



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

Senate: APPROP DP 6-5-0-0

SB1737: capital outlay; appropriations; 2024-2025

Sponsor: Senator Kavanagh (with permission of Committee on Rules), LD 3
Substituted with [HB2899](#)

Overview

Makes capital appropriations, reductions and transfers of appropriations to state agencies in FY 2025.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

Provisions

Building Renewal (Sec. 2)

1. Appropriates the following amounts to the specified agencies in FY 2025 for the maintenance and repair of state buildings:

Arizona Department of Administration (ADOA)

- a) \$19,000,000 from the Capital Outlay Stabilization Fund (COSF);
 - i. Requires ADOA to allocate these monies to state agencies for necessary building renewal;
 - ii. Reduces the appropriation from COSF to the amount available in that fund if the monies in COSF are insufficient to fund the full appropriation; and
 - iii. Allows the monies to be used for retrofitting facilities for space consolidation;

Arizona Department of Corrections (DOC)

- b) \$5,864,300 from the Department of Corrections Building Renewal Fund;
- c) \$2,692,700 from the Prison Construction and Operations Fund;
 - i. Restricts DOC from spending these monies on personal services or overhead expenses related to managing the funded projects.

Arizona Game and Fish Department (AZGF)

- d) \$1,795,000 from the Game and Fish Fund;

Arizona State Lottery Commission (ASLC)

- e) \$218,200 from the State Lottery Fund;

Arizona Department of Transportation (ADOT)

- f) \$22,082,800 from the State Highway Fund (SHF); and
- g) \$457,300 from the State Aviation Fund.

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

Individual Capital Projects (Sec. 3)

2. Appropriates the following sums of money to be used by each agency for the indicated individual capital projects in FY 2025:

Arizona State Parks Board (ASPB)

- a) \$3,022,000 from the State Parks Revenue Fund (SPRF);
- i. Requires ASPB to report to the Joint Committee on Capital Review (JCCR) and the Governor's Office of Strategic Planning and Budgeting (OSPB) if ASPB revises the plan for any project for which these monies are appropriated because the ASPB receives land and water conservation grant funding;

Arizona Pioneers' Home

- b) \$465,000 from the Miners' Hospital for Miners with Disabilities Land Fund for capital improvements;

ADOT

- c) \$9,088,200 from the SHF for additional vehicle fueling replacement funding for facilities located in Flagstaff, Needle Mountain, Kingman, Tucson, Willcox, Three Points, Saint David, Springerville, Chambers and Holbrook.

ADOT Statewide Highway Construction Projects (Sec. 4)

3. Appropriates \$462,488,000 from the SHF in FY 2025 to plan and construct state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, to acquire rights-of-way and to provide for the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction;
- a) States that any balances and collections in the SHF that exceed the specific amounts appropriated in the General Appropriations Act and in this Capital Outlay Act for FY 2025 are appropriated to ADOT for purposes related to Statewide Highway Construction Projects.
4. Requires ADOT, by November 1, 2024, to report to the directors of the Joint Legislative Budget Committee (JLBC) and OSPB on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources, including appropriated monies, federal monies, local agency monies, state highway monies, bond proceeds and regional area road monies.
5. Directs ADOT, by November 1, 2024, to report capital outlay information for FYs 2024 through 2026, to the directors of JLBC and OSPB as prescribed.
6. Requires ADOT, by November 1, 2024, to report ADOT's estimated outstanding debt principal balance at the end of FY 2026 and the estimated debt service payment amount for each of FYs 2026 through 2029, to the directors of JLBC and OSPB. This report must include SHF statewide construction bonds, Arizona Highway User Revenue Fund bonds, Maricopa Association of Governments and Pima Association of Governments controlled access bonds, Maricopa Regional Area Road Fund bonds and grant anticipation notes and is intended to be comparable to the information in the FY 2024 appropriations report.
7. Exempts the \$462,488,000 appropriation from JCCR review.

ADOT Airport Planning and Development (Sec. 5)

8. Appropriates \$25,550,000 from the State Aviation Fund (SAF) in FY 2025 to plan, construct develop and improve state, county, city or town airports as determined by the State Transportation Board;
 - a) States that any balances and collections in the SAF that exceed the specific amounts appropriated in the General Appropriations Act and in the Capital Outlay Act for FY 2025 are appropriated to ADOT in FY 2025 for purposes related to Airport Planning and Development.
9. Directs ADOT, by December 31, 2024, to report to JLBC staff on the status of all aviation grant awards and aviation grant distributions. The report must delineate projects by individual airport and fiscal year, including any future year commitments.
10. Exempts the \$25,550,000 appropriation from JCCR review.

Appropriation Reductions and Reappropriation

11. Reduces by \$25,000,000 the appropriation made from the GF in Laws 2021, Chapter 406, for the veterans' home facility. (Sec. 6)
12. Appropriates \$25,000,000 from the GF in FY 2028 to Department of Veterans' Services (ADVS) to construct and establish a veterans' home facility in the northwestern portion of this state:
 - a) States that the appropriation is intended to be this state's share of the costs and is not subject to expenditure for any purpose unless the ADVS has irrevocable commitments from the United States government to fund at least 65% of the total cost. (Sec. 6)
13. Requires ADVS to submit the proposed site location in the northwestern portion of this state to the Arizona Veterans' Service Advisory Commission (Commission) for approval and to provide the Commission a feasibility analysis of suitable sites to consider when approving the site location. (Sec. 6)
14. Directs ADVS, before spending the \$25,000,000 appropriation, to submit the scope, purpose and estimated cost of the capital improvements to the JCCR for review. (Sec. 6)
15. Exempts the \$25,000,000 appropriation from lapsing. (Sec. 6)
16. Reduces the following amounts from the GF appropriations made in FY 2023 by Laws 2022, Chapter 309 to ADOA for the following projects:
 - a) \$12,875,800 for building renewal;
 - b) \$68,600 for building demolition; and
 - c) \$48,263,600 for the West Adams building renovations. (Sec. 7)
17. Reduces the following amounts from the GF appropriations made in FY 2024 by Laws 2023, Chapter 135 for the following projects:
 - a) For ADOA, \$22,539,500 for building renewal and \$5,000,000 for electric vehicle charging and advance fuel infrastructure; and
 - b) For ADC, \$19,379,100 for building renewal and \$56,983,600 to replace evaporative cooling statewide with HVAC. (Sec. 8)
18. Decreases the following amounts from ADOT for the construction of an overpass at Riggs Road and State Route 347:
 - a) \$25,000,000 from the GF appropriations made in FY 2021 by Laws 2021, Chapter 406; and

- b) \$24,000,000 from SHF appropriations made in FY 2023 by Laws 2022, Chapter 309, as amended by Laws 2023, Chapter 135. (Sec. 9)
- 19. Transfers, by June 30, 2024, \$118,386,900 from the SHF monies received by Laws 2022, Chapter 321, to the GF for the purposes of providing adequate support and maintenance for agencies of this state. (Sec. 9, 10, 11, 30)
- 20. Appropriates \$49,000,000 from the GF in FY 2028 to ADOT to construct an overpass at Riggs Road and State Route 347 and adds a legislative intent statement. (Sec. 9)
- 21. Reduces the following amounts from ADOT to design and construct additional vehicle lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road:
 - a) \$55,910,000 from SHF appropriations made in FY 2023 by Laws 2022, chapter 309, as amended by Laws 2023, Chapter 135; and
 - b) \$52,090,000 from the GF appropriation made in FY 2024 by Laws 2023, Chapter 135. (Sec. 10)
- 22. Appropriates \$30,000,000 from the GF in FY 2027 and \$78,000,000 from the GF in FY 2028 to ADOT to design and construct additional vehicle lanes, separated by a lighted median, on Interstate 10 between State Route 85 and Citrus Road. (Sec. 9)
- 23. Reduces \$29,343,200 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309, for the rehabilitation pavement on road projects selected pursuant to Laws 2021, Chapter 406. (Sec. 11)
- 24. Decreases \$10,000,000 from the GF appropriations made to ADOT in FY 2024 by Laws 2022, Chapter 309, to improve State Route 97 near Bagdad. (Sec. 12)
- 25. Reduces \$41,000,000 from the GF appropriations made to ADOT in FY 2024 by Laws 2023, Chapter 135, for pavement rehabilitation projects. (Sec. 13)
- 26. Transfers \$38,237,100 from the SPRF, by June 30, 2024, to the GF for the purposes of providing adequate support and maintenance for agencies of this state. (Sec. 14)
- 27. Requires ASPB, by September 1, 2024, to submit an expenditure report to the JCCR that describes how monies appropriated from the SPRF by Laws 2022, Chapter 309 will be allocated for listed capital projects after deducting the amount of the transfer. ASPB may only spend monies for capital projects that were favorably reviewed by the JCCR before the effective date. (Sec. 14)

ADOT Highway Project Reallocations

- 28. Reduces \$2,095,000 from the GF appropriations made to ADOT in FY 2021 by Laws 2021, Chapter 406 to improve State Route 90 near Fort Huachuca. (Sec. 15)
- 29. Appropriates \$939,100 from the SHF in FY 2024 to ADOT to construct a roundabout at intersection of State Route 69 and State Route 169, in addition to the appropriation made by Laws 2022, Chapter 309, as amended by Laws 2023, Chapter 135. (Sec. 16)
- 30. Reduces \$2,436,000 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309 to conduct a tier two study for the Sonoran Corridor in Pima county. (Sec. 17)
- 31. Decreases \$3,300,000 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309, as amended by Laws 2023, Chapter 135, to improve State Route 90 from Moson Road to Campus Drive. (Sec. 18)

32. Reduces \$4,000,000 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309, to design work for the interchange at State Route 303 and Interstate 17. (Sec. 19)
33. Decreases \$8,720,000 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309, to rehabilitate pavement along State Route 90 between Campus Drive and the U.S. Border Patrol station in Huachuca City. (Sec. 20)
34. Reduces \$7,038,200 from SHF appropriations made to ADOT in FY 2023 by Laws 2022, Chapter 309, to rehabilitate pavement along United States Route 191 between Armory Road and East Safford. (Sec. 21)
35. Appropriates \$1,500,000 from the SHF in FY 2024 to ADOT for final design plan, right-of-way and easements for an overpass at Riggs Road and State Route 347, in addition to the appropriation made by Laws 2021, Chapter 406. (Sec. 22)
36. Appropriates \$167,000 from the GF in FY 2024 to ADOT to improve the interchange at State Route 303 and U.S. Route 60 in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 23)
37. Appropriates \$315,000 from the GF in FY 2024 to ADOT for design of State Route 87 intersection improvements at Arica Road and Shedd Road, in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 24)
38. Appropriates \$1,100,000 from the SHF in FY 2024 to ADOT to improve State Route 83 within Santa Cruz county, in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 25)
39. Appropriates \$12,600,500 from the SHF in FY 2024 to ADOT for design work and engineer improvements on State Route 85 between mile post 123 and Maricopa Road, in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 26)
40. Appropriates \$172,200 from the GF in FY 2024 to ADOT to improve State Route 260 within Navajo county, in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 27)
41. Appropriates, in addition to the appropriation made by Laws 2023, Chapter 135, the following amounts to ADOT in FY 2024 to repave U.S. Route 60 between Morrystown and Wickenburg:
 - a) \$206,800 from the GF; and
 - b) \$220,900 from the SHF. (Sec. 28)
42. Appropriates \$1,901,000 from the GF in FY 2024 to ADOT to improve intersection on State Route 347 at Casa Blanca Road and Cement Plant access, in addition to the appropriation made by Laws 2023, Chapter 135. (Sec. 29)

JCCR Project Reviews

43. Declares that the following projects have been favorably reviewed by JCCR:
 - a) \$2,600,000 for the following AZGF capital projects to:
 - i. replace underground valves at the Canyon Creek Hatchery;
 - ii. insulate the spring on the Cold Springs Ranch property against outside contaminants;
 - iii. replace a portion of a water pipeline at the House Rock Wildlife Area;
 - iv. realign and install piping in a diversion ditch at the Sipe Wildlife Area; and
 - v. construct an equipment storage building at Becker Lake Wildlife 36 Area;

- b) \$214,200 for ASLC building renewal projects for structural repairs of the ASLC's facility in Phoenix;
 - c) \$250,000 for the Arizona Pioneer's Home project to improve the cemetery parking lot;
 - d) \$63,000,000 for Arizona State University (ASU) system revenue bond issuances to implement information technology infrastructure improvements;
 - e) \$22,000,000 for ASU system revenue bond issuances to fund a utility expansion project on the Tempe campus;
 - f) \$16,375,000 for Yavapai College bond projects to finance the creation of centers for learning and innovation, capital improvement projects and software system upgrades; and
 - g) \$8,704,900 for the ADC to purchase HVAC units and electrical equipment for installation at the Eyman prison complex. (Sec. 31)
44. Applies the following financing provisions to the ASU projects deemed to have been favorably reviewed by JCCR:
- a) the favorable review does not constitute endorsement of GF appropriations to offset any revenues that may be required for debt service or any operations and maintenance costs when the project is complete;
 - b) ASU must provide the final debt service schedule and interest rate for the projects to JCCR as soon as the final debt service schedule and interest rate are available; and
 - c) ASU must report, by October 15 of each year until completion of the project, to the staff of JLBC on the status and expenditures of the projects. The report must include the project expenditures to date, any changes to the planned construction timeline, the expected completion date and any change to the scope of the project. (Sec. 31)
45. Applies the following financing provisions to the Yavapai College project deemed to have been favorably reviewed by JCCR:
- a) the college must provide the final debt service schedule and interest rate for the projects to the JCCR as soon as the final debt service schedule and interest rate are available; and
 - b) Yavapai College must report, by July 31 of each year until completion of the project, to the staff of the JLBC on the status and expenditures of the projects. The report must include the project expenditures to date, any changes to the planned construction timeline, the expected completion date and any change to the scope of the project. (Sec. 31)

Miscellaneous

46. Exempts from lapsing, until June 30, 2025, the \$1,800,000 appropriated to ADOT by Laws 2021, Chapter 406, in FY 2022 to replace vehicle fueling facilities in Flagstaff, Holbrook and Kingman. (Sec. 32)
47. Appropriates \$9,240,000 from the GF in FY 2028 to ADOT to distribute to Pinal County for the engineering and design of the West Pinal Parkway East-West Corridor. (Sec. 33)
48. Mandates that the \$59,800,000 appropriated from the GF to ADOT by Laws 2023, Chapter 135 to distribute to the town of Queen Creek to extend State Route 24, including a traffic interchange at State Route 24 and Ironwood Road, must be distributed to the town of Queen Creek by June 30, 2024. (Sec. 34)
49. Specifies that the monies distributed to the town of Queen Creek for State Route 24 must be prioritized for a traffic interchange at State Route 24 and Ironwood Road and that any remaining monies must be used to extend State Route 24. (Sec. 34)

50. Allows ADOA to spend up to 5% of the amounts appropriated to ADOT in the Capital Outlay Act for FY 2025, excluding amounts to be distributed to nonstate agencies, for expenditures for project management of building renewal and capital projects. All other monies appropriated to ADOA in the Capital Outlay Act for FY 2025 may not be spent for personal services or employee-related expenditures or for maintenance contracts on building components and equipment without review by the JCCR. (Sec. 35)
51. Restricts the monies appropriated in the Capital Outlay Act for FY 2025 from being spent for personal services or employee-related expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Sec. 35)
52. Makes conforming and technical changes. (Sec. 1, 9, 34)