

Summary

April 2025 General Fund revenues totaled \$1.85 billion, which represents an increase of 16.8% above April 2024. This strong revenue growth resulted in a significant forecast gain, with collections that were \$207 million above the January Baseline revenue forecast. The April forecast gain was almost entirely due to gains in the Individual Income Tax category.

Individual Income Tax

Individual Income Tax collections during April, which is the peak of the state's tax filing season, grew by 33.5% above the prior year. Collections were \$213 million above the January Baseline forecast, with the gains as follows:

- Tax Payments (\$154 million gain): Estimated and final tax payments were the second highest level ever collected for April, increasing by 27% over last April due to a surge in capital gains income being reported on tax forms. April 2025 payment revenue trails only the amount seen during April 2022 – this result is surprising given changes in the state's tax structure (current 2.5% single tax rate compared to the top tax rate of 4.5% effective for the spring 2022 filing season).
- Withholding (\$31 million gain): Withholding collections only grew by 1.8% above April 2024. Given this weak growth rate, the forecast gain was mostly related to timing issues. Withholding was projected to decline, given that April 2025 had one fewer Monday (the largest withholding tax processing day) compared to April 2024.
- Refunds (\$28 million gain): The total dollar amount of refunds issued to taxpayers in April declined by (2.0)% below April 2024. Because the amount of refunds had actually been projected to grow in April, the lower amount of refunds resulted in a forecast gain.

Sales Tax

Overall Sales Tax collections in April (which represent March sales activity) grew by 3.3% above April 2024, and posted a minor forecast loss of \$(0.5) million compared to the January Baseline forecast.

The overall 3.3% Sales Tax growth was the result of mixed performance across subcategories. The combined retail/remote seller subcategory grew by 6.0%, and was likely helped by increased activity (such as auto sales) in anticipation of changes in national trade and tariff policies. In contrast, collections growth from Contracting and Restaurant/Bar activity was more modest during the month.

Corporate Income Tax

April Corporate Income Tax (CIT) revenues declined by (8.5)% below the prior year, which is the second disappointing month in a row for the category after the (11.5)% decline in March. The April performance resulted in a \$(37) million loss compared to the January Baseline forecast.

The poor CIT performance in March and April is somewhat surprising given the category's positive start for the year, where CIT posted 10% growth during the first 8 months of the fiscal year through February.

Year-to-Date Results

Year-to-date through April, excluding Urban Revenue Sharing and one-time revenue adjustments, FY 2025 General Fund revenues are 5.9% above the prior year. With the April results, after 4 months of tracking against the January Baseline forecast, the state has generated a cumulative forecast gain of \$223 million.

We would note that a substantial portion of the April revenue gain may be one-time in nature due to Individual Income Tax filing data being "backward looking". For example, the surge in tax payments related to capital gains and other income that accrued to taxpayers in Calendar Year 2024. In addition, even the more "real time" portion of income tax, withholding revenue, achieved its gain due to timing issues unrelated to underlying economic conditions. As a result, we suggest that the April gain should only be considered as one-time if it is factored into the ongoing budget discussion.

Table of Contents

April Revenues .....	2	Atty General – Legal Settlements Report .....	9
Monthly Indicators .....	5	Commerce – Annual Healthy Forest Program Report .....	9
JCCR Meeting Summary .....	8	County Attorneys – Deferred Prosecution Report.....	10
JCCR Meeting Follow Up .....	8	DES – Report on Federal COVID Child Care Monies.....	10
Summary of Recent Agency Reports		DES – Report on Child Support Administration Fund.....	10
Atty General – Internet Crimes Report..	8	Gaming – Report on Equine Deaths and Injuries.....	10
Atty General – Child/Family Centers .....	9	JLBC Staff – Public Programs Eligibility Report.....	10



## April Revenues

<b>Table 1</b>			
<b>General Fund Revenues (\$ in Millions)</b>			
	<b>FY 2025 Collections</b>	<b>Difference From Baseline Forecast</b>	<b>Difference From FY 2024</b>
April	\$ 1,851.2	\$ 207.4	\$ 266.2
Year-to-Date	\$ 13,066.7	\$ 222.7	\$ 1,317.7

**Sales Tax** collections of \$720.9 million were 3.3% above April of last year and \$(0.5) million below the Baseline forecast. Year to date, sales tax revenue is up by 3.1% and is \$(14.5) million below forecast. Sales taxes remitted to the state in April are from sales that occurred in March.

Table 2 displays the April growth rate for the 5 major sales tax categories, which together make up approximately 90% of total sales tax collections.

<b>Table 2</b>		
<b>Sales Tax Growth Rates Compared to Prior Year</b>		
	<b>April</b>	<b>YTD</b>
Retail/Remote Seller <sup>1/</sup>	6.0%	2.1%
Contracting	0.8%	1.7%
Use Tax <sup>2/</sup>	(9.0)%	15.5%
Restaurant & Bar	2.1%	1.9%
Utilities	5.2%	6.5%

<sup>1/</sup> If this amount were adjusted for corrections of previously filed tax returns in 2023 and 2024, the YTD Retail/Remote Seller growth would have been 3.3% in April.

<sup>2/</sup> If this amount were adjusted for corrections of previously filed tax returns in 2023 and 2024, YTD Use Tax collections would have been down by (0.7)% in April.

As shown in the table above, the combined Retail/Remote Seller category grew by 6.0% in April, the largest year-over-year percentage increase since October 2023. (While this category grew by 6.2% in November 2024, a significant portion of this increase was attributable to the corrections of previously filed tax returns.)

The increase in retail sales tax collections may have resulted from a surge in vehicle sales. According to federal data, the number of light motor vehicle sales in the U.S. increased, year over year, by 11.1% in March. This was a much faster pace of auto sales than the year-over-year increase of 3.3% in January and the year-over-year decline of (1.0)% in February.

**Individual Income Tax (IIT)** net revenue in April was \$730.4 million, 33.5% greater than the previous April and \$213.4 million above the Baseline forecast. A near-record high level of payments drove the bulk of this growth, but refunds and withholding also contributed to the forecast gain. Year-to-date (YTD) through April, IIT has grown 13.9% compared to the same period in FY 2024 and is \$238.6 million more than the forecast.

April withholding collections were \$511.2 million, a year-over-year increase of 1.8% and outperforming the Baseline forecast by \$31.0 million. Year-to-date, withholding has grown 5.6% from the same period in FY 2024 and is \$61.4 million more than the forecast.

Payment revenue (estimated and final) was \$758.1 million in April, 27.4% growth from last year and \$154.2 million greater than the forecast. This is the second highest amount ever collected in April, which is the most important month for final IIT payments since the tax filing due date is April 15<sup>th</sup>.

Final payments were \$679.2 million, 26.9% greater than last year. The sharp increase in final payments is likely due to large capital gains realized during Tax Year 2024. Preliminary data from DOR indicates that the amount of capital gains reported on tax returns through April is 63% higher than during the same 4-month period last year.

April is also an important month for estimated payments, as the first quarterly payment is due on April 15<sup>th</sup>. At \$78.9 million, the level of estimated payments in April was 31.9% higher than during the same month in the prior year.

Typically, total April payments make up about 30% of the fiscal year total. As shown in Table 3 below, year to date, total payments are 10.4% above the level in FY 2024 and are \$177.2 million greater than the Baseline forecast.



Refunds were \$538.9 million in April, an (2.0)% decrease from the previous year. The Baseline forecast assumed a higher refund level of \$567.1 million, so there was a forecast gain of \$28.2 million. Along with February and March, April is one of the three most important months for refunds during the tax filing season. On average, April refunds make up about 25% of the total refunds in a fiscal year. YTD, refunds have decreased (8.4)% relative to the same period in FY 2024, resulting in a very small YTD forecast gain of \$42,000.

**Table 3**  
**Individual Income Tax Growth Rates**  
**Compared to Prior Year**

	<u>April</u>	<u>YTD</u>
Withholding	1.8%	5.6%
Estimated/Final Payments	27.4%	10.4%
Refunds	(2.0)%	(8.4)%

**Corporate Income Tax (CIT)** net revenue in April was \$285.3 million, (8.5)% less than the previous year and \$(37.2) million below the Baseline forecast. April is an important month for CIT collections, on average making up 17%-18% of the fiscal year total. YTD, net CIT revenue is up by 4.2% compared to the same period in FY 2024 but is \$(48.9) million below forecast.

**Insurance Premium Tax (IPT)** revenue was \$72.4 million in April, an increase of 43.8% compared to the same month in the prior year and \$7.0 million above the Baseline forecast. The large year-over-year increase may be attributable to growth in IPT installment payments, which are based on the most recent tax year. However, it may also be attributable to a timing issue – IPT revenue can vary in April depending on the timing of deposits into the General Fund. YTD, IPT revenue is up by 9.4% and is \$12.1 million above forecast.

The amount of **Tobacco Tax** deposited into the General Fund in April was \$1.4 million, which is (18.7)% below collections a year prior and \$(0.4) million below the Baseline forecast. Year to date, General Fund tobacco tax revenues total \$13.7 million, which is (13.9)% below collections through the comparable period in FY 2024 and \$(1.2) million under forecast.

**Liquor Tax** revenue deposited into the General Fund in April was \$2.5 million. This is 3.1% above the amount deposited in April 2024 and \$(0.2) million under the Baseline forecast. Year to date, General Fund deposits from liquor tax collections total \$39.1 million, a 10.5% increase over the same period in FY 2024, and \$2.2 million above forecast.

The **Lottery Commission** reported that total ticket sales in April were \$121.8 million. This amount is \$(9.6) million, or (7.3)% lower than in April 2024.

**Highway User Revenue Fund (HURF)** collections of \$167.0 million in April were 5.5% above the level in April 2024 and \$5.4 million higher than forecast. Year to date, collections are \$1.51 billion, 2.6% above the same period in the prior year and \$7.0 million more than forecast.

In April, the state collected \$16.1 million in dedicated **Marijuana Excise Taxes**, which was 5.5% higher than April 2024 collections. Monies from this excise tax are deposited into dedicated non-General Fund accounts. April's total combined amount of Medical and Recreational state Transaction Privilege Tax (TPT) revenue was \$6.3 million. Of this amount, the General Fund received \$4.7 million. (See *Table 4*)

**Table 4**  
**Marijuana State Tax Collections and Distributions**  
**(\$ in Millions)\***

	<u>April</u>	<u>YTD</u>
<b>Marijuana Excise Tax</b>	<b>\$16.1</b>	<b>\$146.7</b>
<b>Medical Marijuana TPT</b>	<b>\$1.1</b>	<b>\$10.0</b>
<u>Distribution:</u>		
General Fund	\$0.8	\$7.4
Counties	\$0.2	\$1.6
Cities	\$0.1	\$1.0
<b>Recreational Marijuana TPT</b>	<b>\$5.2</b>	<b>\$45.5</b>
<u>Distribution:</u>		
General Fund	\$3.9	\$33.6
Counties	\$0.8	\$7.4
Cities	\$0.5	\$4.5
<b>Total State Marijuana Tax Collections</b>	<b>\$22.4</b>	<b>\$202.2</b>

\* Amounts may not add to total due to rounding



Table 5

## General Fund Revenue: Change from Previous Year and Baseline Forecast April 2025

	Current Month					FY 2025 YTD (Ten Months)				
	Actual April 2025	Change From				Actual April 2025	Change from			
		April 2024		Baseline Forecast			April 2024		Baseline Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b><u>Taxes</u></b>										
Sales and Use	\$720,873,169	\$23,271,493	3.3 %	(\$472,993)	(0.1) %	\$6,798,147,255	\$203,992,506	3.1 %	(\$14,482,371)	(0.2) %
Income - Individual	730,422,136	183,382,537	33.5	213,361,803	41.3	4,454,738,886	545,215,053	13.9	238,641,204	5.7
- Corporate	285,306,691	(26,430,543)	(8.5)	(37,198,107)	(11.5)	1,437,919,861	58,159,777	4.2	(48,864,691)	(3.3)
Property	3,141,728	1,641,442	109.4	557,694	21.6	28,067,622	7,783,956	38.4	(1,320,884)	(4.5)
Luxury - Tobacco	1,401,769	(322,853)	(18.7)	(356,603)	(20.3)	13,715,715	(2,218,396)	(13.9)	(1,184,683)	(8.0)
- Liquor	2,515,107	76,759	3.1	(156,356)	(5.9)	39,108,130	3,714,739	10.5	2,204,654	6.0
Insurance Premium	72,430,877	22,077,189	43.8	7,022,184	10.7	659,052,065	56,441,814	9.4	12,093,341	1.9
Other Taxes	2,044,529	316,679	18.3	208,322	11.3	16,530,237	1,256,681	8.2	(1,095,090)	(6.2)
<b>Sub-Total Taxes</b>	<b>\$1,818,136,007</b>	<b>\$204,012,704</b>	<b>12.6 %</b>	<b>\$182,965,944</b>	<b>11.2 %</b>	<b>\$13,447,279,772</b>	<b>\$874,346,130</b>	<b>7.0 %</b>	<b>\$185,991,480</b>	<b>1.4 %</b>
<b><u>Other Revenue</u></b>										
Lottery	38,530,100	23,040,100	148.7	0	--	217,294,062	(4,991,096)	(2.2)	0	0.0
Gaming	3,582,492	1,072,533	42.7	670,234	23.0	28,955,460	4,506,759	18.4	1,089,363	3.9
License, Fees and Permits	4,117,092	(69,037)	(1.6)	(128,714)	(3.0)	46,372,189	2,204,765	5.0	2,276,694	5.2
Interest	21,053,732	(6,444,199)	(23.4)	4,432,958	26.7	209,609,592	(71,582,866)	(25.5)	16,260,212	8.4
Sales and Services	2,645,232	(109,324)	(4.0)	(446,427)	(14.4)	22,777,955	(2,971,978)	(11.5)	(941,724)	(4.0)
Other Miscellaneous	1,189,290	240,938	25.4	251,632	26.8	29,136,581	8,033,540	38.1	(2,064,078)	(6.6)
Medicaid Hospital Revenue	37,500,000	37,500,000	--	0	--	37,500,000	37,500,000	--	0	0.0
Transfers and Reimbursements	26,675,693	(21,202,073)	(44.3)	19,694,276	282.1	71,374,998	(63,231,111)	(47.0)	20,068,416	39.1
<b>Sub-Total Other Revenue</b>	<b>\$135,293,630</b>	<b>\$34,028,939</b>	<b>33.6 %</b>	<b>\$24,473,960</b>	<b>22.1 %</b>	<b>\$663,020,838</b>	<b>(\$90,531,987)</b>	<b>(12.0) %</b>	<b>\$36,688,883</b>	<b>5.9 %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$1,953,429,637</b>	<b>\$238,041,643</b>	<b>13.9 %</b>	<b>\$207,439,904</b>	<b>11.9 %</b>	<b>\$14,110,300,610</b>	<b>\$783,814,143</b>	<b>5.9 %</b>	<b>\$222,680,362</b>	<b>1.6 %</b>
<b><u>Other Adjustments</u></b>										
Urban Revenue Sharing	(105,688,149)	24,713,501	(19.0)	(0)	0.0	(1,056,881,488)	247,135,007	(19.0)	(0)	0.0
One-Time Transfers	3,472,950	3,472,950	--	0	0.0	13,291,800	13,291,800	--	0	0.0
Income Tax Rebate	(750)	14,758	(95.2)	(750)	--	(15,100)	273,431,858	(100.0)	(5,350)	54.9
<b>Sub-Total Other Adjustments</b>	<b>(102,215,949)</b>	<b>28,201,208</b>	<b>(21.6) %</b>	<b>(750)</b>	<b>0.0 %</b>	<b>(1,043,604,788)</b>	<b>533,858,665</b>	<b>(33.8) %</b>	<b>(5,350)</b>	<b>0.0 %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$1,851,213,689</b>	<b>\$266,242,852</b>	<b>16.8 %</b>	<b>\$207,439,154</b>	<b>12.6 %</b>	<b>\$13,066,695,822</b>	<b>\$1,317,672,807</b>	<b>11.2 %</b>	<b>\$222,675,012</b>	<b>1.7 %</b>
<b><u>Non-General Funds</u></b>										
Highway User Revenue Fund	167,031,517	8,744,373	5.5 %	5,412,203	3.3 %	1,509,437,030	38,788,703	2.6 %	7,027,904	0.5 %

## Monthly Indicators

NATIONAL

According to the Bureau of Economic Analysis' (BEA) advance estimate, U.S. real **Gross Domestic Product (GDP)** declined at a seasonally adjusted annual rate of (0.3)% in the 1<sup>st</sup> quarter of 2025. The primary reason for this decline was a sharp increase in imports, which are removed from the final GDP calculation. There was a small decrease in government spending as well. These factors were partially offset by increases in consumer spending and investment.

The Conference Board's **Consumer Confidence Index** decreased by (7.9) points to 86.0 in April. This marks 5 consecutive months of decline and the lowest level of the index since August 2020. Views on the present situation became slightly worse during the month but remains higher than it was a year ago. However, future expectations fell by (12.5) points as consumers became more worried about inflation and are pulling back on making large purchases. Consumers frequently referenced tariffs as a primary source of concern. Over the last 12 months, the index has decreased by (11.8)%.

The **U.S. Leading Economic Index (LEI)**, published by the Conference Board, was 100.5 in March, a decrease of (0.7)% from the revised February level. Falling consumer expectations, stock prices, and new manufacturing orders were the primary contributors to the index's decline. Building permits and manufacturing hours improved during the month, while the remaining 5 components were virtually the same as in the prior month. In the 6 months from September to March, the LEI declined (1.2)%, a smaller decrease than the (2.3)% decline over the previous 6-month period.

The U.S. Bureau of Labor Statistics' **Consumer Price Index (CPI)** increased by 0.2% in April over the prior month on a seasonally adjusted basis. The main drivers of this increase were higher shelter and energy prices, offsetting a decline in the price of food. Compared to the same month last year, consumer prices are up by 2.3% before seasonal adjustment. The Core CPI, which excludes food and energy, is up by 2.8% from a year ago.

ARIZONA

Housing

In March, Arizona had a 12-month total of 40,175 **single-family building permits** issued. This represents a decrease of (1.4)% below the prior month's rolling total and an increase of 3.0% over the previous March's 12-month total.



Arizona's 12-month total of 14,636 **multi-family building permits** in March is 1.5% above February's rolling total and (30.7)% below the 12-month period ending in March 2024.

The **median home price** in Maricopa County fell (3.4)% to \$475,000 in April, which is also (3.1)% under April 2024's median home price.

Tourism

**Phoenix Sky Harbor Airport Ridership** rose sharply to 5.1 million passengers in March, up 27.1% from the prior month and just (0.1)% below ridership in March 2024, which was the busiest month on record.

March 2025 **state park visitation** rose 23.8% above February's figure, climbing to 325,063. Visitation is down (12.1)% from March 2024 levels.

**Hotel occupancy** was 75.2% in March, which is 2.7% higher than February's occupancy rate and (1.4)% below that of March 2024.

**Revenue per available room** rose slightly to \$156.78 in March, which is 4.7% higher than the prior month's average and (2.3)% lower than the March 2024 mean.

Employment

According to the latest employment report released by the Arizona Office of Economic Opportunity (OEO), the state gained 20,900 **nonfarm jobs** in April compared to March. In the 10-year period prior to the pandemic (2010-2019), Arizona experienced an average net gain of 9,500 jobs in April. Compared to the same month in 2024, the state gained 18,100 jobs in April 2025, an increase of 0.6%.

The state's seasonally adjusted **unemployment rate** held steady at 4.1% from March to April. The U.S. seasonally adjusted unemployment rate mirrored this performance, reading 4.2% in both March and April. This is the 13<sup>th</sup> consecutive month that Arizona's unemployment rate has been below the national rate.

OEO reported that a total of 4,666 **initial claims for unemployment insurance** were filed in Arizona in the week ending on April 26<sup>th</sup>. This represents a 0.2% year-over-year increase in initial claims, with the week ending April 27, 2024 seeing 4,656 initial claims.

According to OEO, there were a total of 27,400 **continued claims for unemployment insurance** in Arizona for the week ending April 19<sup>th</sup>, which is 9.7% greater than last year's total of 24,981 on the comparable date. Prior to the start of the pandemic, the average number of weekly continued claims was 22,613.

#### State Agency Data

As of May 1, 2025, the total **AHCCCS caseload** was 1.9 million members. Total monthly enrollment decreased (0.5)% from April and decreased (9.8)% compared to a year ago.

Parent and child enrollment in the Traditional population decreased by (0.6)% in May compared to April, or (5.4)% compared to a year ago. Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 823,768 – a decrease of (0.4)% from April and (15.7)% lower than last year.

For May 2025, the Elderly, Physically Disabled and Developmental Disabilities Long-Term Care population increased by 0.4% over the prior month. At 73,174, this population is 4.5% higher than a year ago.

Based on information the **Department of Child Safety** provided for March 2025, reports of child maltreatment totaled 42,968 over the last 12 months, a decrease of (1.4)% from the comparable period in the prior year.

There were 8,559 children in out-of-home care as of March 2025, or (11.7)% less than in March 2024. Compared to the prior month, the out-of-home children population decreased by (0.9)%.

There were 8,069 individuals receiving **TANF Cash Assistance** in April 2025, representing a (5.3)% decline from March 2025. Year over year, the number of cash benefit recipients has decreased by (25.1)%.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. There were 913,632 individuals receiving SNAP benefits in April 2025, representing a (1.0)% decline from March 2025. Year over year, the number of SNAP recipients has decreased by (3.4)%.



**Table 6**

MONTHLY INDICATORS				
<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
<b>Arizona</b>				
<u>Employment</u>				
- Seasonally Adjusted Unemployment Rate	April	4.1%	0.0%	0.5%
- Total Unemployment Rate (discouraged/underemployed)	1 <sup>st</sup> Q 2025	7.7%	0.7%	0.5%
- Initial Unemployment Insurance Claims	Week Ending Apr 26	4,666	5.1%	0.2%
- Continued Unemployment Insurance Claims	Week Ending Apr 19	27,400	5.9%	9.7%
- Non-Farm Employment - Total	April	3,279,200	0.6%	0.6%
Manufacturing	April	192,100	(0.5)%	(1.7)%
Construction	April	225,800	1.1%	1.2%
- Average Hourly Earnings, Private Sector	April	\$34.59	(0.4)%	4.5%
<u>Building</u>				
- Building Permits (12 month rolling sum)				
Single-family	March	40,175	(1.4)%	3.0%
Multi-family		14,636	1.5%	(30.7)%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	April	5,875	4.6%	5.6%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	April	\$475,000	(3.4)%	(3.1)%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	March	5,059,985	27.1%	(0.1)%
- State Park Visitors	March	325,063	23.8%	(12.1)%
- Revenue Per Available Hotel Room	March	\$156.78	4.7%	(2.3)%
- Arizona Hotel Occupancy Rate	March	75.2%	2.7%	(1.4)%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	4 <sup>th</sup> Q 2024	\$494.2 billion	4.5%	4.7%
- Arizona Population (U.S. Census)	July 2024	7,582,384	N/A	1.5%
- 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
<u>Agency Measures</u>				
- AHCCCS Recipients	May 1st	1,932,553	(0.5)%	(9.8)%
Traditional Acute Care		1,035,611	(0.6)%	(5.4)%
Other Acute Care		823,768	(0.4)%	(15.7)%
Long-Term Care – Elderly & DD		73,174	0.4%	4.5%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	March	42,968	0.1%	(1.4)%
DCS Out-of-Home Children	March	8,559	(0.9)%	(11.7)%
Filled Caseworkers (1406 Budgeted)	March	1,234	(2)	(57)
- ADC Inmate Growth	March	35,570	0.1%	2.3%
- Department of Economic Security				
- TANF Cash Assistance Recipients	April	8,069	(5.3)%	(25.1)%
- SNAP (Food Stamps) Recipients	April	913,632	(1.0)%	(3.4)%
<b>United States</b>				
- Gross Domestic Product (Chained 2017 dollars, SAAR)	1 <sup>st</sup> Q, 2024 (1 <sup>st</sup> Estimate)	\$23.5 trillion	(0.3)%	2.1%
- Consumer Confidence Index (1985 = 100)	April	86.0	(8.4)%	(11.8)%
- Leading Economic Index (2016 = 100)	March	100.5	(0.7)%	(3.5)%
- Consumer Price Index, (1982-84 = 100)	April	320.8	0.2%	2.3%

## JCCR Meeting Summary

At its **April 23, 2025** meeting, the Joint Committee on Capital Review considered the following issues:

### Consent Agenda

**Arizona State Lottery Commission - Review of FY 2025 Building Renewal Allocation Plan** – A.R.S. § 41-1252 requires Committee review prior to expenditure of monies appropriated for building renewal and capital projects. The Arizona State Lottery Commission requested Committee review of its FY 2025 Building Renewal Allocation plan. The Commission plans to spend its entire \$218,200 FY 2025 building renewal appropriation in addition to \$3,800 from its operating budget for various projects. The Committee gave a favorable review of the request.

**Arizona Pioneers' Home - Review of FY 2025 Elevator Replacement Project** – A.R.S. § 41-1252 requires Committee review prior to expenditure of monies appropriated for building renewal and capital projects. The Arizona Pioneers' Home requested review of \$413,800 of

its \$465,000 FY 2025 capital improvement appropriation to replace an elevator. The Committee gave a favorable review of the request.

**Arizona State University - Review of Polytechnic Campus Chilled Water Expansion** – A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University requested Committee review of \$10.2 million in bond issuances to expand the infrastructure of the Chilled Water Plant on the Polytechnic campus. The Committee gave a favorable review of the request with the standard university financing provisions.

## JCCR Meeting Follow-Up

**Arizona Department of Agriculture – First Quarterly Report on Nogales Building Sale** - Pursuant to a provision from the December 2024 JCCR meeting, AZDA submitted a quarterly status report on the status of selling the prior 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 existing Nogales building.

AZDA reports that the Nogales building has not been listed for sale as of April 2025. If updates to the new building can be finished by July 2025, AZDA plans to list the Nogales building in June 2025. AZDA is also required to request Committee review of the expenditure plan for any monies generated from the final sale. (Nate Belcher)

## Summary of Recent Agency Reports

**Attorney General – Quarterly Report on Internet Crimes Against Children Enforcement Fund Expenditures** – Pursuant to A.R.S. § 41-199, the Attorney General (AG) submitted its quarterly report on expenditures from the Internet Crimes Against Children (ICAC) Enforcement Fund and progress made towards ICAC goals.

The ICAC Enforcement Fund receives an annual deposit of \$900,000 in revenues from lottery games that are sold from instant ticket lottery vending machines in age-restricted areas. Monies in the fund are utilized to support the ICAC Task Force, which is housed within the Phoenix

Police Department and works with federal, state, and local law enforcement to investigate technology-facilitated sexual exploitation of children.

Through the third quarter of FY 2025, the AG received \$450,000 for deposit into the ICAC Enforcement Fund. A total of \$738,600 was expended from the fund balance through the third quarter of FY 2025 to help pay for the operating costs of the ICAC Task Force. As of March 31, 2025, the ICAC Enforcement Fund had an unencumbered fund balance of \$(179,800). Given that the fund will receive an additional \$450,000 from the remainder of its FY 2025 appropriation, we do not currently anticipate the fund will end the year with a negative balance. (Gordon Robertson)



**Attorney General – Quarterly Report on Child and Family Advocacy Center Fund Expenditures** – Pursuant to A.R.S. § 41-191.11, the Attorney General (AG) submitted its quarterly report on expenditures from the Child and Family Advocacy Center Fund (CFAF), which funds nonprofit and government entities that serve victims of child abuse or investigate and prosecute their abusers. Through the third quarter of FY 2025, the AG received \$75,000 of its \$100,000 FY 2025 appropriation to the fund. A total of \$627,600 was expended from the fund (including prior year funds) through the third quarter of FY 2025. As of March 31, 2025, the CFAF had an unencumbered balance of \$87,300. (Gordon Robertson)

**Attorney General – Quarterly Reports on Legal Settlements** – The Attorney General (AG) submitted its statutorily-required quarterly reports on the receipts to and disbursements from the Consumer Protection – Consumer Fraud (CPCF) Revolving Fund, the Antitrust Enforcement Revolving Fund, and the Consumer Restitution and Remediation Revolving Fund (including its 2 subaccounts), as well as deposits made to the General Fund and receipts and deposits of opioid claims-related litigation monies.

In the third quarter of FY 2025, the AG deposited a total of \$7.3 million into various consumer accounts. Of that amount, \$7.0 million was deposited in the CPCF Revolving Fund, \$150,200 was deposited into the Consumer Restitution Subaccount, and \$186,600 was deposited into the Consumer Remediation Subaccount, of which \$54,700 was opioid claims-related revenue. The AG made no deposits into the Antitrust Enforcement Revolving Fund or the General Fund.

#### Deposits to the Antitrust Enforcement Revolving Fund

The AG deposited no monies into the appropriated Antitrust Enforcement Revolving Fund, which may be used for antitrust enforcement expenses, excluding attorney compensation. As of March 31, 2025, the fund had an unencumbered balance of \$923,600.

#### Deposits to the CPCF Revolving Fund

The AG deposited \$7.0 million into the appropriated CPCF Revolving Fund, which may be used for consumer fraud education and investigation, costs associated with the Tobacco Master Settlement Agreement, or any other purpose permitted by statute. This amount resulted from various small legal settlements and a deposit of \$7.0 million from a settlement with Centene Corporation resolving allegations that Centene overcharged AHCCCS by falsely inflating prescription drug prices. As of March 31, 2025, the fund had an unencumbered balance of \$31.5 million.

#### Deposits to the Consumer Restitution Subaccount

The AG deposited \$150,200 into the non-appropriated Consumer Restitution Subaccount to compensate specific entities for economic loss resulting from consumer fraud. This amount resulted from various small legal settlements and interest income. As of March 31, 2025, the fund had an unencumbered balance of \$12.7 million.

#### Non-Opioid Deposits to the Consumer Remediation Subaccount

The AG deposited \$131,900 of non-opioid related revenues into the partially-appropriated Consumer Remediation Subaccount, which is used to rectify violations of consumer protection laws. This amount results from interest income derived from non-opioid balances in the fund. As of March 31, 2025, the Remediation Subaccount had an unencumbered balance of \$18.5 million, of which \$13.1 million is non-opioid related.

#### Opioid Claims-Related Deposits to the Consumer Remediation Subaccount

The AG deposited \$54,700 of opioid revenues into the partially-appropriated Consumer Remediation Subaccount. This amount resulted from interest income derived from opioid balances in the fund. The AG made no expenditures from the opioid balances within the Remediation Subaccount during the third quarter of FY 2025. As of March 31, 2025, the Remediation Subaccount had an unencumbered balance of \$18.5 million, of which \$5.4 million is related to opioid claims.

#### Deposits to the General Fund

The AG deposited no monies into the General Fund. (Gordon Robertson)

**Arizona Commerce Authority – Annual Report on the Healthy Forest Enterprise Incentives Program** – Pursuant to A.R.S. § 41-1516I, the Arizona Commerce Authority provided its annual May 1 report on the Healthy Forest Enterprise Incentives Program regarding the quantity and measured weight of qualifying forest products.

In calendar year 2024 the total weight of qualified harvested, processed, or transported forest products was 603,971 tons compared to 950,217 tons in 2023.

The Healthy Forest Enterprise Incentives Program allows businesses primarily engaged in the harvesting, initial processing, or transporting of forest products in Arizona to qualify for a tax credit of \$10,000 for the first 20,000 tons they harvest, process, or transport in a tax year and an additional \$5,000 for every 10,000 tons thereafter. In each tax year, the credits may not exceed \$500,000 per



taxpayer or \$2,000,000 in aggregate. In addition to the production tax credit, business may qualify for: a use and transaction privilege tax exemption on qualified purchases, a 50% reduction in the use fuel tax and a reduction in the assessment ratio of personal and real property from 18.5% to 5%. (Nate Belcher)

**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, 6 of the 15 counties submitted reports for FY 2024; all counties except Yuma County currently administer a deferred prosecution program. A total of at least 9,129 individuals were enrolled in a deferred prosecution program in FY 2024, a 14.1% increase from FY 2023. Of these individuals, 6,175 successfully completed the program during FY 2024, with another 421 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. (Ben Beutler)

**Department of Economic Security – Report on Federal COVID Child Care Monies** – Pursuant to an FY 2025 General Appropriations Act footnote, the Department of Economic Security (DES) reported on the status of federal Child Care and Development Block Grant (CCDBG) monies provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Consolidated Appropriations Act (CAA); and the American Rescue Plan Act of 2021 (ARPA). The footnote also requires that DES report on the number of children supported by these federal COVID monies, the average monthly child care reimbursement rates, and the number of child care settings with a quality rating.

As of March 2025, DES reports having spent all federal COVID related CCDBG monies. These monies served an average of 28,829 children per month at a rate of \$1,027. DES also reports that as of December 31, 2024, 1,007 providers enrolled in the Quality First Program achieved a high quality rating, defined as a setting that has a three, four, or five star FTF rating- (Grace Timpany)

**Department of Economic Security – Report on Child Support Administration Fund Escalator** – Pursuant to an FY 2025 General Appropriations Act footnote, the Department of Economic Security (DES) reported its plan to expend an additional \$14.8 million of Child Support Administration Fund monies received by the department in excess of its \$17.7 million appropriation for FY 2025. The department plans to use the amount complete its project to replace the Arizona Tracking and Location Automated System (ATLAS). The case management system collects and distributes child support payments. DES reports that the new, web-based system will automate workflows and improve efficiency. The new system went live in May 2024 and the department expects to close out the project by the end of FY 2026. (Chandler Coiner)

**Arizona Department of Gaming – Report on Equine Deaths, Equine Injuries, and Pre-Race Inspections** – Pursuant to an FY 2025 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 2025.

The department reported 3 horse fatalities and 112 horse injuries during the 3<sup>rd</sup> quarter of FY 2025. These all occurred at Turf Paradise as it was the only live racing facility open during this time. The department also reported that, of the 3,827 pre-race examinations during the 3<sup>rd</sup> quarter, 2,863 were performed by department staff directly and 964 were completed by track veterinarians unobserved by the department. (Benjamin Newcomb)

**JLBC Staff – Public Programs Eligibility Report** - As enacted in the 2006 election, Proposition 300 limits participation in certain state programs to citizens, legal residents, or other persons lawfully present in the United States, and requires semi-annual reports to the Joint Legislative Budget Committee. Below is a summary of the reports:



Department of Economic Security - The department reported that 10,815 applications were received for childcare assistance during the reporting period of June 1, 2024, to November 30, 2024. Of those, 3 applications were denied because of failure to provide evidence of citizenship or legal residence in the United States.

Department of Education – The department reported that 12,712 people applied for instruction in Arizona Adult Education during the reporting period of May to November 2024. Of this amount, 129 were denied instruction because they failed to provide evidence of citizenship or legal residence in the United States.  
(Grace Timpany)