

FY 2025 BUDGET RECONCILIATION BILLS (BRBs) AND MAJOR FOOTNOTE CHANGES *

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*Chapter numbers refer to Laws 2024, 2nd Regular Session.

FY 2025 BUDGET RECONCILIATION BILL PROVISIONS

The budget includes the enactment of statutory changes associated with its funding amount. The following provisions are grouped by subject into Budget Reconciliation Bills (BRBs).

AMUSEMENTS - Chapter 210 (HB 2898)

Department of Gaming

1. As session law, continues to set the Regulatory Wagering Assessment at 0.5% in FY 2025 only. AMUS 4
2. As session law, change the requirement that racehorses need to receive "gate approval" every 30 days to every 60 days in 2024 and 2025. AMUS 5

Lottery

3. As session law, reduce the Arizona Commerce Authority allocation from \$3.5 million to \$1.75 million in FY 2025-FY 2027. AMUS 2,3,6

Arizona Exposition and State Fair

4. As permanent law, changes the time period for the \$400,000 cap on the Permanent Revolving Fund balance. That cap had previously been in place from October 1 to November 30 of each year (otherwise the cap is \$60,000 during the rest of the year). The \$400,000 cap will now be in place for the period between 15 days before and after the State Fair. This provision would make permanent last year's session law. AMUS 1

STATE BUDGET IMPLEMENTATION - Chapter 223 (HB 2911)

Statewide

5. As session law, continues to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services. BI 1
6. As session law, continues to notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2027. Also, notwithstands the 10% BSF cap for FY 2025. BI 2

COMMERCE - Chapter 212 (HB 2900)

Commerce Authority

7. As permanent law, repeal the Rural Broadband Accelerated Match Fund (established by Laws 2023, Chapter 136, Section 2). COM 5

Office of Economic Opportunity

8. As session law, allow the Microbusiness Loan Fund (established by Laws 2023, Chapter 136, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. COM 6

Department of Insurance and Financial Institutions

9. As permanent law, establish the Fraud Unit Assessment Fund and deposit fees collected for the administration and operation of the fraud unit into the fund instead of the General Fund. Make these changes effective beginning in FY 2026. COM 3,4,7
10. As permanent law, amend A.R.S. § 6-135B to increase the amount of unencumbered monies retained in the Department Revolving Fund before transfer to the Receivership Revolving Fund from \$200,000 to \$700,000. COM 1

Secretary of State

- 11. As permanent law, remove the requirement that any unencumbered balance in the Data Processing Acquisition Fund above \$250,000 at the end of the fiscal year revert to the General Fund. COM 2

CRIMINAL JUSTICE - Chapter 213 (HB 2901)

Attorney General

- 12. As permanent law, delay the prohibition on the use of the Anti-Racketeering Revolving Fund to pay for salaries for FTE positions for one year, from after August 27, 2024 to after August 27, 2025. CJ 4

Department of Corrections

- 13. As session law, allow ADC to use the amount appropriated in FY 2025 from Transition Program Fund and the Alcohol Abuse Treatment Fund for any purpose at the Director's discretion. CJ 11,12

Homeland Security

- 14. As session law, allow the Anti-Human Trafficking Grant Fund (established by Laws 2023, Chapter 137, Section 5) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. CJ 9
- 15. As session law, exempts the monies in the Arizona State Nonprofit Security Grant Program (established by Laws 2023, Chapter 137, Section 6) from lapsing, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2028. CJ 10,13
- 16. As session law, limit eligibility for funding from the Arizona State Nonprofit Security Program to entities that have not received federal funding in the last 3 federal grant cycles. Grant applicants must demonstrate a current risk or threat or one that has occurred in the last 2 years and that they did not receive federal funding in the last 3 grant cycles. Create an informal review panel to ensure that grant applications meet these criteria, and stipulates that members of the panel are not eligible for compensation or reimbursement. Makes these changes retroactive to July 1, 2024. CJ 10,13

Judiciary

- 17. As permanent law, change the name of the Court Appointed Special Advocate Fund (CASA) to the "Court Appointed Special Advocate and Vulnerable Persons Fund." Allow the fund to be used for court functions benefitting vulnerable persons. CJ 1,2,3

Department of Public Safety

- 18. As permanent law, make rent payments (on the Vehicle and Evidence Storage Facility) an allowable use of the Fingerprint Clearance Card Fund. CJ 6
- 19. As session law, allow the Fentanyl Prosecution, Diversion and Testing Fund (established by Laws 2023, Chapter 137, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. CJ 8
- 20. As permanent law, require DPS to prioritize applications of in-state residents when issuing a permit to carry a concealed weapons permit. Require DPS to submit an annual report to JLBC. CJ 5
- 21. As permanent law, delay full implementation of the Major Incident Division to FY 2028. CJ 7

ENVIRONMENT - Chapter 214 (HB 2902)

Arizona Department of Administration

22. As session law, allow the Fire Incident Management Fund (established by Laws 2023, Chapter 138, Section 3) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. ENV 5

Department of Agriculture

23. As permanent law, amend A.R.S. § 3-109.3 to state that the purpose of the Livestock Operator Fire and Flood Assistance Fund is to provide infrastructure project grants that are required as a result of either a wildfire or flooding (but not both). ENV 1
24. As session law, allows the department to lower existing fees for any funds held in trust subject to review from the Agriculture Advisory Council. Grants one-time emergency rulemaking authority in FY 2025 to modify fees for the Dangerous Plants, Pests, and Diseases Trust Fund. ENV 11

Department of Emergency and Military Affairs

25. As permanent law, amend A.R.S. § 26-305(F) to rename the Emergency Management Training Fund to the Emergency Management Training Revolving Fund. Remove the provision that all monies in excess of the expenses of the event revert to the General Fund by the end of the fiscal year. Amend the fund to be non-appropriated and non-lapsing. ENV 2
26. As session law, notwithstanding A.R.S. § 35-192 (the Governor's Emergency Fund) to allow the Governor to allocate \$500,000 to the Emergency Management Assistance Compact and Arizona Mutual Aid Compact Revolving Fund and \$300,000 to the Emergency Management Training Fund in FY 2025. Each of these transfers would count towards the \$4 million aggregate allowed in FY 2025. ENV 12

Department of Environmental Quality

27. As session law, continues to allow the department to utilize up to \$6.5 million from the Underground Storage Tank Fund in FY 2025 for department administrative expenses and for sewage remediation. ENV 7
28. As session law, continues notwithstanding the \$18.0 million annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15.0 million. ENV 9
29. As session law, require the department to reduce emission inspection fees for Area A, starting in FY 2025, such that total Area A fee collections are reduced by 5%. ENV 10

Navigable Stream Adjudication Commission

30. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations. ENV 8

State Parks Board

31. As permanent law, increase the fund balance cap for the State Parks Store Fund from \$1.25 million to \$1.75 million. ENV 3

Department of Water Resources

32. As session law, continues to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2025. ENV 6

Water Infrastructure Finance Authority

33. As permanent law, allow monies from the Water Conservation Grant Fund to be used for gray water projects. ENV 4

HEALTH CARE - Chapter 215 (HB 2903)

AHCCCS

Rates and Services

34. As session law, continues the FY 2010 risk contingency rate reduction for all managed care organizations. Continues to impose a reduction on funding for all managed care organizations' administrative funding levels. HLTH 11
35. As session law, require AHCCCS to report by January 31, 2025 on aggregate spending and aggregate utilization of mental health medications, including antipsychotics and antidepressants, during contract years 2020-2023. HLTH 12

Counties

36. As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations. HLTH 9
37. As session law, sets the FY 2025 County Acute Care contribution at \$43,176,200. HLTH 8
38. As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2025, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act. HLTH 5
39. As session law, sets the FY 2025 county Arizona Long Term Care System (ALTCS) contributions at \$399,872,100. HLTH 3

Hospitals

40. As session law, continues to establish FY 2025 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District (Valleywise), the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. The Valleywise distribution would remain at \$113,818,500 in FY 2025. HLTH 4
41. As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, and allow Valleywise to be eligible for Pool 5 allocations, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions. HLTH 4
42. As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2025 according to county population size. Hospitals in rural counties (i.e., excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority. HLTH 4
43. As session law, allow the hospital assessment to fund a portion of the costs of behavioral health services for certain expansion populations in FY 2025 and FY 2026. HLTH 6
44. As session law, provide a rulemaking exemption for the Health Care Investment Fund portion of the hospital assessment for 2 years and makes the rulemaking exemption retroactive to July 1, 2024. HLTH 7

Available Funding

45. As session law, continues to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation. HLTH 13
46. As permanent law, require AHCCCS to report to the State Treasurer, JLBC and OSPB by December 1st annually the amount the agency will deposit in the General Fund due to a surplus in the Arizona Long Term Care System (ALTCS) program from the preceding fiscal year pursuant to A.R.S. § 11-292M. The report shall include the calculations AHCCCS used to compute the total amount of the surplus and the apportionment of the surplus between each county and the General Fund. HLTH 1

Department of Health Services

47. As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations. HLTH 10
48. As session law, allow the Collaborative Care Uptake Fund (established by Laws 2023, Chapter 139, Section 4) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. HLTH 2

HIGHER EDUCATION - Chapter 216 (HB 2904)

Arizona Community Colleges

49. As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2025 for only Maricopa and Pima Counties. HEd 5
50. As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2025 for all community college districts. HEd 4

Universities

51. As session law, continues to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust (AFAT). HEd 3
52. As session law, repeals the Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund (established by Laws 2023, Chapter 140, Section 6) on June 30, 2025, and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was effective through the end of FY 2027. HEd 2
53. As permanent law, establishes the Arizona Community Colleges Promise Program Fund to be administered by ABOR. HEd 1

HUMAN SERVICES - Chapter 217 (HB 2905)

Department of Child Safety

54. As session law, allow the Extended Foster Care Comprehensive Service Model Fund (established by Laws 2023, Chapter 141, Section 1) to be used beyond FY 2024 and exempts monies in the fund from lapsing. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. HS 1

Department of Economic Security

55. 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. HS 3

Department of Housing

56. As session law, directs unexpended or unencumbered monies in the Homeless Shelter Services Fund (established by Laws 2023, Chapter 141, Section 3) after the repeal date to be deposited into the General Fund. Changes the repeal date to June 30, 2025. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2027. HS 2

K-12 EDUCATION - Chapter 218 (HB 2906)

State Board of Education

57. As permanent law, eliminate the requirement that SBE develop a statewide kindergarten entry assessment tool. K12 8,9

Department of Education

Formula Requirements

58. As permanent law, increases the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school "Additional Assistance" amounts (A.R.S. § 15-185B4) by 2.0% for standard inflation. K12 1,10, 11

59. As permanent law, updates the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2025. K12 16
- Other*
60. As permanent law, eliminate the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program, and the Community College Adult Education Workforce Development Program beginning in FY 2026. K12 2,4
61. As permanent law, modifies the Community College Adult Education Workforce Development program to allow the colleges to receive monies for adult learners that are enrolled in community college, participate in integrated education and training, and pursue academic skills development related to adult education and literacy activities as specified in the federal Workforce Innovation and Opportunity Act (WIOA). Also allows funding for students earning a community college certificate. K12 3
62. As session law, set the enrollment cap for the Continuing High School and Workforce Training program at 520 for FY 2025. K12 19
63. As permanent law, allow Career Technical Education Districts (CTEDs) to build, maintain, and providing housing facilities and support services for students who are in foster care for are unaccompanied youth. K12 5
64. As permanent law, require that school districts offer teacher contracts for the next school year no earlier than March 15th. K12 6,7
65. As permanent law, allow school districts to allocate litigation recovery fund monies to remedial measures reasonably related to litigation by or against the school district. After allocating monies to all litigation-related expenses, the school district may use monies in the fund for maintenance and operation or unrestricted capital. K12 12
66. As permanent law, stipulates that ESA monies may be used for tuition at a private school that requires all teaching staff and personnel who have unsupervised contact with students to be fingerprinted. K12 13
67. As permanent law, authorizes ESA monies to be expended on tutoring services from individuals that are not subject to disciplinary action by the State Board of Education (SBE) for immoral or unprofessional conduct. Requires ADE to remove tutors subject to SBE discipline from all ESA purchasing platforms provided by the department. K12 13
68. As permanent law, require ADE to verify ESA eligibility in the year for which the parent seeks to renew the ESA. Clarifies that ADE is not required to annually verify a child's disability. K12 13
69. As permanent law, require ADE to develop risk-based auditing procedures for the ESA program in consultation with the Auditor General. K12 14
70. As permanent law, require ADE to annually review a sample of ESAs selected at random to determine whether the parent or student is in compliance with the ESA contract, applicable laws, rules and orders relating to the ESA program. Limit reviews to no more than once every 5 years for each parent or student in good standing and prohibits students from receiving ESA monies while enrolled in a school district or charter school. K12 14
71. As permanent law, authorize ADE to approve applications for enrollment in advance for the ESA program up to two fiscal quarters after the quarter in which the application is completed. K12 14
72. As permanent law, stipulates that ADE shall enroll any applicants for the ESA program who submit an application after March 31st on or after July 1st. K12 14
73. As permanent law, requires ADE to submit its estimate to JLBC and OSPB of the amount required to fund the ESA program by September 1st and November 1st annually instead of May 30th. K12 14
74. As permanent law, requires ADE to establish and maintain an online database of allowable and disallowed categories of expenses and provide a link to the database on the department's website. K12 14
75. As permanent law, allow the use of ESA monies to reimburse the parent or a qualified student for the purchase of a good or educational service that is an allowable expense. K12 14
76. As session law, allow the Arizona Civics Education and Leadership Development Fund (established by Laws 2023, Chapter 142, Section 12) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. K12 17

- 77. As session law, allow the Early Education and Career Exploration Program Fund (established by Laws 2023, Chapter 142, Section 13) to be used beyond FY 2024. Repeals the fund on June 30, 2025 and directs unexpended or unencumbered monies to be deposited into the General Fund. In the FY 2024 budget, this fund was established in a session law that was only effective through the end of FY 2024. K12 18
- 78. As session law, repeal the Dual Enrollment Teacher Development Fund and the Dual Enrollment Student Development Fund (established by Laws 2023, Chapter 142, Sections 16 and 17). K12 20
- 79. As session law, continue to notwithstanding A.R.S. 15-241 to allow ADE to expend monies in FY 2025 from the Failing Schools Tutoring Fund for school improvement. Require ADE to report on proposed expenditures from the fund to the Governor, Speaker of the House, President of the Senate, JLBC and OSPB by September 1, 2024. K12 21
- 80. As session law, continues stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General. K12 23

Arizona School for the Deaf and the Blind

- 81. As permanent law, no longer exempt ASDB from the State Fleet. K12 15
- 82. As session law, allow the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB. K12 22

LOCAL GOVERNMENT - Chapter 219 (HB 2907)

Counties and Cities & Towns

- 83. As session law, continues to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2025, up to \$1,250,000 of county revenue for each county. The budget would continue to require counties using this authority to report to the Director of the Joint Legislative Budget Committee (JLBC) on the intended amount and sources of funds by October 1, 2024. LG 1

MANAGEMENT OF STATE BUILDINGS - Chapter 220 (HB 2908)

Statewide

- 84. As session law, continues to set the FY 2025 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space. MSB 1

TAXATION - Chapter 221 (HB 2909)

Department of Revenue

- 85. As session law, stipulates legislative intent that the amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 for the Integrated Tax System project shall not exceed \$6,626,900 for FY 2025. Each local government type (for example all counties share of the \$6,626,900) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns. TAX 10
- 86. As session law, stipulates legislative intent that the amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project shall not exceed \$179,000 and \$803,600, respectively, in FY 2025. TAX 10

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| 87. | As permanent law, cap the aggregate dollar level of the Corporate Low-Income Student Tuition Tax Credit at \$135 million annually, beginning in FY 2025. | TAX 4 |
| 88. | As permanent law, expand the eligibility for scholarships from the "Switcher" Individual Income Tax Credit and Corporate Low-Income Student Tuition Tax Credit programs to include foster care children that meet certain requirements. If a court rules that the aggregate tax credit cap in section 4 is unenforceable and that judgement is no longer subject to further appeal or review, these provisions would not be effective. | TAX 5,6 |
| 89. | As session law, require county supervisors to reduce property tax levies in FY 2025 in elementary districts without a high school (i.e. "Type 03" districts) that are non-state aid districts and that were required to levy the minimum qualifying tax rate (MQTR) in FY 2024 (the MQTR is required if the district's property tax collections for basic state aid are less than 50% of what would be generated by the full QTR). The reduction is equal to the district's Type 03 county levy (a county property tax first levied in FY 2024 to fund the basic state aid costs of high school students who reside in Type 03 districts) or its MQTR levy from FY 2024, whichever is less. The reduction is intended to reimburse the affected districts for MQTR rate increases that occurred in FY 2024 as a result of the Type 03 county levies being excluded from the MQTR rate calculation. Beginning in FY 2025, Type 03 county levies will be deducted from the MQTR on an ongoing basis pursuant to HB 2173 (Laws 2024, Chapter 134). | TAX 7 |
| 90. | As permanent law, changes the implementation date of Laws 2024, Chapter 142 (HB 2382) from January 1, 2026 to January 1, 2028. That legislation required DOR to establish a process where third-party entities that offer sourcing services to TPT taxpayers may become certified providers subject to certain standards. | TAX 1 |
| 91. | As permanent law, extend the TPT and Use Tax Exemption for qualifying equipment purchased by businesses certified as healthy forest enterprises from June 30, 2024 to December 31, 2026. | TAX 2,3 |
| <i>Qasimyar v. Maricopa County Property Tax Litigation</i> | | |
| 92. | As session law, require school districts to reduce their levies to cover property tax refunds ordered in the <i>Qasimyar v. Maricopa County</i> litigation to account for estimated revenues from basic state aid recalculations authorized by A.R.S. 15-915B. Require ADE to estimate 15-915B recalculations by district by August 1, 2024 and provide its estimates to the Property Tax Oversight Commission, JLBC, and OSPB. | TAX 9 |
| 93. | As session law, authorize ADE to re-calculate basic state aid for districts liable for tax refunds without the adoption of a resolution by a school district governing board. Before making basic state aid adjustments, require ADE to submit its proposed re-calculations to JLBC for review. | TAX 9 |
| 94. | As session law, stipulate that taxing jurisdictions (including school districts) that are liable for tax refunds in the <i>Qasimyar v. Maricopa County</i> litigation and that estimate the judgment would result in a property tax increase of 4% or more may issue tax anticipation notes that mature four years following the issuance of the notes and request that the state loan commissioners issue bonds to redeem or refund the tax anticipation notes. This provision is repealed December 31, 2030. | TAX 8 |
| 95. | As session law, clarifies that any limitations on school district tax levies for <i>Qasimyar v. Maricopa County</i> tax refunds shall not be construed to prevent school districts from levying sufficient property taxes to pay required debt service on general obligation bonds. | TAX 9 |
| 96. | As session law, authorize school districts liable for <i>Qasimyar v. Maricopa County</i> tax refunds to use any unbudgeted cash balances from FY 2023 from their Maintenance and Operations Fund or Unrestricted Capital Fund that were not included in the school district's adopted FY 2024 budget to cover the cost of the refunds. | TAX 9 |
| 97. | As session law, require the Maricopa County Treasurer to include a statement on tax year 2024 property tax bills stating "Your tax rate includes an increase to cover the cost of tax refunds ordered in class action litigation." | TAX 9 |

SELF-SUPPORTING REGULATORY AGENCIES - Chapter 222 (HB 2910)

Statewide

98. As permanent law, increase the percentage of self-supporting regulatory board (see list below) licensing fee revenue deposited to the General Fund from 10% to 15%. Reverts to 10% beginning in FY 2029. SSRA 1-54, 56
99. As session law, prohibit the following regulatory boards from increasing license fees in FY 2025 or FY 2026 unless the Governor's Regulatory Review Council determines that the board will not have sufficient monies available to continue daily operations if a fee increase is not adopted: SSRA 55
- Arizona State Board of Accountancy
 - Board of Acupuncture Examiners
 - Board of Athletic Training
 - Barbering and Cosmetology Board
 - Board of Behavioral Health Examiners
 - Registrar of Contractors
 - State Board of Chiropractic Examiners
 - State Board of Dental Examiners
 - Board of Homeopathic and Integrated Medicine Examiners
 - Board of Massage Therapy
 - Arizona Medical Board
 - Arizona Regulatory Board of Physician Assistants
 - Naturopathic Physicians Medical Board
 - Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers
 - State Board of Nursing
 - Board of Occupational Therapy Examiners
 - State Board of Dispensing Opticians
 - State Board of Optometry
 - Board of Osteopathic Examiners in Medicine and Surgery
 - Arizona State Board of Pharmacy
 - Board of Physical Therapy
 - State Board of Podiatry Examiners
 - State Board for Private Postsecondary Education
 - State Board of Psychologist Examiners
 - Board of Respiratory Care Examiners
 - State Board of Technical Registration
 - Arizona State Veterinary Medical Examining Board

FY 2025 GENERAL APPROPRIATION ACT PROVISIONS – CHAPTER 209 (HB 2897)/CAPITAL OUTLAY – CHAPTER 211 (HB 2899)

The budget includes the following provisions in the General Appropriation Act. These provisions are in addition to the individual agency appropriations, but exclude supplemental appropriations, ex-appropriations, and fund transfers.

Department of Education	<u>Section</u>
1. As session law, continue deferral of \$800,727,700 of Basic State Aid payments for FY 2025 until FY 2026. Continue to exempt districts with less than 4,000 students from the deferral. Appropriate \$800,727,700 in FY 2026 for these deferred Basic State Aid payments. Allow ADE to make the rollover payment no later than July 12, 2025.	143
2. As session law, continue to require school districts to include in the FY 2025 revenue estimates that they use for computing their FY 2025 tax rates the rollover monies that they will receive for FY 2025 in July 2025.	143
 Revenues	
3. As session law, continue to specify revenue and expenditure estimates for FY 2024, FY 2025, FY 2026, and FY 2027.	154
4. As session law, continue to require the Executive Branch to provide JLBC preliminary estimates of FY 2024 ending balances by September 15, 2024. Require the Joint Legislative Budget Committee (JLBC) Staff to report to JLBC by October 15, 2024 as to whether FY 2025 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.	154
 Statewide	
5. As session law, continue to state legislative intent that all budget units receiving appropriations continue to report actual, estimated and requested expenditures in a format similar to prior years.	149
6. As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2025 in all agencies and provide it to the Director by October 1, 2025. The Universities are exempt from the report but are required to report separately.	150
7. As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2024 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2024.	152
8. As session law, continue to require ADOA to report monthly to the JLBC Director on agency transfers of spending authority from one expenditure class to another or between programs.	153
9. As session law, the following entities shall report to the Senate President, Speaker of the House of Representatives, Appropriations Committee Chairmen, and the JLBC Director on all total planned allocations and actual expenditures for monies received from the American Rescue Plan Act. The report is due within 45 days after the last day of the calendar quarter.	148
– The Governor's Office would report on the Coronavirus State Fiscal Recovery Fund and the Coronavirus Capital Projects Fund.	
– The Superintendent of Public Instruction would report on the Elementary and Secondary School Emergency Relief Fund.	
The Legislature's intent is that the Executive Branch also report on any additional federal aid distributed to Arizona through federal legislation enacted before the end of FY 2025.	
 General	
10. As session law, continue to define “*” as designating an appropriation exempt from lapsing.	155
11. As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations.	156
12. As session law, continue to define "review by the Joint Legislative Budget Committee" (JLBC) as a review by a vote of a majority of a quorum of the members.	157

FY 2025 MAJOR FOOTNOTE CHANGES – CHAPTER 209 (HB 2897)

The budget includes the following major additions, deletions or modifications of footnotes. This list does not include footnote changes pertaining to one-time reports or appropriations or footnote changes conforming to enacted policy.

Arizona Department of Administration

	<u>Section</u>
1. Adds footnote requiring the amount appropriated for a school district health insurance actuarial study to be used by ADOA to conduct an actuarial study of the cost-benefits for school district optional participation in the state health insurance program. Requires ADOA to submit a report on the findings of the study to the Governor, President of the Senate, Speaker of the House and the director of the JLBC on or before December 31, 2024	15
2. Adds footnote stating that \$1.0 million is appropriation to ADOA to distribute to the Navajo Nation for use in establishing electrical connections for individuals without access to electricity.	130

Arizona Department of Administration – Automation Projects Fund

3. Adds footnote making \$2.1 million of the FY 2023 appropriation for the Business One Stop portal non-lapsing until the end of FY 2025 for maintenance and operations of the Business One Stop portal.	122
4. Adds footnote that transfers \$1.8 million of the \$15.0 million FY 2024 appropriation for Health and Human Services IT projects to the General Fund and specifies that the remaining \$13.2 million shall be used for: <ul style="list-style-type: none"> - a new IT platform to authenticate individuals applying for health and human service programs to prevent fraud waste and abuse (\$6.7 million); this project is subject to ITAC and JLBC review. - the development of several modules associated with the Medicaid Enterprise System (MES) mainframe replacement (\$2.8 million) - MES fraud and waste abuse prevention enhancements (\$1.7 million) - MES systems integrator which establishes a platform infrastructure in the cloud to serve as the foundation for the modular replacement of the prior Prepaid Medicaid Management Information System (PMMIS). This \$2.0 million was already favorably reviewed by JLBC in October 2023. 	11
5. Adds footnote extending the \$2.5 million FY 2024 appropriation for a community supervision electronic monitoring system pilot program until the end of FY 2027.	122
6. Adds footnote that transfers \$2.5 million from the Water Resources Fund to the Department of Water Resources Subaccount in the Automation Projects Fund in FY 2024 for the Department of Water Resources to update the Department's IT applications and makes the monies non-lapsing through FY 2025.	115

Arizona Department of Administration – School Facilities Division

7. Adds footnote extending the use of the unencumbered balance of \$24.6 million in the New School Facilities Fund for facilities and land costs for school districts that received final approval from the Division of School Facilities on or before December 15, 2023.	16
8. Adds footnote allowing the use of the unencumbered balance of \$3.6 million in the New School Facilities Fund for additional construction costs for the Pima USD 9-12 project approved in the FY 2023 budget. The \$3.6 million amount is from savings due to the project's land purchase cost being lower than the funded amount.	16

Office of Administrative Hearings

9. Adds footnote specifying that \$200,000 appropriated in the office's operating lump sum shall be used to administer the provisions of a bill addressing insurance provider claims against insurers if such a bill becomes law. These monies shall revert to the State General Fund if a bill addressing provider claims against insurers does not pass. Note: The legislation addressing provider claims against insurers did not pass.	17
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Department of Agriculture

10. Adds footnote extending the lapsing date of the FY 2023 IT modernization and cloud migration project until the end of FY 2026. 122
11. Adds footnote extending lapsing date of FY 2024 IT support to the end of FY 2026. 6

AHCCCS

12. Adds footnote specifying that \$12.2 million in the Traditional Medicaid Services line item is for inpatient payments to rural hospitals. Due to a change in federal requirements, AHCCCS replaced the Rural Hospital Inpatient Fund with a corresponding increase to the inpatient portion of its regular hospital rate schedule. Since the funding was moved from its own line item to regular service line items, this footnote would ensure that the \$12.2 million is still allocated to rural hospitals. 19
13. Adds footnote stating that \$100.0 million of the amount appropriated for Proposition 204 Services shall be used from the Hospital Assessment Fund to cover a portion of the state share of the costs of behavioral health services. 19
14. Adds footnote authorizing AHCCCS to fund GME programs operated by federally qualified community health centers and rural health clinics only if there are monies remaining after AHCCCS has funded all eligible GME programs in counties with a population of less than 500,000. 19
15. Adds footnote stating that \$3.6 billion of the amount appropriated from expenditure authority is for directed payments to hospitals in FY 2025. 19
16. Adds footnote stating that \$1.0 million is appropriated for a wage increase for serious mental illness (SMI) case management providers with fewer than 5,000 members. 130

Attorney General

17. Adds footnote requiring monies in the Veterans Substance Abuse Treatments Grants line item to be used for programs approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding to treat opioid use disorder in conjunction with substance abuse judicial programs for veterans. 21
18. Adds footnote stating that monies in the Veterans Substance Abuse Treatments Grants line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund and shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements. 21
19. Adds footnote requiring the Attorney General to submit an expenditure plan to JLBC for review for the Veterans Substance Abuse Treatments Grants line item. 21
20. Adds footnote extending \$12.0 million FY 2024 appropriation of opioid funds for coordinated reentry programs to FY 2025. 21

Department of Child Safety

21. Adds footnote specifying the amount appropriated in FY 2024 for the caseworkers line item includes a one-time increase of \$19.7 million non-lapsing from the General Fund for increased operating expenditures through the end of FY 2025. 7
22. Adds footnote stating that on or before September 1, 2024, the department shall submit a report to JLBC and OSPB on the actual operating expenses for the Guardian case management system in FY 2024, as well as the proposed system operating expenses in FY 2025. 7
23. Adds footnote stating the preventive services line item appropriation includes \$264,400 from the state general fund to draw down \$1.3 million in additional federal monies associated with the community based child abuse prevention block grant. If grant monies are no longer available, the appropriation is reduced by the amounts of \$264,400 of General Fund and \$1.3 million of child safety expenditure authority. 25

Arizona Commerce Authority

24. Adds footnote stating that \$500,000 is appropriated for grants to business centers and entrepreneur support organizations that provide business training, business coaching and technical assistance to underserved small business owners. 130

Department of Corrections

- 25. Adds footnote allowing the department to spend the \$2.0 million appropriated in the FY 2023 budget for the Community Treatment Program for Imprisoned Women on Community Corrections expenditures in FY 2024. 8
- 26. Adds footnotes specifying that the operating lump sum includes \$75.0 million in FY 2024 and \$40.0 million in FY 2025 from the Consumer Remediation subaccount of the Consumer Restitution and Remediation Revolving Fund, and that these monies are non-lapsing. Specifies that those monies shall come from opioid claims or settlements, and states that these monies may only be used to offset past and current opioid-related costs to the department that are approved uses of opioid monies under the One Arizona Opioid Settlement Memorandum of Understanding or any settlement or compromise relating to opioid settlement monies. 8, 31
- 27. Adds footnotes specifying the use of the funding in the Injunction-Related IT Upgrades line item in FY 2024 and FY 2025. Makes the FY 2024 appropriation for the Injunction-Related IT Upgrades line item non-lapsing through the end of FY 2025. 8
- 28. Adds footnote specifying that the funding in the Non-Contract Medication line item be spent on medications to treat Hepatitis C and for medication assisted treatment, or any other approved purpose as defined in a court order, settlement, or the One Arizona Opioid Settlement Memorandum of Understanding, in FY 2024 and FY 2025. Requires the department to seek JLBC review prior to spending any funding in this line item on anything but these costs. Makes the FY 2024 appropriation for the Non-Contract Medication line item non-lapsing through the end of FY 2025. 8
- 29. Adds footnote requiring the department to seek JLBC review prior to spending monies in the Private Prison Per Diem line item on anything other than private prison costs. 31

Board of Dental Examiners

- 30. Adds footnote making the FY 2025 appropriation for an annual leave payout non-lapsing. 35

Department of Economic Security

- 31. Adds footnote prohibiting the department from transferring any surplus monies from Developmental Disabilities – Medicaid line items to any line item outside of the Division of Developmental Disabilities in FY 2024. 108
- 32. Adds footnote extending the \$830,000 FY 2024 appropriation for the Graham County rehabilitation center line item until the end of FY 2025. Footnote further states that the line item includes \$800,000 to remodel the Graham County rehabilitation center facilities in Safford and Willcox. 37
- 33. Adds footnote making the FY 2024 and FY 2025 appropriations for the Group Home Monitoring Program non-lapsing through the end of FY 2026. 37
- 34. Adds footnote requiring DES to use at least 10% of the General Fund share of the FY 2025 appropriation for child care subsidy on child care providers outside of Maricopa, Pima, and Pinal counties. 37
- 35. Adds footnote stating that \$250,000 is appropriated for the distribution of food to low-income individuals living on tribal reservations. 130
- 36. Adds footnote stating that \$500,000 is appropriated for distribution to the Navajo Nation for women's shelter and social services. 130
- 37. Adds footnote stating that \$500,000 is appropriated for distribution to the Navajo Nation for youth programs. 130
- 38. Adds footnote stating that \$500,000 is appropriated for distribution to a nonprofit organization in Pinal County that provides nutrition, housing, and rental assistance programs. 130
- 39. Adds footnote stating that \$2.0 million is appropriated for the Area Agencies on Aging (AAAs). 130
- 40. Adds footnote stating that \$1.0 million is appropriated for distribution to the Pascua Yaqui tribal government for social services programs. 130
- 41. Adds footnote stating that \$1.0 million is appropriated for distribution to nonprofit organizations located in Cochise County that provide food distribution services for low-income individuals. 130

42.	Adds footnote stating that \$1.0 million is appropriated for job training and life skills services for developmentally disabled individuals outside of Maricopa and Pima counties.	130
Department of Education		
43.	Adds footnote requiring ADE to allocate \$5.9 million of the FY 2023 advance appropriation for Charter Additional Assistance (CAA) increases to a one-time CAA supplement in fiscal year 2024-2025. Specifies that the monies be distributed on a proportional basis based on CAA formula allocations for each charter school in FY 2025.	4
44.	Adds footnote requiring ADE to allocate \$23.1 million of the FY 2023 advance appropriation for District Additional Assistance (DAA) increases to a one-time DAA supplement in fiscal year 2024-2025. Specifies that the monies be distributed on a proportional basis based on CAA formula allocations for each school district in FY 2025, and authorizes districts to allocate the monies for maintenance and operations or capital.	4
45.	Adds footnote requiring ADE to allocate \$37.0 million of the FY 2023 advance appropriation for Free and Reduced-Price Lunch (FRPL) Group B weight increases to a one-time FRPL Group B weight supplement in FY 2025. Specifies that the monies be allocated on a pro-rata basis using weighted FRPL counts for FY 2025 and authorizes school districts to use the monies for maintenance and operations or capital.	4
46.	Adds footnote specifying that the Legislature intends that the appropriation for Basic State Aid be increased by \$29.0 million for additional state aid and \$37.0 million for the FRPL Group B supplement beginning in FY 2028 on an ongoing basis.	4
47.	Adds footnote requiring ADE to distribute the appropriation for the Holocaust Education Center to the Arizona Holocaust Education Center for the creation and operation of the center as a resource for fulfilling the requirements of A.R.S. 15-701.02 related to instruction on the Holocaust and other genocides. Requires ADE to distribute the monies on or before August 15, 2024. Requires ADOA to make the full allotment of the appropriation to ADE on or before August 15, 2024.	39
48.	Adds footnote stipulating that the appropriation for Adult Education includes a onetime allocation of \$4.0 million to the Continuing High School and Workforce Training Program, a onetime deposit of \$4.0 million in the Adult Workforce Diploma Program Fund and a onetime deposit of \$4.0 million in the Community College Adult Education Workforce Development Program Fund.	39
49.	Adds footnote stipulating that the appropriation for Onetime School Meals Grants be distributed to districts and charters participating in the National School Lunch Program or School Breakfast Program for grants to reduce or eliminate copayments that would otherwise be charged to students eligible for reduced-price lunches (131% - 185% of the Federal Poverty Level). Requires ADE to reduce the grants proportionately if the appropriation is insufficient to cover all eligible districts and charters.	39
50.	Adds footnote stipulating that the remaining \$3,000,000 for the Dual Enrollment Student Development Fund Deposit line item be expended pursuant to the terms and conditions of the original appropriation from the FY 2024 General Appropriations Act.	117
51.	Adds footnote allowing the FY 2023 appropriation for EVIT foster care to be used for former foster care youth as well as current foster youth. Footnote further permits an increase of the age cap from 21 to 23 and expands the program to individuals seeking an associate degree.	1
52.	Adds footnote stating that \$1.0 million is appropriated for high school centers for success.	130
53.	Adds footnote stating that \$2.0 million is appropriated to distribute to entities that provide after school programs to low-income individuals.	130
54.	Adds footnote stating that \$2.0 million is appropriated for K-12 mental health telehealth pilot programs that serve individuals outside Maricopa and Pima counties.	130
Department of Emergency and Military Affairs		
55.	Adds footnote stating that monies in the Assist Local Law Enforcement Fentanyl Interdiction line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund, that the amount shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements, and that the monies may only be used for purposes approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding.	40

Department of Environmental Quality

- 56. Adds footnote to allow the department to use up to \$400,000 from the fund balance within the Emissions Inspection Fund on agency operating costs in excess of the amount appropriated. The department is required to report the intended use of the monies to JLBC. 41
- 57. Adds footnote stating that \$1.0 million is appropriated to conduct a zero-emission heavy-duty 8 ton pilot program. 130

Exposition and State Fair

- 58. Modifies footnote to specify that \$3.8 million of the board’s FY 2025 operating budget is for enhanced state fair operations and that the board must receive JCCR review before spending any of those monies on capital projects. 45

Department of Forestry and Fire Management

- 59. Adds footnote making the appropriation for the Wildfire Mitigation line item non-lapsing through FY 2027 46
- 60. Adds footnote extending the \$5.0 million FY 2023 appropriation for Gila River nonnative species eradication non-lapsing through FY 2029. Footnote further extends the reporting requirement until the monies are expended. 2

Department of Gaming

- 61. Modifies footnote specifying that the FY 2025 appropriation for the Horseracing Integrity and Safety Authority (HISA) assessment fee is to be used by the Department of Gaming to pay the TY 2024 HISA fee. 48
- 62. Adds footnote stating the racing purse enhancement funding is to be distributed to a recognized nonprofit horsemen’s organization in the state. 48
- 63. Adds footnote stating the racetrack capital projects and maintenance and operation funding is to be distributed to a commercial live racing permittee located in Maricopa County. 48

Governor's Office

- 64. Adds footnote making the one-time FY 2024 appropriation for the Missing and Murdered Indigenous People (MMIP) Task Force non-lapsing. 49

Department of Health Services

- 65. Adds footnote making the \$1.0 million FY 2023 appropriation for the behavioral health care provider loan repayment program non-lapsing through FY 2025. 51
- 66. Adds footnote making the \$50.0 million FY 2023 appropriation for the accelerated nursing programs non-lapsing through FY 2025. 51
- 67. Adds footnote making the \$2.5 million FY 2024 appropriation for the nurse-family partnership programs non-lapsing through FY 2027. 51
- 68. Adds footnote making the \$1.0 million FY 2025 appropriation for combating fentanyl non-lapsing through FY 2026. 51
- 69. Adds footnote stating that monies in the Fentanyl Overdose Medication Distribution line item are from the consumer remediation subaccount of the consumer restitution and remediation revolving fund , that the amount shall consist of monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements, and that the monies may only be used for purposes approved by a court order, settlement agreement, or the One Arizona Opioid Settlement Memorandum of Understanding. 51
- 70. Adds footnote making the \$1.2 million FY 2025 appropriation for Licensing Compliance FTE's non-lapsing through the end of FY 2026. 51
- 71. Adds footnote making the FY 2024 appropriation for the Psilocybin Research line item non-lapsing. 51
- 72. Adds footnote stating that \$500,000 is appropriated to distribute to a nonprofit organization that serves low-income and underserved women and their families to access preventive health care services. 130
- 73. Adds footnote stating that \$500,000 is appropriated to distribute to nonprofit organizations that provide counseling services for parents whose children have died as a result of violence. 130

- 74. Adds footnote stating that \$1.0 million is appropriated to distribute to nonprofit organizations that provide counseling and community services in southern Arizona. 130
- 75. Adds footnote stating that \$1.0 million is appropriated for senior health promotion and coordination in Santa Cruz county. 130
- 76. Adds footnote stating that \$500,000 is appropriated for heat mitigation programs in southern Arizona. 130

Department of Homeland Security

- 77. Modifies footnote to allow the department to use up to 5% of the amount appropriated for statewide cybersecurity grants for grant administration. 54
- 78. Adds footnote stating that \$200,000 is appropriated for cybersecurity programs. 130

Department of Housing

- 79. Adds footnote making the FY 2023 appropriation for the Homeless Services Grant Pilot non-lapsing. 56

Independent Redistricting Commission

- 80. Revert remaining Independent Redistricting Commission FY 2022 appropriation to the General Fund. 118

Department of Insurance and Financial Institutions

- 81. Adds footnote specifying that \$250,000 appropriated in the Department's operating lump sum shall be used to administer the provisions of a bill addressing insurance provider claims against insurers if such a bill becomes law. These monies shall revert to the General Fund if a bill addressing provider claims against insurers does not pass. Note: The legislation addressing provider claims against insurers did not pass. 58

Judiciary

- 82. Adds footnote specifying that beginning January 1, 2025, the annual salary for the Chief Justice of the Supreme Court is \$222,000 and that of other justices is \$215,000. Specifies that beginning January 1, 2026, those amounts increase to \$232,000 for the Chief Justice and \$225,000 for all other justices. Appropriates \$63,100 in FY 2025 for judicial salary increases. 124
- 83. Adds footnote specifying that beginning January 1, 2025, the annual salary for a judge of the Court of Appeals is \$200,000, and beginning January 1, 2026, that amount increases to \$210,000. Appropriates \$252,000 in FY 2025 for judicial salary increases. 125
- 84. Adds footnote specifying that beginning January 1, 2025, the annual salary for a judge of the Superior Court is \$190,000, and beginning January 1, 2026, that amount increases to \$200,000. Appropriates \$819,600 in FY 2025 for judicial salary increases. 126

Board of Nursing

- 85. Adds footnote to make the \$450,000 FY 2024 General fund appropriation for the Student Registered Nurse Anesthetist Clinical Rotation program non-lapsing until the end of FY 2025. 70

State Parks Board

- 86. Modifies existing footnote to allow an amount equal to the revenue sharing agreement with the U.S Forest Service for Catalina State Park to be appropriated from the State Parks Revenue Fund. 76

Arizona State Board of Pharmacy

- 87. Adds footnote making the FY 2025 appropriation for an annual leave payout non-lapsing. 78
- 88. Adds footnote extending the lapsing date of the FY 2023 appropriation for e-licensing to the end of FY 2025. 78

Department of Public Safety

- 89. Revises footnote on the \$2.0 million FY 2024 appropriation to the Law Enforcement Retention Initiatives line item. These monies are to be distributed to the following agencies for recruitment and retention services: \$500,000 to DPS, \$200,000 to Yavapai County Sheriff's Office, \$225,000 to Peoria Police Department, \$350,000 to Tempe Police Department, \$125,000 to Oro Valley Police 9

Department, \$175,000 to Queen Creek Police Department, \$150,000 to Flagstaff Police Department, \$150,000 to Buckeye Police Department, and \$125,000 to Surprise Police Department. Footnote further makes the monies from the line item non-lapsing and specifies that recipients must use monies distributed from the line item on coaching services with the following qualifications: offers coaches trained by the FBI national academy, provides online services with a variety of subject areas for law enforcement, includes analytics to measure impact on recruitment and retention, offers a comprehensive recruitment audit and training program for agency recruiters, and proves software to support a variety of recruitment and retention activities.

Department of Real Estate

90. Adds footnote specifying that \$400,000 of the Department’s lump sum appropriation is for information technology improvements. 85

Arizona Board of Regents

91. Adds footnote stating that \$1.0 million is appropriated for one-time Teachers Academy funding. 130

Secretary of State

92. Adds footnote extending the \$5.4 million FY 2020 Help America Vote Act (HAVA) appropriation for counties from the end of FY 2024 to the end of FY 2025. 90

93. Adds footnote requiring the Secretary of State to submit a report to JLBC and OSPB by January 31, 2025 of the actual expenditures from the Election Services line item. 90

94. Modifies existing footnote allowing the Secretary of State to use \$100,000 in the Secretary of State’s operating budget for legal services from the attorney general or the hiring of 1 FTE to serve as legal advisor for the Secretary of State by adding conflict counsel as an allowable use. Amends footnote to allow the Secretary of State to employ outside or private attorneys to provide representation or services when the Secretary of State: 1) is named as a defendant; 2) believes a conflict prevents representation by the Attorney General’s Office; 3) and is either remaining nominal or defending the constitutionality of a law or referral passed by the Legislature. 90

95. Adds footnote specifying that the Secretary of State may use up to \$250,000 of the monies in the Election Services line item for direct costs of the Secretary of State related to the 2024 primary and general elections. 90

96. Adds footnote allowing the Secretary of State to use up to \$100,000 of the FY 2024 supplemental for costs of logic and accuracy testing for the 2024 primary election. 114

97. Adds footnote stating that \$1.0 million is appropriated for one-time operating expenses. 130

Arizona Department of Transportation

98. Adds footnote stating that the operating lump sum includes a \$2 million reduction from the State Highway Fund in FY 2025 from the department's Enforcement and Compliance Division (ECD). 94

State Treasurer

99. Adds footnote extending the lapsing date of the FY 2024 appropriation to a Nonprofit Volunteer Rodeo Organization for the purposes of resolving litigation that is challenging the validity of the appropriation. Footnote further provides that if a final court ruling overturns the appropriation and there are no further appeals, the appropriation reverts to the General Fund within 60 days. 119

100. Adds footnote distributing monies from the Peace Officer Training Equipment Fund in FY 2025 to the following recipients: \$600,000 to Pinal County Sheriff’s Office for a records management systems and computer aided dispatch systems pilot program, \$1.4 million to law enforcement agencies for pepperball and pepperball weapons, \$312,000 to Maricopa County Attorney’s Office for a 180 degree training de-escalation and crime recreation simulator, and \$600,000 to Yavapai County Sheriff’s Office to law enforcement training simulations. 127

Board of Technical Registration

101. Adds footnote extending the lapsing date of the FY 2023 appropriation for e-licensing to the end of FY 2025. 92

Universities

102. Adds language to existing freedom school footnotes to specify the legislative intent that the universities must allocate the same amount to the Freedom Schools as was appropriated in FY 2023, except for up to the amount designated in the lump sum reduction portion of the feed bill. 98-99

Department of Veterans' Services

103. Adds footnote stating that \$500,000 is appropriated for distribution to a veterans center that provides referral services for employment and job training, housing, and utility assistance. 130

Department of Water Resources

104. Adds footnote making the monies appropriated in the FY 2024 Statewide Water Resources Planning line item non-lapsing. 103
105. Adds a footnote repealing the Department of Water Resource's brackish groundwater pilot program that was established with a non-lapsing appropriation of \$11.0 million in the FY 2024 budget. 10

Statewide

106. Adds footnote requiring ADOA to report quarterly on year-to-date spending and encumbrances in FY 2025 to the JLBC Director and OSPB Director. The report would cover both General Fund and Other Appropriated Fund spending. The report is due within 15 days after the last day of the fiscal year quarter. 147
107. Adds footnote prohibiting operating lump sum reductions allocated to university freedom schools from exceeding 3.45% of the total amount allocated to each freedom school. 129
108. Adds technical footnotes to make certain FY 2024 appropriations non-lapsing. In the FY 2024 budget, these appropriations were deposited into session law funds that are only effective through the end of FY 2024. FY 2025 Budget Reconciliation Bill provisions will extend the life of these funds through FY 2025. Since these BRB provisions will not be effective at the beginning of FY 2025, these technical footnotes will prevent the monies in the following funds from lapsing at the end of FY 2024: 120
- Arizona Department of Administration – Fire Incident Management Fund
 - Office of Economic Opportunity – Microbusiness Loan Fund
 - Department of Education - Early Education and Career Exploration Program Fund
 - Department of Education - Arizona Civics Education and Leadership Development Fund
 - Department of Health Services - Collaborative Care Uptake Fund
 - Department of Homeland Security - Anti-Human Trafficking Grant Fund
 - Department of Homeland Security - Nonprofit Security Grant Program Fund
 - Department of Housing – Homeless Shelter and Services Fund
 - Department of Public Safety – Fentanyl Prosecution, Diversion and Testing Fund
 - Universities – Spouses and Dependents of Law Enforcement Officer Tuition Scholarship Fund

Fund Transfers

109. Adds footnote specifying that monies transferred from the State Highway Fund to the General Fund in FY 2024 and FY 2025 reflect interest income earned on investment of monies transferred to the fund from Transaction Privilege Tax revenues in FY 2023. 133
110. Adds footnote specifying that \$8.1 million of monies transferred from the Water Supply Development Revolving Fund to the General Fund in FY 2024 reflect interest income earned on investment of monies in the fund. 133
111. Adds footnote specifying that \$19.3 million of monies transferred from the Long-Term Water Augmentation Fund to the General Fund in FY 2024 reflect interest income earned on investment of monies in the fund. 133
112. Adds footnote specifying that monies transferred from the Department of Administration Subaccount of the Automation Projects Fund to the General Fund in FY 2024 reflect unspent monies for the business one-stop portal development project. 133
113. Adds footnote requiring each budget unit to report to JLBC and OSPB by October 31, 2024 if the budget unit had any privately funded employee salary compensation in FY 2024 or FY 2025. 151

CAPITAL – CHAPTER 211 (HB 2899)

State Parks

114. Adds footnote stating that on or before June 30, 2024, \$38.2 million from the State Parks Revenue Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. On or before September 1, 2024, State Parks is required to submit an expenditure report to JCCR on how monies from the State Parks Revenue Fund will be expended on capital projects after the \$38.2 million fund transfer. The expenditure of monies from the fund are limited to items that were previously reviewed by JCCR at its July 2022 meeting. 14

Arizona Department of Transportation

115. Adds footnote stating that on or before June 30, 2024, \$24.0 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT to construct an overpass at Riggs Road and SR 347. 9
116. Adds footnote stating that on or before June 30, 2024, \$55.9 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT to design and construct additional vehicle lanes on I-10 between SR 85 and Citrus Road. 10
117. Adds footnote stating that on or before June 30, 2024, \$29.3 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies were previously appropriated to ADOT for statewide pavement rehabilitation projects. 11
118. Adds footnote stating that on or before June 30, 2024, \$9.1 million from the State Highway Fund will be transferred to the General Fund, which reflects monies received from a TPT diversion to the fund in the FY 2023 budget. These monies reflect a surplus of funding as a result of previously appropriated highway project funding reallocations. 30
119. Adds footnote making the \$1.8 million FY 2022 appropriation for vehicle fueling facilities non-lapsing until the end of FY 2025. 32
120. Adds footnote requiring ADOT to distribute the \$59.8 million FY 2024 appropriation to extend SR 24 to the town of Queen Creek on or before June 30, 2024. The footnote directs the town of Queen Creek to prioritize a traffic interchange at SR 24 and Ironwood Road before spending any remaining monies to extend SR 24. 34
121. Adds footnote with legislative intent language stating that, consistent with the advance appropriation, the overpass at Riggs Road and State Route 347 be funded in FY 2028. 9

Department of Veterans' Services

122. Adds footnote requiring the department to submit the proposed site and feasibility analysis to the Arizona Veterans' Service Advisory Commission for approval pursuant to an advance appropriation of \$25.0 million from the General Fund in FY 2028 to construct a new veterans' home in Northwestern Arizona. 6

Statewide

123. Adds footnote that would deem the following projects to have been favorably reviewed by the Joint Committee on Capital Review (JCCR) as contained in the May 9, 2024 JCCR agenda book: 31
- \$2.6 million for 5 FY 2024 Arizona Game and Fish Department capital projects
 - \$214,200 for FY 2024 Lottery Commission building renewal monies for structural repairs of its Phoenix facility.
 - \$250,000 for a FY 2024 Arizona Pioneers Home project to improve the cemetery parking lot.
 - \$63.0 million for Arizona State University system revenue bond issuances to implement information technology infrastructure improvements, including standard university financing provisions.

- \$22.0 million for Arizona State University system revenue bond issuances to fund a utility expansion project on the Tempe Campus, including standard university financing provisions.
- \$16.4 million for Yavapai College bond projects to finance the creation of Centers for Learning and Innovation, capital improvement projects, and software system upgrades, including standard financing provisions.
- \$8.7 million for continuing to upgrade the Eyman prison to HVAC.