

Capital Outlay Summary

	FY 2026 APPROVED
BUILDING RENEWAL	
ADOA Building System	29,811,700
ADOT Building System	23,385,300
ABOR Building System	0
SUBTOTAL	53,197,000
INDIVIDUAL PROJECTS	
ADOA Building System	48,879,500
ADOT Building System	629,291,800
ABOR Building System	0
SUBTOTAL	678,171,300
LOCAL ASSISTANCE	
Phoenix Convention Center	26,497,400 ^{1/}
Rio Nuevo District	19,000,000 ^{2/}
SUBTOTAL	45,497,400
TOTALS	
ADOA Building System	78,691,200
ADOT Building System	652,677,100
ABOR Building System	0
Other Funding (Lease-Purchase/Local Assistance)	45,497,400
TOTAL - ALL PROJECTS	776,865,700^{3/}
FUND SOURCES	
General Fund	183,243,300
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	16,800,000
Department of Corrections Building Renewal Fund	5,864,300
Criminal Justice Enhancement Fund	1,361,900
Arizona Exposition and State Fair Fund	3,815,100
Game and Fish Fund	13,365,700
Game and Fish Capital Improvement Fund	850,000
Arizona State Hospital Land Fund	938,000
Department of Juvenile Corrections Local Cost Sharing Fund	118,700
Legislative, Executive and Judicial Public Buildings Land Fund	3,120,500
State Lottery Fund	218,200
State Parks Revenue Fund	3,633,300
Miners' Hospital for Miners with Disabilities Land Fund	1,985,400
Telecommunication Fund for the Deaf	393,000
State Aviation Fund	45,585,900
State Highway Fund	495,572,400
SUBTOTAL - Other Appropriated Funds	593,622,400
SUBTOTAL - Appropriated Funds	776,865,700
Other Non-Appropriated Funds	759,347,000
Federal Funds	1,097,420,000
TOTAL - ALL SOURCES	2,633,632,700

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital assets, which includes buildings, state parks, prisons, highways, and other facilities. For the purposes of capital management and planning, the state is divided into 3 building systems: the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System,

and the Arizona Board of Regents (ABOR) Building System. In addition, the state makes annual payments for the 2010 Leaseback agreement which was used for operating financing, along with local distributions for the Phoenix Convention Center and the Rio Nuevo District. Capital appropriations are typically made through the Capital Outlay Bill but may be made through other bills as well.

FOOTNOTES

- 1/ This amount was appropriated or allocated by the FY 2026 General Appropriation Act (Laws 2025, Chapter 233, Section 123).
2/ This amount was appropriated or allocated by the FY 2026 General Appropriation Act (Laws 2025, Chapter 233, Section 124)
3/ Unless otherwise noted, amounts were appropriated by the FY 2026 Capital Outlay Bill (Laws 2025, Chapter 235).

The following amounts are one-time appropriations:

Subtotal - ADOT \$23,385,300

Summary

The budget includes a total of \$776,865,700 from Appropriated Funds in FY 2026. Of the total, \$183,243,300 is from the General Fund and \$593,622,400 is from Other Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Local Assistance.

(See the individual building systems' section for more information.)

Individual Projects

The budget includes total funding of \$678,171,300 in FY 2026 for individual capital projects, which consists of \$136,145,900 General Fund and \$542,025,400 from Other Appropriated Funds.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on the support of a formula determined by the Joint Committee on Capital Review. The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by ADOA (or individual agencies within the ADOA Building System that have their own funding source for building renewal), ADOT, and ABOR.

(See the individual building systems' sections for more information.)

Local Assistance

The budget includes \$45,497,400 from the General Fund in FY 2026 for the state's share of the long-term financing for the Phoenix Convention Center and the Rio Nuevo Multipurpose Facilities District. (See the Local Assistance section for more information.)

The budget includes total funding of \$53,197,000 in FY 2026 for Building Renewal, which consists of \$1,600,000 from the General Fund and \$51,597,000 from Other Appropriated Funds. These amounts include:

	FY 2026
Arizona Department of Administration	\$21,913,500
Capital Outlay Stabilization Fund,	
Legislative, Executive and Judicial Public Buildings	
Land Fund, Telecommunication Fund for the Deaf	
and General Fund @ 37.4% (excludes ADC,	
Game and Fish, Lottery buildings)	
Department of Corrections	
ADC Building Renewal Fund @ 14.4%	5,864,300
Game and Fish Department	
Game and Fish Fund @ 100%	1,815,700
State Lottery Commission	
State Lottery Fund @ 100%	218,200
Subtotal - ADOA	\$29,811,700
Arizona Department of Transportation	
State Highway Fund @ 100%	\$22,990,400
State Aviation Fund @ 100%	394,900

Capital Outlay - Arizona Department of Administration

FY 2026
APPROVED

SPECIAL LINE ITEMS

Building Renewal	21,913,500 ^{1/2/}
AGENCY TOTAL	21,913,500

FUND SOURCES

General Fund	1,600,000
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	16,800,000
Legislative, Executive, and Judicial Public Buildings Land Fund	3,120,500
Telecommunication Fund for the Deaf	393,000 ^{3/}
SUBTOTAL - Other Appropriated Funds	20,313,500
SUBTOTAL - Appropriated Funds	21,913,500
TOTAL - ALL SOURCES	21,913,500 ^{4/5/6/}

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) Building System is comprised of all state agencies except the Arizona Board of Regents (ABOR) and the Arizona Department of Transportation (ADOT). Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. Appropriations for ADOA Building System projects may be from the General Fund or Other Appropriated Funds.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes (Capital Outlay Appropriations Act footnote)
- 2/ The department of administration shall allocate the monies to state agencies for necessary building renewal. If monies in the capital outlay stabilization fund established by section 41-792.01, Arizona Revised Statutes, are insufficient to fund the appropriation to the department of administration for building renewal, the appropriation to the department of administration is reduced by the difference between the amount appropriated to the department of administration from the capital outlay stabilization fund and the balance in the capital outlay stabilization fund. Notwithstanding title 41, chapter 4, article 7, Arizona Revised Statutes, the department of administration may use monies appropriated for building renewal in fiscal year 2025-2026 for building projects related to retrofitting facilities for space consolidation initiatives. (Capital Outlay Appropriations Act footnote)
- 3/ The monies appropriated from the telecommunication fund for the deaf index number SD1700 as established pursuant to section 35-142, Arizona Revised Statutes, shall be used solely for building renewal at the Arizona state schools for the deaf and the blind. (Capital Outlay Appropriations Act footnote)
- 4/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- 5/ The department of administration may spend up to five percent of the amounts appropriated to the department in this act, excluding amounts to be distributed to non-state agencies, for expenditures for project management of building renewal and capital projects. All other monies appropriated to the department in this act may not be spent for personal services or employee-related expenditures or for maintenance contracts on building components and equipment without review by the joint committee on capital review. (Capital Outlay Appropriations Act footnote)
- 6/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes \$21,913,500 in FY 2026 for building renewal. This amount consists of:

	<u>FY 2026</u>
General Fund	\$1,600,000
Capital Outlay Stabilization Fund (COSF)	16,800,000
Legislative, Executive, and Judicial	
Public Buildings Land Fund	3,120,500
Telecommunication Fund for the Deaf	393,000

These monies are to be used for major repair and maintenance of ADOA-owned buildings. This amount funds 37.4% of the ADOA building renewal formula. In FY 2026, 100% of the formula would be \$58,666,600. This formula value has been adjusted to exclude building renewal funding for the Arizona State Parks Board and Arizona Pioneers' Home, as these agencies received direct building renewal appropriations (capital improvements) in the FY 2026 Capital Outlay Bill.

The budget stipulates that the \$393,000 appropriated for building renewal from the Telecommunication Fund for the Deaf shall be used solely for building renewal at the Arizona state schools for the deaf and the blind.

The FY 2025 budget appropriated \$19,000,000 from COSF to ADOA for building renewal. The FY 2025 funding level represented 32.4% of the ADOA formula. The FY 2025 budget also included a separate appropriation of \$1,916,500 to shift the cost of capital-related staff from the Capital Outlay Bill to the General Appropriations Act.

Other Issues

Rent Adjustments

In FY 2026, state building rent payments total \$32,682,200 which is estimated to be paid from the following fund sources: \$20,148,600 from the General Fund, \$9,558,200 from Other Appropriated Funds, and \$2,975,400 from Non-Appropriated Funds.

The current rental charges are as follows: Office - \$17.87 per sq. ft./Storage - \$6.43 per sq. ft. *(Please see the Summary of Rent Charges for agency rent charges as of July 1, 2025).*

SUMMARY OF RENT CHARGES OF STATE-OWNED SPACE 1/ 2/3/

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Acupuncture Board of Examiners												
1740 W Adams	-	12,900	-	12,900	-	12,800	-	12,800	-	(100)	-	(100)
Administration, AZ Department of												
1400 W Washington	-	340,600	-	340,600	-	360,400	-	360,400	-	19,800	-	19,800
1802 W Jackson	-	24,300	60,400	84,700	-	24,300	60,400	84,700	-	-	-	-
1840 W Jackson	-	95,600	-	95,600	-	95,600	-	95,600	-	-	-	-
1700 W Washington	-	157,800	-	157,800	-	157,900	-	157,900	-	100	-	100
1740 W Adams	-	33,300	-	33,300	-	16,200	-	16,200	-	(17,100)	-	(17,100)
1919 W Jefferson	-	274,600	-	274,600	-	257,300	-	257,300	-	(17,300)	-	(17,300)
1801 W Madison	-	29,300	-	29,300	-	29,300	-	29,300	-	-	-	-
1805 W Madison	-	33,800	-	33,800	-	33,800	-	33,800	-	-	-	-
400 W Congress, Tucson	-	35,800	-	35,800	-	35,800	-	35,800	-	-	-	-
402 W Congress, Tucson	-	77,300	-	77,300	-	77,300	-	77,300	-	-	-	-
416 W Congress, Tucson	-	3,800	-	3,800	-	3,800	-	3,800	-	-	-	-
Subtotal - AZ Dept of Administration	-	1,106,200	60,400	1,166,600	-	1,091,700	60,400	1,152,100	-	(14,500)	-	(14,500)
Administrative Hearings, Office of												
1740 W Adams	86,300	-	109,900	196,200	86,300	-	109,800	196,100	-	-	(100)	(100)
Agriculture, AZ Department of												
400 W Congress, Tucson	48,400	-	7,200	55,600	48,400	-	7,200	55,600	-	-	-	-
AZ Health Care Cost Containment System												
801 E Jefferson	687,200	-	687,200	1,374,400	-	-	-	-	(687,200)	-	(687,200)	(1,374,400)
Arts, AZ Commission on the												
417 W Roosevelt	-	-	67,900	67,900	-	-	67,900	67,900	-	-	-	-
Attorney General - Department of Law												
400 W Congress, Tucson	-	-	131,500	131,500	-	-	131,500	131,500	-	-	-	-
402 W Congress, Tucson	192,800	62,700	226,500	482,000	192,800	62,700	226,500	482,000	-	-	-	-
416 W Congress, Tucson	-	-	157,700	157,700	-	-	157,700	157,700	-	-	-	-
15 S 15th Ave (Capitol Center)	640,900	1,135,400	54,900	1,831,200	640,900	1,135,400	54,900	1,831,200	-	-	-	-
Subtotal - Attorney General - Dept of Law	833,700	1,198,100	570,600	2,602,400	833,700	1,198,100	570,600	2,602,400	-	-	-	-
Barbering and Cosmetology Board												
1740 W Adams	-	117,100	-	117,100	-	117,100	-	117,100	-	-	-	-
Behavioral Health Examiners, Board of												
1740 W Adams	-	77,000	-	77,000	-	77,000	-	77,000	-	-	-	-
Charter Schools, State Board for												
1700 W Washington	74,100	-	-	74,100	74,100	-	-	74,100	-	-	-	-
Child Safety, Department of												
15 S 15th Ave (Capitol Center)	291,300	-	-	291,300	-	-	-	-	(291,300)	-	-	(291,300)
1688 W Adams	-	-	-	-	518,100	-	-	518,100	518,100	-	-	518,100
Subtotal - Department of Child Safety	291,300	-	-	291,300	518,100	-	-	518,100	226,800	-	-	226,800
Chiropractic Examiners, State Board of												
1740 W Adams	-	25,800	-	25,800	-	30,100	-	30,100	-	4,300	-	4,300
Contractors, Registrar of												
1700 W Washington	-	373,500	19,700	393,200	-	373,500	19,700	393,200	-	-	-	-
Corporation Commission												
1200 W Washington	-	721,600	-	721,600	-	721,600	-	721,600	-	-	-	-
1300 W Washington	-	993,800	-	993,800	-	993,800	-	993,800	-	-	-	-
400 W Congress, Tucson	3,600	52,600	3,600	59,800	3,100	45,400	3,100	51,600	(500)	(7,200)	(500)	(8,200)

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Subtotal - Corporation Commission	3,600	1,768,000	3,600	1,775,200	3,100	1,760,800	3,100	1,767,000	(500)	(7,200)	(500)	(8,200)
Corrections, State Department of												
1831 W Jefferson	363,600	-	-	363,600	363,600	-	-	363,600	-	-	-	-
701 E Jefferson	1,362,200	-	-	1,362,200	1,362,200	-	-	1,362,200	-	-	-	-
801 E Jefferson	-	-	-	-	1,374,400	-	-	1,374,400	1,374,400	-	-	1,374,400
Subtotal - State Dept of Corrections	1,725,800	-	-	1,725,800	3,100,200	-	-	3,100,200	1,374,400	-	-	1,374,400
Dental Examiners, State Board of												
1740 W Adams	-	56,100	-	56,100	-	56,000	-	56,000	-	(100)	-	(100)
Economic Opportunity, Arizona Office of												
1400 W Washington	-	87,100	-	87,100	-	94,800	-	94,800	-	7,700	-	7,700
Economic Security, Department of												
1400 W Washington	117,200	234,300	117,200	468,700	117,400	234,600	117,400	469,400	200	300	200	700
1700 W Washington	-	-	-	-	-	-	-	-	-	-	-	-
1789 W Jefferson (DES West)	1,888,300	464,400	742,900	3,095,600	1,888,300	464,400	742,900	3,095,600	-	-	-	-
400 W Congress, Tucson	129,900	311,700	207,800	649,400	129,900	311,700	207,800	649,400	-	-	-	-
DES Group Homes	190,100	273,300	-	463,400	190,100	273,300	-	463,400	-	-	-	-
15 S 15th Ave (Capitol Center)	144,800	32,700	26,500	204,000	351,700	79,200	64,400	495,300	206,900	46,500	37,900	291,300
Subtotal - Department of Economic Security	2,470,300	1,316,400	1,094,400	4,881,100	2,677,400	1,363,200	1,132,500	5,173,100	207,100	46,800	38,100	292,000
Education, Department of												
1535 W Jefferson	489,900	136,100	734,800	1,360,800	489,900	136,100	734,800	1,360,800	-	-	-	-
416 W Congress, Tucson	-	10,400	105,700	116,100	-	10,400	105,700	116,100	-	-	-	-
Subtotal - Department of Education	489,900	146,500	840,500	1,476,900	489,900	146,500	840,500	1,476,900	-	-	-	-
Education, State Board of												
1700 W Washington	100,800	-	-	100,800	100,800	-	-	100,800	-	-	-	-
Emergency and Military Affairs, Department of												
400 W Congress St	8,000	-	-	8,000	8,000	-	-	8,000	-	-	-	-
Environmental Quality, Department of												
400 W Congress, Tucson	-	162,000	-	162,000	-	162,000	-	162,000	-	-	-	-
416 W Congress, Tucson	-	7,200	-	7,200	-	7,200	-	7,200	-	-	-	-
Subtotal - Dept. of Environmental Quality	-	169,200	-	169,200	-	169,200	-	169,200	-	-	-	-
Equalization, State Board of												
400 W Congress, Tucson	27,100	-	-	27,100	27,100	-	-	27,100	-	-	-	-
416 W Congress, Tucson	2,000	-	-	2,000	2,000	-	-	2,000	-	-	-	-
Subtotal - Board of Equalization	29,100	-	-	29,100	29,100	-	-	29,100	-	-	-	-
Fingerprinting, Board of												
1740 W Adams	-	-	33,500	33,500	-	-	42,800	42,800	-	-	9,300	9,300
Gaming, Department of												
1919 W Jefferson	-	-	-	-	-	39,800	-	39,800	-	39,800	-	39,800
400 W Congress, Tucson	-	4,300	-	4,300	-	12,500	-	12,500	-	8,200	-	8,200
Subtotal - Department of Gaming	-	4,300	-	4,300	-	52,300	-	52,300	-	48,000	-	48,000
Governor, Office of the												
1700 W Washington	1,086,100	-	-	1,086,100	1,086,100	-	-	1,086,100	-	-	-	-
1700 W Washington (Commission of African American Affairs)	-	-	-	-	-	-	-	-	-	-	-	-
1700 W Washington (Office of Highway Safety)	-	-	84,300	84,300	-	-	84,300	84,300	-	-	-	-
400 W Congress, Tucson	41,000	-	-	41,000	41,000	-	-	41,000	-	-	-	-
Subtotal - Office of the Governor	1,127,100	-	84,300	1,211,400	1,127,100	-	84,300	1,211,400	-	-	-	-
Gov's Ofc of Strategic Planning & Budgeting												
1700 W Washington	181,600	-	-	181,600	181,600	-	-	181,600	-	-	-	-
Health Services, Department of ^{4/}												
1740 W Adams	24,200	-	-	24,200	13,300	-	-	13,300	(10,900)	-	-	(10,900)
250 N 17th Ave	1,287,200	-	-	1,287,200	1,287,200	-	-	1,287,200	-	-	-	-

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
400 W Congress, Tucson	157,300	-	-	157,300	157,300	-	-	157,300	-	-	-	-
402 W Congress, Tucson	4,500	-	-	4,500	4,500	-	-	4,500	-	-	-	-
Subtotal - Department of Health Services	1,473,200	-	-	1,473,200	1,462,300	-	-	1,462,300	(10,900)	-	-	(10,900)
Homeland Security, AZ Dept of												
1700 W Washington	-	-	-	-	-	-	-	-	-	-	-	-
Homeopathic & Integrated Medicine Examiners, Board of												
1740 W Adams	-	3,800	-	3,800	-	3,700	-	3,700	-	(100)	-	(100)
Judiciary - Court of Appeals												
400 W Congress, Tucson	720,500	-	-	720,500	720,500	-	-	720,500	-	-	-	-
Judiciary - Supreme Court												
1501 W Washington	3,906,900	-	-	3,906,900	3,906,900	-	-	3,906,900	-	-	-	-
400 W Congress, Tucson	17,500	-	-	17,500	17,500	-	-	17,500	-	-	-	-
Subtotal - Supreme Court	3,924,400	-	-	3,924,400	3,924,400	-	-	3,924,400	-	-	-	-
Subtotal - Judiciary	4,644,900	-	-	4,644,900	4,644,900	-	-	4,644,900	-	-	-	-
Juvenile Corrections, Department of												
400 W Congress, Tucson	19,200	-	-	19,200	19,200	-	-	19,200	-	-	-	-
Liquor Licenses and Control, Department of												
400 W Congress	-	51,900	-	51,900	-	51,900	-	51,900	-	-	-	-
Massage Therapy, Board of												
1740 W Adams	-	28,700	-	28,700	-	24,800	-	24,800	-	(3,900)	-	(3,900)
Medical Board, AZ												
1740 W Adams	-	212,300	-	212,300	-	212,200	-	212,200	-	(100)	-	(100)
Mine Inspector, State								-				
1700 W Washington	121,000	-	-	121,000	121,000	-	-	121,000	-	-	-	-
Naturopathic Physicians Medical Board												
1740 W Adams	-	10,900	-	10,900	-	10,800	-	10,800	-	(100)	-	(100)
Navigable Stream Adjudication Commission, AZ												
1700 W Washington	13,600	-	-	13,600	13,600	-	-	13,600	-	-	-	-
Nursing, State Board of												
1740 W Adams	-	190,500	-	190,500	-	190,500	-	190,500	-	-	-	-
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs.												
1740 W Adams	-	23,900	-	23,900	-	23,900	-	23,900	-	-	-	-
Occupational Therapy Examiners, State Board of												
1740 W Adams	-	12,900	-	12,900	-	19,100	-	19,100	-	6,200	-	6,200
Opticians, State Board of Dispensing												
1740 W Adams	-	12,000	-	12,000	-	11,900	-	11,900	-	(100)	-	(100)
Optometry, State Board of												
1740 W Adams	-	13,800	-	13,800	-	13,700	-	13,700	-	(100)	-	(100)
Osteopathic Examiners in Medicine and Surgery, AZ Board of												
1740 W Adams	-	39,600	-	39,600	-	61,500	-	61,500	-	21,900	-	21,900
Personnel Board												
1740 W Adams	-	12,800	-	12,800	-	23,600	-	23,600	-	10,800	-	10,800
Physical Therapy, Board of												
1740 W Adams	-	22,400	-	22,400	-	22,400	-	22,400	-	-	-	-
Podiatry Examiners, State Board of												
1740 W Adams	-	10,900	-	10,900	-	5,600	-	5,600	-	(5,300)	-	(5,300)
Private Postsecondary Education, State Board for												
1740 W Adams	-	10,300	2,700	13,000	-	8,700	2,300	11,000	-	(1,600)	(400)	(2,000)
Psychologist Examiners, State Board of												
1740 W Adams	-	22,300	-	22,300	-	19,600	-	19,600	-	(2,700)	-	(2,700)

	Fiscal Year 2025 Appropriations Report				Fiscal Year 2026 Appropriations Report				Difference FY 2025 - FY 2026			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Public Safety, Department of												
14 N 18th Avenue	-	42,400	-	42,400	-	42,400	-	42,400	-	-	-	-
1700 W Washington	67,000	17,500	18,500	103,000	67,000	17,600	18,400	103,000	-	100	(100)	-
1740 W Adams St	-	-	-	-	-	-	-	-	-	-	-	-
400 W Congress, Tucson	14,800	3,800	4,100	22,700	14,800	3,800	4,100	22,700	-	-	-	-
Subtotal - Department of Public Safety	81,800	63,700	22,600	168,100	81,800	63,800	22,500	168,100	-	100	(100)	-
Respiratory Care Examiners, Board of												
1740 W Adams	-	17,400	-	17,400	-	9,700	-	9,700	-	(7,700)	-	(7,700)
Revenue, Department of												
402 W Congress, Tucson	97,000	145,600	-	242,600	97,000	145,600	-	242,600	-	-	-	-
1600 W Monroe	1,241,500	1,862,200	-	3,103,700	1,241,500	1,862,200	-	3,103,700	-	-	-	-
Subtotal - Department of Revenue	1,338,500	2,007,800	-	3,346,300	1,338,500	2,007,800	-	3,346,300	-	-	-	-
Secretary of State - Dept of State												
1700 W Washington	499,000	-	-	499,000	499,000	-	-	499,000	-	-	-	-
400 W Congress, Tucson	25,600	-	-	25,600	25,600	-	-	25,600	-	-	-	-
1901 W Madison (Polly Rosenbaum Building)	2,139,600	-	-	2,139,600	2,139,600	-	-	2,139,600	-	-	-	-
1030 N 32nd St	-	-	-	-	325,800	-	-	325,800	325,800	-	-	325,800
Subtotal - Secretary of State - Dept of State	2,664,200	-	-	2,664,200	2,990,000	-	-	2,990,000	325,800	-	-	325,800
Treasurer, State												
1700 W Washington	-	196,000	-	196,000	-	196,000	-	196,000	-	-	-	-
Tribal Relations, Governor's Office on												
1700 W Washington	46,200	-	-	46,200	46,200	-	-	46,200	-	-	-	-
University - Board of Regents												
1740 W Adams	-	-	13,800	13,800	-	-	11,800	11,800	-	-	(2,000)	(2,000)
Veterans' Services, Department of												
1688 W Adams	-	-	-	-	119,500	-	-	119,500	119,500	-	-	119,500
Veterinary Medical Examining Board, AZ State												
1740 W Adams	-	33,900	-	33,900	-	33,900	-	33,900	-	-	-	-
Water Resources, Department of												
1802 W Jackson	33,800	-	-	33,800	33,800	-	-	33,800	-	-	-	-
GRAND TOTAL	18,593,600	9,456,000	3,618,300	31,667,900	20,148,600	9,558,200	2,975,400	32,682,200	1,555,000	102,200	(642,900)	1,014,300

1/ Reflects rental charges to agencies of state-owned buildings as of July 2025. Laws 2025, Chapter 244, Section 2 set the office rate of \$17.87 per square foot and the storage rental rate of \$6.43 per square foot.

2/ Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay the higher of the amount reported [herein] by the Joint Legislative Budget Committee or the pro rata share based on actual occupancy.

3/ A.R.S. 41-792.01 authorizes the Department of Administration to approve whole or partial rent exemptions without recommendation from the Joint Committee on Capital Review. On or before June 30 of each year, the department shall submit a report to the Joint Legislative Budget Committee detailing all rent exemptions for the prior year.

4/ Pursuant to Laws 2023, Chapter 194, effective June 20, 2023, the State Board of Funeral Directors and Embalmers is eliminated and the powers and duties of the board are transferred to the Department of Health Services.

Capital Outlay - Arizona Department of Corrections

FY 2026
APPROVED

SPECIAL LINE ITEMS

Building Renewal	5,864,300 ^{1/2/}
Yuma State Prison Fire Alarm Upgrades	8,500,000
AGENCY TOTAL	14,364,300

FUND SOURCES

General Fund	8,500,000
<u>Other Appropriated Funds</u>	
Department of Corrections Building Renewal Fund	5,864,300
SUBTOTAL - Other Appropriated Funds	5,864,300
SUBTOTAL - Appropriated Funds	14,364,300
TOTAL - ALL SOURCES	14,364,300 ^{3/4/}

AGENCY DESCRIPTION — The Arizona Department of Corrections (ADC) is included in the Arizona Department of Administration (ADOA) Building System. Since FY 2012, ADC has received a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes. (Capital Outlay Appropriations Act footnote)
- 2/ The state department of corrections may not spend any of this appropriation on personal services or overhead expenses related to managing the funded projects. (Capital Outlay Appropriations Act footnote)
- 3/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- 4/ Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes \$5,864,300 from the Department of Corrections Building Renewal Fund in FY 2026 for major repair and maintenance of ADC-owned buildings.

The ADOA building renewal formula amount for ADC in FY 2026 is \$40,851,800. The budget funding represents 14.4% of the formula amount.

Yuma State Prison Fire Alarm Upgrades

The budget includes \$8,500,000 from the General Fund in FY 2026 to upgrade the fire alarm systems at the Yuma prison.

This funding is intended to complete the replacement of fire alarm systems at all 9 state-operated prison facilities.

Capital Outlay - Arizona Exposition and State Fair Board

FY 2026
APPROVED

SPECIAL LINE ITEMS

Capital Improvements

3,815,100

AGENCY TOTAL

3,815,100

FUND SOURCES

Other Appropriated Funds

Arizona Exposition and State Fair Fund

3,815,100

SUBTOTAL - Other Appropriated Funds

3,815,100

SUBTOTAL - Appropriated Funds

3,815,100

TOTAL - ALL SOURCES

3,815,100 ^{1/}

AGENCY DESCRIPTION — The Arizona State Parks Board (ASPB) is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

^{1/} Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Capital Improvements

The budget includes \$3,815,100 from the Arizona Exposition and State Fair Fund in FY 2026 for capital improvements. This amount funds 100% of the Board's formula funding for capital improvements.

Capital Outlay - Arizona Game and Fish Department

FY 2026
APPROVED

SPECIAL LINE ITEMS

Building Renewal	1,815,700 ^{1/}
Dam Maintenance	150,000
Dam Repairs	6,850,000
Hatchery Maintenance	400,000
Hatchery Repairs	4,700,000
Property Maintenance	300,000
AGENCY TOTAL	14,215,700

FUND SOURCES

Other Appropriated Funds

Capital Improvement Fund	850,000
Game and Fish Fund	13,365,700

SUBTOTAL - Other Appropriated Funds 14,215,700

SUBTOTAL - Appropriated Funds 14,215,700

TOTAL - ALL SOURCES 14,215,700 ^{2/3/}

AGENCY DESCRIPTION — The Arizona Game and Fish Department is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- ^{1/} Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes. (Capital Outlay Appropriations Act footnote)
- ^{2/} The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- ^{3/} Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

Building Renewal

The budget includes \$1,815,700 from the Game and Fish Fund in FY 2026 for building renewal. This amount funds 100% of the building renewal formula for major repair and maintenance of AGFD-owned buildings.

The FY 2025 appropriation of \$1,795,000 from the Game and Fish Fund also represented 100% of the agency's building renewal formula.

Dam Maintenance

The budget includes \$150,000 from the Capital Improvement Fund in FY 2026 for dam maintenance.

The department owns and operates 38 dams throughout the state and uses these funds for vegetation removal, flood warning system maintenance, dam safety regulation

compliance, structural repairs and other non-major repairs.

Dam Repairs

The budget includes \$6,850,000 from the Game and Fish Fund in FY 2026 for dam repairs.

The department plans to use these funds for major repairs to the Black Canyon Lake and Fool Hollow Lake dams. This represents the state's share of the project costs; the department expects FEMA to allocate an additional \$11,550,000 to complete these repairs, for total project costs of \$18,400,000.

Hatchery Maintenance

The budget includes \$400,000 from the Capital Improvement Fund in FY 2026 for hatchery maintenance.

The department owns 6 fish hatcheries throughout the state, all of which are in Northern Arizona and supply the state's rivers, streams and lakes with their recreational fish population. The department uses these funds for regular hatchery facility upgrades and repairs.

Hatchery Repairs

The budget includes \$4,700,000 from the Game and Fish Fund in FY 2026 for hatchery repairs.

The department plans to use these funds for major renovations to 6 hatcheries located across the state, including life support facility upgrades, water efficiency projects, and other infrastructure replacements.

Property Maintenance

The budget includes \$300,000 from the Capital Improvement Fund in FY 2026 for property maintenance.

The department owns 60 properties throughout the state. This funding will be used to supplement the department's building renewal funding for more extensive maintenance projects.

Capital Outlay - Arizona Department of Health Services

FY 2026
APPROVED

SPECIAL LINE ITEMS

State Hospital Anti-Ligature Renovations	695,000
State Hospital Isolation Valve Installation	160,000
State Hospital Perimeter Detection System Replacement	83,000
AGENCY TOTAL	938,000 ^{1/2/}

FUND SOURCES

Other Appropriated Funds

ASH Land Earnings Fund	938,000
SUBTOTAL - Other Appropriated Funds	938,000
SUBTOTAL - Appropriated Funds	938,000
TOTAL - ALL SOURCES	938,000

AGENCY DESCRIPTION — The Department of Health Services (DHS) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- 1/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- 2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

State Hospital Anti-Ligature Renovations

The budget includes \$695,000 from the ASH Land Earnings Fund in FY 2026 for anti-ligature renovations at the state hospital to comply with licensing requirements. These renovations would remove or minimize the risk of self-inflicted injuries by the patients.

State Hospital Isolation Valve Installation

The budget includes \$160,000 from the ASH Land Earnings Fund in FY 2026 to replace 4 water isolation valves at the state hospital.

State Hospital Perimeter Detection System Replacement

The budget includes \$83,000 from the ASH Land Earnings Fund in FY 2026 to replace the perimeter detection system at the state hospital.

Capital Outlay - Arizona Department of Juvenile Corrections

FY 2026
APPROVED

SPECIAL LINE ITEMS

Fire Line Booster Pumps Replacement	536,600
School Door and Lock Replacements	303,000
School Kitchen Air Unit Replacements	641,000
AGENCY TOTAL	1,480,600 ^{1/}

FUND SOURCES

Other Appropriated Funds

Criminal Justice Enhancement Fund	1,361,900
Department of Juvenile Corrections Local Cost Sharing Fund	118,700
SUBTOTAL - Other Appropriated Funds	1,480,600
SUBTOTAL - Appropriated Funds	1,480,600
TOTAL - ALL SOURCES	1,480,600 ^{2/}

AGENCY DESCRIPTION — The Department of Juvenile Corrections (DJC) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- 1/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- 2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Fire Line Booster Pumps Replacement

The budget includes \$536,600 from the Criminal Justice Enhancement Fund (CJEF) in FY 2026 to replace 2 fire pumps and 2 fire pump controllers at the Adobe Mountain School.

School Door and Locks Replacements

The budget includes \$303,000 in FY 2026 to replace door and locking systems at the Adobe Mountain School. This amount consists of:

	FY 2026
Criminal Justice Enhancement Fund	\$184,300
Department of Juvenile Corrections Local Cost Sharing Fund	118,700

School Kitchen Air Unit Replacements

The budget includes \$641,000 from CJEF in FY 2026 to replace an air unit in the kitchen of the Adobe Mountain School.

Capital Outlay - Arizona State Lottery Commission

FY 2026
APPROVED

SPECIAL LINE ITEMS

Building Renewal

218,200

AGENCY TOTAL

218,200 ^{1/2/}

FUND SOURCES

Other Appropriated Funds

State Lottery Fund

218,200

SUBTOTAL - Other Appropriated Funds

218,200

SUBTOTAL - Appropriated Funds

218,200

TOTAL - ALL SOURCES

218,200 ^{3/}

AGENCY DESCRIPTION — The Arizona Lottery is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- ^{1/} Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes (Capital Outlay Appropriations Act footnote)
- ^{2/} The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)
- ^{3/} Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Building Renewal

The budget includes \$218,200 in FY 2026 from the State Lottery Fund for major repair and maintenance of Lottery owned buildings. This amount funds 100% of the Lottery building renewal formula.

The FY 2025 appropriation of \$218,200 from the State Lottery Fund also represented 100% of the Lottery building renewal formula.

Capital Outlay - Arizona State Parks Board

FY 2026
APPROVED

SPECIAL LINE ITEMS

Capital Improvements	3,633,300
Verde River State Park Construction	500,000
AGENCY TOTAL	4,133,300 ^{1/}

FUND SOURCES

General Fund	500,000
<u>Other Appropriated Funds</u>	
State Parks Revenue Fund	3,633,300
SUBTOTAL - Other Appropriated Funds	3,633,300
SUBTOTAL - Appropriated Funds	4,133,300
TOTAL - ALL SOURCES	4,133,300

AGENCY DESCRIPTION — The Arizona State Parks Board (ASPB) is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated building renewal appropriation via its own building renewal fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

^{1/} Capital Outlay Appropriations Act funds are appropriated as a Lump Sum by Project by Agency.

Capital Improvements

The budget includes \$3,633,300 from the State Parks Revenue Fund in FY 2026 for capital improvements. This amount funds 100% of the board's formula funding for capital improvements.

The FY 2025 appropriation of \$3,022,000 from the State Parks Revenue Fund also represented 100% of the board's formula funding.

Verde River State Park Construction

The budget includes \$500,000 from the General Fund in FY 2026 for Verde River State Park construction.

The FY 2024 Capital Outlay Bill included \$7,000,000 from the General Fund to establish a park at the headwaters of the Verde River. In its December 2023 meeting, the Joint Committee on Capital Review gave a favorable review of the Board's plan to use \$6,000,000 of the appropriation to purchase the land and \$1,000,000 to begin construction. In March 2024, the board closed the purchase of the site. In a required follow-up report, the board indicated that the remaining \$1,000,000 would likely be spent for fencing/signage, cultural investigations, water table/flood plain analysis, and other preparatory sitework.

Prior Year Adjustments

The budget includes an ex-appropriation of \$(23,201,933) from the State Parks Revenue Fund (SPRF), including \$(4,084,600) for projects appropriated in FY 2023 and \$(19,117,333) for projects appropriated in FY 2025. This reflects the cancellation of 10 projects from the Board's FY 2023-FY 2025 capital projects spending plan.

The FY 2023 Capital Outlay Bill appropriated \$20,517,600 from SPRF to ASPB in FY 2023, \$19,143,800 in FY 2024, and \$19,117,333 in FY 2025 for capital projects. Of the total \$58,778,733 in total project costs, \$38,237,100 was funded by General Fund monies diverted from Transaction Privilege Tax (TPT) revenues deposited to SPRF and \$20,541,633 was funded by pre-existing SPRF monies. In July 2022, Joint Committee on Capital Review (JCCR) favorably reviewed all projects listed in *Table 1*.

The FY 2025 Capital Outlay Bill subsequently transferred \$38,237,100 from SPRF to the General Fund, which represents a reversal of the amount of TPT revenues diverted to SPRF in the FY 2023 budget. A footnote required ASPB to submit a report to JCCR detailing their reallocation plan for the projects listed in *Table 1* after transferring the \$38,237,100 of SPRF revenues back to the General Fund.

ASPB reported that they plan to cancel FY 2023 and FY 2025 projects totaling \$23,201,933 and fund the remaining projects over a longer time span as SPRF monies become available. Please reference *Table 1* for a list of cancelled and continued projects.

The enacted ex-appropriations reflect the cancellation of projects as reported by ASPB. Laws 2024, Chapter 211, Section 14 stipulates that the remaining \$36,112,400 in appropriation authority can only be used for projects which were favorably reviewed by JCCR as of the 2024 General Effective Date, limiting ASPB to funding projects the Committee approved in July 2022. Any new capital projects funded by SPRF monies would require Legislative approval.

Table 1			
FY 2023 – FY 2025 Parks Capital Projects ^{1/}			
	FY 2023	FY 2024	FY 2025
Dead Horse Amphitheater – Cost Increase	\$ 210,000	\$0	\$0
Rockin' River State Park – Cost Increase	336,800	0	0
Jerome State Park Fire Suppression System	1,540,000	0	0
Southern Construction Services Relocation	2,000,000	0	0
Tonto Bridge State Park Historic Building	3,500,000	0	0
Tombstone State Park Main House Renovation	2,008,500	0	0
Rockin' River State Park Main House Renovation	1,750,000	0	0
Catalina State Park Main Entrance Bridge	1,500,000	5,813,000	0
Smartphone Application	535,600	0	0
Statewide Campground Improvements	4,100,000	4,100,000	4,100,000
Statewide Sunshade Structures	2,233,300	2,233,300	2,233,333
Statewide Water Conservation	1,339,000	1,339,000	1,339,000
Yuma Territorial Prison Park Historic Building	0	750,000	5,945,000
Riordan Mansion Park Historic Building	0	2,900,000	0
Oracle State Park Historic Building	0	2,008,500	0
Red Rock State Park Historic Building	0	0	4,000,000
San Rafael State Park Historic Building	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Total ^{2/}	\$16,968,600	\$19,143,800	\$0
^{1/} Strikethrough represents projects cancelled by ASPB in their August 28, 2024 submission to JCCR and ex-appropriated in the budget. For multiple-year projects, only the cancelled funding years are struck through.			
^{2/} Totals reflect the amount of funding retained in each fiscal year after subtracting funding for ex-appropriated projects.			

Capital Outlay - Arizona Pioneers' Home

FY 2026
APPROVED

SPECIAL LINE ITEMS

Capital Improvements	470,400
Window and Door Replacements	1,515,000
AGENCY TOTAL	1,985,400 ^{1/2/}

FUND SOURCES

Other Appropriated Funds

Miners' Hospital for Miners with Disabilities Land Fund	1,985,400
SUBTOTAL - Other Appropriated Funds	1,985,400
SUBTOTAL - Appropriated Funds	1,985,400
TOTAL - ALL SOURCES	1,985,400

AGENCY DESCRIPTION — The Arizona Pioneers' Home is included in the Arizona Department of Administration (ADOA) Building System. The department has a dedicated capital improvements appropriation via its own fund source. In addition, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- 1/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 2/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

Capital Improvements

The budget includes \$470,400 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2026 for capital improvements. This amount represents 100% of the building renewal formula for major repair and maintenance of buildings owned by Arizona Pioneers' Home.

The FY 2025 appropriation of \$465,000 from the Miners' Hospital for Miners with Disabilities Land Fund also represented 100% of the agency's building renewal formula.

Window and Door Replacements

The budget includes \$1,515,000 from the Miners' Hospital for Miners with Disabilities Land Fund in FY 2026 for window and door replacements. This appropriation will support the replacement of most of the Homes' doors and windows to address weather damage.

Capital Outlay - Arizona Department of Public Safety

FY 2026
APPROVED

SPECIAL LINE ITEMS

Electrical System Upgrade	11,227,100
Office Building Replacements	2,000,000
AGENCY TOTAL	13,227,100 ^{1/}

FUND SOURCES

General Fund	13,227,100
SUBTOTAL - Appropriated Funds	13,227,100
TOTAL - ALL SOURCES	13,227,100 ^{2/}

AGENCY DESCRIPTION - The Department of Public Safety (DPS) is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- ^{1/} The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- ^{2/} Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Agency.

The following amounts are one-time appropriations:

Electrical System Upgrade

The budget includes \$11,227,100 in FY 2026 from the General Fund to upgrade the department's electrical system at their headquarters located in Phoenix.

The funding will be utilized to upgrade the electrical wiring and equipment at the DPS Headquarters that was deemed out of code and in a critical state by a third-party engineering inspection.

Office Building Replacements

The budget includes \$2,000,000 in FY 2026 from the General Fund to replace department office buildings located in Payson and Sanders.

The current office buildings are over 60 years old and no longer compliant with the Americans with Disabilities Act (ADA). The buildings in Payson and Sanders will be replaced with new 1,440 square foot offices that are ADA compliant and have sufficient space to meet the department's needs.

Capital Outlay - Arizona Department of Transportation

FY 2026
APPROVED

ADOT FACILITIES

Building Renewal	23,385,300 ^{1/}
Avondale Vehicle Repair Shop	6,951,000
Little Antelope and Gray Mountain Maintenance Offices	6,861,000
FY 2022 Vehicle Fueling Facilities Lapsing Extension	0 ^{2/}

INDIVIDUAL PROJECTS

Airport Planning and Development

Airport Planning and Development	44,340,700 ^{3/4/5/}
Grand Canyon Airport Renovation	850,300 ^{6/}

ADOT Highway and Road Projects

Controlled Access Highways	141,314,000 ^{5/7/-10/}
Debt Service	118,773,000 ^{5/7/-10/}
Statewide Highway Construction	198,683,000 ^{5/7/-10/}
I-10 Widening, SR 85 to Citrus Road	27,000,000
Olga Frontage Road Repavement Design	850,000
SR 70 Safety Improvements	1,400,000
SR 87/SR 260 Turn Lane	2,129,800
SR 347 Design, I-10 to Maricopa	1,500,000
SR 303/155th Avenue Interchange Design	3,500,000 ^{11/}
SR 347/Riggs Road Overpass Construction	41,400,000
SR 347 Intersection Improvements	10,839,000
SR 389 Traffic Control Systems	1,500,000

Distributions to Local Governments

Bullhead City, Hancock Road Improvements	1,500,000 ^{12/}
Cottonwood, Main Street Preservation	1,000,000 ^{13/}
Flagstaff, Traffic Light Signal Design	1,900,000 ^{14/}
Glendale, 75th Avenue Reconstruction	3,000,000 ^{15/}
Kingman, Eastern Street Improvements	1,500,000 ^{16/}
Mohave County, Mountain View Road Improvements	1,000,000 ^{17/}
Nogales, Frank Reed Road Improvements	1,500,000 ^{18/}
Nogales, Industrial Park Road Improvements	2,900,000 ^{19/}
Nogales, La Quinta Road Improvements	1,800,000 ^{20/}
Patagonia, McKeown Avenue Improvements	0 ^{21/}
Prescott Regional Airport, Infrastructure	3,500,000 ^{22/}
Prescott Regional Airport, Maintenance	500,000 ^{23/}
Yuma County, Bridge Replacement	1,300,000 ^{24/}

AGENCY TOTAL **652,677,100** ^{25/26/}

FUND SOURCES

General Fund	111,518,800
--------------	-------------

Other Appropriated Funds

State Aviation Fund	45,585,900
---------------------	------------

State Highway Fund	495,572,400
--------------------	-------------

SUBTOTAL - Other Appropriated Funds **541,158,300**

SUBTOTAL - Appropriated Funds **652,677,100**

Other Non-Appropriated Funds	759,347,000
------------------------------	-------------

Federal Funds	1,097,420,000
---------------	---------------

TOTAL - ALL SOURCES **2,509,444,100**

AGENCY DESCRIPTION — The Arizona Department of Transportation (ADOT) Building System includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission.

FOOTNOTES

- 1/ Notwithstanding section 41-793.01, Arizona Revised Statutes, the amounts appropriated in this section are appropriated for fiscal year 2025-2026 to be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with title 41, chapter 4, article 7, Arizona Revised Statutes. (Capital Outlay Appropriation Act footnote)
- 2/ The appropriation of \$1,800,000 to the department of transportation for replacing vehicle fueling facilities in Flagstaff, Holbrook and Kingman made by Laws 2021, Chapter 406, Section 31 in fiscal year 2021-2022 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2027. (Capital Outlay Appropriation Act footnote)
- 3/ The sum of \$44,340,700 is appropriated from the state aviation fund established by section 28-8202, Arizona Revised Statutes, in fiscal year 2025-2026 to the department of transportation to plan, construct, develop and improve state, county, city or town airports as determined by the state transportation board. Any balances and collections in the state aviation fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department of transportation in fiscal year 2025-2026 for the purposes provided in this subsection. (Capital Outlay Appropriations Act footnote)
- 4/ On or before December 31, 2025, the department of transportation shall report to the joint legislative budget committee staff on the status of all aviation grant awards and aviation grant distributions. The report shall delineate projects by individual airport and fiscal year, including any future year commitments. (Capital Outlay Appropriations Act footnote)
- 5/ Notwithstanding section 41-1252, Arizona Revised Statutes, the appropriation made in this section is not subject to review by the joint committee on capital review. (Capital Outlay Appropriation Act footnote)
- 6/ The monies appropriated to the department of transportation to renovate the Grand Canyon airport terminal revert to the state aviation fund established by section 28-8202, Arizona Revised Statutes, on June 30, 2026 if the department does not receive a federal aviation administration grant for the project. (Capital Outlay Appropriation Act footnote)
- 7/ The sum of \$458,770,000 is appropriated from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2025-2026 to the department of transportation to plan and construct state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, to acquire rights-of-way and to provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the state highway fund that exceed the specific amounts appropriated in the general appropriations act and in this act are appropriated to the department for the purposes provided in this subsection. (Capital Outlay Appropriations Act footnote)
- 8/ On or before November 1, 2025, the department of transportation shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources, including appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies. The report shall be in the same format as in the prior year unless the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting have approved modifications to the format. (Capital Outlay Appropriations Act footnote)
- 9/ On or before November 1, 2025, the department of transportation shall report the department's estimated outstanding debt principal balance at the end of fiscal year 2026-2027 and the estimated debt service payment amount for each of fiscal years 2026-2027, 2027-2028, 2028-2029 and 2029-2030 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This report shall include state highway fund statewide construction bonds, Arizona highway user revenue fund bonds, Maricopa association of governments and Pima association of governments controlled access bonds, Maricopa regional area road fund bonds and grant anticipation notes and is intended to be comparable to the information in the fiscal year 2024-2025 appropriations report. (Capital Outlay Appropriations Act footnote)
- 10/ On or before November 1, 2025, the department of transportation shall report capital outlay information for fiscal years 2024-2025, 2025-2026 and 2026-2027 to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting. This information shall appear in the same format as tables three, four and seven, as found in the fiscal year 2024-2025 appropriations report. (Capital Outlay Appropriations Act footnote)

- 11/ The legislature intends that a local government or council of government entity contribute \$900,000 in matching monies to the project described in this paragraph. The department may not expend any monies appropriated in this paragraph until the department can confirm the matching commitment to the project. (Capital Outlay Appropriation Act footnote)
- 12/ The department of transportation shall submit an intergovernmental agreement to the city of Bullhead City for Hancock Road improvements on or before September 15, 2025. If the city of Bullhead City agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Hancock Road improvements shall be distributed to the city of Bullhead City on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 13/ The department of transportation shall submit an intergovernmental agreement to the City of Cottonwood for Main Street preservation and sidewalk improvements on or before September 15, 2025. If the City of Cottonwood agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Main Street preservation and sidewalk improvements shall be distributed to the City of Cottonwood on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 14/ The department of transportation shall submit an intergovernmental agreement to the City of Flagstaff to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66 on or before September 15, 2025. If the City of Flagstaff agrees to the intergovernmental agreement, the monies appropriated in this paragraph to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66 shall be distributed to the City of Flagstaff on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 15/ The department of transportation shall submit an intergovernmental agreement to the City of Glendale for the 75th Avenue reconstruction project on or before September 15, 2025. If the City of Glendale agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the 75th Avenue reconstruction project shall be distributed to the City of Glendale on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 16/ The department of transportation shall submit an intergovernmental agreement to the City of Kingman for the Eastern Street infrastructure improvements project on or before September 15, 2025. If the City of Kingman agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the Eastern Street infrastructure improvements project shall be distributed to the City of Kingman on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 17/ The department of transportation shall submit an intergovernmental agreement to Mohave County for Mountain View Road improvements on or before September 15, 2025. If Mohave County agrees to the intergovernmental agreement, the monies appropriated in this paragraph for Mountain View Road improvements shall be distributed to Mohave County on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 18/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to Frank Reed Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to Frank Reed Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 19/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to Industrial Park Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to Industrial Park Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 20/ The department of transportation shall submit an intergovernmental agreement to the City of Nogales for improvements to La Quinta Road on or before September 15, 2025. If the City of Nogales agrees to the intergovernmental agreement, the monies appropriated in this paragraph for improvements to La Quinta Road shall be distributed to the City of Nogales on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 21/ In addition to the use prescribed in Laws 2023, Chapter 135, Section 10, Subsection A, Paragraph 10, as amended by Laws 2024, Chapter 211, Section 1, the town of Patagonia may use monies distributed to the town by the department of transportation to reconstruct McKeown Avenue between Third Avenue West and State Route 82 (Capital Outlay Appropriation Act footnote)
- 22/ The department of transportation shall submit an intergovernmental agreement to the Prescott regional airport for infrastructure supporting firefighting aircraft on or before September 15, 2025. If the Prescott regional airport agrees to the intergovernmental agreement, the monies appropriated in this paragraph for infrastructure supporting firefighting aircraft shall be distributed to the Prescott regional airport on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 23/ The department of transportation shall submit an intergovernmental agreement to the Prescott regional airport for maintenance and operations on or before September 15, 2025. If the Prescott regional airport agrees to the intergovernmental agreement, the monies appropriated in this paragraph for maintenance and operations shall be distributed to the Prescott regional airport on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)

- 24/ The department of transportation shall submit an intergovernmental agreement to Yuma County for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street on or before September 15, 2025. If Yuma County agrees to the intergovernmental agreement, the monies appropriated in this paragraph for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street shall be distributed to Yuma County on or before November 1, 2025. (Capital Outlay Appropriation Act footnote)
- 25/ The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- 26/ Capital Outlay Appropriation Act funds are appropriated as a Lump Sum by Project by Fund.

Unless otherwise specified, funding for capital projects in appropriated by Laws 2025, Chapter 235 (FY 2026 Capital Outlay Bill).

ADOT Facilities

Building Renewal

The budget includes \$23,385,300 in FY 2026 for Building Renewal within ADOT's Building System. This amount consists of \$22,990,400 from the State Highway Fund (SHF) and \$394,900 from the State Aviation Fund (SAF). The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 100% funding of the FY 2026 highway building renewal formula and 100% funding of the FY 2026 aviation building renewal formula. The FY 2025 budget appropriated \$22,082,800 from the SHF and \$457,300 from the SAF, which represented 100% funding of the FY 2025 highway building renewal formula and 100% funding of the FY 2025 aviation building renewal formula.

Avondale Vehicle Repair Shop Improvements

The budget includes \$6,951,000 from the SHF in FY 2026 for improvements to the vehicle repair shop in Avondale. The funding will be used to construct a new 10,000 square foot shop facility on existing property with six vehicle service stations capable of maintaining 265 vehicles and heavy equipment.

Little Antelope and Gray Mountain Maintenance Facilities

The budget includes \$6,861,000 from the SHF in FY 2026 for the construction of new maintenance facilities in Little Antelope and Gray Mountain. Both facilities were constructed over 35 years ago and their size cannot adequately support current operational needs. The funding would construct 2 new 3,500 square foot modular buildings (one at each location) to provide support for highway maintenance staff. Each building will include

1,000 square feet of space dedicated specifically to DPS personnel.

Airport Planning and Development

Airport Planning and Development

The budget includes \$44,340,700 from the SAF in FY 2026 for ADOT's airport capital improvement program. Fund revenues are generated from the jet fuel tax and Grand Canyon Airport operational revenues. This amount corresponds to the programmed amount in the department's FY 2025-2029 Airport Capital Improvement Program (ACIP). ADOT develops an annual Five-Year ACIP to program airport planning and development monies, subject to the approval of the State Transportation Board. By aligning the airport planning and development appropriation with the programmed amount, the appropriation reflects the amount ADOT plans to award. In comparison, the FY 2025 budget included \$25,550,000 for this purpose.

Grand Canyon Airport Renovation

The budget includes \$850,300 from the SAF in FY 2026 to provide the 5% state match portion (federal grant would provide \$16,200,000) for renovating and expanding the Grand Canyon National Airport terminal. The renovation includes adding a new airline gate and accommodations sized for a 737-class aircraft. The funding includes a footnote which reverts the funding back to the SAF on June 30, 2026 if the department does not receive a federal grant for the project.

ADOT Highway and Road Projects

Controlled Access Highways

The budget includes an estimated urban freeway controlled access funding level of \$141,314,000 from SHF in FY 2026. The Maricopa Association of Governments (MAG) receives 75% and the Pima Association of Governments (PAG) receives 25%. These amounts are deposited into 4 subaccounts of the SHF: the MAG 12.6% account, MAG 2.6% account, PAG 12.6% account, and PAG 2.6% account. The 12.6% accounts refer to the statutory HURF distribution and the 2.6% accounts refer

to the State Transportation Board policy amount. ADOT spends these amounts as programmed by MAG and PAG.

Debt Service

The budget includes \$118,773,000 from SHF in FY 2026 for the appropriated portion of the debt service on bonds. ADOT has approximately \$903,150,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2026 debt service payments. *(Please see Table 5 for more information on debt service.)*

Statewide Highway Construction

The budget includes \$198,683,000 from SHF in FY 2026 for new highway construction. Only a small portion of the state's total \$2,125,900,000 highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund (MRARF), and HURF for controlled access roads. *(See the Total Highway Construction Funding discussion and Table 5 in Other Issues for additional information.)* A footnote in the FY 2026 budget appropriates any additional monies in SHF above the appropriation to ADOT for highway construction.

Expenditure of highway construction funding is determined by the State Transportation Board, which approves a 5-Year Program developed by ADOT.

Highway construction monies represent the amount that is available for the discretionary SHF to fund the State Transportation Board's 5-Year Program after all other allocations have been made. *(Please see the Summary of Highway Construction section and Table 6 for more information.)*

Table 1 shows the allocation of the highway construction budget prior to any ADOT operating and capital issues and statewide adjustments made during the budget process, which would reduce the level of available highway construction funding.

As noted in the HURF distribution table *(please see Table 6)*, an additional amount of \$695,207,000 from the balances of the MAG and PAG 12.6% and 2.6% subaccounts will also be available in FY 2026.

Table 1	
State Highway Fund	
FY 2026 Highway Construction & Debt Service	
	Capital Outlay Bill
Controlled Access	\$141,314,000
Debt Service	118,773,000
Highway Construction	198,683,000
Total	\$458,770,000

I-10 Widening, SR 85 to Citrus Road

The budget includes \$27,000,000 from the General Fund in FY 2026 to design and construct additional vehicle lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road. The project also includes advance appropriations of \$30,000,000 in FY 2027 and \$76,000,000 in FY 2028 from the FY 2025 Capital Outlay Bill (as amended by the FY 2026 Capital Outlay Bill). Across FY 2026 – FY 2028, the total General Fund contribution to the project is \$133,000,000. In addition to this funding, the City of Buckeye has committed \$3,000,000 to the project and MAG has committed \$10,000,000 to the project.

Olga Frontage Road Repavement Design

The budget includes \$850,000 from the General Fund in FY 2026 to design the repavement of Olga Frontage Road between mile post 366 and mile post 379.

SR 70 Safety Improvements

The budget includes \$1,400,000 from the General Fund in FY 2026 to construct safety improvements along State Route 70 from mile post 255 to mile post 301 near the San Carlos Apache reservation.

SR 87/SR 260 Turn Lane

The budget includes \$2,129,800 from the General Fund in FY 2026 to design an additional right-hand turn lane on northbound State Route 87 and State Route 260 near Payson. Of the \$2,129,800, \$1,529,800 was redirected from a FY 2024 project distribution to Payson for a roundabout construction and improvements at the intersection of Longhorn Road and McLane Road.

SR 347 Design, I-10 to Maricopa

The budget includes \$1,500,000 from the General Fund in FY 2026 to design a project to widen lanes along State Route 347 between Interstate 10 and the city of Maricopa.

SR 303/155th Avenue Interchange Design

The budget includes \$3,500,000 from the General Fund in FY 2026 to design a traffic interchange and connecting arterial roadways at State Route 303 and 155th Avenue. The project includes a legislative intent footnote that a local government or council of government entity contribute \$900,000 in matching funding to the project. ADOT may not expend any the monies until the matching commitment has been confirmed.

SR 347/Riggs Road Overpass Construction

The budget includes \$41,400,000 from the General Fund in FY 2026 for right-of-way acquisition, utility relocation, natural resource recovery and construction of an overpass at Riggs Road and State Route 347. The project also includes an advance appropriation of \$49,000,000 in FY 2028 from the FY 2025 Capital Outlay Bill for total overall project funding of \$90,400,000.

SR 347 Safety Intersection Improvements

The budget includes \$10,839,000 from the General Fund in FY 2026 to improve the intersection on State Route 347 at Casa Blanca Road and Cement Plant Access Road. The project also received \$18,000,000 from the General Fund in FY 2024. The additional funding in FY 2026 is intended to cover a funding shortfall. Total project funding will now be \$28,839,000.

SR 389 Traffic Control Systems

The budget includes \$1,500,000 from the General Fund in FY 2026 to install traffic control systems along State Route 389 near Colorado City.

Distributions to Local Governments

The distributions to local governments below include footnote language requiring ADOT to submit an intergovernmental agreement to the local entity for the project on or before September 15, 2025. If the local entity agrees to the intergovernmental agreement, ADOT is required to distribute the monies to the local entity on or before November 1, 2025.

Bullhead City, Hancock Road Improvements

The budget includes \$1,500,000 from the General Fund in FY 2026 to distribute to Bullhead City for improvements to Hancock Road.

Cottonwood, Main Street Preservation

The budget includes \$1,000,000 from the General Fund in FY 2026 to distribute to the City of Cottonwood for Main Street preservation and sidewalk improvements.

Flagstaff, Traffic Light Signal Design

The budget includes \$1,900,000 from the General Fund in FY 2026 to distribute to the City of Flagstaff to design and construct a traffic light signal at the intersection of Woody Mountain Road and US Route 66.

Glendale, 75th Avenue Reconstruction

The budget includes \$3,000,000 from the General Fund in FY 2026 to distribute to the City of Glendale for the 75th Avenue reconstruction project.

Kingman, Eastern Street Improvements

The budget includes \$1,500,000 from the General Fund in FY 2026 to distribute to the City of Kingman for Eastern Street infrastructure improvements.

Mohave County, Mountain View Road Improvements

The budget includes \$1,000,000 from the General Fund in FY 2026 to distribute to Mohave County for Mountain View Road improvements.

Nogales, Frank Reed Road Improvements

The budget includes \$1,500,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to Frank Reed Road.

Nogales, Industrial Park Road Improvements

The budget includes \$2,900,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to Industrial Park Road.

Nogales, La Quinta Road Improvements

The budget includes \$1,800,000 from the General Fund in FY 2026 to distribute to the City of Nogales for improvements to La Quinta Road.

Prescott Regional Airport, Infrastructure

The budget includes \$3,500,000 from the General Fund in FY 2026 to distribute to the Prescott regional airport for infrastructure supporting firefighting aircraft.

Prescott Regional Airport, Maintenance

The budget includes \$500,000 from the General Fund in FY 2026 to distribute to the Prescott regional airport for maintenance and operations.

Yuma County, Bridge Replacement

The budget includes \$1,300,000 from the General Fund in FY 2026 to distribute to Yuma County for the bridge replacement project on Somerton Avenue between West County 10th Street and West County 11th Street.

Other Issues

Summary of Non-Appropriated Capital Funds

Table 2 provides a summary of non-appropriated capital expenditures. Non-appropriated capital expenditures are expected to grow from \$1,546,185,000 in FY 2024 to \$1,900,620,000 in FY 2025 and \$1,856,767,000 in FY 2026.

Further background information regarding the funds is contained in the ADOT Summary of Funds in the ADOT operating section of the *FY 2026 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in Table 2.

Summary of Highway Construction

The State Transportation Board oversees the department's highway construction program. The 5-Year Highway Construction Program adopted by the board on June 21, 2024 includes monies from SHF, Federal Funds, MRARF, SHF for controlled access roads, and bond revenues. The highway construction program adopted by

the State Transportation Board totals \$1,802,758,000 for FY 2026. (Please see Table 3 for additional details.)

Table 2 Non-Appropriated Capital Fund Expenditures (\$ in Thousands)			
	FY 2024	FY 2025	FY 2026
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Aviation Federal Funds	\$2,386	\$9,963	\$20,017
Highway Federal Grants	<u>1,092,516</u>	<u>1,075,485</u>	<u>1,077,403</u>
Subtotal - Federal Funds	\$1,094,902	\$1,085,448	\$1,097,420
Bond Proceeds	\$59,976	\$3,032	\$11,915
Economic Strength Project Fund	1,000	1,000	1,000
Local Agency Deposits Fund	13,170	8,739	8,508
Maricopa Regional Area Road Fund	377,137	802,401	737,924
Subtotal - Other Non-Appropriated Funds	\$451,283	\$815,172	\$759,347
Total	\$1,546,185	\$1,900,620	\$1,856,767

Table 3 State Highway Fund Highway Construction Projects Beginning in FY 2026 (\$ in Thousands)	
	FY 2026 ^{1/}
Construction	\$162,094
Urban Controlled Access ^{2/}	747,345
Pavement Preservation Maintenance	666,363
Other ^{3/}	<u>226,956</u>
Total	\$1,802,758

^{1/} Data from ADOT's 2025-2029 5-Year Transportation Facilities Construction Program, representing the total cost of multi-year projects beginning in FY 2026.
^{2/} Includes expenditures from SHF for controlled access, PAG, and MRARF.
^{3/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. The FY 2026 budget includes \$458,770,000 for highway construction, including \$198,683,000 of net SHF monies for statewide highway construction.

Table 6 summarizes expenditures for highway construction that are planned in the future and currently underway from FY 2024 through FY 2026 on a cash flow basis, as provided by ADOT. Table 3, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it only shows the total dollar cost of highway projects

scheduled to begin in FY 2026 by category of construction. Table 6 also includes monies from the Local Agency Deposits Fund, while Table 3 does not.

For FY 2024, Table 6 shows that total cash highway construction expenditures were \$1,216,600,000 while \$604,400,000 was spent on debt service. In FY 2025, total estimated cash highway construction expenditures are \$1,835,300,000 with total debt service of \$294,700,000. In FY 2026, total estimated cash highway construction expenditures are \$1,977,100,000 with total debt service of \$148,800,000.

The major sources of highway construction funding are SHF, Federal Aid, the half-cent sales tax in Maricopa County (MRARF), bond proceeds, and the Local Agency Deposits Fund. The Local Agency Deposits Fund receives monies from the federal government and local agencies for the payment of local agency sponsored county secondary road construction projects.

Table 6 does not include highway maintenance spending of \$143,304,200 in FY 2024, \$165,300,900 in FY 2025, and \$164,274,100 in FY 2026. Of the \$148,800,000 total FY 2026 debt service amount in Table 7, only \$118,773,000 is appropriated.

Highway User Revenue Fund Analysis

HURF consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax (VLT), vehicle registration, driver's license, and others. Table 4 explains the formula distribution of HURF monies between state and local governments. Table 7 presents the overall HURF distribution for FY 2024 through FY 2026. The line in Table 7 showing net SHF Available for Statewide Highway Construction, which totals \$198,683,000 for FY 2026, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. This line represents the amount that is available from the discretionary SHF to fund the State Transportation Board's 5-Year Program.

Total FY 2024 HURF collections of \$1,801,131,000 were 3.0% above FY 2023 collections. As of June 2025, FY 2025 HURF year-to-date collections were 2.0% higher than the prior year collections.

VLT is the largest source of HURF collections, accounting for 32.7% of HURF revenue in FY 2024, a percentage which has been increasing in recent years. From FY 2020 to FY 2024, the gas tax share of total collections has decreased by (4.5)% while VLT's share has increased by 0.7%.

The gas tax comprises the second largest source of HURF collections at 30.3%.

ADOT forecasts HURF collections 10 years out each summer using a model based on the state's nominal personal income, population, non-farm employment, fleet fuel efficiency and nominal gas price.

Table 4 breaks down the distribution of HURF monies between cities, counties, controlled access, and the SHF.

Table 4

Percentage Distribution of HURF Monies

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.7%
State Highway Fund ^{1/}	42.8%
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (15.2% of 50.5% = 7.7% displayed in the table above). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Long-Term Budget Impacts

FY 2028 I-10 Widening, SR 85 to Citrus Road

The FY 2026 Capital Outlay Bill includes a decrease of \$(2,000,000) from the General Fund in FY 2028 to design and construct additional vehicles lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road. This reduces the advance appropriation for the project from \$78,000,000 to \$76,000,000 in FY 2028.

FY 2028 Pinal County, West Pinal Parkway East-West Corridor Design

The FY 2026 Capital Outlay Bill removes the advance appropriation of \$9,240,000 from the General Fund in FY 2028 to distribute to Pinal County for engineering and design of the West Pinal Parkway East-West Corridor.

Pinal County originally received \$9,240,000 for this project in the FY 2024 budget. In the FY 2025 budget, in order to provide short-term General Fund savings, the FY 2024 funding was removed and the monies were instead advance appropriated in FY 2028. Pinal County has not responded to requests from ADOT to return the FY 2024 monies. As a result, the FY 2026 budget removes the FY 2028 advance appropriation for the West Pinal Parkway East-West Corridor design.

FY 2024 and Prior Year Individual Project Reductions

The FY 2026 Capital Outlay Bill includes two prior year transportation project reductions to address changes in project costs and legislative priorities. *Table 5* displays the 2 projects that received reductions: US 191 pavement rehabilitation (Armory Road to East Safford) and Payson roundabout construction.

The US 191 pavement rehabilitation project has been completed and the reduction reflects surplus funding removed from the project. The funding for the Payson roundabout construction has been removed entirely and the budget instead redirects those monies to design an additional right-hand turn lane on northbound State Route 87 and State Route 260 near Payson.

Table 5

FY 2026 Capital Outlay Bill Transportation Project Reductions

	<u>Original Appropriation</u>	<u>Change</u>	<u>Revised Total</u>
Project Reductions			
FY 23 SHF - US 191 Pavement Rehabilitation (Armory Road to East Safford)	\$ 18,981,000	\$ (2,500,000)	\$ 16,481,000
FY 24 GF - Payson, Roundabout Construction	1,529,800	(1,529,800)	0

Table 6

Highway Construction and Debt Service Expenditures by Fund Source
(\$ in Millions)

<u>Sources</u>	<u>FY 2024</u> <u>Actual</u>	<u>FY 2025</u> <u>Estimate</u>	<u>FY 2026</u> <u>Estimate</u>
State Highway Fund (SHF)			
HURF - Statewide Debt Service	\$ 410.1	\$ 102.6	\$ 106.9
HURF - MAG Debt Service	23.7	21.9	11.8
MAG/PAG 15.2% Controlled Access - Construction	4.4	18.3	28.2
Net SHF Funds Available for Statewide Highway	(92.6)	177.9	198.7
Total State Highway Fund	\$ 345.6	\$ 320.7	\$ 345.6
Federal Aid			
Total Federal Aid Highway Construction Expenditures	\$ 1,092.5	\$ 1,075.5	\$ 1,077.4
Maricopa Regional Area Road Fund			
Highway Construction Expenditures	\$ 169.2	\$ 581.9	\$ 682.5
MRARF Debt Service	140.5	140.2	0
Total Maricopa Regional Area Road Fund Highway	\$ 309.7	\$ 722.1	\$ 682.5
Bond Proceeds			
HURF - Highway Construction Expenditures	\$ 60.0	\$ 3.0	\$ 11.9
MRARF - Highway Construction Expenditures	0	0	0
GAN - Highway Construction Expenditures	0	0	0
Total Bond Proceeds Highway Construction Expenditures	\$ 60.0	\$ 3.0	\$ 11.9
Local Agency Deposits Fund			
Total Local Agency Deposits Fund Debt Service	-	-	-
Total Local Agency Deposits Fund Cash Highway Constr.	13.2	8.7	8.5
Total Local Agency Deposits Fund Highway Construction	\$ 13.2	\$ 8.7	\$ 8.5
Total Highway Construction Expenditures	\$ 1,821.0	\$ 2,130.0	\$ 2,125.9
Total Debt Service			
SHF	\$ 433.8	\$ 124.5	\$ 118.8
Federal Aid	30.0	30.0	30.0
MRARF	140.6	140.2	0 ^{1/}
Total Debt Service	\$ 604.4	\$ 294.7	\$ 148.8 ^{2/}
Total Cash Highway Construction Expenditures			
SHF	\$ (88.3)	\$ 196.2	\$ 226.9
Federal Aid	1,062.6	1,045.5	1,047.3
MRARF	169.1	581.9	682.5
Bond Proceeds	60.0	3.0	11.9
Local Agency Deposits Fund	13.2	8.7	8.5
Total Cash Highway Construction Expenditures	\$ 1,216.6	\$ 1,835.3	\$ 1,977.1
Total Highway Construction Expenditures	\$ 1,821.0	\$ 2,130.0	\$ 2,125.9

^{1/} MRARF debt service assumes all debt incurred as a result of Prop 400 collections will be paid off by FY 2026. MAG's current Transportation Improvement Plan (TIP) does not include Prop 479 figures (half-cent sales tax extension) passed by Arizona voters in November 2024. As of this writing, ADOT is awaiting a new TIP in order to estimate MRARF debt service in FY 2026 and beyond.

^{2/} Information provided by the department. Includes \$118,772,579 for HURF bonds (\$106,943,470 for statewide program and \$11,829,108 MAG program); \$29,970,500 for Grant Anticipation Notes; and \$0 for MRARF bonds.

Table 7

Highway User Revenue Fund (HURF) Distribution
(\$ in Thousands)

	FY 2024	FY 2025	FY 2026
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Total HURF Collections Before Authorized Third-Party (ATP) Expenses	\$1,829,804	\$1,881,859	\$1,912,140
Less: ServiceArizona ATP Fee Retention	6,667	6,857	6,967
Brick and Mortar ATP Fee Retention	7,381	7,591	7,714
ServiceArizona ATP Credit Card Fee Reimbursements	12,372	12,724	12,929
Brick and Mortar ATP Credit Card Fee Reimbursements	1,985	2,041	2,074
ServiceArizona ATP Check Reimbursement	268	275	280
Total HURF Collections	\$1,801,131	\$1,852,371	\$1,882,176
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Registration Compliance Program	781	952	952
State Lake Improvement Fund/Off-Highway Vehicle Recreation Fund	11,725	11,941	12,105
Net HURF Collections	\$1,787,625	\$1,838,478	\$1,868,119
Less: Cities ^{2/}	545,226	560,736	569,777
Counties ^{2/}	339,649	349,311	354,943
VLT Transfer to Parity Compensation Fund ^{3/}	4,393	4,633	4,806
VLT Transfer to General Fund (5-Year VLT) ^{4/}	3,599	3,700	3,800
VLT Transfer to General Fund (Abandoned Vehicle) ^{5/}	4,947	5,000	5,100
VLT Transfer to General Fund (ADOT Operating Budget) ^{6/}	0	2,000	2,000
Controlled Access ^{7/}	135,251	138,791	141,314
Net SHF (Discretionary)	\$ 754,560	\$ 774,307	\$ 786,379
Plus: Other Income ^{8/}	110,429	116,387	104,925
Less: Operating Budget	430,779	488,489	522,476
Dept of Public Safety Transfer from Highway Fund	6,273	10,000	10,000
Capital Outlay	20,100	9,088	13,812
Building Renewal	21,978	22,083	22,990
ServiceArizona ATP VLT Retention ^{9/}	23,739	24,811	25,739
Brick and Mortar ATP VLT Retention ^{9/}	17,604	18,399	19,087
HURF Exchange Program ^{10/}	3,309	15,384	15,384
Debt Service ^{11/}	433,772	124,543	118,773
Net SHF Available for Statewide Highway Construction (5-Year Plan) ^{12/13/}	\$ (92,565)	\$ 177,897	\$ 143,043
SHF Adjustments			
Plus: Controlled Access SHF Beginning Balance	517,685	644,367	695,207
STAN Account Beginning Balance	0	0	0
Total SHF Available for Statewide Highway Construction	\$ 425,120	\$ 822,264	\$ 838,250

^{1/} Provides monies for economic strength highway projects recommended by the Arizona Commerce Authority and approved by the State Transportation Board.

^{2/} A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

^{3/} A.R.S § 28-5808A transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

^{4/} A.R.S § 28-5808E transfers the SHF share of the HURF VLT to the state General Fund that is generated from the difference between a 2-year registration and a 5-year registration.

^{5/} A.R.S § 28-5808D also transfers the SHF share of the HURF VLT to the state General Fund that is equal to 90% of the fees collected under A.R.S. § 28-4802A and 60% of the fees collected under A.R.S. § 28-4802B to the state General Fund.

^{6/} This VLT transfer to the state General Fund reflects savings generated from the department's operating budget as a result of an ongoing decrease in the Enforcement and Compliance Division (ECD). The FY 2025 budget reduced ADOT's ECD budget by \$2,000,000, beginning in FY 2025.

^{7/} A statutorily defined distribution of SHF monies for design, acquisition, and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

^{8/} Includes transfers from the MAG 12.6% subaccount to the SHF for debt service on HURF bonds, miscellaneous receipts, rental income, sale of capital assets, underground storage tank deposits, investment income, grants from Governor's Office of Highway Safety, retained MVD fees, oversize permits, and abandoned vehicle fees.

^{9/} Statutory payments to third parties from VLT collected by third parties. Non-VLT fees to ATPs are listed at the top of the chart.

^{10/} Local entities can exchange federal aid monies for State Highway Fund monies.

^{11/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{12/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

^{13/} The amounts displayed in the Net SHF Available for Statewide Highway Construction do not match the amounts contained in the respective Capital Outlay Bill for each fiscal year due to spending changes in ADOT's operating budget, DPS's operating budget, building renewal, and capital outlay projects.

Capital Outlay

Arizona Board of Regents Building Systems

FY 2026
APPROVED

BUILDING RENEWAL

Arizona Board of Regents

TOTAL - ALL PROJECTS

0

0^{1/2/}

FUND SOURCES

General Fund

0

SUBTOTAL - Appropriated Funds

0

TOTAL - ALL SOURCES

0

AGENCY DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by ABOR on behalf of the universities.

FOOTNOTES

- 1/ A.R.S. § 15-1670 appropriates \$32,586,800 to the universities from the General Fund in FY 2026 to finance lease-purchase payments for research infrastructure projects.
- 2/ A.R.S. § 15-1671 appropriates \$30,710,800 to the universities from the General Fund in FY 2026 for capital infrastructure projects.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on a formula determined by the Joint Committee on Capital Review (JCCR). As required by A.R.S. § 41-793.01, the formula accounts for the replacement value, age, and life cycle of a building. In FY 2026, ABOR reports funding 100% of the building renewal formula would be \$257,646,000. The budget includes no funding for Building Renewal in the ABOR Building System.

Summary of University Debt

ABOR estimates that as of the end of FY 2026, the universities' outstanding principal balances for bonds and lease-purchase agreements will total \$4,215,708,800 of which \$4,030,836,000 is for outstanding bonds and \$184,872,800 is for lease-purchase projects. This debt would be held by the 3 universities as follows:

ASU (all campuses)	\$2,708,883,000
NAU	345,085,000
UA (all campuses)	<u>1,161,740,800</u>
Total	\$4,215,708,800

ABOR estimates that the universities' total debt service payments for bonds and lease-purchase agreements in FY 2026 will be \$406,116,600. The debt service payments made by each of the universities would be as follows:

ASU (all campuses)	\$236,062,900
NAU	39,896,500
UA (all campuses)	<u>130,157,200</u>
Total	\$406,116,600

In addition to university system revenues being allocated for FY 2026 debt service payments, \$41,924,300 would be paid by Lottery monies, \$32,586,800 would be paid by the General Fund for 2003 research infrastructure projects, and \$19,465,100 would be paid by the General Fund for 2017 Capital Infrastructure Funding projects.

The universities' expenditures for debt service payments are included in the budget of each university's individual agency section. *(Please see the individual university sections for more information.)*

State Bonding Programs

University Lottery Bonds

One component of the \$4,030,836,000 bond balance is university lottery revenue (Stimulus Plan for Economic and Educational Development (SPEED)) bonds. Pursuant to A.R.S. § 5-522 and § 15-1682.03, ABOR is authorized to enter into bond transactions up to a certain maximum to pay for building renewal projects and new facilities.

The FY 2026 Higher Education BRB increases the maximum amount of bond transactions from \$800,000,000 \$1,125,000,000. Of the \$325,000,000 increase, \$162,500,000 becomes available FY 2026 and \$162,500,000 in FY 2027. ABOR is required to allocate at

least 25% and no more than 45% of the additional bonding authority to each university. These newly authorized amounts have not yet been issued and are not in the \$4,030,836,000 figure cited above.

Debt service payments for SPEED bonds will total \$52,560,800 in FY 2026, of which 80% will be paid by Lottery monies and 20% with university system revenues.

2017 Capital Infrastructure Appropriations

Another component of the \$4,030,836,000 bond balance is 2017 Capital Infrastructure funding. Pursuant to A.R.S. § 15-1671, universities receive annual General Fund appropriations from FY 2019 to FY 2043 for new university research facilities, building renewal, or other capital construction projects. The universities may use this funding to pay cash for projects or for debt service. In the latter case, the General Fund may only pay for 50% of debt service (with the remainder financed through other university system revenues).

The original legislation appropriated \$27,000,000 from the General Fund to the universities in FY 2019 and increases the appropriation each year thereafter by 2.0% or the rate of inflation, whichever is less. The FY 2026 budget assumes a 2.0% increase from FY 2025, resulting in an FY 2026 General Fund appropriation of \$30,710,800. If the universities utilized the full appropriation for debt service, this amount would support \$61,421,600 in debt service payments.

Since FY 2019, however, the universities have not fully used their debt service capacity and have used a portion of their appropriation to fund projects with cash. As a result, the appropriation does not equate to the annual debt service payments. Debt service payments are projected to total \$38,930,200 in FY 2026, of which 50% will effectively be supported by the General Fund.

For additional information on state bonding programs for universities, please see the *Lottery Bonds and Capital Infrastructure Funding Program Summary* on the JLBC website.

University Debt Ratio Policy

In authorizing ABOR to issue bonds on behalf of the universities, A.R.S. § 15-1683 limits the debt service payments each university is allowed to make based on its financial resources.

Specifically, the statute requires that the projected debt service payments on outstanding and proposed bonds and certificates of participation (COPs) not exceed 8.0% of

each institution's total projected expenditures and mandatory transfers in any fiscal year. University SPEED bonds are exempt from the debt ratio calculations. The universities' Capital Improvement Plans project expected debt ratios through FY 2029. The rate and year in which each university is projected to have its highest debt ratio is listed below. The ratio is also displayed if the university lottery bonds were applied to the calculation.

- ASU: 5.0% (5.4% with SPEED) in FY 2026
- NAU: 4.4% (5.8% with SPEED) in FY 2026
- UA: 4.3% (5.1% with SPEED) in FY 2026

These ratios incorporate the debt service impact of planned construction projects. The universities estimate that they have the capacity to issue \$4,100,700,000 in additional debt beyond the planned projects based on these debt service ratios.

Capital Outlay - Department of Veterans' Services

FY 2026
APPROVED

SPECIAL LINE ITEMS

Tucson Veterans Home HVAC Replacement

2,400,000 ^{1/}

Northwestern Arizona Veterans' Home

0 ^{2/}

AGENCY TOTAL

2,400,000 ^{3/}

FUND SOURCES

General Fund

2,400,000

SUBTOTAL - Appropriated Funds

2,400,000

TOTAL - ALL SOURCES

2,400,000

AGENCY DESCRIPTION — The Department of Veterans' Services is included in the Arizona Department of Administration (ADOA) Building System. In addition to any funding from ADOA, the department may also receive direct capital appropriations from the General Fund and Other Appropriated Funds.

FOOTNOTES

- ^{1/} The monies appropriated to the department of veterans' services to replace the HVAC at the Tucson veterans' home revert to the state general fund on June 30, 2026 if the department is not awarded a federal grant for the project. The department may apply for federal grant monies for the HVAC replacement project prior to review by the joint committee on capital review. (Capital Outlay Appropriations Act footnote)
- ^{2/} Laws 2024, Chapter 211 appropriated \$25,000,000 from the General Fund in FY 2028 for the Northwestern Arizona Veterans' Home.
- ^{3/} The monies appropriated in this act may not be spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriations Act footnote)

Tucson Veterans' Home HVAC Replacement

The budget includes \$2,400,000 from the General Fund in FY 2026 for the replacement of the HVAC system in the Tucson Veterans' Home.

General Fund in FY 2028. The Baseline's 3-year spending plan incorporates this increase.

The FY 2025 budget continues to require ADVS to submit the proposed site location to the Arizona Veterans' Service Advisory Commission for approval. The monies are appropriated as non-lapsing.

Northwestern Veterans' Home

The FY 2022 budget originally included \$25,000,000 from the General Fund for the construction and establishment of a veterans' home facility in Northwestern Arizona. The state funding represents 35% of the cost of the facility while federal matching funds would pay for the remainder. To be eligible for federal funds, the state would need to finalize its site selection. The monies were appropriated as non-lapsing.

However, the department did not select a site or begin construction of the home. As a result, the FY 2025 budget delayed the northwestern home funding until FY 2028. Laws 2024, Chapter 211, Section 6 did this by ex-appropriating \$(25,000,000) from the General Fund in FY 2022 and advance appropriating \$25,000,000 from the

Capital Outlay

Debt and Lease-Purchase Financing

Long-Term Financing Summary

The state's long-term financing consists of 2 different types of transactions.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the Universities have entered into lease-purchase agreements for the acquisition and construction of state facilities. The ADOA School Facilities Division (SFD) also entered into lease-purchase agreements for the construction of new schools prior to FY 2012.

At the end of FY 2026, the outstanding balance of lease-purchase agreements is expected to be \$534.9 million.

Table 1 provides information related to current state lease-purchase agreements.

Bonding Summary

The Arizona Board of Regents, on behalf of the Universities and the Arizona Department of Transportation have issued bonds to renovate, acquire, and construct facilities, as well as to purchase equipment.

At the end of FY 2026, the outstanding balance of bond financing is expected to be \$4.93 billion.

Table 1 provides information related to current outstanding state bond financing.

January 31 JLBC Debt Report

A.R.S. § 41-1277 requires the JLBC Staff to present to the House and Senate Appropriations Committees a report on state debt and obligations. Due by January 31 of each year, the report includes the following information from the prior fiscal year:

- The statewide aggregate level of outstanding principal, by type of debt or obligation;
- The principal and interest payments on each of the state's long-term obligations;

- A description of the state's payment deferrals ("rollovers") by agency, including: the date the payment was originally scheduled to be made, interest paid to date on the deferral, and interest paid in the prior and current fiscal years; and
- Historical information on the state's overall debt balance and per capita debt obligations, based on available data.

To the extent possible, A.R.S. § 41-1277 requires data contained in the report to be based on the Department of Administration's (ADOA) Report of Bonded Indebtedness, which is published annually along with an online searchable database.

This report provides a current and historical summary of the state's outstanding financing obligations. In addition, it includes specific details on each of the individual financing issuances and the state's payment deferrals.

The January 31, 2025 debt report would typically provide debt information on the prior fiscal year (FY 2024). To provide a more updated display of the state's current outstanding debt, the January 31, 2025 report included information from *Table 1*, which shows debt payments and year-end balances for the enacted budget fiscal year (FY 2026).

Table 1

Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance	1/	GF Balance	1/	Overall FY 26 Payment	2/	FY 26 GF Payment	2/	Retirement FY
ADOA Building System									
2013 A Issuance									
PLTO Refinance - DHS Building	\$	6,170,000	\$	3,702,000	\$	4,362,000	\$	2,617,200	FY 29
2015 A Issuance									
PLTO Refinance - Capitol Mall	\$	8,590,000	\$	3,716,000	\$	10,559,600	\$	4,568,000	FY 28
<i>Subtotal - ADOA</i>	\$	14,760,000	\$	7,418,000	\$	14,921,600	\$	7,185,200	
ADOA - School Facilities Division									
Federal Bonds	\$	10,057,800	\$	10,057,800	\$	9,938,100 3/	\$	9,938,100 3/	FY 28
ABOR Building System									
Arizona State University	\$	91,942,000	\$	62,055,000	\$	20,323,000	\$	13,453,900	FY 39
Northern Arizona University	\$	20,695,000	\$	20,695,000	\$	4,668,400	\$	4,884,500	FY 31
University of Arizona	\$	72,235,800	\$	60,350,000	\$	21,158,300	\$	14,248,400	FY 72
<i>Subtotal - ABOR</i>	\$	184,872,800	\$	143,100,000	\$	46,149,700	\$	32,586,800	
Phoenix Convention Center 4/	\$	325,220,000	\$	325,220,000	\$	26,497,400	\$	26,497,400	FY 44
TOTAL - Lease-Purchase	\$	534,910,600	\$	485,795,800	\$	97,506,800	\$	76,207,500	
Bonding Summary									
Department of Transportation 5/	\$	903,150,000	\$	-	\$	148,743,079	\$	-	FY 14 - 38
ABOR Building System									
Arizona State University	\$	2,052,049,000	\$	-	\$	174,613,300	\$	-	FY 55
Northern Arizona University	\$	243,685,000	\$	-	\$	27,407,600	\$	-	FY 44
University of Arizona	\$	668,180,000	\$	-	\$	68,445,200	\$	-	FY 48
University Lottery Bond (SPEED)	\$	510,330,000 6/	\$	-	\$	53,472,900	\$	-	FY 48
University Infrastructure (2017) 7/	\$	555,780,000	\$	277,890,000	\$	38,930,200	\$	19,465,100	FY 44
<i>Subtotal - ABOR</i>	\$	4,030,024,000	\$	277,890,000	\$	362,869,200	\$	19,465,100	
TOTAL - Bonding	\$	4,933,174,000	\$	277,890,000	\$	511,612,279	\$	19,465,100	
TOTAL - Lease-Purchase & Bonding	\$	5,468,084,600	\$	763,685,800	\$	609,119,079	\$	95,672,600	

1/ Represents principal balances as of June 30, 2026. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

2/ Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 26 GF Payment" column.

3/ This type of financing originally entitled the state to a federal interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each payment. Taking into account prior federal budget reductions, in FY 2026 this subsidy is expected to be \$3,729,900 of the \$9,938,100 payment.

4/ The Convention Center debt service will eventually increase over a number of years to a maximum of \$30.0 million. Monies are given to the city to pay this portion of the lease-purchase payment. Laws 2015, Chapter 10 made a technical change to conform the debt service distribution in A.R.S. § 42-5030 to the distributions contained in A.R.S. § 9-602, which were modified by Laws 2011, Chapter 28 to conform to the actual debt service payments.

5/ Includes \$833,360,000 for Highway User Revenue Fund bonds and \$69,790,000 for Grant Anticipation Notes.

6/ Represents outstanding balance as of the end of FY 2026 from projects counted under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED. SPEED was originally authorized by Laws 2008, Chapter 287. These amounts exclude any debt that will be incurred as a result of the additional \$325,000,000 University Lottery bonding authority added by the FY 2026 enacted budget. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)

7/ The universities will receive \$30,710,800 from the General Fund in FY 2026 for the 2017 Capital Infrastructure Funding program. The General Fund is expected to pay \$19,465,100 in FY 2026 for debt service.

LEASE-PURCHASE APPROPRIATIONS 1/ Department of Administration Building System

	Fiscal Year 2025 - Appropriations Report				Fiscal Year 2026 - Appropriations Report				Difference FY 2026 - FY 2025			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS												
Arizona Department of Administration Buildings												
Accountancy, State Board of		\$125,700		\$125,700		\$127,100		\$127,100	-	1,400	-	1,400
Administration, Arizona Department of	\$247,100	636,700	\$66,500	950,300	\$249,900	644,000	\$67,300	961,200	2,800	7,300	800	10,900
Deaf and the Hard of Hearing, Commission for the		241,300		241,300		244,100		244,100	-	2,800	-	2,800
Education, Department of	406,100	112,800	609,200	1,128,100	410,800	114,100	616,200	1,141,100	4,700	1,300	7,000	13,000
Equalization, State Board of	98,400			98,400	99,500			99,500	1,100	-	-	1,100
Gaming, Department of		419,800		419,800		424,700		424,700	-	4,900	-	4,900
Insurance & Financial Institutions, Department of	359,900	68,500		428,400	364,000	69,300		433,300	4,100	800	-	4,900
Juvenile Corrections, Department of	297,400			297,400	300,800			300,800	3,400	-	-	3,400
Real Estate Department, State	195,300			195,300	197,500			197,500	2,200	-	-	2,200
Tax Appeals, State Board of	37,800			37,800	38,300			38,300	500	-	-	500
Subtotal - ADOA Building	\$1,642,000	\$1,604,800	\$675,700	\$3,922,500	\$1,660,800	\$1,623,300	\$683,500	\$3,967,600	\$18,800	\$18,500	\$7,800	\$45,100
Department of Environmental Quality Building												
Agriculture, Department of	\$402,300		\$356,800	\$759,100	\$406,900		\$360,900	\$767,800	4,600	-	4,100	8,700
Citizens Clean Elections Commission			74,400	74,400			75,200	75,200	-	-	800	800
Criminal Justice Commission, Arizona		\$13,000	204,300	217,300		\$13,200	206,600	219,800	-	200	2,300	2,500
Environmental Quality, Department of		1,989,400		1,989,400		2,012,200		2,012,200	-	22,800	-	22,800
Forestry and Fire Management, AZ Department of	236,200		35,300	271,500	238,900		35,700	274,600	2,700	-	400	3,100
Housing, AZ Department of	34,700	11,500	184,900	231,100	35,100	11,600	187,000	233,800	400	100	2,100	2,700
Independent Redistricting Commission	40,100			40,100	40,600			40,600	500	-	-	500
State Land Department	882,000			882,000	892,100			892,100	10,100	-	-	10,100
Arizona State Parks Board			321,800	321,800			325,500	325,500	-	-	3,700	3,700
Pharmacy, Arizona State Board of		135,400		135,400		136,900		136,900	-	1,500	-	1,500
Residential Utility Consumer Office		116,300		116,300		117,600		117,600	-	1,300	-	1,300
Technical Registration, State Board of		200,000		200,000		202,300		202,300	-	2,300	-	2,300
Tourism, Office of	196,200			196,200	198,500			198,500	2,300	-	-	2,300
Water Resources, Department of	1,082,600			1,082,600	1,095,100			1,095,100	12,500	-	-	12,500
Subtotal - ADEQ Building	\$2,874,100	\$2,465,600	\$1,177,500	\$6,517,200	\$2,907,200	\$2,493,800	\$1,190,900	\$6,592,000	\$33,100	\$28,200	\$13,400	\$74,800
Health Services, Department of												
Health Services Building - Refinance	\$2,529,400	\$1,686,200		\$4,215,600	\$2,617,200	\$1,744,800		\$4,362,000	87,800	58,600	-	146,400
Health Lab - Refinance				-				-	\$0	\$0	\$0	\$0
Subtotal - Department of Health Services	\$2,529,400	\$1,686,200	\$0	\$4,215,600	\$2,617,200	\$1,744,800	\$0	\$4,362,000	\$87,800	\$58,600	\$0	\$146,400
GRAND TOTAL	\$7,045,500	\$5,756,600	\$1,853,200	\$14,655,300	\$7,185,200	\$5,861,900	\$1,874,400	\$14,921,600	\$139,700	\$105,300	\$21,200	\$266,300

1/ Pursuant to A.R.S. § 41-792.01, state agencies occupying buildings being lease-purchased by the Arizona Department of Administration (ADOA) shall pay the higher of the billed amount reported [herein] by the Joint Legislative Budget Committee Staff or the pro rata share of the lease-purchase based on actual occupancy.

Capital Outlay - Local Assistance

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
SPECIAL LINE ITEMS			
Phoenix Convention Center	25,498,600	25,998,700	26,497,400 ^{1/}
Rio Nuevo District	18,767,800	19,000,000	19,000,000 ^{2/}
AGENCY TOTAL	44,266,400	44,998,700	45,497,400 ^{3/}
FUND SOURCES			
General Fund	44,266,400	44,998,700	45,497,400
SUBTOTAL - Appropriated Funds	44,266,400	44,998,700	45,497,400
TOTAL - ALL SOURCES	44,266,400	44,998,700	45,497,400

AGENCY DESCRIPTION — The State Treasurer makes distributions to the City of Phoenix to service debt on the Phoenix Convention Center and to the Rio Nuevo Multipurpose Facility District for use in authorized development projects and to service debt issued by the district.

FOOTNOTES

- ^{1/} Pursuant to section 9-602, Arizona Revised Statutes, \$26,497,400 of state general fund revenue is allocated in fiscal year 2025-2026 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes. (General Appropriations Act footnote)
- ^{2/} Pursuant to section 42-5031, Arizona Revised Statutes, a portion of the state transaction privilege tax revenues will be distributed to a multipurpose facility district. The Rio Nuevo multipurpose facility district is estimated to receive \$19,000,000 in fiscal year 2025-2026. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes. (General Appropriations Act footnote)
- ^{3/} General Appropriations Act funds are appropriated as a Lump Sum by Project by Fund.

Phoenix Convention Center

The budget includes \$26,497,400 from the General Fund in FY 2026 for state participation in repayment of \$300,000,000 of debt financing for the expansion of the Phoenix Convention Center. Adjustments are as follows:

Distribution Increase

The budget includes an increase of \$498,700 from the General Fund in FY 2026 to increase the distribution to the City of Phoenix pursuant to A.R.S. § 9-602.

Background — In FY 2005, the City of Phoenix issued \$600,000,000 in Certificates of Participation (COPs) to finance expansion of the Phoenix Convention Center. Of that amount, \$300,000,000 will be repaid by the state. The project was completed in January 2009.

There is a statutory debt service schedule for these payments. Under this schedule, the state's annual contribution is scheduled to gradually increase to \$29,998,925 by FY 2044.

Table 1

Phoenix Convention Center Debt Service

<u>Fiscal Year</u>	<u>Debt Service</u>	<u>Fiscal Year</u>	<u>Debt Service</u>
FY 2025	25,998,700	FY 2035	29,995,775
FY 2026	26,497,375	FY 2036	29,999,975
FY 2027	26,997,100	FY 2037	29,995,825
FY 2028	27,495,125	FY 2038	29,995,850
FY 2029	27,998,700	FY 2039	29,996,750
FY 2030	28,499,525	FY 2040	29,995,225
FY 2031	28,999,575	FY 2041	29,997,975
FY 2032	29,495,550	FY 2042	29,996,150
FY 2033	29,999,150	FY 2043	29,996,175
FY 2034	29,996,250	FY 2044	29,998,925

Statute requires the Auditor General to estimate annually how the amounts of General Fund revenues resulting from the Convention Center expansion compare to debt service payments made by the state since the project's calendar year (CY) 2009 completion. If the cumulative estimated revenues from the project fail to meet the state's cumulative debt service, the state is to reduce its payments to the City of Phoenix by the shortfall amount.

The latest study found that estimated General Fund revenues exceeded the state's debt service payments by \$28,965,100 through CY 2023 (see Table 2). As a result, the state has not reduced payments to the City of Phoenix during this time.

Table 2

Project Revenue and Debt Service Payments
(\$ in Millions)

<u>Calendar Year^{1/}</u>	<u>Project Revenue^{2/}</u>	<u>Debt Service</u>	<u>Annual Net Revenues^{3/}</u>	<u>Cumulative Net Revenues</u>
2023	\$42.3	\$25.5	\$16.8	\$29.0
2022	21.5	25.0	(3.5)	12.2
2021	5.7	24.5	(18.8)	15.7
2020	6.0	24.0	(18.0)	34.5
2019	24.6	23.5	1.1	52.5
2018	23.5	23.0	0.5	51.4
2017	19.0	22.5	(3.5)	50.9
2016	20.6	20.4	0.2	54.4
2015	24.5	20.4	4.1	54.2
2014	15.0	20.4	(5.4)	50.1
2013	9.1	20.4	(11.3)	55.5
2012	13.6	5.6	8.0	66.8
2011	15.4	0.0	15.4	58.8
2010	14.7	10.0	4.7	43.4
2009	17.3	5.0	12.3	38.7
2004-2008	26.4	0.0	26.4	26.4

^{1/} Statute requires the Auditor General study to include estimates by calendar year but specifies the state's debt service obligation by fiscal year. Debt service payments for fiscal years are listed in the calendar year they were made.

^{2/} The Auditor General report published in June 2025 amended previous revenue estimates for CY 2015, CY 2019, CY 2020, CY 2021, and CY 2022. This table has been updated to reflect the revised prior-year estimates.

^{3/} Represents gross revenue less debt service for each fiscal year.

Source: Auditor General report, *Phoenix Convention Center – Economic and Fiscal Impact Analysis Update (June 2025)*

The study compares current convention center revenues to a "base scenario" (had the facility not been upgraded) in order to determine the project's net revenues. This scenario assumes the facility would become functionally obsolete and generate minimal revenues by 2021.

Rio Nuevo District

The budget includes \$19,000,000 from the General Fund in FY 2026 for distributions to finance the development of a multipurpose facility and supporting projects in the Rio Nuevo Multipurpose Facilities District. This amount is unchanged from FY 2025.

The FY 2025 General Appropriations Act displayed the projected Rio Nuevo distribution as \$17,000,000 in FY 2025. This amount was a continuation of the assumed Rio Nuevo distribution of \$17,000,000 in FY 2024, which was based on the actual distribution of \$17,113,500 in FY 2023.

Subsequent to the passage of the FY 2025 budget, actual FY 2024 information became available, and the FY 2024 actual distribution was \$18,767,800. Given that data, the FY 2026 Baseline subsequently revised both the FY 2025 and FY 2026 Rio Nuevo distribution estimates to \$19,000,000. The enacted budget adopted this \$19,000,000 estimate for both years.

While the General Appropriations Act each year displays a projected distribution amount for informational purposes, the actual amount distributed to the district will reflect allocations required by A.R.S. § 42-5031.

Background – Tucson voters approved Proposition 400 in November 1999, establishing the Rio Nuevo Multipurpose Facilities District. The district receives a diversion of state Transaction Privilege Tax (TPT) revenue to finance the development of a multipurpose facility and supporting projects. The district stretches east from Downtown Tucson along the retail-intensive Broadway Boulevard. (See Table 3 for the history of Rio Nuevo TPT payments).

Table 3

State TPT Payments to the Rio Nuevo District

<u>Fiscal Year</u>	<u>Distributions</u>
FY 2024	\$18,767,800
FY 2023	17,113,500
FY 2022	16,516,600
FY 2021	9,525,700
FY 2020	14,478,800
FY 2019	15,958,900
FY 2018	13,562,700
FY 2017	13,988,500
FY 2016	13,088,800
FY 2015	6,958,000
FY 2014	9,486,100
FY 2013	9,755,800
FY 2012	11,957,900
FY 2011	14,099,900
FY 2010	8,727,300
FY 2009	10,399,300
FY 2008	15,456,200
FY 2007	14,974,900
FY 2006	10,968,200
FY 2005	7,469,600
FY 2004	5,081,200
Total	\$258,335,700

A.R.S. § 48-4203 requires that any construction project (or other improvement to real property) controlled by the District with a cost of more than \$500,000 be presented to the Joint Committee on Capital Review (JCCR).

The Rio Nuevo Board of Directors submitted information to JCCR in September 2024 regarding 4 projects that have been approved by the District. The board agreed to spend a total of \$6.5 million on these projects. At its November 2024 meeting, the Committee gave a favorable review of this report.