

REFERENCE TITLE: task force; gas task replacement.

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2621

Introduced by
Representative Orr

AN ACT

AMENDING TITLE 28, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 28-377, 28-378 AND 28-379; AMENDING SECTION 28-6993, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTIONS 28-377, 28-378 AND 28-379, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; RELATING TO THE DEPARTMENT OF TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 28, chapter 2, article 3, Arizona Revised Statutes,
3 is amended by adding sections 28-377, 28-378 and 28-379, to read:

4 28-377. Highway user fee replacement task force

5 A. THE HIGHWAY USER FEE REPLACEMENT TASK FORCE IS ESTABLISHED TO
6 DEVELOP A DESIGN FOR REVENUE COLLECTION FOR THIS STATE'S TRANSPORTATION
7 SYSTEM THAT WILL REPLACE THE MOTOR FUEL TAX AND USE FUEL TAX IMPOSED BY
8 SECTION 28-5606. THE TASK FORCE SHALL CONSIDER ALL POTENTIAL REVENUE
9 SOURCES.

10 B. THE HIGHWAY USER FEE REPLACEMENT TASK FORCE SHALL CONSIST OF THE
11 FOLLOWING TWENTY-FOUR MEMBERS:

12 1. ONE MEMBER OF THE HOUSE OF REPRESENTATIVES WHO IS FROM A DISTRICT
13 LOCATED OUTSIDE OF MARICOPA COUNTY OR PIMA COUNTY AND WHO IS APPOINTED BY THE
14 SPEAKER OF THE HOUSE OF REPRESENTATIVES.

15 2. ONE MEMBER OF THE SENATE WHO IS FROM A DISTRICT LOCATED IN PIMA
16 COUNTY AND WHO IS APPOINTED BY THE PRESIDENT OF THE SENATE.

17 3. TWENTY-TWO MEMBERS WHO ARE APPOINTED BY THE GOVERNOR AS FOLLOWS:

18 (a) ONE MEMBER WHO REPRESENTS THE TRUCKING INDUSTRY AND WHO IS FROM
19 MARICOPA COUNTY.

20 (b) ONE MEMBER WHO REPRESENTS THE ROAD CONSTRUCTION INDUSTRY AND WHO
21 IS FROM MARICOPA COUNTY.

22 (c) ONE MEMBER WHO REPRESENTS A BUSINESS LEADERSHIP ORGANIZATION AND
23 WHO IS FROM PIMA COUNTY.

24 (d) ONE MEMBER WHO REPRESENTS A LOCAL CHAMBER OF COMMERCE AND WHO IS
25 FROM A COUNTY OTHER THAN MARICOPA COUNTY OR PIMA COUNTY.

26 (e) ONE MEMBER WHO IS FROM A LOCAL MUNICIPAL GOVERNMENT, WHO IS FROM
27 PIMA COUNTY AND WHO IS EITHER ELECTED OR APPOINTED.

28 (f) ONE MEMBER WHO IS FROM A COUNTY GOVERNMENT, WHO IS FROM A COUNTY
29 OTHER THAN MARICOPA COUNTY OR PIMA COUNTY AND WHO IS ELECTED OR APPOINTED.

30 (g) ONE MEMBER WHO IS FROM A PUBLIC TRANSIT AGENCY AND WHO IS FROM
31 MARICOPA COUNTY.

32 (h) ONE MEMBER WHO REPRESENTS THE DEPARTMENT OF PUBLIC SAFETY AND WHO
33 IS FROM MARICOPA COUNTY.

34 (i) ONE MEMBER WHO REPRESENTS THE DEPARTMENT OF TRANSPORTATION AND WHO
35 IS FROM MARICOPA COUNTY.

36 (j) ONE MEMBER WHO IS A MEMBER OF THE STATE TRANSPORTATION BOARD AND
37 WHO IS FROM A COUNTY OTHER THAN MARICOPA COUNTY OR PIMA COUNTY.

38 (k) ONE MEMBER WHO REPRESENTS AN ECONOMIC DEVELOPMENT AGENCY AND WHO
39 IS FROM MARICOPA COUNTY.

40 (l) ONE MEMBER WHO REPRESENTS A MOTOR VEHICLE USERS GROUP AND WHO IS
41 FROM MARICOPA COUNTY.

42 (m) ONE MEMBER WHO REPRESENTS A PUBLIC TRANSPORTATION USERS GROUP AND
43 WHO IS FROM PIMA COUNTY.

44 (n) ONE MEMBER WHO REPRESENTS AN ENVIRONMENTAL ADVOCACY GROUP AND WHO
45 IS FROM MARICOPA COUNTY.

1 (o) TWO ACADEMIC TRANSPORTATION EXPERTS, ONE OF WHOM IS FROM MARICOPA
2 COUNTY AND ONE OF WHOM IS FROM A COUNTY OTHER THAN MARICOPA COUNTY OR PIMA
3 COUNTY.

4 (p) ONE MEMBER WHO REPRESENTS A METROPOLITAN PLANNING ORGANIZATION AND
5 WHO IS FROM MARICOPA COUNTY.

6 (q) ONE MEMBER WHO REPRESENTS A METROPOLITAN PLANNING ORGANIZATION AND
7 WHO IS FROM PIMA COUNTY.

8 (r) ONE MEMBER WHO REPRESENTS THE PETROLEUM INDUSTRY AND WHO IS FROM
9 MARICOPA COUNTY.

10 (s) ONE MEMBER WHO REPRESENTS THE MOTOR VEHICLE INDUSTRY AND WHO IS
11 FROM MARICOPA COUNTY.

12 (t) ONE MEMBER WHO REPRESENTS AN INDIAN TRIBE AND WHO IS FROM PIMA
13 COUNTY.

14 (u) ONE MEMBER WHO REPRESENTS A BUSINESS LEADERSHIP ORGANIZATION OR A
15 PORT AUTHORITY AND WHO IS FROM A COUNTY THAT BORDERS MEXICO AND THAT CONTAINS
16 AN INTERNATIONAL PORT OF ENTRY.

17 C. THE MEMBERSHIP SHALL BE AS FOLLOWS:

18 1. FIFTY PER CENT FROM MARICOPA COUNTY.

19 2. TWENTY-FIVE PER CENT FROM PIMA COUNTY.

20 3. TWENTY-FIVE PER CENT FROM OUTSIDE MARICOPA COUNTY AND PIMA COUNTY.

21 D. THE TERM OF A MEMBER WHO IS APPOINTED TO THE HIGHWAY USER FEE
22 REPLACEMENT TASK FORCE IS FOUR YEARS SUBJECT TO THE FOLLOWING:

23 1. A LEGISLATOR WHO IS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPH 1
24 OR 2 OF THIS SECTION CEASES TO BE A MEMBER OF THE TASK FORCE WHEN THE
25 LEGISLATOR CEASES TO BE A LEGISLATOR. A LEGISLATOR MAY BE REAPPOINTED TO THE
26 TASK FORCE.

27 2. A MEMBER WHO IS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPH 3,
28 SUBDIVISION (e) OR (f) OF THIS SECTION CEASES TO BE A MEMBER OF THE TASK
29 FORCE WHEN THE MEMBER CEASES TO BE A CITY OR COUNTY ELECTED OR APPOINTED
30 OFFICIAL. A CITY OR COUNTY ELECTED OR APPOINTED OFFICIAL MAY BE REAPPOINTED
31 TO THE TASK FORCE.

32 3. A MEMBER WHO IS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPH 3,
33 SUBDIVISION (j) OF THIS SECTION CEASES TO BE A MEMBER OF THE TASK FORCE WHEN
34 THE MEMBER CEASES TO BE A MEMBER OF THE STATE TRANSPORTATION BOARD. A MEMBER
35 OF THE STATE TRANSPORTATION BOARD MAY BE REAPPOINTED TO THE TASK FORCE.

36 E. A LEGISLATOR WHO IS APPOINTED TO THE HIGHWAY USER FEE REPLACEMENT
37 TASK FORCE IS ENTITLED TO PER DIEM AND OTHER EXPENSE PAYMENTS AS AUTHORIZED
38 BY TITLE 38, CHAPTER 4, ARTICLE 2. OTHER MEMBERS OF THE TASK FORCE ARE
39 ELIGIBLE TO RECEIVE COMPENSATION PURSUANT TO SECTION 38-611 AND ARE ELIGIBLE
40 FOR REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2.

41 F. THE DEPARTMENT SHALL PROVIDE STAFF TO THE HIGHWAY USER FEE
42 REPLACEMENT TASK FORCE.

43 G. THE HIGHWAY USER FEE REPLACEMENT TASK FORCE SHALL STUDY
44 ALTERNATIVES TO TAXING HIGHWAY USE THROUGH MOTOR VEHICLE FUEL TAXES AND USE
45 FUEL TAXES IMPOSED BY SECTION 28-5606. THE TASK FORCE SHALL GATHER PUBLIC

1 COMMENT ON ALTERNATIVE APPROACHES AND BY DECEMBER 15, 2015 SHALL DETERMINE
2 THE DESIGN OF PILOT PROGRAMS TO BE USED TO TEST ALTERNATIVE APPROACHES AND
3 THE CRITERIA TO BE USED TO EVALUATE PILOT PROGRAMS.

4 H. THE TASK FORCE SHALL EVALUATE ANY PILOT PROGRAM IMPLEMENTED BY THE
5 DEPARTMENT AND REPORT THE RESULTS OF THE EVALUATION TO THE LEGISLATURE, THE
6 DEPARTMENT AND THE BOARD.

7 I. THE HIGHWAY USER FEE REPLACEMENT TASK FORCE SHALL PROPOSE TO THE
8 LEGISLATURE THE DESIGN OF A REVENUE COLLECTION SYSTEM FOR THIS STATE'S
9 TRANSPORTATION SYSTEM THAT WOULD REPLACE THE CURRENT SYSTEM FOR REVENUE
10 COLLECTION. THE TASK FORCE SHALL REPORT TO EACH REGULAR SESSION OF THE
11 LEGISLATURE ON THE WORK OF THE TASK FORCE, THE DEPARTMENT AND THE BOARD IN
12 DESIGNING, IMPLEMENTING AND EVALUATING PILOT PROGRAMS.

13 J. OFFICIAL ACTION BY THE HIGHWAY USER FEE REPLACEMENT TASK FORCE
14 REQUIRES THE APPROVAL OF A MAJORITY OF THE MEMBERS OF THE TASK FORCE.

15 K. THE TASK FORCE BY OFFICIAL ACTION MAY RECOMMEND LEGISLATION.
16 LEGISLATION RECOMMENDED BY THE TASK FORCE MUST INDICATE THAT IT IS INTRODUCED
17 AT THE REQUEST OF THE TASK FORCE. LEGISLATIVE MEASURES PROPOSED BY THE TASK
18 FORCE SHALL BE SUBMITTED TO LEGISLATIVE COUNCIL BY DECEMBER 15 OF THE YEAR
19 PRECEDING A REGULAR SESSION OF THE LEGISLATURE.

20 28-378. Pilot programs; alternatives to motor vehicle fuel and
21 use taxes

22 A. BY OCTOBER 1, 2016, THE DIRECTOR SHALL DEVELOP AND IMPLEMENT ALL
23 PILOT PROGRAMS AS DIRECTED BY THE HIGHWAY USER FEE REPLACEMENT TASK FORCE TO
24 TEST ALTERNATIVES TO MOTOR VEHICLE FUEL TAXES AND USE FUEL TAXES IMPOSED BY
25 SECTION 28-5606 TO PAY FOR HIGHWAY USE. PILOT PROGRAMS MAY INCLUDE PROGRAMS
26 THAT TEST TECHNOLOGY AND METHODS TO:

- 27 1. IDENTIFY VEHICLES.
- 28 2. COLLECT AND REPORT THE NUMBER OF MILES TRAVELED BY A PARTICULAR
29 VEHICLE.
- 30 3. RECEIVE PAYMENTS FROM PARTICIPANTS IN PILOT PROJECTS.

31 B. THE TECHNOLOGY AND METHODS TESTED UNDER SUBSECTION A OF THIS
32 SECTION SHALL BE TESTED FOR:

- 33 1. RELIABILITY.
- 34 2. EASE OF USE.
- 35 3. PUBLIC ACCEPTANCE.
- 36 4. COST OF IMPLEMENTATION AND ADMINISTRATION.
- 37 5. POTENTIAL FOR EVASION OF ACCURATE REPORTING.

38 C. THE DEPARTMENT MAY SOLICIT VOLUNTEERS TO PARTICIPATE IN PILOT
39 PROGRAMS DEVELOPED UNDER THIS SECTION. A PARTICIPANT MUST:

- 40 1. REPORT THE PARTICIPANT'S USE OF THE HIGHWAY SYSTEM IN THIS STATE AS
41 REQUIRED BY THE PROGRAM.
- 42 2. PAY THE FEE ESTABLISHED FOR THE PROGRAM FOR USE OF THE HIGHWAY
43 SYSTEM.
- 44 3. DISPLAY IN THE PARTICIPANT'S VEHICLE AN EMBLEM ISSUED UNDER
45 SUBSECTION F OF THIS SECTION.

D. THE DEPARTMENT SHALL ESTABLISH A FEE FOR EACH PILOT PROGRAM IN AN AMOUNT TO BE DETERMINED BY THE DIRECTOR. THE FEE SHALL BE A HIGHWAY USE FEE AND SHALL BE PAID BY EACH PARTICIPANT IN THE PROGRAM. THE PROGRAM MAY BE DESIGNED SO THAT THE FEE IS IMPOSED IN LIEU OF A MOTOR VEHICLE FUEL TAX OR A USE FUEL TAX IMPOSED BY SECTION 28-5605 THAT WOULD OTHERWISE BE PAID BY THE PARTICIPANT.

E. IF A PERSON WHO PARTICIPATES IN A PILOT PROGRAM UNDER THIS SECTION PAYS THE MOTOR VEHICLE FUEL TAX THAT IS IMPOSED BY SECTION 28-5606, THE DEPARTMENT MAY REFUND THE TAXES PAID.

F. THE DEPARTMENT SHALL ISSUE AN EMBLEM FOR EACH VEHICLE THAT WILL BE USED BY A PARTICIPANT AS PART OF A PILOT PROGRAM UNDER THIS SECTION. A SELLER OF FUEL FOR USE IN A MOTOR VEHICLE MAY NOT COLLECT THE TAX THAT WOULD OTHERWISE BE DUE PURSUANT TO CHAPTER 16, ARTICLE 1 OF THIS TITLE FROM A PERSON OPERATING A VEHICLE FOR WHICH AN EMBLEM HAS BEEN ISSUED UNDER THIS SUBSECTION.

G. IF A PERSON PARTICIPATING IN A PILOT PROGRAM UNDER THIS SECTION ENDS THE PERSON'S PARTICIPATION IN THE PROGRAM BEFORE THE PROGRAM TERMINATES, THE PERSON SHALL PAY TO THE DEPARTMENT ANY AMOUNT OF THE HIGHWAY USE FEE ESTABLISHED FOR THE PROGRAM UNDER SUBSECTION D OF THIS SECTION THAT THE PERSON HAS NOT YET PAID. THE PERSON SHALL RETURN TO THE DEPARTMENT ANY EMBLEM ISSUED TO THE PERSON UNDER SUBSECTION F OF THIS SECTION.

H. THE DEPARTMENT MAY TERMINATE A PILOT PROGRAM AT ANY TIME AND MAY TERMINATE PARTICIPATION BY ANY PARTICULAR PERSON AT ANY TIME. WHEN THE DEPARTMENT TERMINATES A PROGRAM OR A PERSON'S PARTICIPATION IN A PROGRAM, THE DEPARTMENT SHALL COLLECT ANY UNPAID HIGHWAY USE FEES ESTABLISHED FOR THE PROGRAM UNDER SUBSECTION D OF THIS SECTION.

I. THE DEPARTMENT MAY ADOPT RULES THAT THE DEPARTMENT DEEMS NECESSARY FOR THE IMPLEMENTATION OF THIS SECTION, INCLUDING RULES ESTABLISHING METHODS OF COLLECTING HIGHWAY USE FEES FROM PROGRAM PARTICIPANTS AND RULES ESTABLISHING REPORTING REQUIREMENTS FOR PARTICIPANTS.

J. THE DEPARTMENT MAY COMPENSATE PARTICIPANTS IN PILOT PROGRAMS ESTABLISHED UNDER THIS SECTION.

K. IN DESIGNING, IMPLEMENTING AND EVALUATING PILOT PROGRAMS UNDER THIS SECTION, THE DEPARTMENT SHALL CONSIDER THE RECOMMENDATIONS OF THE HIGHWAY USER FEE REPLACEMENT TASK FORCE ESTABLISHED BY SECTION 28-377.

28-379. Funding sources for task force and pilot programs

TO IMPLEMENT AND SUPPORT THE HIGHWAY USER FEE REPLACEMENT TASK FORCE ESTABLISHED BY SECTION 28-377 AND FOR PILOT PROGRAMS ESTABLISHED PURSUANT TO SECTION 28-378, THE DEPARTMENT MAY:

1. USE MONIES IN THE STATE HIGHWAY FUND ESTABLISHED BY SECTION 28-6991.

2. SOLICIT AND ACCEPT GRANTS AND ASSISTANCE FROM THE FEDERAL GOVERNMENT AND ITS AGENCIES AND FROM ANY OTHER SOURCE, EITHER PUBLIC OR PRIVATE.

3. ACCEPT GIFTS OR DONATIONS OF EQUIPMENT.

1 Sec. 2. Section 28-6993, Arizona Revised Statutes, is amended to read:
2 28-6993. State highway fund; authorized uses

3 A. Except as provided in subsection B of this section and section
4 28-6538, the state highway fund shall be used for any of the following
5 purposes in strict conformity with and subject to the budget as provided by
6 this section and by sections 28-6997 through 28-7003:

7 1. To pay salaries, wages, necessary travel expenses and other
8 expenses of officers and employees of the department and the incidental
9 office expenses, including telegraph, telephone, postal and express charges
10 and printing, stationery and advertising expenses.

11 2. To pay for both:

12 (a) Equipment, supplies, machines, tools, department offices and
13 laboratories established by the department.

14 (b) The construction and repair of buildings or yards of the
15 department.

16 3. To pay the cost of both:

17 (a) Engineering, construction, improvement and maintenance of state
18 highways and parts of highways forming state routes.

19 (b) Highways under cooperative agreements with the United States that
20 are entered into pursuant to this chapter and an act of Congress providing
21 for the construction of rural post roads.

22 4. To pay land damages incurred by reason of establishing, opening,
23 altering, relocating, widening or abandoning portions of a state route or
24 state highway.

25 5. To reimburse the department revolving account.

26 6. To pay premiums on authorized indemnity bonds and on compensation
27 insurance under the workers' compensation act.

28 7. To defray lawful expenses and costs required to administer and
29 carry out the intent, purposes and provisions of this title, including
30 repayment of obligations entered into pursuant to this title, payment of
31 interest on obligations entered into pursuant to this title, repayment of
32 loans and other financial assistance, including repayment of advances and
33 interest on advances made to the department pursuant to section 28-7677, and
34 payment of all other obligations and expenses of the board and department
35 pursuant to chapter 21 of this title.

36 8. To pay lawful bills and charges incurred by the state engineer.

37 9. To acquire, construct or improve entry roads to state parks or
38 roads within state parks.

39 10. To acquire, construct or improve entry roads to state prisons.

40 11. To pay the cost of relocating a utility facility pursuant to
41 section 28-7156.

42 12. For the purposes provided in subsections C, D and E of this section
43 and sections 28-379, 28-1143, 28-2353 and 28-3003.

44 13. To pay the cost of issuing an Arizona centennial special plate
45 pursuant to section 28-2448.

B. For each fiscal year, the department of transportation shall allocate and transfer monies in the state highway fund to the department of public safety for funding a portion of highway patrol costs in eight installments in each of the first eight months of a fiscal year that do not exceed ten million dollars.

C. Subject to legislative appropriation, the department may use the monies in the state highway fund as prescribed in section 28-6991, paragraph 12 to carry out the duties imposed by this title for registration or titling of vehicles, to operate joint title, registration and driver licensing offices, to cover the administrative costs of issuing the air quality compliance sticker, modifying the year validating tab and issuing the windshield sticker and to cover expenses and costs in issuing special plates pursuant to sections 28-2404, 28-2412 through 28-2450 and 28-2514.

D. The department shall use monies deposited in the state highway fund pursuant to chapter 5, article 5 of this title only as prescribed by that article.

E. Monies deposited in the state highway fund pursuant to section 28-2269 shall be used only as prescribed by that section.

F. Monies deposited in the state highway fund pursuant to section 28-710, subsection D, paragraph 2 shall only be used for state highway work zone traffic control devices.

G. The department may exchange monies distributed to the state highway fund pursuant to section 28-6538, subsection A, paragraph 1 for local government surface transportation program federal monies suballocated to councils of government and metropolitan planning organizations if the local government scheduled to receive the federal monies concurs. An exchange of state highway fund monies pursuant to this subsection shall be in an amount that is at least equal to ninety per cent of the federal obligation authority that exists in the project for which the exchange is proposed.

Sec. 3. Highway user fee replacement task force; report

Notwithstanding section 28-377, subsection K, Arizona Revised Statutes, as added by this act, by October 1, 2015, the highway user fee replacement task force shall report to the legislature on the possible alternatives to the current system of taxing highway use through motor vehicle fuel taxes and use fuel taxes imposed by section 28-5606, Arizona Revised Statutes.

Sec. 4. Legislative findings

The Legislature finds that:

1. An efficient transportation system is critical for Arizona's economy and quality of life.

2. The revenues currently available for transportation projects are inadequate to preserve and maintain existing infrastructure and to provide funds for improvements that would reduce congestion, improve service and expand the economy.

3. The gas tax will become an ineffective mechanism for meeting Arizona's long-term revenue needs because:

1 (a) For nearly three decades the flat fee per gallon of gas has not
2 increased while fuel efficiency and number of vehicles on the road have.

3 (b) Construction and maintenance costs have increased with inflation
4 with no corresponding inflationary adjustment in the gas tax.

5 (c) The gas tax has generated and will steadily generate less revenue
6 as motor vehicles become even more fuel-efficient and alternative sources of
7 fuel are identified.

8 (d) The growth of all-electric vehicles represents users who currently
9 have no means of contributing to the roads they use.

10 Sec. 5. Delayed repeal

11 Sections 28-377, 28-378 and 28-379, Arizona Revised Statutes, as added
12 by this act, are repealed from and after September 30, 2024.

13 Sec. 6. Effective date

14 Sections 28-377, 28-378 and 28-379, Arizona Revised Statutes, as added
15 by this act, and section 28-6993, Arizona Revised Statutes, as amended by
16 this act, are effective from and after August 31, 2014.