



MEMORANDUM

Date: February 6, 2019

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **House Bill 2536 Fuel; Electric Cars; Hybrids; Taxes (Campbell)**

The State gas tax has not been increased in 28 years. The Board of Supervisors has consistently taken a position that transportation revenues, specifically the gas tax, needs to be increased to fund our transportation infrastructure as well as repair and expand our highways.

Representative Noel Campbell, Chair of the House Transportation Committee, has introduced legislation that would increase the State gas tax, but more importantly would establish a user tax equity relationship between the various methods of propulsion for individual vehicles. The legislation proposed is not only a gas tax increase but also one for diesel fuel, which primarily relates to heavy trucks that do the most wear and tear on the highway system due to vehicle wheel loading. The proposed legislation also suggests a tax on propane and natural gas used to propel a vehicle, a tax on electric vehicles and hybrid vehicles.

In conformity with Resolution 2018-77 where the Board supports any increase in funding for transportation, I have instructed our County Lobbyist to support this legislation.

Attached is a fiscal analysis completed by the County Supervisors Association of Arizona regarding the estimated annual impact or increase in fees for transportation-related purposes, if this proposal were to be enacted by the Legislature and signed into law by the Governor. Please note the increases for Pima County are substantial and would allow our roads to be repaired and rehabilitated in a matter of years, not decades.

This is an important proposal, not only because it increases fuel taxes for the first time in 28 years, but also establishes a user equity tax for vehicles that use different forms of propulsion.

CHH/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation Department
Michael Racy, Racy Associates, Inc.

Legislative Bills for Discussion



11) HB 2536 fuel; electric cars; hybrids; taxes (Campbell)

- Proposes increases in various transportation-related taxes. Indexes all proposed taxes to inflation starting in FY23. Revenues deposited into HURF.

Proposed Increases

Tax	Current	FY20	FY21	FY22
Motor Vehicle Fuel per gallon	18¢	28¢	38¢	43¢
Propane (used to propel a vehicle)	0¢	23¢	30¢	34¢
Natural Gas (used to propel a vehicle)	0¢	19¢	25¢	28¢
Diesel Fuel per gallon	26¢	36¢	46¢	51¢
Propane (used to propel a vehicle)	0¢	30¢	37¢	41¢
Natural Gas (used to propel a vehicle)	0¢	23¢	30¢	33¢
All-Electric Vehicle Tax per year	\$0	\$130	\$175	\$198
Hybrid Vehicle Tax per year	\$0	\$52	\$70	\$80

Light Class Vehicles

Use Class Vehicles

Est. Annual Impact from Motor Vehicle Fuel and Diesel Fuel Increases

County	FY20	FY21	FY22
Apache	\$2,000,000	\$4,200,000	\$5,300,000
Cochise	\$2,500,000	\$5,100,000	\$6,500,000
Coconino	\$2,900,000	\$6,000,000	\$7,700,000
Gila	\$1,100,000	\$2,300,000	\$2,900,000
Graham	\$700,000	\$1,500,000	\$1,900,000
Greenlee	\$300,000	\$600,000	\$700,000
La Paz	\$1,200,000	\$2,400,000	\$3,100,000
Maricopa	\$31,100,000	\$63,700,000	\$81,200,000
Mohave	\$3,700,000	\$7,500,000	\$9,600,000
Navajo	\$2,400,000	\$5,000,000	\$6,400,000
Pima	\$12,800,000	\$26,200,000	\$33,400,000
Pinal	\$5,800,000	\$12,000,000	\$15,300,000
Santa Cruz	\$1,100,000	\$2,200,000	\$2,700,000
Yavapai	\$3,500,000	\$7,100,000	\$9,100,000
Yuma	\$3,100,000	\$6,400,000	\$8,100,000
Total	\$74,200,000	\$152,200,000	\$193,900,000