AN ACT

AMENDING SECTION 28-5606, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 16, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-5606.01; RELATING TO HIGHWAY USER REVENUES.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 28-5606, Arizona Revised Statutes, is amended to read:

28-5606. Imposition of motor fuel and other fuels taxes
A. In addition to all other taxes provided by law, a tax of eight cents per gallon is imposed on motor vehicle fuel possessed, used or consumed in this state— AND, EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, ON OTHER FUELS USED IN THE PROPULSION OF ANY VEHICLE AS FOLLOWS:

1. FOR MOTOR VEHICLE FUEL, THE RATE PER GALLON IS:
   (a) FOR FISCAL YEAR 2019-2020, $.28.
   (b) FOR FISCAL YEAR 2020-2021, $.38.
   (c) FOR FISCAL YEAR 2021-2022, $.43.
   (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

2. FOR NATURAL GAS, THE RATE PER GALLON IS:
   (a) FOR FISCAL YEAR 2019-2020, $.19.
   (b) FOR FISCAL YEAR 2020-2021, $.25.
   (c) FOR FISCAL YEAR 2021-2022, $.28.
   (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

3. FOR PROPANE, THE RATE PER GALLON IS:
   (a) FOR FISCAL YEAR 2019-2020, $.23.
   (b) FOR FISCAL YEAR 2020-2021, $.30.
   (c) FOR FISCAL YEAR 2021-2022, $.34.
   (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

B. To partially compensate this state for the use of its highways:

1. A use fuel tax is imposed on use fuel, INCLUDING NATURAL GAS AND PROPANE, used in the propulsion of a light class motor vehicle on a highway in this state at the same rate per gallon AND IN THE SAME MANNER as the motor vehicle fuel tax prescribed in subsection A of this section, except that there is no use fuel tax on alternative fuels.

2. A use fuel tax is imposed on use fuel, INCLUDING NATURAL GAS AND PROPANE, used in the propulsion of a use class motor vehicle on a highway in this state at the rate of twenty-six cents for each gallon, except that
there is no use fuel tax on alternative fuels PROVIDED IN THIS PARAGRAPH
and use class vehicles that are exempt pursuant to section 28-5432 from
the weight fee prescribed in section 28-5433 are subject to the use fuel
tax imposed by paragraph 1 of this subsection. AS FOLLOWS:

(a) FOR USE FUEL, THE RATE PER GALLON IS:
   (i) FOR FISCAL YEAR 2019-2020, $.36.
   (ii) FOR FISCAL YEAR 2020-2021, $.46.
   (iii) FOR FISCAL YEAR 2021-2022, $.51.
   (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
        THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
        REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
        REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
        TO DECEMBER 31 OF THE PRIOR YEAR.

(b) FOR NATURAL GAS, THE RATE PER GALLON IS:
   (i) FOR FISCAL YEAR 2019-2020, $.23.
   (ii) FOR FISCAL YEAR 2020-2021, $.30.
   (iii) FOR FISCAL YEAR 2021-2022, $.33.
   (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
        THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
        REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
        REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
        TO DECEMBER 31 OF THE PRIOR YEAR.

(c) FOR PROPANE, THE RATE PER GALLON IS:
   (i) FOR FISCAL YEAR 2019-2020, $.30.
   (ii) FOR FISCAL YEAR 2020-2021, $.37.
   (iii) FOR FISCAL YEAR 2021-2022, $.41.
   (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
        THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
        REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
        REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
        TO DECEMBER 31 OF THE PRIOR YEAR.

3. Through December 31, 2024, a use fuel tax is imposed on use fuel
   used in the propulsion of a motor vehicle transporting forest products in
   compliance with the requirements of section 41-1516 on a highway in this
   state at the rate of nine cents for each gallon, except that there is no
   use fuel tax on alternative fuels.

C. The motor vehicle fuel and use fuel taxes imposed pursuant to
   this section and the aviation fuel taxes imposed pursuant to section
   28-8344 are conclusively presumed to be direct taxes on the consumer or
   user but shall be collected and remitted to the department by suppliers
   for the purpose of convenience and facility only. Motor vehicle fuel, use
   fuel and aviation fuel taxes that are collected and paid to the department
   by a supplier are considered to be advance payments, shall be added to the
   price of motor vehicle fuel, use fuel or aviation fuel and shall be
   recovered from the consumer or user.
D. Motor vehicle fuel and use fuel taxes imposed pursuant to this section on the use of motor vehicle fuel and use fuel and the aviation fuel taxes imposed pursuant to section 28-8344 on the use of aviation fuel, other than by bulk transfer, arise at the time the motor vehicle, use or aviation fuel either:

1. Is imported into this state and is measured by invoiced gallons received outside this state at a refinery, terminal or bulk plant for delivery to a destination in this state.

2. Is removed, as measured by invoiced gallons, from the bulk transfer terminal system or from a qualified terminal in this state.

3. Is removed, as measured by invoiced gallons, from the bulk transfer terminal system or from a qualified terminal or refinery outside this state for delivery to a destination in this state as represented on the shipping papers if a supplier imports the motor vehicle, use or aviation fuel for the account of the supplier or the supplier has made a tax precollection election pursuant to section 28-5636.

E. If motor fuel is removed from the bulk transfer terminal system or from a qualified terminal or is imported into this state, the original removal, transfer or importation of the motor fuel is subject to the collection of the tax. If this motor fuel is transported to another qualified terminal or reenters the bulk transfer terminal system, the subsequent sale of the motor fuel on which tax has been collected is not subject to collection of an additional tax if proper documentation is retained to support the transaction.

Sec. 2. Title 28, chapter 16, article 1, Arizona Revised Statutes, is amended by adding section 28-5606.01, to read:

28-5606.01. Electric and hybrid vehicles tax

IN ADDITION TO ALL OTHER TAXES PROVIDED BY LAW, A TAX IS IMPOSED ON A VEHICLE THAT ACCESSES A STREET OR HIGHWAY AND THAT IS PROPELLED BY ELECTRICITY OR BY A COMBINATION OF ELECTRICITY AND ANY FUEL THAT IS TAXED PURSUANT TO SECTION 28-5606 AS FOLLOWS:

1. FOR A VEHICLE THAT IS PROPELLED ONLY BY ELECTRICITY:
   (a) FOR FISCAL YEAR 2019-2020, $130 PER YEAR.
   (b) FOR FISCAL YEAR 2020-2021, $175 PER YEAR.
   (c) FOR FISCAL YEAR 2021-2022, $198 PER YEAR.
   (d) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER, THE RATE PROVIDED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEF LATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

2. FOR A VEHICLE THAT IS PROPELLED BY A COMBINATION OF ELECTRICITY AND OTHER FUELS:
   (a) FOR FISCAL YEAR 2019-2020, $52 PER YEAR.
   (b) FOR FISCAL YEAR 2020-2021, $70 PER YEAR.
   (c) FOR FISCAL YEAR 2021-2022, $80 PER YEAR.
(d) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER, THE RATE PROVIDED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

Sec. 3. Requirements for enactment; two-thirds vote

Pursuant to article IX, section 22, Constitution of Arizona, this act is effective only on the affirmative vote of at least two-thirds of the members of each house of the legislature and is effective immediately on the signature of the governor or, if the governor vetoes this act, on the subsequent affirmative vote of at least three-fourths of the members of each house of the legislature.