

House Engrossed
motor fuel tax holiday

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2400

AN ACT

AMENDING SECTIONS 28-5606 AND 28-6951, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 20, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-7012; RELATING TO MOTOR FUEL TAX.

(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 taxes; tax holiday

5 A. In addition to all other taxes provided by law, a tax of
6 ~~eighteen cents~~ \$.18 per gallon is imposed on motor vehicle fuel possessed,
7 used or consumed in this state.

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

9 1. A use fuel tax is imposed on use fuel used in the propulsion of
10 a light class motor vehicle on a highway in this state at the same rate
11 per gallon as the motor vehicle fuel tax prescribed in subsection A of
12 this section, except that there is no use fuel tax on alternative fuels.

13 2. A use fuel tax is imposed on use fuel used in the propulsion of
14 a use class motor vehicle on a highway in this state at the rate of
15 ~~twenty-six cents~~ \$.26 for each gallon, except that there is no use fuel
16 tax on alternative fuels and use class vehicles that are exempt pursuant
17 to section 28-5432 from the weight fee prescribed in section 28-5433 are
18 subject to the use fuel tax imposed by paragraph 1 of this subsection.

19 3. Through December 31, 2024, a use fuel tax is imposed on use fuel
20 used in the propulsion of a motor vehicle transporting forest products in
21 compliance with the requirements of section 41-1516 on a highway in this
22 state at the rate of ~~nine cents~~ \$.09 for each gallon, except that there is
23 no use fuel tax on alternative fuels.

24 C. The motor vehicle fuel and use fuel taxes imposed pursuant to
25 this section and the aviation fuel taxes imposed pursuant to section
26 28-8344 are conclusively presumed to be direct taxes on the consumer or
27 user but shall be collected and remitted to the department by suppliers
28 for the purpose of convenience and facility only. Motor vehicle fuel, use
29 fuel and aviation fuel taxes that are collected and paid to the department
30 by a supplier are considered to be advance payments, shall be added to the
31 price of motor vehicle fuel, use fuel or aviation fuel and shall be
32 recovered from the consumer or user.

33 D. Motor vehicle fuel and use fuel taxes imposed pursuant to this
34 section on the use of motor vehicle fuel and use fuel and the aviation
35 fuel taxes imposed pursuant to section 28-8344 on the use of aviation
36 fuel, other than by bulk transfer, arise at the time the motor vehicle,
37 use or aviation fuel either:

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

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

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

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

15 F. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A MOTOR VEHICLE
16 FUEL TAX IS NOT IMPOSED BEGINNING AT 12:00 A.M. ON MAY 1 AND ENDING AT
17 11:59 P.M. ON SEPTEMBER 30 OF EACH YEAR FOR MOTOR VEHICLE FUEL THAT IS
18 PURCHASED, SOLD, POSSESSED, USED OR CONSUMED IN AREA A AS DEFINED IN
19 SECTION 49-541 OR AREA C AS DEFINED IN SECTION 3-3401. A VENDOR SHALL NOT
20 ADD TO THE PRICE OF MOTOR VEHICLE FUEL AND SHALL NOT RECOVER FROM THE
21 CONSUMER OR USER AN AMOUNT TO COVER, OR DESIGNATED AS, MOTOR VEHICLE FUEL
22 TAX DURING THE TIME PERIOD AND IN THE AREAS PRESCRIBED BY THIS
23 SUBSECTION. ANY AMOUNTS ERRONEOUSLY OR IMPROPERLY COLLECTED AS MOTOR
24 VEHICLE FUEL TAX MUST BE REMITTED TO THE DEPARTMENT. THE REPORTING
25 REQUIREMENTS FOR SUPPLIERS OF MOTOR VEHICLE FUEL, INCLUDING THE
26 REQUIREMENTS IN CHAPTER 16, ARTICLE 1 OF THIS TITLE, REMAIN IN EFFECT FOR
27 ALL VENDORS IN ALL LOCATIONS IN THIS STATE AT ALL TIMES.

28 Sec. 2. Section 28-6951, Arizona Revised Statutes, is amended to
29 read:

30 28-6951. Five year transportation facilities construction
31 program; departmental committee

32 A. The director shall develop a five year transportation facilities
33 construction program according to the policies established by the board.

34 B. To aid in the development of the five year transportation
35 facilities construction program, the director shall appoint a departmental
36 committee that is responsible to the director. The departmental committee
37 is subject to title 38, chapter 3, article 3.1. THE DEPARTMENT OR THE
38 DEPARTMENTAL COMMITTEE MAY NOT RECOMMEND A PRIORITY FOR A TRANSPORTATION
39 CONSTRUCTION PROJECT BASED ON THE AMOUNT OF MOTOR VEHICLE FUEL TAX OR USE
40 FUEL TAX THAT A COUNTY CONTRIBUTES TOWARD DEPOSIT IN THE STATE HIGHWAY
41 FUND.

42 C. The departmental committee shall:

43 1. Recommend priorities on transportation facilities construction
44 projects to be constructed by this state that may include any relevant

1 criteria for the development of priority recommendations for the
2 construction and development of transportation facilities to be
3 constructed by this state.

4 2. Update and prepare annually a long-range statewide
5 transportation facilities construction program covering the following five
6 fiscal years for submission to the board as follows:

7 (a) The first year of the five year program shall consist of the
8 highest priority transportation facilities construction projects that with
9 reasonable certainty can be advertised for public bidding.

10 (b) The committee shall group proposed projects for the four
11 remaining years of the five year program by the year it is estimated
12 construction will begin and in order of their priorities.

13 (c) The committee shall provide the estimated cost of the program
14 for each year that is approximately equal to the revenues estimated to be
15 available for transportation facilities construction purposes during that
16 year.

17 3. Review priority changes in or introduction of new projects to a
18 proposed or an adopted five year program that the board has requested and
19 make recommendations in a written report to the board on the requested
20 priority changes or introduction of new projects based on a study of the
21 criteria and policy that establish the priorities of projects.

22 4. Review the adopted five year transportation facilities
23 construction program from time to time during the fiscal year and make
24 recommendations in a written report to the board for priority changes in
25 or introduction of new projects to the program based on a study of the
26 criteria and policy that establish the priorities of projects.

27 5. Review and make recommendations to the board for applications
28 submitted pursuant to section 28-339.

29 6. Fully document its recommendations in the written reports
30 required by this section.

31 Sec. 3. Title 28, chapter 20, article 4, Arizona Revised Statutes,
32 is amended by adding section 28-7012, to read:

33 28-7012. State highway user revenue fund distribution; local
34 government

35 FOR EACH FISCAL YEAR, THE DEPARTMENT SHALL ALLOCATE AND TRANSFER
36 \$72,600,000 IN THE STATE HIGHWAY FUND AS FOLLOWS:

- 37 1. \$27,588,000 TO THE COUNTIES.
38 2. \$39,930,000 TO THE CITIES AND TOWNS.
39 3. \$5,082,000 TO CITIES AND TOWNS WITH A POPULATION OF THREE
40 HUNDRED THOUSAND OR MORE PERSONS.

41 Sec. 4. Exemption from rulemaking

42 The department of transportation is exempt from the rulemaking
43 requirements of title 41, chapter 6, Arizona Revised Statutes, for one

1 year after the effective date of this act to adopt administrative rules
2 regarding the implementation of this act.

3 (ENACTED WITHOUT THE EMERGENCY)

4 Sec. 5. Emergency

5 This act is an emergency measure that is necessary to preserve the
6 public peace, health or safety and is operative immediately as provided by
7 law.