

REFERENCE TITLE: motor fuel tax holiday

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

HB 2400

Introduced by
Representatives Willoughby: Biasiucci

AN ACT

AMENDING SECTION 28-5606, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 18, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-6535; 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.

43 3. Is removed, as measured by invoiced gallons, from the bulk
44 transfer terminal system or from a qualified terminal or refinery outside
45 this state for delivery to a destination in this state as represented on

1 the shipping papers if a supplier imports the motor vehicle, use or
2 aviation fuel for the account of the supplier or the supplier has made a
3 tax precollection election pursuant to section 28-5636.

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

12 F. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A MOTOR VEHICLE
13 FUEL TAX IS NOT IMPOSED BEGINNING AT 12:00 A.M. ON MAY 1 AND ENDING AT
14 11:59 P.M. ON SEPTEMBER 30 OF EACH YEAR FOR MOTOR VEHICLE FUEL THAT IS
15 PURCHASED, SOLD, POSSESSED, USED OR CONSUMED IN AREA A AS DEFINED IN
16 SECTION 49-541 OR AREA C AS DEFINED IN SECTION 3-3401. A VENDOR SHALL NOT
17 ADD TO THE PRICE OF MOTOR VEHICLE FUEL AND SHALL NOT RECOVER FROM THE
18 CONSUMER OR USER AN AMOUNT TO COVER, OR DESIGNATED AS, MOTOR VEHICLE FUEL
19 TAX DURING THE TIME PERIOD AND IN THE AREAS PRESCRIBED BY THIS
20 SUBSECTION. ANY AMOUNTS ERRONEOUSLY OR IMPROPERLY COLLECTED AS MOTOR
21 VEHICLE FUEL TAX MUST BE REMITTED TO THE DEPARTMENT. THE REPORTING
22 REQUIREMENTS FOR SUPPLIERS OF MOTOR VEHICLE FUEL, INCLUDING THE
23 REQUIREMENTS IN CHAPTER 16, ARTICLE 1 OF THIS TITLE, REMAIN IN EFFECT FOR
24 ALL VENDORS IN ALL LOCATIONS IN THIS STATE AT ALL TIMES.

25 Sec. 2. Title 28, chapter 18, article 2, Arizona Revised Statutes,
26 is amended by adding section 28-6535, to read:

27 28-6535. Arizona highway user revenue fund distribution:
28 local government

29 FOR EACH FISCAL YEAR, THE DEPARTMENT SHALL ALLOCATE AND TRANSFER
30 \$72,600,000 IN THE ARIZONA HIGHWAY USER REVENUE FUND AS FOLLOWS:

- 31 1. \$27,588,000 TO THE COUNTIES.
- 32 2. \$39,930,000 TO THE CITIES AND TOWNS.
- 33 3. \$5,082,000 TO CITIES AND TOWNS WITH A POPULATION OF THREE
34 HUNDRED THOUSAND OR MORE PERSONS.

35 Sec. 3. Exemption from rulemaking

36 The department of transportation is exempt from the rulemaking
37 requirements of title 41, chapter 6, Arizona Revised Statutes, for one
38 year after the effective date of this act to adopt administrative rules
39 regarding the implementation of this act.

40 Sec. 4. Emergency

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