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MetroPlan Greater Flagstaff
Northern Arizona Council of Gov'ts
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January 11, 2021

RTAC 2021 LEGISLATIVE PRIORITIES

With revenue sources that have not been adjusted in 30 years, Arizona's existing infrastructure continues to fall into a further state of disrepair while the expansion needs for what is the fastest growing state in the nation are also not addressed. The Arizona Department of Transportation's long range transportation plan estimates a \$30.5 billion funding gap which equates to over \$1.2 billion a year every year in under-investment. Maintenance targets are only expected to be met three of the next ten years accelerating the trend of already deteriorating pavement and bridge conditions. To address as much of the preservation needs as possible, a moratorium on expansion projects across Greater Arizona has been underway with no new projects scheduled after 2024 and minimal activity prior. County and municipal road systems, which also rely heavily on state fuel and vehicle taxes, are facing similar challenges. Inadequate infrastructure impacts public safety, the economy, the environment, cost of living and quality of life. To address our infrastructure needs to the fullest extent possible, RTAC is proposing the following state legislative priorities for the upcoming year:

NO HURF RAIDS: From 2000 to 2020, state lawmakers diverted over \$2 billion in Highway User Revenue Fund (HURF) revenues that would have otherwise been directed to highway and road infrastructure. The primary recipient of this funding has been DPS Highway Patrol, which by statute, should be limited to \$20 million a year, but has often exceeded \$200 million. This practice was greatly reduced several years ago with the enactment of a Highway Safety Fee attached to annual vehicle registration renewals and set at an amount adequate to cover Highway Patrol's annual budget. However, a repeal of that fee is scheduled for July which will create an estimated \$161 million funding gap. This lost revenue brings up the potential for a resumption of the HURF raids in next year's budget. More revenue is needed to address the decades of under-investment in our infrastructure. Taking away existing revenues is certainly a move in the opposite direction.

INDEX CURRENT REVENUES: State fuel taxes have not been adjusted since 1991. Inflation and better vehicle fuel efficiencies continually reduce their purchasing power. Over a thirty-year period, the decline is substantial. Annually adjusting fuel taxes, so that they at least keep up with inflation, will provide some immediate additional funding while also providing longer-term prevention against the infrastructure revenue/needs gap continuing to grow larger.

USER EQUITY FOR ALTERNATIVE FUEL VEHICLES: Alternative fuel vehicles represent a small but growing percentage of the vehicles using our highways and roads. That use further diminishes HURF funding as their fuel sources are not currently taxed. Establishing fees and fuel taxes for alternative fuel vehicles, comparable to those paid by other vehicles, provides equity to all road users in addition to generating additional highway revenue. Also, it is far better to create a fee and tax structure for these vehicles before their widespread use rather than after.

INCREASE FUEL TAXES: Arizona has not raised fuel taxes since 1991. Our 18-cent rate is the 46th lowest in the country and just half of the 36-cent national average. 36 states have raised their fuel taxes in the last ten years, leaving us further behind. Increasing existing fuel taxes or establishing other user fee-based revenue sources to address as much of the decades-old underinvestment gap as possible should remain a priority.

DIRECT ONE-TIME FUNDING TO INFRASTRUCTURE: In recent years, lawmakers have prioritized directing one-time revenues to infrastructure projects and were on course to do so again last session prior to the pandemic. While economic and budget volatility remain, the state remains on course to have a substantial carry forward balance at the end of the year. If the surplus remains, prioritizing infrastructure projects for its use should remain a priority after insuring that existing HURF funding is not transferred from ADOT and local governments.