



Sales Tax Advisory Committee

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March x, 2018

The Honorable Chair and Members
Pima County Board of Supervisors
130 W. Congress
Tucson, Arizona 85701

Re: **Final report and recommendations from the Sales Tax Advisory Committee**

Dear Supervisors:

We present to you the final report and recommendations of the Sales Tax Advisory Committee and request your immediate action to adopt a temporary, 10-year half-cent sales tax for road repair and property tax relief, in the manner outlined in the four recommendations on Page 11, which includes taking actions to lessen the impact such a tax will have on low-income households.

As you know, 70 percent of roads in unincorporated Pima County and the City of Tucson are in poor or failed condition. Poor road conditions are estimated to cost Tucson drivers an extra \$542 a year and are a disincentive to encouraging businesses investment and job growth in Pima County, as is Pima County's high property tax rate.

The cost to fix the roads to at least a fair condition is well over \$1 billion. Current revenues sources are inadequate. With current revenues it would take at least 35 years to fix the roads in unincorporated Pima County. State-shared Highway User Revenue Funds relied upon by local governments to maintain and improve roads, have been diverted by the State for other purposes and have not kept up with the growing needs. The gas tax as the main source of these revenues has not been increased in 27 years, and more fuel efficient vehicles are using less gas and generating less tax revenue. In the past four years alone, 26 other states have raised their gas tax. All other Arizona counties have a sales tax except Pima County. Six Arizona counties specifically use all or a portion of their sales tax revenue to fund road maintenance and improvements. A half-cent sales tax is projected to generate an average of \$80 million a year, whereas the current property tax for road repair only generates \$19 million a year.

A half-cent sales tax for 10 years, plus other existing revenues, has been shown to be enough to fix and adequately maintain all of the paved roads in unincorporated Pima County in 10 years, and make significant improvements

to roads in cities and towns. Your transportation staff developed a detailed draft 10-year plan with each road listed by condition, treatment type and schedule for treatment, proving that this is a plan that can work.

It has been an honor to serve on this Committee over the past seven months, to travel to many different communities and municipalities in Pima County, to listen to what people had to say, and to talk with them about these important policy matters, including the County's need to mitigate the disproportional impact that this sales tax will have on low-income households. It has also been a real pleasure to serve with such a diverse membership who asked good questions, made meaningful information requests, and were willing to consider issues that may not have initially been a priority for them. Finally, your staff have been extremely helpful and provided all the support the Committee needed to do its job.

In short, it is clear that the people of Pima County want and expect you to fix the roads, and they want you to do so now. When you created this Committee, you did so by unanimous vote and hopefully with a genuine willingness to receive our recommendations and the input of the public who participated, without already having a predetermined stance on the issue. Please don't pass on this opportunity to lead on this critical and most basic issue that is clearly your responsibility.

Sincerely,

Wendell Long, Chair

Michael McDonald, Vice-Chair

Attachment

C: Members of the Pima County Sales Tax Advisory Committee
Chuck Huckelberry, Pima County Administrator