

Department of Transportation

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4,554.0	4,554.0	4,554.0 ^{1/}
Personal Services	113,694,500	131,386,900	130,635,200
Employee Related Expenditures	47,865,300	66,771,300	64,960,600
Professional and Outside Services	10,698,600	12,831,100	12,991,100
Travel - In State	368,100	511,800	511,800
Travel - Out of State	116,700	151,300	151,300
Other Operating Expenditures	28,432,800	36,050,800	39,730,000
Equipment	3,110,300	3,701,500	4,806,200
OPERATING SUBTOTAL	204,286,300	251,404,700	253,786,200
SPECIAL LINE ITEMS			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	18,168,000	27,112,000	25,209,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	12,686,400	22,400,000	22,400,000 ^{2/}
Attorney General Legal Services	3,623,700	3,623,700	3,940,400 ^{3/}
Authorized Third Parties	2,088,800	2,223,800	2,192,200
Driver License Security Software	0	2,260,000	0
Driver Safety and Livestock Control	621,100	800,000	800,000
Highway Damage Recovery Account	7,672,000	8,000,600	8,000,800
Highway Maintenance	126,144,700	224,695,400	160,675,800 ^{4/5/}
One-Time Fleet Fuel Inflation Funding	0	0	2,337,900
Preventive Surface Treatments	29,710,100	36,142,000	36,142,000 ^{6/}
Radio Lifecycle Replacement	0	0	1,656,100
Spaying and Neutering of Animals Fund Deposit	0	0	550,000
State Fleet Operations	13,612,300	25,267,100	30,454,400
State Fleet Vehicle Replacement	1,598,500	10,715,800	25,000,000
Statewide Litter Removal	0	0	3,106,800
Vehicle License Tax Deposit	3,300,000	0	0
AGENCY TOTAL	423,511,900	614,645,100	576,251,600 ^{7/-11/}
FUND SOURCES			
General Fund	3,300,000	0	550,000
<u>Other Appropriated Funds</u>			
Air Quality Fund	283,000	326,600	1,127,700
Department Fleet Operations Fund	18,168,000	27,112,000	25,209,000
Highway Damage Recovery Account	7,672,000	8,000,600	8,000,800
Highway User Revenue Fund	664,200	906,500	898,600
Ignition Interlock Device Fund	339,400	363,600	360,700
Motor Vehicle Liability Insurance Enforcement Fund	1,743,500	5,383,600	1,582,300
State Aviation Fund	1,669,900	2,163,600	2,261,600
State Fleet Operations Fund	13,612,300	25,267,100	30,454,400
State Highway Fund	372,537,200	532,159,100	479,159,900
State Vehicle Replacement Fund	1,598,500	10,715,800	25,000,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,923,900	2,246,600	1,646,600
SUBTOTAL - Other Appropriated Funds	420,211,900	614,645,100	575,701,600
SUBTOTAL - Appropriated Funds	423,511,900	614,645,100	576,251,600
Other Non-Appropriated Funds	27,531,000	40,507,600	40,507,600
Federal Funds	59,007,600	26,229,600	26,229,600
TOTAL - ALL SOURCES	510,050,500	681,382,300	642,988,800

AGENCY DESCRIPTION — The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

FOOTNOTES

- 1/ Includes 1,152 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Expenditures made by the department of transportation for ADOT fleet vehicle and heavy equipment replacement shall be funded only from the ADOT fleet vehicle and heavy equipment replacement line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the ADOT fleet vehicle and heavy equipment replacement line item before expenditure. (General Appropriation Act footnote)
- 3/ All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriation Act footnote)
- 4/ Of the total amount appropriated, \$160,254,200 in fiscal year 2023-2024 for highway maintenance is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2024. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 5/ In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes. (General Appropriation Act footnote)
- 6/ The amount appropriated to the preventive surface treatments line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2024. (General Appropriation Act footnote)
- 7/ Of the total amount appropriated, the department of transportation shall pay \$15,981,300 in fiscal year 2023-2024 from all funds to the department of administration for its risk management payment. (General Appropriation Act footnote)
- 8/ The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2024 for fiscal year 2023-2024. (General Appropriation Act footnote)
- 9/ On or before February 1, 2024, the Arizona strategic enterprise technology office shall submit, on behalf of the department of transportation, an annual progress report to the joint legislative budget committee staff. The annual report shall provide updated plans for spending the department-dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in fiscal year 2023-2024, including any amounts for stabilization, maintenance, ongoing operations, support and enhancements for the motor vehicle modernization solution, maintenance of legacy mainframe processing and support capability, and other system projects outside the scope of the motor vehicle modernization project. (General Appropriation Act footnote)
- 10/ On or before August 1, 2023, the department of transportation shall report to the director of the joint legislative budget committee the state's share of fees retained by the service Arizona vendor in the prior fiscal year. The report shall include the amount spent by the service Arizona vendor on behalf of this state in the prior fiscal year and a list of the projects funded with those monies. (General Appropriation Act footnote)
- 11/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$253,786,200 and 3,402 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
Air Quality Fund	\$1,127,700
Highway User Revenue Fund	657,800
Ignition Interlock Device Fund	360,700
Motor Vehicle Liability Insurance Enforcement Fund	1,480,000

State Aviation Fund	2,261,600
State Highway Fund	246,345,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,553,400

Adjustments are as follows:

ADOT Fleet Operations Funding

The budget includes an increase of \$3,853,100 in FY 2024 for increased costs related to operating and maintaining ADOT's fleet. This amount consists of:

State Aviation Fund	22,600
State Highway Fund	3,830,500

The monies will be deposited into the Department Fleet Operations Fund, which is used to maintain the department's internal fleet. *(Please see the ADOT Fleet Vehicles and Heavy Equipment Maintenance line item for further details.)*

Computer Aided Dispatch System Replacement

The budget includes an increase of \$442,700 from the State Highway Fund in FY 2024 to replace the department's existing Computer-Aided Dispatch (CAD) system. The system will be at the end of life by June 2024 and is need of replacement. The system is used for inspection of commercial vehicles, traffic operations, hazmat, and incident responses. Of the appropriated amount, \$336,800 is one-time and \$105,900 is ongoing.

Driver License and License Plate Production Funding

The budget includes an increase of \$403,000 from the State Highway Fund in FY 2024 for increased driver license and license plate production. Due to population growth and higher production costs, the department expects increased costs associated with driver license and license plate production.

Driver License Security Software Budget Shift

The budget includes an increase of \$160,000 from the State Highway Fund in FY 2024 to maintain the driver license security software upgrade. The \$160,000 from the State Highway Fund represents ongoing funding that has been shifted from the Driver License Security Software line item over to the operating budget.

Hoover Dam Liability Insurance Cost Increase

The budget includes an increase of \$209,800 from the State Highway Fund in FY 2024 to address the increased costs related to maintaining liability insurance with the Hoover Dam Bridge and cybersecurity compliance.

Motor Vehicle Liability Insurance Enforcement Fund Budget Shift

The budget includes an increase of \$399,900 from the State Highway Fund in FY 2024 and a corresponding decrease of \$(399,900) in FY 2024 from the Motor Vehicle Liability Insurance Enforcement Fund in the operating budget for a budget shift. The Motor Vehicle Liability Insurance Enforcement Fund has experienced a decline of revenues since the onset of the COVID-19 pandemic. The budget shift is intended to provide ongoing relief to the fund.

MVD Call Center Contract Increase

The budget includes an increase of \$87,300 from the State Highway Fund in FY 2024 to meet increases in the MVD call center contract with the Arizona Correctional Industries (ACI). The funding is intended to cover the higher ACI hourly wage which is increasing from \$1.10 an hour to \$1.80 an hour. The call center assists the MVD in level 1 calls (basic inquiries when no personal information is collected).

Named Claimants

The budget includes a decrease of \$(7,848.08) from the State Highway Fund in FY 2024 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

National Motor Vehicle Title Information System Contract Increase

The budget includes an increase of \$91,000 from the State Highway Fund in FY 2024 to meet a contractual increase related to the National Motor Vehicle Title Information System (NMVTIS). ADOT uses NMVTIS to check the status of vehicles and verify information when issuing motor vehicle titles.

One-Time MVD Paper Materials Cost Increase

The budget includes an increase of \$701,700 from the State Highway Fund in FY 2024 to cover the increased cost of paper materials used by the MVD. The department states that inflationary pressures, supply chain issues, and current contracts have temporarily increased the price of paper materials.

One-Time MVD Security System

The budget includes an increase of \$730,900 from the State Highway Fund in FY 2024 to replace the security systems at 10 MVD offices throughout the state. The funding will cover the second phase of a 5-phase project intended to replace the security systems at all 42 offices.

One-Time Passenger Rail Service Operating Funding

The budget includes an increase of \$250,000 from the Air Quality Fund in FY 2024 for operating costs associated with a study for a passenger rail service from Phoenix to Tucson. *(Please see the ADOT Capital section for further details.)*

Remove One-Time MVD Security System Funding

The budget includes a decrease of \$(931,900) from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2024 to remove one-time funding to replace the security systems at 11 MVD offices throughout the state. The funding covers the first phase of a 5-phase project intended to replace the security systems at all 42 offices.

Remove One-Time Building System Management Upgrade Funding

The budget includes a decrease of \$(1,028,300) from the State Highway Fund in FY 2024 to remove one-time funding to upgrade the department's building management system. The system is used by the department to track the operation and maintenance of their facilities.

Remove One-Time Construction Management System Funding

The budget includes a decrease of \$(300,000) from the State Highway Fund in FY 2024 to remove one-time funding to upgrade the department's construction management system. The funding covers the first phase of a 3-phase project. The new system will be used by the department to manage highway construction projects.

Remove One-Time Travel Identification Card Funding

The budget includes a decrease of \$(6,013,200) from the State Highway Fund in FY 2024 to address an increase in Travel identification (ID) cards issued before the REAL ID deadline of May 3, 2023. Of this amount, approximately \$5.1 million will go toward staffing costs. The remaining amounts will be allocated for marketing and a mobile unit deployed in remote areas to issue Travel ID cards.

Remove One-Time Vehicle Inspection and Certificate of Title Enforcement Fund Deposit

The budget includes a decrease of \$(350,000) from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2024 to be deposited into the Vehicle Inspection and Certificate of Title Enforcement Fund. The Vehicle Inspection and Certificate of Title Enforcement Fund has experienced declining revenues consequent to the COVID-19 pandemic. The funding was intended to offset the decline in revenues.

Salary Increase

The budget includes an increase of \$5,995,700 in FY 2024 for an employee salary increase. This amount consists of:

Highway User Revenue Fund	28,700
State Aviation Fund	90,700
State Highway Fund	5,876,300

The FY 2022 budget funded an average 9% salary increase across approximately 2,345 positions within the department. The funding appropriated in FY 2024 is intended to provide a salary adjustment to the remaining 978 positions that didn't receive a salary increase in the FY 2022 budget.

Statewide Transit Program Administrative Funding

The budget includes an increase of \$551,500 from the Air Quality Fund in FY 2024 for administrative costs of the transit program. ADOT receives federal funding annually for multiple transit grant programs that are awarded to municipalities and private non-profit organizations across the state. These transit programs target rural areas and primarily assist the elderly and physically disabled with their transit needs. ADOT is unable to use any of the federal funding to cover the costs associated with administering the transit grant program.

Vehicle Inspection and Certificate of Title Enforcement Fund Budget Shift

The budget includes an increase of \$600,000 from the State Highway Fund in FY 2024 and a corresponding decrease of \$(600,000) in FY 2024 from the Vehicle Inspection and Certificate of Title Enforcement Fund in the operating budget for a budget shift. The Vehicle Inspection and Certificate of Title Enforcement Fund has experienced a decline of revenues since the onset of the COVID-19 pandemic. The budget shift is intended to provide ongoing relief to the fund.

Statewide Adjustments

The budget includes a decrease of \$(2,464,000) in FY 2024 for statewide adjustments. This amount consists of:

Air Quality Fund	(400)
Highway User Revenue Fund	(25,300)
Ignition Interlock Device Fund	(2,900)
Motor Vehicle Liability Insurance Enforcement Fund	(18,800)
State Aviation Fund	(15,300)
State Highway Fund	(2,401,300)

(Please see the Agency Detail and Allocations section.)

ADOT Fleet Vehicles and Heavy Equipment Maintenance

The budget includes \$25,209,000 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2024 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

ADOT Fleet Operations Funding

The budget includes an increase of \$3,853,100 from the Department Fleet Operations Fund in FY 2024 for increased costs related to operating and maintaining ADOT's fleet.

Named Claimants

The budget includes a decrease of \$(1,463.04) from the Department Fleet Operations Fund in FY 2024 for the elimination of one-time funding for prior year unpaid

claims. (Please see the Named Claimants discussion in ADOA Other Issues.)

Remove One-Time Gas Inflation Funding

The budget includes a decrease of \$(6,000,000) from the Department Fleet Operations Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost of gas for ADOT's internal fleet in FY 2023.

Salary Increase

The budget includes an increase of \$428,300 from the Department Fleet Operations Fund in FY 2024 for an employee salary increase.

Statewide Adjustments

The budget includes a decrease of \$(182,900) from the Transportation Department Equipment Fund in FY 2024 for statewide adjustments.

This line item funds the maintenance and repair of the department's vehicle and equipment fleet.

ADOT Fleet Vehicle and Heavy Equipment Replacement

The budget includes \$22,400,000 from the State Highway Fund in FY 2024 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2023.

This line item funds the financing of replacements for the department's Vehicle and Heavy Equipment fleet through 5-year third-party lease agreements. A General Appropriation Act footnote requires vehicle and heavy equipment replacement to be funded only from this line item.

Attorney General Legal Services

The budget includes \$3,940,400 from the State Highway Fund in FY 2024 for Attorney General Legal Services. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$316,700 from the State Highway Fund in FY 2024 for statewide adjustments.

This line item funds the department's interagency services agreement with the Attorney General for costs of providing legal services to the department, such as litigating cases, reviewing legal documents and proposed administrative rules, and issuing legal opinions.

Authorized Third Parties

The budget includes \$2,192,200 and 20 FTE Positions in FY 2024 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	240,800
Motor Vehicle Liability Insurance Enforcement Fund	102,300
State Highway Fund	1,755,900
Vehicle Inspection and Certificate of Title Enforcement Fund	93,200

Adjustments are as follows:

Statewide Adjustments

The budget includes a decrease of \$(31,600) in FY 2024 for statewide adjustments. This amount consists of:

Highway User Revenue Fund	(11,300)
Motor Vehicle Liability Insurance Enforcement Fund	(700)
State Highway Fund	(19,600)

This line item funds the oversight of authorized third-parties (ATPs). The oversight includes training and educating ATPs, reviewing ATP transactions for accuracy, and evaluating ATP applications. ATPs offer services for vehicle titles, registrations, and driver licenses, either through brick-and-mortar locations or through the online ServiceArizona portal.

While this line item funds oversight of the department's ATP program, it is not representative of the program's full cost to the state. Pursuant to statute, ATPs retain a portion of each fee for its transactions. In FY 2022, ATPs retained \$26,799,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and \$35,547,000 in fees that otherwise would have been deposited to the State Highway Fund (SHF). (Please see Table 6 in the ADOT Capital Outlay section for more detail.)

Driver License Security Software

The budget includes no funding in FY 2024 for Driver License Security Software. Adjustments are as follows:

Remove One-Time Driver License Security Software Upgrade

The budget includes a decrease of \$(2,260,000) in FY 2024 to remove one-time funding for a driver license security software upgrade. This amount consists of:

Motor Vehicle Liability Insurance	(2,100,000)
Enforcement Fund	
State Highway Fund	(160,000)

The \$160,000 from the State Highway Fund represents ongoing funding that has been shifted from the Driver License Security Software line item to the operating budget.

This line item funds a driver license security software upgrade. The upgrade is intended to protect the department from driver license identity fraud and theft.

Driver Safety and Livestock Control

The budget includes \$800,000 from the State Highway Fund in FY 2024 for Driver Safety and Livestock Control. This amount is unchanged from FY 2023.

This line item funds the annual maintenance and repair of statewide cattle guard grills. To prevent livestock movement from harming drivers and bicyclists, ADOT has installed cattle guard grills across the state. The grills are designed to discourage livestock passage while not impeding road users.

Highway Damage Recovery Account

The budget includes \$8,000,800 from the Highway Damage Recovery Account in FY 2024 for the Highway Damage Recovery Account. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of \$200 from the Highway Damage Recovery Account in FY 2024 for statewide adjustments.

This line item funds the maintenance of the state highway system beyond that which is provided by the Highway Maintenance line item. The Highway Damage Recovery Account collects all monies received as reimbursements for highway damage caused by liable third parties; those monies are used for highway maintenance that would otherwise have been deferred.

Highway Maintenance

The budget includes \$160,675,800 and 932 FTE Positions from the State Highway Fund in FY 2024 for Highway Maintenance. Adjustments are as follows:

Highway Maintenance Additional Lane Miles

The budget includes an increase of \$2,350,300 from the State Highway Fund in FY 2024 for maintenance of new

lane miles across the state. This funding will cover the cost of 101 new lane miles added in FY 2023.

South Mountain Loop 202 Maintenance Costs

The budget includes an increase of \$321,800 from the State Highway Fund in FY 2024 for maintenance of new lane miles for the new South Mountain Loop 202 freeway that was opened in December 2019. This funding covers the full cost of maintenance by adjusting for inflation.

Remove One-Time Highway Maintenance Inflation Funding

The budget includes a decrease of \$(66,200,000) from the State Highway Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost to maintain highways throughout the state in FY 2023 due to inflation. Of this amount, \$(15,200,000) reflects backing out an FY 2023 supplemental appropriation intended to provide additional support due to the winter months.

Salary Increase

The budget includes an increase of \$421,600 from the State Highway Fund in FY 2024 for an employee salary increase.

Statewide Adjustments

The budget includes a decrease of \$(913,300) from the State Highway Fund in FY 2024 for statewide adjustments.

This line item funds the maintenance of the state highway system, including pavements, bridges, landscaping, drainage, signals, lights, fences, signs, striping, and snow removal. The monies also fund the freeway management system and the traffic operations center.

In addition to the \$160,675,800 included for Highway Maintenance, the Proposition 400 Maricopa County half-cent sales tax makes another \$13,045,400 available in FY 2024 for landscape maintenance, trash pick-up, sweeping, and litter education from the non-appropriated Maricopa Regional Area Road Fund.

One-Time Fleet Fuel Inflation Funding

The budget includes \$2,337,900 from the State Highway Fund in FY 2024 for One-Time Fleet Fuel Inflation Funding. Adjustments are as follows:

One-Time Fleet Fuel Inflation Funding

The budget includes an increase of \$2,337,900 from the State Highway Fund in FY 2024 for increased funding for inflationary cost increases in fuel.

Preventive Surface Treatments

The budget includes \$36,142,000 from the State Highway Fund in FY 2024 for Preventive Surface Treatments. This amount is unchanged from FY 2023.

This line item funds the proactive treatment of road surfaces to maintain the useful life of roads and avoid more expensive surface replacement/repair costs. The treatments consist of fog seals, or spraying liquid asphalt, and chip seals, or laying down gravel layers. In addition to the \$36,142,000 included for Preventive Surface Treatments, ADOT has \$16,000,000 in Federal Funds available for treatments.

Radio Lifecycle Replacement

The budget includes \$1,656,100 from the State Highway Fund in FY 2024 for Radio Lifecycle Replacement. Adjustments are as follows:

Radio Lifecycle Replacement Funding

The budget includes an increase of \$1,656,100 from the State Highway Fund in FY 2024 for radio lifecycle replacement funding.

The line item provides funding to replace and upgrade the department's radios with tri-band radios capable of communication across both analog and digital systems. The funding will replace about 150 radios of the approximately 2,500 total radios annually.

Spaying and Neutering of Animals Fund Deposit

The budget includes \$550,000 from the General Fund in FY 2024 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

One-Time Spaying and Neutering of Animals Fund Deposit

The budget includes an increase of \$550,000 from the General Fund in FY 2024 for a deposit into the Spaying and Neutering of Animals Fund.

The line item provides one-time additional support into the Spaying and Neutering of Animals Fund, which is a charitable fund established under the Arizona Pet Friendly special license plate. The fund receives monies from Arizona residents that pay a \$25 fee for the special license plate. Of the \$25 fee, \$17 is deposited into the Spaying and Neutering of Animals Fund and the remaining \$8 goes into the State Highway Fund.

State Fleet Operations

The budget includes \$30,454,400 from the State Fleet Operations Fund in FY 2024 for State Fleet Operations. Adjustments are as follows:

Exempt Fleet Additional Maintenance Funding

The budget includes an increase of \$6,995,500 from the State Fleet Operations Fund in FY 2024 for exempt fleet maintenance costs. Some agencies in the state are exempt from the state fleet. Upon request of any of these agencies, ADOT may service and maintain the exempt agency's fleet. Currently, the following exempt agencies have requested and received maintenance services from ADOT: Judicial branch, Auditor General, Department of Corrections, Department of Economic Security, Department of Child Safety, Department of Public Safety, and the Arizona State Schools for the Deaf and the Blind. This funding will address the anticipated changes in fleet services charges for these agencies.

One-Time State Fleet Maintenance Adjustment

The budget includes an increase of \$6,791,800 from the State Fleet Operations Fund in FY 2024 for state fleet maintenance costs. The department needs increased appropriation authority to expend the increased maintenance charges to agencies within the state fleet. The department performs regular operational and maintenance functions on all vehicles in the state fleet such as repairs, insurance costs, GPS costs, and fuel services. The increased maintenance charges enable ADOT to perform these functions.

Remove One-Time Gas Inflation Funding

The budget includes a decrease of \$(8,600,000) from the State Fleet Operations Fund in FY 2024 to remove one-time funding for inflationary costs. This funding covers the increased cost of gas for the state fleet in FY 2023.

The line item funds the provision and oversight of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets. *(For more detail on state fleet operations please see State Motor Vehicle Fleet Transfer in the Other Issues section of the FY 2022 Appropriations Report.)*

State Fleet Vehicle Replacement

The budget includes \$25,000,000 from the State Vehicle Replacement Fund in FY 2024 for State Fleet Vehicle Replacement. Adjustments are as follows:

One-Time State Fleet Vehicle Replacement Adjustment

The budget includes an increase of \$18,665,200 from the State Vehicle Replacement Fund in FY 2024 for state fleet

vehicle replacement costs. The department intends to utilize the funding to replace 206 vehicles within the state fleet. In addition, the FY 2022 and FY 2023 budgets funded 230 new vehicles additions within the state fleet. Although ADOT has already received the funding from agencies for these new vehicle purchases and deposited those monies into the State Vehicle Replacement Fund, ADOT has yet to purchase all the new vehicles due to supply chain issues. The department needs an increase in appropriation authority to purchase new vehicle additions funded from the prior year budgets.

Remove One-Time New Vehicle Purchase Funding

The budget includes a decrease of \$(4,381,000) from the State Vehicle Replacement Fund in FY 2024 to remove one-time funding for new vehicle purchase costs. The FY 2023 budget included additional new vehicles for the Department of Forestry and Fire Management (76 vehicles), Department of Liquor Licenses and Control (7 vehicles), Attorney General's Office (6 vehicles), and the State Mine Inspector (5 vehicles) that will be serviced under the state fleet. The amount funded the cost to purchase these new vehicles.

The line item funds the replacement of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets along with the purchase of newly-authorized vehicles.

Statewide Litter Removal

The budget includes \$3,106,800 from the State Highway Fund in FY 2024 for Statewide Litter Removal. Adjustments are as follows:

Statewide Litter Removal Funding

The budget includes an increase of \$3,106,800 from the State Highway Fund in FY 2024 for statewide litter removal funding.

The line item funds a monthly litter removal service on select interstate highways and routes outside of Maricopa County that currently do not receive regular litter removal services. Maricopa County currently has a dedicated funding stream of revenue from the half-cent sales tax for litter removal services.

Other Issues

FY 2023 Supplemental

The FY 2024 budget includes an FY 2023 supplemental appropriation of \$7,848.08 from the State Highway Fund and \$1,463.04 from the Department Fleet Operations

Fund for a one-time named claimants appropriation. *(Please see the operating budget and ADOT Fleet Vehicles and Heavy Equipment line item for further details.)*

The FY 2024 budget also includes an FY 2023 supplemental appropriation of \$15,200,000 from the State Highway Fund for one-time highway maintenance funding due to the winter months. *(Please see the Highway Maintenance line item for further details.)*

Statutory Changes

The Transportation Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, clarifies that monies in the SMART Fund cannot be distributed to municipalities partially located in an urbanized area of a county with a population of more than 1,000,000 persons.