

FY 2025-2026 STATE BUDGET

As Engrossed by the House on June 26, 2025

SUMMARY

After advancing two of its own budget packages on June 25, the House saw both of its versions vetoed by Governor Hobbs the same day. In response, the House began moving and amending the Senate-Governor budget bills on June 26. This document incorporates the House’s amendments to that framework. The budget bills as engrossed by the House outline a \$17.6 billion spending plan for FY 2026, which includes \$923 million in one-time changes to the JLBC Baseline and \$(0.9) million in ongoing changes. Major priorities of the Senate include investments in transportation projects, pay raises for Dept. of Public Safety and the Department of Forestry and Fire Management, a one-time stipend for the Department of Corrections, various appropriations to county ROW officers, and increasing the business personal property tax exemption. As agreed upon in negotiations, the House floor amendments add back in several appropriations and policy items previously removed by the Senate on the floor.

Below is a summary of revenues and expenditures followed by the county related issues in each of the bills. Please note, this document may be updated as additional information becomes available.

AS ENGROSSED BY THE HOUSE

Dollars in millions*	FY2025	FY2026	FY2027	FY2028
Beginning Balance	\$962.8	\$1,092.0	\$207.7	\$52.4
Total Revenues	\$17,337.2	\$17,777.1	\$17,405.1	\$18,051.8
Total Expenditures	\$16,245.2	\$17,569.4	\$17,352.7	\$17,997.0
Ending Balance[^]	\$1,092.0	\$207.7	\$52.4	\$54.8
Ongoing Revenues	\$15,973.1	\$16,591.8	\$17,187.7	\$17,998.8
Ongoing Expenditures	\$15,524.6	\$16,531.7	\$17,070.1	\$17,676.2
Structural Balance	\$448.5	\$60.1	\$117.6	\$322.6

*Figures may not add due to rounding

MAJOR COUNTY ISSUES

- Arizona Department of Juvenile Corrections (ADJC) Cost Shift Repeal:** Budget includes a repeal of the Department of Juvenile Corrections Local Cost Sharing Fund, starting in FY 2028-2029. The cost share was originally established during the State’s 2015 budget shortfall to ensure funding for ADJC, with all counties initially contributing to the fund based on population. In recent years, the burden shifted entirely to Maricopa County, who pays \$6.7M annually. **\$6.7M savings** from FY 2029 forward. (SB 1739, Sec. 8)
- Probation Officer Salary Costs:** Governor used ARPA funds to cover shortfall in FY 2026. Budget maintains the current funding level, does not advance appropriate shortfall funds for FY 2027. (SB 1735, Sec. 51)

County Supervisors Association – June 27, 2025 –

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- **Restricted Flexibility Language:** As session law, allows counties with under 250,000 persons to use up to \$1.25 million of any county funds to meet any county fiscal obligation. Counties are still required to report to the JLBC by October 1, 2025, if the county used the flexibility language and if so, the specific amount and source of revenue used. (SB 1745, Sec. 1)
- **Arizona Long Term Care System (ALTCS):** Sets FY 2026 county ALTCS contributions at \$409.5M for all 15 counties. This amount is **unchanged from the JLBC Baseline** and represents an **increase of \$10M** from FY 2025. (SB 1741, Sec. 12)
- **Juvenile Dependency Proceedings Fund (JDPF):** In 2022, the state appropriated \$2.0M in ongoing funding to the JDPF to provide support to counties in the wake of increased juvenile dependency proceedings. The FY 2026 budget **updates the distribution formula to improve sustainability**, allocating funds based on each counties' share of the most recent year's filings and capping annual distributions at \$250,000 per county. (SB 1739 Sec. 7)
- **Justice of the Peace (JP) Salary Reimbursements:** Provides **\$310,000** in one-time supplemental funding in FY 2025 to address a shortfall in the state's share of JP salary reimbursements to counties. Increases FY 2026 appropriation to **\$2.8M** to cover full state share of the cost of prior judicial salary increase. (SB 1735 Sec. 88, 111)
- **CORP Tier 3 DC Plan Employer Contribution Rate Increase:** As permanent law, increases the employer contribution rate from 5% to 5.5% (+0.5%) for state corrections, county detention officers and court probation officers enrolled in the defined contribution plan beginning in FY 2027. Includes legislative intent language that indicates \$1M ongoing appropriation, including a local cost offset, beginning in FY 2027, but funds are not advanced appropriated. (SB 1739, Sec. 5, 15)
- **Other County Priorities:** Continues other ongoing payments to counties including appropriations to maintain essential county services and to defray the increased cost of Elected Officials Retirement Plan (EORP) contributions for some counties. (SB 1735, Sec. 115)

COUNTY ISSUES BY BUDGET BILL

SB 1735 2025-2026; general appropriations act (Kavanagh)

- **Law Enforcement Records Management:** Appropriates \$3.2M to ADOA to expand participation in the law enforcement records management pilot program. Of that amount, Pima County sheriff's office receives \$171,800, Coconino County sheriff's office receives \$47,800, and Pinal County sheriff's office receives \$500,000 (Sec. 7).
- **Agriculture and Water Innovation Fund Deposit:** Appropriates \$2M to the Department of Agriculture in FY26 for deposit into the Agriculture and Water Innovation Fund (Sec. 10)
- **Secure Behavioral Health Facilities:** Appropriates \$5M in other funds in FY 2026 for Secure Behavioral Health Residential Facilities (SBHRF) capital costs. Specifies that AHCCCS, in consultation with DOA shall issue a request for proposals for the SBHRF by May 1, 2026. Requires AHCCCS and ADHS to coordinate to produce an implementation plan that contains recommendations regarding SBHRF for Title 36 and Title 13 populations. Plan required to include various items, including coordinating with AOC and other stakeholders to update relevant COT

forms and orders and evaluating if providing services through SBHRF would violate various laws and settlements, including *Arnold v. Sarn*. (Sec. 11).

- **Critical Access Hospitals:** Appropriates \$28.5M for critical access hospitals. (Sec. 11)
- **Coordinated Re-entry:** Includes \$10M In opioid settlement funds to the Attorney General in FY 2026 to be distributed to counties for existing county coordinated re-entry programs. Coconino, Mohave, Navajo, Pinal, and Yavapai counties receive \$2M each (Sec. 13).
- **Child Care Subsidy:** Appropriates \$61.7M in FY 2026 to DCS for the child care subsidy, this amount is unchanged from the JLBC Baseline (Sec. 17).
- **Arizona Competes Fund Deposit:** Includes \$500,000 appropriation to the ACA for deposit into the Arizona Competes Fund (Sec. 19).
- **Rural Development Council:** Appropriates \$1.2M in FY 2026 to the Arizona Commerce Authority for the State Rural Development Council (Sec. 19).
- **Rural County Reimbursement:** Appropriates \$1.08M for rural county reimbursement subsidies for counties without an established community college district. Apache county receives \$699,300 and Greenlee County receives \$383,600. JLBC also scores \$494,900 adjustment to this statutory out of county tuition state payment (Sec. 20).
- **State Aid to County Attorneys:** Includes \$973,700 appropriation to ACJC for state aid to county attorneys, amount unchanged (Sec. 24).
- **State Aid to Indigent Defense:** Includes \$700,000 appropriation to ACJC for state aid to indigent defense, amount unchanged (Sec. 24).
- **State Aid to Juvenile Dependency:** Includes \$2,000,000 appropriation to ACJC for state aid for juvenile dependency proceedings, amount unchanged (Sec. 24).
- **Dual Enrollment Student Development Program:** Appropriates \$1.5M to OEO for a dual enrollment student development program at community colleges with a priority to serve students who qualify for free and reduced lunch (Sec. 28).
- **Adult Workforce Diploma Program:** Appropriates \$2M to the Office of Economic Opportunity (OEO) for the Adult Workforce Diploma Program fund deposit (Sec. 28).
- **Adult Protective Service Funding:** Includes \$3.7M in Federal ARPA funds to DES in FY 2026 for the Adult Protective Services program (Sec. 29).
- **Coordinated Homelessness Services:** Appropriates \$19M to DES for coordinated homelessness services, with at least \$4M dedicated for eviction services, \$4M dedicated for shelter operations, and \$1M dedicated for referral services (Sec. 29).
- **Veteran Homelessness:** Appropriates \$500,000 for a veteran homelessness strategic plan and \$1.5M for veterans homelessness services to DES in FY 2026, of which \$750,000 is allocated to provide services to veterans who have substance abuse use disorders or mental health conditions, and \$750,000 is dedicated to provide immediate assistance to homeless veterans through shelter connection and employment assistance (Sec. 29).
- **Child Care Assistance:** Appropriates \$7.1M to DES in FY 2026 for the Child Care Assistance Program. Appropriates an additional \$37.8M in FY 2026 to reduce the childcare waitlist by 50% (Sec. 29).

- **Child Support Enforcement:** Appropriates \$8.54M for county participation of child support enforcement in DES (Sec. 29).
- **Rural Arizona School Nurse Access Program:** Appropriates \$2,500,000 to the Superintendent of Public Instruction for the Rural Arizona school nurse program (Sec. 31).
- **DEMA Emergency Division Additional FTE:** Appropriates \$500,000 to DEMA for 5 additional FTE for additional grant support for the emergency division (Sec. 32).
- **Local Law Enforcement Fentanyl Interdiction:** Appropriates \$3M from the Border Security Fund in FY 2026 to DEMA to assist local law enforcement in fentanyl interdiction efforts (Sec. 32).
- **Cochise County Jail Funding Extension:** Exempts the \$20M appropriation authorized by Laws 2022, chapter 313, section 110 for Cochise County to construct a new jail facility from lapsing until June 30, 2029. (Sec. 32).
- **Water Quality Fee Fund Deposit:** Deposits \$9M from WIFA's Long-term water augmentation fund into DEQ's Water Quality Fee Fund (Sec. 33).
- **Wildfire Suppression:** Includes \$30M supplemental appropriation from WIFA's Long-term water augmentation fund to DFFM for FY 2025 Wildfire Suppression, \$200,000 for wildfire suppression in FY 2026 and \$27.1M for Wildfire Mitigation. (Sec. 38, 105).
- **Flagstaff Wildfire Training Facility:** Appropriates \$4M from WIFA's Long-term water augmentation fund in FY 2026 to DFFM for a Northern Arizona Wildfire Training Facility (Sec. 38).
- **Environmental County Grants:** Appropriates \$250,000 to the State Forester for county environmental projects (Sec. 38).
- **County Fairs Livestock and Agriculture Promotion:** Appropriates \$6M to the Department of Gaming for deposit into the County Fairs Livestock and Agriculture Promotion Fund (Sec. 40).
- **ASH SVP Line-Item Increase:** Includes \$1.5M appropriation to DHS for an increase in Arizona State Hospital's Sexually Violent Persons Line Item in FY 2026 (Sec. 43).
- **Arizona State Hospital:** Includes \$3.3M in other funds for an FY 2025 operating supplemental and \$1.8M in FY 2026 to DHS for Arizona State Hospital (Sec. 43).
- **ASH Restoration to Competency:** Appropriates \$900,000 to DHS for ASH's Restoration to Competency program (Sec. 43).
- **County Tuberculosis:** appropriates \$590,700 to DHS for the County Tuberculosis Provider Care and Control Program (Sec. 43).
- **Cybersecurity Grants:** Appropriates \$10M in FY 2026 to the Department of Homeland Security for statewide cybersecurity grants, of which the Department may spend up to \$500,000 for grant administration (Sec. 46).
- **Vehicle Theft Local Grants:** Appropriates \$1.4M to DIFI to award local grants with consideration given to areas with greater automobile theft problems (Sec. 50).
- **Supreme Court Child and Family Representation Pilot Program:** Appropriates \$600,000 to AOC for the Child and Family Representation Pilot Program (Sec. 51).
- **County Judicial Reimbursements:** Continues to provide \$187,900 to the Arizona Supreme Court to reimburse counties for state grand juries and capital post-conviction relief (PCR). The state grand jury reimbursement is limited to \$97,900 and the PCR reimbursement is limited to \$90,000 (Sec. 51).

- **Mohave County Superior Court Judge:** Appropriates \$200,000 ongoing for the state's share of a new Superior Court Judge in Mohave County (Sec. 51).
- **Court Appointed Special Advocate:** Appropriates \$6.8M to the Supreme Court for Court Appointed Special Advocate and Vulnerable Persons (Sec. 51).
- **Auditor General Funding:** Increases the Auditor General's lump sum appropriation to \$32.0M, approximately \$6M above the JLBC Baseline. Requires the office to use \$3.3M for state agency and school district audits (Sec. 54).
- **Auditor General Additional FTE:** Adds 11 FTE to the Office of the Auditor General (Sec. 54)
- **Groundwater Recharge Facilities:** Appropriates \$250,000 to the State Natural Resource Conservation Board to clean and restore groundwater recharge facilities that provide flood control benefits for an AMA (Sec. 60).
- **Broadband Infrastructure Maintenance:** Appropriates \$242,100 to the State Parks Board for broadband infrastructure operations and maintenance (Sec. 69).
- **Law Enforcement and Firefighter Pay Raises:** Includes \$6.7M in other funds, and \$3.9M in GF monies ongoing to fund 5% pay raises for DPS and 15% pay raises for DFFM firefighters (Sec. 38, 77).
- **Local Border Support:** Includes a one-time increase of \$5M to provide a total of \$18M in GF monies to DPS for Local Border support (Sec. 77).
- **Border Drug Interdiction:** Appropriates \$17.4M to DPS for border drug interdiction efforts (Sec. 77).
- **GITTEM:** Provides \$24.7M to DPS for the GITTEM line item. Specifies that \$12.9M shall be used for DPS personnel to enforce federal laws related to illegal aliens and assist county sheriffs and county attorneys in investigating complaints of employment of illegal aliens (Sec. 77).
- **DPS Vehicle Replacement:** Appropriates \$8.7M to DPS in FY 2026 for vehicle replacement of 43 highway patrol vehicles and 59 non-patrol vehicles (Sec. 77).
- **Major Incident Division:** Provides \$15.5M to DPS for the major incident division (Sec. 77).
- **Yuma County Family Advocacy Center:** Appropriates \$750,000 to DPS to backfill lost VOCA monies for the Yuma County Family Advocacy Center (Sec. 77).
- **Anti-Human Trafficking:** Appropriates \$1.6M to DPS into the Anti-human trafficking fund, moves the fund permanently from DEMA to DPS (Sec. 77).
- **Arizona Counter Terrorism Information Center:** Includes one-time increase of \$1.5M to DPS for the Arizona Counter Terrorism Center (Sec. 77).
- **Prop 312 Property Tax Admin Costs:** Includes \$500,000 appropriation to the Department of Revenue to fund Proposition 312 property tax refund administration costs (Sec. 82).
- **Election Security Grants:** Exempts the \$5.4M appropriated by Laws 2020, Ch. 58 Sec. 104 to the Secretary of State for the county allocation of the Help America Vote Act election security grant dollars from lapsing through June 30, 2026 (Sec. 83).
- **CD 7 Special Election Funding:** Appropriates \$8M to the Secretary of State in FY 2025 to reimburse counties for CD 7 special election costs. Of that amount, counties all receive up to the following amounts: (Sec. 83).
 - Cochise County: \$139,500

- Maricopa County: \$906,900
- Pima County: \$5,347,700
- Pinal County: \$66,100
- Santa Cruz County: \$240,600
- Yuma County: \$349,200
- **Address Confidentiality Program:** Appropriates \$400,000 to the Secretary of State for the Address Confidentiality Fund deposit (Sec. 83).
- **Preventative Pavement Treatments:** Includes \$36.1M appropriation to the Department of Transportation for preventative surface treatments. This amount is unchanged from the JLBC Baseline (Sec. 87).
- **Statewide Transportation Innovation Fund:** Creates the Statewide Transportation Innovation Fund and \$2M to the State Treasurer for deposit into the fund (Sec. 88).
- **Advanced Air Mobility Fund:** Creates the Advanced Air Mobility Fund and appropriates \$2M to the State Treasurer for deposit into the fund (Sec. 88).
- **Statewide Infrastructure Trust Fund:** Creates the Statewide Infrastructure Trust Fund and appropriates \$1M to the State Treasurer for deposit into the fund (Sec. 88).
- **Law Enforcement Boating Safety:** Continues to appropriate \$2.2M to the State Treasurer for law enforcement boating safety grants (Sec. 88).
- **Promise Program Funding:** Includes \$36.3M appropriation to ABOR for the Arizona Promise Program, a scholarship program for Arizona residents for university tuition and fees (Sec. 90).
- **Spouses of Military Veterans Tuition Scholarships:** Appropriates \$10M to the Arizona Board of Regents to provide scholarships for post-secondary education to spouses of military veterans (Sec. 90).
- **Pinal County Transportation Plan:** Includes \$500,000 appropriation to ASU's Decision Theater for the creation of a Pinal County Transportation Study Plan (Sec. 91).
- **Desert Agriculture Center of Excellence:** Appropriates \$1.5M for the Yuma Center of Excellence for Desert Agriculture (Sec. 92).
- **Veterans Services:** Includes \$1M supplemental appropriation in FY 2025 to the Department of Veterans Services for the State Home for Veterans Trust Fund deposit. Appropriates \$1M for the mental health plot program. Appropriates \$3.7M for veterans benefit counseling and \$2.2M for rural tribal nations veteran benefit counseling (Sec. 94, 111).
- **Water Conservation Grant Fund Deposit:** Appropriates \$250,000 to WIFA for the Water Conservation Grant Fund (Sec. 96).
- **Gila Valley Irrigation District Funding:** Appropriates \$500,000 from the On-farm Irrigation Efficiency Fund to the Gila Valley Irrigation District (Sec. 96).
- **Colorado River Litigation:** Appropriates \$1M from WIFA's long-term water augmentation fund to ADWR to fund Colorado River litigation (Sec. 97).
- **Water Protection & Rural Water Studies:** Appropriates \$750,000 to the Arizona water protection fund. Provides \$1.3M for rural water studies to assess local water use needs (Sec. 97).
- **SUN Bucks Program Backfill:** Appropriates \$1.9M for FY 2025 SUN Bucks Program, which provides a \$120 monthly grocery benefit to eligible households (Sec. 107).

- **In-Lieu Lottery Revenue:** Continues to appropriate \$7.2M to the Department of Administration for distribution to counties to maintain essential county services (*Sec. 115*).
- **Graham County Appropriation:** Appropriates \$500,000 to ADOA to distribute to Graham county to maintain essential county services (*Sec. 115*).
- **EORP Relief:** Appropriates \$3M from the state general fund to the department of administration for equal distribution to counties with a population of less than 300,000 to supplement the cost of EORP (*Sec. 115*).
- **Local Distributions:** Appropriates the following amounts to the State Treasurer for several local distributions: (*Sec. 118*)
 - **Maricopa County:** \$2M for sexual assault investigator training and County Attorney anti-human trafficking funding
 - **Maricopa County:** \$4.1M to distribute to the County Recorder's office for operating expenses. Includes language stipulating that the Board of Supervisors shall not reduce funding below the amount of the adopted fiscal year budget. Requires quarterly expenditure summaries to JLBC.
 - **La Paz County:** \$500,000 to the La Paz County Sheriff's Office
 - **Mohave County:** \$500,000 for the Lake Mead/South Cove Launch Ramp
 - **Mohave County:** \$500,000 for improvements to firefighting infrastructure in the Horizon Six Improvement District
 - **Mohave County:** \$1M to the Mohave County Sheriff's Office
 - **Mohave County:** \$100,000 for Search and Rescue Training costs
 - **Pinal County:** \$400,000 to the Pinal County Sheriff's Office
 - **Pinal County:** \$50,000 for signage related to illegal dumping
 - **Yavapai County:** \$2M for a Criminal Information Intelligence Center
 - **Yavapai County:** \$950,000 for the Yavapai County Sheriff's Office
 - **Yavapai County:** \$500,000 for the County Sheriff's Office for a Satellite Communications Pilot Program
 - **Yavapai County:** \$1M for costs related to construction of a public safety facility in southwest Yavapai County
 - **Yuma County:** \$1M to distribute to the County Recorder for operating expenses
 - **Yuma County:** \$850,000 to address excess waste tire cleanup efforts
- **Nonprofit Distributions:** Appropriates the following amounts from the State Treasurer from the state general fund: (*Sec. 119*)
 - \$200,000 for a nonprofit located in Pinal County that provides after school recreational and educational programming for students
 - \$300,000 for a nonprofit located in Pinal County that provides suicide prevention services
 - \$25,000 for a nonprofit in Pinal County that supports economic development
 - \$200,000 for a nonprofit in Pinal County that provides services to veterans
 - \$1.5M for a child development center located in Taylor that supports long-term education and workforce needs

- **Department of Corrections Onetime Stipend:** Appropriates \$17.1M to the Department of Corrections in FY 2026 for the purposes of awarding a onetime correctional officer stipend. Appropriates \$3.7M to DOC's private prison per diem special line item to increase per diem rates in FY 2026. Appropriates \$542,200 to the Department of Juvenile Corrections. Specifies that the stipend payment shall be equal to 4% of the employee's annual salary distributed evenly through each pay period. (Sec. 120)
- **Prescott Rodeo Grounds:** Specifies that monies previously appropriated to the city of Prescott in 2023 for rodeo grounds shall be promptly spent to promote year-round use of the rodeo (Sec. 121)
- **State Highway Fund Transfer:** Notwithstanding any other law, transfers \$15.5M from the State Highway Fund in FY 2026 to the general fund to provide support and maintenance for state agencies (Sec. 126).
- **School Safety Interoperability Grants:** Appropriates the following amounts to ADOA to distribute to the county sheriffs in the following counties. Prohibits ADOA from distributing funding to Coconino County from *Laws 2022, Ch. 313, Sec. 5*. Transfers \$2M from the Peache Officer Training Equipment Fund to the School Safety Interoperability Fund to fund the distributions. (Sec. 127)
 - \$275,000 to Apache county
 - \$280,000 to Gila county
 - \$280,000 to Graham county
 - \$170,000 to Greenlee county
 - \$200,000 to La Paz county
 - \$525,000 to Mohave county
 - \$540,000 to Navajo county
 - \$350,000 to Santa Cruz county
 - \$600,000 to Yavapai county
- **Department of Corrections Opioid Treatment Monies:** Directs the Attorney General to transfer \$40M in FY 2026 from the consumer remediation subaccount of the consumer restitution and remediation revolving fund consisting of opioid settlement monies to DOC for the costs of care, treatment, programs, and other expenditures for individuals with opioid use disorder (Sec. 130).
- **New School Facilities Fund:** Appropriates \$94.1M from the general fund in FY 2027 for a onetime deposit in the new school facilities fund (Sec. 134).
- **Border Security Reimbursements:** Directs state agencies who receive federal monies in FY 2026 as reimbursement for expenditures made to secure the border to deposit those reimbursements into the state general fund (Sec. 139).

SB 1737 capital outlay; 2025-2026; appropriations (Kavanagh)

- **Discretionary Transportation Appropriations:** Appropriates the following amounts to the Arizona Department of Transportation (ADOT) and nonstate agencies in FY 2026 (Sec. 3,4 & 9) and limits expenditures by ADOT for the purposes of project management to 5% of each line item (Sec. 14):

Project	FY 2026 Amount	Sec.
SR 347 & Riggs Rd. (Overpass)	\$41,000,000	3
SR 347; Casa Blanca Rd. & Cement Plant Acc. Rd. (Intersection)	\$10,839,000	9
SR 347; Btwn. I-10 & City of Maricopa (Widen Lanes; Design)	\$1,500,000	9
I-10; Btwn. SR 85 and Citrus Road	\$27,000,000	4
SR 87 & SR 260 (Turn Lane; Design)	\$2,129,800	9
(to Flagstaff) Woody Mtn. Rd. & US-66 (Traffic Light; Design & Construction)	\$1,900,000	9
SR 70; MP 255 to MP 301 (Safety Improvements)	\$1,400,000	9
SR 24 & SR 202 (Interchange; Restriping)	\$50,000	9
(to Bullhead City) Hancock Road (Improvements)	\$1,500,000	9
(to Mohave County) Mountain View Rd. (Improvements)	\$1,000,000	9
(to Prescott Regional Airport) Infrastructure; Firefighting Aircraft	\$3,500,000	9
(to Yuma County) Somerton Ave. Bridge Replacement	\$1,300,000	9
SR 389 (Traffic Control System)	\$1,500,000	9
(to Kingman) Eastern Street (Infrastructure Improvements)	\$1,500,000	9
(to Nogales) Frank Reed Rd. (Improvements)	\$1,500,000	9
(to Nogales) Industrial Park Rd. (Improvements)	\$2,900,000	9
(to Nogales) La Quinta Rd. (Improvements)	\$1,800,000	9
Verde River state park (construction)	\$500,000	9
(to Cottonwood) for Main Street preservation and sidewalk improvements	\$1,000,000	9
SR 303 and 155 th Ave (traffic interchange)	\$3,500,000	9
(to Glendale) for the 5th Ave reconstruction project	\$3,000,000	9
Olga Frontage Road between mile post 366 and 379	\$850,000	9

- **State Highway Fund:** Appropriates \$458.7 M from the State Highway Fund to ADOT in FY 2026 for planning and construction of state highways “including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, to acquire rights-of-way and to provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction.” Contains numerous reporting requirements (Sec. 11).
- **State Aviation Fund:** Appropriates \$44.3 M from the State Aviation Fund to ADOT in FY 2026 to “plan, construct, develop and improve state, county, city or town airports as determined by the State Transportation Board.” Contains numerous reporting requirements (Sec. 12).
- **Changes; Prior Year Transportation Appropriations:** Makes the following changes to existing appropriations for transportation projects:
 - Reduces by \$2.5M the FY 2023 appropriation to ADOT for the rehabilitation of pavement along Route 191 “between Armory Road and East Safford” (Sec. 1).

- Eliminates the \$1.52M appropriation in FY 2024 to ADOT for distribution to the Town of Payson for “roundabout construction and improvements at intersection of Longhorn Road and McLane Road” (Sec. 2).
- Eliminates the \$9.24M appropriation in FY 2028 to ADOT for distribution to Pinal County for “the engineering and design of the West Pinal Parkway East-West Corridor” (Sec. 5).
- Permits the \$1.5 M appropriation in FY 2023 to ADOT for distribution to the Town of Patagonia for McKeown Ave. reconstruction to be used on additional segments of the roadway (Sec. 10).
- Exempts the \$1.8M appropriation in FY 2022 to ADOT for replacement of vehicle fueling facilities in Flagstaff, Holbrook, and Kingman from lapsing until June 30, 2027 (Sec. 14).
- Transfers \$500,000 from an SR 303 & I-17 interchange design project, as well as \$909,700 from a screen wall project along SR 101, to fund a project shortfall at the intersection of SR 69 & SR 169 (Sec. 13).
- **Recissions; FY 2022 Parks Appropriations:** Reduces a total of \$23.2M from various appropriations from the State Parks Revenue Fund to the Arizona State Parks Board in FY 2022 (Sec. 6).
- **Prescott regional airport:** Increases funding for Prescott Regional Airport by \$500,000 for maintenance and operations which must be distributed by 11/1/2025. Appropriates \$3.5M for infrastructure supporting firefighting aircraft (Sec. 9)

SB 1738 2025-2026; commerce (Kavanagh)

- **Office of Defense Innovation:** Establishes the Office of Defense Innovation within the Arizona Commerce Authority. Directs the Office to **(a)** act as a liaison between the state, the Department of Defense (DoD), and national security organizations, **(b)** identify and pursue opportunities to increase federal funding “to foster the development of products, services, and technologies that support” the DoD, **(c)** support ongoing DoD missions directed at the state, **(d)** support Arizona-based companies seeking federal defense contracts, **(e)** advocate for state economic interests related to the DoD’s aerospace mission and defense sectors, **(f)** develop and implement a “reoccurring strategic plan to enhance Arizona’s competitiveness in defense-related industries,” **(g)** identify and support emerging technology, **(h)** collaborate with the Board of Regents, universities, and research institutions seeking to “increase the amount of defense research and development funding for applied research and advance prototyping of critical defense related products and technologies,” **(i)** collaborate to “enhance workforce development,” and **(j)** coordinate with the Governor and Legislature. Requires annual reporting on the Office’s activities with the first report due at the end of 2026 (Sec. 1).
- **Microbusiness Loan Program; Extension:** Extends the Office of Economic Opportunity’s Microbusiness Loan Program by two years, pushing out its termination from June 30, 2025, to June 30, 2027. Similarly, extends other statutory deadlines by two years (Sec. 1). Makes this change retroactive to June 29, 2025 (Sec. 2).

SB 1739 2025-2026; criminal justice (Kavanagh)

- **Coordinated Reentry Planning Services Reporting:** As permanent law, requires a county that receives monies to establish or maintain a coordinated reentry planning services program to report to various the House, Senate, JLBC and OSPB:
 1. For all persons who complete screening:
 - (a) the percentage with low, moderate and high mental health risks.
 - (b) the percentage with low, moderate and high substance use disorder risks.
 - (c) the percentage with other presenting risk factors, including:
 - (i) no primary care provider.
 - (ii) no employment.
 - (iii) no insurance.
 - (iv) no access to transportation.
 - (v) physical health concerns.
 - (vi) no home.
 - (vii) veteran status.
 2. Incidence of recidivism, including:
 - (a) overall population recidivism rates.
 - (b) recidivism rates by mental health and substance use risk factors.
 - (c) recidivism rates by other risk factors.
 3. The percentage of released individuals who are connected and diverted to services, including behavioral health and housing services. (Sec. 1)
- **Anti-Racketeering Revolving Fund:** As permanent law, prohibits anti-racketeering revolving fund (established by 13-2314.01) monies from being transferred to the state general fund. (Sec. 2)
- **Prison Related Criminal Proceedings Reimbursement:** As permanent law, requires that the itemized claim for reimbursement submitted to the Dept. of Corrections (DOC) pursuant to 31-227, be pursuant to an existing agreement with DOC. Requires DOC to file claim with the Arizona Dept. of Administration. (Sec. 4)
- **Increased Employer Defined Contribution Rate Increase:** As permanent law, increases the employer contribution rate for state corrections and county detention officers from 5.0% to 5.5%, effective July 1, 2026. (Sec. 5, 15,16)
- **Juvenile Dependency Proceedings Fund (JDPF) Distribution:** As permanent law, modifies distribution of JDPF to be based on juvenile dependency case filings, caps distribution to any single county at \$250,000 annually. Change is effective on general effective date. (Sec. 7)
- **Repeal of Arizona Dept. of Juvenile Corrections Cost Shift:** Repeals, beginning in FY 2028-29, the local cost sharing fee to fund the Department of Juvenile Corrections. (Sec. 8)
- **Attorney General Internet Crimes Against Children Task Force:** Allows the AG to use up to \$335,000 from the consumer protection consumer fraud revolving fund to continue a federally recognized internet crimes against children task force program. (Sec. 11)
- **Fentanyl Prosecution, Diversion and Testing Fund:** Extends the fund until June 30, 2027 instead of June 30, 2025. (Sec. 13)
- **Child and Family Representation Program:** As session law, establishes the Child and Family Representation Program within the Administrative Office of the Courts (AOC) through June 30, 2028. Requires AOC to enhance legal representation for children and parents by:

- assessing training available for juvenile dependency attorneys,
- making recommendations to the Supreme Court on training requirements and practice standards, maximum caseloads and minimum responsibilities,
- auditing the practice of counsel,
- filing ethical complaints against attorneys who violate rules of professional conduct,
- working with Dept. of Child Safety, Attorney General, judges, attorneys, children and parents to form partnerships,
- recommending fair and realistic compensation rates,
- seeking to enhance existing funding sources,
- develop measures to assess and document the effectiveness of counsel and outcomes,
- assist parents with filing ethical complaints on dependency proceedings, and
- report annually to the Senate, House and OSPB on the measures taken to assess and document the effectiveness of counsel. (Sec. 14)

SB 1740 2025-2026; environment (Kavanagh)

- **State Land Department; Third-Party Reviewers:** Requires the Commissioner of the Arizona State Land Department (ASLD) to contract with a selected “*qualified third-party reviewer*” to review applications “*if the Department does not approve, conditionally approve or deny the application within sixty working days after the application is submitted.*” Specifies that if the Department does not “*approve, conditionally approve, or deny the application*” within the specified time frame, the application is “*deemed approved.*” Directs the “*qualified third-party reviewer*” to (a) review the application and take all related actions in accordance with Department requirements, and (b) notify the Department and applicant of review findings (Sec. 2). Permits the ASLD to retain monies from the Trust Land Management Fund sufficient to pay for their contract with a “*qualified third-party reviewer*” (Sec. 5, 6).
- **Utility Wildfire Mitigation Plan Fee Deposits:** Requires the state forester to deposit existing fees charged to public power entities and electric utilities for the review of wildfire mitigation plans into the Cooperative Forestry Fund established by A.R.S. 37-1306. (Sec. 7)
- **Colorado River Litigation Fund:** Establishes the Colorado River Litigation Fund for “*the sole purpose of initiating, defending or participating in litigation against any other state, any party domiciled in another state or the United States related to this state’s apportionment of Colorado River water or any other rights of this state regarding Colorado River water.*” Specifies that the Fund shall consist of legislative appropriations. Permits the Director to designate portions of the fund for investment or divestment under the State Treasurer (Sec. 8).
- **Hazard Mitigation Revolving Fund Continuation:** Repeals the delayed repeal of the Hazard Mitigation Revolving Fund established in 26-107. Fund was originally set to repeal on June 30, 2028. (Sec. 9)
- **Nuclear Emergency Management Fund:** Increases the amounts appropriated from the Nuclear Emergency Management Fund – as well as related assessments – by \$50,000 in FY 2026 and FY 2027 -- FY 2026 appropriation increases from \$2,617,991 to \$2,667,991, while FY 2027 appropriation increases from \$2,711,339 to \$2,761,339. (Sec. 11 & 12).

- **Fire Incident Management Grants:** Establishes the Fire Incident Management Grant program to provide grants to municipal fire departments and fire districts (Sec. 10, 13, 14).
- **Suspends Water Quality Assurance Revolving Fund:** For FY 2026, suspends the \$18M transfer from the state GF to the water quality assurance revolving fund. (Sec. 18)
- **ADEQ Emissions Testing Fees:** In FY 2026, requires ADEQ to maintain fees for tests conducted in area A at the FY 2025 level. (Sec. 19)
- **State Land Department Applications:** By February 1, 2026, requires the State Land Department to report on the total number of applications pending at the department. (Sec. 20)

SB 1741 2025-2026 health care (Kavanagh)

- **Limited Benefit Coverage for Prerelease Services:** Requires the AHCCCS director, subject to terms and conditions approved by the Center for Medicare and Medicaid Services (CMS) and available funding, to provide limited benefit coverage prerelease services to eligible incarcerated individuals and committed youth for up to 90 days immediately before the expected date of release from a prison, jail, security care facility or tribal correctional facility under AHCCCS and the Children's Health Insurance Program (CHIP). (Sec. 4,7)
- **Includes Traditional Healing Services in AHCCCS and ALTCS Coverage:** Subject to CMA approval and available funding, requires traditional healing services be covered by AHCCCS and ALTCS providers if: (a) *The member qualifies for services through the indian health service or a tribal facility pursuant to the conditions of participation outlined in 42 code of federal regulations section 136.12 and (b) the traditional healing service is delivered by or through the indian health service or a tribal facility.* (Sec. 4-5)

FY 2025-2026 State Budget Summary – as Introduced

- **Arizona Long Term Care System (ALTCS):** FY 2026 contributions total \$409.5 million for all 15 counties into the Long-Term Care System Fund. This is an increase of \$10 million from FY 2025 and is equal to the amount published in the FY 2026 Baseline (Sec. 12)

County	FY 2025 Enacted	FY 2026
Apache	\$975,500	\$707,000
Cochise	\$973,400	\$7,510,100
Coconino	\$2,928,200	\$2,122,700
Gila	\$3,161,900	\$3,173,800
Graham	\$1,596,200	\$2,339,400
Greenlee	\$43,400	\$66,900
La Paz	\$990,200	\$828,800
Maricopa	\$269,359,200	\$275,201,600
Mohave	\$11,389,600	\$10,438,200
Navajo	\$4,037,000	\$2,926,600
Pima	\$62,975,600	\$63,729,700
Pinal	\$16,370,500	\$17,094,300
Santa Cruz	\$2,880,000	\$2,949,900
Yavapai	\$9,862,900	\$7,808,600
Yuma	\$12,328,500	\$12,640,000
Total	\$399,872,100	\$409,537,600

- **AHCCCS Disproportionate Share Hospital (DSH) Payments:** Establishes the FY 2026 DSH payments as follows: \$28.5M for Arizona State Hospital (ASH), of which the federal portion is distributed into the state GF \$884,000 for private, qualifying DSH hospitals located in Yuma county containing at least 300 beds (Sec. 13)
- **Acute Care Contributions:** Sets County Acute Care contributions at \$42.8 million for all 15 counties. This amount is unchanged from the JLBC Baseline and includes a deflator for the Maricopa County contribution (Sec. 15)

County	FY 2025 Enacted	FY 2026
Apache	\$268,800	\$268,800
Cochise	\$2,214,800	\$2,214,800
Coconino	\$742,900	\$742,900
Gila	\$1,413,200	\$1,413,200
Graham	\$536,200	\$536,200
Greenlee	\$190,700	\$190,700
La Paz	\$212,100	\$212,100
Maricopa	\$15,145,900	\$14,783,900
Mohave	\$1,237,700	\$1,237,700
Navajo	\$310,800	\$310,800

FY 2025-2026 State Budget Summary – as Introduced

Pima	\$14,951,800	\$14,951,800
Pinal	\$2,715,600	\$2,715,600
Santa Cruz	\$482,800	\$482,800
Yavapai	\$1,427,800	\$1,427,800
Yuma	\$1,325,100	\$1,325,100
Total	\$43,176,200	\$42,814,200

- **AHCCCS Mental Health Medication Report:** As session law, requires AHCCCS to prepare and issue a report regarding costs, spending and utilization of mental health medications during contract year 2024. (Sec. 17)
- **BNCF Expenditure Limit Exclusion:** As session law, continues to allow counties to exclude payments made to the Budget Neutrality Compliance Fund (BNCF) to help cover the cost of Prop. 204 (Sec. 18)
- **Restoration to Competency (RTC) Payments:** As session law continues to exclude payments made by counties for RTC treatments from the county expenditure limit (Sec. 19)

SB 1743 2025-2026; human services (Kavanagh)

- **Developmental Disability Group Home Monitoring Program:** As permanent law, makes various changes to the Developmental Disabilities Group Home Monitoring Program such as requiring the use of a monitoring tool to assess whether DD clients with complex needs received the physical and behavioral health services specified in the client’s person-centered service plan. Makes the program subject to available appropriations and extends the program from December 21, 2026, to December 31, 2027. (Sec. 2, 3, 8, 13)
- **State Home for Veterans Trust Fund:** As permanent law, allow 15% of the Veterans Donations Fund revenues to be transferred to the State Home for Veterans Trust Fund at the beginning of each year. Requires funds to be used for needs of veterans, equipment or maintenance and improvements, in nursing and domiciliary homes. (Sec. 4, 5)
- **Department of Housing Continuation:** Continues the Department of House until July 1, 2027 and creates annual reporting requirements. (Sec. 7, 8, 9, 12, 15, 17)
- **Housing Trust Fund Awards:** Creates an order of priority for Housing Trust Fund monies distributed in the first four months of the fiscal year, from constructing or renovating emergency shelters, to transitional housing units, to housing for SMI individuals and those chronically resistant to treatment. Allows the department to distribute remaining funds after that period based on stakeholder input. Requires ADOH to submit programs JLBC review. (Sec. 10)
- **Military Transitional Housing Fund:** As permanent law, expands the allowable uses of the Military Transitional Housing Fund to include veterans. (Sec. 11)
- **Homeless Shelter and Services Fund:** Extends the Homeless Shelter and Services Fund by two years, pushing its repeal date from June 30, 2025 to June 30, 2027. (Sec. 14)

- **TANF Benefit Eligibility:** As session law, continues to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable suspicion the recipient uses illegal drugs. (Sec. 16)

SB 1745 2025-2026; local government (Kavanagh)

- **Flexibility Language:** Contains “flexibility language” for FY 2025-2026, stating that a county with a population of less than 250,000 “may meet any county fiscal obligation from any source of county revenue designated by the county.” Specifies that “a county may not use more than \$1.25 million for purposes other than the purposes of the revenue source.” Requires counties who use this tool to report its usage to JLBC by October 1, 2025. (Sec. 1)
- **Gila County Veterans’ Services:** Allows Gila County to establish, maintain and operate facilities for the purposes of providing services to veterans for monies appropriated in Laws 2023, Ch. 133, Sec. 92. (Sec. 2)

SB 1747 2025-2026; revenue (Kavanagh)

- **ADOR Tax System Modernization Local Cost Sharing Fee:** Includes legislative intent language that *prohibits* ADOR from assessing the fee established in 42-5041 for FY 2026. Budget spreadsheet indicates this will be charged in FY 2029 instead. (Sec. 1)

SB 1748 2025-2026; state budget implementation (Kavanagh)

- **Public Agency Private Employee Prohibition:** Prohibits a public agency from allowing a person to serve in any capacity as a state officer or employee of the person’s salary, wages, or other compensation if paid in whole or in part by private monies. Exempts DPS, ADEQ, and any public university under the jurisdiction of ABOR from the requirement. Defines private monies as those from sources other than the federal government, state, or political subdivision, including monies from a nonprofit, charitable foundation, private donor, or advocacy group. (Sec. 1)

SB 1749 2025-2026; taxation; omnibus (Kavanagh)

- **Wastewater Pipe TPT Exemption:** Expands the TPT and use tax exemption relating to pipes to include pipes or valves that are four inches in diameter or larger that are used to transport wastewater. (Sec. 1, 2)
- **Property Tax Exemption for Disabled Veterans:** Exempts, from the full amount of property tax, the property of a veteran with a service-connected 100% disability. Allows the surviving spouse of a veteran with a service-connected disability to continue to claim the full property tax exemption so long as the spouse does not remarry and the property is used as the spouse’s primary residence. Exempts the property of a veteran with a service or nonservice-connected disability from the requirement to be valued below the stator property assessment limit to qualify for the exemption.

Excludes payments from veterans' pensions, rather than only veterans' disability pensions from the calculation of "income from all sources" for the purpose of the exemption cap. (Sec. 3)

- **Business Personal Property Exemption Increase** As permanent law, increases the property tax exemption for business personal property from \$207,366 to \$500,000 of full cash value for each taxpayer beginning in tax year 2026. (Sec. 4)
- **Adoption Income Tax Deduction:** Beginning in tax year 2026, increases the individual income tax deduction for unreimbursed adoption expenses from \$3,000 to \$5,000 for a single individual head of household, or \$10,000 for a married couple filing a joint return. (Sec. 5)

SB 1750 transportation; 2025-2026 (Kavanagh)

- **Statewide Infrastructure Trust Fund (SITF):** Establishes the SITF, administered by the State Treasurer, subject to legislative appropriation and exempt from lapsing. Allows monies to be used to fund any phase of development or construction of transportation projects in the current fiscal year or next fiscal year. Requires ADOT and the state treasurer to submit an expenditure plan for review to the Joint Committee on Capital Review. Defines *transportation project* as any project that constructs a new federal or state highway or makes improvements to any existing federal or state highway. (Sec. 2).
- **Statewide Transportation Innovation Fund and Grant:** Establishes the statewide transportation innovation fund and program to be administered by the State Treasurer. Fund subject to legislative appropriation and consists of appropriations and nonfederal gifts or grants. Grantees must be for-profit or non-profit entities and must provide a mode of transportation that seats 15 or fewer passengers and allows for dropping off and picking up passengers using predetermined locations. Requires the Treasurer to report applications to House and Senate Transportation Committees and hold a public meeting at the committee chairs' request to receive a legislative recommendation (Sec. 3-4).

Other Budget-Related Policy Passed with County Touchpoints

- **HB 2704: tax; distribution; county stadium district (Weninger):** Redirects city, county, and state TPT revenues generated from business activities at Chase Field to the Maricopa County Stadium District Fund for the purposes of reconstructing, equipping, repairing, maintaining, or improving the stadium. Includes additional diversions of individual income tax, Phoenix local sales tax, and MAG regional transportation taxes. Caps the total amount of tax diversions to the district at \$500 million, which is increased annually by 3%. JLBC staff estimates that the total TPT reduction to counties would be \$(2.0) million, which consists of \$(1.2) million for all counties statewide receiving a lower amount of shared revenue, and \$(0.8) million for MAG.