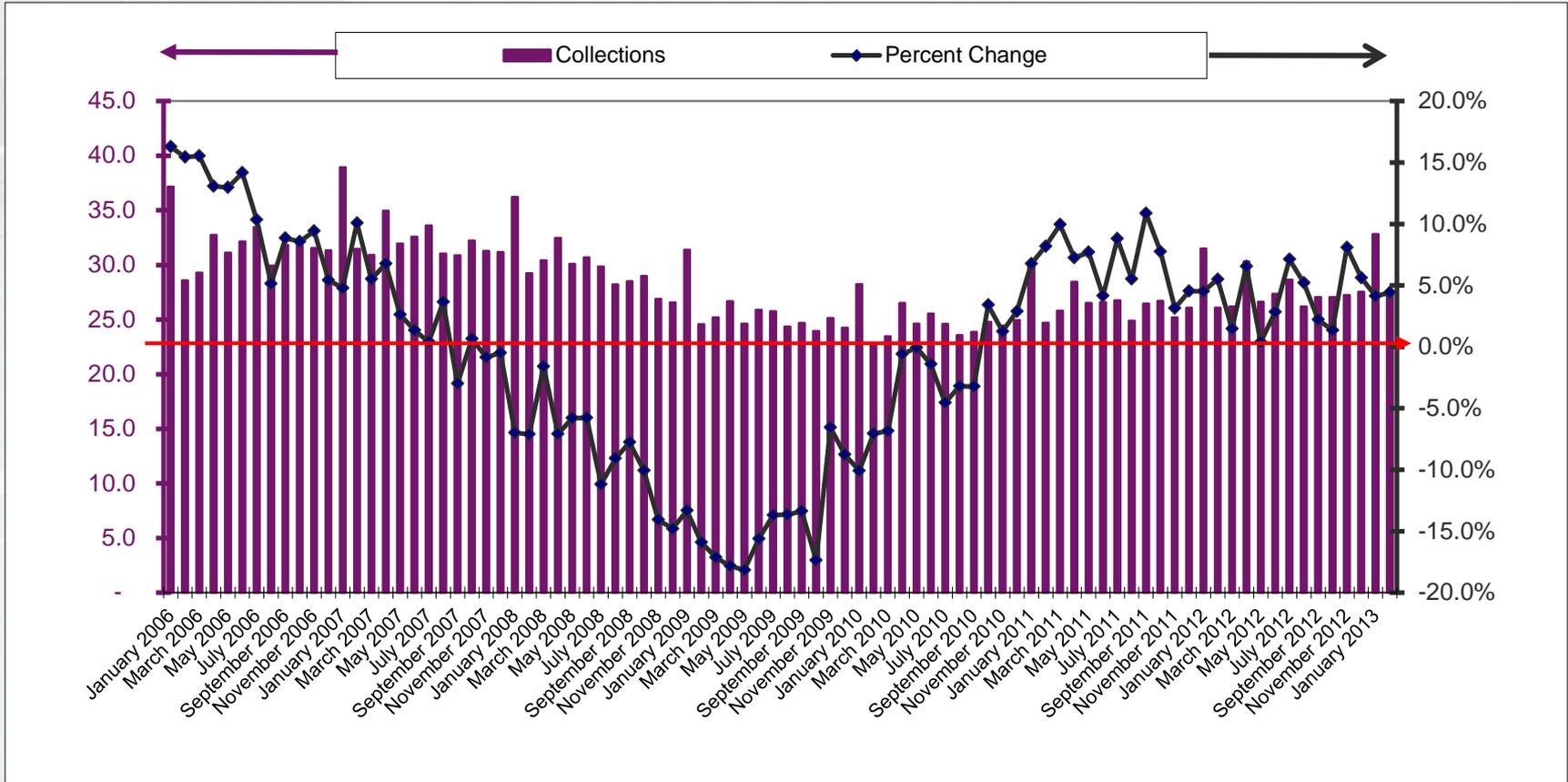


# Transportation Funding Overview: Dealing with Change and Uncertainty

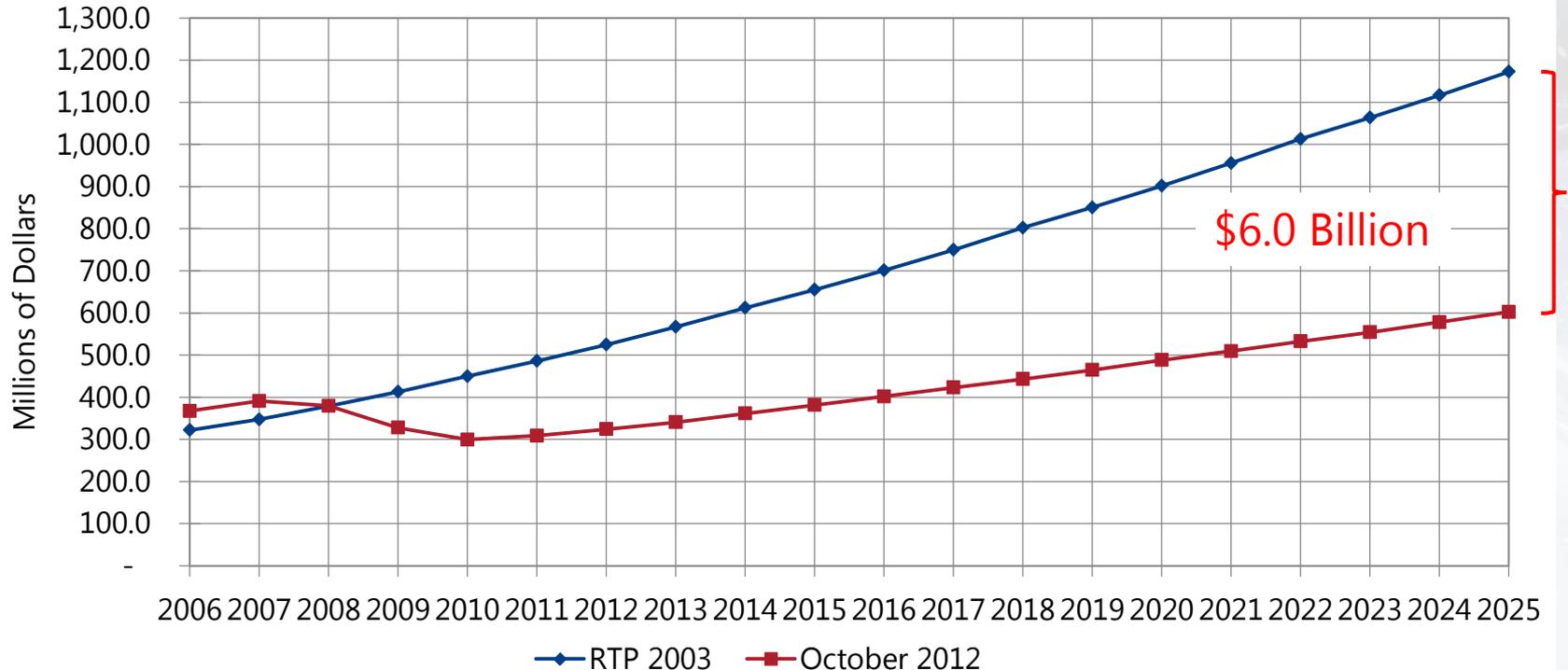
MAG Management Committee  
April 10, 2013



# Proposition 400 Sales Tax Monthly Collections

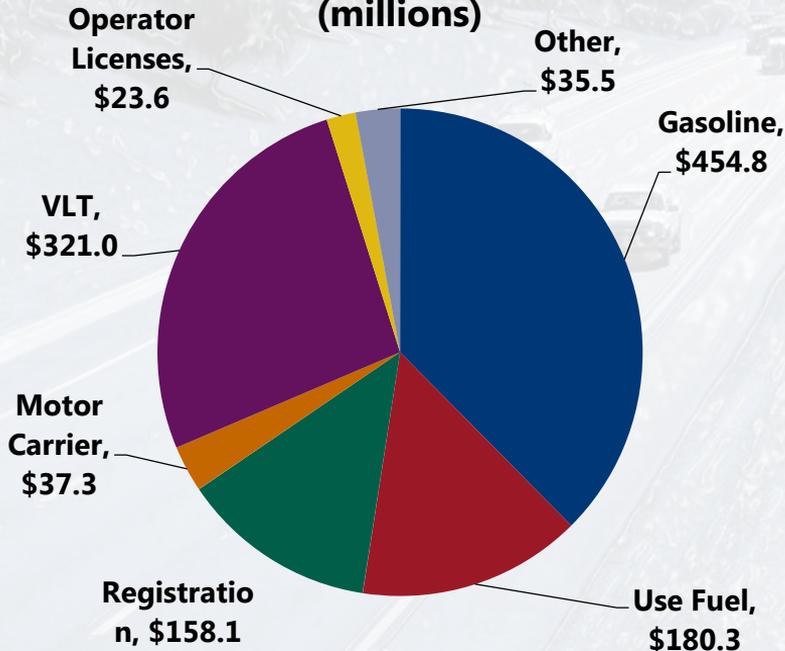


# Comparison of 2003 RTP and Current Sales Tax Projections

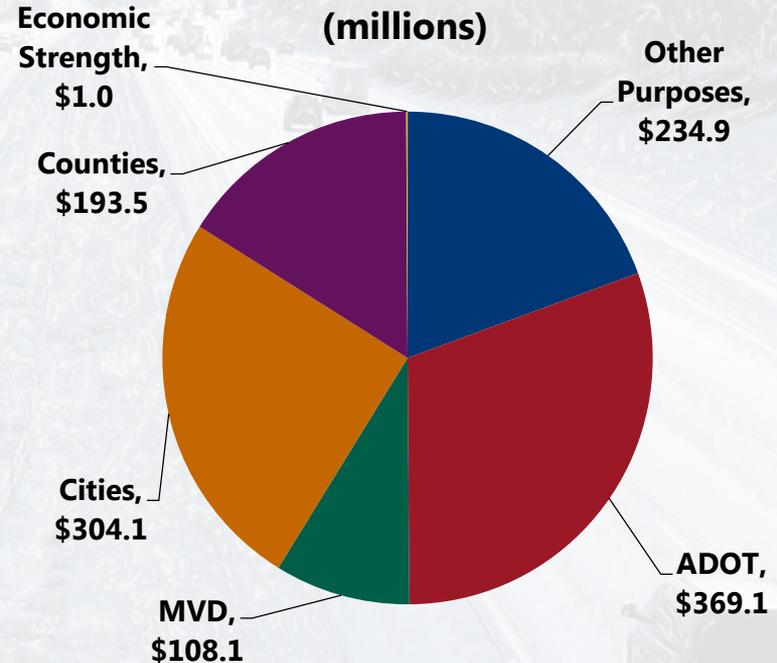


# Sources & Uses of the Arizona Highway User Revenue Fund (HURF) for FY 2012

## Sources (millions)

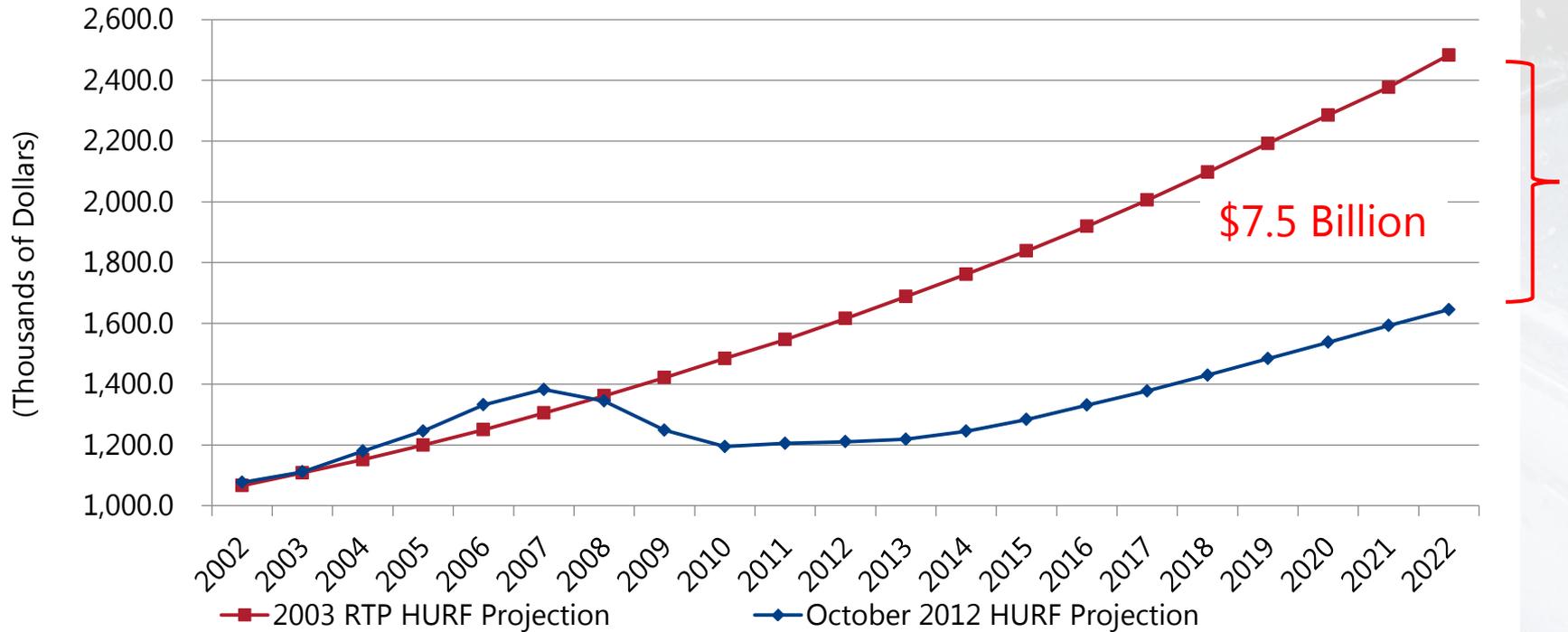


## Uses (millions)

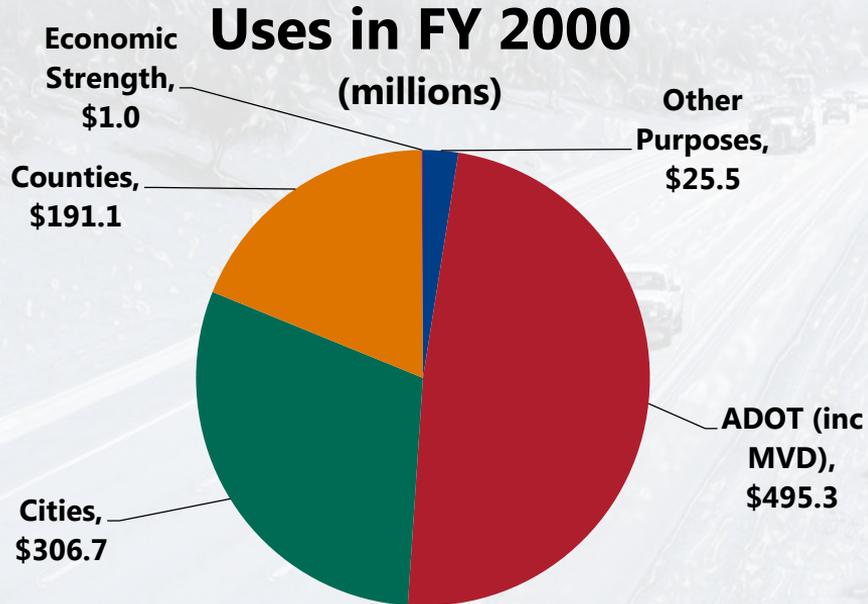


**Total Revenue: \$1.21 million**

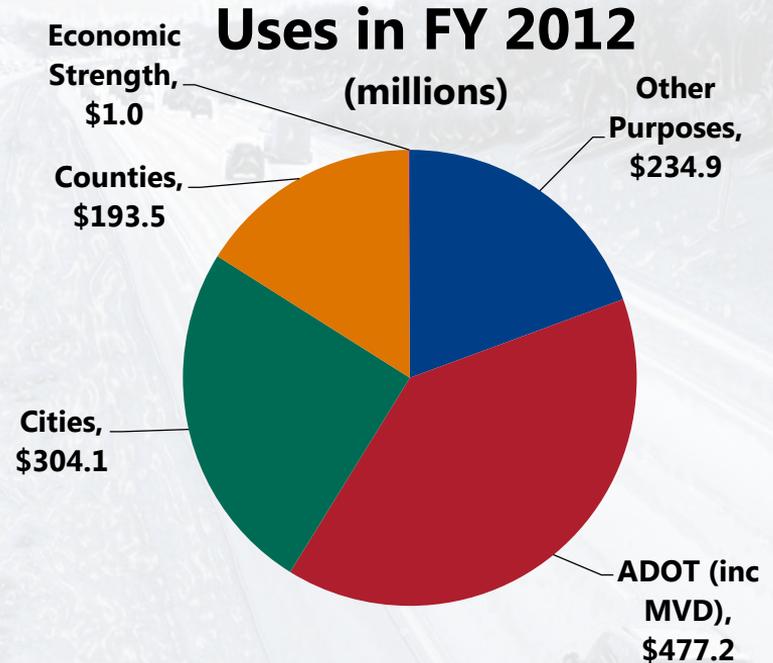
# Comparison of 2003 RTP and Current Highway User Revenue Fund Projections



# Comparison of Uses of HURF

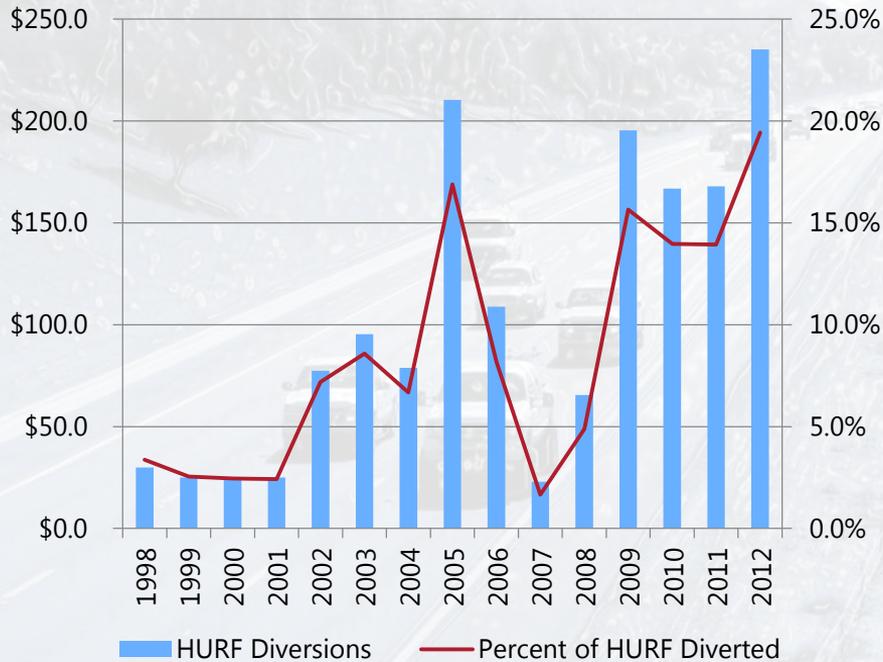


**Total Revenue: \$1.020 million**



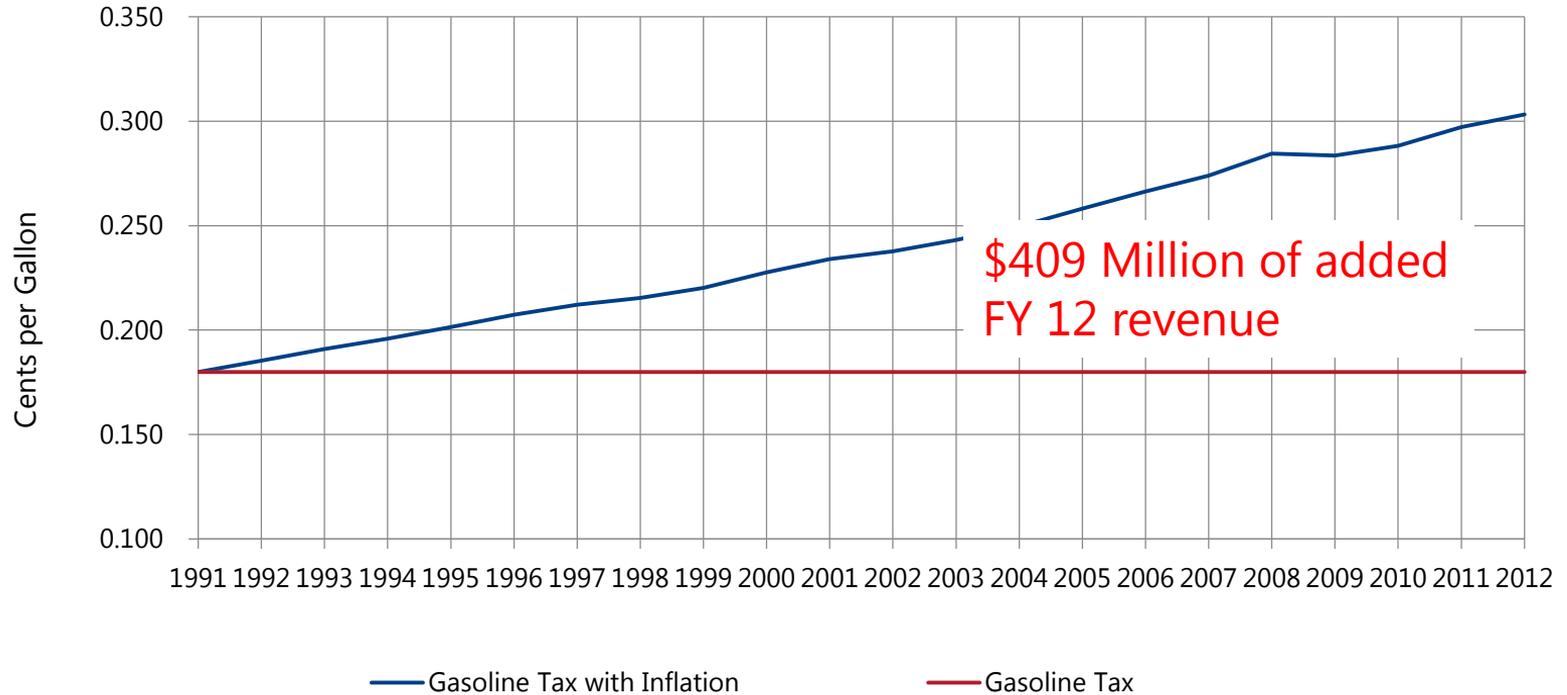
**Total Revenue: \$1.211 million**

# Threats to Highway User Funding

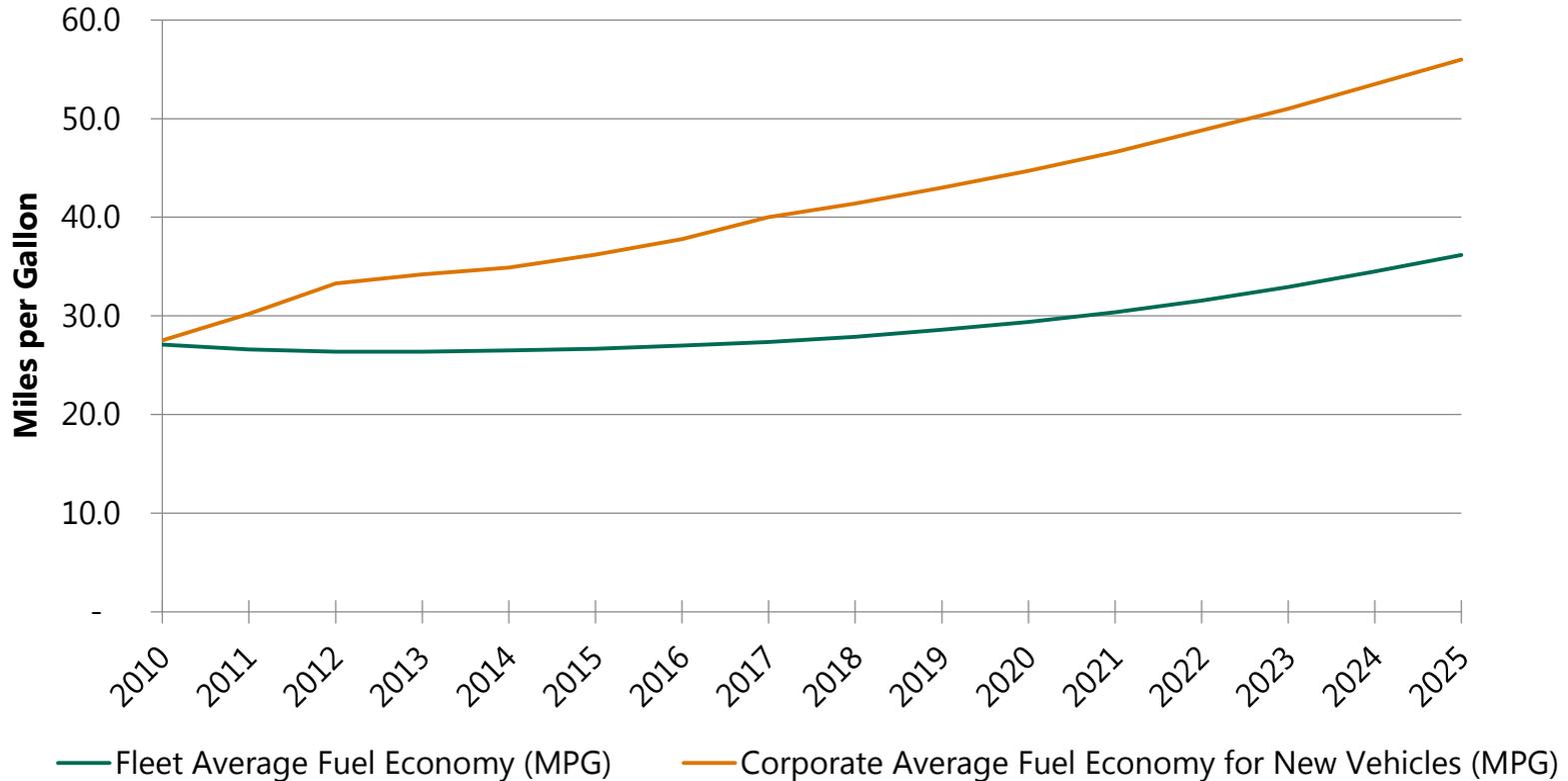


- Diversions
- Fixed tax per gallon – no inflation adjustment
- Fuel economy standards
- Conversion to alt fuels
  - Electric
  - CNG
- Reduced driving response to gas prices
- Reduced VLT growth

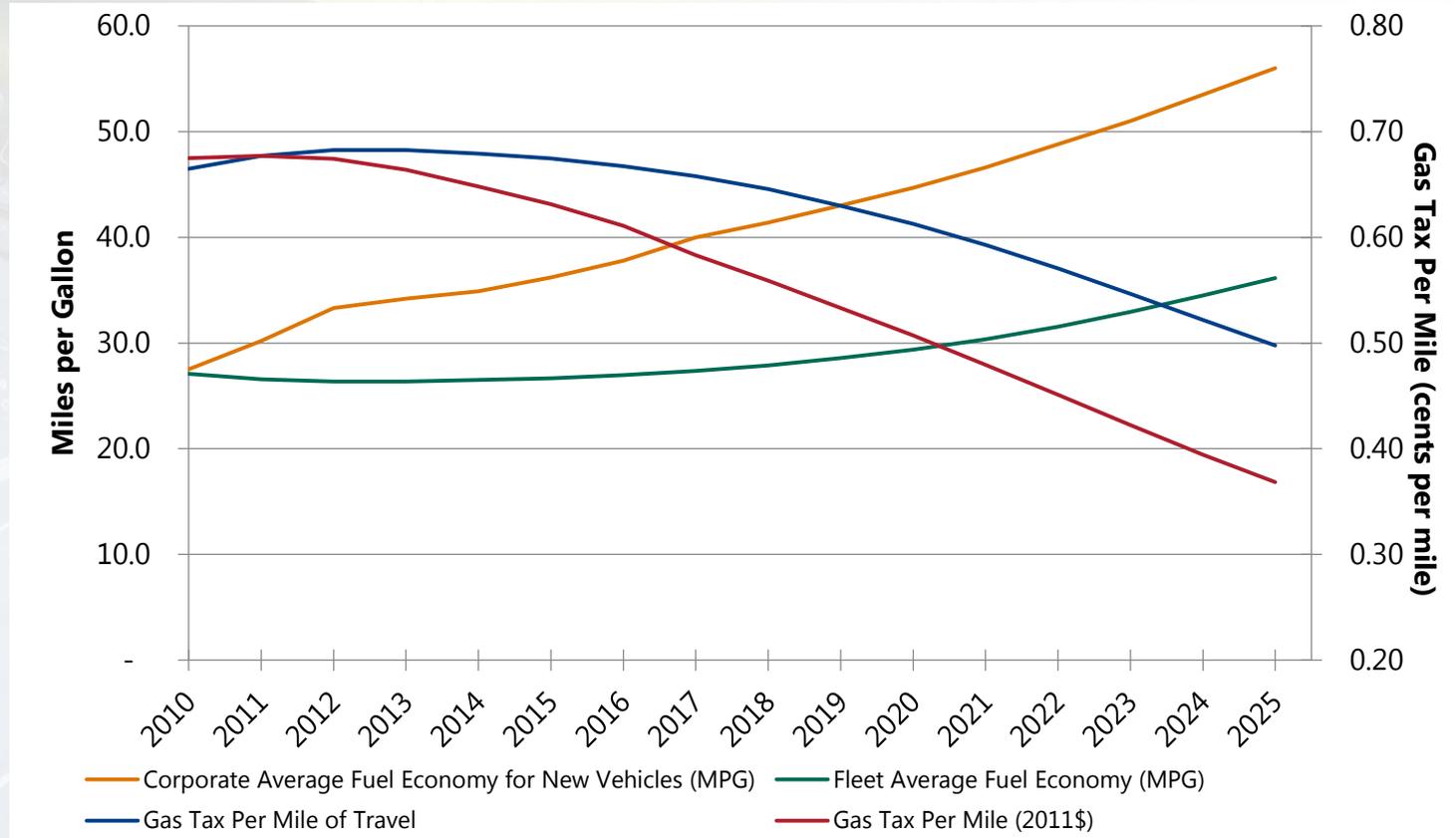
# Inflation Indexed Fuel Tax



# Increasing Fleet Fuel Economy Standards



# Impact of Fuel Economy Standards on Effective Gas Tax Rate - 25% reduction in revenue per mile of travel



## The New Truck Stop: Filling Up With Natural Gas for the Long Haul



Cummins/Peterbilt SuperTruck shows 54% improvement in fuel economy

100 Zero-Emission Commercial Vehicles Roll in California

Chart Introduces Improvements to LNG Truck Fuel System



Source: Fleet News Daily, March 20, 2013

# What is happening in other states...

- 33 states have raised the gas tax over the last 20 years.
  - Arizona ranks toward the bottom
  - Average of surrounding states is 49.7 cents per gallon
- Transportation infrastructure is being discussed in other states
  - Mentioned in 14 "State of the State" addresses
- Nevada local option gas tax
  - Washoe County indexes federal, state and local gas taxes
  - Revenue stays in Washoe County

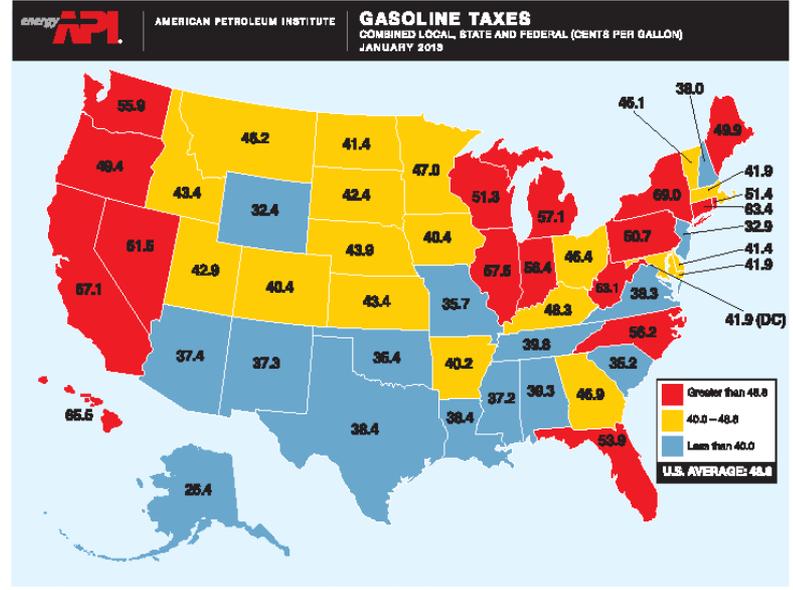
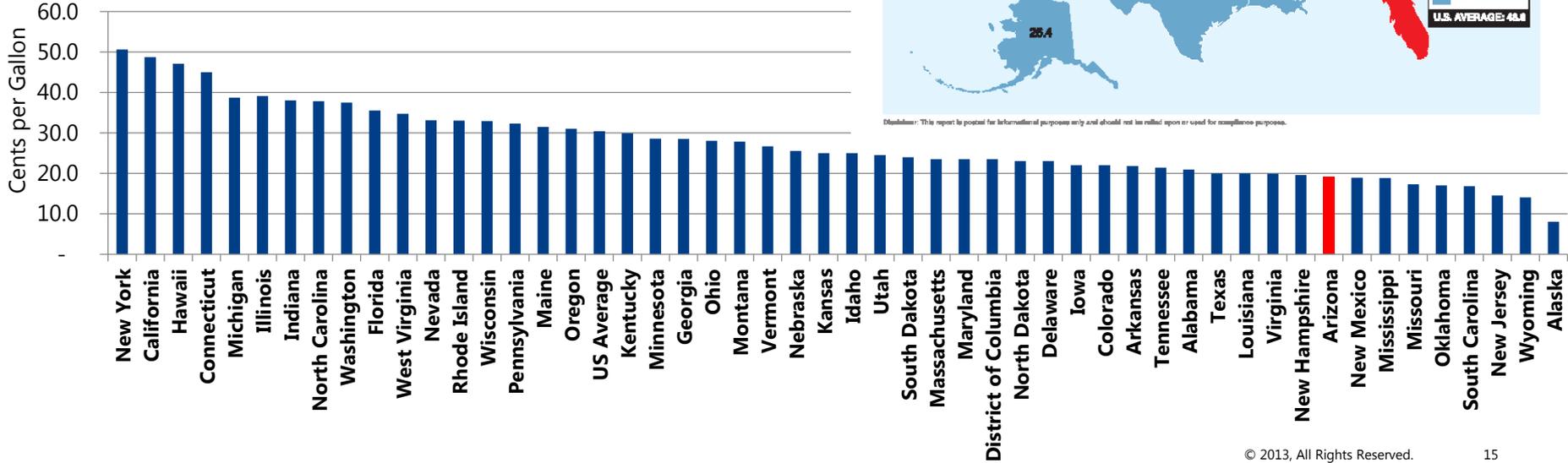
# What is happening in other states (con't)...

- **Virginia:** HB 2313 (awaiting governor's signature)
  - Replaces cents-per-gallon gas tax with % tax
  - Larger dedicated portion of a boosted general sales tax
  - Creates a \$100 annual fee on hybrid, alternative fuel and electric vehicles
  - Estimated to raise \$880 million annually by 2018
- **Wyoming:** SB 69 (enacted)
  - Increases gas tax, from \$0.14 to \$0.24 per gallon
  - Estimated to raise \$70 million annually after it takes effect on July 1
  - State DOT gets 2/3 of revenues; localities get the rest
- **Maryland:** Transportation Investment Act of 2013
  - Reduces per-gallon gas tax but index it to inflation;
  - Levy % based wholesale tax on fuels;
  - Index transit fares and issue new bonds

# What is happening in other states (con't)...

- **New Hampshire:** HB 617
  - Raise gas tax; SB 152
  - Use casino revenues to fund roads and bridges
- **Oregon:** HB 2453 would require per-mile fees for high-efficiency vehicles after 2015
- **Washington:** \$10 billion, 10-year "Connecting Washington" legislative package with a range of taxes, fees and bonding

# State Gas Tax Rates

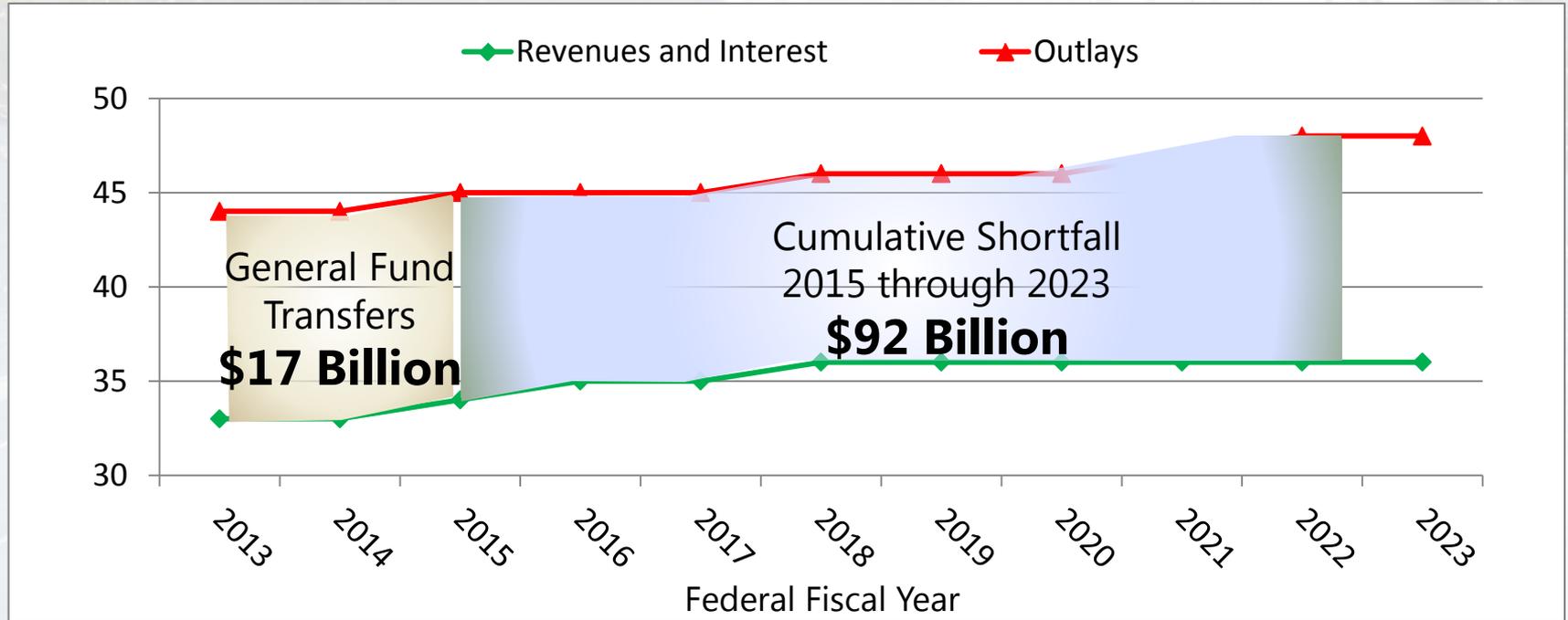


Disclaimer: This report is posted for informational purposes only and should not be relied upon or used for compliance purposes.

# How to Fix HURF.....

- **Immediate: STOP the diversions – return to statutory \$20 million**
- **Short-term: Raise the fuel tax and index for future inflation**
- **Long-term: Replace the fuel tax with alternative mechanism**

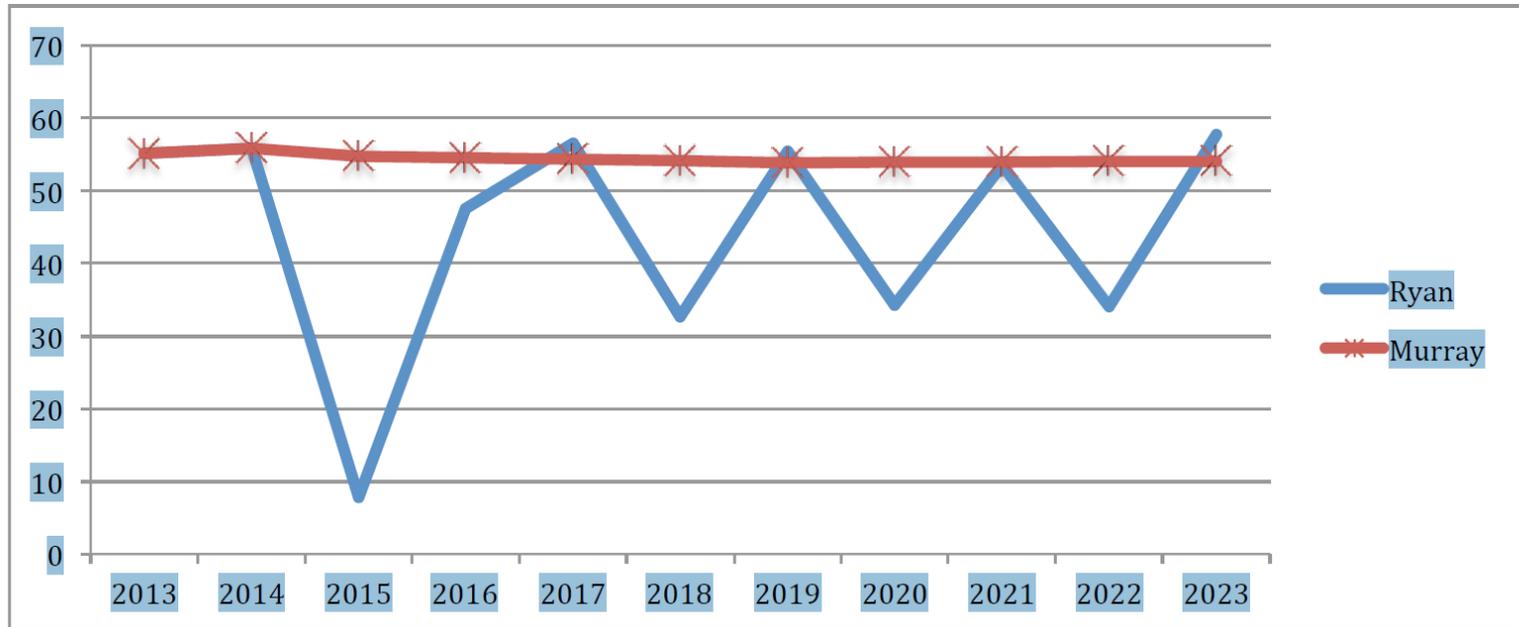
# Federal Transportation Funding Outlook Bleak



Source: Congressional Budget Office, February 2013 Baseline

# Dueling Federal Budgets: Implications for Transportation Funding

Ryan and Murray Mandatory Budget Authority Levels For Function 400 (Transportation)  
(Billions of Dollars by Fiscal Year)



Source: Transportation Weekly, March 18, 2013.

# Transportation Funding Overview: Dealing with Change and Uncertainty

Eric Anderson  
Transportation Director  
eanderson@azmag.gov  
602 254-6300



System Traffic Interchange, Mesa