

FY 2023-2024 STATE BUDGET

As Passed by the House and Senate on May 10, 2023

SUMMARY

The Arizona House and Senate passed budget bills throughout the day on Wednesday, May 10, 2023. The budget bills were amended in both the Senate and the House to add some additional appropriations. The passed budget outlines a \$17.8 billion spending plan for FY 2024 that largely enacts one-time spending and revenue changes. This includes additional one-time funding for education, a reallocation of results-based funding for an ongoing increase in K-12 funding, an individual income tax rebate, capital and transportation infrastructure investments and a significant number of smaller, one-time appropriations.

Dollars in millions*	FY2023	FY2024	FY2025	FY2026
Beginning Balance	\$4,709.4	\$2,528.9	\$7.8	\$118.9
Total Revenues	\$18,122.7	\$17,827.3	\$16,280.2	\$17,352.2
Total Expenditures	\$15,593.8	\$17,819.5	\$16,161.3	\$16,564.8
Ending Balance[^]	\$2,528.9	\$7.8	\$118.9	\$787.4
Ongoing Revenues	\$16,378.7	\$15,558.4	\$16,272.5	\$17,233.5
Ongoing Expenditures	\$14,451.3	\$14,937.1	\$15,576.7	\$16,320.2
Structural Balance	\$1,927.40	\$621.30	\$695.80	\$913.30

*Figures may not add due to rounding

MAJOR COUNTY ISSUES

- Arizona Department of Juvenile Corrections (ADJC) Cost Shift:** Appropriates \$6.7 million from the Department of Juvenile Corrections Local Cost Sharing Fund. HB 2814/SB1724 modifies A.R.S. § 41-2832 to require that the department assess the fee on only Maricopa County. **\$6.7 million cost to Maricopa County; \$1.7 million savings to Pima County.** HB 2810/SB1720 Sec. 53 & HB 2814/SB1724 Sec. 1
- Probation Officer Salary Costs:** Does not provide any pre-funding amounts for probation officer salary increases in FY 2024. Floor amendments *removed* cost shift language that requires the counties to absorb any additional costs to the state as a result of county-approved salary adjustments in FY 2024. Provides \$6.75 million one-time to the “Probation salary increase backfill” line item to cover the remaining state share of probation officer salaries approved by counties in FY 2023. HB 2810/SB1720 Sec. 52
- EORP Debt Payoff:** Does not include an appropriation towards reducing the EORP unfunded liability.
- Local Infrastructure Matching Funds:** Creates a Rural Broadband Accelerated Match Fund (RBAM) to assist political subdivisions in this state to meet the matching requirement for the federal BEAD program and deposits \$23.6 million into the fund. Allocates 50% to counties, with half for counties with a population above 100,000 and half for counties with a population below 100,000. Additionally, appropriates \$12.5 million to the SMART grant program for rural transportation local match grants. HB 2810/SB1720 Sec. 19; HB 2812/SB 1722 Sec. 15; HB 2813/SB 1723 Sec. 2
- Restricted Flexibility Language:** As session law, allows counties with under 250,000 persons to use up to \$1.25 million of any county-wide special district funds to meet any county fiscal obligation. Counties

are still required to report to the JLBC by October 1, 2023, if the county used the flexibility language and if so, the specific amount and source of revenue used. *HB 2820/SB 1730, Sec. 1*

- **Arizona Long Term Care System (ALTCS):** FY 2024 contributions total \$366.2 million for all 15 counties into the Long Term Care System Fund. This is an increase of \$13.5 million from FY 2023. *HB2816/SB1726, Sec. 9*
- **Other County Priorities:** Continues other ongoing payments to counties including appropriations to maintain essential county services and to defray the increased cost of EORP contributions for some counties. *HB 2810/SB1720, Sec. 111*

COUNTY ISSUES BY BUDGET BILL

SB 1720 general appropriations act; 2023-2024 (Kavanagh)

- **Fire Incident Management Fund Deposit:** Appropriates \$12.2 million to the Fire Incident Management Fund. *Sec. 6*
- **Rural Broadband Accelerated Match (RBAM) Fund Deposit:** Appropriates \$23.6 million from the state general fund to the RBAM program. Requires the Arizona Commerce Authority to use the monies in the fund to provide funding for projects that will receive matching monies from federal programs related to broadband expansion. *Sec. 19*
- **State Rural Development Council:** Appropriates \$1.0 million to distribute to a federally recognized state rural development council in the national rural development partnership in this state to establish partnerships in rural Arizona communities. *Sec. 19*
- **Economic Transition Resources:** Appropriates \$9.0 million to an economic transition resources line item. Adds footnote requiring the ACA to distribute the Economic Transition Resources grants to a nonprofit organization for capital projects, economic sustainability developments, renewable energy projects and broadband projects located within 20 miles of a coal mine that closed within the past 5 years. *Sec. 19*
- **Out of County Tuition:** Appropriates \$1.08 million from the state General Fund (GF) for rural county reimbursement subsidies for counties without an established community college district. Apache County receives \$699,300 and Greenlee County receives \$383,600. *Sec. 20*
- **Transitional and Reentry Housing:** Appropriates \$5.0 million to a transitional and reentry housing line item in the Department of Corrections. Establishes a competitive grant process to provide evidence-based substance use treatment and early intervention for those with involvement with the justice system, a mental health diagnosis, a chronic health condition and/or have experienced homelessness or are at high risk of becoming homeless. Establishes various criteria. *Sec. 23*
- **Transitional Housing Grants:** Appropriates \$2.0 million to the Department of Corrections for transitional housing grants. Establishes requirements that grants be to nonprofits that meet the following criteria: 1) have mentored at least 3,000 inmates who were in prison for at least 2 years, 2) have mentored inmates receiving resources for at least 3 months while incarcerated, and 3) provide individuals with housing up to 6 months, behavioral health services, assistance with obtaining identification documents, and assistance in securing employment and health insurance. *Sec. 23*
- **County Attorneys Fund:** Continues to appropriate \$973,700 from the State Aid to the County Attorneys Fund to support county attorney's offices in improving criminal case processing. *Sec. 24*
- **Indigent Defense Fund:** Continues to appropriate \$700,000 from the State aid to indigent defense fund to the Arizona Criminal Justice Commission for state aid to indigent defense. *Sec. 24*

- **Juvenile Dependency Proceedings:** Continues to appropriate \$2.0 million for state aid for juvenile dependency proceedings. *Sec. 24*
- **Graham County Rehabilitation Center:** Appropriates \$800,000 to the Department of Economic Security (DES) to remodel the Graham County rehabilitation center facilities in Safford and \$30,000 for an afterschool program. *Sec. 29*
- **County Participation; Child Support Enforcement:** Appropriates \$8.54 million for county participation in child support enforcement to the Department of Economic Security (DES). This amount has unchanged from last year. *Sec. 29*
- **Juvenile Detention Center Funding:** Appropriates \$52,600 for juvenile detention centers. Dictates that \$22,600 is for Yavapai County, \$20,000 for Pinal County and \$10,000 for Maricopa County. *Sec. 31*
- **PFAS Mitigation:** Appropriates \$5.0 million to the Department of Environmental Quality (DEQ) for PFAS mitigation. Requires DEQ to submit a report to JLBC documenting its progress by July 31, 2024. *Sec. 33*
- **State Forester; Environmental County Grants:** Continues to appropriate \$250,000 to the State Forester for county environmental projects. *Sec. 38*
- **Hazardous Vegetation Removal:** Continue to appropriate \$3.0 million to the state Department of Forestry and Fire Management (DFFM) for hazardous vegetation removal. This amount is unchanged from last year. *Sec. 38*
- **Wildfire Mitigation:** Appropriates \$32.0 million to DFFM for wildfire mitigation. This is a decrease of \$7.2 million from FY 2023 in line with the FY 2023 budget spending plan and a technical adjustment. *Sec. 38*
- **Fire District Grants:** Appropriates \$5.0 million to DFFM for fire district grants. Requires that grants be prioritized by the need of the fire district and average response times. Allows grants to be used for capital equipment, to construct or renovate fire stations and to purchase emergency alert services. *Sec. 38*
- **County Fair Livestock and Agricultural Promotion:** Appropriates \$6.03 million to the County Fairs Livestock and Agriculture Promotion Fund. *Sec. 41*
- **County Tuberculosis Provider Care and Control:** Maintains a \$590,700 appropriation to the Department of Health Services DHS to support county tuberculosis programs. *Sec. 44*
- **Antihuman Trafficking Grant Fund:** Appropriates \$10.0 million to the antihuman trafficking grant fund. Requires that \$2.0 million be distributed to the Department of Public Safety (DPS) ACTIC and \$8.0 million be distributed as grants to local law enforcement agencies. The appropriation is nonlapsing. *Sec. 47*
- **Housing Trust Fund Deposit:** Appropriates \$150.0 million into the housing trust fund. Requires the Department of Housing (DOH) to submit an expenditure plan to JLBC by September 1, 2023. *Sec. 49*
- **Homeless Shelter & Services:** Appropriates \$40.0 million to the DOH for the Homeless Services Grant Pilot in addition to the \$10 million appropriated in FY 2022-2023. *Sec. 1 & Sec. 49*
- **Automobile Theft Grants:** Appropriates \$1.4 million to the Department of Insurance and Financial Institutions for local grants to issue grants to areas with automobile theft problems to combat automobile theft. Appropriates \$4.5 million to the Arizona Vehicle Theft Task Force line item to pay for

75% of the employee-related expenses for county and municipal officers that participate in the Arizona Vehicle Theft Task Force. *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. 52*
- **State Share of Superior Court Judges:** Provides \$28.2 million for 50% of the Superior Court Judge salaries and employee related expenditure costs for all counties. This reflects the state's share of additional judges in Yavapai and Yuma Counties. *Sec. 52*
- **Probation Officer Salaries Backfill:** Provides \$6.75 million to the "Probation salary increase backfill" line item. Requires that funds in the line item be used to cover the remaining state share of probation officer salaries approved by counties in FY 2023. *Sec. 52*
- **Probation Officer Salary Adjustments – FY 2024:** Does not provide any funds for probation officer salary increases above FY 2023. Amended in COW to remove language that required the counties to absorb any additional costs to the state as a result of county-approved "probation officer step or inflation salary increases" in FY 2024. *Sec. 52*
- **County-by-County Probation Officer Report:** Continues to require the Administrative Office of the Courts (AOC) to report to JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB), by November 1, 2023, the number of authorized and filled probation positions on a county-by-county basis, along with total receipts and expenditures by county. *Sec. 52*
- **Probation Salary Increases Report:** Requires by November 1, 2023, the Administrative Office of the Courts (AOC) report to JLBC on the county-approved salary adjustments provided to probation officers since November 1, 2022. *Sec. 52*
- **Supreme Court Juvenile Monetary Sanctions Funding Backfill:** Appropriates \$250,000 from FY 2024 to FY 2026 to backfill the court lost revenue if SB 1197 juvenile offenders; monetary sanctions; repeal (Gowan) is passed. Funding contingent on enactment of SB 1197. *Sec. 52*
- **ADJC Cost Shift:** Appropriates \$6.74 million from the Department of Juvenile Corrections Local Cost Sharing Fund established by A.R.S. § 41-2833. HB 2814 modifies A.R.S. § 41-2832 to require that the department assess the fee on only Maricopa County. *Sec. 53*
- **Local Border Support:** Appropriates \$12.2 million appropriation for the Border Strike Task Force Local Support line item and relabels the line as Local Border Support. Eliminates the existing cap of \$11.7 million for the funding of local law enforcement positions. Adds the requirement that these positions shall be used to deter and apprehend any individuals charged with drug trafficking, human smuggling, illegal immigration, and other border-related crimes. Eliminates the existing cap of \$500,000 for the funding of grants to prosecute and detain individuals with these same crimes. Eliminates 25% local matching funds requirement. *Sec. 77*
- **Law Enforcement Retention Initiatives:** Appropriates \$2.0 million for law enforcement retention initiatives. Specifies that \$1.0 million be used to acquire coaching resources with a special emphasis on improving retention and development of law enforcement positions at DPS. Requires DPS to grant \$1.0 million to provide matching grants to local government law enforcement agencies to acquire coaching resources. Maricopa County, Pima County, Phoenix, and Tucson are required to provide a 50% match. All other counties, cities, and towns must provide a 25% match. Service providers must have trained coaches with backgrounds in law enforcement and must be able to provide coaching services online. *Sec. 77*

- **Presidential Preference Election Funding:** Appropriations \$5.9 million to the Secretary of State (SOS) for the Presidential Preference Election. Requires the SOS to submit a report to JLBC for review prior to transferring monies from the PPE line item. May only be allocated to reimburse expenses incurred by counties to administer the 2024 presidential preference election, for logic and accuracy testing of voting equipment for the 2024 presidential preference election and for the direct costs of SOS related to the 2024 presidential preference election. Up to \$100,000 may be used for the direct costs of the secretary of state related to the 2024 presidential preference election. Requires each county to submit its certified claims by May 1, 2024. Requires the SOS to report on the reimbursements to JLBC and OSPB by May 15, 2024. *Sec. 83*
- **HAVA Projects:** Appropriates \$5.0 million for help America vote act (HAVA) projects. Requires that prior to expenditures the SOS submit an expenditure plan to the JLBC for review. The expenditure plan is to include, at a minimum, the planned expenditures and timeline of expenditures by year. Until all monies are expended, SOS shall report semi-annually to the JLBC and OSPB on actual expenditures (July 31st and December 31st of each year). Of the appropriation, 75% shall be made available to counties for election systems improvements. *Sec. 83*
- **Justice of the Peace (JP) Salaries:** Appropriates \$2.8 million to the Arizona State Treasurer to cover the state's share of JP salaries. This amount is unchanged from last year. *Sec. 88*
- **Law Enforcement Boating Safety Fund:** Appropriates \$2.18 million to be allocated to county law enforcement agencies in counties which had a law enforcement and boating safety program in existence prior to July 1, 1990 (Apache, Coconino, Gila, La Paz, Maricopa, Mohave, Navajo, Yuma). This amount is unchanged from last year. *Sec. 88*
- **Gila County Veterans Retreat:** Appropriates \$3.0 million for distribution to Gila County for the Pleasant Valley Veterans Retreat. *Sec. 94*
- **Water Project Assistance Grants:** Appropriates \$3.0 million to provide financial assistance to irrigation districts in Cochise and Graham Counties and cities and towns in Navajo and Apache Counties. Stipulates that \$1.0 million of the appropriation is for assistant to the cities and towns in Navajo County and Apache County; \$1.0 million for irrigation districts in Graham County; \$1.0 million for irrigation districts in Cochise County along the San Pedro River. Requires WIFA to develop a separate grant program to distribute these monies prior to June 30, 2024. *Sec. 96*
- **Little Colorado River Levee:** Appropriates \$20.0 M to the Little Colorado River levee project for distribution to the city of Winslow. *Sec. 96*
- **Mohave Wash Recharge Basin:** Appropriates \$3.5 M to the Mohave wash recharge basin project for distribution to Mohave County. *Sec. 96*
- **Rural Water Studies:** Appropriates \$1.2 million to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside of the state's active management areas. This amount is unchanged from last year. *Sec. 97*
- **Homeless Shelter and Services; Supplemental FY 2023:** Appropriates an additional \$20.0 M in FY 2023 from the state GF to the DOH for "programs that provide shelter and services to unsheltered persons who are experiencing homelessness." *Sec. 104*
- **Border Security Fund; Additional Uses:** Specifies that monies deposited into the Border Security Fund via Laws 2022, Ch. 334 may be used for the purposes authorized by § 26-105 in addition to the uses prescribed in the aforementioned law. *Sec. 110*
- **WIFA Long-term Water Augmentation Fund Reduction:** Reduces FY 2024 appropriation to WIFA by \$143.8 million (previously \$333.0 million). *Sec. 111*

- **Direct Appropriations to Counties (In-Lieu Lottery Revenue):** Appropriates \$7.15 million from the state GF to the Arizona Department of Administration (ADOA) to be equally distributed to the thirteen counties under 900,000 persons (Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, Yavapai, and Yuma). Each qualifying county receives \$550,050. *Sec. 112*
- **Graham County Assistance:** Appropriates \$500,000 from the state GF to ADOA for distribution to Graham County for maintenance of essential county services. *Sec. 112*
- **Elected Officials Retirement Plan (EORP) Relief:** As session law, appropriates \$3.0 million from the state GF to be distributed equally across counties with a population under 300,000. Each qualifying county receives \$250,000. *Sec. 112*
- **Coordinated Reentry Programs:** As session law, appropriates \$7.0 million to ADOA to distribute to counties to establish a coordinated reentry planning services program. Does not specify which counties or amounts to be distributed to each. *Sec. 112*
- **ADOR Integrated Tax System Modernization Project:** Appropriates \$19.4 million to continue the ADOR integrated tax system modernization project. Includes requirements for the system to meet. *Sec. 121*
- **Sheriff Search and Rescue Equipment:** Appropriates \$2.5 million to county sheriffs to purchase search and rescue related equipment. Distributed as follows: Cochise County (18%), Coconino County (21%), Gila County (2.5%), Greenlee County (0.5%), Mohave County (21%), Navajo County (0.5%), Pinal County (22%), Yavapai County (13.5%). The remaining 1% shall be distributed to Apache, Graham, La Paz, Maricopa, Pima, Santa Cruz, and Yuma Counties on a first come, first served basis. *Sec. 116*
- **Mohave County Capital Improvements:** \$9.0 million for Mohave County for a Lake Havasu substation, boating safety center on Lake Havasu, Mohave Valley substation, Beaver Dam substation. \$500,000 to the Mohave County sheriff for vehicle purchases. \$3.4 million to Mohave County to design and construct the Mohave wash recharge basin. *Sec. 114*
- **La Paz County Capital Improvements:** \$860,000 for server replacement, public safety dock and boat lifts, and a Salome substation roof. *Sec. 116*
- **Glassford Dells Regional Park:** Appropriates \$3.5 million to Prescott and Prescott Valley for Glassford Dells Regional Park. Requires Yavapai County, Prescott and Prescott Valley to demonstrate matching monies of at least \$3.5 million prior to distributing the funds. *Sec. 116*
- **Property Owner Notification Systems:** Appropriates \$126,200 to distribute to counties for property owner notification systems as follows:
 - \$10,000 to Apache county
 - \$10,000 to Cochise county
 - \$17,000 to Coconino county
 - \$7,200 to Gila county
 - \$10,000 to Graham county
 - \$10,000 to Greenlee county
 - \$10,000 to La Paz county
 - \$25,000 to Mohave county
 - \$10,000 to Navajo county
 - \$10,000 to Santa Cruz county
 - \$7,000 to Yuma county*Sec. 116*
- **Firearm Training Simulators:** Appropriates \$1.4 million from the peace officer training equipment fund for firearms training simulators. Includes \$300,000 for the Mohave County probation department, \$330,000 for the Maricopa County sheriff's office and \$300,000 for the Navajo County sheriff's office. *Sec. 117*
- **Yavapai County Fairgrounds:** \$15.3 million for a nonprofit volunteer organization that operates a rodeo at the Yavapai County fairgrounds. *Sec. 118*

SB 1722 capital outlay; appropriations; 2023-2024 (Kavanagh)

Transportation Projects Funded in SB 1722 by County, as a region

Project	Sec.	FY 2021	FY 2023	FY 2024
Apache				
N9402 Shortfall (FY 23 Project)	Sec. 4			\$10.0
SR 264 Lane Improvements for Ganado Senior Citizens Center to Apache County	Sec. 10			\$0.5
Apache Total				\$10.5
Cochise				
Cochise County - Moson Rd Drainage	Sec. 10			\$6.1
Douglas Port of Entry/SR 80 Connection	Sec. 10			\$8.2
Huachuca City - Skyline Drive Between Gila & Edgewood	Sec. 10			\$0.5
Huachuca City - Skyline Drive to Gila Avenue	Sec. 10			\$1.6
Sierra Vista - Theater Dr Corridor (7th St to Carmichael	Sec. 10			\$1.8
Reallocation Plan Reduce SR-90 Pavement Rehabilitation (Campus Dr to Border Patrol) from \$39.2M to \$38.6M	Sec. 3		(\$0.6)	
Reallocation Plan Reduce FY 2022 Inflation - Wilcox SR-186 Funding from \$1.46M to \$1.45M	Sec. 5		(\$0.0)	
Reallocation Plan Reduce FY 2022 Inflation - SR-90 Improvements from \$3.7M to \$3.3M	Sec. 3		(\$0.4)	
Cochise Total				(\$1.0) \$18.2
Coconino				
Reallocation Plan Increase US-89 & N. Lake Powell Blvd Traffic Circle/Control Device to \$8.1M	Sec. 4		\$3.1	
Coconino Total				\$3.1
Gila				
Canyon Water Improvement District Infrastructure (\$610k)	Sec. 10			\$0.6
Gila County Houston Mesa Rd - SR260 to NF Route 199	Sec. 10			\$0.2
Globe Cottonwood St Bridge at Pinal Creek	Sec. 10			\$0.6
Globe Jesse Hayes Rd Bridge at Pinal Creek	Sec. 10			\$0.6
Globe Sidewalk - Jesse Hayes & Shooter Canyon Roads	Sec. 10			\$3.5
Hayden/Winkleman - Golf Course Road/Quarelli Street Improvements	Sec. 10			\$1.6
Payson Roundabout - Longhorn & McLane Roads	Sec. 10			\$1.5
Gila Total				\$8.6
Graham				
Graham County - Norton Rd/Reay Ln	Sec. 10			\$0.5
Graham County - Safford Bryce Road Improvements	Sec. 10			\$1.8
Thatcher - 8th Street improvements	Sec. 10			\$4.5
Reallocation Plan Increase US-191 Pavement Rehabilitation (Armory Rd to East Safford) from \$16.3M to \$18.98M	Sec. 3		\$2.7	
Graham Total				\$2.7 \$6.8
Maricopa				
Cave Creek Rd Construction Study	Sec. 10			\$0.3
Extend 43rd Ave from SR 303 to SR 74 (Allocate to City of Phoenix)	Sec. 10			\$6.5
Happy Valley Road (35th Ave to 67th Ave)	Sec. 10			\$12.5
I-10 & Jackrabbit Trail Interchange	Sec. 10			\$5.0
Panther Drive Bridge Improvements	Sec. 10			\$2.5
Phoenix-Mesa Gateway Airport	Sec. 18			\$7.0
Repave US-60 Between Morristown and Wickenburg	Sec. 10			\$10.5
SR 303 & Route 60 Interchange	Sec. 10			\$4.5
SR 85 Lane Expansion (MP 123 to Maricopa Rd)	Sec. 10			\$6.5
Reallocation Plan Remove FY23 Loop 101 Slip Ramp Funding	Sec. 6		(\$25.0)	

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Reallocation Plan Additional I-10 Lanes (SR 85 to Citrus Road)	Sec. 20		\$52.1	
Reallocation Plan Reduce FY21 Additional I-10 Lanes (SR-85 to Citrus Road) from \$64.2M to \$60.1M	Sec. 3	\$(3.3)		
Reallocation Plan Increase Gila Bend Sentinel Exit Lighting from \$568,000 to \$1.1M	Sec. 3		\$0.5	
Reallocation Plan Remove FY 2022 Inflation - SR-347/Riggs Rd Overpass (Design/Easements)	Sec. 5		(\$2.6)	
Reallocation Plan Increase FY 2022 Inflation - SR-347/Riggs Rd Overpass (Construction) from \$8.8M to \$24M	Sec. 5		\$15.3	
Maricopa Total		\$(3.3)	\$40.2	\$55.3
Mohave				
Lake Havasu City Bridge Project	Sec. 10			\$35.5
SR 95 Bullhead City Turn Lanes	Sec. 10			\$8.0
Reallocation Plan Reduce FY 2022 Inflation - SR-95 Repaving/Improvements (Bullhead/Lake Havasu) from \$19.5M to \$13.4M	Sec. 5		(\$6.2)	
Mohave Total			(\$6.2)	\$43.5
Navajo				
Navajo County SR 260 Improvements	Sec. 10			\$4.3
Pinetop-Lakeside Porter Mountain Rd Improvements	Sec. 10			\$2.2
Navajo Total				\$6.5
Pima				
Marana - I-10 and Cortaro Road Interchange	Sec. 10			\$10.0
Reallocation Plan Increase Rehabilitate pavement along SR 77 near Oro Valley	Sec. 1		\$2.2	
I-19 Drexel Road Bridge	Sec. 10			\$15.0
Pima Total			\$2.2	\$25.0
Pinal				
Coolidge Ave (Christensen Rd to Clemans Rd)	Sec. 10			\$5.3
Eloy - I-10/Sunland Gin Rd & I-10/Arica Rd Improvements	Sec. 10			\$5.0
SR 24 Extension (Allocate to Queen Creek/Collaborate w/ Pinal County)	Sec. 10			\$87.5
SR 87 Design of Improvements at Arica and Shedd Roads	Sec. 10			\$0.7
West Pinal Parkway East-West Corridor Design	Sec. 10			\$9.2
SR 347 Intersections (Casa Blanca/Cement Plant)	Sec. 10			\$18.0
Pinal Total				\$125.7
Santa Cruz				
I-19 Interchanges - Rio Rico and Ruby Road (Distribute to Santa Cruz County)	Sec. 10			\$8.6
Patagonia - Mckeown Ave Reconstruction (4th Ave W-SR 82)	Sec. 10			\$1.5
SR 83 - Santa Cruz to Sonoita	Sec. 10			\$9.0
Santa Cruz Total				\$19.1
Yavapai				
Clarkdale Bitter Creek Wash Bridge	Sec. 10			\$6.3
Glassford Hill Rd Improvements	Sec. 10			\$9.9
Reallocation Plan Increase FY23 SR-69/SR-169 Roundabout Construction from \$1.5M to \$8.0M	Sec. 3		\$6.6	
Reallocation Plan Reduce FY23 SR-89/SR-89A Interchange Improvements from \$3M to \$600,000	Sec. 3		(\$2.4)	
Reallocation Plan Remove SR-279 Old State Highway (Cottonwood)	Sec. 3		(\$6.1)	
Reallocation Plan Increase FY 2022 Inflation - SR-69 Repaving (Prescott Valley) from \$1.6M to \$1.8M	Sec. 5		\$0.2	
Yavapai Total			(\$1.8)	\$16.2

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Yuma			
US-95 Improvements (Wellton Mohawk Canal to Aberdeen Rd)	Sec. 10		\$33.3
US-95 Pavement Rehabilitation (County 22nd St to County 11th St))	Sec. 10		\$5.9
Reallocation Plan Remove FY23 US 95 Improvement near Yuma Proving Grounds	Sec. 1	(\$10.0)	
Reallocation Plan Remove FY 2022 Inflation - US-95 Improvements (Yuma Proving Ground)	Sec. 5	(\$3.5)	
Yuma Total		(\$13.5)	\$39.2

Multiple Counties			
SMART Fund Deposit	Sec. 15		\$12.5
Passenger Rail Service Planning (Phoenix to Tucson)	Sec. 8		\$3.5
I-10 Expansion Additional Funding (Phx to Casa Grande)	Sec. 11		\$89.0
I-17 Expansion Funding Shortfall	Sec. 12		\$76.2
Rural Pavement Rehabilitation (Rural Projects/Fair or Poor Condition/Not In 5 Yr Plan)	Sec. 13		\$54.3

- **Little Colorado River Visitor Center:** Modifies [Laws 2022, Chapter 309, Section 5](#) to clarify the Arizona Department of Administration (ADOA) shall provide the \$1 million in funding for the Little Colorado River Visitor Center to the Navajo Nation instead of Navajo County. *Sec. 2*
- **Verde River Headwaters State Park:** Appropriates \$7 million to the Arizona State Parks Board for the creation of a state park at the headwaters of the Verde River. *Sec. 8*
- **Dine College Capital Improvements:** Appropriates \$10 million to ADOA to distribute to Diné College Board of Regents for capital improvements. *Sec. 9*
- **Rural Pavement Rehabilitation*:** Appropriates \$54.3 million to ADOT for pavement rehabilitation projects for projects that meet the following criteria:
 - The road may not be located within Maricopa County or Pima County
 - The road must be graded as being in fair or poor condition by ADOT
 - The road is not contained in ADOTs 2023-2027 five-year transportation facilities construction program. *Sec. 13*

SB 1723 commerce; 2023-2024 (Kavanagh)

- **Rural Broadband Accelerated Match Fund:** Establishes the Rural Broadband Accelerated Match Fund, which consists of legislative appropriations and is administered by the Arizona Commerce Authority. Specifies that, in FY 2024, “the authority shall use monies in the fund to assist political subdivisions in this state to meet the matching requirement for the federal broadband equity, access and deployment program.” Permits the ACA to give preference to applicants that demonstrate the percentage of matching monies they will provide and the extent that the applicant will partner with other projects. Specifies that the monies shall be distributed as follows:
 - **Up to 1%** to administer the fund.
 - **25%** to counties with a population of 100,000 persons or more, except that counties with more than 1 million persons are not eligible for funding.
 - **25%** to counties with a population of less than 100,000 persons.
 - **25%** to municipalities with a population of 10,000 persons or more, except that municipalities partially or entirely located in an urbanized area of a county with more than 1 million persons are not eligible for funding.
 - **25%** to municipalities with a population of less than 10,000 persons. *Sec. 2*

- **Water Infrastructure and Commerce Grant Fund:** Amends statute to permit the distribution of existing funding to projects by December 31, 2025 (previously, distribution and allocation was permitted only until December 31, 2024). *Sec. 3*
- **Microbusiness Loan Program Fund (Microbusiness Fund):** Establishes the Microbusiness Fund to be administered by the Office of Economic Opportunity for providing funding to eligible entities that provide loans to microbusinesses in Arizona. The funds can be used for the operation of the microbusiness; working capital; acquisition or improvement of real property; acquisition of machinery and equipment or refinancing of debt obligations. Requires reporting to the Governor, Legislature and the Joint Legislative Budget Committee on the program including the county of each of the eligible entities and the loan recipients operate. Allows up to 1% of the funds to be used for marketing the program. *Sec. 4*

SB 1724 criminal justice; 2023-2024 (Kavanagh)

- **ADJC Cost Shift – Pima Repeal:** Amends § 41-2832, which currently directs the Department of Juvenile Corrections to assess a “committed youth confinement cost sharing fee” to each county with a population of more than \$500,000, to only require the fee be assessed on counties with a population of more than \$3 million. *Sec. 1*
- **Fentanyl Prosecution, Diversion and Testing Fund:** Establishes the Fentanyl Prosecution, Diversion and Testing fund consisting of legislative appropriations. Specifies that the fund shall be administered by the Department of Public Safety and that monies shall be allocated on a first-come, first-serve basis to **a)** County Attorneys, County Sheriffs, and courts to reimburse costs related to prosecutions of specified offenses involving fentanyl, **b)** law enforcement agencies to reimburse costs related to fentanyl testing, and **c)** law enforcement agencies to reimburse costs related to fentanyl diversion activities. *Sec. 4*
- **Antihuman Trafficking Grant Fund:** Establishes the Antihuman Trafficking Grant Fund to be administered by the Arizona Department of Homeland Security requires distribution of the FY 2023-2024 funds to be used for programs that reduce human trafficking in Arizona. Grant monies may be allocated for either of the following: **a)** reducing human trafficking through assistance and analytical services to law enforcement agencies or **b)** providing services to victims and training to law enforcement agencies, prosecutorial agencies, and the public on preventing and identifying human trafficking. *Sec. 5*

SB 1725 environment; 2023-2024 (Kavanagh)

- **Hazard Mitigation Revolving Fund:** Establishes the Hazard Mitigation Revolving Fund consisting of monies appropriated by the Legislature and monies received from the federal government. Directs the Department of Emergency and Military Affairs to administer the fund and specifies that monies in the fund may be used “in accordance with the guidelines established pursuant to the Safeguarding Tomorrow Through Ongoing Risk Mitigation Act” in FY 2024, 2025, 2026, 2027 and 2028. Repeals this section after June 30, 2028. *Sec. 1, 2*
- **Fire Incident Management Fund:** Establishes, in FY 2023-2024, the Fire Incident Management Fund consisting of legislative appropriations. Required to be used for grants to municipal fire districts for hardware and software that **a)** “enables the statewide deployment of a secure incident management platform to fire and law enforcement agencies,” **b)** “provides a standardized incident command and management platform based on federal emergency management agency standards” to ensure a number of specified goals, including a clearly defined chain of command, use of common terminology,

and the safety of first responders and others, and c) providing a collaboration and communications solution to – among other items – identify the location, status, and assignment of resources, allow status updates, tracking, and management of an incident, and more. States that the Department of Administration shall award grants on a first-come, first-served basis and that the grants “shall fully fund the costs of the secure incident management system for each municipal fire department or fire district for three years.” Sec. 3

- **Underground Storage Tank Revolving Fund (Fund):** Allows the Arizona Department of Environmental Quality to use up to \$6.5 million from the Fund for administrative costs and remediating sewage discharge issues in Naco, Arizona and other boarder area in Arizona. Sec. 5
- **Water Quality Assistance Revolving Fund (WQARF):** Specifies that monies appropriated to the WQARF from the GF may not exceed \$15 million. Sec. 7

SB 1726 health care; 2023-2024 (Kavanagh)

- **Arizona Long Term Care System (ALTCS):** FY 2024 contributions total \$366.2 million for all 15 counties into the Long-Term Care System Fund. This is an increase of \$13.5 million from FY 2023 and is equal to the amount published in the FY 2024 Baseline. Sec. 10

County	FY 2023 Enacted	FY 2024
Apache	\$860,500	\$692,800
Cochise	\$6,320,300	\$6,587,900
Coconino	\$2,583,200	\$2,080,000
Gila	\$2,855,600	\$2,852,300
Graham	\$1,258,800	\$1,540,200
Greenlee	\$0	\$0
La Paz	\$653,700	\$682,700
Maricopa	\$229,265,800	\$240,195,400
Mohave	\$10,473,800	\$10,847,500
Navajo	\$3,561,400	\$2,867,700
Pima	\$54,350,500	\$56,396,600
Pinal	\$17,427,100	\$18,011,700
Santa Cruz	\$2,775,000	\$2,582,800
Yavapai	\$9,429,000	\$9,820,100
Yuma	\$10,883,000	\$11,047,700
Total	\$352,697,700	\$366,205,400

- **Arizona Health Care Cost Containment System (AHCCCS) Disproportionate Share Hospital (DSH) Payments:**
 - Establishes the FY 2024 DSH payments as follows:
 - \$113.8 million for a qualifying non-state-operated public hospital, of which \$4.2 million is distributed to the Maricopa County Special Health Care District (MIHS), and the remaining federal portion is distributed to the state GF;
 - \$28.47 million for the ASH, of which the federal portion is distributed into the state GF; and
 - \$884,800 for private qualifying DSH hospitals, which are hospitals that meet the mandatory definition of disproportionate share to qualifying hospitals, as defined by the County Supervisors Association – Updated May 17, 2023 –

Social Security Act, or those hospitals that are located in Yuma County and contain at least 300 beds.

Sec 11

- **AHCCCS Federal Cost Sharing Compliance:** Continues session law language that requires AHCCCS to reimburse the counties for portion necessary to comply with federal cost sharing obligations. *Sec. 12*
- **Acute Care Contributions:** Sets County Acute Care contributions at \$43.7 million for all 15 counties. This amount is unchanged from the JLBC Baseline and includes a deflator for the Maricopa County contribution. *Sec. 13*

County	FY 2023 Enacted	FY 2024
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	\$16,887,200	\$15,703,400
Mohave	\$1,237,700	\$1,237,700
Navajo	\$310,800	\$310,800
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	\$44,917,500	\$43,733,700

- **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. 14*
- **Restoration to Competency (RTC) Payments:** As session law continues to exclude payments made by counties for RTC treatments from the county expenditure limit. *Sec. 15*

SB 1728 human services; 2023-2024 (Kavanagh)

- **Homeless Shelter and Services Fund (Shelter Fund):** Establishes the Shelter Fund consisting of legislative appropriations, other monies directed to be deposited in the fund, and investment earnings on fund monies. Specifies that, in FY 2024, 2025, 2026, and 2027, the fund monies shall be used to award grants to “counties, cities, towns, Indian tribes and nonprofit organizations for programs that provide shelter and services to unsheltered persons who are experiencing homelessness.” The Department of Housing will administer the Shelter Fund. Requires an annual report on the fund to the Governor and Legislature. Repeals the program after September 30, 2027. *Sec. 3*

SB 1729 K-12 education; 2023-2024 (Kavanagh)

- **County Jails; Education Program Funding:** Specifies that, notwithstanding [§ 15-913.01](#) (Education program; county jails), the FY 2023-2024 funding for county jail education programs are modified as follows:
 - If a county jail operates its education program through an accommodation school, each pupil shall be funded at an amount “equal to the amount for that pupil if the pupil were enrolled in another accommodation school program.”
 - If a county jail does not operate its education program through an accommodation school, the program is funded as specified in [§ 15-913.01](#) except that the deflator (.72) is removed. Additionally, the amount provided for capital outlay is increased from \$72 to \$100. *Sec. 19*

SB 1730 local government; 2023-2024 (Kavanagh)

- **Flexibility Language:** Contains “flexibility language” for FY 2023-2024, 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. *Sec. 1*

SB 1734 taxation; 2023-2024 (Kavanagh)

- **Taxable Income (Partnerships):** As permanent law, beginning in TY 2023, a business organized as a partnership may have all of its income taxed at the entity level rather than having some of its income taxed at the entity level and the rest of it passed through to the individuals in the partnership. This change provides that partnerships and S corporations that elect to be taxed at the entity-level are treated the same way for income tax purposes. *Sec. 1*
- **Individual Income Tax Subtraction (Adoption Expenses):** As session law, increases the individual income tax subtraction for unreimbursed adoption expenses from \$3,000 to \$40,000 for TY 2023 through TY 2025. *Sec. 2*
- **Income Tax Rebate:** Requires ADOR to issue a “onetime individual income tax rebate to an Arizona taxpayer who filed a full-year resident tax return for taxable year (TY) 2021, claimed a dependent tax credit under section 43-1073.01 ... and who meets one of the following qualifications:” a) had a tax liability of at least \$1 for TY 2021, b) filed a TY 2020 return under an identical filing status with a liability of at least \$1, or c) filed a TY 2019 return under an identical filing status with a liability of at least \$1. Specifies that each full-year resident tax return will receive one rebate, and qualifying taxpayers will receive a rebate of \$250 for each dependent younger than 17 at the end of TY 2021 and \$100 for each dependent older than 17 at the end of TY 2021. States that the rebate maxes out at three dependents, but that the rebate will consider dependents younger than 17 before considering dependents older. Requires the rebates to be issued prior to November 15, 2023. Requires associated reporting to the Legislature. *Sec. 3*
- **ADOR Tax System Modernization Local Cost Sharing Fee:** Sets the ADOR Tax System fee at no more than \$6,597,200 for counties, cities, towns, RTAs and COGs. This is an increase of \$1.2 million (+32%) from FY 2023, in line with the 6-year funding plan for the project. Each county’s individual share of the aggregate county share is set using their 2020 census population factor. The aggregate county share of the fee is determined through the following procedure over the prior two fiscal years:
 - 1) Calculate the aggregate amount distributed to counties from:
 - a) A.R.S. § 42-5029 (TPT distribution base)
 - b) A.R.S. § 42-6103 (county general fund excise tax)

- c) A.R.S. § 42-6107 (county transportation excise tax for roads)
 - d) A.R.S. § 42-6108 & 42-6108.01 (tax on hotels – Pima only)
 - e) A.R.S. § 42-6109 & 42-6109.01 (jail facility excise tax – Maricopa only)
 - f) A.R.S. § 42-6110 (use tax on electricity)
 - g) A.R.S. § 42-6111 (county capital projects)
 - h) A.R.S. § 42-6112 (county excise tax for county judgment bonds)
- 2) Calculate the aggregate amount distributed to counties, cities and towns, Maricopa Association of Governments (MAG), and Pima Association of Governments (PAG) from:
- a) All taxes listed under step one
 - b) A.R.S. § 42-6001 (city excise taxes)
 - c) A.R.S. § 43-206 (urban revenue sharing)
 - d) A.R.S. § 42-6105 (MAG transportation tax)
 - e) A.R.S. § 42-6106 (PAG transportation tax)
- 3) Calculate what percentage the aggregate amount calculated under step 1 is of the aggregate amount calculated under step 2 and apply this percentage to the total fee. The total county fee is distributed across counties based on the county’s share of the state’s population according to the 2020 census.

Sec. 4

SB 1735 transportation; 2023-2024 (Kavanagh)

- **State Match Advantage for Rural Transportation (SMART):** Amends § 28-339, which established the *State Match Advantage for Rural Transportation (SMART)* grants, to specify that “a municipality that is partially ... located in an urbanized area of a county with a population of more than one million person” are not eligible for the following allocations: **a)** municipalities with a population of 10,000 or more for providing a match for federal grants or reimburse design or other engineering services expenditures (20% of funding), or **b)** municipalities with a population of less than 10,000 for developing federal grant applications, providing match dollars for federal grants, or design and engineering expenditures (20% of funding). *Sec. 1*