Arizona Department of Administration - Automation Projects Fund

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 APPROVED
SPECIAL LINE ITEMS 1/			
ADOA A to Z Arizona State Services Access Portal	2,888,300	3,370,000	0
ADOA State Web Portal Software and Security Upgrades	0	375,000	0
ADOA State Website Migrations	0	1,750,000	0
ADOA K-12 School Financial Transparency Reporting Portal	1,330,600	0	0
ADOA HRIS Replacement	16,586,200	5,941,700	0
ADOA Business One-Stop Portal	1,945,500	1,700,000	0
Agriculture IT Projects and Cloud Migration	0	0	0
Arizona Medical Board Website Modernization	0	0	150,000
AHCCCS Statewide HHIS Technology Projects 2/	5,385,200	0	0
AHCCCS Medicaid Enterprise System Modernization	0 3/	1,800,000	12,940,000
Corporation Commission Online Records & Filing System 4/	1,966,400	0	0
Judiciary Community Supervision Electronic Monitoring	0	0	0
Judiciary Probation Case Management System Replacement	898,400	0	0
DPS Concealed Weapons Tracking System 5/	106,600	0	0
Real Estate Department System Modernization	0	1,962,000	0
DOR Integrated Tax System Modernization	8,469,900 6/	0	3,656,800 7/
DOR Mainframe Migration	0	0	1,425,000
DWR Application Modernization and Integration	2,399,100	0	0
AGENCY TOTAL	**41,976,200**	**16,898,700**	**18,171,800** 8/9/
FUND SOURCES			
Other Appropriated Funds			
Arizona Medical Board APF Subaccount	0	0	150,000
Business One-Stop APF Subaccount	0	1,700,000	0
Corporation Commission APF Subaccount	1,966,400	0	0
Department of Administration APF Subaccount	6,164,400	5,495,000	0
Department of Public Safety APF Subaccount	106,600	0	0
Department of Revenue APF Subaccount	8,469,900	0	5,081,800
Department of Water Resources APF Subaccount	2,399,100	0	0
Health and Human Services Information System (HHIS) APF Subaccount	5,385,200	0	0
Human Resources Information System APF Subaccount	16,586,200	5,941,700	0
Judiciary – Supreme Court APF Subaccount	898,400	0	0
Medicaid Enterprise System Modernization APF Subaccount	0	1,800,000	12,940,000
Real Estate Department APF Subaccount	0	1,962,000	0
SUBTOTAL - Other Appropriated Funds	41,976,200	16,898,700	18,171,800
SUBTOTAL - Appropriated Funds	**41,976,200**	**16,898,700**	**18,171,800** 10/
TOTAL - ALL SOURCES	41,976,200	16,898,700	18,171,800

AGENCY DESCRIPTION — The Automation Projects Fund (APF) is administered by the Arizona Department of Administration (ADOA). Monies in this appropriated fund are designated to implement, upgrade, or maintain automation and information technology projects for any state agency. Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit an expenditure plan to JLBC for review.

FOOTNOTES

1/ This table represents expenditures from the APF and its subaccounts. Because many APF appropriations are spent over multiple years, the FY 2025 actual column also includes non-lapsing expenditures from prior year appropriations. General Fund and Other Fund monies are also transferred into the APF to finance projects. See *Table 3* for all fund transfers into

the APF. As authorized by Section 7 of the FY 2027 General Appropriations Act, these transfers are also discussed in the narrative part of the individual projects.

2/ The following amounts appropriated to the department of administration by Laws 2023, chapter 133, section 113, as amended by Laws 2024, chapter 209, section 11, in fiscal year 2023-2024 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2027:
   1. $6,700,000 for a new information technology platform to authenticate individuals applying for health and human services programs to prevent fraud, waste and abuse.
   2. $2,814,600 for the development of several modules associated with the medicaid enterprise system mainframe replacement.
   3. $1,685,400 for medicaid enterprise system fraud and waste abuse prevention enhancements.
   4. $2,000,000 for medicaid enterprise system systems integrator, which establishes a platform infrastructure in the cloud to serve as the foundation for the modular replacement of the prior prepaid medicaid management information system, and servicenow projects. (General Appropriations Act footnote)

3/ The $3,396,000 appropriated to the department of administration by Laws 2024, chapter 209, section 122 in fiscal year 2024-2025 to replace the medicaid enterprise systems mainframe is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriation, until June 30, 2027. (General Appropriations Act footnote)

4/ The $7,000,000 appropriated to the corporation commission by Laws 2023, chapter 133, section 113 in fiscal year 2023-2024 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. In addition to uses prescribed in Laws 2023, chapter 133, section 113, this amount may be used for post launch expenses of the corporation commission's online records and filing system, including vendor contracts, licensing, maintenance and technical support. Expenditures from this allocation are not subject to review by the joint legislative budget committee. (General Appropriations Act footnote)

5/ The $494,500 appropriated to the department of public safety by Laws 2023, chapter 133, section 113, in fiscal year 2023-2024 to replace the concealed weapons tracking system is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations until June 30, 2027. (General Appropriations Act footnote)

6/ The $19,456,800 appropriated to the department of administration by Laws 2024, chapter 209, section 122 in fiscal year 2024-2025 for the department of revenue tax system modernization project is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, until June 30, 2027. (General Appropriations Act footnote)

7/ The amount appropriated for the department of revenue integrated tax system modernization line item shall be spent for an integrated tax system modernization project that meets the following minimum specifications:
   1. Captures data fields from electronically-filed individual and corporate income tax returns and makes the data available for querying and reporting purposes. The system must provide the department of revenue staff, the joint legislative budget committee staff and the governor's office of strategic planning and budgeting staff direct access to the querying and reporting functions. The querying and reporting functions must include procedures to protect taxpayer confidentiality under applicable state and federal law.
   2. For electronic corporate income tax returns, captures information regarding the principal business activity of the corporation. This requirement may be satisfied through the North American industry classification system data listed on federal tax forms. The tax system must allow for querying and reporting based on principal business activity.
   3. Includes an integrated individual income tax model within the project and provides the department of revenue staff, the joint legislative budget committee staff and the governor's office of strategic planning and budgeting staff direct access to the individual income tax model. At a minimum, the model must allow the department of revenue staff, the joint legislative budget committee staff and the governor's office of strategic planning and budgeting staff to adjust tax law parameters against an anonymized representative sample of income tax returns to estimate the fiscal impact of proposed tax legislation. The model must only include data from state and federal tax returns that are captured by the tax system. The individual income tax model shall include procedures to protect taxpayer confidentiality under applicable state and federal law.
   4. Makes individual and corporate income tax data available for querying, modeling and reporting within twenty-four months after the end of a tax year. (General Appropriations Act footnote)

8/ The amounts appropriated pursuant to this section from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2026-2027 are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2028. (General Appropriations Act footnote)

9/ Within thirty days after the last day of each calendar quarter, the department of administration shall submit to the joint legislative budget committee a quarterly report on implementing projects approved by the information technology authorization committee established by section 18-121, Arizona Revised Statutes, including expenditures to date, deliverables, timelines for completion and current status of the projects. (General Appropriations Act footnote)

10/ The transfers into the automation projects fund established by section 41-714, Arizona Revised Statutes, are not appropriations from the automation projects fund. Only direct appropriations from the automation projects fund are appropriations. (General Appropriations Act footnote)

Background

The APF is administered by ADOA and consists of subaccounts used to implement, upgrade, or maintain automation and information technology (IT) projects for state agencies. Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit to the Joint Legislative Budget Committee (JLBC) for review an expenditure plan that includes project costs, deliverables, timeline for completion and method of procurement.

Pursuant to A.R.S. § 18-121, the Information Technology Authorization Committee (ITAC) is required to approve or disapprove all IT projects that exceed a total cost of $1,000,000. If project costs are greater than $5,000,000, A.R.S. § 18-104 requires an additional third-party analysis before receiving ITAC approval and requires agencies to submit quarterly progress reports from the third-party consultant. Unless otherwise noted, appropriations are non-lapsing for 2 years.

Department of Administration Subaccount

ADOA A to Z Arizona State Services Access Portal

The budget includes no funding in FY 2027 for the A to Z Arizona State Services Access Portal. Adjustments are as follows:

Remove One-Time Project Funding

The budget includes a decrease of $(3,370,000) from the Department of Administration APF Subaccount in FY 2027 to eliminate one-time funding for the A to Z Arizona portal.

The portal will serve as a central hub for the public to access all state services. The portal will offer full self-service to clients, expedite application vetting and processing, and reduce redundancies arising from the existence of multiple, independent client-facing portals. The portal will include additional data consolidation and identity verification features to reduce fraud.

The FY 2026 budget included an appropriation of $3,370,000 for the project, financed from the State Web Portal Fund.

ADOA State Web Portal Software and Security Upgrades

The budget includes no funding in FY 2027 for State Web Portal Software and Security Upgrades. Adjustments are as follows:

Remove One-Time Project Funding

The budget includes a decrease of $(375,000) from the Department of Administration APF Subaccount in FY 2027 to eliminate one-time funding for software and security upgrades to the State Web Portal.

The State Web Portal hosts approximately 758,000 transactions per year among state, local, and municipal governments and members of the public. The upgrades to the portal will address security vulnerabilities in the current software to ensure future transactions can be completed safely and efficiently.

The FY 2026 budget included an appropriation of $375,000 for the project, financed from the State Web Portal Fund.

ADOA State Website Migrations

The budget includes no funding in FY 2027 for State Website Migrations. Adjustments are as follows:

Remove One-Time Project Funding

The budget includes a decrease of $(1,750,000) from the ADOA APF Subaccount in FY 2027 to eliminate one-time funding for the migration various state websites to a new software platform.

There are currently 185 state agency websites hosted using the ADOA Agency Platform service. The software underlying the current version of this service stopped receiving maintenance and security updates in January 2025, which means that websites need to be migrated to a new platform or be left open to security risks. As of January 2025, ADOA had already migrated most of the

185 websites to a new version of the platform. The FY 2026 budget included an appropriation of $1,750,000 for the project, financed from the Information Technology Fund, which will be used to migrate approximately 50 remaining websites.

ADOA K-12 School Financial Transparency Reporting Portal

The budget includes no funding in FY 2027 for the K-12 School Financial Transparency Reporting Portal. This amount is unchanged from FY 2026. (*Please see the FY 2026 Appropriations Report for additional background on the project.*)

Human Resources Information System Subaccount

ADOA HRIS Replacement

The budget includes no funding in FY 2027 for the HRIS Replacement project. Adjustments are as follows:

Remove One-Time Project Funding
The budget includes a decrease of $(5,941,700) from the HRIS APF Subaccount in FY 2027 to eliminate one-time funding for the HRIS replacement project.

The FY 2026 budget included an appropriation of $5,941,700 for the project, financed from the Information Technology Fund. (*Please see the FY 2026 Appropriations Report for additional information.)*

Business One-Stop Subaccount

ADOA Business One-Stop Portal

The budget includes no funding in FY 2027 for the Business One-Stop Portal. Adjustments are as follows:

Remove One-Time Project Funding
The budget includes a decrease of $(1,700,000) from the Business One-Stop APF Subaccount in FY 2027 to eliminate one-time funding for the Business One-Stop portal.

The FY 2023 budget included $15,614,300 from the ADOA APF Subaccount in FY 2023 for the Business One-Stop Shop Web Portal. The FY 2023 funding was intended to add new functionalities to the Business One Stop portal and was financed from the General Fund.

At its June 2023 meeting, the JLBC gave a favorable review of ADOA's request to spend $6,500,000 of its FY 2023 appropriation for FY 2024 operating costs and development of the Business One Stop portal. ADOA did not request approval for the remaining $9,114,300, as separate projects within the Corporation Commission (e-Corp) and the Department of Revenue (AZTaxes) would have made some of the proposed Business One Stop portal features unnecessary.

The FY 2025 General Appropriations Act transferred $7,000,000 from the ADOA APF Subaccount to the General Fund in FY 2024 and extended the lapsing date of the remaining $2,114,300 through FY 2025 for maintenance and operations costs.
Since these monies lapsed, the FY 2026 budget appropriated $2,114,300 from the Information Technology Fund to the Department of Administration for ongoing support of the Business One-Stop Portal.

The FY 2026 budget included an additional appropriation of $1,700,000 for the project, financed from the Information Technology Fund. While prior appropriations were deposited into an ADOA APF subaccount, the FY 2026 appropriation was deposited into a new Business One-Stop APF subaccount.

Department of Agriculture Subaccount

Agriculture IT Projects and Cloud Migration

The budget includes no funding in FY 2027 for IT projects and cloud migration at the Department of Agriculture. This amount is unchanged from FY 2026.

The FY 2023 budget appropriated $2,000,000 to the department to continue its efforts to modernize its IT systems and move the systems to the cloud. The FY 2023 appropriation was financed from the General Fund. At its December 2022 meeting, the JLBC gave a favorable review of the department's $300,000 expenditure plan to conduct a feasibility study for the project. The Committee included a provision that required the department to report to the JLBC staff on the outcome of the feasibility study.

In November 2023, the department issued a task order to procure a cloud-based system based on the feasibility study roadmap. The project will be completed about 18 months after contract is awarded to the winning bidder.

The FY 2025 budget extended the lapsing date of the FY 2023 appropriation through FY 2026, and the FY 2026 budget further extended this lapsing date through FY 2027. In lieu of a meeting of the Joint Legislative Budget Committee, the FY 2026 budget also included a provision

deeming the department's expenditure plan for the remaining $1,700,000 of the FY 2023 appropriation as having been favorably reviewed by the Committee.

Arizona Medical Board Subaccount

Arizona Medical Board Website Modernization

The budget includes $150,000 in FY 2027 for a website modernization project at the Arizona Medical Board. Adjustments are as follows:

One-Time Project Funding

The budget includes a one-time increase of $150,000 from the Arizona Medical Board APF Subaccount to modernize the board's public-facing websites, which were developed 10 years ago and lack some ADA-compliant accessibility features.

The FY 2027 appropriation was financed by a transfer from the Arizona Medical Board Fund.

Health and Human Services Information System Subaccount

AHCCCS Statewide HHIS Technology Projects

The budget includes no funding in FY 2027 for Statewide HHIS Technology Projects. This amount is unchanged from FY 2026.

The FY 2024 budget appropriated $15,000,000 from the General Fund for Statewide HHIS Technology Projects. The appropriation was financed from the General Fund. The FY 2025 budget reduced the FY 2024 appropriation by $(1,800,000) and specified that, of the remaining amount:

- $6,700,000 shall be used for a new information technology platform to authenticate individuals applying for health and human service programs to prevent fraud, waste, and abuse.
- $2,814,600 shall be used for the development of several modules associated with the Medicaid Enterprise System (MES) mainframe replacement. This project was deemed to have been favorably reviewed by JLBC in the FY 2025 budget so as to prevent a delay in proceeding with the project.
- $1,685,400 shall be used for MES fraud and waste abuse prevention enhancements. This project was deemed to have been favorably reviewed by JLBC in the FY 2025 budget so as to prevent a delay in proceeding with the project. This project was moved into its own subaccount. (*Please see the MES Modernization Subaccount section*)
- $2,000,000 shall be used for the MES Systems Integrator and ServiceNow projects. This project was favorably reviewed by the JLBC at its June 2023 meeting.

The AHCCCS project includes $7,500,000 in federal expenditure authority from its operating budget. The FY 2027 budget includes a footnote exempting each of the above allocations from lapsing through June 30, 2027.

MES Modernization Subaccount

Medicaid Enterprise System Mainframe Modernization

The budget includes $12,940,000 in FY 2027 for the MES Mainframe Modernization. Adjustments are as follows:

Remove One-Time Project Funding

The budget includes a decrease of $(1,800,000) from the MES Modernization Subaccount in FY 2027 to eliminate one-time funding for the MES Mainframe Modernization project.

One-Time Project Funding

The budget includes a one-time increase of $12,940,000 from the MES Modernization Subaccount in FY 2027 to continue the MES mainframe replacement and modernization project.

Prior budgets included $13,200,000 for Statewide HHIS Technology Projects (see above). Of this amount, $2,814,600 was dedicated to the MES Mainframe Modernization project. The FY 2025 budget established a separate subaccount for this project and provided an appropriation of $3,396,000. The FY 2026 budget included an additional appropriation of $1,800,000 for the project, financed from the General Fund. The FY 2027 budget exempts the FY 2025 appropriation from lapsing through June 30, 2027.

AHCCCS currently utilizes a mainframe-based application to support its core business operations. The mainframe-based Prepaid Medical Management Information System (PMMIS) was developed using a now-outdated coding standard. The primary objective of the MES Mainframe Modernization is to migrate the AHCCCS mainframe system to the cloud.

The total project budget is estimated to be approximately $115 million. Of this amount, the total cost to Arizona is estimated to be approximately $20.0 million. The remaining amount will come from federal funds and the

state of Hawaii, which currently shares Medicaid systems with AHCCCS.

Corporation Commission Subaccount

Corporation Commission Online Records & Filing System

The budget includes no funding in FY 2027 for an Online Records and Filing System Replacement project. This amount is unchanged from FY 2026.

The Corporation Commission e-Corp system provides online access to corporation and limited liability company records on file with the agency's Corporations Division. The vendor stopped maintaining the current system in FY 2024. The FY 2024 budget included $7,000,000 from the Corporation Commission APF Subaccount to implement and migrate to a new cloud-based system. The FY 2024 appropriation was financed by a transfer from the Securities Regulatory and Enforcement Fund. The FY 2027 budget exempts the FY 2024 appropriation from lapsing indefinitely. Additionally, the budget includes a footnote allowing any remaining monies from the FY 2024 allocation to be used for post-launch expenses like licensing and maintenance and exempts these expenditures from the standard JLBC review requirement.

Judiciary Supreme Court Subaccount

Judiciary Community Supervision Electronic Monitoring

The budget includes no funding in FY 2027 for the Statewide Community Supervision Electronic Monitoring System. This amount is unchanged from FY 2026.

In FY 2023, the Supreme Court initiated a $2,500,000 pilot project funded with the American Rescue Plan Act (ARPA) Funds. The system is designed to enable probation officers to monitor and communicate with individuals involved in the criminal justice system, both pre-trial and in selected probation groups, using a cell phone. The FY 2024 budget included $2,500,000 from the Judiciary Supreme Court APF Subaccount to continue the project. The FY 2024 appropriation was financed from the General Fund. At its October 2023 meeting, the JLBC gave a favorable review of the project which is expected to be completed in FY 2027.

The FY 2025 budget extended the lapsing date of the FY 2024 appropriation through FY 2027.

Judiciary Probation Case Management System

The budget includes no funding in FY 2027 to replace the Probation Case Management System. This amount is unchanged from FY 2026. (*Please see the FY 2026 Appropriations Report for additional background on the project.)*

Department of Public Safety Subaccount

DPS Concealed Weapons Tracking System

The budget includes no funding in FY 2027 for upgrades to the Department of Public Safety (DPS) Concealed Weapons Tracking System. This amount is unchanged from FY 2026.

The FY 2022 budget included $550,000 from the DPS APF Subaccount to complete upgrades to the Concealed Weapons Tracking System. The FY 2024 budget included an additional $494,500 for the same purpose. The FY 2026 budget exempted the FY 2024 appropriation from lapsing through FY 2026. The FY 2027 budget further exempts the appropriation from lapsing through FY 2027.

The system tracks concealed weapon permits and allows law enforcement to verify permits. The current system uses antiquated mainframe technology. The new system will interface with other law enforcement systems and allow the public to renew permits online. (*Please see the FY 2022 Appropriations Report for additional background on the project.)*

Real Estate Department Subaccount

Real Estate Department System Modernization

The budget includes no funding in FY 2027 for the Real Estate Department System Modernization Project. Adjustments are as follows:

Remove One-Time Project Funding

The budget includes a decrease of $(1,962,000) from the Real Estate Department APF Subaccount to eliminate one-time funding for the Real Estate Department System Modernization project.

The IT system currently used by the department was developed by a single employee who still maintains the system to this day, but who is set to retire before the end of FY 2026. The FY 2025 budget included a footnote allowing the department to use up to $400,000 of its operating appropriation to begin planning for the

system's replacement. The FY 2026 budget included an appropriation of $1,962,000 for the project, financed from the General Fund. The FY 2026 appropriation is expected to sufficiently fund the entirety of the new IT system's development. After the project is completed, ongoing licensing costs and user fees are expected to be approximately $850,000 per year.

Department of Revenue Subaccount

DOR Integrated Tax System Modernization

The budget includes $3,656,800 in FY 2027 for the DOR's development of a new integrated tax system. Adjustments are as follows:

FY 2027 Development Costs

The budget includes a one-time increase of $3,656,800 from the DOR APF Subaccount in FY 2027 for the continuation of the DOR Integrated Tax System Modernization project.

The FY 2027 appropriation is financed by a transfer from the following funds to the DOR APF Subaccount:

- $2,194,100 from the General Fund
- $1,462,700 from the Integrated Tax System Project Fund. The Integrated Tax System Fund consists of monies recovered from local governments (including regional transportation authorities) and state non-General Fund accounts that will benefit from the system.

As part of the FY 2023 budget, DOR estimated that the system will cost $104,827,600 to implement by FY 2028. The long-term spending plan for the tax system assumed that development costs would be allocated as follows: 1) 60.89% from the General Fund; 2) 34.06% from Local Governments; 3) 4.13% from the 0.6% Education Sales Tax; and 4) 0.92% from the 16% recreational marijuana excise tax. As noted above, the non-General Fund sources (which total 39.11% of the project budget) are deposited into the Integrated Tax System Project Fund.

Given these fixed allocation percentages, of the total project budget of $104,827,600, the General Fund cost would be $63,829,700. The remaining $40,997,900 is to be appropriated from the Integrated Tax System Project Fund as shown in *Table 1.*

The FY 2025 3-year spending plan included $19,256,800 for the project in FY 2026. However, due to the project being behind schedule, the FY 2026 budget included no funding for the project and instead shifted the FY 2026 allocation to FY 2029. As the project remains behind schedule, the FY 2027 budget includes similar funding shifts and no longer reflects the FY 2026 budget's 3-year spending plan. *Table 1* has been updated to reflect the new annual funding schedule.

Table 1

Integrated Tax System Annual Funding

	General Fund	Integrated Tax System Project Fund	Total
FY 2023	$9,632,700	$6,187,100	$15,819,800
FY 2024	10,494,100	7,575,300	18,069,400
FY 2025	11,847,300	7,609,500	19,456,800
FY 2026	0	0	0
FY 2027	2,194,100	1,462,700	3,656,800
FY 2028	9,531,400	6,068,600	15,600,000
FY 2029	12,538,400	7,218,400	19,756,800
FY 2030 1/	7,591,700	4,876,300	12,468,000
Total	**$63,829,700**	**$40,997,900**	**$104,827,600**

1/ The project was initially intended to be complete by FY 2029. However, to compensate for project delays, the FY 2027 budget extends the anticipated timeline through FY 2030 and redistributes the project budget across remaining years.

DOR is given annual guidance in budget legislation on the dollar amounts of these non-General Fund allocations, which represent the fixed percentages multiplied by that year's annual project budget. In addition, budget legislation also provides DOR guidance for the assessment of the local government charges. Given the lack of any General Fund contribution in FY 2026, the FY 2026 Revenue BRB suspended the local cost contribution as well. *(Please see the FY 2026 Appropriations Report for more historical background on this project*.)

The FY 2027 budget restores the session law that specifies that local governments be charged an assessment for project costs in FY 2027. (*Please see Statutory Changes section below).*

Table 2

State and Locally-Collected Tax Categories Used for Allocation of DOR Tax System Charges

Tax Category/Distribution	ARS Statutory Reference
State TPT Revenue Sharing	42-5029
Municipal TPT	42-6001
County Excise Tax	42-6103
Maricopa County Road Tax	42-6105 (Thru 12/31/25)
Maricopa County Road Tax	42-6105.01 (Eff. 1/1/26)
Pima County Road Tax	42-6106
County Road Tax	42-6107
County Hotel Tax	42-6108/41-6108.01
County Jail Excise Tax	42-6109/42-6109.01
County – Electricity Use Tax	42-6110
County Capital Projects Tax	42-6111
County Judgment Bonds Tax	42-6112
Urban Revenue Sharing	43-206

The total local government allocation will equal 34.06% of the FY 2027 project costs. Each local government type (for example, all counties share of the local government amount) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year. (See *Table 2* for a list of the tax categories used to calculate the assessments.) Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns

DOR Mainframe Migration

The budget includes $1,425,000 in FY 2027 for a DOR Mainframe Migration project. Adjustments are as follows:

One-Time Project Funding

The budget includes a one-time increase of $1,425,000 from the Department of Revenue APF Subaccount to migrate DOR's systems away from the shared ADOA mainframe. This amount is financed from the Department of Revenue Administrative Fund.

DOR currently utilizes the ADOA shared mainframe to host various systems and services for the agency and taxpayers. The ADOA shared mainframe is being retired in December 2027 and DOR will use this allocation to migrate those systems and services to a new, cloud-based solution. Migration is scheduled to be completed 10 months after the project commences.

Department of Water Resources Subaccount

DWR Application Modernization and Integration

The budget includes no funding in FY 2027 to update the Department of Water Resources' (DWR's) applications. This amount is unchanged from FY 2026. (*Please see the FY 2026 Appropriations Report for additional background on the project.)*

Other Issues

Statutory Changes

The Revenue Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As permanent law, extend the end date of the IT charge for the new tax modernization system from FY 2028 to FY 2030 since the charge was suspended for FY 2026 and reduced in FY 2027.
- As permanent law, clarifies that the IT charge continue to be levied against the reauthorized Maricopa County Road Tax which went into effect on January 1, 2026.
- As session law, continue to stipulate legislative intent regarding the amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a population greater than 800,000 for the Integrated Tax System project. This amount shall not exceed $1,273,800 for FY 2027. Each local government type (for example all counties share of the $1,273,800) is based on that government type's proportionate share of certain state and locally-collected revenues received by those local entities 2 fiscal years prior to the current fiscal year *(See Table 2 in the Integrated Tax System Modernization section for a list of the tax categories used to calculate the assessments).* Once each government type's share of the local assessment has been calculated, population is the basis for determining the apportioning of fees among counties as well as among cities and towns.
- As session law, continue to stipulate legislative intent that the amounts charged to the 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project shall not exceed $34,400 and $154,500, respectively, in FY 2027.

Table 3

Automation Projects Fund Transfers [1/]

($ in thousands)

	FY 2025 [2/]	FY 2026	FY 2027
Department of Administration Subaccount			
Information Technology Fund		1,750.0	
State Web Portal Fund		3,745.0	
Arizona Medical Board Subaccount			
Arizona Medical Board Fund			150.0
Business One-Stop Subaccount			
Information Technology Fund		1,700.0	
Medicaid Enterprise System Modernization Subaccount			
General Fund	3,396.0	1,800.0	12,940.0
HRIS Subaccount			
Information Technology Fund		5,941.7	
Other Agency Funds			
Personnel Division Fund	2,421.2		
Real Estate Department Subaccount			
General Fund		1,962.0	
Department of Revenue Subaccount			
General Fund	11,847.3		2,194.1
Integrated Tax System Project Fund	7,609.5		1,462.7
Department of Revenue Administrative Fund			1,425.0
Department of Water Resources			
Water Resources Fund			
General Fund Subtotal	***15,243.3***	***3,762.0***	***15,134.1***
Other Appropriated Fund Subtotal	***10,030.7***	***13,136.7***	***3,037.7***
Total	***25,274.0***	***16,898.7***	***18,171.8***

1/ The purpose of this table is to show transfers into the APF. Displayed values have not been adjusted for transfers out of the APF.

2/ The FY 2025 column of numbers are transfers into the fund. The FY 2025 column in the Budget table at the beginning of the narrative reflects expenditures from the fund.