MEMORANDUM

Date: August 20, 2013

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

From: C.H. Huckelberry
      County Administrator

Re: County Supervisors Association Presentation Regarding Transportation Funding

It is gratifying to see the County Supervisors Association of Arizona (CSA) take a leadership position regarding transportation funding in Arizona.

Transportation provides a significant catalyst for economic development, and its adequate funding is essential for economic development and economic expansion. Without adequate funding statewide, we will fall behind our nearest competitors (California and Texas) in economic opportunities.

The attached Transportation Funding Overview presents information on a statewide, county-by-county scale previously discussed with the Board of Supervisors, including information that led the Board to prioritize increased transportation investment on our agenda for the upcoming State legislative session.

Chief Deputy County Administrator Martin Willett and I met previously with CSA Executive Director Craig Sullivan and stressed the importance of addressing the inadequacy of transportation funding statewide, including transportation funding for all counties in Arizona. I am very pleased our message has resulted in a more comprehensive, unified and coordinated effort to address transportation funding, which is an essential element of our economic development and expansion strategies.

CHH/dph

Attachment

c: Craig Sullivan, Executive Director, County Supervisors Association
   Martin Willett, Chief Deputy County Administrator
   Michael Racy, Racy Associates, Inc.
County Supervisors
ASSOCIATION
of arizona

Transportation Funding Overview

August 16th, 2013
Projected National Trend

Projected Vehicle Miles Traveled Compared to Gallons of Motor Gasoline Consumed^a


*Represents actual data
 Counties' Actual Share of HURF Revenue and Counties' Estimated Share Without Legislative Shifts

- FY01: $192,222
- FY02
- FY03
- FY04: $214,601
- FY05
- FY06
- FY07: $260,465
- FY08
- FY09
- FY10
- FY11
- FY12: $193,524
- FY13*
- FY14**: $234,330

Since FY00 the State has violated the statutory cap 13 out of 15 years

FY14 County HURF revenues are currently projected at FY04 levels

*Preliminary ADOT numbers  ** ADOT FY14 Projections
Gasoline Excise Tax By State

Top Rates
- KY: 30.9¢
- OR: 30.0¢
- ME: 30.0¢
- MN: 28.5¢
- OH: 28.0¢

Low Rates
- FL: 4.0¢
- GA: 7.5¢
- AK: 8.0¢
- NY: 8.1¢
- NJ: 10.5¢
Total Gasoline Tax By State

Top Rates
- CA 53.5
- HI 50.6
- NY 49.8
- CT 49.3
- MI 39.5

Low Rates
- AK 8.0
- NJ 14.5
- SC 16.8
- OK 17.0
- VA 17.3

Examples of Other State Taxes/Fees:
- Under Ground Storage Tank Charge
- Average Local Option
- Environmental Fees
VLT (In-Lieu) Comparison

- Numbers reflect estimated tax on a 3 year old $20,000 Car
- 4% of 75% of original MSRP (valuation), depreciated every year
- Fee Schedule based on the age of the vehicle:
  - Less than 3: $150
  - 3-5: $110
  - 6-8: $80
  - 9-11: $50
  - 12 or more: $10

- 0.65% of Current Market Value (as determined by the Dept. of Transportation)

- CA $130, NV $210, UT $110, AZ $24.3, CO $204, NM $0

- $2.89 (used) or $2.80 (new) per $100 NAV, calculated by taking 60% of the manufacturer's base retail price and reducing it by 16.25% each year

- Variable rate (0.45% to 2.10%) of 85% on the original MSRP

- No "in-lieu" tax but registration fees range from $27.00-$62.00 based on weight and model year
## Revenue Raising Options

<table>
<thead>
<tr>
<th>Revenue Raising Options</th>
<th>Examples</th>
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</thead>
<tbody>
<tr>
<td>• Increase in the Motor Fuel Excise Tax (cents per gallon)</td>
<td>• Wyoming passed a 10cpg increase</td>
</tr>
<tr>
<td>• Increase Vehicle Registration Fee (flat fee for registration) and/or Vehicle License Tax (fix rate based on the assessed value of the vehicle)</td>
<td>• Virginia added a $64 registration fee for alternative fuel vehicles</td>
</tr>
<tr>
<td>• Index the Motor Fuel Excise Tax to adjust for Inflation</td>
<td>• A portion of Florida’s excise tax is indexed to the Consumer Price Index (CPI)</td>
</tr>
<tr>
<td>• Local Option (local governments levy a gas excise tax)</td>
<td>• Florida localities can charge up to 0.06cpg or transportation needs</td>
</tr>
</tbody>
</table>
### Revenue Raising Options (cont.)

<table>
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<tbody>
<tr>
<td>- Institute a Value Capture Revenue model (assessing parcels receive a benefit from a project)</td>
<td>- Connecticut State law allows for an assessment district for Value Capture Revenue</td>
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<tr>
<td>- Vehicle-Miles Traveled (VMT) fees (tax the miles traveled based on weight)</td>
<td>- Oregon completed a Road User Fee Pilot Program in 2007, a tax was levied based on weight and miles driven, which The tax was paid at the pump</td>
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<tr>
<td>- Sales Tax (tax the total purchase price)</td>
<td>- Virginia passed legislation that eliminates the gas tax and replaces it with a sales tax increase of 0.3% dedicated to transportation</td>
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Individual County HURF Distributions

Apache County HURF Distributions: Actual vs. Without Shift

- **FY02**: $6,199
- **FY14****: $6,464

Cochise County HURF Distributions: Actual vs. Without Shift

- **FY03**: $7,098
- **FY14****: $7,780

**Actual Distribution** vs. **Estimated Distribution w/o shift**

FY14=FY02

FY14=FY03
Individual County HURF Distributions

Coconino County HURF Distributions: Actual vs. Without Shift

Gila County HURF Distributions: Actual vs. Without Shift

HURF revenues are currently (FY14 projections) at FY03 levels.
Individual County HURF Distributions

La Paz County HURF Distributions: Actual vs. Without Shift

- FY04: $3,482
- FY14**: $3,481

Maricopa County HURF Distributions: Actual vs. Without Shift

- FY04: $86,520
- FY14**: $88,626

FY14 = FY04
Individual County HURF Distributions

Mohave County HURF Distributions: Actual vs. Without Shift

- FY04: $10,689
- FY14**: $10,564
- FY14=FY04

Navajo County HURF Distributions: Actual vs. Without Shift

- FY01: $6,947
- FY14**: $6,958
- FY14=FY01

Actual Distribution - Estimated Distribution w/o shift
Individual County HURF Distributions

Pima County HURF Distributions: Actual vs. Without Shift

FY03: $37,717
FY14**: $41,722
FY14=FY03

Pinal County HURF Distributions: Actual vs. Without Shift

FY06: $14,096
FY07: $17,140
FY14**: $16,574
FY14=FY06-FY07

Actual Distribution  Estimated Distribution w/o shift

[Graph showing distributions and comparisons between actual and estimated values for Pima and Pinal Counties.]
Individual County HURF Distributions

Santa Cruz County HURF Distributions: Actual vs. Without Shift

Yavapai County HURF Distributions: Actual vs. Without Shift

- Actual Distribution
- Estimated Distribution w/o shift

FY14=FY03

FY14=FY03-FY04
Individual County HURF Distributions

Yuma County HURF Distributions: Actual vs. Without Shift

Thousands

$12,500
$11,500
$10,500
$9,500
$8,500
$7,500
$6,500

FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14

Actual Distribution
Estimated Distribution w/o shift

FY14 = FY02

FY02 $8,953
FY14 $9,066

FY14**

$9,954