

House Engrossed

state match fund; rural transportation

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HOUSE BILL 2318

AN ACT

AMENDING SECTION 28-339, ARIZONA REVISED STATUTES; RELATING TO THE  
DEPARTMENT OF TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-339, Arizona Revised Statutes, is amended to  
3 read:

4 28-339. State match advantage for rural transportation fund;  
5 allocation of monies; definitions

6 A. The state match advantage for rural transportation fund is  
7 established. The department shall administer the fund. Monies in the  
8 fund are continuously appropriated. The fund consists of the following:

9 1. Monies appropriated by the legislature.

10 2. Any nonfederal gifts, grants, donations or other amounts  
11 received from any public or private source for transportation projects.

12 B. On notice from the department, the state treasurer shall invest  
13 and divest monies in the fund as provided by section 35-313, and monies  
14 earned from investment shall be credited to the fund.

15 C. The department may establish any subaccount in the fund that the  
16 department determines is necessary to carry out the purposes of this  
17 section.

18 D. The ~~board~~ DEPARTMENT may not approve any expenditures from the  
19 fund unless the expenditure is made in accordance with this section.

20 E. Monies in the fund shall be used only for the following:

21 1. To reimburse up to fifty percent of the costs associated with  
22 developing and submitting an application for a federal grant.

23 2. ~~As~~ TO PROVIDE MATCH OR REIMBURSEMENT OF a match for a federal  
24 grant.

25 3. To FUND OR reimburse design and other engineering services  
26 expenditures that meet federal standards for projects eligible for a  
27 federal grant. APPLICANTS AWARDED FUNDING FOR DESIGN AND OTHER  
28 ENGINEERING SERVICES SHALL SUBMIT AN APPLICATION FOR A FEDERAL GRANT  
29 WITHIN TWO YEARS AFTER THE AWARD OR THE AWARD LAPSES AND THE APPLICANT  
30 MUST REPAY ANY EXPENDED MONIES TO THE FUND. THE APPLICANT SHALL SUBMIT  
31 REPAYMENT WITHIN THIRTY DAYS AFTER RECEIVING AN INVOICE FROM THE  
32 DEPARTMENT.

33 F. Except as provided in subsection G of this section, THE  
34 DEPARTMENT SHALL SUBALLOCATE monies in the fund ~~shall be allocated as~~  
35 ~~follows~~ TO THE FOLLOWING FIVE CATEGORIES:

36 1. Twenty percent to PROJECTS LOCATED IN counties with a population  
37 of one hundred thousand persons or more for uses described in subsection  
38 E, paragraphs 2 and 3 of this section.

39 2. Twenty percent to PROJECTS LOCATED IN counties with a population  
40 of less than one hundred thousand persons for uses described in subsection  
41 E of this section.

42 3. Twenty percent to PROJECTS LOCATED IN municipalities with a  
43 population of ten thousand persons or more for uses described in  
44 subsection E, paragraphs 2 and 3 of this section.

1           4. Twenty percent to PROJECTS LOCATED IN municipalities with a  
2 population of less than ten thousand persons for uses described in  
3 subsection E of this section.

4           5. Except as provided in subsection L of this section, twenty  
5 percent to the department for uses described in subsection E, paragraphs 2  
6 and 3 of this section.

7           G. A PROJECT LOCATED IN A county with a population of more than one  
8 million persons is not eligible for funding pursuant to subsection F,  
9 paragraph 1 of this section. A PROJECT LOCATED IN A municipality that is  
10 partially or entirely located in an urbanized area of a county with a  
11 population of more than one million persons is not eligible for funding  
12 pursuant to subsection F, paragraph 3 or 4 of this section. The  
13 department may not use monies pursuant to subsection F, paragraph 5 of  
14 this section for projects that are located in an urbanized area of a  
15 county with a population of more than one million persons.

16           H. ~~A political subdivision of this state~~ AN ENTITY THAT IS ELIGIBLE  
17 TO RECEIVE A FEDERAL GRANT shall submit an application to the department  
18 to be eligible for an award from the fund. ~~A political subdivision of~~  
19 ~~this state~~ THE ENTITY must first obtain the approval of the applicable  
20 metropolitan planning organization or council of governments before  
21 submitting an application to the department. The department may establish  
22 an application deadline ~~for each federal grant match~~ AND REQUIRE  
23 ADDITIONAL DOCUMENTATION TO ENSURE AN APPLICANT IS ELIGIBLE FOR THE  
24 FEDERAL GRANT. THE BOARD MAY ALSO DETERMINE THE EXTENT TO WHICH AN  
25 APPLICANT HAS THE TECHNICAL AND FINANCIAL CAPACITY TO SUCCESSFULLY  
26 COMPLETE THE PROJECT.

27           I. On receipt of an application, the department shall determine if  
28 the requirements of the notice of funding opportunity OR THE FEDERAL  
29 STATUTES ESTABLISHING THE FEDERAL GRANT are met and if the approval  
30 required under subsection H of this section is granted. If the department  
31 determines that the application meets the requirements and is complete,  
32 the department shall forward the application to the departmental committee  
33 established pursuant to section 28-6951 for a recommendation. If a  
34 recommendation is made, the department shall notify the chairperson of the  
35 board that the application is ready for consideration and action by the  
36 board.

37           J. Once notified pursuant to subsection I of this section, the  
38 chairperson of the board shall place the application on an agenda for  
39 action within forty-five days after original receipt of the notification.  
40 The board may give preference to applicants that can demonstrate ~~either or~~  
41 ~~both~~ ANY of the following:

- 42           1. The percentage of matching monies provided by the applicant.
- 43           2. The extent that the applicant will partner with other entities
- 44           to deliver the project.

1           3. OTHER FACTORS AS DEEMED APPROPRIATE BY THE BOARD FOR THE  
2 APPLICABLE FEDERAL GRANT.

3           K. The board may approve, deny, modify or request more information  
4 on the application. If the board approves an award, the department shall  
5 execute an ~~intergovernmental~~ agreement with the applicant regarding  
6 reimbursement and expenditures pursuant to subsection E of this section.

7           L. On the department's request, the board shall approve the use of  
8 monies as described in subsection F, paragraph 5 of this section. The  
9 department may ANNUALLY use up to ~~one~~ FIVE percent of the monies ~~allocated~~  
10 ~~under subsection F, paragraph 5 of this section~~ EARNED IN THE PREVIOUS  
11 FISCAL YEAR UNDER SUBSECTION B OF THIS SECTION to administer the fund.

12           M. If an applicant receives an award pursuant to subsection E,  
13 paragraph 2 of this section but is not able to secure the federal grant,  
14 ~~the applicant must notify the department within fifteen days after~~  
15 ~~receiving notice that the applicant has not secured the federal grant.~~  
16 ~~After receiving the applicant's notice pursuant to this subsection,~~ the  
17 department shall make the award monies available for other applications.

18           N. BEGINNING JANUARY 1 AND JULY 1 OF EACH YEAR, THE BOARD MAY  
19 REDISTRIBUTE THE UNAWARDED MONIES IN THE FUND TO ENSURE EACH CATEGORY  
20 UNDER SUBSECTION F OF THIS SECTION RECEIVES A SHARE OF THE MONIES BASED ON  
21 THE PERCENTAGES PRESCRIBED IN SUBSECTION F OF THIS SECTION. THE  
22 DEPARTMENT SHALL POST THE AMOUNT AVAILABLE FOR EACH CATEGORY ON THE  
23 DEPARTMENT'S WEBSITE WITHIN THIRTY DAYS AFTER THE APPROVAL OF THE  
24 REDISTRIBUTION BY THE BOARD.

25           O. NOTWITHSTANDING SUBSECTION J OF THIS SECTION AND BASED ON  
26 AVAILABLE FUNDING, THE BOARD MAY DIRECT THE DEPARTMENT TO CLOSE  
27 APPLICATIONS FOR ANY CATEGORY AND RETURN ANY UNAWARDED APPLICATIONS TO THE  
28 APPLICANTS.

29           P. THE BOARD SHALL RESCIND AN AWARD IF AN APPLICANT RECEIVES  
30 FUNDING FROM ANOTHER SOURCE FOR THE SAME PROJECT AND PURPOSE IN AN AMOUNT  
31 EQUAL TO OR GREATER THAN THE AWARD MADE UNDER THIS SECTION. THE APPLICANT  
32 SHALL REPAY ANY MONIES EXPENDED FROM THE FUND WITHIN ONE YEAR AFTER THE  
33 DATE OF THE RESCISSION RESOLUTION APPROVED BY THE BOARD.

34           ~~N.~~ Q. For the purposes of this section:

35           1. "Federal grant" means a federal discretionary grant program  
36 administered by any federal agency for surface transportation purposes.

37           2. "Urbanized area" means an urbanized area as defined in the most  
38 recent decennial census certified by the United States census bureau.