

OCTOBER

2017

# TRANSPORTATION PANEL: FEDERAL AND STATE OVERVIEW

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# Panel Members

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- Eric Anderson, Transportation Director, Maricopa Association of Governments
- Dallas Hammit, State Engineer/Deputy Director for Transportation, Arizona Department of Transportation
- David Martin, President, Arizona Chapter Associated General Contractors

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# What do we know?

- The gas tax is *static* at 18 cents and hasn't been raised since 1993
- 18 cents represented approx. 21% of the price of gas in 1993, today its only 9.1%. **What would the tax need to be today at the 1993 percentage?** (41.58 cents)
- Adjusted for inflation, the gas tax would be 32 cents today
- According to UPS, 5 minutes of congestion costs them \$100 million a year
- \$15 Average Monthly State Fuel Tax Cost to the Motorist (assumes 20/20)
- According to AAA Average Yearly Cost is \$324 for Vehicle Repairs and Operating Costs Due to Poor Road Conditions

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## What do we know?

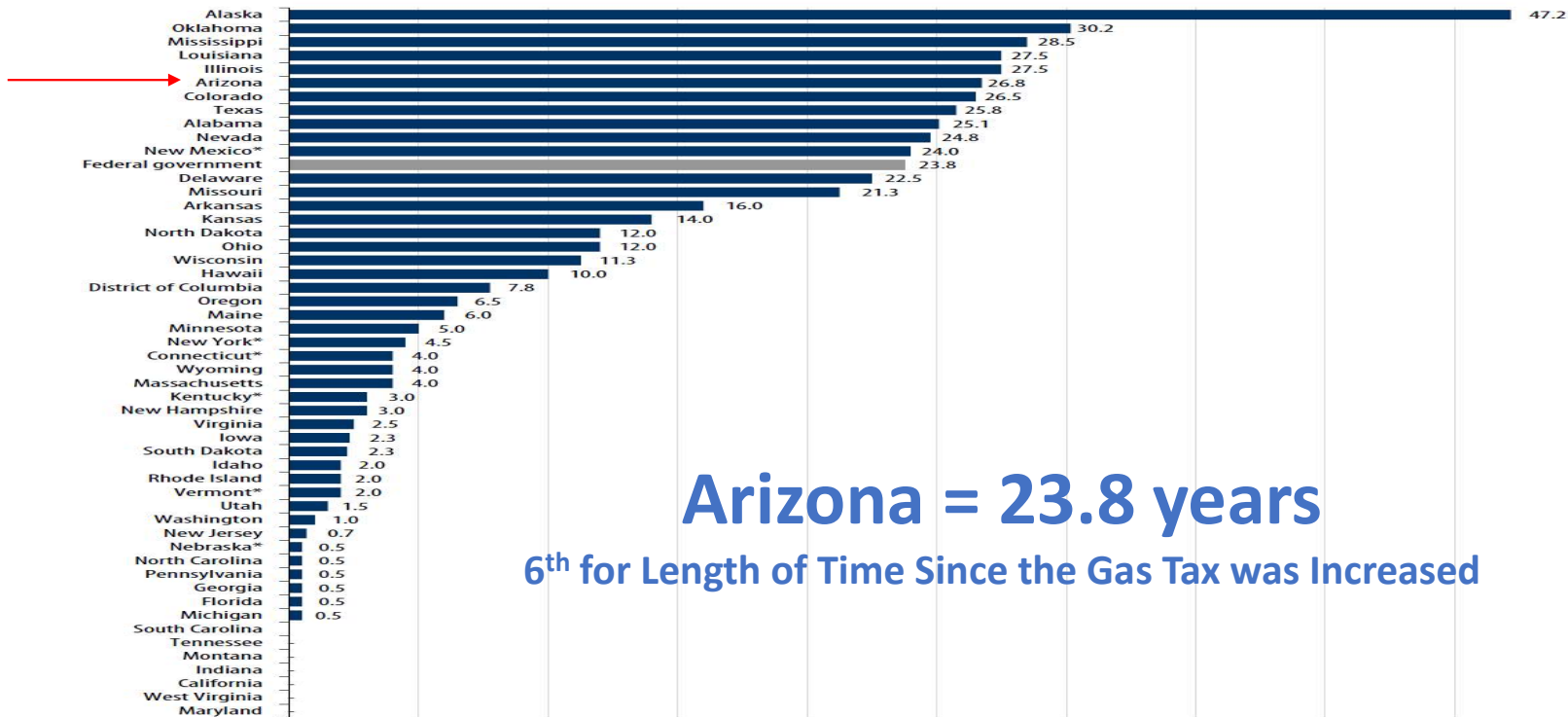
- The Auditor General has acknowledge- the state has a \$63 BILLION funding gap for transportation
- 98% of the legislators voting in favor of infrastructure bills that increased revenue won their next primary, and 90% ultimately retained their seats.\*
- According to a site selection survey of real estate executives, the top three considerations for what matters most for business location is ONE: available workforce, TWO: tax climate and THREE: **Transportation Infrastructure.**
- A recent TRIP report revealed Arizona has the 5<sup>th</sup> most deadly rural roads in the country

\*Source: T4America

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## Years Since Last Gas Tax Increase Since July 1, 2017



**Arizona = 23.8 years**  
6<sup>th</sup> for Length of Time Since the Gas Tax was Increased

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\* These states have experienced gas tax rate cuts since their last increases were enacted. This typically occurs when the tax rate is tied to fluctuations in the price of fuel.  
 \*\* Hawaii, Illinois, Indiana, and Michigan apply their general sales taxes to gasoline and thus see ongoing changes in their overall gas tax rates based on changes in the price of gas. This chart excludes these price-based fluctuations and instead looks only at these states' excise taxes on gasoline.

Source: Institute on Taxation and Economic Policy (ITEP)

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# What else do we know?

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- Regional and local transportation campaigns are winners
  - Maricopa County, Pima County, Pinal County, Coconino County, Yavapai County, Phoenix, Tucson, Flagstaff, etc. – the list goes on.
- When a plan is presented, the voters are willing to invest in infrastructure
- Since 2012, 31 states have increased investment in transportation\*

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# What's wrong with Arizona?

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- Proposition 108 Requires a 2/3rds vote of the legislature to raise taxes
- Republicans hold the Arizona House and the Arizona Senate
- Most Republican legislators are not willing to take the risk
- Governor Ducey has made it clear that he will not increase taxes
- By some, merely *extending* authority is considered a tax increase

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# What's the business community doing?

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- Transportation Business Partners (36 Organizations and Businesses)
  - ✓ Chambers from across the state, business leaders, businesses and industry associations
- Met since early 2015
- Purpose – Find a long term solution for transportation funding
- In 2015, through Accelerate Arizona, raised the volume significantly
- Numerous bills in 2017
- None survived – Except a small portion of the HURF transfer

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# TBP's<sup>†</sup> 2018 Legislative Proposal

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- Create parity among users
  - ✓ Eliminate the alternatively fueled vehicle VLT Exemption
  - ✓ Allow the Director of DOT to create an annual fee for electric vehicles equal to the average amount a driver would pay in annual fuel taxes if they drove a conventionally fueled vehicle
  - ✓ Other than electric vehicles, allow the Director of DOT to calculate a commensurate per-gallon fee for non-traditional fuels that is currently being charged on conventional fuel
- Permanent/unencumbered county authority to pass an excise tax not to exceed one percent
- Fix the HURF transfers through a fee for Highway Patrol
- Continue pressure to eliminate the HURF transfers

<sup>†</sup>Subject to Each Organization's Approval

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