

Border Security Fund Arizona Department of Emergency and Military Affairs Program Summary

Program Overview

The Border Security Fund was established by Laws 2021, Chapter 403, consisting of legislative appropriations, gifts, grants, and other donations. The Department of Emergency and Military Affairs (DEMA) administers the fund, which may be appropriated for preventing human trafficking and entry of aliens who are unlawfully present, terrorists and instruments of terrorism, and illegal contraband into the United States. DEMA also administers the planning, design, construction, and maintenance of the physical international border fence and administers grants to counties for prosecuting individuals who commit border-related crimes.

Program Funding

The FY 2023 budget diverted \$544.2 million from General Fund Transaction Privilege Tax (TPT, also commonly known as sales tax) collections to the Border Security Fund. Of that amount, Laws 2022, Chapter 313, diverted \$209.2 million of TPT revenues in FY 2023 from the General Fund to the Border Security Fund to DEMA to administer various items that relate to non-border fence and border security technologies such as local and county law enforcement costs associated with prosecuting and imprisoning individuals charged with border-related crimes, and one-time deputy sheriff compensation. The appropriations are non-lapsing and DEMA may transfer spending authority between programs and purposes with the review of the Joint Legislative Budget Committee (JLBC).

The remaining portion of the diverted TPT revenue was appropriated by Laws 2022, Chapter 334, which allocated \$335.0 million for physical border fence and technology to DEMA. The legislation also says DEMA will use existing infrastructure and fence materials for the construction of the physical border fence where feasible. U.S. Customs and Border Protection informed DEMA that border fencing materials previously acquired by the federal government are not available for the use by the state.

DEMA is required to submit a report to JLBC within 30 days of each calendar quarter until all monies from the \$544.2 million appropriation are fully expended. DEMA submitted the latest report on August 21, 2026, which accounts for the expenditures as of June 30, 2026 (*see Table 1*).

Expenditures

Border Fence and Border Security Technologies

As noted above, the FY 2023 budget provided \$335.0 million for border fence and border security technologies. Beginning in August 2022, 1,344 double-stacked shipping containers were installed in Yuma and Cochise counties along the federal border barrier at a cost of \$100.0 million. Per a federal court agreement signed on December 21, 2022, between the State of Arizona and the U.S. Department of Justice on behalf of the U.S. Departments of Agriculture and Interior, the shipping containers were removed at a cost of \$64.2 million. Additional containers were installed and removed in Nogales and Sierra Vista, costing \$30.5 million. The final settlement agreement with the federal government required restitution of \$2.1 million, which was paid on August 29, 2023. However, United States Forest Service (USFS) did not perform the full remediation described in the settlement and reverted \$2.0 million to DEMA on July 15, 2026. In total, the costs of the barrier project including remediation were \$194.9 million. In March 2023, the shipping containers were transferred to ADOA for sale or disposal. As of June 30, 2026, 1,183 shipping containers had been sold for \$2,363,300.

The remaining funds have been allocated for grants to counties to deploy border security technologies that include cameras, sensors, software, and other types of equipment. DEMA established a Barrier Task Force consisting of

representatives from all of Arizona's County Sheriff Offices to develop plans for border security and consider various models for implementation.

As of June 30, 2026, 36 grant applications have been approved. The total value of awarded grants was approximately \$140.1 million, of which \$83.0 million had already been disbursed. When the \$140.1 million is added to the \$194.9 million in barrier spending, the total encumbered funds are \$335.0 million.

	Border Security Fund ^{1/}		
	<u>Allocations</u>	<u>Spending Through June 30, 2026</u>	<u>Spending/Encumbrance Through June 30, 2026</u>
Border Fence and Border Security Technologies	\$ 335,000,000	\$ 277,857,300	\$ 335,000,000
Cochise County Jail	20,000,000	0	0
Local ICE Reimbursement ^{2/ 3/}	7,600,000	7,600,000	7,600,000
Anti-Human Trafficking Grant Fund ^{4/}	10,000,000	5,087,100	10,000,000
Local Prosecution Costs ^{2/ 5/}	24,800,000	15,393,600	22,566,900
Arizona National Guard ^{3/ 5/}	20,000,000	20,000,000	20,000,000
Emergency Testing and Care ^{2/}	4,600,000	4,134,200	4,600,000
Asylum Transportation ^{2/ 3/}	23,000,000	22,164,700	22,164,700
Deputy Sheriff Compensation	53,405,000	52,345,000	52,345,000
State Guard – Chain of Command	800,000	0	0
Emergency Operations Center ^{6/}	2,322,800	621,400	621,400
Local Border Support ^{5/}	12,232,900	12,232,900	12,232,900
Border Drug Interdiction ^{6/}	15,444,300	15,444,300	15,444,300
Coordinated Response Center	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Total	\$544,205,000	\$447,880,500	\$517,575,200

^{1/} Data from the Arizona Financial Information System suggests that spending and encumbrances from the fund totaled \$520,053,000 as of August 18, 2026.

^{2/} At the January 2024 JLBC meeting, the Committee approved the following reallocations: 1) increase local prosecution by \$4,800,000; 2) increase asylum transportation by \$8,000,000; 3) decrease local ICE reimbursement by \$(7,400,000); and 4) decrease emergency care and testing by \$(5,400,000).

^{3/} Laws 2025, Chapter 233 appropriated \$10,900,000 to DPS for border drug interdiction and \$3,000,000 to DEMA for local law enforcement fentanyl interdiction from the Border Security Fund. DEMA made the following transfers to fund this appropriation: 1) a decrease of \$(7,600,000) from the local ICE reimbursement; 2) a decrease of \$(446,800) from the Arizona National Guard allocation; and 3) a decrease of \$(4,831,400) from asylum transportation. The source of the remaining \$1,021,800 transfer was not reported by DEMA as of June 30, 2026.

^{4/} Laws 2025, Chapter 237 transferred authority of the Anti-Human Trafficking Grant Fund to DPS, including any remaining balances from the Border Security Fund allocation.

^{5/} At the December 2022 JLBC meeting, the Committee approved a transfer of \$10,000,000 from the local prosecution cost allocation to the Arizona National Guard allocation.

^{6/} Laws 2024, Chapter 209 made the following reallocations: 1) \$12,232,900 to DPS for local border support; 2) \$15,444,300 to DPS for border drug interdiction; 3) decrease the Emergency Operations Center by \$(27,677,200).

Cochise County Jail

Laws 2022, Chapter 313 allocated \$20.0 million in FY 2023 to Cochise County for the construction of a new county jail facility. The monies allocated are intended to fund up to 20 percent of the total jail facility construction cost, not to exceed \$20.0 million. The monies will not be distributed until Cochise County has submitted to the Director of the JLBC, the Director of the Governor's Office of Strategic Planning and Budgeting, and the Director of the Department of Administration (ADOA) a report that the county has raised sufficient monies to fund the remainder of the project's budget. Any monies that remain unexpended and unencumbered on June 30, 2029, revert to the Border Security Fund.

In November 2025, voters approved a new 0.5% sales tax to be used for the construction, operation, and maintenance of the county's jail system. No monies have yet been spent or encumbered for the Cochise County Jail construction.

Local ICE Reimbursement

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 to reimburse county or local law enforcement agencies costs incurred for participating in a program with the U.S. Immigration and Customs Enforcement (ICE). DEMA met with representatives from Arizona's law enforcement community including the Yavapai County Sheriff, Pinal County Sheriff, and Mesa Police Department, among others, to identify all eligible law enforcement agencies around the state involved in the program and communicate the reimbursement opportunity to those law enforcement agencies.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$7.4 million from local ICE reimbursement to local prosecution costs and asylum transportation.

No law enforcement organization requested reimbursement for participating in the program through FY 2025. Laws 2025, Chapter 233 subsequently appropriated \$10.9 million from the Border Security Fund to the Department of Public Safety (DPS) to fund the Border Drug Interdiction program. As a result, DEMA transferred the remaining \$7.6 million in this allocation to DPS for the new funding purpose.

Anti-Human Trafficking Grant Fund

Laws 2022, Chapter 313 allocated \$10.0 million in FY 2023 for a deposit into the Anti-Human Trafficking Grant Fund. DEMA distributes the monies from the fund to programs to reduce human trafficking or improve identification of and services to trafficking victims. Of this amount, \$2.0 million is distributed to the DPS Arizona Counter Terrorism Information Center for anti-human trafficking operations. The remaining \$8.0 million is distributed in award grants to city, town, and county law enforcement agencies, in the amount of no more than \$500,000 per agency, for programs that reduce human trafficking.

Applicants may be eligible for these awards for any of the following: 1) Providing training to law enforcement agencies, prosecutorial agencies, and the public on preventing and identifying human trafficking, or providing personnel financial resources to attend locally or nationally accredited training. 2) Allowing full or partial funding of staff positions that would aid the investigation or prosecution of human traffickers, or otherwise coordinate programs or direct services to identified victims. 3) Purchasing new equipment, software, or program licenses to aid in the investigation, prosecution, service provision or data collection and analysis of human trafficking. 4) Providing services to victims of human trafficking. This can include, but is not limited to, increasing support for forensic interviewing, developing victim-centered, trauma-informed support for victims, and victim advocates.

Twenty applicants received awards/agreements to proceed with projects through FY 2025. Including the DPS distribution, the fund has spent or encumbered \$9.5 million.

Laws 2025, Chapter 237 transferred responsibility of the Anti-Human Trafficking Grant Fund to DPS, which included a remaining balance of \$526,500 within the Fund. DEMA is continuing to disburse previously obligated funding from this fund.

Local Prosecution Costs

Laws 2022, Chapter 313 allocated \$30.0 million in FY 2023 to local governments for costs associated with prosecuting and imprisoning individuals charged with drug trafficking, human smuggling, illegal immigration, and other border-related crimes. At its December 2022 meeting, the JLBC favorably reviewed a transfer of \$10.0 million from the local prosecution allocation to the Arizona National Guard for a southern border deployment. This transfer resulted in \$20.0 million being available for the Arizona National Guard (see below for more information) and \$20.0 million available for local government prosecution.

At its January 2024 meeting, the JLBC favorably reviewed an increase of \$4.8 million to local prosecution's allocation to cover \$4.3 million for pending recipients of DPS's local border support program, bringing the total allocation to \$24.8 million.

The DPS local border support program is not part of the Border Security Fund, but instead is funded from a FY 2024 General Fund appropriation. DPS had more applications than could be funded with its original \$12.2 million appropriation.

As of June 30, 2026, 24 applicants have received grant awards totaling \$22.6 million, of which \$15.4 million had already been disbursed.

Arizona National Guard

As described in the prior allocation, \$20.0 million is available to the Arizona National Guard. The Guard may use these monies to support DPS and local law enforcement agencies relating to violations of the laws in the southern Arizona border region. The Arizona National Guard had approximately 90 soldiers and airmen on state active duty orders in support of the Southern Arizona Law Enforcement (SALE) mission in Cochise, Maricopa, Pinal, Santa Cruz, and Yuma Counties during the course of this program. DEMA reports that this program has ended.

As of June 30, 2026, the Arizona National Guard had spent or encumbered \$19.6 million for this program through FY 2025. Laws 2025, Chapter 233 subsequently appropriated \$3.0 million from the Border Security Fund to DEMA to fund the Local Law Enforcement Fentanyl Interdiction program. As a result, DEMA transferred the remaining \$446,800 in this allocation for the new funding purpose.

Emergency Testing and Care

Laws 2022, Chapter 313 allocated \$10.0 million in FY 2023 for emergency health care and testing for immigrants along the southern Arizona border. DEMA worked with the Arizona Department of Health Services (DHS) to disburse funds that target emergency healthcare and testing to migrants via county health departments and the University of Arizona.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$5.4 million out of emergency testing and care to local prosecution costs and asylum transportation, leaving \$4.6 million for this allocation.

As of June 30, 2026, DEMA reports that DHS has entered into contracts to spend the full \$4.6 million with Maricopa County, Pima County, Santa Cruz County, Yuma County, and the University of Arizona, of which \$4.1 million had already been disbursed.

Asylum Transportation

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 for transportation of individuals who entered Arizona seeking asylum to other states in the United States, including the cost of meals, onboard staffing, and support. DEMA is supporting local Non-Governmental Organizations (NGO) located in southern communities to transport migrants referred to them by U.S. Customs and Border Protection to Washington, D.C., to a location near their intended travel destination. Migrants are connected with another NGO at the location to coordinate last-mile travel arrangements.

At its January 2024 meeting, the JLBC favorably reviewed a transfer of \$8.0 million from other allocations (local ICE reimbursement and emergency testing and care) to increase total funding to \$23.0 million.

Since the beginning of the mission on May 9, 2022, through June 30, 2026, DEMA has spent \$17.3 million for the transportation of migrants. Of that amount, \$11.7 million was used for 234 interstate buses to transport 10,466 migrants and \$5.7 million for 3,186 buses to transport 149,477 migrants within the state, as of March 31, 2025. Utilization of this program appears to be decreasing, as only 40 intrastate buses were used to transport 1,350 migrants in the period between January 1, 2025 and March 31, 2025.

Laws 2025, Chapter 233, as described in the prior allocations, appropriated \$10.9 million for Border Drug Interdiction and \$3.0 million for Local Law Enforcement Fentanyl Interdiction from the Border Security Fund. As a result, DEMA transferred \$3.3 million to DPS and \$1.5 million to other DEMA programs from this allocation for these new funding purposes.

Deputy Sheriff Compensation

Laws 2022, Chapter 313 allocated \$53.4 million in FY 2023 to distribute to ADOA for deputy sheriff compensation. Of this amount, \$48.3 million is allocated to counties for a \$10,000 one-time payment to line-level deputies and detention officers employed by each county sheriff's office as of May 1, 2022. County Sheriff Offices have informed ADOA that as of September 30, 2022, a total of 4,673 employees are eligible for the one-time payment of \$10,000. Additionally, \$5.1 million is allocated to counties for a \$5,000 one-time payment to line-level deputies and detention officers hired after May 1, 2022.

As of June 30, 2023, DEMA has transferred the entire allocation to ADOA to fund the quarterly payments for those employed prior to May 1, 2022. Rather than quarterly distributions, Arizona Laws 2023, Chapter 121 amended the program to require ADOA to distribute all remaining one-time employee payments by October 30, 2023. The remaining unencumbered funds will be used by counties for additional funding for \$5,000 payments to newly hired officers.

ADOA has distributed a total of \$52.3 million as of June 30, 2026, for both recruitment and retention payments. This program concluded in October 2023, and we anticipate the remaining \$1.1 million will remain unspent.

State Guard – Chain of Command

Laws 2022, Chapter 313 allocated \$800,000 in FY 2023 to establish a chain of command with the Arizona State Guard. Laws 2022, Chapter 222 authorized new supervisory positions in the State Guard that would be funded by this allocation.

As of June 30, 2026, DEMA had not encumbered or spent any of the State Guard – Chain of Command allocation. DEMA stopped providing updates on this allocation in its quarterly reports, and we are unsure if DEMA intends to utilize the remaining allocation.

Emergency Operations Center

Laws 2022, Chapter 313 allocated \$30.0 million in FY 2023 for the construction costs of a new State Emergency Operations Center (SEOC). The SEOC is located at Papago Park Military Reservation in Phoenix, where DEMA coordinates the State response for emergencies from the facility. Prior to expending the monies, DEMA is required to submit the scope, purpose, and estimated cost of the project to the Joint Committee on Capital Review (JCCR) for review. In December 2022, JCCR gave a favorable review to \$2.0 million of the \$30.0 million allocated from the Border Security Fund for the renovation and expansion of the SEOC. The \$2.0 million was allocated to cover the architectural design costs for the SEOC renovation and expansion project. DEMA reports that it expended \$621,400 for SEOC planning and design activities.

Laws 2024, Chapter 209 reallocated \$27.7 million from this allocation for local border support and Border Drug Interdiction. As of June 30, 2026, \$1.7 million remains available. We do not expect DEMA to utilize the remaining allocation.

Local Border Support

As noted above, Laws 2024, Chapter 209 reduced the existing Emergency Operations Center allocation by \$27.7 million. Of this reduction, \$12.2 million was reallocated to DPS for its local border support program. The purpose of this program is to help local law enforcement agencies deter and combat drug trafficking, human smuggling, illegal immigration, and other border-related crimes.

This allocation did not represent a net increase in funding for the program, as Laws 2024, Chapter 209 reduced the DPS General Fund appropriation for local border support by the same amount.

Border Drug Interdiction

As noted above, Laws 2024, Chapter 209 reduced the existing Emergency Operations Center allocation by \$27.7 million. Of this reduction, \$15.4 million was reallocated to DPS for its Border Drug Interdiction program in FY 2025. The Border Drug Interdiction program is a multi-agency law enforcement task force that targets drug and human trafficking organizations and activities along the Arizona-Mexico border.

This allocation did not represent a net increase in funding for the program, as Laws 2024, Chapter 209 reduced the DPS General Fund appropriation for Border Drug Interdiction by the same amount.

Laws 2025, Chapter 233 allocated an additional \$10.9 million in Border Security Fund monies for Border Drug Interdiction, which resulted in withdrawals of \$7.6 million and \$3.3 million from the Local ICE Reimbursement and Asylum Transportation lines. This brings the total program allocation for Border Drug Interdiction to \$26.3 million.

Coordinated Response Center

Laws 2022, Chapter 313 allocated \$15.0 million in FY 2023 to the DPS for the construction costs of a Southern Border Coordinated Response Center. Prior to any expending of the monies, DPS is required to submit the scope, purpose, and estimated cost of the project to JCCR for review. In December 2022, the JCCR gave a favorable review to DEMA's plan to purchase and renovate a facility located in Tucson to be used as the Southern Border Coordinated Response Center. DPS purchased the building and contracted an architectural firm to design renovations. The building's purchase price was \$8.2 million. The balance of the funding, \$6.8 million, was allocated for the renovations. DEMA has not provided a recent update on this allocation in its quarterly reports.

As of March 31, 2025, all \$15.0 million was expended or encumbered by DPS for the Coordinated Response Center.

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