



MEMORANDUM

Date: February 28, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Transportation Revenue Distribution among Counties**

I previously reported to the Board the significant lack of transportation revenues to meet existing needs and demands, including the adequate repair and maintenance of our streets and highways. It is clear that the lack of an increase in user fees over the last 23 years has taken its toll on the function and adequacy of our transportation system.

While there is a significant need to increase transportation revenues to meet basic transportation infrastructure needs that will sustain our economic expansion, it is also necessary to examine the distribution of existing resources among beneficiaries. In Arizona, the overall transportation revenues are divided between the state, cities and towns, and counties. The distribution among counties was last modified in 1996. At that time, Pima County significantly increased its per capita share of overall transportation revenues being received. This was a major step forward in receiving overall tax equity; however, it is and continues to be seriously inadequate to meet our transportation obligations to County residents and, specifically, those in unincorporated Pima County.

Attached for your information and review are two charts (Figures 1 and 2) that identify the distribution of transportation revenues to counties; those distributed by the state as Highway User Revenue Funds, as well as revenue from vehicle license taxes, to counties on a statewide formula. The charts also show those counties that have chosen to adopt other transportation funding mechanisms, primarily sales taxes.

Measuring demand is as simple as measuring population. Since counties are only responsible for transportation services in the unincorporated area, the fundamental base of measure is unincorporated population. Pima County continues to have the highest unincorporated population in the state at 358,172 persons, followed by Maricopa at 288,366 and Pinal at 197,950.

When this population demand is normalized against revenue received, a per capita total road revenue by county is achieved. Figure 1 illustrates how Pima County ranks in this category. We are 11th out of 15 counties – near the bottom – in road revenues per capita, at \$133.56. By contrast, Maricopa County has the highest revenues per capita at

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\$329.26, or 2.5 times higher than Pima County, even though Pima County has an unincorporated population that is 20 percent higher than Maricopa County.

Figure 2 ranks total population or service area for transportation services, with Pima County being first in unincorporated area population. However, as you will remember from Figure 1, we are 11th in per capita revenues among 15 counties; again, near the bottom.

We continue to firmly believe that transportation revenues must be increased statewide, that they are grossly inadequate, and that user fees are the most equitable method for increasing transportation revenues. Other taxation methods (sales taxes) are regressive, are overused within the state today, or have no direct connection between transportation systems and taxation (property tax).

It should be noted that of all 15 counties in Arizona, only 3 provide any type of General Fund support to their transportation agency or department. These funds, which are appropriated on an annual basis, are not sufficiently reliable as a recurring revenue source for transportation. Hence, General Fund transportation allocations, if made by a county, are not included in this analysis. Of all of the counties making General Fund allocations, Pima County's allocations have been the largest.

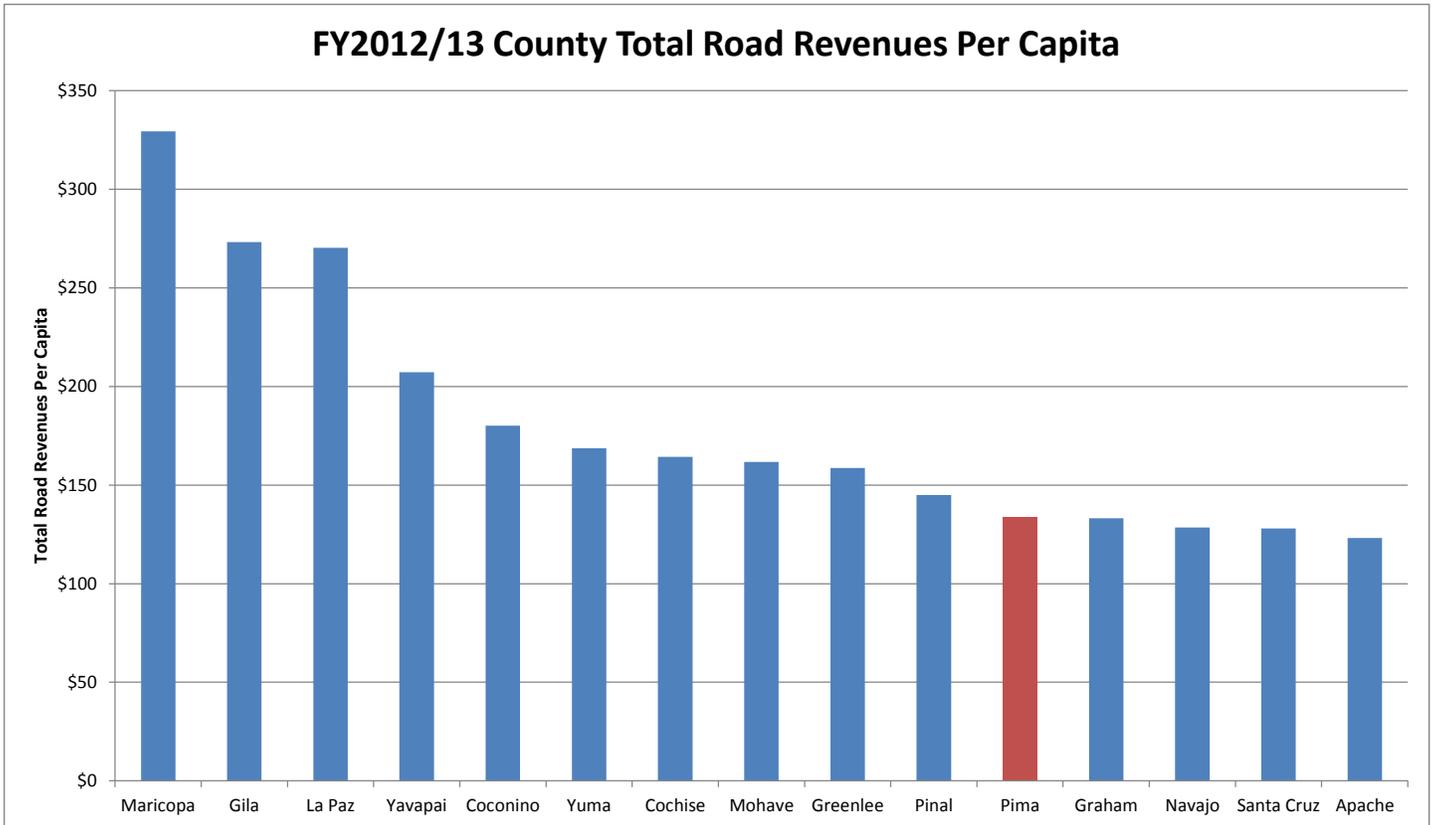
If overall transportation revenues cannot be increased throughout the state, perhaps redistribution of these revenues to areas with the greatest need, as demonstrated by measurable factors of demand, is appropriate. Please note that these formulas or methods of distribution of transportation revenues are enacted and controlled by the Arizona Legislature.

CHH/mjk

Attachments

c: Martin Willett, Chief Deputy County Administrator
John Bernal, Deputy County Administrator for Public Works
Priscilla Cornelio, Transportation Director
Michael Racy, Racy Associates, Inc.

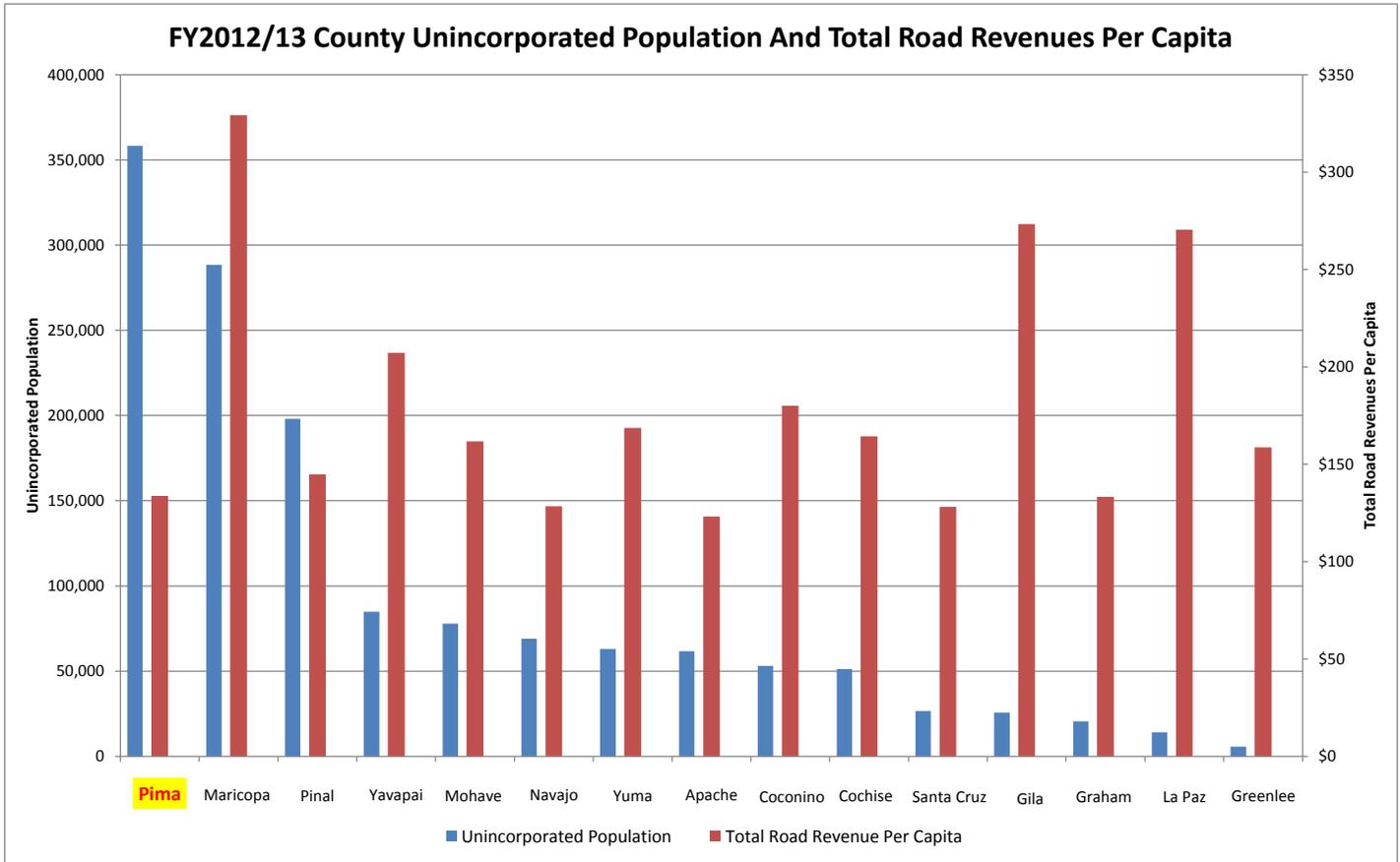
FIGURE 1



County	Total HURF Revenues To Counties	VLT Revenues to Counties	Collected by Counties (for Yavapai, 40% of its 1/2 cent sales tax is applied to roads)	Total Road Revenues	Unincorporated County Population Estimate (for July 1, 2013)	Per Capita HURF Revenues	Per Capita VLT Revenues	Per Capita Road Taxes	Per Capita Total Road Revenues
Maricopa	\$86,109,732.43	\$8,838,456.39		\$94,948,188.82	288,366	\$298.61	\$30.65		\$329.26
Gila	3,217,028.48	795,758.95	\$3,005,463.00	7,018,250.43	25,684	125.25	30.98	\$117.02	273.25
La Paz	3,371,081.69	426,816.16		3,797,897.85	14,048	239.97	30.38		270.35
Yavapai	9,676,013.30	2,602,174.33	5,325,671.00	17,603,858.63	84,942	113.91	30.63	62.70	207.25
Coconino	7,900,949.64	1,664,710.72		9,565,660.36	53,112	148.76	31.34		180.10
Yuma	8,761,170.69	1,865,139.82		10,626,310.51	63,007	139.05	29.60		168.65
Cochise	6,792,214.13	1,628,539.82		8,420,753.95	51,269	132.48	31.76		164.25
Mohave	10,261,385.01	2,337,914.23		12,599,299.24	77,900	131.73	30.01		161.74
Greenlee	766,487.42	138,725.88		905,213.30	5,705	134.35	24.32		158.67
Pinal	16,061,948.16	5,827,338.63	6,793,679.00	28,682,965.79	197,950	81.14	29.44	34.32	144.90
Pima	36,859,950.44	10,978,494.82		47,838,445.26	358,172	102.91	30.65		133.56
Graham	2,107,230.22	634,053.93		2,741,284.15	20,580	102.39	30.81		133.20
Navajo	6,754,602.15	2,116,208.13		8,870,810.28	69,073	97.79	30.64		128.43
Santa Cruz	2,619,788.49	797,886.62		3,417,675.11	26,691	98.15	29.89		128.05
Apache	\$5,705,800.65	\$1,901,736.45		\$7,607,537.10	61,759	92.39	30.79		123.18
Total Counties	\$206,965,382.90	\$42,553,954.88	\$15,124,813.00	\$264,644,150.78	1,398,258	\$148.02	\$30.43		\$189.27

Sources: HURF and VLT revenues as reported by Arizona Department of Transportation. Road excise taxes as reported by Arizona Department of Revenue and county adopted budget. Unincorporated county population estimates as reported by Arizona Department of Administration, Office of Economic & Population Statistics, for July 1, 2013.

FIGURE 2



County	Total HURF Revenues To Counties	VLT Revenues to Counties	Road Taxes Collected by Counties (for Yavapai, 40% of its 1/2 cent sales tax is applied to roads)	Total Road Revenues	Arizona Department of Administration, Office of Economic & Population Statistics, Unincorporated County Population Estimate (for July 1, 2013)	County	Per Capita HURF Revenues	Per Capita VLT Revenues	Per Capita Road Taxes	Per Capita Total Road Revenues
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