

# Department of Transportation

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	4,554.0	4,554.0	4,571.0 <sup>1/</sup>
Personal Services	122,787,700	136,110,300	137,180,700
Employee Related Expenditures	56,284,500	61,656,800	67,866,200
Professional and Outside Services	12,282,800	10,858,900	10,858,900
Travel - In State	648,700	464,900	464,900
Travel - Out of State	200,500	157,100	157,100
Other Operating Expenditures	40,508,000	41,322,900	36,081,200
Equipment	4,105,700	3,716,000	3,350,200
<b>OPERATING SUBTOTAL</b>	<b>236,817,900</b>	<b>254,286,900</b>	<b>255,959,200 <sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
ADOT Fleet Vehicles and Heavy Equipment Maintenance	20,964,200	25,209,300	26,522,700
ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency	0	0	1,000,000
ADOT Fleet Vehicle and Heavy Equipment Replacement	16,818,000	22,400,000	22,400,000 <sup>3/</sup>
Attorney General Legal Services	3,623,700	3,623,700	3,623,700 <sup>4/</sup>
Authorized Third Parties	1,896,400	2,194,000	2,264,400
Construction Management System Replacement	0	0	1,885,000
Driver License Security Software	1,071,400	0	0
Driver Safety and Livestock Control	275,500	800,000	800,000
Highway Damage Recovery Account	7,988,600	8,000,800	7,999,300
Highway Maintenance	168,295,200	160,760,600	165,300,900 <sup>5/6/</sup>
One-Time Fleet Fuel Inflation Funding	0	2,337,900	3,297,900
Preventive Surface Treatments	29,005,800	36,142,000	36,142,000 <sup>7/</sup>
Radio Lifecycle Replacement	0	1,656,100	1,656,100
Spaying and Neutering of Animals Fund Deposit	0	550,000	0
State Fleet Operations	22,731,600	30,454,400	29,146,900
State Fleet Vehicle Replacement	9,380,900	25,000,000	11,370,000
Statewide Litter Removal	0	3,106,800	3,106,800
<b>AGENCY TOTAL</b>	<b>518,869,200</b>	<b>576,522,500</b>	<b>572,474,900 <sup>8/-12/</sup></b>
<b>FUND SOURCES</b>			
General Fund	0	550,000	0
<u>Other Appropriated Funds</u>			
Air Quality Fund	254,000	1,127,700	1,078,300
Department Fleet Operations Fund	20,964,200	25,209,300	27,522,700
Highway Damage Recovery Account	7,988,600	8,000,800	7,999,300
Highway User Revenue Fund	764,900	898,600	951,500
Ignition Interlock Device Fund	331,300	360,700	365,600
Motor Vehicle Liability Insurance Enforcement Fund	4,187,400	1,582,300	1,615,600
State Aviation Fund	1,992,000	2,261,600	2,289,300
State Fleet Operations Fund	22,731,600	30,454,400	29,146,900
State Highway Fund	448,967,600	479,430,500	488,489,300
State Vehicle Replacement Fund	9,380,900	25,000,000	11,370,000
Vehicle Inspection and Certificate of Title Enforcement Fund	1,306,700	1,646,600	1,646,400
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>518,869,200</b>	<b>575,972,500</b>	<b>572,474,900</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>518,869,200</b>	<b>576,522,500</b>	<b>572,474,900</b>
Other Non-Appropriated Funds	28,553,500	27,819,400	27,819,400

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Federal Funds	43,836,500	22,430,800	22,430,800
<b>TOTAL - ALL SOURCES</b>	591,259,200	626,772,700	622,725,100

**AGENCY DESCRIPTION** — The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

**FOOTNOTES**

- 1/ Includes 1,154 OF FTE Positions funded from Special Line Items in FY 2025.
- 2/ The amount appropriated in the operating lump sum includes a \$2,000,000 reduction below the fiscal year 2023-2024 level from the state highway fund established by section 28-6991, Arizona Revised Statutes, in fiscal year 2024-2025 from the department's enforcement and compliance division. (General Appropriation Act footnote)
- 3/ Expenditures made by the department of transportation for ADOT fleet vehicle and heavy equipment replacement shall be funded only from the ADOT fleet vehicle and heavy equipment replacement line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the ADOT fleet vehicle and heavy equipment replacement line item before expenditure. (General Appropriation Act footnote)
- 4/ All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in the operating lump sum appropriation or other line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure. (General Appropriation Act footnote)
- 5/ Of the total amount appropriated, \$165,300,900 in fiscal year 2024-2025 for highway maintenance is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2025. (General Appropriation Act footnote, as adjusted for statewide allocations)
- 6/ In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes. (General Appropriation Act footnote)
- 7/ The amount appropriated to the preventive surface treatments line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the state highway fund established by section 28-6991, Arizona Revised Statutes, on August 31, 2025. (General Appropriation Act footnote)
- 8/ Of the total amount appropriated, the department of transportation shall pay \$15,981,300 in fiscal year 2024-2025 from all funds to the department of administration for its risk management payment. (General Appropriation Act footnote)
- 9/ The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2025 for fiscal year 2024-2025. (General Appropriation Act footnote)
- 10/ On or before February 1, 2025, the Arizona strategic enterprise technology office shall submit, on behalf of the department of transportation, an annual progress report to the joint legislative budget committee staff. The annual report shall provide updated plans for spending the department-dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in fiscal year 2024-2025, including any amounts for stabilization, maintenance, ongoing operations, support and enhancements for the motor vehicle modernization solution, maintenance of legacy mainframe processing and support capability, and other system projects outside the scope of the motor vehicle modernization project. (General Appropriation Act footnote)
- 11/ On or before August 1, 2024, the department of transportation shall report to the director of the joint legislative budget committee the state's share of fees retained by the service Arizona vendor in the prior fiscal year. The report shall include the amount spent by the service Arizona vendor on behalf of this state in the prior fiscal year and a list of the projects funded with those monies. (General Appropriation Act footnote)
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

## Operating Budget

The budget includes \$255,959,200 and 3,417 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<b>FY 2025</b>
Air Quality Fund	\$1,078,300
Highway User Revenue Fund	686,200
Ignition Interlock Device Fund	365,600
Motor Vehicle Liability Insurance Enforcement Fund	1,510,900
State Aviation Fund	2,289,300
State Highway Fund	248,475,700
Vehicle Inspection and Certificate of Title Enforcement Fund	1,553,200

Adjustments are as follows:

### ADOT Fleet Operations Funding

The budget includes an increase of \$1,010,300 in FY 2025 for increased costs related to operating and maintaining ADOT's fleet. This amount consists of:

State Aviation Fund	6,100
State Highway Fund	1,004,200

The monies will be deposited into the Department Fleet Operations Fund, which is used to maintain the department's internal fleet. *(Please see the ADOT Fleet Vehicles and Heavy Equipment Maintenance line item for further details.)*

### Enforcement and Compliance Division Funding Reduction

The budget includes a decrease of \$(2,000,000) from the State Highway Fund in FY 2025 for a reduction in the department's Enforcement and Compliance Division (ECD). Prior to the reduction, the overall FY 2024 ECD budget was approximately \$30.3 million. The ECD consists of both peace officer and civilian positions charged with maintaining the state ports of entry and conducting commercial vehicle inspections. This issue includes a \$2,000,000 transfer from the State Highway Fund to the General Fund, which reflect monies derived from the Vehicle License Tax. *(Please see the Other Issues section for further details.)*

### Federal Construction Funding Personnel

The budget includes an increase of \$1,550,000 and 15 FTE Positions from the State Highway Fund in FY 2025 for additional construction project personnel to staff projects funded by the \$1.3 billion ADOT received from the federal Infrastructure Investment and Jobs Act (IIJA). The new positions will be partially covered through federal funds.

### License Plate Production Funding Reduction

The budget includes a decrease of \$(629,000) from the State Highway Fund in FY 2025 for a decrease in license plate production funding to reflect lower than anticipated production costs.

### Named Claimants

The budget includes a decrease of \$(270,600.29) from the State Highway Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims. *(Please see the Named Claimants discussion in ADOA Other Issues.)*

### One-Time MVD Security System

The budget includes a one-time increase of \$724,900 from the State Highway Fund in FY 2025 to replace the security systems at 9 MVD offices throughout the state. The funding covers the third phase of a 5-phase project intended to replace the security systems at all 42 offices.

### Remove One-Time MVD Security System

The budget includes a decrease of \$(730,900) from the State Highway Fund in FY 2025 to remove one-time funding to replace the security systems at 10 MVD offices throughout the state. The funding covers the second phase of a 5-phase project intended to replace the security systems at all 42 offices.

### One-Time Passenger Rail Service Operating Funding

The budget includes a one-time increase of \$200,000 from the Air Quality Fund in FY 2025 for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

### Remove One-Time Passenger Rail Service Operating Funding

The budget includes a decrease of \$(250,000) from the Air Quality Fund in FY 2025 to remove one-time funding for operating costs associated with a study for a passenger rail service from Phoenix to Tucson.

### Remove One-Time Computer Aided Dispatch System Replacement Funding

The budget includes a decrease of \$(336,800) from the State Highway Fund in FY 2025 to remove one-time funding to replace the department's existing Computer-Aided Dispatch (CAD) system.

### Remove One-Time MVD Paper Materials Cost Increase

The budget includes a decrease of \$(701,700) from the State Highway Fund in FY 2025 to remove one-time funding to cover the increased cost of paper materials used by the MVD.

**Statewide Adjustments**

The budget includes an increase of \$3,106,100 in FY 2025 for statewide adjustments. This amount consists of:

Air Quality Fund	600
Highway User Revenue Fund	28,400
Ignition Interlock Device Fund	4,900
Motor Vehicle Liability Insurance Enforcement Fund	30,900
State Aviation Fund	21,600
State Highway Fund	3,019,900
Vehicle Inspection and Certificate of Title Enforcement Fund	(200)

*(Please see the Agency Detail and Allocations section.)*

**ADOT Fleet Vehicles and Heavy Equipment Maintenance**

The budget includes \$26,522,700 and 200 FTE Positions from the Department Fleet Operations Fund in FY 2025 for Vehicles and Heavy Equipment Maintenance. Adjustments are as follows:

**ADOT Fleet Operations Funding**

The budget includes an increase of \$1,010,300 from the Department Fleet Operations Fund in FY 2025 for increased costs related to operating and maintaining ADOT's fleet.

**Named Claimants**

The budget includes a decrease of \$(283.96) from the Department Fleet Operations Fund in FY 2025 for the elimination of one-time funding for prior year unpaid claims.

**Statewide Adjustments**

The budget includes an increase of \$303,400 from the Department Fleet Operations Fund in FY 2025 for statewide adjustments.

This line item funds the maintenance and repair of the department's vehicle and equipment fleet.

**ADOT Fleet Vehicles and Heavy Equipment Maintenance Contingency**

The budget includes \$1,000,000 from the Department Fleet Operations Fund in FY 2025 for Vehicles and Heavy Equipment Maintenance Contingency. Adjustments are as follows:

**ADOT Fleet Operations Contingency Funding**

The budget includes an increase of \$1,000,000 from the Department Fleet Operations Fund in FY 2025 for contingency related costs of maintaining the department's vehicle and equipment fleet.

**ADOT Fleet Vehicle and Heavy Equipment Replacement**

The budget includes \$22,400,000 from the State Highway Fund in FY 2025 for Vehicle and Heavy Equipment Replacement. This amount is unchanged from FY 2024.

This line item funds the financing of replacements for the department's Vehicle and Heavy Equipment fleet through 5-year third-party lease agreements. A General Appropriation Act footnote requires vehicle and heavy equipment replacement to be funded only from this line item.

**Attorney General Legal Services**

The budget includes \$3,623,700 from the State Highway Fund in FY 2025 for Attorney General Legal Services. This amount is unchanged from FY 2024.

This line item funds the department's interagency services agreement with the Attorney General for costs of providing legal services to the department, such as litigating cases, reviewing legal documents and proposed administrative rules, and issuing legal opinions.

**Authorized Third Parties**

The budget includes \$2,264,400 and 20 FTE Positions in FY 2025 for Authorized Third Parties. These amounts consist of:

Highway User Revenue Fund	265,300
Motor Vehicle Liability Insurance Enforcement Fund	104,700
State Highway Fund	1,801,200
Vehicle Inspection and Certificate of Title Enforcement Fund	93,200

Adjustments are as follows:

**Statewide Adjustments**

The budget includes an increase of \$70,400 in FY 2025 for statewide adjustments. This amount consists of:

Highway User Revenue Fund	24,500
Motor Vehicle Liability Insurance Enforcement Fund	2,400
State Highway Fund	43,500

This line item funds the oversight of authorized third-parties (ATPs). The oversight includes training and educating ATPs, reviewing ATP transactions for accuracy, and evaluating ATP applications. ATPs offer services for vehicle titles, registrations, and driver licenses, either

through brick-and-mortar locations or through the online ServiceArizona portal.

While this line item funds oversight of the department's ATP program, it is not representative of the program's full cost to the state. Pursuant to statute, ATPs retain a portion of each fee for its transactions. In FY 2023, ATPs retained \$27,023,000 in fees that otherwise would have been deposited to the Highway User Revenue Fund (HURF) and \$37,196,000 in fees that otherwise would have been deposited to the State Highway Fund (SHF). (Please see Table 6 in the ADOT Capital Outlay section for more detail.)

### **Construction Management System Replacement**

The budget includes \$1,885,000 from the State Highway Fund in FY 2025 for Construction Management System Replacement. Adjustments are as follows:

#### **One-Time Construction Management System Replacement Funding**

The budget includes a one-time increase of \$1,885,000 from the State Highway Fund in FY 2025 for construction management system replacement. The funding covers the first phase of a 4-phase project intended to replace the department's construction management IT system.

The IT system is utilized by ADOT for managing the contract process and tracking the delivery of construction projects.

### **Driver Safety and Livestock Control**

The budget includes \$800,000 from the State Highway Fund in FY 2025 for Driver Safety and Livestock Control. This amount is unchanged from FY 2024.

This line item funds the annual maintenance and repair of statewide cattle guard grills. To prevent livestock movement from harming drivers and bicyclists, ADOT has installed cattle guard grills across the state. The grills are designed to discourage livestock passage while not impeding road users.

### **Highway Damage Recovery Account**

The budget includes \$7,999,300 from the Highway Damage Recovery Account in FY 2025 for the Highway Damage Recovery Account. Adjustments are as follows:

#### **Statewide Adjustments**

The budget includes a decrease of \$(1,500) from the Highway Damage Recovery Account in FY 2025 for statewide adjustments.

This line item funds the maintenance of the state highway system beyond that which is provided by the Highway Maintenance line item. The Highway Damage Recovery Account collects all monies received as reimbursements for highway damage caused by liable third parties; those monies are used for highway maintenance that would otherwise have been deferred.

### **Highway Maintenance**

The budget includes \$165,300,900 and 932 FTE Positions from the State Highway Fund in FY 2025 for Highway Maintenance. Adjustments are as follows:

#### **Highway Maintenance Additional Lane Miles**

The budget includes an increase of \$1,110,900 from the State Highway Fund in FY 2025 for maintenance of new lane miles across the state. This funding will cover the cost of 84 new lane miles added in FY 2024.

#### **One-Time I-17 Flex Lane Maintenance Costs**

The budget includes a one-time increase of \$517,500 from the State Highway Fund in FY 2025 for maintenance of new flex lane miles along Interstate 17 from Anthem to Sunset Point. ADOT anticipates the new flex lanes will be open in November 2024 and this funding will cover the cost of a third party to maintain the new lane miles.

#### **South Mountain Loop 202 Maintenance Costs**

The budget includes an increase of \$853,200 from the State Highway Fund in FY 2025 for maintenance of new lane miles for the South Mountain Loop 202 freeway that was opened in December 2019. This funding covers the full cost of maintenance by adjusting for inflation. Of this amount, \$509,300 is one-time for a maintenance performance bond payment.

#### **Statewide Adjustments**

The budget includes an increase of \$2,058,700 from the State Highway Fund in FY 2025 for statewide adjustments.

This line item funds the maintenance of the state highway system, including pavements, bridges, landscaping, drainage, signals, lights, fences, signs, striping, and snow removal. The monies also fund the freeway management system and the traffic operations center.

In addition to the \$165,300,900 included for Highway Maintenance, the Proposition 400 Maricopa County half-cent sales tax makes another \$14,020,300 available in FY 2025 for landscape maintenance, trash pick-up, sweeping, and litter education from the non-appropriated Maricopa Regional Area Road Fund.

### ***One-Time Fleet Fuel Inflation Funding***

The budget includes \$3,297,900 from the State Highway Fund in FY 2025 for One-Time Fleet Fuel Inflation Funding. Adjustments are as follows:

#### **Remove One-Time FY 2024 Inflation Funding**

The budget includes a decrease of \$(2,337,900) from the State Highway Fund in FY 2025 to remove one-time funding for inflationary cost increases in fuel.

#### **One-Time FY 2025 Inflation Funding**

The budget includes a one-time increase of \$3,297,900 from the State Highway Fund in FY 2025 to fund inflationary cost increases in fuel.

### ***Preventive Surface Treatments***

The budget includes \$36,142,000 from the State Highway Fund in FY 2025 for Preventive Surface Treatments. This amount is unchanged from FY 2024.

This line item funds the proactive treatment of road surfaces to maintain the useful life of roads and avoid more expensive surface replacement/repair costs. The treatments consist of fog seals, or spraying liquid asphalt, and chip seals, or laying down gravel layers.

In addition to the \$36,142,000 included for Preventive Surface Treatments, ADOT has \$15,088,000 in Federal Funds available for treatments.

### ***Radio Lifecycle Replacement***

The budget includes \$1,656,100 from the State Highway Fund in FY 2025 for Radio Lifecycle Replacement. This amount is unchanged from FY 2024.

The line item provides funding to replace and upgrade the department's radios with tri-band radios capable of communication across both analog and digital systems. The funding will replace about 150 radios of the approximately 2,500 total radios annually.

### ***Spaying and Neutering of Animals Fund Deposit***

The budget includes no funding in FY 2025 for Spaying and Neutering of Animals Fund Deposit. Adjustments are as follows:

#### **Remove One-Time Spaying and Neutering of Animals Fund Deposit**

The budget includes a decrease of \$(550,000) from the General Fund in FY 2025 to remove one-time funding for a deposit into the Spaying and Neutering of Animals Fund.

The line item provides one-time additional support into the Spaying and Neutering of Animals Fund, which is a charitable fund established under the Arizona Pet Friendly special license plate. The fund receives monies from Arizona residents that pay a \$25 fee for the special license plate. Of the \$25 fee, \$17 is deposited into the Spaying and Neutering of Animals Fund and the remaining \$8 goes into the State Highway Fund.

### ***State Fleet Operations***

The budget includes \$29,146,900 and 2 FTE Positions from the State Fleet Operations Fund in FY 2025 for State Fleet Operations. Adjustments are as follows:

#### **Exempt Fleet Maintenance Adjustment**

The budget includes a decrease of \$(960,000) from the State Fleet Operations Fund in FY 2025 for an exempt fleet maintenance adjustment. Some agencies in the state are exempt from the state fleet. Upon request of any of these agencies, ADOT may service and maintain the exempt agency's fleet. Currently, the following exempt agencies have requested and received maintenance services from ADOT: Judicial branch, Legislative branch, Department of Corrections, Department of Economic Security, Department of Child Safety, and the Department of Public Safety. This funding will address the anticipated changes in fleet service charges for these agencies.

#### **Remove One-Time FY 2024 State Fleet Maintenance Adjustment**

The budget includes a decrease of \$(6,791,800) from the State Fleet Operations Fund in FY 2025 to remove one-time funding for state fleet maintenance costs. The department received increased appropriation authority to expend the increased maintenance charges to agencies within the state fleet. The department performs regular operational and maintenance functions on all vehicles in the state fleet such as repairs, insurance costs, GPS costs, and fuel services.

#### **One-Time FY 2025 State Fleet Maintenance Adjustment**

The budget includes a one-time increase of \$6,273,900 from the State Fleet Operations Fund in FY 2025 for state fleet maintenance costs. The department needs increased appropriation authority to expend the increased agency maintenance charges on the state fleet. The department performs regular operational and maintenance functions on all vehicles in the state fleet

such as repairs, insurance costs, GPS costs, and fuel services.

### **State Fleet Maintenance Personnel**

The budget includes an increase of \$172,500 and 2 FTE Positions from the State Fleet Operations Fund in FY 2025 to fund new positions to assist with the maintenance of the state fleet. Of this amount, \$5,200 is one-time.

### **Statewide Adjustments**

The budget includes a decrease of \$(2,100) from the State Fleet Operations Fund in FY 2025 for statewide adjustments.

The line item funds the provision and oversight of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets. *(For more detail on state fleet operations please see State Motor Vehicle Fleet Transfer in the Other Issues section of the FY 2022 Appropriations Report.)*

### **State Fleet Vehicle Replacement**

The budget includes \$11,370,000 from the State Vehicle Replacement Fund in FY 2025 for State Fleet Vehicle Replacement. Adjustments are as follows:

#### **State Fleet Vehicle Replacement Adjustment**

The budget includes an increase of \$5,035,200 from the State Vehicle Replacement Fund in FY 2025 for state fleet vehicle replacement costs. The department intends to utilize the funding to purchase 3 new vehicles for the Department of Health Services and increase the contingency capacity within the fund. In addition, the FY 2024 budget funded 206 vehicle replacements within the state fleet. Although ADOT had already received the funding from agencies for these vehicle replacements and deposited those monies into the State Vehicle Replacement Fund, ADOT had yet to replace the vehicles due to supply chain issues. The department needed an increase in appropriation authority to replace the vehicles funded from the prior year budget. Of this amount, \$4,120,000 is one-time.

#### **Remove One-Time State Fleet Vehicle Replacement Adjustment**

The budget includes a decrease of \$(18,665,200) from the State Vehicle Replacement Fund in FY 2025 to remove one-time funding for state fleet vehicle replacement costs. The department intends to utilize the funding to replace 206 vehicles within the state fleet. In addition, the FY 2022 and FY 2023 budgets funded 230 new vehicles additions within the state fleet. Although ADOT had already received the funding from agencies for these new vehicle purchases and deposited those monies into the State Vehicle Replacement Fund, ADOT had yet to

purchase all the new vehicles due to supply chain issues. The department needed an increase in appropriation authority to purchase new vehicle additions funded from the prior year budgets.

The line item funds the replacement of daily and long-term vehicle rentals to state agencies that do not operate their own vehicle fleets along with the purchase of newly-authorized vehicles.

### **Statewide Litter Removal**

The budget includes \$3,106,800 from the State Highway Fund in FY 2025 for Statewide Litter Removal. This amount is unchanged from FY 2024.

The line item funds a monthly litter removal service on select interstate highways and routes outside of Maricopa County that currently do not receive regular litter removal services. Maricopa County currently has a dedicated funding stream of revenue from the half-cent sales tax for litter removal services.

### **Other Issues**

This section includes information on the following topics:

- Auditor General Report
- FY 2024 Supplemental
- Fund Transfers
- Enforcement and Compliance Division Policy Changes

### **Auditor General Report**

In September 2023, the Auditor General published an ADOT performance audit and sunset review that included recommendations for improvements to the department's MVD system to address fraud and security risk incidents and the department's transportation project cost estimate process.

The audit found the department's MVD third-party quality assurance process does not currently hold third parties to the same standards as MVD employees performing the same services. Consequently, the audit recommended the MVD align its third-party quality assurance process with their quality assurance process for MVD field offices, including conducting a staffing and workload analysis, and ensuring sufficient staffing for third-party oversight. In addition, the audit found the department's initial cost estimates for transportation projects found within the ADOT 5-Year Construction Program do not always include inflation, which cause some projects' actual costs to be higher than estimated. The audit recommended the

department develop a cost-estimation tool, which includes an inflationary factor, to standardize transportation project cost estimates.

**FY 2024 Supplemental**

The FY 2025 budget includes an FY 2024 supplemental appropriation of \$270,600.29 from the State Highway Fund and \$283.96 from the Department Fleet Operations Fund for a one-time named claimants appropriation. *(Please see the operating budget and ADOT Fleet Vehicles and Heavy Equipment line item for further details.)*

**Fund Transfers**

The budget includes the following transfers from this agency’s funds to the General Fund in FY 2024:

	<b>FY 2024</b>
Economic Strength Project Fund	\$600,000
Highway Damage Recovery Account	1,000,000
State Aviation Fund	15,000,000
State Highway Fund	26,000,000
Abandoned Vehicle Administration Fund	400,000
Shared Location and Advertising Agreements Expense Fund	75,100
Motor Vehicle Liability Insurance Enforcement Fund	300,000
Highway Expansion and Extension Loan Program Fund	3,900
Arizona Highways Magazine Fund	500,000

The budget also includes \$18,700,000 transfer from the State Highway Fund to the General Fund in FY 2025.

The State Highway Fund transfers in FY 2024 and FY 2025 include footnote language stating that the transferred monies reflect interest income earned from investment of monies in the State Highway Fund that were deposited in the fund from a Transaction Privilege Tax (TPT) diversion in FY 2023 to expand Interstate 10 from Phoenix to Casa Grande.

As part of the budget's 3-year spending plan, \$15,000,000 will be transferred from the State Highway Fund to the General Fund in FY 2026 and \$10,000,000 will be transferred from the State Highway Fund to the General Fund in FY 2027.

An additional footnote transfers \$2,000,000 from the State Highway Fund, derived from the Vehicle License Tax, to the General Fund. These monies reflect the ongoing savings earned from the \$(2,000,000) reduction in the

department's ECD budget. *(Please see the Operating Budget for further details.)*

**Enforcement and Compliance Division Policy Changes**

Laws 2024, Chapter 208 (HB 2438) prohibits peace officers within the department's ECD from enforcing motor vehicle violations from operators of non-commercial vehicles, unless the peace officer determines that the violation could result in a substantial risk of imminent death or serious physical injury. Chapter 208 further states that a mobile port of entry may only be operated within 25 miles of a fixed port of entry in the state, unless state or municipal law enforcement agencies request assistance for commercial motor vehicle enforcement to streamline operations and ensure efficient commercial transportation across this state.