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March 5, 2021

## RTAC LEGISLATIVE UPDATE

**STATE LEGISLATURE:** For transportation, the focus has turned to the anticipated budget surplus and one-time funding that will be directed to infrastructure projects. Revenue collections continue to far exceed forecasts and the state budget is currently on pace to end with a \$2 billion carry forward balance. Legislative leadership have indicated that they will set aside \$200 million of that surplus for infrastructure projects in next year's budget. To date, 29 bills have been introduced that would direct one-time state general fund revenues to these projects, mostly highways and roads. Rural broadband grants, airports and electric vehicles for public fleets have also been the subject of some of these bills. Their dollar amount is roughly \$290 million. Also, it is likely that some projects will be considered in the budget that were not the subject of earlier legislation.

In addition to the quantity of these bills, it is notable that the majority of them have continued to move rather far through the legislative process. Fourteen have already passed either the House or Senate. Ultimately, their success will come down to their inclusion in the budget, but the movement of these individual bills to date demonstrates a high level of support among lawmakers to fund infrastructure projects. House and Senate leadership met with the Governor on Monday to discuss the budget so negotiations are likely to pick up in earnest.

Another impact from the healthy budget outlook is the unlikelihood of HURF raids next year. The Public Safety Fee that has paid for the State Highway Patrol the last couple of years is scheduled to repeal after June, creating a \$161 million gap in the budget. The Governor has already proposed, and all indications from the Legislature are, that the State General Fund rather than HURF will make up that difference. That's not to say that when the economy cycles into a downward trend and the budget looks tight, that there won't be pressure once again to raid HURF. However, that appears highly unlikely for the upcoming year.

While the infrastructure is likely to benefit from one-time funding measures, efforts to increase the continual revenue streams are not likely to be as successful. Bills to increase fuel taxes, adjust them annually for inflation and set fees for alternative fuel vehicles failed to advance past the initial committee hearing deadline with one relatively minor exception. A tax omnibus bill sponsored by former House Speaker and current Senator J.D. Mesnard, SB1108, just passed the Senate on a 17-13 vote, and must now work its way through the House. Among its many provisions is the establishment of alternative fuel and hybrid vehicle fees although at levels considerably less than pursued by the other bills.

Also, Representative Richard Andrade introduced HB2769 which would create a task force consisting of legislators and stakeholders to review transportation revenue options over the summer and report their findings prior to the start of next year's session. With the failure of the other bills to advance this year, such an exercise should help keep the issue visible at the Capitol over the summer and further the momentum needed to address this priority. HB2769 passed the House and has been assigned to the Senate Transportation and Technology Committee where it awaits a hearing.

**TRANSPORTATION NEXT ON FEDERAL AGENDA:** Earlier this week in Washington, the House passed legislation which would provide another array of COVID-relief funding. The Senate will be considering amendments and are likely to pass out a separate version at some point over the weekend. At that point, the two chambers will need to reconcile their differences and agree to one version of the bill. Once that has been accomplished, all indications are that infrastructure will be next on the Washington agenda. In fact, President Biden hosted a bipartisan meeting of key legislators from the transportation oversight committees earlier this week at the White House to kick off the discussions between the two chambers and the Administration. There seems to be a bipartisan agreement to substantially increase infrastructure investment yet the answer to how you pay for it remains elusive.