



MEMORANDUM

Date: August 28, 2017

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

From: C.H. Huckelberry
County Administrator

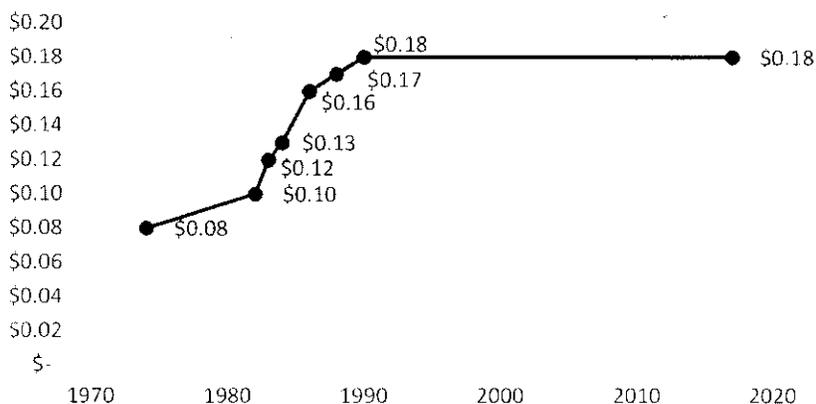
Re: **Continue Legislative Initiatives to Increase the State Gas Tax**

For the last 10 years, Pima County has included in its legislative agenda a proposal to increase the State gas tax. The gas tax is the largest revenue source for the state-shared Highway User Revenue Fund (HURF). HURF funds the far majority of Pima County's Transportation Department's expenditures for maintaining and improving the public roadway system in unincorporated Pima County.

The per gallon gas tax in Arizona is 18 cents and has not been increased since 1990, which was 27 years ago. In comparison, social security benefits are tied to the consumer price index (CPI) and automatically increase when the CPI increase. Since 1990, social security benefits have increased 67 percent. The purpose, as stated on the Social Security Administrations website, of tying the benefits to the CPI "is to ensure that the purchasing power of Social Security...benefits is not eroded by inflation." If gas tax increases had been tied to the CPI since 1990, the gas tax would now be 30 cents per gallon.

As you can see in the chart below, the Legislature had no difficulty raising the gas tax regularly between 1980 and 1990, but has not raised it once since then.

Arizona Motor Vehicle Fuel Tax (Gas Tax)



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This past session, the Legislature initially considered various legislative options to increase the gas tax, but every effort failed. I will again recommend including this proposal in the County's legislative agenda for next session, but will also propose indexing the gas tax to the CPI.

CHH/dr