



FAILED ARIZONA TRANSPORTATION MEASURES

Rural Transportation Summit

October 17, 2024

**WHETHER THROUGH LEGISLATION
OR BALLOT MEASURE, INCREASING
TRANSPORTATION REVENUE IS
INHERENTLY DIFFICULT IN
ARIZONA**

TIME INITIATIVE

- **2008 Statewide Ballot Measure**
- **One-cent state sales tax increase for 30 years - \$42.6B**
- **55% highways, 18% transit, 20% local, 4% bike/ped, 3% enviro**
- **Developed thru a broad-based public/private coalition**
- **Governor Napolitano was an active supporter**
- **Removed from ballot after Courts invalidated signatures**
- **Not transportation user-dedicated but would have raised \$1.42B annually**
- **Reduced sales tax capacity for other potential revenue recipients**

ACCELERATE AZ/HB2899

- **Broad-based coalition led by AZ Chamber of Commerce, series of statewide field hearings and formation of revenue study committee**
- **Legislation sponsored by House Trans Cmte Chair Noel Campbell**
 - **Three-year phase in of 18-cent fuel tax increase**
 - **Alt fuel vehicle annual fees**
 - **Inflation adjustments after third year**
- **Would have generated \$1.6B by year three**
- **Failed to overcome Prop 108, super-majority vote requirement**

HB2866 – Electric Vehicle Registrations

- **2024 Legislation sponsored by House Transportation Committee Chairman Cook**
- **\$135 annual registration fee in lieu of current \$8**
- **Currently 72,300 electric vehicles registered in state**
- **Estimated FY25 fiscal impact - \$9.3M**
- **35-24 vote in House – good margin, bipartisan support but not enough to overcome Prop-108 super-majority vote requirement of 40 in the House**

Pragmatism: don't let perfect be the enemy of good

Every possible transportation revenue proposal will have substantial challenges and/or limitations – there is no perfect solution, but there are many that could be very impactful

- **Tax opposition**
- **Competition with other revenue users**
- **Consensus on use plan: road/transit, rural/urban, state/local**
- **Is it user-fee based?**
- **Does it generate adequate revenues?**
- **Ballot measure: consensus, qualification, costs**
- **Legislation: Prop 108 super majority vote requirement**

Potential Revenue Sources:

Based on FY24 revenue collections:

Every one-cent increase in the state gas tax would equal: \$30.3M
(currently 18 cents)

Every one-cent increase in use fuel would equal: \$10.45M
(currently 26 cents)

Every one-cent increase in the state sales tax would equal: \$1.4B
(currently 5.6 cents)