

## Summary

March 2026 General Fund revenues were \$1.07 billion, which is a decrease of (2.4)% below March 2025. March collections were \$(19) million below the January Baseline forecast.

### Individual Income Tax

Overall, March Individual Income Tax (IIT) collections declined by (12.7)% below the prior March. In terms of the components of the March IIT results:

- Withholding revenues grew by 7.3%, which was surprising as this level exceeds recent job and wage growth data.
- Payments (estimated and final) grew by 4.5%. Even though the state is in the middle of tax filing season, March is typically a small month for payment activity (with most payment activity concentrated in April).
- Refunds grew by 16.9% above the prior March.

In total, March IIT collections were \$(29) million below the January Baseline forecast.

As we noted in the prior *Monthly Fiscal Highlights*, the state's current tax forms assume that Arizona will conform with all the tax law changes in last year's federal budget legislation. However, because conformity legislation has not been enacted, the Baseline revenue forecast does not account for its impact.

While the complete impact of conformity will be difficult to discern until tax filing season is over, the H.R. 1 provisions appear to be causing increased levels of refund activity. From the beginning of tax filing season in late January through mid-April, overall state tax refunds have increased by 12% compared to the same point in last year's filing season. This level of refund growth is generally consistent with data seen at the federal level.

### Sales Tax

Overall Sales Tax collections in March (which represent February sales activity) increased by 6.2% compared to the prior year. While previous months had varying performance across the Sales Tax subcategories, the March results saw healthy growth above 4% across all the Sales Tax components.

In total, the Sales Tax category posted a forecast gain of \$16 million above the Baseline forecast.

### Corporate Income Tax

March Corporate Income Tax (CIT) revenues grew significantly, with a year-over-year increase of 26% above March 2025. This resulted in a gain of \$24 million above the Baseline forecast.

### Insurance Premium Tax

The state saw a large decline in Insurance Premium Tax (IPT) revenues during March, as collections were (30)% below the prior year. However, this decline appears to be related to technical timing issues and the March IPT loss is likely to be recouped by the state in April (*see the March Revenue section below for more discussion*).

### Year-to-Date Results

Year-to-date through March, excluding Urban Revenue Sharing and one-time revenue adjustments, FY 2026 General Fund revenues are 2.7% above the prior year.

With the March results, after 3 months of tracking against the JLBC Baseline forecast, the state has generated a cumulative forecast loss of \$(61) million.

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March Revenues

**Table 1**

**General Fund Revenues (\$ in Millions)**

	<b>FY 2026 Collections</b>	<b>Difference From Baseline Forecast</b>	<b>Difference From FY 2025</b>
March	\$ 1,072.2	\$ (19.5)	\$ (26.8)
Year-to-Date	\$ 11,677.3	\$ (61.0)	\$ 390.6

**Sales Tax** collections of \$669.7 million in March were 6.2% above the amount collected in March 2025 and \$16.4 million above the Baseline forecast. The last time sales tax revenue grew at a faster rate was in August 2024 when collections increased, year over year, by 8.4%.

Year to date through March, sales tax revenue is up by 3.5% and is \$26.4 million above the Baseline forecast. Sales tax revenue collected in March reflects sales activity that occurred in February.

Table 2 shows the March growth rate for the 5 major sales tax categories, which combined make up about 90% of total sales tax collections.

**Table 2**

**Sales Tax Growth Rates  
Compared to Prior Year**

	<b>March</b>	<b>YTD</b>
Retail/Remote Seller	5.9%	4.4%
Contracting	4.0%	(2.8)%
Use Tax	8.1%	11.1%
Restaurant/Bar	6.4%	4.9%
Utilities	6.4%	0.9%

As shown in the table above, each of the major sales tax categories performed well in March with year-over-year growth rates ranging from 4.0% to 8.1%. Contracting sales tax grew by 4.0% in March, which marked the first year-over-year increase for this category since April 2025.

Year to date through March, the Retail/Remote Seller and Restaurant/Bar Classifications of the Transaction Privilege Tax (TPT) are up by 4.4% and 4.9%, respectively. Both these categories are currently on track to have their best year (in terms of year-over-year growth) since FY 2023.

**Individual Income Tax (IIT)** net revenue in March was \$179.4 million, a year-over-year decrease of (12.7)% and \$(29.5) million lower than the Baseline forecast.

High level of refunds more than offset elevated withholding collections to generate an overall forecast loss for the month. Year-to-date (YTD), IIT has risen 5.5% compared to the same period in FY 2025 but is \$(54.0) million below forecast.

March withholding collections were \$544.2 million, 7.3% greater than last year and \$23.3 million above the Baseline forecast. The reason for the higher-than-expected withholding growth rate in March is not currently clear as it appears to exceed the growth in wage and salary disbursements reported by the Bureau of Economic Analysis. YTD, withholding revenue is 3.7% higher than the same period in FY 2025 and \$7.9 million over the forecast.

Total (estimated plus final) tax payments in March were \$103.7 million, an increase of 4.5% from March 2025 but \$(2.2) million less than the Baseline forecast. Both estimated and final payments exceeded the amounts collected last March.

March is not a major month for payments, making up approximately 4.5% of the total in most fiscal years.

YTD, total payments are 12.5% higher than the same period in FY 2025 and \$(0.8) million below the Baseline forecast.

Refunds in March were \$468.5 million, a 16.9% increase from the previous March. The Baseline forecast assumed a lower level of \$418.0 million, so for this reason there was a forecast loss of \$(50.5) million. On average, March refunds make up about 23% of the fiscal year total. YTD, refunds have grown 3.1% compared to the same period in FY 2025 for a \$(61.1) million forecast loss.

**Table 3**

**Individual Income Tax Growth Rates  
Compared to Prior Year**

	<b>March</b>	<b>YTD</b>
Withholding	7.3%	3.7%
Estimated/Final Payments	4.5%	12.5%
Refunds	16.9%	3.1%



**Corporate Income Tax (CIT)** net revenue was \$136.6 million in March, a 25.6% improvement over last year and \$23.8 million above the Baseline forecast. March's large forecast gain was almost exclusively attributable to much-lower-than projected corporate refunds. The Baseline forecast assumed a refund level of \$35.1 million in March, similar to the amount issued in March 2025. Actual refunds, however, were only \$6.9 million, the lowest amount for the month of March since FY 2022.

On average, March CIT revenue makes up about 6% of the fiscal year total. YTD, net CIT collections are 5.5% greater than the same period in FY 2025 and \$3.6 million more than the Baseline forecast.

**Insurance Premium Tax (IPT)** revenue was \$146.1 million in March, a decrease of (30.4)% compared to the same month in the prior year and \$(20.4) million below the Baseline forecast. This decline in collections was primarily due to the late processing of the first IPT installment payment that is due on March 15<sup>th</sup> of each year.

Based on a discussion with the Department of Insurance and Financial Institutions, we have learned that several large installment payments by insurers were not fully processed until the month of April, despite their timely submission on March 15<sup>th</sup>. This is because transactions in excess of \$1 million are subject to a 5-day mandatory holding period, plus various approval processes, which had the effect of shifting the deposit of these payments from March to April. In addition, we are further aware of at least one significant late payment from an AHCCCS contractor that resulted in the deposit occurring in April rather than in March. YTD, IPT revenue is down by (4.5)% and is \$(29.9) million below forecast.

The amount of **Tobacco Tax** deposited into the General Fund in March was \$1.0 million, which is (6.7)% less than collections a year prior and \$(0.1) million below the Baseline forecast. Year to date, General Fund tobacco tax revenues total \$12.3 million, which is 0.2% above collections through March in FY 2025 and \$(0.1) million below the Baseline forecast.

**Liquor Tax** revenue deposited into the General Fund in March was \$3.7 million. This is (35.1)% below the amount deposited in March 2025 and \$(2.5) million below the Baseline forecast. Year to date, General Fund deposits from liquor tax collections total \$32.7 million, a (10.7)% decrease from collections through three quarters of FY 2025 and \$(4.3) million below forecast.

**Highway User Revenue Fund (HURF)** collections of \$163.4 million in March were 3.4% above the amount collected in March 2025 but \$(0.3) million below forecast. Year to date, HURF collections are \$1.37 billion, 1.9% above the prior year and \$(20.6) million less than forecast.

In March, the state collected \$14.7 million in dedicated **Marijuana Excise Taxes**, which was (1.7)% below collections made in March 2025. Monies from this excise tax are deposited into dedicated non-General Fund accounts. March's total combined amount of Medical and Recreational state Transaction Privilege Tax (TPT) revenue was \$5.3 million. Of this amount, the General Fund received \$3.9 million. (See *Table 4*).

	<u>March</u>	<u>YTD</u>
<b>Marijuana Excise Tax</b>	<b>\$14.7</b>	<b>\$128.1</b>
<b>Medical Marijuana TPT</b>	<b>\$0.6</b>	<b>\$6.5</b>
<u>Distribution:</u>		
General Fund	\$0.5	\$4.8
Counties	\$0.1	\$1.1
Cities	\$0.1	\$0.7
<b>Recreational Marijuana TPT</b>	<b>\$4.7</b>	<b>\$39.8</b>
<u>Distribution:</u>		
General Fund	\$3.4	\$29.4
Counties	\$0.8	\$6.5
Cities	\$0.5	\$4.0
<b>Total State Marijuana Tax Collections</b>	<b>\$19.9</b>	<b>\$174.5</b>

\* Amounts may not add to total due to rounding



Table 5

**General Fund Revenue:  
Change from Previous Year and Baseline  
March 2026**

	Current Month					FY 2026 YTD (Nine Months)				
	Actual March 2026	Change From March 2025		Baseline		Actual March 2026	Change from March 2025		Baseline	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$669,712,023	\$39,360,952	6.2 %	\$16,392,409	2.5 %	\$6,287,227,374	\$209,953,288	3.5 %	\$26,404,039	0.4 %
Income - Individual	179,416,360	(26,188,270)	(12.7)	(29,467,655)	(14.1)	3,928,651,841	204,335,090	5.5	(54,025,624)	(1.4)
- Corporate	136,633,167	27,805,892	25.6	23,825,546	21.1	1,215,510,529	62,897,359	5.5	3,648,230	0.3
Property	1,509,827	343,605	29.5	434,713	40.4	29,443,083	4,517,189	18.1	(49,120)	(0.2)
Luxury - Tobacco	1,044,769	(74,729)	(6.7)	(103,193)	(9.0)	12,339,167	25,220	0.2	(108,010)	(0.9)
- Liquor	3,656,360	(1,979,332)	(35.1)	(2,511,520)	(40.7)	32,689,882	(3,903,142)	(10.7)	(4,339,735)	(11.7)
Insurance Premium	146,119,274	(63,817,064)	(30.4)	(20,406,985)	(12.3)	560,106,309	(26,514,879)	(4.5)	(29,856,894)	(5.1)
Other Taxes	4,041,397	90,774	2.3	(251,653)	(5.9)	17,122,826	2,637,119	18.2	1,963,912	13.0
<b>Sub-Total Taxes</b>	<b>\$1,142,133,178</b>	<b>(\$24,458,171)</b>	<b>(2.1) %</b>	<b>(\$12,088,338)</b>	<b>(1.0) %</b>	<b>\$12,083,091,010</b>	<b>\$453,947,245</b>	<b>3.9 %</b>	<b>(\$56,363,202)</b>	<b>(0.5) %</b>
<b>Other Revenue</b>										
Lottery	0	0	--	0	--	155,853,255	(22,910,707)	(12.8)	0	0.0
Gaming	3,163,549	(1,635,434)	(34.1)	(2,342,663)	(42.5)	33,809,672	8,436,704	33.3	2,289,804	7.3
License, Fees and Permits	4,339,694	136,973	3.3	7,413	0.2	40,580,192	(1,674,906)	(4.0)	(946,067)	(2.3)
Interest	14,154,741	(4,676,798)	(24.8)	(1,531,420)	(9.8)	147,620,271	(40,935,589)	(21.7)	176,819	0.1
Sales and Services	3,862,377	903,364	30.5	668,271	20.9	20,739,117	606,393	3.0	(1,592,820)	(7.1)
Other Miscellaneous	2,944,424	3,792,046	--	1,197,808	68.6	18,294,042	(9,653,249)	(34.5)	1,633,227	9.8
Medicaid Hospital Revenue	0	0	--	0	--	0	(71,248,984)	--	0	--
Transfers and Reimbursements	504,464	(4,819,537)	(90.5)	(5,396,994)	(91.5)	52,456,344	7,757,038	17.4	(6,183,055)	(10.5)
<b>Sub-Total Other Revenue</b>	<b>\$28,969,250</b>	<b>(\$6,299,386)</b>	<b>(17.9) %</b>	<b>(\$7,397,586)</b>	<b>(20.3) %</b>	<b>\$469,352,892</b>	<b>(\$129,623,300)</b>	<b>(21.6) %</b>	<b>(\$4,622,092)</b>	<b>(1.0) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$1,171,102,428</b>	<b>(\$30,757,557)</b>	<b>(2.6) %</b>	<b>(\$19,485,924)</b>	<b>(1.6) %</b>	<b>\$12,552,443,902</b>	<b>\$324,323,946</b>	<b>2.7 %</b>	<b>(\$60,985,294)</b>	<b>(0.5) %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(98,858,813)	6,829,335	(6.5)	(0)	0.0	(889,729,421)	61,463,919	(6.5)	(0)	0.0
One-Time Transfers	0	(2,872,950)	--	0	--	0	(9,818,850)	--	0	--
Income Tax Rebate	(1,950)	(600)	44.4	(1,950)	--	(3,700)	10,650	(74.2)	(2,450)	196.0
Other One-Time Revenue Adjustments	0	0	--	0	--	14,574,359	14,574,359	--	0	0.0
<b>Sub-Total Other Adjustments</b>	<b>(98,860,763)</b>	<b>3,955,785</b>	<b>(3.8) %</b>	<b>(1,950)</b>	<b>0.0 %</b>	<b>(875,158,762)</b>	<b>66,230,078</b>	<b>(7.0) %</b>	<b>(2,450)</b>	<b>0.0 %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$1,072,241,664</b>	<b>(\$26,801,772)</b>	<b>(2.4) %</b>	<b>(\$19,487,874)</b>	<b>(1.8) %</b>	<b>\$11,677,285,140</b>	<b>\$390,554,023</b>	<b>3.5 %</b>	<b>(\$60,987,744)</b>	<b>(0.5) %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	163,401,168	5,296,729	3.4 %	(322,655)	(0.2) %	1,367,604,233	25,198,720	1.9 %	(20,613,743)	(1.5) %

## Monthly Indicators

### NATIONAL

According to the Bureau of Economic Analysis' (BEA) 3<sup>rd</sup> estimate of U.S. Real **Gross Domestic Product** (GDP), economic output increased at a seasonally adjusted annual rate of 0.5% in the 4<sup>th</sup> quarter of 2025. This is a downward revision from the second estimate of 0.7%. The most significant factor in the revision was a downward adjustment to overall investment.

The Conference Board's **Consumer Confidence Index** was 91.8 in March, a 0.8-point increase from the revised February level. Consumers became more optimistic about the present situation, but their future expectations are more pessimistic. Concerns centered around the labor market and inflation, while business conditions were generally seen as improved compared to the previous month. Over the last 12 months, the index has decreased by (2.2)%.

The **Leading Economic Index** (LEI), published by the Conference Board, was 97.5 in January, a (0.1)% decrease from the December level. Most of the index's components contributed positively to the overall level. However, consumer expectations and building permits had large declines that offset the gains. In the 6 months from July to January, the index fell by (1.3)%, a slower rate than the (2.6)% contraction in the previous 6-month period.

The U.S. Bureau of Labor Statistics' **Consumer Price Index (CPI)** increased at a seasonally adjusted rate of 0.9% in March. Energy prices saw large increases during the month, primarily due to a 21.2% rise for gasoline. Shelter and transportation prices also rose in March while food prices were unchanged from the prior month. Compared to the same month last year, consumer prices are up by 3.3% before seasonal adjustment. The Core CPI, which excludes food and energy, is up by 2.6%.

### ARIZONA

#### Tourism

**Phoenix Sky Harbor Airport Ridership** held at around 4.1 million passengers in February, which is a 0.4% rise over the prior month and 3.3% above February 2025's figure.

**Hotel occupancy** was 73.9% in February, which is a 10.5% jump over January's rate.

**Revenue per available room** was \$156.72 in February, which represents a 43.6% increase over January's average revenue.

#### Employment

As a result of the annual benchmarking revision of establishment survey data, the Office of Economic Opportunity (OEO) reported in April that Arizona's nonfarm employment was revised for 2024 and 2025. For 2024, the annual average nonfarm employment level was revised from 3,238,400 to 3,259,700, a net increase of 21,300 jobs. For 2025, there was a small upward revision from an annual average of 3,255,500 jobs to 3,264,200 jobs, a net employment increase of 8,700. This means that the average number of net new jobs created in 2025 was revised down from 17,100 to 4,500. (The annual employment growth rate in 2025 was revised from 0.5% to 0.1%.)

According to the latest employment report released by OEO, the state added 31,200 **nonfarm jobs** in February compared to January. In the 10-year period prior to the pandemic (2010-2019), Arizona experienced an average net gain of 25,100 jobs in February. Compared to the same month in 2025, the state lost (5,400) jobs in February 2026, a decrease of (0.2)%.

The state's seasonally adjusted **unemployment rate** rose to 4.6% to February from 4.5% in January. The U.S. seasonally adjusted jobless rate increased from 4.3% in January to 4.4% in February.

OEO reported that a total of 2,967 **initial claims for unemployment insurance** were filed in Arizona in the week ending on April 4<sup>th</sup>, representing a (21.9)% decline in initial claims compared to 52 weeks prior.

According to OEO, there were a total of 17,834 **continued claims for unemployment insurance** in Arizona for the week ending on March 28<sup>th</sup>, which is (25.0)% below the comparable week in 2025.

#### Housing

In January, Arizona had a 12-month total of 32,912 **single-family building permits** issued. This represents a (3.3)% decrease from the prior month's rolling total and a decrease of (20.3)% from January 2025's 12-month total.

Arizona's 12-month total of 17,587 **multi-family building permits** in January is 1.9% greater than December's rolling total and 16.5% above the 12-month period ending in January 2025.



## State Personal Income

The U.S. Bureau of Economic Analysis (BEA) recently released **state personal income** estimates for the 4th quarter of 2025, as well as for the entire calendar year. Personal income in Arizona increased at an annual rate of 4.3% in the 4th quarter. Net earnings, dividends, interest, and rent grew during the quarter while government transfer receipts declined. For all of calendar year 2025, Arizona personal income grew by 4.3%. The BEA estimates that the total level of personal income was \$528.7 billion in the 4<sup>th</sup> quarter.

## State Agency Data

As of April 1, 2026, the total **AHCCCS caseload** was 1.73 million members. Total monthly enrollment decreased (0.5)% from March to April and decreased (10.7)% compared to a year ago.

Parent and child enrollment in the Traditional population decreased (0.7)% in April compared to March and decreased (11.6)% compared to a year ago. Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 737,476, a decrease of (0.4)% from March and (10.9)% lower than last year.

For April 2026, the Elderly and Physically Disabled Long-Term Care population decreased by (0.1)% over the prior month. At 27,224, this population is (5.3)% lower than a year ago. The Developmental Disabilities (DD) Long-Term Care population increased by 0.4% over the prior month. At 48,074, this population is 8.9% higher than a year ago.

Based on information the **Department of Child Safety** provided for February 2026, reports of child maltreatment totaled 45,135 over the last 12 months, an increase of 5.1% from the comparable period in the prior year.

There were 8,221 children in out-of-home care as of February 2026, or (4.8)% fewer than in February 2025. Compared to the prior month, the number of out-of-home children decreased by (0.1)%.

There were 4,117 individuals receiving **Temporary Assistance for Needy Families (TANF) Cash Assistance** in February 2026, representing a (11.9)% decline from January 2026. Year over year, the number of cash benefit recipients has decreased by (53.5)%.

The **Supplemental Nutrition Assistance Program (SNAP)** provides assistance to low-income households to purchase food. There were 485,460 individuals receiving SNAP benefits in February 2026, representing a (8.9)% decline from January 2026. Year over year, the number of SNAP recipients has decreased by (47.1)%.

The Arizona Department of Correction's **Inmate Population** was 34,720 as of February 28, 2026. This was a (0.1)% decrease since January 31, 2026 and a (2.3)% decrease since February 2025.



Table 6

Indicator	MONTHLY INDICATORS			
	Time Period	Current Value	Change From Prior Period	Change From Prior Year
<b>Arizona</b>				
<i>Employment</i>				
- Seasonally Adjusted Unemployment Rate	February	4.6%	0.1%	0.4%
- Total Unemployment Rate (discouraged/underemployed)	3 <sup>rd</sup> Q 2025	8.0%	0.1%	0.8%
- Initial Unemployment Insurance Claims	Week Ending Apr 4	2,967	11.8%	(21.9)%
- Continued Unemployment Insurance Claims	Week Ending Mar 28	17,834	(1.1)%	(25.0)%
- Non-Farm Employment - Total	February	3,286,700	1.0%	(0.2)%
Manufacturing	February	192,800	0.4%	(0.5)%
Construction	February	223,400	1.3%	(1.2)%
- Average Hourly Earnings, Private Sector	January	\$35.32	0.6%	3.2%
<i>Building</i>				
- Building Permits (12 month rolling sum)				
Single-family	January	32,912	(3.3)%	(20.3)%
Multi-family		17,587	1.9%	16.5%
<i>Tourism and Restaurants</i>				
- Phoenix Sky Harbor Air Passengers	February	4,113,410	0.4%	3.3%
- State Park Visitors	February	238,546	(22.2)%	(9.2)%
- Revenue Per Available Hotel Room	February	\$156.72	43.6%	4.6%
- Arizona Hotel Occupancy Rate	February	73.9%	10.5%	1.4%
<i>General Measures</i>				
- Arizona Personal Income, SAAR	4 <sup>th</sup> Q 2025	\$528.7 billion	4.3%	4.3%
- Arizona Population (U.S. Census)	July 2025	7,623,818	N/A	0.9%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	July 2024/Nov 2019	Positive/Stable	N/A	N/A
<i>Agency Measures</i>				
- AHCCCS Recipients	April 1st	1,734,054	(0.5)%	(10.7)%
Traditional Acute Care		921,280	(0.7)%	(11.6)%
Other Acute Care		737,476	(0.4)%	(10.9)%
Long-Term Care – Elderly & Physically Disabled		27,224	(0.1)%	(5.3)%
Long-Term Care – Developmentally Disabled (DD)		48,074	0.4%	8.9%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	February	45,135	0.2%	5.1%
DCS Out-of-Home Children	February	8,221	(0.1)%	(4.8)%
Filled Caseworkers (1406 Budgeted)	February	1,236	(6)	-
- ADC Inmate Growth	February	34,720	(0.1)%	(2.3)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	February	4,117	(11.9)%	(53.5)%
- SNAP Recipients	February	485,460	(8.9)%	(47.1)%
<b>United States</b>				
- Gross Domestic Product (Chained 2017 dollars, SAAR)	4 <sup>th</sup> Q, 2025 3 <sup>rd</sup> Estimate)	\$24.1 trillion	2.2%	0.5%
- Consumer Confidence Index (1985 = 100)	March	91.8	0.9%	(2.2)%
- Leading Economic Index (2016 = 100)	January	97.5	(0.1)%	(3.9)%
- Consumer Price Index, (1982-84 = 100)	March	330.2	0.9%	3.3%



## JLBC Meeting Follow-up

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**Secretary of State – Report on Special Election Expenses Line Item Transfer** – Pursuant to a provision from the March 2026 JCCR meeting, the Secretary of State (SOS) submitted their 1<sup>st</sup> monthly report on the previous month's expenditures and year-to-date expenditures of the monies transferred from the surplus in the FY 2026 Special Election expenses line item to the operating budget.

The Committee approved the transfer of \$650,000 for cybersecurity expenses at the January 2026 JLBC meeting. As of April 15, 2026, SOS reports \$519,800 has been spent from the cybersecurity allocation.

The Committee approved the transfer of \$2,490,000 at the March 2026 JLBC meeting for 10 projects. As of April 15, 2026, SOS reported year-to-date expenditures of:

- \$434,400 of the \$1,750,000 allocated for 5 projects for county expenses;
- \$60,000 of the \$240,000 allocated for physical security of the Secretary of State;
- \$39,500 of the \$500,000 allocated for 4 projects for SOS's 2026 election expenses.

The prior month and year-to-date reported expenditures totaled \$1,053,700. (Micaela Andrews)

## JCCR Meeting Follow-up

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**Arizona Department of Agriculture – Fifth Quarterly Report on Nogales Building Sale** - Pursuant to a provision from the December 2024 JCCR meeting, the Arizona Department of Agriculture (AZDA) submitted their 5<sup>th</sup> quarterly status report on the status of selling the old inspection building in Nogales. The Committee favorably reviewed the purchase of a new inspection building in Rio Rico with the provision that AZDA provide quarterly reports until final sale of the Nogales building.

In December 2025, AZDA moved into the new inspection building. The old Nogales building is listed for sale and the state's broker is promoting the property. AZDA reports no offer or formal interest as of March 31, 2026. (Nate Belcher)

## Summary of Recent Agency Reports

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**Department of Child Safety – Report on Kinship Stipend** – Pursuant to an FY 2026 General Appropriation Act footnote, the Department of Child Safety reported the number of children who are part of the kinship stipend program and reside with a nonrelative caretaker of fictive kinship.

As of December 2025, there were a total of 3,332 children or youth residing with a kinship caregiver and for whom the caregiver was receiving a kinship stipend. Of this amount, an estimated 3,150 resided with relative kinship caregivers and 182 resided with non-relative fictive kinship caregivers.

Compared to January 2025, the number of youth residing with relative kinship caregivers decreased by (8.6)% and the number of youth residing with non-relative fictive kinship caregivers decreased by (30.0)%. (Maggie Rocker)

**County Attorneys – Report on Deferred Prosecution** – Pursuant to A.R.S. § 11-362, each county attorney that oversees an established Deferred Prosecution Program shall submit an annual evaluation of their respective program that includes the following metrics:

- The number of persons who were enrolled in deferred prosecution programs during the previous fiscal year.



- The number of persons who successfully completed deferred prosecution programs during the previous fiscal year.
- If available, the number of persons who were enrolled in deferred prosecution programs during the previous fiscal year and who were subsequently convicted of a new felony offense.

As of this writing, 12 of the 15 counties submitted reports for FY 2025. A total of at least 10,543 individuals were enrolled in a deferred prosecution program in FY 2025, a 15.5% increase from FY 2024. Of these individuals, 7,650 successfully completed the program during FY 2025, with another 1,115 individuals still enrolled.

Deferred prosecution allows individuals who commit non-dangerous, non-serious crimes to avoid prosecution through the completion of a program that may involve restitution, community service, substance abuse treatment, counseling, or other means by which the individual can make amends for their crime. After the completion of the program, the charges are dismissed. (Ethan Scheider)

**Arizona Criminal Justice Commission – Report on Anti-Racketeering Revolving Fund** – Pursuant to A.R.S. § 13-2314.01 and § 13-2314.03, the Arizona Criminal Justice Commission (ACJC) provided its second quarterly report on the activities of the Arizona Anti-Racketeering Revolving Fund (ARRF). ACJC is required to compile quarterly expenditures of the Attorney General, department, agency, county attorney, and political subdivision reports into a single comprehensive report of sources and expenditures as well as report on forfeiture orders.

In the second quarter of FY 2026, the ARRF received revenues totaling \$3.6 million, and had expenditures totaling \$5.6 million. Of these revenues and expenditures, revenues reported to ACJC by county attorneys totaled \$3.0 million and expenditures totaled \$2.7 million.

In the second quarter of FY 2026, participating agencies received \$5.5 million in net collections from seized assets originally valued at \$6.7 million.

ARRF consists of monies derived from seized property and assets that result from judgments pursuant to anti-racketeering statutes. Once a settlement or conviction is reached, the Attorney General disperses the monies to the involved state and local investigative and prosecutorial agencies. Additionally, assets seized as part of a federal investigation are deposited into the fund and used in accordance with state and federal guidelines.

Monies in ARRF are used to help fund the investigation and prosecution of any offense defined as racketeering pursuant to Arizona statutes. (Ethan Scheider)

**Arizona Department of Gaming – Report on Equine Deaths, Equine Injuries, and Pre-Race Inspections** – Pursuant to an FY 2026 General Appropriation Act footnote, the Department of Gaming (ADG) is required to report each quarter on the number of horses that died or were injured as a result of a horse race and the commercial live racing facility where each incident occurred. In addition, the department is required to report on the number of pre-race horse inspections performed by a veterinarian employed by or contracted with the state. The department provided a report for the 3<sup>rd</sup> quarter of FY 2026.

The department reported 5 horse fatalities and 55 horse injuries during the 3<sup>rd</sup> quarter of FY 2026. These all occurred at Turf Paradise because it was the only live racing facility open during this time. The department also reported that, of the 3,580 pre-race examinations during the 3<sup>rd</sup> quarter, 2,421 were performed by department staff directly and 1,159 were completed by track veterinarians unobserved by the department. (Benjamin Newcomb)

**Judiciary – Supreme Court – Report on County-Approved Probation Officer Salary Adjustments** – Pursuant to a General Appropriation Act footnote, the Arizona Administrative Office of the Courts (AOC) submitted its report on county-approved salary adjustments provided to probation officers since the last report on November 1, 2024. The report excludes Maricopa County, as it does not receive state funding for probation officers. The report includes approved salary increases, average number of probation officers by county, average salary, and the net increase in allocations from the AOC to each county.

According to the report, statewide adult probation payroll increased by 2.12% and juvenile payroll decreased by (0.52)% from FY 2024 to FY 2025. According to the AOC, there were an average of 300.3 adult probation officers and 51.2 juvenile probation officers in FY 2025. The reported average salary for probation officers in FY 2025 ranged by county from \$44,400 to \$86,500. (Ethan Scheider)

**Judiciary – Supreme Court – Report on Adult Probation Services Fund and the Juvenile Probation Fund** – Pursuant to a General Appropriation Act footnote and A.R.S. § 12-262, the Administrative Office of the Courts (AOC) reported on the FY 2025 actual, FY 2026 estimated, and FY 2027 requested amounts for the following: 1) the number of authorized and filled case carrying and non-case carrying probation positions by county; 2) the total



receipts and expenditures by county and fund source for each of the probation Special Line Items (SLI), including the Personal Services expended from each revenue source of each account; and 3) the amount of monies from the probation SLIs that the AOC does not distribute as direct aid to counties. The figures in this report are for all counties except Maricopa as the state does not pay any of that county’s costs of probation.

Adult Standard Probation

Adult Standard Probation state expenditures for county probation officers statewide were \$56.9 million in FY 2025, of which \$17.5 million were General Fund monies and \$7.9 million were non-General Fund state expenditures. The remaining \$31.5 million were county expenditures. These monies funded 245.6 case carrying and 328.8 non-case carrying positions. AOC estimates total expenditures of \$57.1 million in FY 2026 and \$57.8 million in FY 2027.

Adult Intensive Probation

AOC reports statewide Adult Intensive Probation state expenditures for county probation officers of \$14.1 million in FY 2025, of which \$10.7 million were General Fund monies and \$3.4 million were non-General Fund state expenditures. These monies funded 96.5 case carrying and 54.1 non-case carrying positions. AOC estimates total expenditures of \$15.9 million in FY 2026 and \$16.3 million in FY 2027.

Juvenile Standard Probation

Juvenile Standard Probation state expenditures for county probation officers statewide were \$17.6 million in FY 2025, of which \$3.1 million were General Fund monies and \$473,200 were non-General Fund state expenditures. The remaining \$14.6 million were county expenditures. These monies funded 44.7 case carrying and 180.1 non-case carrying positions. AOC estimates total expenditures of \$18.9 million in both FY 2026 and FY 2027.

Juvenile Intensive Probation

AOC reports statewide Juvenile Intensive Probation state expenditures for county probation officers of \$4.9 million in FY 2025, of which \$4.7 million were General Fund monies and \$219,400 were non-General Fund state expenditures. These monies funded 26.6 case carrying and 23.6 non-case carrying positions. AOC estimates total expenditures of \$6.6 million in both FY 2026 and FY 2027.  
(Ethan Scheider)

**Secretary of State – 2025 CD 7 Special Election County Reimbursements** - The FY 2026 budget appropriated \$8.0 million from the General Fund for reimbursing expenses incurred by counties administering a special primary election and special general election for filling the vacancy in Arizona’s 7<sup>th</sup> Congressional District. A budget footnote required the Secretary of State to report the county reimbursements and specified eligible expenses and the process for reimbursement. Counties were to submit claims to the Secretary of State for reimbursement on or before November 30, 2025.

The SOS reported \$3,644,800 in county reimbursements. A separate budget footnote specified the maximum amount that a county could be reimbursed for expenses. While Pinal County and Santa Cruz County were reimbursed the maximum amount, the other counties eligible expenses were less than the maximum reimbursement amount specified in the budget. The following reimbursements were made by the SOS to the following counties:

- Cochise: \$117,700
- Maricopa: \$555,800
- Pima: \$2,350,300
- Pinal: \$66,100
- Santa Cruz: \$240,600
- Yuma: \$314,300.

(Micaela Andrews)

