

JLBC Annual State Funds Report

A.R.S. § 41-1273 requires the JLBC Staff to report to the Joint Legislative Budget Committee (JLBC) by December 1 of each year on statutorily deleted and newly created funds, including funds that changed appropriated status from the prior fiscal year.

During the 2021 Legislative Session, the state statutorily created 26 new funds, deleted 4 funds, and made changes in the appropriated status of 2 funds.

A detailed summary of the funds follows:

SUMMARY OF FUNDS BY AGENCY

New Funds

Child Safety, Department of

Child Welfare Licensing Fee Fund (CHA2994/A.R.S. § 8-467)

Appropriated Status: Appropriated

Source of Revenue: License fees and legislative appropriations.

Purpose of Fund: To issue licenses to licensees who do not contract with the Department of Child Safety (DCS) for care and supervision of DCS children and for the inspection, examination, suspension, denial, revocation and change of licenses.

Funds Expended: The fund expended \$900 in FY 2021 and is estimated to expend \$941,900 in FY 2022.

Comprehensive Health Plan Fund (CHA2121/ A.R.S. § 8-512, 41-2501)

Appropriated Status: Expenditure Authority

Source of Revenue: Monies paid by the Arizona Health Care Cost Containment System administration pursuant to the contract, amounts paid by third-party payors, gifts, donations and grants from any source, and interest on monies deposited in the Comprehensive Health Plan Expenditure Authority fund.

Purpose of Fund: To fund the administration of foster children's physical, dental, and behavioral health care.

Funds Expended: The fund expended \$103,107,100 in FY 2021 and is estimated to expend \$231,323,000 in FY 2022.

Drought Mitigation, Board of

Drought Mitigation Revolving Fund (WCA3230/A.R.S. § 49-193.01)

Appropriated Status: Non-Appropriated

Source of Revenue: Monies appropriated by the Legislature, federal monies, loan repayments and charges, interest from investments, gifts, grants, and donations. The FY 2022 budget established the fund and included a one-time \$160.0 million deposit from the General Fund.

Purpose of Fund: To be used for assistance for projects to develop water supply and conservation projects, including projects to import water supplies from outside the state. Monies in the fund may be used directly by the board for certain financial assistance, or by the Department of Water Resources and State Land Department for specific purposes.

Funds Expended: The department estimates \$10,000,000 in expenditures in FY 2022.

Economic Security, Department of

Sexual Violence Service Fund (DEA2190/A.R.S. § 36-3102)

Appropriated Status: Appropriated

Source of Revenue: Legislative appropriations, grants, and contributions.

Purpose of Fund: Grants provided to service providers for victims of sexual violence.

Funds Expended: The department estimates \$8,000,000 in expenditures in FY 2022.

SUMMARY OF FUNDS BY AGENCY

Education, Department of

Industry-Recognized Certification and Licensure Reimbursement Fund (EDA2780/A.R.S. § 15-1265)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations, gifts, grants, and other donations.

Purpose of Fund: To eliminate or reduce exam costs to obtain industry-recognized certificates and licenses for students eligible for Free or Reduced-Price Lunches.

Funds Expended: The agency did not estimate expenditures for this fund.

Emergency and Military Affairs, Department of

Border Security Fund (MAA2655/A.R.S. § 26-105)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations, gifts, grants and other donations.

Purpose of Fund: Monies may be used for preventing human trafficking; preventing entry of unlawful individuals and substances into the United States; planning, designing, constructing and maintaining transportation, technology and commercial vehicle inspection infrastructure at the state's international border; clearing indigenous plants; administering and managing construction and maintenance of a physical border fence; awarding grants to counties to provide housing in secure facilities and awarding grants to counties for prosecuting individuals who commit crimes related to unlawful entry of individuals or substances.

Funds Expended: The department estimates \$12,936,500 in expenditures in FY 2022.

National Guard Cyber Response Revolving Fund (MAA2619/A.R.S. § 26-183)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations and monies received as reimbursement for costs incurred by the state while rendering aid for cyber-attack prevention, response, and support activities for the state and political subdivisions in the state.

Purpose of Fund: Monies in the fund may be used for costs incurred by the state while assisting agencies and political subdivisions of the state or as directed by the Governor for the cyber support activities.

Funds Expended: The agency did not estimate expenditures for this fund.

Gaming, Department of

2021 Compact Trust Fund (GMA2021/A.R.S. § 5-605)

Appropriated Status: Non-Appropriated

Source of Revenue: Contributions from certain Indian tribes pursuant to the 2021 Tribal-State compact amendments.

Purpose of Fund: To mitigate impacts to Indian tribes from gaming authorized by the 2021 Tribal-State compact amendments and provide economic benefits to beneficiary Indian tribes.

Funds Expended: The agency did not estimate expenditures for this fund.

Event Wagering Fund (GMA2330/A.R.S. § 5-1318)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund has 2 primary sources of revenue. The first is license fees collected from operators and various other licensees. The second is the privilege fees applied to adjusted gross event wagering revenues, which is 8% for retail location wagers and 10% for mobile wagers.

Purpose of Fund: To fund the administrative costs associated with regulating event wagering in the state. The Department of Gaming retains 10% of event wagering revenues for administrative costs with the remaining 90% transferred to the General Fund.

Funds Expended: The agency did not estimate expenditures for this fund.

SUMMARY OF FUNDS BY AGENCY

Fantasy Sports Contest Fund (GMA2320/A.R.S. § 5-1212))

Appropriated Status: Appropriated

Source of Revenue: The fund has 2 primary sources of revenue. The first is license fees collected from operators and various other licensees. The second is the 5% privilege fee applied to fantasy sports contest adjusted revenues.

Purpose of Fund: To fund the administrative costs associated with regulating Fantasy Sports Contests in the state. The Department of Gaming can retain up to 10% of fantasy sports contest revenues for administrative costs after which the remainder is transferred to the General Fund.

Funds Expended: The department estimates \$145,000 in expenditures in FY 2022.

Health Services, Department of

Congenital Heart Defect Special Plate Fund (HSA2258/A.R.S. § 36-123.03)

Appropriated Status: Non-Appropriated

Source of Revenue: Revenues from special plate fees and renewals. Of the \$25 fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited to the Congenital Heart Defect Special Plate Fund.

Purpose of Fund: Distribution to a foundation that supports a hospital with a focus on pediatric patient care and has a heart center.

Funds Expended: The agency did not estimate expenditures for this fund.

Justice Reinvestment Fund (HSA1121/A.R.S. § 36-2863)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives 10% of revenues from the Smart and Safe Arizona Fund after state agencies pay administrative costs for implementing the provisions of Proposition 207, which legalized the adult use of recreational marijuana.

Purpose of Fund: To pay administrative costs incurred by the State Treasurer and Arizona Department of Health Services (DHS). After administrative costs are paid, the remaining funds are distributed 35% to county public health departments, 35% to DHS for justice reinvestment program grants, and 30% to DHS for addressing public health issues.

Funds Expended: The fund expended \$0 in FY 2021 and is estimated to expend \$1,920,000 in FY 2022.

Smart and Safe Arizona Fund (HSA1120/A.R.S. § 36-2856)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.

Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 207, which legalized the adult use of recreational marijuana. After agencies pay administrative costs, the remaining funds are distributed 33.0% to community college districts, 31.4% to municipal police and fire departments, 25.4% to the Highway User Revenue Fund, 10.0% to the Justice Reinvestment Fund, and 0.2% to the Attorney General.

Funds Expended: The fund expended \$1,482,100 in FY 2021 and is estimated to expend \$5,000,000 in FY 2022.

Highway Safety, Governor's Office of

Drag Racing Prevention Enforcement Fund (GH3300/A.R.S. § 28-603)

Appropriated Status: Non-Appropriated

Source of Revenue: Revenues collected from a \$1,000 assessment levied on individuals who violate laws against racing on highways.

Purpose of Fund: To prevent racing on streets and highways in the state.

Funds Expended: The agency did not estimate expenditures for this fund.

SUMMARY OF FUNDS BY AGENCY

Industrial Commission of Arizona

Municipal Firefighters Cancer Reimbursement Fund (ICA2182/A.R.S § 23-1702 and A.R.S § 23-1703)

Appropriated Status: Non-Appropriated

Source of Revenue: Fees collected from cities and towns that receive state shared revenues. Total fees collected may not exceed \$15,000,000

Purpose of Fund: To reimburse municipal payors for the compensation and benefits paid to firefighters and fire investigators for partial disability, lost earning capacity, total disability, medical fees, and death benefits.

Funds Expended: The agency did not estimate expenditures for this fund.

Judiciary - Supreme Court

General Adjudication Personnel and Support Fund (SPA1098/A.R.S. § 12-117.01)

Appropriated Status: Non-Appropriated

Source of Revenue: Monies appropriated to the fund by the Legislature.

Purpose of Fund: For the Supreme Court to provide additional personnel for general adjudication, case management, and other support equipment and the Department of Water Resources for additional personnel, equipment, and services related to general adjudication. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

Funds Expended: The agency did not estimate expenditures for this fund.

Parks Board, Arizona State

Arizona State Parks Store Fund (PRA9901/A. R. S. § 41-511.24)

Appropriated Status: Appropriated

Source of Revenue: Monies deposited pursuant to the fee schedule set by the agency to charge customers for gift shop items. Any balances above \$1,250,000 at the end of each fiscal year will be transferred to the State Parks Revenue Fund.

Purpose of Fund: To operate and maintain state-owned giftshops.

Funds Expended: The department estimates \$1,000,000 in expenditures in FY 2022.

Public Safety, Department of

Smart and Safe Arizona Fund (PSA1120/A.R.S. § 36-2856)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.

Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 207, which legalized the adult use of recreational marijuana. After agencies pay administrative costs, the remaining funds are distributed 33.0% to community college districts, 31.4% to municipal police and fire departments, 25.4% to the Highway User Revenue Fund, 10.0% to the Justice Reinvestment Fund, and 0.2% to the Attorney General.

Funds Expended: The agency did not estimate expenditures for this fund.

Transportation, Arizona Department of

Smart Highway Corridor Trust Fund (DTA5906/A.R.S. § 23-7387)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations, monies received from the sales or leases of right-of-way, telecommunication facilities and telecommunication services, and monies received from providers to reimburse costs for compensation claims.

Purpose of Fund: To maintain, operate, and expand telecommunication facilities and telecommunication services within right-of-way that are managed by ADOT.

Funds Expended: The agency did not estimate expenditures for this fund.

SUMMARY OF FUNDS BY AGENCY

State Fleet Operations Fund (DTA9998/A.R.S § 28-475)

Appropriated Status: Appropriated

Source of Revenue: Fees received from agencies within the ADOT state fleet and from legislative appropriations.

Purpose of Fund: To operate the ADOT state fleet.

Funds Expended: The department estimates \$13,767,700 in expenditures in FY 2022.

State Vehicle Replacement Fund (DTA9997/A.R.S. § 28-476)

Appropriated Status: Appropriated

Source of Revenue: Fees received from agencies within the ADOT state fleet, proceeds from the sale of surplus motor vehicles, and from legislative appropriations.

Purpose of Fund: To replace vehicles within the ADOT state fleet.

Funds Expended: The department estimates \$4,500,000 in expenditures in FY 2022.

Treasurer, State

Career Training and Workforce Fund (TRA1123/A.R.S. § 15-1282)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives revenues from a 12% distribution from the Student Support and Safety Fund.

Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 208, which created the 3.5% income tax for education. After agencies pay administrative costs, the remaining funds are distributed as grants to school districts and charter schools.

Funds Expended: The agency did not estimate expenditures for this fund.

Justice Reinvestment Fund (TRA1121/A.R.S. § 36-2863)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives 10% of revenues from the Smart and Safe Arizona Fund after state agencies pay administrative costs for implementing the provisions of Proposition 207, which legalized the adult use of recreational marijuana.

Purpose of Fund: To pay administrative costs incurred by the State Treasurer and the Department of Health Services (DHS). After administrative costs are paid, the remaining funds are distributed 35% to county public health departments, 35% to DHS for justice reinvestment program grants, and 30% to DHS for addressing public health issues.

Funds Expended: The agency did not estimate expenditures for this fund.

Smart and Safe Arizona Fund (TRA1120/A.R.S. § 36-2856)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.

Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 207, which legalized the adult use of recreational marijuana. After agencies pay administrative costs, the remaining funds are distributed 33.0% to community college districts, 31.4% to municipal police and fire departments, 25.4% to the Highway User Revenue Fund, 10.0% to the Justice Reinvestment Fund, and 0.2% to the Attorney General.

Funds Expended: The agency did not estimate expenditures for this fund.

SUMMARY OF FUNDS BY AGENCY

Student Support and Safety Fund (TRA1122/A.R.S. § 15-1281)

Appropriated Status: Non-Appropriated

Source of Revenue: The fund receives revenues from a 3.5% income tax on single individuals/married persons filing separately with taxable income in excess of \$250,000 and married couples filing jointly/single persons who are the head of households with taxable income in excess of \$500,000.

Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 208, which created the 3.5% income tax for education. After agencies pay administrative costs, the remaining funds are distributed 50% to school districts and charter schools for hiring and increasing compensation for teachers/classroom support personnel, 25% to school districts and charter schools for hiring and increasing compensation for student support services personnel, 10% to school districts and charter schools for providing mentoring and retention programming for new classroom teachers to increase retention, 12% to the Career Training Workforce Fund, and 3% to the Arizona Teachers Academy Fund.

Funds Expended: The agency did not estimate expenditures for this fund.

Universities - Regents, Arizona Board of

Arizona Promise Program Fund (BRA9999/A.R.S. § 15-1701)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations.

Purpose of Fund: To reimburse postsecondary institutions for Arizona Promise Program awards, pay the costs of administering the program, and for marketing and promotion expenses (which are capped at 3% of monies in the fund each fiscal year).

Funds Expended: The fund expended \$0 in FY 2021 and is estimated to expend \$7,500,000 in FY 2022.

SUMMARY OF FUNDS BY AGENCY

Changed Status

Deaf and the Blind, Arizona State Schools for the

Cooperative Services Fund (SDA4221/A.R.S § 15-1304)

Appropriated Status: Appropriated

Source of Revenue: Revenues consist of tuition payments made by participating school districts or special education voucher monies claimed on their behalf by the Arizona School for the Deaf and Blind. Funds are used to support educational programs and supplemental services offered at the five state regional cooperatives.

Purpose of Fund: To receive special education voucher monies paid to ASDB by the Department of Education on behalf of students enrolled in one of ASDB's 5 regional cooperatives, tuition payments from school districts, and district membership fees.

Funds Expended: The fund expended \$0 in FY 2021 and is estimated to expend \$18,108,600 in FY 2022.

Education, Department of

Extraordinary Special Education Needs (EDA2483/A.R.S. § 15-774)

Appropriated Status: Non-Appropriated

Source of Revenue: Legislative appropriations from the state General Fund.

Purpose of Fund: To provide grants to school districts and charter schools with students receiving special education services that have incurred costs of at least the statewide per pupil funding average multiplied by 3.

Funds Expended: The fund expended \$0 in FY 2021 and is estimated to expend \$5,000,000 in FY 2022.

SUMMARY OF FUNDS BY AGENCY

Deleted Funds

Administration, Arizona Department of

Motor Vehicle Pool Revolving Fund (ADA4204/A.R.S. § 41-804)

Appropriated Status: Appropriated

Source of Revenue: Charges to agencies for the use of motor pool vehicles.

Purpose of Fund: To operate the motor vehicle pool. The FY 2022 Transportation Budget Reconciliation Bill repealed this fund. The fund balance was transferred to the State Vehicle Replacement Fund in the Arizona Department of Transportation.

Funds Expended: The department expended \$5,371,100 in FY 2021 from the fund.

Health Services, Department of

Risk Assessment Fund (HSA2427/A.R.S. § 36-1693)

Appropriated Status: Non-Appropriated

Source of Revenue: Monies from the Department of Environmental Quality for risk services performed by DHS. The fund may also receive legislative appropriations, gifts, grants, or donations.

Purpose of Fund: To conduct health effects studies and risk assessments of public health risks from environmental exposure, to evaluate and calculate cleanup standards, to communicate health risks to the public, and for administrative costs of those activities.

Funds Expended: There have been no recent expenditures from the fund.

Transportation, Arizona Department of

Motor Vehicle Pool Consolidation Fund (DTA8888/A.R.S. § 28-414)

Appropriated Status: Appropriated

Source of Revenue: Consisting of monies transferred from the Motor Vehicle Pool Revolving Fund. All previous balances and future revenue are deposited into this fund effective July 1, 2021.

Purpose of Fund: To reimburse the department for costs related to implementing an intergovernmental agreement with the Department of Administration to operate the state motor vehicle fleet.

Funds Expended: There have been no recent expenditures from the fund.

Safety Enforcement and Transportation Infrastructure Fund - Department of Transportation Subaccount

(DTA2108/A.R.S. § 28-6547)

Appropriated Status: Appropriated

Source of Revenue: Fees for commercial vehicle permits collected at southern ports of entry on the border with Mexico and interest earnings.

Purpose of Fund: To enforce vehicle safety requirements by DPS and ADOT, and maintain and construct transportation facilities within 25 miles of the Arizona-Mexico border. To improve vehicle congestion at Mexican border ports of entry, and obtain Federal Funds for Safety Enforcement and Transportation Infrastructure Fund (SETIF) purposes. Also, to maintain and construct transportation facilities in the Canada to Mexico (CANAMEX) trucking and trade corridor, which came about as a result of the North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico. In addition, ADOT may provide SETIF monies to the Arizona-Mexico Commission, Arizona Department of Homeland Security, and AIDA for certain SETIF-related purposes. A total of 55% of SETIF revenues is deposited into the ADOT subaccount and 45% in the DPS subaccount. The FY 2022 Transportation Budget Reconciliation Bill repeals this fund effective June 30, 2021. The remaining balance and future revenue from the ADOT subaccount will be deposited into the State Highway Fund.

Funds Expended: The department expended \$596,700 in FY 2021 from the fund.