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# MEMORANDUM

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Date: November 17, 2015

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

From: C.H. Huckelberry  
County Administrator 

Re: **Road Repair Funding**

Due to the failure of Proposition 425, the inability of the State Legislature to increase transportation revenues specifically related to gas taxes, and a lack of County authority to refer a sales tax to the ballot for road repair, it is apparent our road repair needs will continue to increase over time.

Today, the expected cost of fully repairing all of our arterial collector and local streets and highways is \$300 million and climbing. The regional road repair bill is probably much higher. If all of the City of Tucson's needs were met, it is likely another \$300 to \$500 million would be required.

While Arizona continues to reject real funding solutions, other states are making progress in transportation investments. Attached is a November 10, 2015 article from *Reuters* indicating the State of Michigan just approved a funding package aimed at raising \$1.2 billion to repair the state's roads and bridges.

It should also be remembered that the City of Phoenix, in a special election this past August, approved a 0.70-percent sales tax for transportation for an expected \$3.2 billion in new transportation revenues.

CHH/lab

Attachment

c: John Bernal, Deputy County Administrator for Public Works  
Priscilla Cornelio, Director, Transportation Department

# Michigan governor signs bills to raise \$1.2 billion for roads

 REUTERS

*November 10, 2015*

Governor Rick Snyder of Michigan applauds at a meeting with Chinese President Xi Jinping and four other ...

CHICAGO (Reuters) - Michigan Governor Rick Snyder on Tuesday signed into law a package of bills aimed at raising \$1.2 billion to fix the state's crumbling roads and bridges.

"This is a comprehensive solution," the Republican governor said after signing the seven bills.

The legislation passed by the Republican-controlled legislature raises motor fuel taxes and vehicle registration fees to gain about \$600 million in new revenue.

Snyder said he is still considering the sale of bonds backed by the new revenue given low interest rates.

The legislation also siphons off up to \$600 million in state income tax revenue for roads, expands the homestead property tax credit and could reduce the 4.25 percent individual income tax rate depending on certain revenue triggers, according to a legislative analysis of the bills.

After a five-year phase-in, the plan would increase transportation funds by about \$1.2 billion a year. But it will also reduce state general fund revenue by about \$806 million annually, the analysis said.

Moody's Investors Service this week said the legislation is a positive credit move because it will enhance coverage on the state's transportation bonds.

"Since fuel taxes and registration fees are constitutionally dedicated for transportation, these incremental revenues would likely enter the flow of funds for the bonds and be pledged to bondholders," the credit rating agency said in a report.