



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

Senate: TAT DP 7-0-0-0 | APPROP DPA 10-0-0-0 | 3rd Read 26-2-2-0

House: TI DP 11-0-0-0

SB 1102: appropriation; SR 303; Route 60.
S/E: transportation excise tax; Maricopa county
Sponsor: Senator Carroll, LD 28
Committee on Transportation & Infrastructure

Summary of the Strike-Everything Amendment to SB 1102

Overview

Requires Maricopa County, beginning on January 1, 2026, if approved by qualified electors voting in a county-wide election, to levy and the Arizona Department of Transportation (ADOT) to collect a transportation excise tax to be in effect for 20 years. If approved by the voters, establishes a transportation excise tax plan. Restricts a county or municipality from prohibiting an organization from providing a pocket shelter if certain conditions are met.

History

In 2004, Maricopa County voters approved a countywide transportation tax levied at a rate up to 10% of the state transaction privilege tax (one-half cent transaction tax). Revenues from the half-cent transportation tax are deposited into the Regional Area Road Fund (RARF). [Laws 2003, Chapter 217](#) established the Regional Planning Agency Transportation Policy Committee (TPC) which is tasked with the approval of a 20-year comprehensive, performance-based, multimodal and coordinated regional transportation plan in Maricopa County. The tax will end on December 31, 2025.

The Maricopa Association of Governments (MAG) is a Council of governments that serves as the regional planning and policy agency for the metropolitan Phoenix area. Monies collected from the voter-approved transportation taxes are deposited into MAG's RARF to be used by MAG for maintenance and capital expenses of freeways and the state highway system. ([A.R.S. § 42-6106](#)).

[House Bill 2685](#) required Maricopa County to hold a county-wide election to continue the half-cent transportation tax. The bill was passed by the Legislature and transmitted to the Governor on June 24th, 2022. The Governor [vetoed](#) House Bill 2685 on July 6th, 2022.

Provisions

County Transportation Excise Tax Election

1. Requires, if approved by the qualified electors voting at a county-wide election, a county with a population of 3,000,000 or more people to levy, and ADOT to collect a transportation excise tax beginning January 1, 2026. (Sec. 28)
2. Directs the transportation excise tax to be levied and collected:
 - a) At a rate of up to 10% of the state transaction privilege tax (TPT) rate on January 1, 1990;
 - b) At a rate of up to 10% of the jet fuel excise tax rate; and
 - c) On the use or consumption of electricity or natural gas by customers in the county who are subject to use tax, at a rate equal to the state TPT rate that applies to customers engaging in the county in the utilities TPT classification. (Sec. 28)

3. States that the Plan adopted by the regional planning agency will specify the distribution of the collected monies and requires the Plan to distribute the revenues as follows:
 - a) 40% to the RARF for freeways and other routes in the state highway system, including maintenance and capital expense;
 - b) 21% to the RARF for major arterial streets and regional programs, including capital expense and implementation studies; and
 - c) 39% to the Public Transportation Fund for:
 - i. Capital costs, maintenance and operation of public transportation mode classifications; and
 - ii. Capital costs and utility relocation costs associated with the light rail system. (Sec. 28)
 4. Declares that no sales tax revenues can be used for any new light rail extension. (Sec. 28)
 5. Stipulates no more than 3.4% of the monies distributed to the Public Transportation Fund may be used for light rail maintenance and operations. (Sec. 28)
 6. Declares that no more than 0.6% of the monies distributed to the Public Transportation Fund may be used for grants for a municipality to acquire land for residential and commercial mixed-use properties if the municipality allows maximum height and density restrictions for all properties adjacent to or combined adjacent to high-capacity transit routes in areas zoned for residential and commercial mixed-use. (Sec. 28)
 7. States that no more than 1% of the monies distributed to the Public Transportation Fund may be used to acquire land for religious organizations, nonprofit organizations and low-income housing organizations. (Sec. 28)
 8. Asserts that no more than 5% of the collected tax revenues may be transferred annually between the specified distributions and prohibits the transferred monies from being used for light rail maintenance and operations. (Sec. 28)
 9. Prohibits the specified distribution to the RARF for freeways and other routes in the state highway system from being decreased. (Sec. 28)
 10. States that the collected sales tax revenue may not be used to influence the outcome of an election. (Sec. 28)
 11. Declares that the outlined transportation excise tax requirements become effective only if the qualified electors approve an extension of a county transportation excise tax. (Sec. 28)
 12. Requires the levied tax to be in effect for 20 years. (Sec. 28)
 13. Describes processes for the county to call a countywide election for the extension and levy of a county transportation excise tax. (Sec. 32)
 14. Requires the county to conduct the election on a consolidated election date at least one year before the date on which an existing county excise tax would otherwise be discontinued. (Sec. 32)
 15. Modifies population requirements for highly populated counties from 1,200,000 to 3,000,000 or more. (Sec. 8)
- Regional Planning Agency and Transportation Infrastructure Investment Plan***
16. Requires the regional planning agency in the county to develop and adopt a Plan in cooperation with state and local public transportation authorities and coordination with ADOT. (Sec. 20)
 17. Defines *Plan* as a comprehensive, performance-based, multimodal and coordinated regional strategic transportation infrastructure investment plan approved for a county. (Sec. 18)

18. Directs the regional planning agency to consider truck parking availability when considering the construction, expansion or modification of freeways or other routes in the state highway system. (Sec. 20)
19. Requires the regional planning agency to allocate at least \$90,000,000 for the implementation of commercial motor vehicle parking that is consistent with the adopted truck parking plan on or before December 31, 2050. (Sec. 20)
20. Requires the Plan to allocate transportation tax revenues in the:
 - a) RARF for freeways and other routes in the state highway system;
 - b) RARF for major arterial streets and regional programs; and
 - c) Public Transportation Fund for capital costs, maintenance and operation of public transportation mode classifications and capital costs and utility relocation costs associated with the light rail system. (Sec. 20)
21. States that allocated transportation tax revenues may not be reallocated for another purpose unless the reallocation is recommended for approval by the TPC and approved by the regional planning agency board. (Sec. 20)
22. Allows up to 2.5% of collected transportation tax revenues to be transferred annually without going through the major investment change process. (Sec. 20)
23. Requires the major investment change process to include:
 - a) Consideration by the TPC;
 - b) Identification of the projects and programs that would be impacted by the funding transfer;
 - c) A detailed performance-based assessment of the impacted projects and programs which must support the proposed major investment change and seek, consider and document public input on the proposed major investment change;
 - d) A 180-day public comment period; and
 - e) The submission of the proposed major investment change for review by the regional public transportation authority, the state Board of Transportation (Board) and the county Board of Supervisors (BOS). (Sec. 20)
24. Directs the regional planning agency, beginning FY 2024, to adopt a budget process and outlines requirements for the budget process. (Sec. 20)
25. Stipulates that the regional planning agency must coordinate with implementing partners on the budget process including ADOT for freeways and other routes in the state highway system and the regional public transportation authority in the county for the public transportation system. (Sec. 20)
26. Specifies the budget process does not apply to the annual operating budget of the regional public transportation authority in the county. (Sec. 20)
27. Requires the regional planning agency to determine the use of revenues collected for capital projects through the transportation improvement program. (Sec. 20)
28. States that any bonds issued against proceeds collected through the tax require consultation with the regional planning agency. (Sec. 20)
29. Directs the regional planning agency to annually report on the status of the funded projects and requires the report to be posted on the agency's website. (Sec. 20)
30. Stipulates that requests for changes to transportation projects funded in the Plan that would materially increase costs must be submitted to the regional planning agency for approval and then submitted by the agency to the TPC and the Board for consideration and approval. (Sec. 20)

31. Requires a local authority that requests an enhancement to a transportation project funded by the Plan to pay for all costs associated with the enhancement. (Sec. 20)
32. States that if monies are appropriated by the Legislature for a project that is identified by the Plan, the use of the monies for construction requires:
 - a) That the project must be advanced as appropriate to reflect the estimated construction start date; and
 - b) The monies are used in the same modal classification as transportation tax revenues. (Sec. 20)
33. Allows a municipality that pays for public transportation service in an adjacent municipality or unincorporated area to be eligible for reimbursement from monies collected under the transportation tax. (Sec. 20)

Pocket Shelters

34. Declares that a city or town may not prohibit a religious organization, nonprofit organization or a low-income housing organization (organization) from providing a pocket shelter if:
 - a) The organization provides only one pocket shelter that houses no more than 12 unrelated persons, except that the pocket shelter may house up to 20 unrelated minors who are accompanied by a parent or guardian;
 - b) The organization constantly provides on-site supervision of residents if two or more unrelated residents are at the pocket shelter;
 - c) Pocket shelter residents do not possess alcohol, illegal drugs or weapons at the shelter;
 - d) The pocket shelter does not have direct access to adjoining properties;
 - e) The pocket shelter is housed in a permanent structure;
 - f) Open areas surrounding the pocket structure are screened and the pocket shelter is screened from view from any adjoining properties by trees, hedges, other landscaping or walls; and
 - g) Drug, alcohol or other substance abuse or mental health rehabilitation programs are not allowed as part of the pocket shelter services. This requirement does not prohibit the organization from referring pocket shelter residents to other appropriate programs provided by the organization or by others. (Sec. 2)
35. States that a county may not prohibit an organization from providing a pocket shelter if:
 - a) The organization provides only one pocket shelter that houses more than 12 unrelated persons, except that the pocket shelter may house up to 20 unrelated minors who are accompanied by a parent or guardian;
 - b) The organization constantly provides on-site supervision of residents if two or more unrelated residents are at the pocket shelter;
 - c) Pocket shelter residents do not possess alcohol, illegal drugs or weapons at the shelter;
 - d) The pocket shelter does not have direct access to adjoining properties;
 - e) The pocket shelter is housed in a permanent structure;
 - f) Open areas surrounding the pocket structure are screened and the pocket shelter is screened from view from any adjoining properties by trees, hedges, other landscaping or walls; and
 - g) Drug, alcohol or other substance abuse or mental health rehabilitation programs are not allowed as part of the pocket shelter services. This requirement does not prohibit the organization from referring pocket shelter residents to other appropriate programs provided by the organization or by others. (Sec. 3)
36. Defines a *pocket shelter* as a noncongregate homeless shelter that is an accessory to a religious organization, nonprofit organization or a low-income housing organization and that houses 32 or fewer unrelated persons. (Sec. 2, 3)

37. Defines *religious organization* as a house of worship, church, synagogue, shrine, mosque or temple. (Sec. 2, 3)

Miscellaneous

38. States a municipality may allow maximum height and density restrictions for all properties that are adjacent to or combined adjacent to high-capacity transit routes in areas zoned for residential and commercial mixed-use. (Sec. 1)

39. Stipulates that a municipality is eligible to receive grant monies from the county transportation excise tax revenues distributed to the Public Transportation Fund to acquire land for residential and commercial mixed-use properties if the municipality allows maximum height and density restrictions for all properties adjacent to or combined adjacent to high-capacity transit routes in areas zoned for residential and commercial mixed-use. (Sec. 1)

40. Directs a county to allow maximum height and density restrictions for all properties that are adjacent to or combined adjacent to high-capacity transit routes in areas zoned for residential and commercial mixed-use. (Sec. 4)

41. Requires the speed limit for all types of motor vehicles to be at least 65 miles per hour on the interstate system highways located in a county with a population of 3,000,000 or more people. (Sec. 6)

42. Directs ADOT to separately account for the uses of the transportation excise tax revenues deposited in the bond account and the construction account to identify how the revenues are used for:

- a) Freeways or other routes in the state highway system; and
- b) Major arterial streets and regional programs identified in the Plan, including capital expense and implementation studies. (Sec. 9)

43. Modifies what monies in the bond account may be used for. (Sec. 10)

44. Removes the requirement that the director of ADOT develops and annually updates as a component of the five-year transportation facilities construction program a plan for the use of monies expected to be deposited in the county's RARF. (Sec. 13)

45. Adds the following members to the TPC beginning FY 2025, all serving six-year terms:

- a) Two members representing unincorporated areas of Maricopa County. One member appointed by the President of the Senate and one by the Speaker of the House of Representatives;
- b) One member representing a taxpayer organization appointed jointly by the Speaker of the House of Representatives and the President of the Senate; and
- c) One member who represents housing interests appointed jointly by the Speaker of the House of Representatives and the President of the Senate. (Sec. 14)

46. Directs the TPC to develop the Plan in cooperation with the regional public transportation authority in the county and ADOT in consultation with the BOS, Indian communities, and cities and towns in the county. (Sec. 14)

47. Requires the TPC to recommend approval, disapproval or modification of:

- a) The Plan;
- b) Changes to transportation tax revenues;
- c) Budget processes; and
- d) Funding awarded through the regional program's process. (Sec. 14)

48. Requires the Auditor General to every five years internally conduct a performance audit of the Plan and projects scheduled for funding during the next five years and changes the reporting requirements for the audit. (Sec. 16)
49. Establishes, beginning January 1, 2026, a regional public transportation authority in a county with a population of 3,000,000 or more people that approves a county transportation excise tax. (Sec. 29)
50. Requires the five-year transportation facilities construction program to include a plan that is updated annually for the use of monies expected to be deposited in a county's RARF that is consistent with the Plan adopted by the regional planning agency and consistent with the planning agency's budget process. (Sec. 23)
51. Specifies that this act does not invalidate any action by a regional public transportation authority formed before the effective date. (Sec. 33)
52. States the Legislature intends that the development of State Route 30 between State Route 85 and Loop 303 will begin in the first phase of the Plan to allow right-of-way acquisition and construction of the facility to advance as monies become available. (Sec. 34)
53. Repeals statute. (Sec. 13, 15, 19, 21, 31)
54. Contains a severability clause. (Sec. 35)
55. Defines pertinent terms. (Sec. 7, 18, 20)
56. Makes technical changes. (Sec. 5, 7-8, 10-11, 14, 22, 25, 27)
57. Makes conforming changes. (Sec. 5-12, 14, 16-18, 21-22, 24-27, 30)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------