



Central Arizona Governments
Central Yavapai Metro. Planning Org.
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MetroPlan Greater Flagstaff
Northern Arizona Council of Gov'ts.
Sierra Vista Metro. Planning Org.
Southeastern AZ Governments Org.
Sun Corridor Metro. Planning Org.
Western Arizona Council of Gov'ts.
Yuma Metropolitan Planning Org.

April 29, 2021

RTAC LEGISLATIVE UPDATE

STATE LEGISLATURE: The regular session passed its 100th day last week and has entered what is essentially the last phase of the legislative process. Each chamber is now completing the consideration of those bills that passed out of the opposite chamber while legislative leadership and the Governor attempt to reach an agreement on budget specifics that will have adequate votes to pass both chambers.

State revenue collections continue to far exceed forecasts. Through March, year-to-date revenue has increased 18.8% which equates to \$1.52 billion more when compared to the same time as last year with another three months of even higher anticipated growth to go this fiscal year. Also, the last round of federal relief funding distributed \$12.2 billion directly to Arizona state government. While there are many restrictions and requirements on its use, the amount is staggering when considering that it is actually larger than the state's current annual budget of \$11.8 billion.

It appears that tax cuts are a top priority for legislative leadership and the Governor, including a phased-in 2.5% flat income tax rate. Concerns over the level of potential lost state revenue and also whether local governments would be held harmless from revenue sharing impacts appear to be complicating that effort. Another challenge is the very narrow partisan split of the two chambers with Republicans controlling both with 31-29 and 16-14 margins. Neither majority caucus in the House or Senate has a single vote to spare if they wish to pass a budget on a strictly partisan vote.

A second priority for the projected surplus, and one that is much more compatible with the “one-time” nature of most of the available revenue, is to earmark funding to infrastructure projects across the state. Leadership indicated earlier in the session that they plan to set aside \$200 million for that purpose. Over the course of the session, 31 bills have been introduced that would appropriate roughly \$386 million to various projects. The demand is clearly there, and with the already substantial and continually growing surplus, an increase to the amount directed to infrastructure is highly possible.

A list of the one-time funding bills is attached. Activity on all of these bills has stalled over the last couple of weeks as the work on the budget picks up. While their introduction helps

illustrate which projects have been prioritized by individual legislators and will likely at least be considered, ultimately their inclusion or exclusion in the budget will determine which are funded. It is also possible that some projects could be included that were not the subject of earlier bills.

THE ADMINISTRATION/CONGRESS: Infrastructure investment continues to be the focal point of the agenda back in Washington. Last month, the President proposed a multi-trillion dollar jobs package which included a substantial infrastructure component. Senate Republicans have countered with a proposal that is limited to the infrastructure. The President has expressed a willingness to compromise and also divide his proposal into different parts, addressing the traditional infrastructure package first. Below is an outline of the transportation infrastructure recommendations of the President's plan:

Eno Center, April 5, 2021

Biden "American Jobs Plan" for Transportation Infrastructure (Billion \$)			
"CORE ASSETS"		OTHER TRANSPORTATION INFRASTRUCTURE	
Roads and Bridges		Safety for All Users	
"Fix it Right" Road Modernization	50	Expand HSIP (FHWA)	8
Bridge Investment Program	40	Support Safe Driving Behaviors	1
Community Transpo. Block Grant	5	Safe Streets for All Fund	10
Transportation Alternatives	5	Pipeline Safety Modern. Grants	1
Carbon Reduction Bonus Program	10	Total, Safety for All Users	20
CMAQ	5		
Total, Roads and Bridges	115	Advancing Transformative Projects	
		Transformational Infra. Projects	25
Public Transportation		ARPA-I and Basic Research	2
"Fix it Right" State of Good Repair	55	Predevelopment & Planning Funds	2
Replace Diesel Buses with Electric	25	Infrastructure Grand Challenge	5
Transit System Expansion	25	Expand BUILD Program	5
ADA Compliance Upgrades	5	Expand INFRA Program	3
Total, Public Transportation	110	Other (RRIF, PAB, etc.)	2
		Total, Transformative Projects	44
Intercity Rail		Restore/Reconnect Thriving Communities	
Northeast Corridor Modernization	39	Thriving Communities Initiative	5
Amtrak National Network	16	Highways-to-Neighborhoods	15
Other Intercity Passenger Rail	20	Transpo. Workforce Training	2
Freight Rail and Rail Safety Grants	5	Tribal Transportation Program	3
Total, Intercity Rail	80	Total, Restore/Reconnect	25
Aviation			
FAA NextGen Air Traffic Control	5	Build/Install 500,000 EV Chargers	15
"Airside" AIP Grants	10		
"Groundside" Airport Grants	10	PROTECT Resiliency Grants at USDOT	5
Total, Aviation	25		
		SUBTOTAL, OTHER TRANSPORTATION	109
Ports and Waterways			
USACE Ports & Inland Waterways	8		
GSA Land Ports of Entry	3		
Healthy Ports Initiative	6		
Total, Ports and Waterways	17		
		TOTAL, ALL TRANSPORTATION INFRASTRUCTURE	456
SUBTOTAL, "CORE ASSETS"	347		