

TRANSPORTATION FUNDING

PRE-SUMMIT BRIEFING



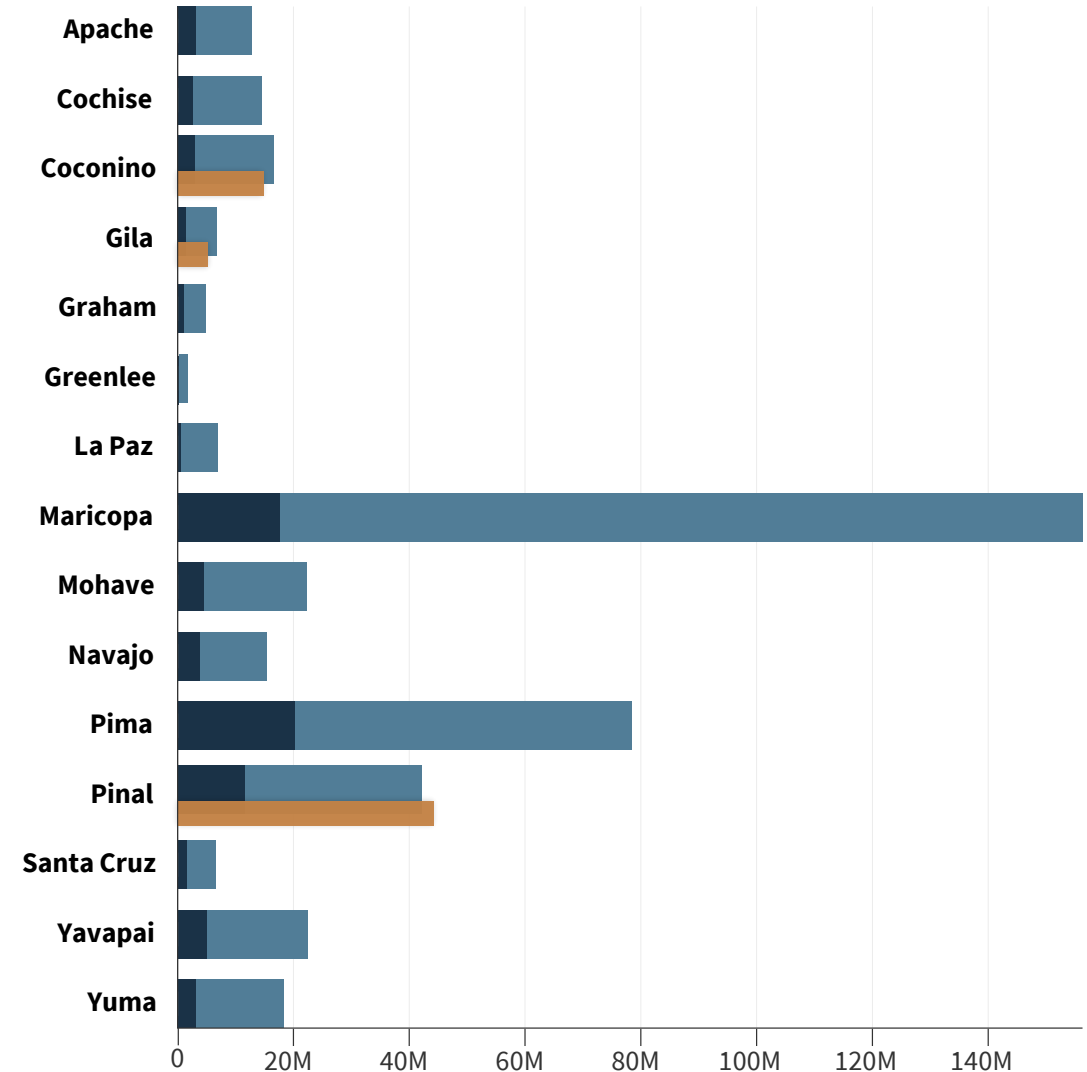
Counties primarily fund maintenance of local roads through:

- **Highway User Revenue Fund**
- **Vehicle License Taxes**
- **Local Excise Tax for Roads**

Other local funding structures, like those levied by Regional Transportation Authorities (RTA) also exist.

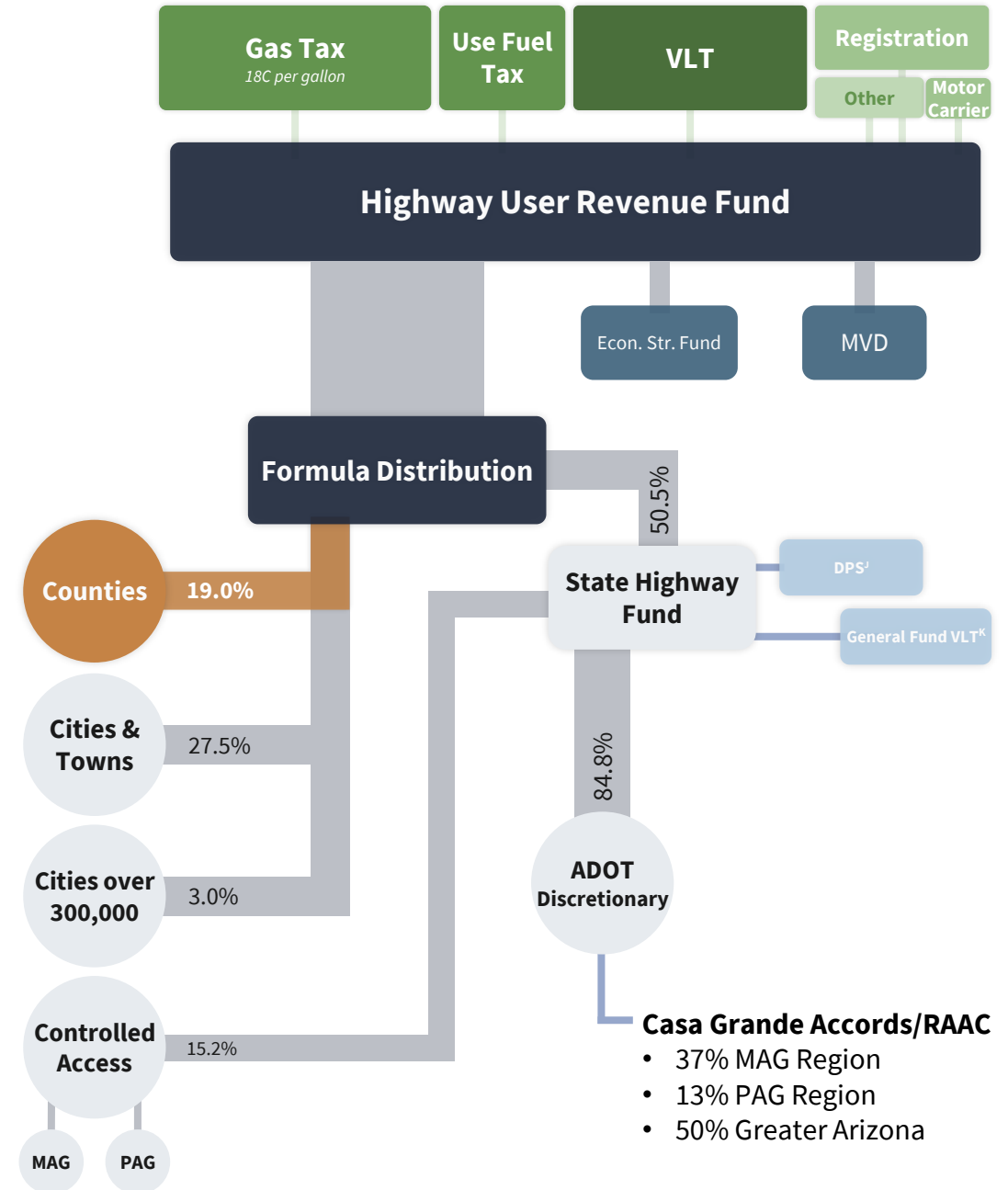
Counties do receive some federal and state grants for roadway infrastructure, but funding isn't consistent/ongoing.

FY 2025 Collections or Distributions to Counties for Transportation Funding



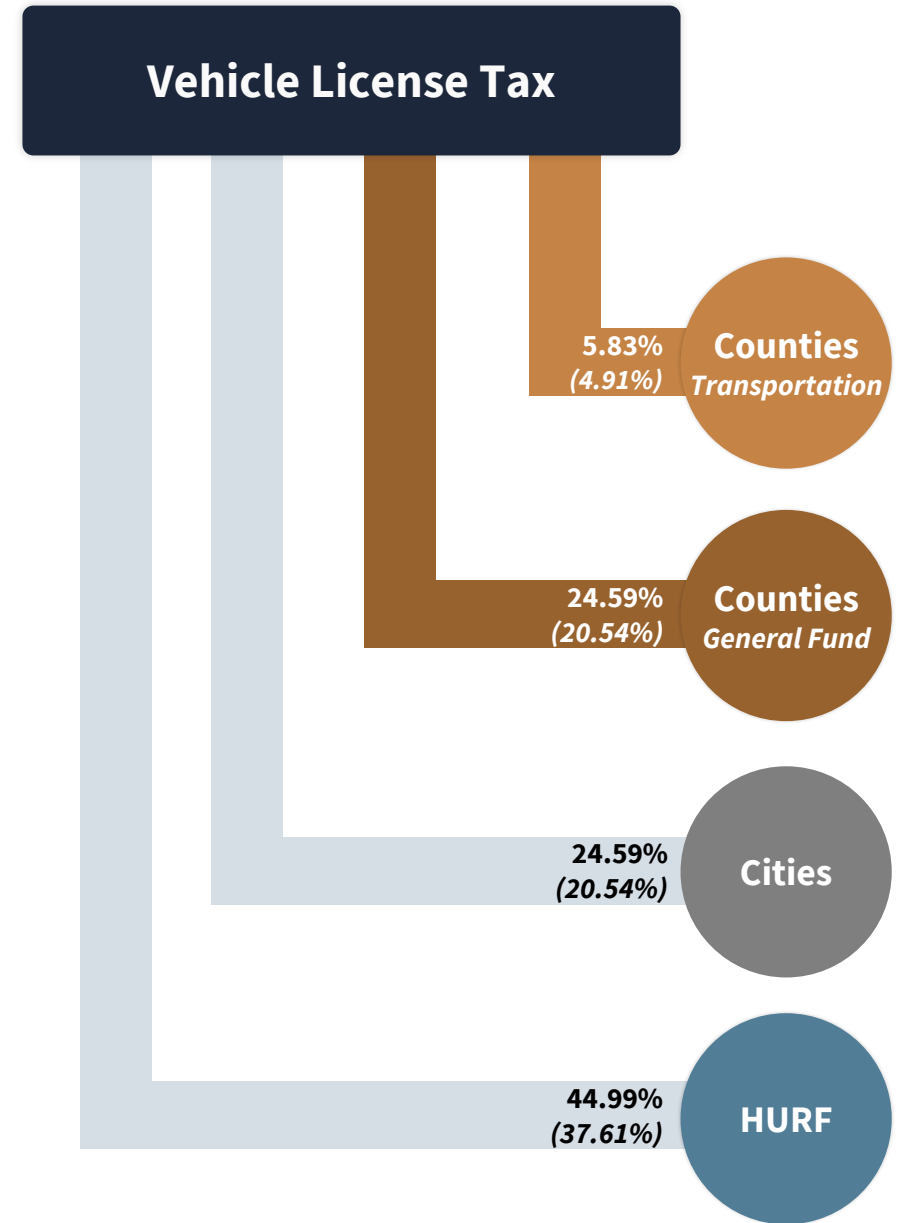
HURF is the largest source of funding county roadway construction & maintenance.

- Funded primarily from fuel taxes, vehicle license taxes
- Counties receive **19% of HURF revenues**, which was \$347M in FY 2025
- Counties receive HURF distribution based on *share of fuel sales (72%) and unincorporated population (28%)*
 - Fuel sales includes point of sale for gasoline fuel sales, estimates of use fuel based on lane miles, unincorporated population and historic use fuel sales



Counties receive VLT transportation, as well as for general fund purposes.

- Transportation VLT is distributed based on the county's *share of unincorporated population*
- General fund VLT is distributed based on county's *share of vehicles registered*
- Rate set in statute, ADOT collects and distributes



Adopted Excise Taxes for Transportation

Counties over 1.2 million persons

Regional Transportation Authority (RTA) Excise Tax:

- Voter approved up to 0.5%
- Statutory spending restrictions

Counties between 400,000 and 1.2 million persons

Regional Transportation Authority (RTA) Excise Tax:

- Voter approved up to 1.0%
Increased from 0.5% to 1.0% in 2019
- Statutory spending restrictions

Counties under 400,000 persons

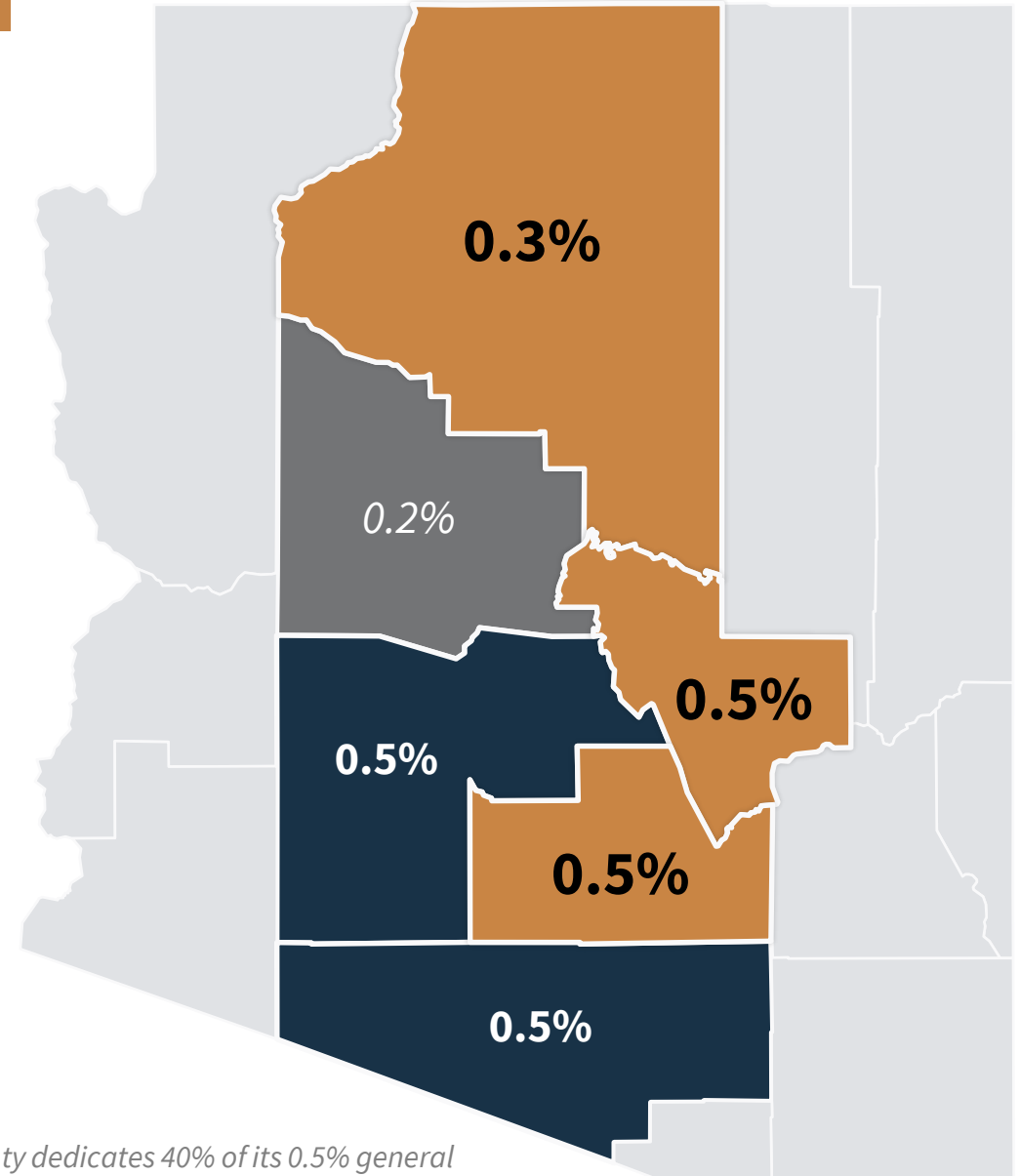
Local Excise Tax for Roads:

- Voter approved up to 0.5%
- Same use as HURF funds

Regional Transportation Authority (RTA) Excise Tax:

- Voter approved up to 1.0%*
- Spending determined by RTA

**Combined rate of Local Excise Tax and RTA Excise Tax cannot exceed 1.0%*



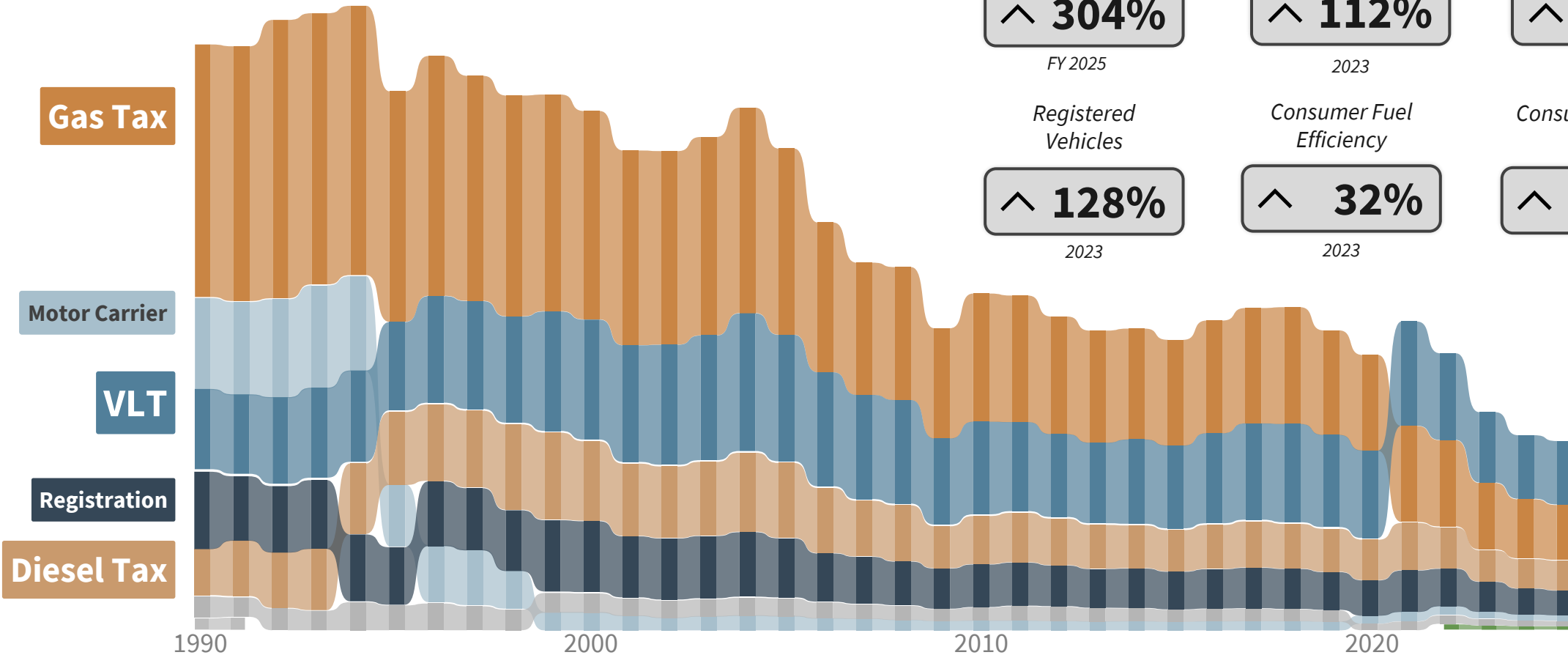
Yavapai County dedicates 40% of its 0.5% general fund excise tax to regional roads.

TRANSPORTATION FUNDING

PURCHASING POWER

HURF per capita purchasing power is just **32%** of what it was in 1990, the last time Arizona's fuel tax was adjusted.

HURF Purchasing Power FY 1990-2025
HURF revenue per capita, adjusted for construction inflation



Change from 1990		
Construction Cost Index FY 2025	AZ Vehicle Miles Traveled 2023	AZ Lane Miles 2023
^ 304%	^ 112%	^ 49%
Registered Vehicles 2023	Consumer Fuel Efficiency 2023	Consumer Vehicle Weight 2024
^ 128%	^ 32%	^ 30%

HURF Purchasing Power
∨ **68%**

State Fuel Taxes & Fees; Change since 2015

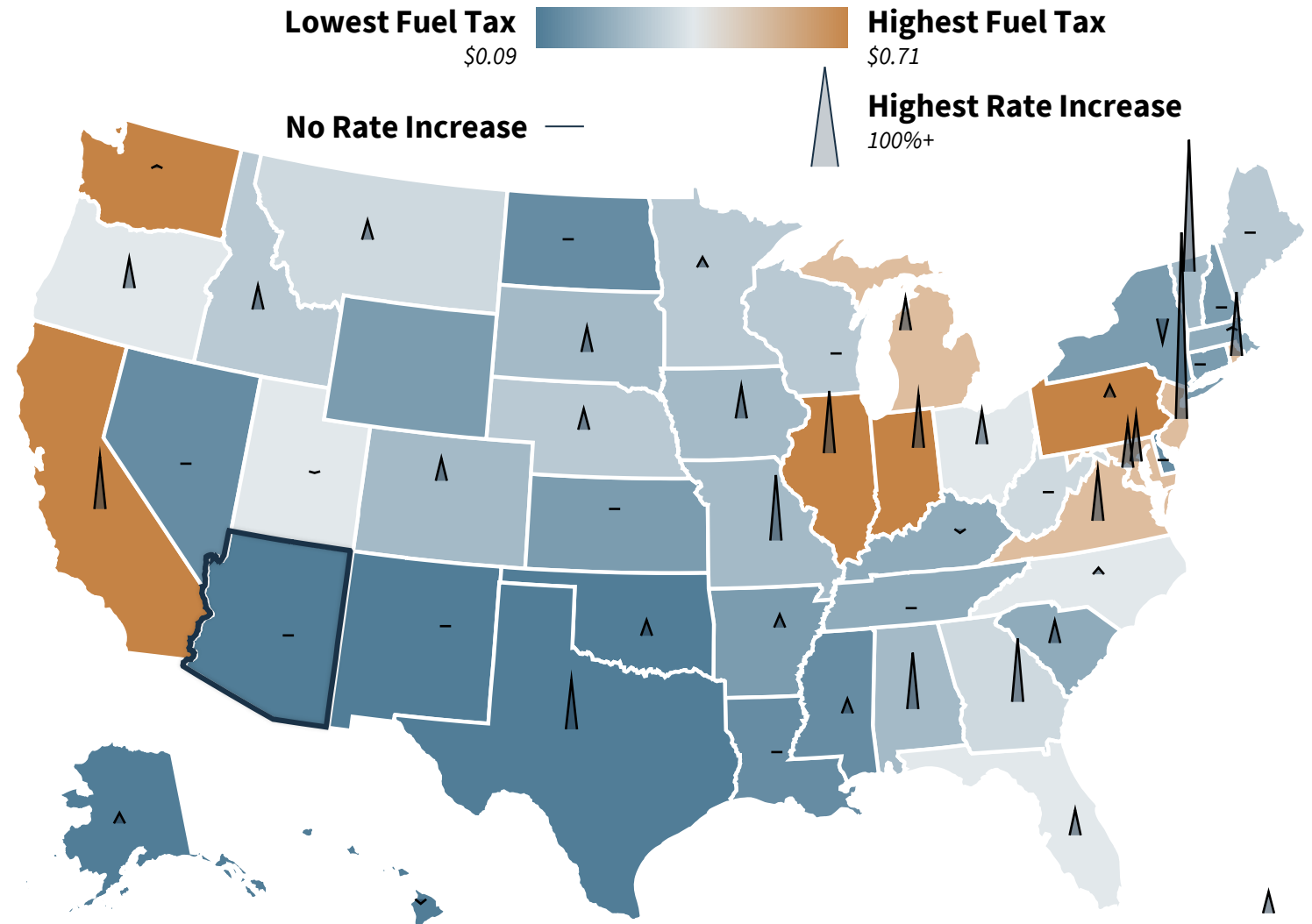
Arizona's fuel tax is 18 cents per gallon.

- **Bottom 10%** of state fuel taxes
- Additional 1 cent for underground storage (19 cents total).

Nationwide, average state fuel tax is \$32.6 cents per gallon.

Arizona's fuel tax has not been increased in 35 years.

- Since just 2015, 36 states have increased fuel taxes or fees.



41 states currently charge additional fees on plug-in electric vehicles.

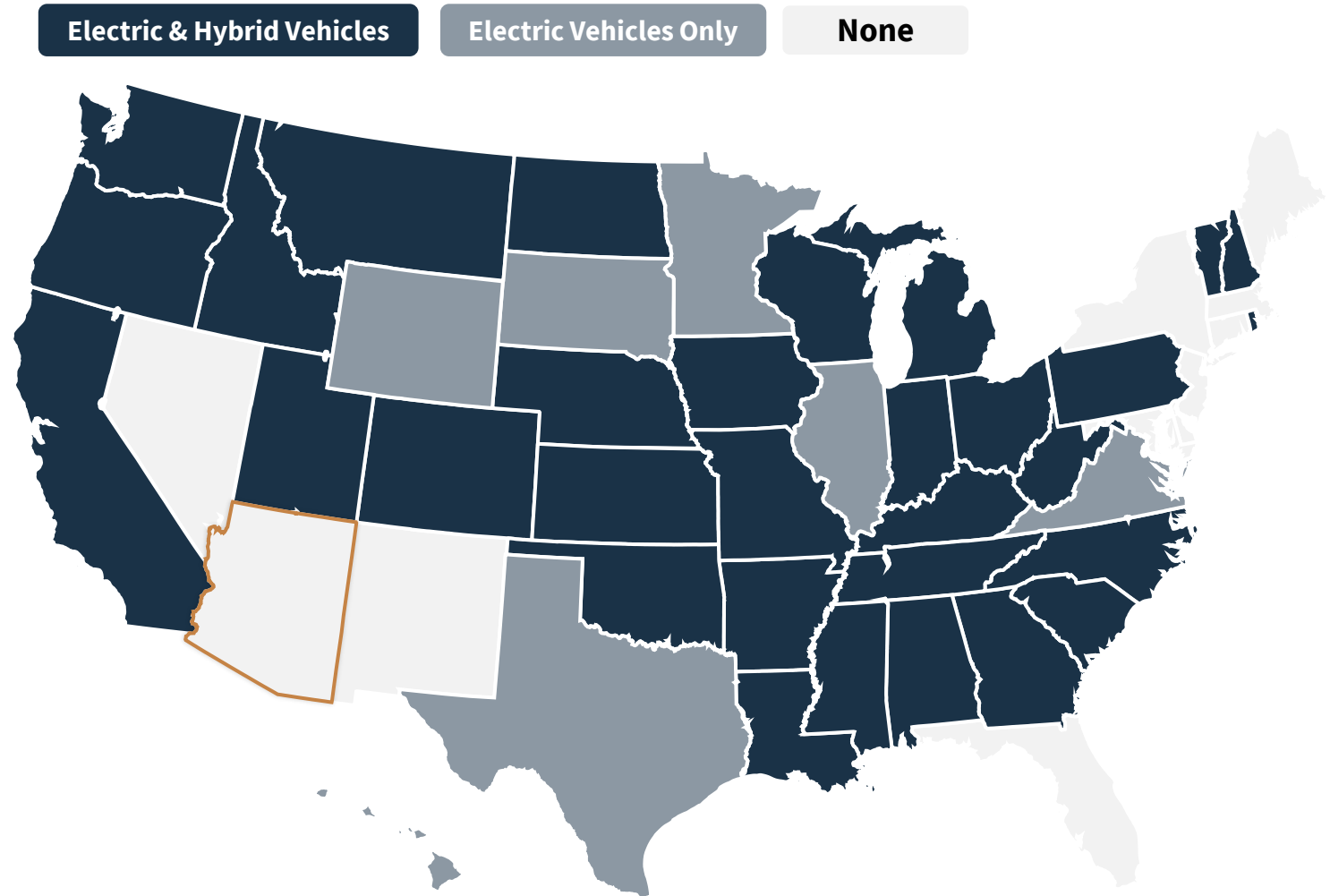
- 34 assess on plug-in hybrids

Variety of different fee types including:

- Fixed fee amounts
- Fee based on fuel efficiency
- Inflation-adjusted fee amounts
- Fee tied to gas tax rate

Since FY 2021, number of electric vehicles registered in Arizona has **increased by more than 3x**

States with Additional Fees on Electric & Hybrid Vehicles



ROADWAY NEEDS

STATEWIDE PICTURE

County & state roadway needs are substantial.

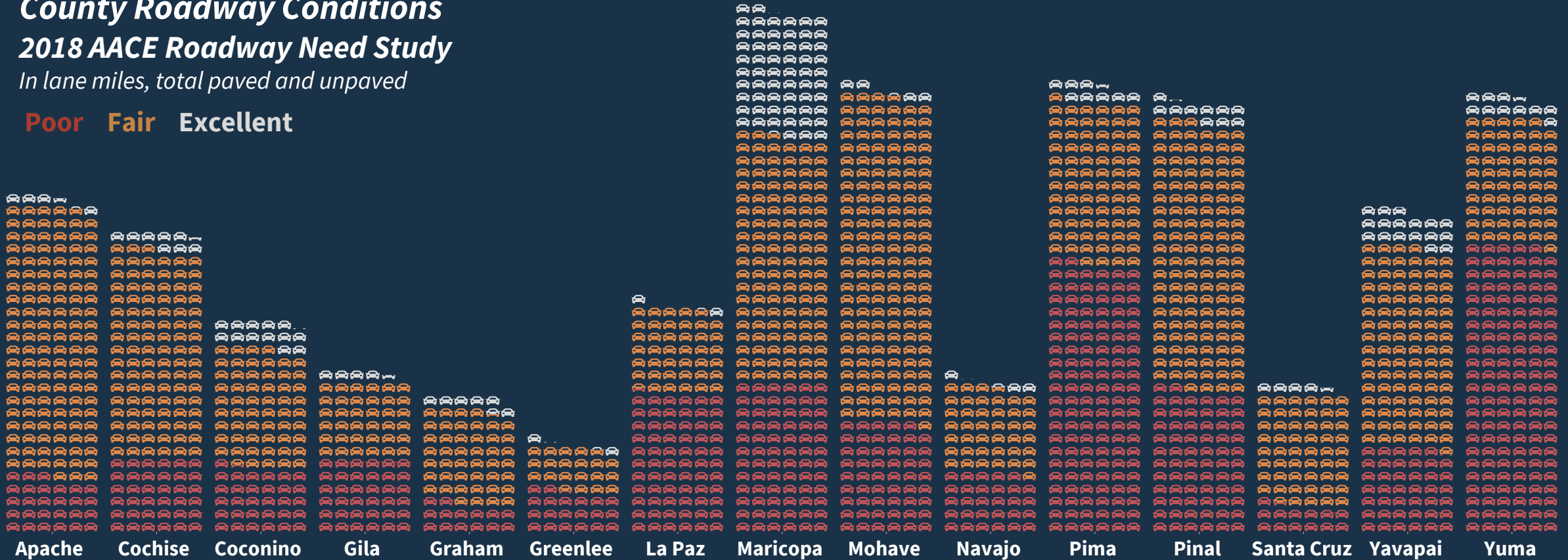
Most recent estimate was a **\$2.2 billion funding gap** for county infrastructure over 10 years.

- Construction inflation in recent years has likely made this more acute.

County Roadway Conditions 2018 ACE Roadway Need Study

In lane miles, total paved and unpaved

Poor Fair Excellent



Infrastructure is degrading, roadway funding needs are growing.

Statewide, **lane miles in poor** condition **more than doubled** (+125%) from 2019 to 2023.

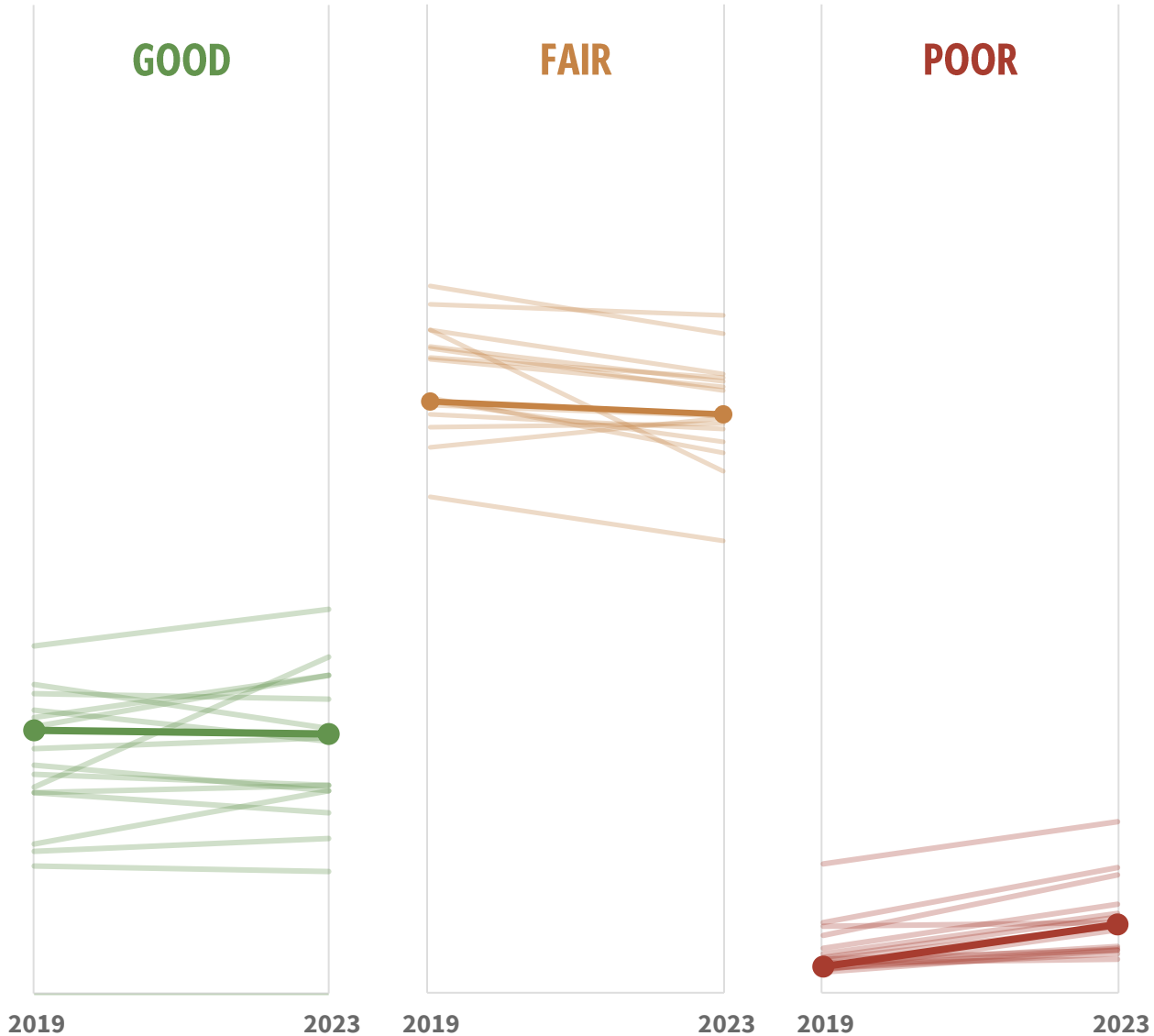
- Share of total lane miles increase to ~7%

ADOT estimates shortfall of **\$112B** for transportation infrastructure, **\$162B** total through 2050

Arizona Pavement Conditions

Share of Total Lane Miles; 2019 to 2023 by County

ADOT Highway Performance Monitoring Data



FUNDING OPTIONS

Gas & Use Fuel Taxes



67% to pass

Statewide Impact

OR



60% to pass

\$ - \$\$\$\$

Vehicle License Tax or other state fees



67% to pass

Statewide Impact

OR



60% to pass

\$ - \$\$\$

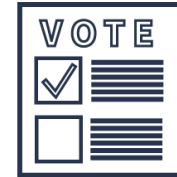
New: Alt. Fuel Tax Parity



67% to pass

Statewide Impact

OR



60% to pass

\$

County Road Excise Tax



Limited Impact

BOS vote &



50% to pass

\$-\$\$

Regional Transportation Excise Tax



Limited Impact

RTA vote &



50% to pass

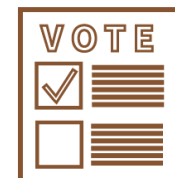
\$-\$\$

Road Improvement Districts Property Tax Levy



Limited Impact

Petition &



50% to pass

\$

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MORE INFO AVAILABLE AT

WWW.COUNTYSUPERVISORS.ORG/TRANSPORTATION