

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

ARIZONA COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Arizona Highway User Revenue Fund (HURF) was established in 1974 and is administered by the Arizona Department of Transportation (ADOT). The Highway User Revenue Fund consists of revenues from the state gas tax, use fuel tax, vehicle registration fees, motor carrier tax, operational license fees and 45 percent of the vehicle license tax. Counties receive 19 percent of HURF revenue. In FY 2013, counties received \$206.9 million.
- State Transportation Acceleration Needs (STAN) Account contains funds that are needed to expedite approved transportation projects in Arizona. State Transportation Acceleration Needs Account funds are distributed in the following manner: 60 percent to Maricopa County, 16 percent to Pima County, 24 percent to all other counties. These funds are restricted to expenditures used for construction or reconstruction of freeways, state highways, bridges and interchanges contained in a county's regional transportation plan or ADOT's long-range statewide transportation plan. The STAN Account has not been funded since 2007, and in 2009 a large majority of the balance was swept to the State General Fund.
- The state is responsible for approximately 75 percent of the total capital expenditures for highway and mass transit programs, with the remaining 25 percent derived from local and federal sources.

From Federal Funds:

- Thirteen counties in Arizona receive federal payments for the federal forest land located within their counties through the Secure Rural Schools and Community Self-Determination (SRS) Act, half of which is dedicated to maintenance of rural roads and bridges.

From County Funds:

- Counties may levy a general sales tax, which is capped between 1/4 cent and 1/2 cent depending on population, dedicated to transportation. This is generally done through a regional transportation plan that includes the municipalities. Currently 12 counties levy the full 1/2 cent sales tax, while Mohave County levies a 1/4 cent, only four counties use this option.
- Counties can use county transportation excise taxes and county excise taxes for roads.

Share of County Owned Road Miles Out of Public Roads Statewide	28%
Share of County Owned Bridges Out of Public Bridges Statewide	13%
Share of Structurally Deficient Bridges Out of County Owned Bridges	5%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Property tax is limited by a constitutional levy limit provision as well as an assessment limit.
Levy Personal Property Taxes	X	Tax on household goods with commercial usage and property valued at \$50,000 or more, adjusted based on inflation. 2013 personal property value is \$138,000.
Levy Local Option Sales Taxes	X	Excludes Maricopa County. All counties may levy up to a 1/2 cent sales tax on all items taxed by the state.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation*	X	Need approval of a majority of voters in a referendum.

* Form special districts for the following purposes: flood control, public health, libraries and jails. (No transportation).

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- Compared to other western states Arizona's land area is much more densely populated. Nearly two-thirds of Arizona's population lives in metropolitan Phoenix. Arizona's five established metropolitan areas: Phoenix, Tucson, Yuma, Flagstaff, and Prescott, account for over 85 percent of the state's population. There are two fundamentally different sets of issues and challenges facing urban and rural counties in Arizona – persistent challenges to rural transportation systems and evolving challenges to existing and emerging urban areas.
- Free-flow travel conditions will be diminishing statewide. Without new investment, less than 40 percent of all motor vehicle travel will occur in free-flow conditions in 2025, compared to nearly three quarters of all motor vehicle travel in 2002.
- The Local Transportation Assistance Fund (LTAF) contains monies from Arizona State Lottery Revenues and was distributed to local governments for transportation projects, but the fund was eliminated in 2013 to fill a \$1.1 billion budget shortfall.
- The gas tax, the main funding source for HURF, is losing purchasing power as revenues stay stagnant and road maintenance costs continue to grow

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Pinal County pledges revenues from a Development Impact Fee as debt service to finance and build a needed arterial roadway, providing critical linkage between residents and the employment market in the Phoenix metro area.