

**FY09 Enacted Budget
County Costs**

	County Impacts from HURF Shifts ^{/1}	HURF Billed Contribution ^{/2} *	Additional ALTCS ^{/3} *	ALTCS Refund ^{/4}	DPS Lab ^{/5} *	Acute Care	Prop. 204 Administration *	Annual ALTCS Contribution	DUC Pool *
Apache	\$ (426,075)	\$ (341,749)		\$ (43,594)	\$ (21,772)	\$ (268,800)	\$ (93,600)	\$ (628,500)	\$ (87,300)
Cochise	\$ (520,125)	\$ (416,940)		\$ (410,761)	\$ (133,012)	\$ (2,214,800)	\$ (174,700)	\$ (5,644,100)	\$ (162,700)
Coconino	\$ (594,225)	\$ (476,403)		\$ (130,800)	\$ (73,839)	\$ (742,900)	\$ (172,300)	\$ (1,885,900)	\$ (160,500)
Gila	\$ (242,250)	\$ (194,022)		\$ (183,743)	\$ (111,750)	\$ (1,413,200)	\$ (70,800)	\$ (2,340,100)	\$ (65,900)
Graham	\$ (153,900)	\$ (123,661)		\$ (73,926)	\$ (17,630)	\$ (536,200)	\$ (50,300)	\$ (1,216,100)	\$ (46,800)
Greenlee	\$ (54,150)	\$ (43,176)		\$ (14,100)	\$ (14,558)	\$ (190,700)	\$ (12,900)	\$ (117,900)	\$ (12,000)
La Paz	\$ (240,825)	\$ (192,642)		\$ (61,887)	\$ (77,223)	\$ (212,100)	\$ (26,800)	\$ (885,700)	\$ (24,900)
Maricopa	\$ (5,889,525)	\$ (4,719,523)	\$ (24,168,400)	\$ (11,078,831)	\$ (446,080)	\$ (21,552,700)	\$ -	\$ (160,744,800)	\$ -
Mohave	\$ (691,125)	\$ (553,416)		\$ (585,540)	\$ (90,319)	\$ (1,237,700)	\$ (201,100)	\$ (8,397,100)	\$ (187,400)
Navajo	\$ (507,300)	\$ (406,798)		\$ (180,333)	\$ (57,023)	\$ (310,800)	\$ (131,800)	\$ (2,600,100)	\$ (122,800)
Pima	\$ (2,438,175)	\$ (1,953,928)	\$ (3,794,400)	\$ (3,001,222)	\$ (619,776)	\$ (14,951,800)	\$ (1,198,100)	\$ (41,270,700)	\$ (1,115,900)
Pinal	\$ (937,650)	\$ (751,502)		\$ (788,800)	\$ (141,719)	\$ (2,715,600)	\$ (234,400)	\$ (12,905,000)	\$ (218,300)
Santa Cruz	\$ (198,075)	\$ (158,784)		\$ (141,110)	\$ (45,440)	\$ (482,800)	\$ (55,400)	\$ (1,929,600)	\$ (51,600)
Yavapai	\$ (692,550)	\$ (554,794)		\$ (656,277)	\$ (209,534)	\$ (1,427,800)	\$ (221,400)	\$ (9,212,100)	\$ (206,200)
Yuma	\$ (664,050)	\$ (532,434)		\$ (479,577)	\$ (163,008)	\$ (1,325,100)	\$ (197,400)	\$ (6,864,700)	\$ (183,900)
Total	\$ (14,250,000)	\$ (11,419,772)	\$ (27,962,800)	\$ (17,830,500)	\$ (2,222,681)	\$ (49,583,000)	\$ (2,841,000)	\$ (256,642,400)	\$ (2,646,200)

* The budget specifies that these contributions are exempt from county expenditure limits.

1 HURF contributions result from a \$106 million total sweep of HURF, 35% of which will come from counties and municipalities.

2 The budget removed a proposed shift from local VLT resources, and instead inserted a \$29 million contributions requirement for cities and counties, based on HURF distribution formulas.

3 These ALTCS charges are in addition to the amounts these counties are already scheduled to contribute to ALTCS in FY09.

4 This revenue results from counties being overcharged in their FY07 and FY08 ALTCS contributions. Rather than return the excess dollars, the budget shifted the funds to the state.

5 These estimates are based on FY06 county caseloads. City and county law enforcement agencies could be charged up to \$7.8 million - exact FY09 costs are subject to change based on crime lab analyses. DPS has not yet enacted this cost-sharing requirement.

**FY09 Enacted Budget
County Benefits**

	Out-of-County Tuition Assistance	Prop. 204 Hold Harmless	Summer Youth Employment ^{/6}	Immigration Enforcement ^{/7}	Public Health Reimbursement	County Assistance Fund (Lottery) ^{/8}
Apache	\$ 466,000		\$8,177			\$ 550,035
Cochise			\$14,469			\$ 550,035
Coconino			\$14,630		\$36,220	\$ 550,035
Gila			\$6,184		\$5,440	\$ 550,035
Graham		\$ 234,200	\$3,974			\$ 550,035
Greenlee	\$ 382,800	\$ 234,400	\$1,004			\$ 550,035
La Paz		\$ 159,700	\$2,375			\$ 550,035
Maricopa			\$131,250	\$1,430,000		\$ 249,772
Mohave			\$19,418		\$30,780	\$ 550,035
Navajo			\$11,853			\$ 550,035
Pima		\$3,817,800	\$206,250	\$500,000		\$ 249,772
Pinal			\$22,442			\$ 550,035
Santa Cruz	\$ 151,200	\$ 214,800	\$4,647			\$ 550,035
Yavapai		\$ 164,700	\$21,026		\$25,820	\$ 550,035
Yuma			\$19,802		\$101,740	\$ 550,035
Total	\$ 1,000,000	\$ 4,825,600	\$487,500	\$2,430,000	\$200,000	\$ 7,649,999

6 The budget cut 40% of Summer Youth Employment funding; each county, as well as the Mesa and Phoenix, will see a proportionate reduction.

7 This funding is distributed through the Department of Administration, who uses population to calculate rural county portions of the resources. It is unclear how the remaining \$500,000 will be distributed to rural counties.

8 The budget made significant changes to the funding and distribution of the Arizona Lottery, but current recipients such as the County Assistance Fund were held harmless.

State Budget

GENERAL APPROPRIATIONS ACT; 2008-2009 (H 2209, Chapter 285, Laws 2008)

Makes appropriations from the state general fund and other funds for the operation of state government in FY09. County-related provisions are outlined below.

Agency Cuts and Fund Sweeps

Cuts a total of \$360 million from state agency budgets and sweeps \$340 million from existing fund balances. The following items could have county impacts in FY09:

Arizona Criminal Justice Commission – Cuts \$2.93 million in FY09, eliminates \$2 million for county anti-meth efforts, and sweeps \$100,000 from the Criminal Justice Enhancement Fund (CJEF), \$130,000 from Special Prosecution Grants (ACJC staff is attempting to backfill the loss with other resources to continue the program), \$1.5 million from the State Aid to County Attorneys Fund and \$1.5 million from the State Aid to Indigent Defense Fund (ACJC staff is seeking the necessary permission to use remaining revenues to make quarterly distributions beginning in October, 2008).

Attorney General – Sweeps \$95,000 from the Prosecuting Attorney's Fund, which previously provided a number of services to Arizona counties on a by-request basis.

Department of Commerce – Sweeps \$2 million from the Greater Arizona Development Authority (GADA) Revolving Fund, which will impact the Fund's ability to take on new projects in the future.

Department of Economic Security – Decreases summer youth employment program funding through the Department of Economic Security, allotting a total of \$750,000 million for such programs (counties receive \$487,500).

Department of Environmental Quality – Reduces numerous funds that have previously provided direct or grant-based county benefit: Eliminates a direct appropriation of \$1.7 million in FY09 for Maricopa, Pima and Pinal county travel reduction plans, removes \$750,000 from the Vehicle Repair and Retrofit Program Fund distributed to Maricopa and Pima counties. Also sweeps \$4 million from the Water Quality Assurance Revolving Fund, \$10.7 million from the Clean Water Revolving Fund, \$5 million from the Drinking Water Fund and \$3 million from the Recycling Fund, which could decrease efforts against illegal dumping and construction waste recycling in counties.

Department of Health Services – Due to a large lump sum reduction, the agency is considering numerous cost-saving measures that could impact county health departments. Additional details will be released in the near future.

Department of Housing – Cuts \$8.2 million from the Housing Trust Fund.

State Parks Department – Cuts \$6.4 million from the State Lake Improvement Fund, likely eliminating the grants program for FY09, and sweeps \$1 million from the Off-Highway Vehicle Recreation Fund.

Department of Transportation – Sweeps \$18.3 million from the State Aviation Fund.

Community Colleges

Appropriates \$1 million in FY09 to Apache, Greenlee and Santa Cruz counties—the three counties without community college districts. This funding will provide some relief from disproportionate costs associated with out of county reimbursement obligations pursuant to A.R.S. § 15-1469.

Contains \$500,000 in FY09 for capital outlay to be used to construct a public safety and emergency services training facility operated by Northland Pioneer Community College in Navajo County.

Courts and Criminal Justice

Includes \$866,200 for county jail beds, which are used as overflow for state-operated beds.

Decreases reimbursement to counties to \$208,800 for grand jury expenses and for state-funded representation of indigent defendants in first-time capital post conviction relief proceedings.

Continues to require counties to maintain FY04 expenditure levels for each probation program in order to receive state probation funds.

Requires the Administrative Office of the Courts to report to the Joint Legislative Budget Committee on county probation positions and probation funding for FY07, FY08 and FY09.

Gangs and Immigration

Designates \$10 million of Gang and Immigration Intelligence Team Enforcement Mission dollars for partnerships with counties or municipalities that enter into an agreement with the Department of Public Safety (DPS) and who verify the immigration status of suspected gang members they have reason to believe are in the country illegally. Specifies that the county must pay at least 15% of service costs in such an agreement with DPS.

Appropriates \$2.43 million to county attorneys for immigration enforcement. \$1.4 million goes to Maricopa County, \$500,000 to Pima, and the remaining funds are divided as equally as possible between the remaining counties.

Health Care

Appropriates \$4.8 million from the state general fund to AHCCCS in FY08 to continue payments to six counties that are eligible for the hold harmless payments implemented with Proposition 204. (Graham: \$234,200; Greenlee: \$234,400; La Paz: \$159,700; Pima: \$3,817,800; Santa Cruz: \$214,800; Yavapai: \$164,700.)

Allocates \$4,202,300 of federal disproportionate share funding to the Maricopa County Healthcare District.

Decreases funding for community health centers to \$13.5 million in FY09. These dollars are distributed to expand primary care services to Arizona's uninsured population, and at least \$564,000 must be given to Yavapai County for county primary care programs.

Continues \$200,000 appropriation to county public health for reimbursements to local health departments as outlined in A.R.S. § 36-189. (Coconino: \$36,220; Gila: \$5,440; Mohave: \$30,780; Yavapai: \$25,820; Yuma: \$101,740.)

Appropriates \$1.4 million for county tuberculosis provider care and control, which reimburses hospitals and physicians for the care of hospitalized tuberculosis patients and assists all county health departments with local tuberculosis control programs.

Continues \$460,300 in direct grants for counties with populations of less than 500,000. The grants are for local health work and for a portion of the cost of employing one public health nurse and one sanitarian in each county.

Continues \$67,900 in matching funds for local health work in counties with populations of less than 500,000.

Suspends funding to county nutritional services in rural counties that participate in the Nutritional Assessment Program.

Continues \$1.2 million for the County Prenatal Services Grant.

Continues funding for high-risk perinatal services, \$583,000 of which is to be given to counties for programs that focus on increasing prenatal care among women at high risk of not seeking or receiving prenatal care. Funding is distributed on a pass-through basis with consideration to population, need and amount received in prior years.

Suspends funding for Health Start, which provides monies to county health departments and community organizations to create neighborhood outreach programs that assist high risk pregnant women in obtaining prenatal care services. Funds were previously distributed on a competitive basis to communities with a high incidence of inadequate prenatal healthcare.

Appropriates \$37,153,100 to the *Arnold v. Sarn* case for the population covered by the *Arnold v. Sarn* lawsuit in Maricopa County, and for seriously mentally ill persons that meet the same criteria as those covered by that lawsuit in counties with populations of less than two million persons.

HURF Shifts

Shifts \$106 million from Highway User Revenue Fund and State Highway Fund resources to the Department of Public Safety, which removes approximately \$14.25 million in county HURF capacity.

Shifts \$617,000 HURF dollars in FY09 for ADOT Motor Vehicle operations, and another \$617,000 in FY09 to ADOT Aeronautics operations.

Mandated Contributions

Requires counties, cities and towns to contribute a total of \$29.8 million to the state general fund. JLBC staff will allocate the charges according to the HURF distribution formula.

Specifies that counties may use any source of revenue, including monies from countywide special districts, to meet their required contributions under the \$29.8 million cost shift.

Effective September 26, 2008

Sponsor: J. Burns

BUDGET RECONCILIATION; CRIMINAL JUSTICE (H 2210, Chapter 286, Laws 2008)

Makes necessary changes relating to criminal justice systems to implement the FY08 budget.

Fees

Permanently establishes the \$20 Time Payment Fee to the courts, overriding earlier legislation that would have set the fee at \$12.

Increases numerous statutory filing fees, and allows the Supreme Court to increase other filing and use fees.

Requires the Supreme Court to periodically charge local probation fee accounts for the costs associated with covering GPS devices that are mandated for probationers. The Supreme Court may require probationers to cover the costs of the GPS devices.

Amends the formula used by county treasurers for distribution of court fees received by justices of the peace for civil actions.

JP Compensation

Continues to require counties to pay 61.5% of compensation and employed-related expenses for justice of the peace, and all costs of the state retirement system or county health plan. The state covers 38.5% of compensation for justices of the peace.

Photo Radar

Expands the use of statewide photo radar through the Arizona Department of Transportation, and establishes a fine of \$165 for a photo enforcement citation. Exempts photo enforcement citations from all surcharges, as well as from judicial productivity credits in FY09. Establishes the Photo Enforcement Fund to receive photo radar revenues, and allocates funding to DPS for personnel expenditures and vendor payments, \$4,056,000 to the administrative office of the courts for photo enforcement citation processing. Any balance over \$250,000 is directed to the state general fund.

Specifies that photo enforcement citations will not be considered for purposes of driver's license suspension or revocation, and outlines a process by which the Supreme Court will establish an administrative process that is intended to minimize the number of photo radar tickets processed

by superior courts. Allows someone paid to act on behalf of a traffic enforcement agency to file a traffic complaint in court, and allows a photo radar citation to be issued by a notice of violation *before* the citation is filed in court. If a person fails to respond to the notice of violation or contests responsibility for the citation, the complaint is served and filed in court.

Miscellaneous

Prohibits a judge from suspending any portion of an extreme DUI sentence.

Eliminates the requirement that the Supreme Court send reports of decisions to legal entities across the state, including county attorneys and clerks of the court, and instead allows any entity to purchase the volumes upon request.

Effective September 26, 2008
Sponsor: J. Burns

BUDGET RECONCILIATION; EDUCATION (H 2211, Chapter 287, Laws 2008)

Enacts the changes necessary to implement the FY09 budget.

Lottery and LTAF

Eliminates the statutory cap that prohibited the Arizona Lottery from expending more than 4% of lottery revenues on promotion and advertising.

Alters the lottery distribution formula, requiring lottery revenues to be placed in the State Lottery Fund for distribution to lottery beneficiaries (including LTAF I and the County Assistance Fund).

Amends LTAF II statute, deleting the existing percentage cap and establishing an annual base of \$9 million, with an annual increase of up to 10%, up to a total of \$18 million. Appropriates \$9.5 million in FY09 to LTAF II.

Natural Resources

Creates a new mechanism by which up to \$10 million annually is distributed from the Arizona Lottery to the Water Supply Development Revolving Fund.

Creates a new mechanism by which up to \$3 million annually is distributed from the Arizona Lottery to the Community Protection Initiative Fund, which was created last year to provide cost-share funding to local governments and private landholders for reducing hazardous fuels on nonfederal forested lands.

Effective September 26, 2008
Sponsor: J. Burns

BUDGET RECONCILIATION; HEALTH (H 2275, Chapter 288, Laws 2008)

Makes statutory and session law changes related to health and welfare issues necessary to implement the FY08 budget.

Arizona Health Care Cost Containment System (AHCCCS)

Sets county AHCCCS acute care contributions for FY09 at a total of \$49.6 million, and county ALTCS contributions for FY09 at a total of \$256.6 million. Requires counties to contribute a total of \$2.6 million in FY08 for the AHCCCS Disproportionate Uncompensated Care (DUC) Pool, and \$2.8 million for expanded Prop. 204 administration charges.

Specifies that for FY09, county contributions to AHCCCS for Proposition 204 administrative costs and the DUC Pool are excluded from the county expenditure limit.

Directs \$4.2 million of the federal disproportionate share (DSH) payments to the Maricopa Special Health Care District.

Establishes an additional contribution to backfill state costs to ALTCS, requiring Maricopa County to pay \$24.1 million and Pima to pay \$3.8 million in FY09. Specifies that any county revenues can be used to pay the costs, including resources from a countywide special taxing district, and allows these additional contributions to be exempt from county expenditure limits.

Prevents counties from receiving refunds on overcharges to AHCCCS in FY07 and FY08, sweeping \$17.8 million in monies that were scheduled to be county refunds.

Department of Health Services

Continues to charge Maricopa and Pima counties 86% of the total costs for the state Restoration to Competency (RTC) program at the Arizona State Hospital, but does not shift RTC costs to rural counties.

Effective September 26, 2008
Sponsor: Hershberger

APPROPRIATIONS; CAPITAL OUTLAY (H 2278, Chapter 289 Laws 2008)

Makes appropriations from the state general fund and other funds for various capital projects in FY09.

Designates \$305.6 million from the State Highway Fund for state highway construction.

Effective September 26, 2008
Sponsor: Hershberger

BUDGET RECONCILIATION; GENERAL REVENUES (H 2391, Chapter 290, Laws 2008)

Suspends the statutory limitation that prevents more than \$10 million being shifted from HURF annually, thereby allowing the state to shift \$106 million from HURF in FY09.

Effective September 26, 2008

Sponsor: Hershberger

BUDGET RECONCILIATION; BUDGET PROCEDURES (H 2462, Chapter 291, Laws 2008)

Modifies agency budget procedures, adopts procedures and makes appropriations necessary for the state FY08 budget.

Allows county boards of supervisors to determine transportation-related purposes that qualify for funding from VLT designated for county transportation purposes, expanding the definition beyond the current statutory HURF description.

Authorizes the following state agencies to increase fees in FY09 to obtain the specified additional revenues:

- Department of Public Safety - \$7.8 million
- Department of Agriculture - \$1.1 million
- Department of Environmental Quality - \$600,000
- Department of Health Services - \$600,000
- State Land Department - \$600,000
- Radiation Regulatory Agency - \$400,000

The increased fee authority designated to DPS may be used to charge county and municipal law enforcement entities for costs associated with analyses performed at the DPS crime lab.

Specifies that counties may use any source of revenue, including monies from a countywide special taxing district, to cover any impact from the increased fees from these agencies.

Effective September 26, 2008

Sponsor: J. Burns