

REFERENCE TITLE: fuel; electric cars; hybrids; taxes

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

HB 2536

Introduced by
Representatives Campbell: Andrade, Fernandez, Friese, Gabaldón, Thorpe

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)

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

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

4 28-5606. Imposition of motor fuel and other fuels taxes

5 A. In addition to all other taxes provided by law, a tax ~~of~~
6 ~~eighteen cents per gallon~~ is imposed on motor vehicle fuel possessed, used
7 or consumed in this state. ~~—~~ AND, EXCEPT AS PROVIDED IN SUBSECTION B OF
8 THIS SECTION, ON OTHER FUELS USED IN THE PROPULSION OF ANY VEHICLE AS
9 FOLLOWS:

10 1. FOR MOTOR VEHICLE FUEL, THE RATE PER GALLON IS:

11 (a) FOR FISCAL YEAR 2019-2020, \$.28.

12 (b) FOR FISCAL YEAR 2020-2021, \$.38.

13 (c) FOR FISCAL YEAR 2021-2022, \$.43.

14 (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE
15 PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO
16 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
17 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
18 TO DECEMBER 31 OF THE PRIOR YEAR.

19 2. FOR NATURAL GAS, THE RATE PER GALLON IS:

20 (a) FOR FISCAL YEAR 2019-2020, \$.19.

21 (b) FOR FISCAL YEAR 2020-2021, \$.25.

22 (c) FOR FISCAL YEAR 2021-2022, \$.28.

23 (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE
24 PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO
25 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
26 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
27 TO DECEMBER 31 OF THE PRIOR YEAR.

28 3. FOR PROPANE, THE RATE PER GALLON IS:

29 (a) FOR FISCAL YEAR 2019-2020, \$.23.

30 (b) FOR FISCAL YEAR 2020-2021, \$.30.

31 (c) FOR FISCAL YEAR 2021-2022, \$.34.

32 (d) FOR FISCAL YEAR 2022-2023 AND EACH YEAR THEREAFTER, THE RATE
33 PRESCRIBED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED TO
34 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
35 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
36 TO DECEMBER 31 OF THE PRIOR YEAR.

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

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

43 2. A use fuel tax is imposed on use fuel, INCLUDING NATURAL GAS AND
44 PROPANE, used in the propulsion of a use class motor vehicle on a highway
45 in this state at the rate ~~of twenty-six cents for each gallon, except that~~

1 ~~there is no use fuel tax on alternative fuels~~ PROVIDED IN THIS PARAGRAPH
2 and use class vehicles that are exempt pursuant to section 28-5432 from
3 the weight fee prescribed in section 28-5433 are subject to the use fuel
4 tax imposed by paragraph 1 of this subsection. AS FOLLOWS:

5 (a) FOR USE FUEL, THE RATE PER GALLON IS:

6 (i) FOR FISCAL YEAR 2019-2020, \$.36.

7 (ii) FOR FISCAL YEAR 2020-2021, \$.46.

8 (iii) FOR FISCAL YEAR 2021-2022, \$.51.

9 (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
10 THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
11 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
12 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
13 TO DECEMBER 31 OF THE PRIOR YEAR.

14 (b) FOR NATURAL GAS, THE RATE PER GALLON IS:

15 (i) FOR FISCAL YEAR 2019-2020, \$.23.

16 (ii) FOR FISCAL YEAR 2020-2021, \$.30.

17 (iii) FOR FISCAL YEAR 2021-2022, \$.33.

18 (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
19 THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
20 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
21 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
22 TO DECEMBER 31 OF THE PRIOR YEAR.

23 (c) FOR PROPANE, THE RATE PER GALLON IS:

24 (i) FOR FISCAL YEAR 2019-2020, \$.30.

25 (ii) FOR FISCAL YEAR 2020-2021, \$.37.

26 (iii) FOR FISCAL YEAR 2021-2022, \$.41.

27 (iv) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
28 THE RATE PROVIDED IN ITEM (iii) OF THIS SUBDIVISION SHALL BE ADJUSTED TO
29 REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE DEFLATOR
30 REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY 1, 2019
31 TO DECEMBER 31 OF THE PRIOR YEAR.

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

37 C. The motor vehicle fuel and use fuel taxes imposed pursuant to
38 this section and the aviation fuel taxes imposed pursuant to section
39 28-8344 are conclusively presumed to be direct taxes on the consumer or
40 user but shall be collected and remitted to the department by suppliers
41 for the purpose of convenience and facility only. Motor vehicle fuel, use
42 fuel and aviation fuel taxes that are collected and paid to the department
43 by a supplier are considered to be advance payments, shall be added to the
44 price of motor vehicle fuel, use fuel or aviation fuel and shall be
45 recovered from the consumer or user.

1 D. Motor vehicle fuel and use fuel taxes imposed pursuant to this
2 section on the use of motor vehicle fuel and use fuel and the aviation
3 fuel taxes imposed pursuant to section 28-8344 on the use of aviation
4 fuel, other than by bulk transfer, arise at the time the motor vehicle,
5 use or aviation fuel either:

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

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

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

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

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

27 28-5606.01. Electric and hybrid vehicles tax

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

32 1. FOR A VEHICLE THAT IS PROPELLED ONLY BY ELECTRICITY:

33 (a) FOR FISCAL YEAR 2019-2020, \$130 PER YEAR.

34 (b) FOR FISCAL YEAR 2020-2021, \$175 PER YEAR.

35 (c) FOR FISCAL YEAR 2021-2022, \$198 PER YEAR.

36 (d) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
37 THE RATE PROVIDED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED
38 TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE
39 DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY
40 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

41 2. FOR A VEHICLE THAT IS PROPELLED BY A COMBINATION OF ELECTRICITY
42 AND OTHER FUELS:

43 (a) FOR FISCAL YEAR 2019-2020, \$52 PER YEAR.

44 (b) FOR FISCAL YEAR 2020-2021, \$70 PER YEAR.

45 (c) FOR FISCAL YEAR 2021-2022, \$80 PER YEAR.

1 (d) FOR FISCAL YEAR 2022-2023 AND IN EACH FISCAL YEAR THEREAFTER,
2 THE RATE PROVIDED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL BE ADJUSTED
3 TO REFLECT THE CHANGE IN THE GROSS DOMESTIC PRODUCT IMPLICIT PRICE
4 DEFLATOR REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE FROM JANUARY
5 1, 2019 TO DECEMBER 31 OF THE PRIOR YEAR.

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

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