Department of Transportation

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	4,571.0	4,581.0	4,096.0
Personal Services	137,981,200	156,972,100	157,048,700
Employee Related Expenditures	60,405,800	68,942,100	78,055,800
Professional and Outside Services	8,919,300	8,132,800	8,132,800
Travel - In State	715,200	819,000	819,000
Travel - Out of State	173,000	181,400	181,400
Other Operating Expenditures	33,282,000	32,642,300	31,844,700
Equipment	4,137,800	3,574,400	3,574,400
OPERATING SUBTOTAL	**245,614,300**	**271,264,100**	**279,656,800** 1/
SPECIAL LINE ITEMS			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	24,237,000	26,814,600	27,378,900
ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency	482,400	1,000,000	1,000,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	20,231,100	22,400,000	22,400,000 2/
Attorney General Legal Services	3,940,400	3,940,400	3,940,400 3/
Authorized Third Parties	2,041,600	2,252,700	2,335,000
Construction Management System Replacement	1,227,900	6,272,000	6,844,600
Highway Damage Recovery Account	7,274,900	7,999,000	7,999,000
Highway Maintenance	139,992,900	182,913,000	201,247,900 4/5/
Livestock Control and Wildlife Crossing	741,500	800,000	1,500,000
One-Time Fleet Fuel Inflation Funding	3,297,900	0	0
Preventive Surface Treatments	27,750,400	36,142,000	36,142,000 6/
Radio Lifecycle Replacement	1,653,600	1,656,100	1,656,100
Spaying and Neutering of Animals Fund Deposit	0	500,000	0
State Fleet Operations	19,206,600	32,421,400	38,384,100
State Fleet Vehicle Replacement	8,679,200	15,351,600	13,611,300
Statewide Litter Removal	3,030,300	3,106,800	3,106,800
AGENCY TOTAL	**509,402,000**	**614,833,700**	**647,202,900** 7/-11/

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 APPROVED
FUND SOURCES			
General Fund	0	500,000	0
Other Appropriated Funds			
Air Quality Fund	803,300	1,094,000	874,300
Department Fleet Operations Fund	24,719,400	27,815,000	28,378,900
Highway Damage Recovery Account	7,274,900	7,999,000	7,999,000
Highway User Revenue Fund	775,600	842,500	861,500
Ignition Interlock Device Fund	308,900	380,600	350,600
Motor Vehicle Liability Insurance Enforcement Fund	1,213,300	1,655,600	2,241,800
State Aviation Fund	2,103,600	2,587,400	2,671,900
State Fleet Operations Fund	19,206,600	32,421,400	38,384,100
State Highway Fund	442,902,300	522,501,500	549,941,800 12/
State Vehicle Replacement Fund	8,679,200	15,351,600	13,611,300
Vehicle Inspection and Certificate of Title Enforcement Fund	1,414,900	1,685,100	1,887,700
SUBTOTAL - Other Appropriated Funds	509,402,000	614,333,700	647,202,900
SUBTOTAL - Appropriated Funds	**509,402,000**	**614,833,700**	**647,202,900**
Other Non-Appropriated Funds	33,903,700	23,021,900	23,021,900
Federal Funds	45,091,800	0	0
TOTAL - ALL SOURCES	588,397,500	637,855,600	670,224,800

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

FOOTNOTES

1/ The amount appropriated in the operating lump sum includes a $2,000,000 reduction below fiscal year 2023-2024 level from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2026-2027 from the department's enforcement and compliance division. (General Appropriations Act footnote)

2/ Expenditures made by the department of transportation for ADOT fleet vehicle and heavy equipment replacement shall be funded only from the ADOT fleet vehicle and heavy equipment replacement line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the ADOT fleet vehicle and heavy equipment replacement line item before expenditure. (General Appropriations Act footnote)

3/ All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriations Act footnote)

4/ Of the total amount appropriated, $201,247,900 in fiscal year 2026-2027 for highway maintenance is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2027. (General Appropriations Act footnote, as adjusted for statewide allocations)

5/ In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes. (General Appropriations Act footnote)

6/ The amount appropriated to the preventive surface treatments line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2027. (General Appropriations Act footnote)

7/ Of the total amount appropriated, the department of transportation shall pay $21,233,800 in fiscal year 2026-2027 from all funds to the department of administration for its risk management payment. (General Appropriations Act footnote)

8/ The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2027 for fiscal year 2026-2027. (General Appropriations Act footnote)

9/ On or before February 1, 2027, the Arizona strategic enterprise technology office shall submit, on behalf of the department of transportation, an annual progress report to the joint legislative budget committee staff. The annual report shall provide updated plans for spending the department-dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in fiscal year 2026-2027, including any amounts for stabilization, maintenance, ongoing operations, support and enhancements for the motor vehicle modernization solution, maintenance of legacy mainframe processing and support capability, and other system projects outside the scope of the motor vehicle modernization project. (General Appropriations Act footnote)

10/ On or before August 1, 2026, the department of transportation shall report to the director of the joint legislative budget committee the state's share of fees retained by the service Arizona vendor in the prior fiscal year. The report shall include the amount spent by the service Arizona vendor on behalf of this state in the prior fiscal year and a list of the projects funded with those monies. (General Appropriations Act footnote)

11/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

12/ The department of transportation may use not more than $73,300 from the state highway fund established by section 28-6993, Arizona Revised Statutes, in fiscal year 2026-2027 to pay prior year invoices. (General Appropriations Act footnote)

Operating Budget

The budget includes $279,656,800 and 3,419 FTE Positions in FY 2027 for the operating budget. These amounts consist of:

	FY 2027
Air Quality Fund	$874,300
Highway User Revenue Fund	621,600
Ignition Interlock Device Fund	350,600
Motor Vehicle Liability Insurance Enforcement Fund	2,132,900
State Aviation Fund	2,671,900

State Highway Fund	271,221,500
Vehicle Inspection and Certificate of Title Enforcement Fund	1,784,000

Adjustments are as follows:

Remove One-Time Building System Management Upgrade Funding

The budget includes a decrease of $(238,000) from the State Highway Fund in FY 2027 to remove one-time funding to upgrade the department's construction management system. This funding covered the second phase of a 3-phase project.

Remove One-Time Maintenance Management System

The budget includes a decrease of $(3,222,500) from the State Highway Fund in FY 2027 to remove one-time funding to replace the department's maintenance management system. This funding covered the first phase of a 3-phase project.

Remove One-Time FY 2026 MVD Security System

The budget includes a decrease of $(789,100) from the State Highway Fund in FY 2027 to remove one-time funding to replace the security systems at 9 MVD offices throughout the state. This funding covered the fourth phase of a 5-phase project intended to replace the security systems at all 42 offices.

Remove One-Time FY 2026 Passenger Rail Service Operating Funding

The budget includes a decrease of $(200,000) from the Air Quality Fund in FY 2027 to remove one-time funding for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

One-Time Maintenance Management System Replacement

The budget includes an increase of $4,570,600 from the State Highway Fund in FY 2027 for one-time funding to replacement the department's maintenance management system. This funding covers the second phase of a 3-phase project intended to replace the IT system utilized by the department to track roadway maintenance projects.

One-Time FY 2027 MVD Security System

The budget includes an increase of $563,100 from the Motor Vehicle Liability Insurance Enforcement Fund in FY 2027 for one-time funding to replace the security systems at 5 MVD offices throughout the state. The funding covers the last phase of a 5-phase project to replace the security systems at all 42 offices.

Driver License Production Funding

The budget includes an increase of $386,100 from the State Highway Fund in FY 2027 for increased driver license production funding. Due to population growth and higher production costs, the department expects increased costs associated with driver license production.

License Plate Production Funding

The budget includes an increase of $137,100 from the State Highway Fund in FY 2027 for increased license plate production funding. Due to population growth and higher production costs, the department expects increased costs associated with license plate production.

Named Claimants

The budget includes a decrease of $(8,000) in FY 2027 for the elimination of one-time funding for prior year unpaid claims. This amount consists of:

Department Fleet Operations Fund	(400)
State Highway Fund	(7,600)

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

FY 2026 Salary Package Correction

The budget includes an increase of $76,600 in FY 2027 to revise the dollar value of the 5% salary increase for AZPOST-certified staff and 15% salary increase for firefighters included in the FY 2026 Budget. This consists of the following amounts:

Highway User Revenue Fund	(19,900)
Motor Vehicle Liability Insurance Enforcement Fund	(16,500)
State Aviation Fund	24,000
State Highway Fund	81,200
Vehicle Inspection and Certificate of Title Enforcement Fund	7,800

Statewide Adjustments

The budget includes an increase of $7,116,800 from in FY 2027 for statewide adjustments. This consists of the following amounts:

Air Quality Fund	(19,700)
Highway User Revenue Fund	28,700
Ignition Interlock Device Fund	(30,000)
Motor Vehicle Liability Insurance Enforcement Fund	35,700
State Aviation Fund	60,500
State Highway Fund	6,857,500
Vehicle Inspection and Certificate of Title Enforcement Fund	184,100

(Please see the Agency Detail and Allocations section.)

ADOT Fleet Vehicles and Heavy Equipment Maintenance

The budget includes $27,378,900 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2027 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $564,300 from the Department Fleet Operations Fund in FY 2027 for statewide adjustments.

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

ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency

The budget includes $1,000,000 from the Department Fleet Operations Fund in FY 2027 for Vehicles and Heavy Equipment Maintenance Contingency. This amount is unchanged from FY 2026.

This line item funds the contingency related costs of maintaining the department's vehicle and equipment fleet.

ADOT Fleet Vehicle and Heavy Equipment Replacement

The budget includes $22,400,000 from the State Highway Fund in FY 2027 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2026.

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

Attorney General Legal Services

The budget includes $3,940,400 from the State Highway Fund in FY 2027 for Attorney General Legal Services. This amount is unchanged from FY 2026.

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

Authorized Third Parties

The budget includes $2,335,000 and 20 FTE Positions in FY 2027 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	239,900
Motor Vehicle Liability Insurance Enforcement Fund	108,900
State Highway Fund	1,882,500
Vehicle Inspection and Certificate of Title Enforcement Fund	103,700

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $82,300 in FY 2027 for statewide adjustments. This consists of the following amounts:

Highway User Revenue Fund	10,200
Motor Vehicle Liability Insurance Enforcement Fund	3,900
State Highway Fund	57,500
Vehicle Inspection and Certificate of Title Enforcement Fund	10,700

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

While this line item funds oversight of the department's ATP program, it is not representative of the program's full cost to the state. Pursuant to statute, ATPs retain a portion of each fee for its transactions. In FY 2025, ATPs retained $30,198,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and $45,021,000 in fees that otherwise would have been deposited to the State Highway Fund (SHF). *(Please see Table 6 in the ADOT Capital Outlay section for more detail.)*

Construction Management System Replacement

The budget includes $6,844,600 in FY 2027 for Construction Management System Replacement. Adjustments are as follows:

One-Time FY 2027 Construction Management System Replacement Funding

The budget includes a one-time increase of $6,844,600 from the State Highway Fund in FY 2027 for construction management system replacement. The funding covers the third phase of a 4-phase project intended to replace the department's construction management IT system.

Remove One-Time FY 2026 Construction Management System Replacement Funding

The budget includes a decrease of $(6,272,000) from the State Highway Fund in FY 2027 to remove one-time funding for construction management system replacement. This funding covered the second phase of a 4-phase project intended to replace the department's construction management IT system.

The IT system is utilized by ADOT for managing the contract process and tracking the delivery of construction projects.

Highway Damage Recovery Account

The budget includes $7,999,000 from the Highway Damage Recovery Account in FY 2027 for the Highway Damage Recovery Account. This amount is unchanged from FY 2026.

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

Highway Maintenance

The budget includes $201,247,900 and 932 FTE Positions from the State Highway Fund in FY 2027 for Highway Maintenance. Adjustments are as follows:

Remove One-Time FY 2026 I-17 Flex Lane Maintenance Cost

The budget includes a decrease of $(813,600) from the State Highway Fund in FY 2027 to remove one-time funding for maintenance of new flex lane miles along Interstate 17 from Anthem to Sunset Point.

FY 2027 I-17 Flex Lane Maintenance Cost

The budget includes an increase of $1,142,000 from the State Highway Fund in FY 2027 for continued maintenance of flex lane miles along Interstate 17 from Anthem to Sunset Point. Of this amount, $860,500 is one-time.

Highway Maintenance Existing Lane Miles

The budget includes an increase of $5,201,600 from the State Highway Fund in FY 2027 to address rising inflationary costs associated with repairing existing roadways. As of 2024, 29% of Arizona roadways were rated in good condition, 64% in fair condition, and 7% in poor condition.

Highway Maintenance New Lane Miles

The budget includes an increase of $10,178,500 from the State Highway Fund in FY 2027 for maintenance of new lane miles across the state. This funding will cover the cost of 487 new lane miles added in FY 2026.

South Mountain Loop 202 Maintenance Costs

The budget includes an increase of $66,000 from the State Highway Fund in FY 2027 for maintenance of new lane miles for the new South Mountain Loop 202 freeway that was opened in December 2019. This ongoing funding covers the full cost of maintenance by adjusting for inflation.

Statewide Adjustments

The budget includes an increase of $2,560,400 from the State Highway Fund in FY 2027 for statewide adjustments.

In addition to the $201,247,900 included for Highway Maintenance, the Proposition 479 Maricopa County half-cent sales tax makes another $18,420,900 available in FY 2027 for landscape maintenance, trash pick-up, sweeping, and litter education from the non-appropriated Maricopa Regional Area Road Fund.

Livestock Control and Wildlife Crossing

The budget includes $1,500,000 from the State Highway Fund in FY 2027 for Livestock Control and Wildlife Crossing. Adjustments are as follows:

SLI Expansion into Wildlife Crossings

The budget includes an increase of $700,000 from the State Highway Fund in FY 2027 to include wildlife crossing infrastructure funding. This line item has been renamed from "Driver Safety and Livestock Control" to "Livestock Control and Wildlife Crossing."

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

This line item also funds the construction and maintenance of wildlife crossings. Wildlife crossings consist of overpass bridges and underpass tunnels with the goal of separating livestock movement and traffic flow, while allowing livestock to move across highway infrastructure.

One-Time Fleet Fuel Inflation Funding

The budget includes no funding in FY 2027 for One-Time Fleet Fuel Inflation Funding. This amount is unchanged from FY 2026.

The FY 2025 budget included $3,297,900 in one-time funding from the State Highway Fund to pay inflationary cost increases in fuel.

Preventive Surface Treatments

The budget includes $36,142,000 from the State Highway Fund in FY 2027 for Preventive Surface Treatments. This amount is unchanged from FY 2026.

This line item funds the proactive treatment of road surfaces to maintain the useful life of roads and avoid more expensive surface replacement/repair costs. The treatments consist of fog seals, or spraying liquid asphalt, and chip seals, or laying down gravel layers.

In addition to the $36,142,000 included for Preventive Surface Treatments, ADOT has $339,500 in Federal Funds available for treatments.

Radio Lifecycle Replacement

The budget includes $1,656,100 from the State Highway Fund in FY 2027 for Radio Lifecycle Replacement. This amount is unchanged from FY 2026.

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

Spaying and Neutering of Animals Fund Deposit

The budget includes no funding in FY 2027 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

Remove One-Time Spaying and Neutering of Animals Fund Deposit

The budget includes a decrease of $(500,000) from the General Fund in FY 2027 to remove one-time funding for a deposit into the Spaying and Neutering of Animals Fund, which is a charitable fund established under the Arizona Pet Friendly special license plate. The fund receives monies from Arizona residents that pay a $25 fee for the special license plate. Of the $25 fee, $17 is deposited into the Spaying and Neutering of Animals Fund and the remaining $8 goes into the State Highway Fund.

State Fleet Operations

The budget includes $38,384,100 and 10 FTE Positions from the State Fleet Operations Fund in FY 2027 for State Fleet Operations. Adjustments are as follows:

Exempt Fleet Maintenance Adjustment

The budget includes an increase of $1,682,400 from the State Fleet Operations Fund in FY 2027 for an exempt fleet maintenance adjustment. Some agencies in the state are exempt from the state fleet. Upon request of any of these agencies, ADOT may service and maintain these vehicles. Currently, the following exempt agencies have requested and received maintenance services from ADOT: Judiciary branch, Department of Corrections, Department of Economic Security, and the Department of Public Safety. This funding will address the anticipated changes in fleet service charges for these agencies.

One-Time Increased Fueling Utilization

The budget includes an increase of $4,200,000 from the State Fleet Operations Fund in FY 2027 for one-time funding to account for increased utilization of ADOT fueling facilities by other state agencies.

State Fleet Maintenance Adjustment

The budget includes an increase of $46,700 from the State Fleet Operations Fund in FY 2027 for state fleet maintenance costs to expend the increased maintenance charges to agencies within the state fleet and handle the increased workload of the state fleet. The department performs regular operational and maintenance functions on all vehicles in the state fleet such as repairs, insurance costs, GPS costs, and fuel services.

Statewide Adjustments

The budget includes an increase of $33,600 from the State Fleet Operations Fund in FY 2027 for statewide adjustments.

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

State Fleet Vehicle Replacement

The budget includes $13,611,300 from the State Vehicle Replacement Fund in FY 2027 for State Fleet Vehicle Replacement. Adjustments are as follows:

Remove One-Time DCS Vehicle Replacement Adjustment

The budget includes a decrease of $(2,610,000) from the State Vehicle Replacement Fund in FY 2027 to remove one-time funding to replace 100 vehicles at the Department of Child Services (DCS).

Remove One-Time State Fleet Vehicle Replacement Adjustment

The budget includes a decrease of $(5,491,600) from the State Vehicle Replacement Fund in FY 2027 to remove one-time funding for state fleet vehicle replacement costs. This funding was intended to replace 180 vehicles across 26 agencies in the state fleet. In addition, the funding will be utilized to replace 21 vehicles ordered in 2025 that have not yet been received. The department will also use the funding to purchase 4 new vehicles for the following agencies: Department of Agriculture (1), State Parks (1), and the Attorney General (2).

One-Time State Fleet Vehicle Replacement Adjustment

The budget includes an increase of $6,361,300 from the State Vehicle Replacement Fund in FY 2027 for one-time funding for state fleet vehicle replacement costs. This funding is intended to replace 237 vehicles across 25 agencies in the state fleet. In addition, the funding will be utilized to replace 47 vehicles ordered in 2026 that have not yet been received.

Statewide Litter Removal

The budget includes $3,106,800 from the State Highway Fund in FY 2027 for Statewide Litter Removal. This amount is unchanged from FY 2026.

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

Other Issues

This section includes information on the following topics:

- FY 2026 Supplementals
- Statutory Changes
- Fund Transfers
- Reduce Vacant FTE Positions

FY 2026 Supplementals

The FY 2027 budget includes the following FY 2026 supplemental appropriations:

- $399.03 from the Department Fleet Operations Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*
- $7,576.88 from the State Highway Fund for a one-time named claimants appropriation. *(Please see the operating budget for further details.)*

Statutory Changes

The Transportation Budget Reconciliation Bill makes the following statutory changes:

- As permanent law, transfers $2.5 million annually from the Highway User Revenue Fund (HURF) into the State Match Advantage for Rural Transportation (SMART) Fund. Further repeals the $1.0 million annual transfer from HURF into the Economic Strength Projects Fund. Repeals the Economic Strength Project Fund in FY 2035.

Fund Transfers

The budget includes the following transfers from this agency's funds to the General Fund:

	FY 2026
Motor Vehicle Liability Insurance Enforcement Fund	$15,000,000
State Match Advantage for Rural Transportation Fund	6,700,00
Vehicle Inspection and Certificate of Title Enforcement Fund	3,500,000

Reduce Vacant FTE Positions

The FY 2027 budget reduces the FTE count for the Department of Transportation by (485) Positions. While the agency table reflects the correct appropriated FTE, the narrative does not attempt to allocate this reduction in the agency budget. Agencies may use their discretion in allocating this FTE reduction within their budget and should reflect the changes in their FY 2028 budget request submitted pursuant to A.R.S. § 35-113. The FY 2028 JLBC Baseline will incorporate the changes as allocated by the agency.