Pioneers' Home project to improve the cemetery parking lot; 3) \$8,704,900 for ADCRR to purchase HVAC units and electrical equipment for the Eyman Prison Complex; 4) \$2,600,000 for outlined FY 2024 Arizona Game and Fish Department capital projects; 5) \$63,000,000 for Arizona State University (ASU) system revenue bond issuances for information technology infrastructure improvements; 6) \$22,000,000 for ASU system revenue bond issuances for a specified utility expansion project; and 7) \$16,375,000 for Yavapai College bond projects for learning and innovation centers, capital improvements and software system upgrades. The favorably reviewed ASU system revenue and Yavapai College bond projects are subject to prescribed financing provisions relating to revenue offsets, JCCR review and annual reporting.

commerce; 2024-2025 (H.B. 2900/S.B. 1738) – Chapter 212

Makes the following statutory and session law changes relating to commerce necessary to reconcile the FY 2025 state budget:

Increases, from \$200,000 to \$700,000, the cap of unencumbered monies retained in the Department of Insurance and Financial Institutions (DIFI) Revolving Fund before monies must be deposited into the DIFI Receivership Revolving Fund. Establishes, beginning July 1, 2025, the Fraud Unit Assessment Fund, administered by DIFI, to administer and operate the DIFI Fraud Unit. Fees collected for the DIFI Fraud Unit's administration and operation must be deposited into the Fraud Unit Assessment Fund, rather than the state General Fund (state GF). Monies in the Fraud Unit Assessment Fund are continuously appropriated.

Repeals the Rural Broadband Accelerated Match Fund and removes the requirement that all unencumbered and unexpended Data Processing Acquisition Fund monies in excess of \$250,000 revert to the state GF at the end of each calendar year.

Eliminates the stipulation that the Microbusiness Loan Fund and Program be utilized only in FY 2024. Repeals the Microbusiness Loan Fund and Program on July 1, 2025, and transfers all unexpended and unencumbered monies in the Microbusiness Loan Fund to the state GF.

criminal justice; 2024-2025 (H.B. 2901/S.B. 1739) – Chapter 213

Makes the following statutory and session law changes relating to criminal justice necessary to reconcile the FY 2025 state budget:

Judiciary – Renames the *Court Appointed Special Advocate Fund* as the *Court Appointed Special Advocate and Vulnerable Persons Fund* and allows Court Appointed Special Advocate and Vulnerable Persons Fund monies to be used for court functions benefitting vulnerable persons.

Attorney General (AG) – Allows the AG to continue to use Anti-Racketeering Revolving Fund monies to pay for full-time equivalent salaries until August 27, 2025.

Department of Public Safety (DPS) – Requires DPS to prioritize applications for concealed carry weapon permits (CCW) from in-state residents and to annually report to the Joint Legislative Budget Committee on the number of CCWs issued in the prior fiscal year, the number of CCW applications that have not been issued and the average turnaround time to issue a CCW. Allows Fentanyl Prosecution, Diversion and Testing Fund monies to be used beyond FY 2024 and repeals the Fentanyl Prosecution, Diversion and Testing Fund on July 1, 2025. DPS may use appropriated monies from the Fingerprint Clearance Card Fund for real property use. Delays the full implementation of the Major Incident Division until July 1, 2027.

Antihuman Trafficking Grant Fund – Allows Antihuman Trafficking Grant Fund monies to be used beyond FY 2024 and repeals the Fund on July 1, 2025.

Arizona State Nonprofit Security Grant Program (Program) – Retroactive to July 1, 2024, allows Program grants to be used to hire permanent or contracted security personnel and modifies eligibility criteria for Program participants. The Arizona Department of Homeland Security must form an informal review panel to review the scoring of applications to ensure that each application meets outlined criteria. Prescribes requirements and prohibitions on review panel members and exempts monies in the Program Fund from lapsing. Repeals the Program on October 1, 2028, and transfers any unexpended and unencumbered Program Fund monies to the state General Fund.

Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR) – Allows ADCRR, at the Director of ADCRR's discretion, to use appropriated monies in the Transition Program and Alcohol Abuse Treatment Fund for any ADCRR expenses in FY 2025.

environment; 2024-2025 (H.B. 2902/S.B. 1740) – Chapter 214

Makes the following statutory and session law changes relating to the environment necessary to reconcile the FY 2025 state budget:

Department of Emergency and Military Affairs – Renames the *Emergency Management Training Fund* as the *Emergency Management Training Revolving Fund*. Emergency Management Training Revolving Fund monies: 1) may include legislative appropriations and reimbursements; 2) are exempt from lapsing; and 3) are continuously appropriated. Removes the requirement that all monies collected from each outlined event in excess of the event expenses revert to the state General Fund (state GF) by the end of the fiscal year.

Water Infrastructure Finance Authority (WIFA) – Allows an eligible entity to apply to WIFA for and accept grants from the Water Conservation Grant Fund to distribute rebates for the installation of gray water systems.

Fire Incident Management Fund (FIMF) – Exempts monies in the FIMF from lapsing. Repeals the FIMF on July 1, 2025, and transfers all unexpended and unencumbered monies in the FIMF to the state GF.

Arizona Department of Water Resources (ADWR) – Continues to allow up to \$336,000 from the Water Protection Fund to be used for ADWR administrative costs.

Arizona Navigable Stream Adjudication Commission (ANSAC) – Continues to allow monies appropriated to ANSAC from the Arizona Water Banking Fund to be used for legal fees in FY 2025.

Arizona Department of Environmental Quality (ADEQ) – Continues to authorize ADEQ to use up to \$6,531,000 in FY 2025 from the Underground Storage Tank Revolving Fund for administrative costs and remediating sewage discharge issues in Arizona border areas. ADEQ must charge the same fees in FY 2025 that were charged in FY 2024 for vehicle emissions tests conducted in the Phoenix metropolitan area. ADEQ is exempt from rulemaking requirements until July 1, 2025, to set emissions testing fees. Continues to cap the appropriation from the state GF to the Water Quality Assurance Revolving Fund at \$15,000,000 in FY 2025.

Arizona Department of Agriculture (AZDA) – Allows the Director of the AZDA, notwithstanding any other law and subject to the review of the AZDA Advisory Council, to lower existing fees in FY 2025 for any funds held in trust by the AZDA. The AZDA must adopt emergency rules through July 1, 2025, in conjunction with the industry and to be reviewed by the AZDA Advisory Council, to modify fees deposited in the Dangerous Plants, Pests and Diseases Trust Fund. Allows landowners and lessees of a livestock operation that are affected by either a wildfire or flood, rather than both a wildfire and a flood, to accept grant monies from the Livestock Operator Fire and Flood Assistance Grant Program.

Miscellaneous – Allows the Governor, in FY 2025, to allocate: 1) \$500,000 to the Emergency Management Assistance Compact and the Arizona Mutual Aid Compact Revolving Fund; and 2) \$300,000 to the Emergency Management Training Revolving Fund. Each allocation counts towards the prescribed \$4,000,000 aggregate amount allowed in FY 2025.

health care; 2024-2025 (H.B. 2903/S.B. 1741) – Chapter 215

Makes the following statutory and session law changes relating to health care necessary to reconcile the FY 2025 state budget:

Arizona Health Care Cost Containment System (AHCCCS) – Requires the Director of AHCCCS to annually report the amount of unexpended monies in the Arizona Long-Term Care System (ALTCS) Fund remaining from the previous fiscal year to the State Treasurer, Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting. The report must include the calculations used to compute the total surplus amount and the apportionment of the surplus between each county and the state. Requires AHCCCS, by January 31, 2025, to prepare and issue a report to outlined officials regarding the costs and

utilization of mental health medications during contract years 2020 through 2023 that includes data relating to the cost, utilization and claim status for mental health medications.

Allows AHCCCS, in FYs 2025 and 2026, to use the hospital assessment to fund a portion of the nonfederal share of the costs of behavioral health services for specified Medicaid expansion populations.

Continues to allow AHCCCS to extend risk contingency rate settings for all managed care organizations (MCOs) and funding for all MCO administrative funding levels imposed in contract year 2010 for the contract year ending September 30, 2025. By December 31, 2025, AHCCCS must transfer any federal Patient Protection and Affordable Care Act monies to the counties, per the counties' proportional share of the state's contribution.

Collaborative Care Uptake Fund – Allows Collaborative Care Uptake Fund monies to be used through the end of FY 2025, repeals the Collaborative Care Uptake Fund on July 1, 2025, and transfers any remaining unexpended and unencumbered monies to the state General Fund.

ALTCS Contributions – Outlines individual county contributions for ALTCS. Directs the State Treasurer to withhold monies as prescribed to fulfill county contribution obligations and deposit any paid or withheld county contributions into the ALTCS Fund. Continues to authorize the State Treasurer to collect additional monies from counties if the aggregate cost for ALTCS exceeds the amount specified in the FY 2025 General Appropriations Act. The counties' share of the state's contribution must comply with federal maintenance of effort requirements. Requires the Director of AHCCCS to notify the State Treasurer of the counties' share of the state's contribution and report the amount to the Director of JLBC.

County Acute Care – Outlines individual county contributions for county acute care. Directs the State Treasurer to withhold monies as prescribed to fulfill county contribution obligations for acute care and deposit any paid or withheld county contributions into the AHCCCS and ALTCS Funds. Continues to require that 1/12th of the prescribed county acute care contributions be made to the State Treasurer by the fifth day of each month. Upon request of the Director of AHCCCS, the State Treasurer must require up to three months' payment in advance. Allows the Director of AHCCCS to instruct the State Treasurer to reduce or return county acute care payments as outlined, if the payments exceed costs incurred by AHCCCS.

Disproportionate Share Hospital (DSH) Payments – Outlines DSH payment amounts for qualifying nonstate-operated public hospitals, private qualifying DSHs and the Arizona State Hospital (ASH). DSH payment monies must be distributed to the Maricopa County Special Health Care District (District) and deposited into the state General Fund as prescribed. Outlines notification, payment distribution and deposit requirements for AHCCCS after filing claims with the federal government and receiving federal financial participation based on certified amounts.

Requires the District, by May 1, 2025, and ASH, by March 31, 2025, to provide specified forms for qualifying DSH expenditures to AHCCCS. Continues to require AHCCCS to assist the District and ASH in determining the amount of qualifying DSH expenditures and maintains reporting requirements and distribution procedures for federal matching funds for FY 2025.

Miscellaneous – Continues to exclude county contributions for costs of inpatient and in-custody competency restoration treatment and Proposition 204 administrative costs from county expenditure limitations.

higher education; 2024-2025 (H.B. 2904/S.B. 1742) – Chapter 216

Makes the following statutory and session law changes relating to higher education necessary to reconcile the FY 2025 state budget:

Funds the FY 2025 operating state aid for community college districts (CCDs) and CCD science, technology, engineering and mathematics and workforce development programs as specified in the FY 2025 General Appropriations Act.

Establishes the Arizona Community Colleges Promise Program Fund (Promise Program Fund), administered by the Arizona Board of Regents (ABOR) and consisting of legislative appropriations, to distribute monies as outlined to each CCD. If monies are appropriated to the Promise Program Fund, each CCD must establish and administer a community college promise program scholarship fund (scholarship fund) to provide eligible students financial aid rewards. A student is eligible for an initial financial aid award if the student: 1) qualifies for resident student status; 2) satisfies the CCD's admission standards; 3) completes and submits the Free Application for Federal Student Aid (FAFSA) and meets the income eligibility for a federal Pell Grant; and 4) is admitted and enrolled in the community college. To maintain eligibility after an initial financial aid award, a student must: 1) annually complete and submit the FAFSA; 2) maintain community college enrollment and satisfactory academic progress; and 3) comply with the standards relating to eligibility maintenance adopted by the CCD. Each CCD governing board or community college must establish a policy or guidelines outlining qualifying expenses for a financial aid award and reduce a student's financial aid award by the amount of any other scholarship or grant received by the student as outlined.

Repeals the Spouses and Dependents of Law Enforcement Officers Tuition Scholarship Fund and transfers all unexpended and unencumbered monies to the state General Fund on July 1, 2025.

Continues, for FY 2025, to allow the Legislature to appropriate less than a two-to-one match to student registration fees assessed by the Arizona Financial Aid Trust Fund.

human services; 2024-2025 (H.B. 2905/S.B. 1743) – Chapter 217

Makes the following session law changes relating to human services necessary to reconcile the FY 2025 state budget:

Allows Extended Foster Care Comprehensive Service Model Fund monies to be used through the end of FY 2025, repeals the Extended Foster Care Comprehensive Service Model Fund on July 1, 2025, and transfers any remaining unexpended and unencumbered monies to the state General Fund (GF).

Expedites the repeal of the Homeless Shelter and Services Fund from October 1, 2027, to July 1, 2025, and requires any remaining unexpended and unencumbered monies to be transferred to the state GF.

Requires the Department of Economic Security (DES) in FY 2025 to continue to screen and test each adult recipient who is eligible to receive Temporary Assistance for Needy Families (TANF) cash benefits and who DES has reasonable cause to believe engages in the illegal use of controlled substances. Any TANF recipient who tests positive for an unprescribed controlled substance is ineligible to receive TANF benefits for one year.

K-12 education; 2024-2025 (H.B. 2906/S.B. 1744) – Chapter 218

Makes the following statutory and session law changes relating to K-12 education necessary to reconcile the FY 2025 state budget:

Basic State Aid (BSA) – Increases the base level in FY 2025 from \$4,914.71 to \$5,013.00 per pupil. Increases transportation support levels and charter additional assistance amounts by two percent for standard inflation.

Empowerment Scholarship Accounts (ESAs)– Requires the Arizona Department of Education (ADE) to create and post on its website an online database of allowable and disallowed categories of ESA expenses and allows ESA monies to be used to reimburse the purchase of a good or educational service. Specifies that the use of ESA monies for tuition or fees at a qualified school may only be used at a qualified school that requires all staff and personnel who have unsupervised contact with students to be fingerprinted. The use of ESA monies for tutoring or teaching services provided by an individual may only be used for services provided by an individual who is not subject to disciplinary action by the State Board of Education (SBE).

If an eligible ESA applicant applies in advance for funding to begin on a later date, ADE may enroll the applicant on the later date, unless the later date is: 1) more than two fiscal quarters after the fiscal quarter the application is completed; or 2) after March 31 and before July 1. If an eligible applicant completes the application after March 31 and before July 1, ADE must enroll the applicant on July 1. A qualified student may not receive ESA monies while enrolled in a public school. ADE must verify that a child meets the statutory requirements of a *qualified student* in the year for which a parent seeks to renew the child's ESA but is not required to annually verify a child's disability, if applicable.

Requires ADE to annually audit a randomly selected sample of ESAs to determine compliance with the terms of the agreement contract and applicable ESA laws and rules. ADE must develop risk-based auditing procedures in consultation with the Auditor General for ESA audits. An ESA that is in good standing may be randomly selected only one time during any five-year period.

Requires ADE to annually provide an estimate of the amount required to fund the ESA Program to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB) on September 1 and November 1.

Program and Fund Modifications and Repeals – Caps, for FY 2025, the Continuing High School and Workforce Training Program's total projected full-time enrollment at 520, rather than 800. Allows a Community College Adult Education Workforce Program (Community College Program) school to receive Community College Program Fund monies for each adult learner who

meets prescribed requirements and to use Community College Program Fund monies to offer community college certificates to adult learners. Repeals, on July 1, 2025: 1) the Continuing High School and Workforce Training Program, the Adult Workforce Diploma Program and Fund and the Community College Program and Fund; and 2) the SBE's and ADE's Adult Education Program performance measures and related reporting requirements.

Eliminates the specification that the Early Education and Career Exploration Program and Fund and the Arizona Civics Education and Leadership Development Program and Fund be utilized only in FY 2024. Repeals the Early Education and Career Exploration Program and Fund and the Arizona Civics Education and Leadership Development Program and Fund and transfers all unexpended and unencumbered monies from the funds to the state General Fund on July 1, 2025.

Repeals the Dual Enrollment Teacher Development Fund, the Dual Enrollment Student Development Fund and the related administrative requirements.

Arizona State School for the Deaf and the Blind (ASDB) – Allows ASDB to use monies appropriated from the Telecommunication Fund for the Deaf for ASDB's educational and operational costs in FY 2025. Removes ASDB's exemption from participating in the State Motor Vehicle Fleet.

Litigation Recovery Fund – Allows a school district, if the school district receives Litigation Recovery Fund monies for purposes other than replacing or rebuilding school property, to apply the monies for remedial measures related to a legal controversy or litigation by or against the school district. After all authorized expenditures, a school district may use monies remaining in the Litigation Recovery Fund for maintenance and operation or unrestricted capital.

Miscellaneous – Removes the requirements of the SBE, school district governing boards and charter school governing bodies relating to the adoption, selection and administration of a kindergarten entry evaluation tool for kindergarten pupils. Sets the date, as March 15, by which a school district governing board must annually offer each teacher a teaching contract for the ensuing school year. Allows a career technical education district to build and provide housing and support services for students who are in foster care or meet the definition of *unaccompanied youth*. Allows ADE to use Failing Schools Tutoring Fund monies in FY 2025 for specified school improvements and requires ADE to report the proposed expenditures by September 1, 2024, as outlined.

local government; 2024-2025 (H.B. 2907/S.B. 1745) – Chapter 219

Makes the following session law changes relating to local governments necessary to reconcile the FY 2025 state budget:

Continues to allow counties with a population of fewer than 250,000 persons to use up to \$1,250,000 of any source of county revenue to meet any county fiscal obligation in FY 2025. By October 1, 2024, a county using the flexible authority must report to the Director of the Joint Legislative Budget Committee: 1) whether the county used a revenue source for purposes other than outlined to meet a county fiscal obligation; and 2) the specific source and amount of revenues that the county intends to use in FY 2025.

state buildings; management; 2024-2025 (H.B. 2908/S.B. 1746) – Chapter 220

Makes the following session law change relating to the management of state buildings necessary to reconcile the FY 2025 state budget:

Continues to set the Capital Outlay Stabilization Fund square-footage rental rates for state-owned buildings at \$17.87 for office space and \$6.43 for storage space in FY 2025.

taxation; 2024-2025 (H.B. 2909/S.B. 1747) – Chapter 221 W/O

Makes the following statutory and session law changes relating to taxation necessary to implement the FY 2025 state budget:

School Tuition Organizations (STOs) – Caps, beginning in FY 2025, the aggregate amount of the Credit for Corporate Contributions to STOs for Low-Income Students (Low-Income Credit) at \$135,000,000 annually. Adds students who are placed in state foster care before graduating from high school or obtaining a general equivalency diploma to the student population that is eligible to receive a scholarship or grant awarded through the Credit for Contributions to Certified STOs or the Low-Income Credit and outlines eligibility criteria for foster care students. If a court of competent jurisdiction issues a final judgment that the Low-Income Credit cap is unenforceable and that judgment is no longer subject to further appeal or review, an STO may not issue a scholarship or grant for children who qualified under the foster child student population.

Qasimyar v. Maricopa County – Outlines requirements for the Arizona Department of Education (ADE), school districts and taxing jurisdictions relating to the tax judgment in *Qasimyar vs. Maricopa County*, including allowing school districts and affected taxing jurisdictions that estimate a property tax rate increase of four percent or more from TY 2023 to issue tax anticipation notes or request the Governor, the Director of the Arizona Department of Administration and the State Treasurer to issue bonds to redeem or refund the notes. ADE must recalculate state aid for each prior affected year and report the recalculations to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. Each affected school district must subtract ADE's estimated state aid adjustment amount from the amount the tax judgment ordered for FY 2025, which is the maximum amount of a cash deficit resulting from the tax judgment that the district may levy in FY 2025 and submit the calculated amount to the Property Tax Oversight Commission for approval by August 1, 2024. Each school district governing board may use any portion of the district's total ending cash balance as of June 30, 2023, from the district's annual financial report for FY 2023 that was not included in the district's adopted budget for FY 2024 to pay property tax refunds in FY 2025.

Common School District Not Within a High School District (Type 03 Districts) – Requires each county board of supervisors that levied a minimum qualifying tax rate (MQTR) in a Type 03 district in TY 2023 to reduce the school district property tax levies in TY 2024 by the amount of the Type 03 district's TY 2023 additional county levy, as prescribed and subject to outlined requirements. The TY 2024 MQTR must be calculated without consideration of the prescribed property tax levy reductions.

Arizona Department of Revenue (ADOR) – Declares the Legislature's intent for FY 2025 that the share of fees for the ADOR Integrated Tax System Modernization Project be determined as outlined and that the assessment and transfers may not exceed: 1) \$6,626,900 in total fees assessed on government entities; 2) \$803,600 from additional education transaction privilege tax revenues; and 3) \$179,000 in marijuana excise tax revenues.

Miscellaneous – Amends Laws 2024, Chapter 142 to delay, until January 1, 2028, the requirement for ADOR to establish a certification process for third-party providers that offer sourcing services to taxpayers for transactions involving tangible personal property. Extends, from June 30, 2024, to December 31, 2026, the transaction privilege and use tax exemption for equipment that is used directly in harvesting or processing qualifying forest products removed from a qualifying project and that is purchased by a qualified healthy forest enterprise.

self-supporting regulatory agencies; funds; 2024-2025 (H.B. 2910/S.B. 1748) – Chapter 222

Increases, from 10 percent to 15 percent, the percentage of licensing fee revenues that specified occupational and health regulatory boards must annually deposit in the state General Fund and reverts the deposit to 10 percent beginning July 1, 2028.

The affected regulatory boards may not increase licensing fees in FYs 2025 or 2026 but may submit a written request to the Governor's Regulatory Review Council (GRRC) to adopt a licensing fee increase on an emergency basis. GRRC may approve an emergency increase for a regulatory board that demonstrates it will not have sufficient monies available to continue daily operations without the increase.

state budget implementation; 2024-2025 (H.B. 2911/S.B. 1749) – Chapter 223

Makes the following session law changes relating to state budget implementation necessary to implement the FY 2025 state budget:

Continues, retroactive to July 1, 2024, to require any unrestricted federal monies received by Arizona in FY 2025 to be deposited into the state General Fund (state GF) to pay essential government services.

Continues to: 1) suspend the Budget Stabilization Fund (BSF) cap of 10 percent of state GF revenue for FY 2025; 2) assert that the Legislature is not required to appropriate monies to or transfer monies from the BSF in FYs 2025 through 2027; and 3) prohibit the State Treasurer from transferring any surplus monies from the BSF to the state GF in FY 2025.

LEGISLATION VETOED

brackish groundwater pilot program (H.B. 2184) – VETOED

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