

REFERENCE TITLE: task force; gas tax replacement

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

## **SB 1108**

Introduced by  
Senators Farley, Begay; Representative Steele; Senator Hobbs;  
Representatives Gabaldón, Sherwood

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; REPEALING SECTIONS 28-377, 28-378 AND 28-379, ARIZONA REVISED STATUTES; 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 PERCENT FROM MARICOPA COUNTY.

19 2. TWENTY-FIVE PERCENT FROM PIMA COUNTY.

20 3. TWENTY-FIVE PERCENT 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, 2016 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. THE TASK FORCE SHALL SUBMIT PROPOSED  
18 LEGISLATIVE MEASURES 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, 2017, 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.

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

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

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

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

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

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

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

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

36 28-379. Funding sources for task force and pilot programs

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

40 1. USE MONIES IN THE STATE HIGHWAY FUND ESTABLISHED BY SECTION  
41 28-6991.

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

45 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.

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

6 C. Subject to legislative appropriation, the department may use the  
7 monies in the state highway fund as prescribed in section 28-6991, paragraph  
8 12 to carry out the duties imposed by this title for registration or titling  
9 of vehicles, to operate joint title, registration and driver licensing  
10 offices, to cover the administrative costs of issuing the air quality  
11 compliance sticker, modifying the year validating tab and issuing the  
12 windshield sticker and to cover expenses and costs in issuing special plates  
13 pursuant to sections 28-2404, 28-2412 through 28-2451 and 28-2514.

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

17 E. Monies deposited in the state highway fund pursuant to section  
18 28-2269 shall be used only as prescribed by that section.

19 F. Monies deposited in the state highway fund pursuant to section  
20 28-710, subsection D, paragraph 2 shall only be used for state highway work  
21 zone traffic control devices.

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

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

31 Notwithstanding section 28-377, subsection K, Arizona Revised Statutes,  
32 by October 1, 2016, the highway user fee replacement task force shall report  
33 to the legislature on the possible alternatives to the current system of  
34 taxing highway use through motor vehicle fuel taxes and use fuel taxes  
35 imposed by section 28-5606, Arizona Revised Statutes.

36 Sec. 4. Legislative findings

37 The legislature finds that:

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

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

44 3. The gas tax will become an ineffective mechanism for meeting  
45 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 are  
12 repealed from and after September 30, 2025.

13 Sec. 6. Effective date

14 Sections 28-377, 28-378 and 28-379, Arizona Revised Statutes and  
15 section 28-6993, Arizona Revised Statutes, as amended by this act, are  
16 effective from and after August 31, 2015.