



---

# MEMORANDUM

---

Date: June 16, 2017

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

From: C.H. Huckelberry  
County Administrator 

Re: **County Supervisors Association of Arizona Survey of Counties Regarding Use of Highway User Revenue Funds and Vehicle License Tax**

In previous communications with the Board of Supervisors, I indicated all counties in Arizona utilize Highway User Revenue Funds (HURF) and Vehicle License Tax (VLT) to fund their transportation departments, which includes all of the expenses associated with same, including employee salaries and overhead.

The results of the County Supervisors Association of Arizona's survey of Arizona counties regarding their use of HURF and VLT are attached for your review. Ten responses were received in the short timeframe the survey requested response. Clearly, all counties surveyed use their HURF for all transportation purposes – including road repair – and not exclusively for such purpose.

In addition, the counties were asked if they would support a legislative proposal that would restrict the use of HURF and/or VLT to road repair and maintenance only. The response was an overwhelming "No."

Since the Final Budget contains a property road tax, which is the result of the insufficient amount of HURF and VLT funds for transportation needs in Pima County, the information in the survey is relevant to the Board's consideration of the Final Budget on June 20, 2017.

CHH/anc

Attachment

c: Craig Sullivan, Executive Director, County Supervisors Association of Arizona  
Michael Racy, Racy Associates, Inc.  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Priscilla Cornelio, Director, Transportation Department



## *County Supervisors Association of Arizona*

---

June 15, 2017

Janet K. Lesher  
Chief Deputy County Administrator  
County Administrator's Office  
Pima County Governmental Center  
130 W. Congress, Floor 10  
Tucson, AZ 85701-1317

Dear Ms. Lesher,

Thank you for your letter, dated May 23, 2017, requesting information regarding the use of Highway User Revenue Funds (HURF) and Vehicle License Tax (VLT) revenues by Arizona counties. I solicited information from the counties and received 10 responses. I also discussed the issue directly with top county professional staff at a recent meeting of rural county managers and administrators. The following summarizes the information I received.

You asked "whether (counties) use HURF and VLT revenues exclusively for road repair, or if any county uses these funds for transportation-related expenses such as salaries and overhead."

- All counties reported using some transportation funds for these related expenses. The feedback I received was that doing so is both critical to efficient, responsive delivery of the service, as well as a financial necessity. For HURF resources, this use is specifically permitted by the Arizona Constitution Article 9, Section 14, which states that transportation resources may be used for "highway and street purposes, including cost of rights of way acquisitions and expenses related thereto, construction, reconstruction, maintenance, repair, roadside development, of county, city and town roads...". The allocation of resources to permitted local uses by each county varies depending on unique circumstances in each region.

You asked whether counties would support a legislative proposal "restricting the use of HURF and/or VLT revenues by counties to road repair and maintenance only" and "prohibiting the use of these funds to expenses such as personnel and overhead."

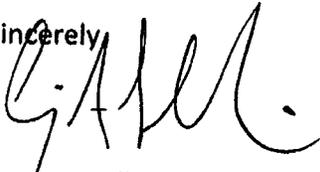
- I must extend the caveat that no such proposal has been put before the CSA Board of Directors so the association does not yet have an official position. However, there is profound concern among county professional staff statewide regarding the potential harm such a mandate would create. Arbitrarily restricting local flexibility hamstrings the

Ms. Janet K. Leshar  
County Administrator's Office  
June 15, 2017  
Page 2

ability to effectively meet local needs and would unnecessarily impact the county-wide financial position. The latter point would be made dramatically worse if the proposal included restrictions on the portion of VLT designated for county general funds. As you know, vehicles were historically part of the county property tax base. Recognizing this, the legislature designated a portion of VLT to the county general fund when the state transitioned to a license tax-based system for vehicles. Therefore, given my understanding of the consequences of the proposed mandate, my staff recommendation would be to oppose vigorously such a measure if it were introduced at the legislature.

Thank you, again, for your request for information on this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Sullivan', written over the word 'Sincerely'.

Craig A. Sullivan  
Executive Director