

Summary

During April 2026, General Fund revenue collections were \$2.02 billion, which is an increase of 9.1% above April 2025. Total April collections were \$115 million above the January Baseline revenue forecast.

Individual Income Tax

April is a significant month for Individual Income Tax (IIT) collections, as it represents the peak of payment activity and is also a month where the state continues to process a significant amount of tax refunds.

Overall, April 2026 Individual Income Tax (IIT) collections increased by 4.7% above the prior year and were \$11 million above the January Baseline revenue forecast.

Below summarizes the components of the April IIT results:

- Withholding revenues grew by 5.3%, a growth rate which generally aligns with recent job and wage growth data.
- Payments (estimated and final) grew by 9.6%.
- Refunds grew by 12.1% above the prior April.

Sales Tax

Overall Sales Tax collections in April (which represent March sales activity) increased by 6.7%, which marks the second month in a row where the Sales Tax category grew by above 6% year-over-year. In total, Sales Tax posted a forecast gain of \$29 million above the Baseline forecast.

April collections continued March's trend of broad growth across the Sales Tax components, with the exception being the surprise slowdown in Restaurant/Bar collections.

Corporate Income Tax

April Corporate Income Tax (CIT) revenues had another month of strong growth, increasing by 27% above April 2025. This resulted in a gain of \$66 million above the January Baseline revenue forecast.

Insurance Premium Tax

April Insurance Premium Tax (IPT) revenues grew by 127% compared to the prior year. However, this increase is not surprising – as we noted previously, March IPT revenues experienced a significant decline related to technical timing issues, and this decline was expected to be recouped in April. April IPT revenues were \$8 million above the January Baseline revenue forecast.

Year-to-Date Results/Overall Forecast Comments

Year-to-date through April, excluding Urban Revenue Sharing and one-time revenue adjustments, FY 2026 General Fund revenues are 3.5% 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 \$55 million.

As we noted in 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.

Now that the state's spring tax filing season is coming to an end, it appears that the impact of conformity on state revenue collections will be less than originally anticipated. For example, refunds have not grown as much as anticipated. Some taxpayers, however, may have deferred their tax filing until after the passage of the conformity legislation. We will continue to monitor these impacts moving forward.

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April Revenues

	FY 2026 Collections	Difference From Baseline Forecast	Difference From FY 2025
April	\$ 2,020.3	\$ 114.9	\$ 169.1
Year-to-Date	\$ 13,699.2	\$ 55.2	\$ 561.3

Sales Tax collections of \$769.5 million in April were 6.7% above the amount collected in April 2025 and \$28.7 million above the Baseline forecast. Sales tax revenue collected in April reflects sales activity that occurred in March.

Year to date through April, sales tax revenue is up by 3.8% and is \$55.1 million above forecast.

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

	April	YTD
Retail/Remote Seller	4.9%	4.4%
Contracting	5.0%	(2.0)%
Use Tax	34.4%	13.4%
Restaurant/Bar	0.5%	4.4%
Utilities	14.2%	1.8%

Contracting sales tax collections grew, year over year, by 5.0% in April. This was an improvement from March's increase of 4.0%. Prior to March, contracting tax revenue had declined, year over year, for seven consecutive months.

Available industry data provided by the Department of Revenue (DOR) suggests that the recent improvement in contracting sales tax collections is primarily attributable to the Nonresidential Construction industry, which includes the construction of industrial and commercial buildings, such as manufacturing plants and warehouses. Taxable sales activity for this subsector of the construction industry was up by 11.0% through the first 10 months of FY 2026.

A second contributor to the recent turnaround in contracting sales tax revenue is the Heavy Construction industry. This includes the building of transportation infrastructure, such as highways, streets, roads, and bridges. Taxable contracting activity from this sector has grown at double-digit rates since the start of Calendar Year 2026.

According to DOR, the 34.4% year-over-year increase in Use Tax collections in April was overstated due to previous filing activity by some taxpayers. After adjusting for the late filing and payment in previous months, the "real" Use Tax revenue growth would be 7.2% (rather than the reported growth rate of 34.4%).

Individual Income Tax (IIT) net revenue in April was \$764.8 million, 4.7% growth over the previous April and \$10.9 million above than the Baseline forecast. Payments and withholding revenue offset a higher-than-anticipated refund level, resulting in an overall forecast gain. Year-to-date (YTD), IIT is 5.4% greater than the same period in FY 2025 but \$(43.1) million under the forecast.

Withholding revenue in April was \$538.3 million, a 5.3% improvement over last year and surpassing the forecast by \$10.4 million. This increase is commensurate with the most recent national wage and salary growth reported by the Bureau of Economic analysis. YTD, withholding revenue is 3.9% higher than the same period in FY 2025 and \$18.2 million higher than the forecast.

Payment revenue (estimated and final) in April was \$830.6 million, a 9.6% increase from the previous April and \$21.3 million more than the Baseline forecast anticipated. This is the 2nd highest payment level ever recorded in a month. Both estimated and final payments grew during the month.

April is the most important month for final IIT payments as the tax filing due date is on April 15th. Final payments were \$739.9 million, 8.9% growth from last year.



YTD, total payments are 10.9% greater than the same period in FY 2025 and \$20.4 million above the Baseline forecast.

April refunds were \$604.0 million, 12.1% higher than last year. The Baseline forecast assumed a lower level of \$583.3 million, so there was a forecast loss of \$(20.7) million. On average, April refunds make up about 25% of the fiscal year total. YTD, refunds have grown 5.9% compared to the same period in FY 2025 for a \$(81.8) million forecast loss.

Table 3
Individual Income Tax Growth Rates
Compared to Prior Year

	<u>April</u>	<u>YTD</u>
Withholding	5.3%	3.9%
Estimated/Final Payments	9.6%	10.9%
Refunds	12.1%	5.9%

Corporate Income Tax (CIT) net revenue was \$361.2 million in April, 26.6% more than last year and \$65.8 million above the Baseline forecast. The amount of net collections in April is the highest on record for this month. Higher gross collections and lower refunds both contributed to the year-over-year growth.

On average, April CIT revenue makes up between 17%-18% of the fiscal year total. YTD, net CIT collections are up 9.7% compared to the prior year and \$69.4 million more than the forecast.

Insurance Premium Tax (IPT) revenue was \$164.3 million in April, an increase of 126.8% compared to the same month in the prior year and \$8.5 million above the Baseline forecast. The large year-over-year increase is attributed to the timing of March installment payments, many of which were delayed to the beginning of April due to payment processing and certain required validation steps.

Normally, the first set of installment payments, which are due on March 15, process before April 1. However, the Department of Insurance and Financial Institutions indicated that many of these payments were delayed this year given the timing of payment submissions. Therefore, April's IPT collections resolve the unexpected reduction in estimated IPT revenue that appeared in March. YTD, IPT revenue is up by 9.9% and is \$(21.4) million below forecast.

The amount of **Tobacco Tax** deposited into the General Fund in April was \$1.2 million, which is (16.8)% less than collections a year prior and \$(0.3) million below the Baseline forecast. Year to date, General Fund tobacco tax revenues total \$13.5 million, which is (1.5)% below collections through March in FY 2025 and \$(0.4) million below the Baseline forecast.

Liquor Tax revenue deposited into the General Fund in April was \$4.8 million. This is 92.3% greater than the amount deposited in April 2025 and \$2.0 million above the Baseline forecast. Year to date, General Fund deposits from liquor tax collections total \$39.2 million, a 0.2% increase over collections through April of FY 2025 and \$(1.1) million below forecast.

The **Lottery Commission** reported that total ticket sales in April were \$118.2 million. This amount is \$(3.6) million, or (3.0)% lower than in April 2025.

Highway User Revenue Fund (HURF) collections of \$166.4 million in April were (0.4)% below the amount collected in April 2025 and \$(6.6) million below forecast. Year to date, HURF collections are \$1.53 billion, 1.6% above the prior year and \$(27.2) million less than forecast.

In April, the state collected \$14.5 million in dedicated **Marijuana Excise Taxes**, which was (9.9)% below collections made in April 2025. 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 \$5.3 million. Of this amount, the General Fund received \$3.9 million. (See Table 4).

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

	<u>April</u>	<u>YTD</u>
Marijuana Excise Tax	\$14.5	\$142.6
Medical Marijuana TPT	\$0.6	\$7.1
<u>Distribution:</u>		
General Fund	\$0.4	\$5.3
Counties	\$0.1	\$1.2
Cities	\$0.1	\$0.7
Recreational Marijuana TPT	\$4.7	\$44.6
<u>Distribution:</u>		
General Fund	\$3.5	\$32.9
Counties	\$0.8	\$7.2
Cities	\$0.5	\$4.5
Total State Marijuana Tax Collections	\$19.8	\$194.3

* Amounts may not add to total due to rounding



Table 5

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

	Current Month					FY 2026 YTD (Ten Months)				
	Actual April 2026	Change From April 2025		Baseline		Actual April 2026	Change from April 2025		Baseline	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use	\$769,483,474	\$48,610,305	6.7 %	\$28,650,577	3.9 %	\$7,056,710,848	\$258,563,593	3.8 %	\$55,054,615	0.8 %
Income - Individual	764,826,199	34,404,063	4.7	10,919,623	1.4	4,693,478,039	238,739,153	5.4	(43,106,001)	(0.9)
- Corporate	361,172,243	75,865,552	26.6	65,780,921	22.3	1,576,682,772	138,762,911	9.7	69,429,151	4.6
Property	2,064,974	(1,076,754)	(34.3)	(1,060,687)	(33.9)	31,508,057	3,440,435	12.3	(1,109,807)	(3.4)
Luxury - Tobacco	1,165,803	(235,965)	(16.8)	(270,459)	(18.8)	13,504,970	(210,745)	(1.5)	(378,468)	(2.7)
- Liquor	4,836,661	2,321,554	92.3	1,984,894	69.6	39,178,365	70,235	0.2	(1,052,430)	(2.6)
Insurance Premium	164,276,744	91,845,867	126.8	8,463,271	5.4	724,383,053	65,330,989	9.9	(21,393,622)	(2.9)
Other Taxes	7,640,976	5,596,447	273.7	5,434,805	246.3	24,763,802	8,233,565	49.8	7,398,717	42.6
Sub-Total Taxes	\$2,075,467,075	\$257,331,068	14.2 %	\$119,902,946	6.1 %	\$14,160,209,907	\$712,930,135	5.3 %	\$64,842,155	0.5 %
Other Revenue										
Lottery	15,490,000	(23,040,100)	(59.8)	0	--	171,343,255	(45,950,807)	(21.1)	0	0.0
Gaming	4,378,574	796,081	22.2	323,076	8.0	38,188,245	9,232,785	31.9	2,612,880	7.3
License, Fees and Permits	4,450,846	333,754	8.1	253,670	6.0	45,031,038	(1,341,152)	(2.9)	(692,396)	(1.5)
Interest	16,642,806	(4,410,926)	(21.0)	(267,156)	(1.6)	164,263,077	(45,346,515)	(21.6)	(90,337)	(0.1)
Sales and Services	2,556,255	(88,976)	(3.4)	(311,579)	(10.9)	23,295,372	517,417	2.3	(1,904,399)	(7.6)
Other Miscellaneous	(484,863)	(1,674,152)	--	(1,716,624)	--	17,809,180	(11,327,402)	(38.9)	(83,396)	(0.5)
Medicaid Hospital Revenue	0	(37,500,000)	(100.0)	0	--	0	(108,748,984)	--	0	--
Transfers and Reimbursements	653,286	(26,022,406)	(97.6)	(3,273,558)	(83.4)	53,109,630	(18,265,368)	(25.6)	(9,456,614)	(15.1)
Sub-Total Other Revenue	\$43,686,904	(\$91,606,726)	(67.7) %	(\$4,992,170)	(10.3) %	\$513,039,796	(\$221,230,026)	(30.1) %	(\$9,614,262)	(1.8) %
TOTAL BASE REVENUE	\$2,119,153,979	\$165,724,341	8.5 %	\$114,910,776	5.7 %	\$14,673,249,703	\$491,700,109	3.5 %	\$55,227,893	0.4 %
Other Adjustments										
Urban Revenue Sharing	(98,858,813)	6,829,335	(6.5)	(0)	0.0	(988,588,234)	68,293,254	(6.5)	(0)	0.0
One-Time Transfers	0	(3,472,950)	--	0	--	0	(13,291,800)	--	0	--
Income Tax Rebate	(750)	0	0.0	(750)	--	(4,450)	10,650	(70.5)	(3,200)	256.0
Other One-Time Revenue Adjustments	0	0	--	0	--	14,574,359	14,574,359	--	0	0.0
Sub-Total Other Adjustments	(98,859,563)	3,356,385	(3.3) %	(750)	0.0 %	(974,018,325)	69,586,463	(6.7) %	(3,200)	0.0 %
TOTAL GENERAL FUND REVENUE	\$2,020,294,415	\$169,080,727	9.1 %	\$114,910,026	6.0 %	\$13,699,231,378	\$561,286,572	4.3 %	\$55,224,693	0.4 %
Non-General Funds										
Highway User Revenue Fund	166,419,927	(611,590)	(0.4) %	(6,564,996)	(3.8) %	1,534,024,159	24,587,130	1.6 %	(27,178,739)	(1.7) %

Monthly Indicators

NATIONAL

According to the Bureau of Economic Analysis' (BEA) advance estimate of U.S. Real **Gross Domestic Product** (GDP), economic output increased at a seasonally adjusted annual rate of 2.0% in the 1st quarter of 2026. Consumer spending, investment, and government spending all contributed to this increase.

The **Consumer Confidence Index**, published by the Conference Board, was 92.8 in April, a 0.6-point improvement from the revised March level. Consumers expressed greater optimism for the future while their views on the present situation stagnated. While inflation remains a significant concern, more consumers planned to make a major purchase over the next several months. Over the last 12 months, the index has increased by 8.3%.

The Conference Board's **Leading Economic Index** (LEI) was 97.3 in March, a (0.6)% decline from its February level. Half of the index's 10 components improved during the month, but the negative contributors more than offset the positive ones, with the largest declines in building permits, consumer expectations, and stock prices. According to the press release, this signals an economic slowdown over the next few months "as higher oil prices and supply chain tensions will likely place additional upward pressure on inflation and further reduce consumers' purchasing power". In the 6 months from September to March, the index decreased by (1.0)%, a slower rate of decline than the (2.1)% in the previous 6-month period.

The U.S. Bureau of Labor Statistics' **Consumer Price Index (CPI)** increased at a seasonally adjusted rate of 0.6% in April. The chief contributor to the increase was higher energy costs, led by a 54.3% rise in oil prices. Food and shelter prices also rose during the month. Compared to the same month last year, consumer prices are up by 3.8% before seasonal adjustment. The Core CPI, which excludes food and energy, is up by 2.8%.

ARIZONA

Tourism

Phoenix Sky Harbor Airport Ridership rose sharply to around 5.1 million passengers in March, which is a 24.7% jump over the prior month and 1.4% above March 2025's figure.

Hotel occupancy was 77.2% in March, which is a 3.3% rise over February's rate.



Revenue per available room was \$167.28 in March, which represents a 6.7% gain over February's average revenue.

Employment

According to the latest employment report released by OEO, the state gained 16,300 **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 2025, the state gained 7,700 jobs in April 2026, an increase of 0.2%.

The state's seasonally adjusted **unemployment rate** remained at 4.7% from March to April. The U.S. seasonally adjusted jobless rate also held steady at 4.3% from March to April.

OEO reported that a total of 3,054 **initial claims for unemployment insurance** were filed in Arizona in the week ending on May 16th, representing a (17.2)% decline in initial claims compared to 52 weeks prior.

According to OEO, there were a total of 22,945 **continued claims for unemployment insurance** in Arizona for the week ending on May 9th, which is (24.3)% below the comparable week in 2025.

Housing

In March, Arizona had a 12-month total of 32,418 **single-family building permits** issued. This represents a (0.9)% decrease from the prior month's rolling total and a decline of (19.3)% from March 2025's 12-month total.

Arizona's 12-month total of 17,302 **multi-family building permits** in March is (3.3)% below February's rolling total and 18.2% above the 12-month period ending in March 2025.

State Agency Data

As of May 1, 2026, the total **AHCCCS caseload** was 1.72 million members. Total monthly enrollment decreased (0.7)% from April to May and decreased (10.9)% compared to a year ago.

Parent and child enrollment in the Traditional population decreased (0.9)% in May compared to April and decreased (11.8)% compared to a year ago. Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 733,776, a decrease of (0.5)% from April and (10.9)% lower than last year.

For May 2026, the Elderly and Physically Disabled Long-Term Care population decreased by (0.1)% over the prior month. At 27,185, this population is (0.7)% lower than a year ago. The Developmental Disabilities (DD) Long-Term Care population increased by 0.3% over the prior month. At 48,230, this population is 5.3% higher than a year ago.

Based on information the **Department of Child Safety** provided for March 2026, reports of child maltreatment totaled 45,485 over the last 12 months, an increase of 5.9% from the comparable period in the prior year.

There were 8,253 children in out-of-home care as of March 2026, or (3.1)% fewer than in March 2025. Compared to the prior month, the number of out-of-home children increased by 0.4%.

There were 4,090 individuals receiving **Temporary Assistance for Needy Families (TANF) Cash Assistance** in March 2026, representing a (0.7)% decline from February 2026. Year over year, the number of cash benefit recipients has decreased by (52.0)%.

The **Supplemental Nutrition Assistance Program (SNAP)** provides assistance to low-income households to purchase food. There were 449,478 individuals receiving SNAP benefits in March 2026, representing a (7.4)% decline from February 2026. Year over year, the number of SNAP recipients has decreased by (51.3)%.

The Arizona Department of Correction's **Inmate Population** was 34,718 as of March 31, 2026. This was a (0.1)% decrease since February 28, 2026 and a (2.4)% decrease since March 2025.



Table 6

Indicator	MONTHLY INDICATORS			
	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
<i>Employment</i>				
- Seasonally Adjusted Unemployment Rate	April	4.7%	0.0%	0.5%
- Total Unemployment Rate (discouraged/underemployed)	1 st Q 2026	8.4%	(0.1)%	0.8%
- Initial Unemployment Insurance Claims	Week Ending May 16	3,054	(1.3)%	(17.2)%
- Continued Unemployment Insurance Claims	Week Ending May 9	22,945	2.0%	(24.3)%
- Non-Farm Employment - Total	April	3,296,000	0.5%	0.2%
Manufacturing	April	191,700	(0.8)%	(0.5)%
Construction	April	222,800	(0.4)%	(1.4)%
- Average Hourly Earnings, Private Sector	April	\$36.02	1.6%	3.8%
<i>Building</i>				
- Building Permits (12 month rolling sum)				
Single-family	March	32,418	(0.9)%	(19.3)%
Multi-family		17,302	(3.3)%	18.2%
<i>Tourism and Restaurants</i>				
- Phoenix Sky Harbor Air Passengers	March	5,128,429	24.7%	1.4%
- State Park Visitors	March	317,666	33.2%	(2.3)%
- Revenue Per Available Hotel Room	March	\$167.28	6.7%	6.7%
- Arizona Hotel Occupancy Rate	March	77.2%	3.3%	2.0%
<i>General Measures</i>				
- Arizona Personal Income, SAAR	4 th 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	May 1st	1,722,599	(0.7)%	(10.9)%
Traditional Acute Care		913,408	(0.9)%	(11.8)%
Other Acute Care		733,776	(0.5)%	(10.9)%
Long-Term Care – Elderly & Physically Disabled		27,185	(0.1)%	(0.7)%
Long-Term Care – Developmentally Disabled (DD)		48,230	0.3%	5.3%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	March	45,485	0.8%	5.9%
DCS Out-of-Home Children	March	8,253	0.4%	(3.1)%
Filled Caseworkers (1406 Budgeted)	March	1,245	9	11
- ADC Inmate Growth	March	34,718	(0.1)%	(2.4)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	March	4,090	(0.7)%	(52.0)%
- SNAP Recipients	March	449,478	(7.4)%	(51.3)%
United States				
- Gross Domestic Product (Chained 2017 dollars, SAAR)	1 st Q, 2026 1 st Estimate)	\$24.2 trillion	2.0%	2.8%
- Consumer Confidence Index (1985 = 100)	April	92.8	0.7%	8.3%
- Leading Economic Index (2016 = 100)	March	97.3	(0.6)%	(3.1)%
- Consumer Price Index, (1982-84 = 100)	April	333.0	0.6%	3.8%



JLBC Meeting Summary

At its **May 6, 2026** meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

Attorney General – Consideration of Proposed Settlements Under Rule 14 – The Committee approved one settlement under Rule 14, which requires Committee approval of Risk Management settlements above \$250,000 pursuant to A.R.S. § 41-621 (O).

Regular Agenda

Attorney General – Review of Opioid Settlement Expenditure Plan – A.R.S. § 44-1531.02 (C) requires the Attorney General (AG) to submit an expenditure plan for review by the Committee prior to spending any monies from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. The Committee gave a favorable review to the AG’s plan to spend \$10.0 million from the Consumer Remediation Subaccount to distribute as grants of \$2.0 million each to Coconino, Mohave, Navajo, Pinal, and Yavapai counties to support existing coordinated reentry programs.

Department of Administration – Consider Approval of Requested Transfer of Appropriations – A.R.S. § 35-173 requires Committee approval of any transfers of spending authority within the Arizona Department of Administration (ADOA). ADOA requested Committee approval of its plan to transfer \$7.0 million of surplus Risk Management Revolving Fund monies from the Risk Management Losses and Premiums line item to the following line items:

- \$5.0 million to the Workers’ Compensation Losses and Premium Line item to pay for Increased workers’ compensation program costs.
- \$2.0 million to the Administrative Expenses line item to pay for higher-than-budgeted Attorney General contracted legal costs.

The Committee approved ADOA’s requested transfers.

JCCR Meeting Summary

At its **May 6, 2026** meeting, the Joint Committee on Capital Review considered the following issues:

Regular Agenda

Arizona Exposition and State Fair Board – Review of State Fair Capital Projects – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. An FY 2026 budget footnote allows the Arizona Exposition and State Fair (AESF) Board to spend up to \$2.0 million of its own monies for enhanced state fair operations on capital projects. AESF requested Committee review of \$800,000 from the Arizona Exposition and State Fair Fund for 2 capital projects, including \$400,000 to replace 2 seating risers at the Arizona Veterans' Memorial Coliseum and \$400,000 for prefabricated restrooms for the Exhibit Building. The Committee gave a favorable review of this request.

Consent Agenda

Arizona Department of Corrections – Review of FY 2026 Building Renewal and Yuma Fire Alarm Projects – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Committee gave a favorable review of the Arizona Department of Corrections’ (ADC) plan to expend a total of \$13.1 million on capital projects, including \$4.6 million of building renewal monies to complete a total of 19 projects across state prisons and the Correctional Officer Training Academy (COTA) and \$8.5 million from the General Fund to replace the fire alarm systems in the Yuma Prison.

Arizona Game and Fish Department – Review of FY 2026 Capital Projects – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona Game and Fish Department requested Committee review of a total of \$2.6 million for 3 capital projects,



which will be funded by federal grants, Game and Fish Fund monies, and legal settlements. The Committee gave a favorable review of the department’s request.

Arizona State Lottery Commission – Review of FY 2026 Building Renewal Allocation Plan – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona State Lottery Commission requested Committee review of its FY 2026 Building Renewal Allocation Plan to expend \$218,200 from the Lottery Fund to fund 100% of the building renewal formula for capital improvement projects. The Committee gave a favorable review of the Commission’s request.

Arizona State Parks Board – Review of FY 2026 Verde River State Park and Capital Improvement Projects – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona State Park Board requested Committee review of a total of \$4.1 million for various capital projects, including \$500,000 from the General Fund for the initial construction at the future Verde River State Park and \$3.6 million from the State Parks Revenue Fund for major repair and maintenance projects. The Committee gave a favorable review of the Board’s request.

Arizona Pioneers' Home – Review of Window and Door Replacement Project – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona Pioneer’s Home requested Committee review of \$463,600 from the Pioneers' Home Miners' Hospital Fund for window and door replacements. The Committee gave a favorable review of the Home’s request.

Department of Public Safety – Review of FY 2026 Area Office Replacements – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Department of Public Safety requested Committee review of \$2.0 million from the General Fund to replace area offices in Sanders and Payson. The Committee gave a favorable review of the DPS’s request.

Arizona Department of Transportation – Review of ADOT Capital Projects – A.R.S. § 41-1252 requires Committee review of expenditure plans for monies appropriated for building renewal and capital projects and for any capital project with an estimated cost of more than \$250,000. The Arizona Department of Transportation (ADOT) requested Committee review of \$13.8 million from the State Highway Fund, including \$6.9 million for a new vehicle repair shop in Avondale and \$6.9 million for new maintenance facilities in Little Antelope and Gray Mountain. The Committee gave a favorable review of ADOT’s request.

Arizona State University – Review of MacroTechnology Works and Bateman Physical Sciences Center H Wing Building Renovations – A.R.S. § 15-1683 requires Committee review of any university projects financed with system revenue bonds. Arizona State University (ASU) requested Committee review of \$155.0 million in system revenue bond issuances to renovate the MacroTechnology Works (MTW) building at the ASU Research Park and the Bateman Physical Sciences Center H Wing at the Tempe Campus. The Committee gave a favorable review of this request. The review included the standard university financing provisions.

Arizona State University – Review of Building and Infrastructure Enhancement Modifications Increase – A.R.S. § 15-1683 requires Committee review of any university project financed with system revenue bonds. A.R.S. § 15-1671 requires Committee review of cash projects funded by the Capital Infrastructure Fund (CIF). ASU requested Committee review of \$30.0 million in system revenue bond issuances and \$20.0 in CIF cash for building and infrastructure enhancement modifications. The Committee gave a favorable review of this request. The review included the standard university financing provisions.

University of Arizona – Approval of Deferred Maintenance Projects – A.R.S. § 15-1671 requires Committee approval of any debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). The University of Arizona (UA) requested Committee approval of \$75.0 million in bond issuances for deferred maintenance projects and renovations across multiple campuses, including deferred maintenance for athletic facilities and technology infrastructure, and renovations at the Student Union Memorial Center. The Committee gave a favorable review of this request. The review included the standard university financing provisions.



University of Arizona – Review of Third-Party Financed Housing and Dining Facility – A.R.S. § 15-1682.02 requires Committee review of any university project using indirect debt financing (also known as third-party financing). UA requests Committee review of \$250.0 million in third-party financing to construct a new student residence hall and related amenities near the UA Health Sciences Campus in Tucson. The Committee gave a favorable review of this request. The review included the standard university financing provisions.

JLBC Meeting Follow-Up

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 2nd 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 May 15, 2026, SOS reports spending of \$521,600 to date, an increase of \$1,800 from the previous report.

The Committee approved the transfer of \$2,490,000 at the March 2026 JLBC meeting for 10 projects. SOS reported expenditures of \$207,900 since the last report including \$88,700 for county expenses, \$58,900 for the physical security of the secretary of state, and \$58,500 for county

expenses. As of May 15, 2026, SOS reported year-to-date expenditures of:

- \$523,100 of the \$1,750,000 allocated for 5 projects for county expenses;
- \$118,900 of the \$240,000 allocated for physical security of the Secretary of State;
- \$98,000 of the \$500,000 allocated for 4 projects for SOS's 2026 election expenses.

The year-to-date reported expenditures from the 2 transfers totaled \$1,261,600. (Micaela Andrews)

Summary of Recent Agency Reports

Arizona Health Care Cost Containment System – Report on the Comprehensive Health Plan (CHP) – Pursuant to Laws 2018, Chapter 152, the Arizona Health Care Cost Containment System (AHCCCS) is required to report semiannually on the financial and program accountability trends of CHP, the foster care medical program. AHCCCS's most recent report covers the first half of Federal Fiscal Year 2025 (October 1, 2024 through March 31, 2025). AHCCCS reported the following findings:

- The percentage of CHP children receiving behavioral health services in March 2025 was 70.8%.
- The services utilized by the highest percentage of CHP members using services in March 2025 included support services (91.9%), treatment services (55.2%), pharmacy (21.5%), and rehabilitation services (15.8%). Support



services for foster children include case management, peer support, and transportation to appointments. Treatment services include individual and group counseling as well as behavioral health diagnostic evaluations.

- The services that accounted for the greatest share of CHP program costs in March 2025 included support services (31%), treatment services (24%), and inpatient services (22%). Inpatient services primarily consist of inpatient psychiatric services provided by hospitals. (Brian Belakovsky)

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 2026, the AG received \$450,000 for deposit into the ICAC Enforcement Fund. The AG has expended \$856,800 from the fund through the third quarter of FY 2026 to help pay for the operating costs of the ICAC Task Force. As of March 31, 2026, the ICAC Enforcement Fund had an unencumbered fund balance of \$(131,000). (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 2026, the AG received \$75,000 (three-quarters of the full \$100,000 FY 2026 appropriation) to the fund. No monies have been expended from the fund (including prior year funds) through the third quarter of FY 2026. As of March 31, 2026, 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 2026, the AG deposited a total of \$2.3 million into various consumer accounts. Of that amount, \$12,900 was deposited into the Antitrust Enforcement Revolving Fund, \$1.8 million was deposited in the CPCF Revolving Fund, \$318,400 was deposited into the Consumer Restitution Subaccount, and \$236,000 was deposited into the

Consumer Remediation Subaccount, of which \$71,900 was opioid claims-related revenue.

Deposits to the Antitrust Enforcement Revolving Fund
The AG deposited \$12,900 into the appropriated Antitrust Enforcement Revolving Fund, which may be used for antitrust enforcement expenses, excluding attorney compensation. As of March 31, 2026, the fund had an unencumbered balance of \$596,600.

Deposits to the CPCF Revolving Fund
The AG deposited \$1.8 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: a deposit of \$550,000 from a settlement with CHW Group, Inc., resolving allegations that CHW engaged in deceptive and/or unfair practices in connection with the advertisement or sale of residential home warranties; a deposit of \$869,700 from a settlement with Walmart, Inc., resolving allegations that Walmart misrepresented pre-tip amounts, base pay, and incentive pay to Spark App drivers; and various small legal settlements. As of March 31, 2026, the fund had an unencumbered balance of \$22.9 million.

Deposits to the Consumer Restitution Subaccount
The AG deposited \$318,400 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, 2026, the fund had an unencumbered balance of \$11.9 million.

Non-Opioid Deposits to the Consumer Remediation Subaccount
The AG deposited \$164,100 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, 2026, the Remediation Subaccount had an unencumbered balance of \$24.5 million, of which \$17.2 million is non-opioid related.

Opioid Claims-Related Deposits to the Consumer Remediation Subaccount
The AG deposited \$71,900 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 opioid balances within the Remediation Subaccount during the third quarter of FY 2026. As of March 31, 2026,



the Remediation Subaccount had an unencumbered balance of \$24.5 million, of which \$7.3 million is related to opioid claims.

Deposits to the General Fund

The AG made no deposits into the General Fund in the third quarter of FY 2026 for the collection of various fines, forfeitures, and penalties. (Gordon Robertson)

