



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1356

transportation tax; election; Maricopa county

Purpose

An emergency measure that directs the board of supervisors (BOS) in a county with a population of 3,000,000 persons or more (Maricopa County) to call a countywide election for the continuation of the county transportation excise tax (transportation tax) to be held November 8, 2022. Prescribes the levy and distribution of the transportation tax if approved by the voters and establishes a Transportation Tax Plan (Plan). Outlines requirements for participants and agencies.

Background

In 2004, Maricopa County voters approved a countywide transportation tax levied at a rate of up to 10 percent of the state transaction privilege tax (one-half cent transaction tax). Revenues from the one-half cent transportation tax are deposited into the Regional Area Road Fund (RARF) and are distributed to transportation projects as follows: 1) 56.2 percent for freeways and other routes in the state highway system; 2) 10.5 percent for major arterial streets and intersection improvements; and 3) 33.3 percent to public transportation. [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 (RTP) in Maricopa County. The current one-half cent transportation tax in Maricopa County expires on January 1, 2026.

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. MAG is the designated metropolitan planning organization for transportation planning in the greater Phoenix metropolitan region, including the Phoenix urbanized area and the contiguous urbanized area in Pinal County ([MAG](#)). Monies collected from 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. § 42-6105](#)).

According to a Joint Legislative Budget Committee (JLBC) fiscal note, S.B. 1356 will generate \$754 million in annual revenue by the time of expiration in 2025 ([JLBC Fiscal Note](#)).

Provisions

Maricopa County Transportation Tax
(Effective if approved by the qualified electors at an election held November 8, 2022)

1. Requires, beginning January 1, 2026, if approved by the qualified electors voting at a countywide election, Maricopa County to levy, and the Arizona Department of Transportation (ADOT) to collect, a transportation tax.

2. Requires the transportation tax to be levied and collected:
 - a) at a rate of up to 10 percent of the state transaction privilege tax (TPT) rate on January 1, 2022;
 - b) at a rate of up to 10 percent 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.
3. Requires the Plan to distribute:
 - a) 37.4 percent of the annual transportation tax revenues to the RARF for freeways and other routes in the state highway system, including capital expense and maintenance;
 - b) 22.2 percent of the annual transportation tax revenues to the RARF for major arterial streets and regional programs, including capital expense and implementation studies; and
 - c) 40.4 percent of the annual transportation tax revenues to the public transportation fund for both:
 - 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.
4. Allows up to 14 percent of the collected revenues to be spent on capital costs and utility relocation costs associated with the light rail systems.
5. Prohibits a decrease in the distribution of monies to the RARF for freeways and other routes in the state highway system.
6. Prohibits monies collected to be used to influence the outcomes of an election.
7. Prohibits the transportation tax from becoming effective unless approved by voters on November 8, 2022.
8. Reestablishes, beginning January 1, 2026, the Maricopa County regional public transportation authority (RPTA) if a transportation tax has been approved.

November 2022 Election

9. Directs the Maricopa County BOS to call and conduct a countywide election on November 8, 2022, for the extension and levy of a transportation tax.
10. Allows, by June 15, 2022, a person to submit a signed argument for or against the ballot measure to the Maricopa County Elections Director and requires the person submitting the argument to pay a fee, which constitutes sponsorship of the argument.
11. Prescribes printed ballot requirements, including:
 - a) the submission of a single question to the voters seeking the approval or disapproval of the continuation of a transportation tax;
 - b) the title and designation of the measure as *relating to county transportation excise (sales) tax*; and
 - c) a description of the measure.

12. Requires the Maricopa County BOS to prepare, print and mail a publicity pamphlet and directs the mailing of the pamphlet.
13. Requires the publicity pamphlet to contain:
 - a) a summary of the issue, including the transportation tax rate, the number of years the tax will be in effect and the projected annual and cumulative revenues;
 - b) the purpose for which the revenues may be spent, including:
 - iii. a summary of the Plan;
 - iv. a map of proposed routes and transportation corridors of all major projects;
 - v. the estimated transportation tax revenues, together with other revenues, dedicated to each transportation mode and each public transportation system; and
 - vi. limitations on the use of the money within each mode classification;
 - c) the form of the ballot;
 - d) arguments for the measure in the order received, followed by arguments against the measure in the order received; and
 - e) the Maricopa County website address for additional information on the Plan.

County Transportation Excise Tax

14. Raises the population threshold, from 1,200,000 to 3,000,000 or more persons over which a county must collect a transportation tax.
15. Requires transportation tax revenues to be used for regional programs identified by the Plan, including capital expense and implementation studies, rather than intersection improvements.
16. Requires ADOT to separately account for the uses of transportation tax revenues deposited in the Bond Account and Construction Account to identify how the transportation tax revenues are used for:
 - a) freeways and other routes in the state highway system; and
 - b) major arterial streets and regional programs, including capital expense and implementation studies.

Maricopa County RPA

17. Requires the Maricopa RPA to develop and adopt a Plan.
18. Requires the RPA to coordinate with implementing partners on the budget process, including ADOT for freeways and other routes in the state highway system and the RPTA for the public transportation system.
19. Requires the RPA to:
 - a) determine the use of the transportation tax revenues collected for capital projects through the Transportation Improvement Program;
 - b) consult on any bonds issued against proceeds collected; and
 - c) annually report on the status of the projects funded and post the report on its website.
20. Requires the RPA to consider truck parking availability when considering the construction, expansion or modification of freeways or other routes in the state highway system.

21. Requires the RPA, by December 31, 2049, to allocate at least \$90 million for the implementation of commercial motor vehicle parking that is consistent with a regionally adopted truck parking plan, including funding for construction, land acquisition, lease, maintenance or operations or entry into a public-private partnership agreement.

TPC

22. Requires the TPC to recommend approval, disapproval or modification of:
 - a) the Plan;
 - b) changes to the allocations of transportation tax revenues, including prescribed investment changes;
 - c) budget processes; and
 - d) funding awarded through the regional programs process.
23. Requires the President of the Senate and the Speaker of the House of Representatives, beginning in FY 2024, to each appoint one member to the TPC who represents unincorporated areas of Maricopa County and serves 6-year terms.

Transportation Tax Plan

24. Redefines *Plan* as the county-approved comprehensive, performance based, multimodal and coordinated regional strategic transportation infrastructure investment Plan.
25. Requires the Auditor General to conduct a performance audit of the Plan and projects scheduled every five years.
26. Requires the Plan to be developed in cooperation with state and local public transportation authorities and operators in coordination with ADOT.
27. Requires the Plan to reflect the allocation of revenues collected through December 31, 2025.
28. Requires the Plan to allocate collected 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 utility relocation costs associated with the light rail system.
29. Allows allocated transportation tax revenues to be reallocated, if the reallocation is recommended for approval by the TPC and approved by the RPA Board.

Major Investment Change Process

30. 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 RPTA, the RPA and the county BOS.
31. Allows up to 2.5 percent of collected transportation tax revenues to be transferred annually without going through the major investment change process.
32. Allows up to 5 percent of collected transportation tax revenues to be transferred annually between the RARF and the Public Transportation Fund.
33. Requires, after review and a majority vote, within 30 days after receiving a proposed major investment change, the RPTA, the State Board of Transportation (Board) and the county BOS to submit a written recommendation to the RPA that the proposed major investment change be approved, modified or disapproved.
34. Requires, if the RPTA, the Board or the county BOS fail to approve the proposed major investment change, an affirmative vote of at least 17 members of the TPC to recommend approval and proceed with the major investment change.
35. Requires requests for changes to transportation projects funded in the Plan that would materially increase costs to be submitted to the RPA for approval and submitted by the RPA to the TPC and the Board for approval.

Definitions

36. Removes the definition of *major amendment*.
37. Defines *major arterial* as an interconnected thoroughfare whose primary function is to link areas in the region and to distribute traffic to and from controlled access highways, generally of regionwide significance and of varying capacity depending on the travel demand for the specific direction and adjacent land uses.
38. Defines *regional programs* as transportation projects that are selected through a performance-based process for arterial improvements, active transportation, air quality, emerging technologies, intelligent transportation systems, safety and transportation demand management.
39. Includes circulator service in the definition of *public transportation service*.

Miscellaneous

40. Allows monies in the Bond Proceeds Account to be spent by TPC for the design, construction and implementation of regional programs.
41. Extends, from 20 years to 25 years, the permissible repayment period for bonds that are payable from transportation tax revenues.

42. Requires a local RPTA to pay all costs for a requested enhancement to a transportation project.
43. Removes the requirement for RARF Construction Account budgets to be approved annually.
44. Specifies that the RPA's budget process does not apply to the annual operating budget of the RPTA.
45. Requires, if monies are appropriated by the Legislature for a Plan project, the use of construction monies to:
 - a) be advanced as appropriate to reflect the estimated construction start date; and
 - b) be used in the same modal classification specified in the Plan.
46. Requires, if a city or town pays for public transportation service in an adjacent municipality or unincorporated area of a county, the cost of the service to be eligible for reimbursement from transportation tax revenues.
47. Requires the Five-Year Transportation Facilities Construction Program's plan for a County's Regional Area Road Fund to be:
 - a) consistent with the Plan;
 - b) consistent with the project budget process; and
 - c) annually updated.
48. States that this legislation does not invalidate an action by an RPTA formed before the effective date.
49. Makes technical and conforming changes.
50. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Amendments Adopted by the Committee of the Whole

1. Revises the required Plan distribution of collected tax revenues.
2. Requires the transportation tax to be levied and collected at a rate of up to 10 percent of the state TPT rate on January 1, 2022, rather than on January 1, 2026.
3. Requires an RPA to consider truck parking availability when considering construction, expansion or modification of freeways and state highways and to allocate at least \$90 million for the implementation of commercial motor vehicle parking.
4. Removes the option for the Auditor General to contract with a nationally recognized independent auditor with expertise in evaluating multimodal transportation systems and in regional transportation planning.
5. Requires the Auditor General to conduct a performance audit of the Plan and projects scheduled every five years.
6. Allows up to 5 percent of collected transportation tax revenues to be transferred annually between the RARF and the Public Transportation Fund.

7. Defines *regional programs*.
8. Makes technical and conforming changes.

Senate Action

TAT 1/31/22 DP 9-0-0

Prepared by Senate Research

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RA/sr