

Subject: Public Records Request
Date: Wednesday, November 2, 2022 at 1:41:36 PM Eastern Daylight Time
From: Justin Riches
To: AO Records
CC: Ashley McIver, Krystle Isvoranu
Attachments: Shaw_10-5-22.pdf

EXTERNAL SENDER

Dear Ms. Shaw,
Pursuant to your public records request, please find the attached responsive records.
Best regards,
Justin Riches
Public Records Counsel
(602) 926-5507



October 5, 2022

VIA EMAIL

Justin Riches
Public Records Counsel
Arizona House of Representatives
1700 W. Washington Street
Phoenix, AZ 85007-2844
jriches@azleg.gov

Re: Public Records Request

Dear Public Records Officer:

Pursuant to the Arizona Public Records Law, A.R.S. §§ 39-121 et seq., American Oversight makes the following request for records.

Requested Records

American Oversight requests that your office promptly produce the following records:

All records reflecting communications (including emails, email attachments, text messages, messages on messaging platforms (such as Slack, GChat or Google Hangouts, Lync, Skype, or WhatsApp), telephone call logs, calendar invitations, calendar entries, meeting notices, meeting agendas, informational material, draft legislation, talking points, any handwritten or electronic notes taken during any oral communications, summaries of any oral communications, or other materials) between (a) Senator Karen Fann, Representative Mark Finchem, Representative Shawna Bolick, or any member of their staff and (b) the external parties listed below:

External Parties:

1. Scot Mussi, Aimee Yentes, Greg Blackie, or anyone communications from the Arizona Free Enterprise Club (@azfree.org)
2. Leonard Leo, Jason Snead, or any person communicating from the Honest Elections Project, or from an email address ending in @honestelections.org or @jasonsnead.com
3. Karl Rove (kr@rove.com), Bill Barr, Derek Lyons, or anyone communicated from Restoring Integrity and Trust in Elections (riteusa.org)

Please note that American Oversight does not seek, and that this request specifically excludes, the initial mailing of news clips or other mass-distribution emails. However, subsequent communications forwarding such emails are responsive to this request. In other words, for example, if a specified legislator



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received a mass-distribution news clip email from the Arizona Free Enterprise Club that initial email would not be responsive to this request. However, if a specified legislator forwarded that email to another individual with his own commentary, that subsequent message would be responsive to this request and should be produced.

Please provide all responsive records from June 1, 2022, through the date the search is conducted.

Statement of Noncommercial Purpose

This request is made for noncommercial purposes. American Oversight seeks records regarding communications top Arizona officials may have had with groups that opposed the Arizona Fair Elections Act. Records with the potential to shed light on this matter would contribute significantly to public understanding of operations of the government, including whether and to what extent these communications were taking place.

Because American Oversight is a 501(c)(3) nonprofit, this request is not in American Oversight's financial interest and is not made for a commercial purpose. American Oversight's mission is to promote transparency in government, to educate the public about government activities, and to ensure the accountability of government officials. American Oversight uses the information gathered, and its analysis of it, to educate the public through reports, press releases, or other media. American Oversight also makes materials it gathers available on its public website and promotes their availability on social media platforms, such as Facebook and Twitter.¹

Because this request is made for noncommercial purposes, American Oversight requests that any fees charged in connection with processing this request be limited to copying and postage charges, if applicable.² Please notify American Oversight of any anticipated fees or costs in excess of \$100 prior to incurring such costs or fees.

Guidance Regarding the Search & Processing of Requested Records

In connection with its request for records, American Oversight provides the following guidance regarding the scope of the records sought and the search and processing of records:

¹ American Oversight currently has approximately 16,000 followers on Facebook and 119,100 followers on Twitter. American Oversight, Facebook, <https://www.facebook.com/weareoversight/> (last visited Sept. 28, 2022), American Oversight (@weareoversight), TWITTER, <https://twitter.com/weareoversight> (last visited Sept. 28, 2022).

² A.R.S. § 39-121.01(D)(1); *see also Hanania v. City of Tucson*, 128 Ariz. 135, 624 P.2d 332 (Ct. App. 1980). Furthermore, because this request is for noncommercial purposes, additional fees provided for under A.R.S. § 39-121.03(A) are not applicable and should not be assessed.

- Please search all locations and systems likely to have responsive records, regardless of format, medium, or physical characteristics.
- In conducting your search, please understand the terms “record,” “document,” and “information” in their broadest sense, to include any written, typed, recorded, graphic, printed, or audio material of any kind. We seek records of any kind, including electronic records, audiotapes, videotapes, and photographs, as well as letters, emails, facsimiles, telephone messages, voice mail messages and transcripts, notes, or minutes of any meetings, telephone conversations or discussions.
- Our request for records includes any attachments to those records or other materials enclosed with those records when they were previously transmitted. To the extent that an email is responsive to our request, our request includes all prior messages sent or received in that email chain, as well as any attachments to the email.
- Please search all relevant records or systems containing records regarding agency business. Do not exclude records regarding agency business contained in files, email accounts, or devices in the personal custody of your officials, such as personal email accounts or text messages.
- If any records are withheld in full or in part, pursuant to A.R.S. § 39-121.01(D)(2), please provide an index of records or categories of records that have been withheld and the reasons the records or categories of records have been withheld.
- In the event some portions of the requested records are properly exempt from disclosure, please disclose any reasonably segregable non-exempt portions of the requested records. If a request is denied in whole, please state specifically why it is not reasonable to segregate portions of the record for release.
- Please take appropriate steps to ensure that records responsive to this request are not deleted by the agency before the completion of processing for this request. If records potentially responsive to this request are likely to be located on systems where they are subject to potential deletion, including on a scheduled basis, please take steps to prevent that deletion, including, as appropriate, by instituting a litigation hold on those records.

Conclusion

If you have any questions regarding how to construe this request for records or believe that further discussions regarding search and processing would facilitate a more efficient production of records of interest to American Oversight, please do not hesitate to contact American Oversight to discuss this request. American Oversight welcomes an opportunity to discuss its request with you before you undertake your search or incur search or duplication costs. By working together at the outset, American Oversight and

your agency can decrease the likelihood of costly and time-consuming litigation in the future.

Where possible, please provide responsive material in an electronic format by email. Alternatively, please provide responsive material in native format or in PDF format on a USB drive. Please send any responsive material being sent by mail to American Oversight, 1030 15th Street NW, Suite B255, Washington, DC 20005. If it will accelerate release of responsive records to American Oversight, please also provide responsive material on a rolling basis.

We share a common mission to promote transparency in government. American Oversight looks forward to working with your agency on this request. If you do not understand any part of this request, please contact Khahilia Shaw at records@americanoversight.org or (202) 539-6507.

Sincerely,

/s/ Khahilia Shaw

Khahilia Shaw

on behalf of

American Oversight

From: [Greg Blackie](#)
To: [Greg Blackie](#)
Cc: [Aimee Yentes](#); [Michael Hunter](#); [Ryan Sullivan](#); [Grant Hanna](#)
Subject: SB1356 "Transit Slush Fund Tax" Response
Date: Tuesday, June 14, 2022 4:42:38 PM
Attachments: [SB1356 Transit Slush Fund Tax AZFEC.pdf](#)
[LightRail PolicyPaper Final\[4\].pdf](#)
[SB1356S.pdf](#)

Members,

Earlier this year we distributed a fact sheet outlining our opposition to SB1356 and HB2598 – the Prop 400 extension. We recently received a copy of a response to that handout which redlines many of our arguments, labels our statements as false, without providing evidence for their claims made in response.

Just one example: our statement that transit ridership has been declining for years is redlined without any claim to the contrary or evidence to refute it, despite our data coming straight from Valley Metro. The fact that from 2013 to 2019, total transit ridership declined 12.3% is just a fact, whether they cross it out or not. To put that decline in context, in 2019 only 1.8% of the population in the Phoenix Metro area used public transit.

We wanted to take the opportunity to respond to a few of the allegations and claims below and encourage you to read the bill language, read MAG's own MOMENTUM plan, and visit their [website](#) boasting about investment in things like "Active Transportation" meaning more bike lanes and more congestion.

Where does the money go?

SB1356 Proponents: "The region's investment plan totals \$36.7 billion" and "only 33.6% of the total investment plan is allocated to transit" and "over 66% of the total investment plan is allocated to freeway, highway and arterial street investments." Additionally, they claim that the funding buckets consist of 48.5% for freeways/highways, 17.9% for arterial regional programs, and 33.6% for transit.

Response: There is an open question as to whether the advocates are reading their own bill. All of our claims are based on the actual language and the published [MAG MOMENTUM Plan](#). It's important to highlight that, while alleging the \$70 billion dollar figure in our handout is "false" because the Prop 400 extension is *only* \$36.7 billion, the proponents rely on the total investment in the MAG MOMENTUM plan (including funds other than Prop 400 dollars that *do* total to nearly \$70 billion) to claim that more than half is being spent on freeways and roads. When convenient to redline one claim the lower figure is utilized, and when convenient to boost the advertised highway funding, they include all of the other fund sources which result in the higher.

Unfortunately, the claim that over half the money is spent on freeways is not in the bill. SB1356 clearly earmarks 37.4% for freeways, 22.2% for arterials *and regional programs*, and 40.4% for transit – **this can be found on page 21, lines 30-40**. If the advocates want and intend 66% of the Maricopa County Transportation Excise Tax funds to go to freeways and streets, then they should push an amendment to clearly and explicitly reflect that.

Furthermore, though "regional programs" has now been defined in the bill (**page 3, lines 34-37**), the definition is incredibly broad to essentially exist as a slush fund for multimodal planning. "Regional Programs" means 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. Their own website and plan define their priorities and it's not roads and freeways. In fact, under "**Active Transportation**" on their website they describe specifically, "Investments in bicycle lanes, protected paths and other projects to create better connectivity and improve safety for **non-motorized transportation users**." Using regional taxes to "improve" bike paths and pedestrian walkways in local cities and towns is irresponsible. If cities such as Tempe and Phoenix want to "reimagine" their roads by reducing throughput and investing in non-vehicular travel modes, they should do that on their own dime.

Opponents aren't against new investment, but to recklessly wasting taxpayer money.

SB1356 Proponents: "the Cost of Doing Nothing = \$1.5 billion hit for the region's annual revenue used for highways, streets, roads, and transit. Without these funds, federal grants that would be awarded to our state will be allocated to agencies outside the State of Arizona." Further, "No extension = 250% increase in congestion on our freight routes designated for the transportation of goods."

Response: We aren't advocating for no extension ever, nor does our handout. We, and others, oppose this plan as written because by their own published metrics it is not a good return to the taxpayers, as will be shown below. Additionally, the current tax does not expire until 2025, so there is no need to force a bad plan through now.

Bad return on a massive investment from the taxpayer

SB1356 Proponents: Reduce congested lane miles > 5%, improve the average commute times by 33.3%, reduce the hours of delay in critical freight corridors by 27%, and permit 25% more jobs to be accessed within 30 minutes due to decreased congestion.

Response: Many of these numbers come from projected congestion and commute times in 2050 for no investment at all compared to their \$70 billion investment plan. The information in our handout compares the baseline commute times and congestion with their projections in 2050 after spending billions. Again, no one is advocating that no new investments be made. Our opposition is that increasing commute times from the 26-minute baseline to 30 minutes after spending \$70 billion, for example, is unacceptable, especially compared to the "no-build" projection of 32 minutes. We do nothing, commutes increase by six minutes. We spend tens of billions of dollars, and commutes increase by four minutes.

The same applies to congested lane miles, with 34% as the baseline, increasing to 46% by 2050 under "no-build" and 41% after a \$70 billion taxpayer expense. That's also unacceptable.

Lastly, the baseline number of jobs reachable within 30 minutes is just over 500,000. If we do nothing, their projection is a reduction to just under 400,000 jobs reachable by 2050. If we spend \$70 billion, that increases slightly to under 450,000 jobs - still a net reduction from the baseline, and still only negligibly better than spending nothing.

Election Rigging.

SB1356 Proponents: SB1356 states: "Monies collected pursuant to this section may not be used to influence the outcome of an election."

Response: While it is good to see the bill language actually being quoted, it's misleading. In an unprecedented move, the proponents have written the ballot language for the extension (**see page 25, lines 5-16**), instead of having nonpartisan attorneys write it. And the language is incredibly misleading, telling voters that the measure would "improve travel times" and "reduce congestion" even though we just showed it does neither. Additionally, money from the regional area road fund is allowed to be used to determine public opinion (**see page 7, lines 43-44**) meaning they can use taxpayer *transportation* dollars to do message testing in preparation for an election. It was also against the law for nonprofit money, like Zuckerbucks, to be used to influence the outcome of an election, but the disparate partisan impact those dollars had in 2020 is quite clear.

"Economic Development" from light rail?

SB1356 Proponents: Over 35,000 jobs created within ½ mile of light rail since 2008

Response: None of the information on the back page of our handout regarding the flawed economic development studies by Valley Metro is refuted. In this claim, however, the proponents admit that their study area is within half a mile of rail, taking credit for business activity for which rail had no influence and isn't even related. For additional information on the flawed studies from Valley Metro, I have also attached a white paper authored by Randal O'Toole for the Club.

The arguments in our handout are all based on the actual language of the bill and MAG's own published numbers. I have attached our original handout, the bill language, and Randal O'Toole's analysis of Valley

Metro's economic development claims. [MAG's 2050 MOMENTUM Plan can be found here.](#)

I appreciate your time, and we are always happy to sit down with any member to walk through our positions and the facts upon which they rely.

Respectfully,

Greg Blackie

Arizona Free Enterprise Club

azfree.org

Valley Metro Light Rail Economic Development Claims Fall Flat

By . Randal O'Toole

POLICYPAPER

Having opened one light-rail line, Valley Metro persuaded Phoenix voters to increase sales taxes to build more light-rail lines in 2015. Businesses along the proposed light rail expansion would be severely impacted by the construction and configuration of the new rail lines, so now a new measure is on the ballot in August 2019 that would halt further rail construction and spend the funds on road repairs and alternative transit instead.

Valley Metro's major argument in favor of rail is that rail transit stimulates economic development. The agency has compiled a list of 344 developments along the existing rail line that it says took place because of the construction of that line. In fact, this paper will show that the vast majority of these new projects would have happened anyway, happened only because they were subsidized and that the cost of rail construction exceeded any actual economic development created by light rail.

Portland's Light Rail Disaster

The claim that light rail stimulates economic development originated in Portland, Oregon. In 1986, Portland opened the first light-rail line built with federal funds. It proved to be a disaster. Before construction began, 9.9 percent of Portland-area commuters took transit to work.¹ Significant cost overruns during construction forced Portland's transit agency, TriMet, to raise bus fares and cut bus service. As a result, after the line opened, only 6.8 percent of Portland-area commuters took transit to work.²

To justify this disaster, TriMet claimed that light rail had stimulated economic development. It called this the "field of dreams" theory, after the 1989 movie whose catch phrase was "build it and they will come."³

A close look at the list of projects that TriMet claimed were built because of the light rail revealed that nearly all would have been built without it. For example, the Portland Trailblazers wanted a new basketball arena so they could sell more tickets. They built the new one right next to the old one, which happened to be near the light-rail line. The arena would have been built with or without the light rail.

Downtown Portland experienced a building boom after the light rail opened, and since the light rail went downtown, TriMet took credit for it. The agency neglected to mention that President Clinton and Oregon

Governor Barbara Roberts both signed executive orders requiring federal and state agencies to locate their offices downtown.⁴ This was a great gift to downtown property owners, and it led agencies such as the U.S. Bureau of Land Management to move from northeast Portland to downtown and the Oregon Department of Transportation to move from southeast Portland to downtown, but it had nothing to do with light rail.

The chink in TriMet's argument was revealed in 1996 when Portland's city council held hearings on vacant lands in the city that might be suitable for development. Portland city planner Mike Saba sadly testified to the council that all of the land around light-rail stations had been zoned for such development, but despite this "we have not seen any of the kind of development—of a mid-rise, higher-density, mixed-use, mixed-income type—that we would've liked to have seen" in the station areas.⁵

"We are in the hottest real estate market in the country," noted city commissioner Charles Hales, yet "most of those sites [along the light-rail line] are still vacant."⁶ Hales proposed, and the city commission agreed, to resolve this problem by heavily subsidizing projects along the light-rail route. This became a precedent for all future rail projects in Portland. Yet TriMet continued to claim that all developments, including subsidized ones, were built solely because of the rail lines.

In 1986, Portland opened the first light-rail line built with federal funds. It proved to be a disaster.

FTA Asks if Rail Creates Growth

In 1995, the Federal Transit Administration wanted a definitive answer: Does rail transit, including both light rail such as Portland's and heavy rail such as San Francisco BART, stimulate economic development? It asked UC Berkeley planning professor Robert Cervero, a strong advocate of transit-oriented development, and Portland transportation consultant and transit advocate Samuel Seskin, to study the question.

Their 55-page report concluded that rail transit does not stimulate new development. "Urban rail transit investments rarely 'create' new growth," they said, "but more typically redistribute growth that would have taken place without the investment." The main beneficiary of that redistribution, they continued, has been downtowns in "the form of redeveloped land and new office, commercial, and institutional development."

In other words, development along the rail line is a zero-sum game; more development there meant less development somewhere else in the urban area. Total tax revenues in the urban area aren't increased by light rail, except to the extent that taxes are raised to pay for it.

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Portland Subsidizes Transit-Oriented Developments

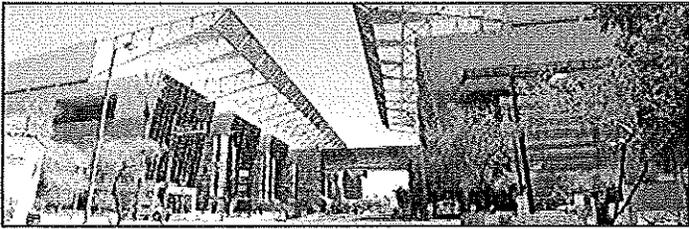
Nevertheless, transit agencies continued to claim that rail transit generated economic development. As noted above, Portland in particular decided that to get that development, it would have to subsidize it. Under Oregon law, Portland is allowed to create urban renewal districts and subsidize development in those districts. The city located all of its districts along rail transit lines and directed close to \$2 billion in subsidies to the developments along those lines.⁸

One of the rail lines was a new streetcar line built from north of downtown, through downtown, to south of downtown. This line went through four urban renewal districts that together received subsidies of around a billion dollars. Among the subsidies were parking garages built to support retailers who located near the streetcar lines.

The city then issued a report claiming that all new development along the line was due to the streetcar. Developments attributed to the streetcar included parking garages with thousands of new parking spaces, most of which were built at taxpayer expense. Significantly, the city could find almost no new development around the one part of the streetcar line that went outside of an urban-renewal district.⁹

Valley Metro Borrows Portland's Rhetoric

In 2015, to help persuade voters to fund more light-rail lines, Valley Metro decided to follow Portland's example, with an added twist. It issued a paper claiming that the region's first light-rail line had stimulated \$7 billion of new developments. Yet a close scrutiny of this paper in a study I authored and released by the Arizona Free Enterprise Club revealed that almost all of the developments fell into one of three categories: Projects that would have been built without the light rail; projects that were subsidized; and — the new twist — projects that were planned but never built.



The Phoenix Convention Center was built long before light rail tracks were ever laid in Phoenix, yet Valley Metro claims it is responsible for the \$600 million renovation in 2008.

Projects on Valley Metro's list included a \$600 million expansion of the Phoenix Convention Center and a new high school. Both of these clearly would have been built without the light-rail line. If anything, the convention center influenced the location of the light rail, not the other way around. Additionally, the convention center expansion was largely financed and paid for by the State of Arizona, not local taxpayers. Other projects were funded with low-income tax credits, but many on Valley Metro's list were never built at all and the land where they were to be located was still vacant in 2015.

For example, Valley Metro counted a \$2.6 million planned multifamily housing project called Sycamore Station in Mesa that was never built. It also counted a mixed-use development with 15,000 square feet of retail and 160

residences on 17th and Camelback that was to be called Escala on Camelback. The land it was to be built on was sold at foreclosure in 2011. Both sites remain vacant to this day; if light rail really did spur economic development, someone would have bought them and built on them.

Valley Metro's Latest Claims

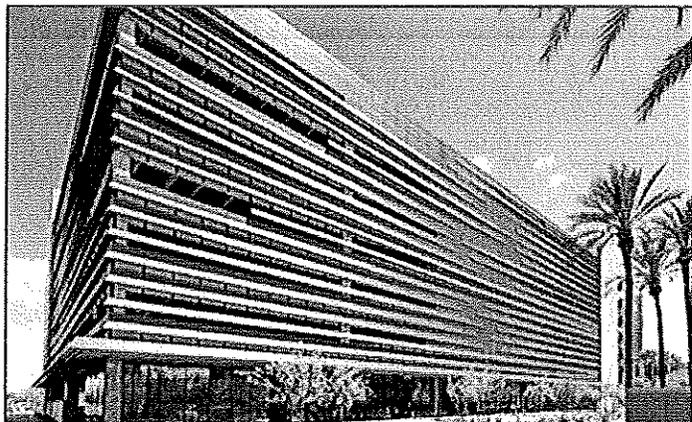
Today, Valley Metro says it has weeded out uncompleted projects and added more so that it now attributes \$11 billion worth of development to light rail. Light rail is "creating economic vitality," says one Valley Metro publication. "Every \$1 invested in transit creates \$8 in economic growth."¹⁰

Valley Metro has persuaded many elected officials that light rail is the generator of economic growth. Light rail "has resulted in \$240 million of completed economic development projects" in Mesa, said Mesa Mayor John Giles earlier this year.¹¹

Proving that light rail created new economic growth would require a comparison of new development along the light-rail line with the amount of new development in the rest of the urban area. Yet Valley Metro makes no such comparison. Instead, it merely tallies all of the new development within ½ mile of a light rail line and claims, or at least implies, that such development was stimulated by the rail line.



The Talking Stick Arena was renovated for \$75 million in 2005 — three years before light rail opened.



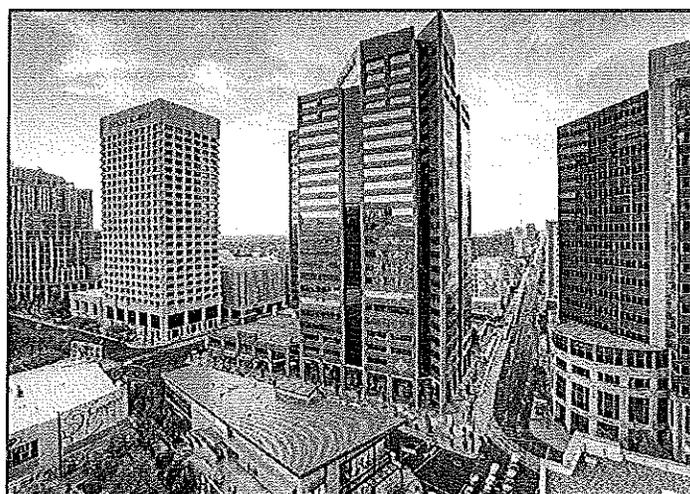
A parking garage at the Phoenix Biomedical Campus that cost \$19 million to build. Valley Metro fails to explain how light rail leads to building more parking garages.

One of the most absurd projects on Valley Metro's list is a 2,000-space parking garage for air travelers. The garage happens to be next to a light-rail station, so Valley Metro includes it on the list. Yet this station is the closest light rail comes to Sky Harbor Airport, so no one using the parking garage would ever use the light rail to get between the garage and the airport. Many other projects on the list similarly have nothing to do with transit.

The projects that have the most to do with light rail are classified by Valley Metro as "transit-oriented developments." On their web page on such developments, Valley Metro admits that "The cities of Phoenix, Tempe and Mesa have taken action to encourage development near the light rail alignment."¹² Valley Metro's own data indicates that this "action" has included spending \$2.8 billion in taxpayer funding, all of which Valley Metro includes in its \$11 billion total. This is on top of a variety of tax breaks and tax credits for such projects. If light rail alone were able to create transit-oriented developments and other economic growth, why was it necessary for Phoenix, Tempe, and Mesa to spend billions of dollars in public money to "encourage" that growth?

Valley Metro's Economic Development Database

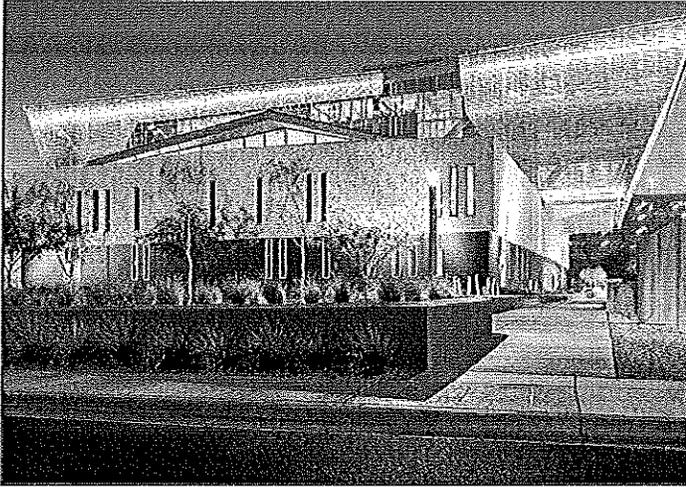
The \$2.8 billion figure comes from a list of 344 projects worth \$11 billion that Valley Metro calls its "light-rail transit economic development database."¹³ In conjunction with property tax and development data provided by the Arizona Tax Research Association, our analysis of the projects found:



Cityscape in downtown Phoenix receives generous GPLET subsidies; yet Valley Metro claims light rail is the reason for its \$320 million development.

- 42 projects worth \$2.5 billion were subsidized through a program called Government Property Lease Excise Tax (GPLET). This generous subsidy eliminates taxes on the development for up to eight years, then replaces property taxes for an excise tax that is lower than the property tax for a total of 25 years. This tax break was specifically designed to promote the kind of development and redevelopment that Valley Metro claims was stimulated by light rail.¹⁴

Valley Metro Light Rail Economic Development Claims Fall Flat

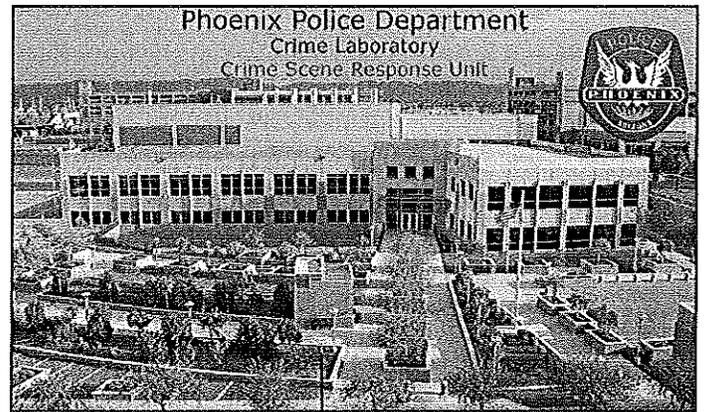


Maricopa County Sheriff Office headquarters cost taxpayers \$92 million. Is Valley Metro claiming that light rail brings so much additional crime that it spurred the need for public safety expansion?



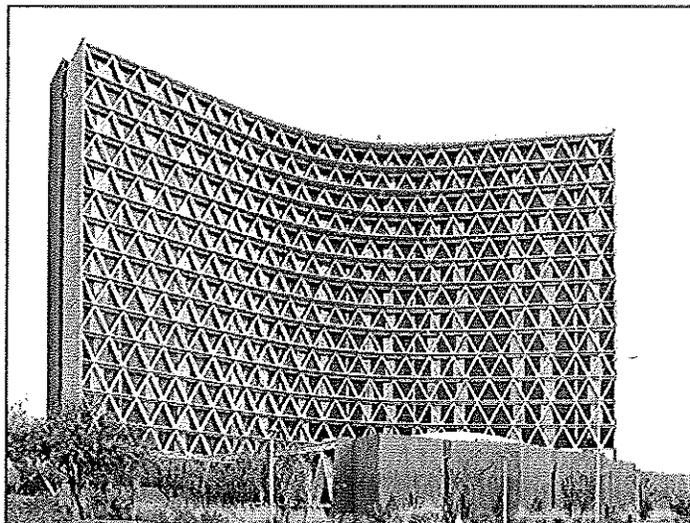
Arizona Department of Child Safety spent \$500,000 to redevelop their building. Valley Metro doesn't explain how this has anything to do with light rail.

- 46 projects worth \$2.1 billion were government buildings such as the Maricopa County Sheriff's headquarters, the Department of Child Safety building, Arizona School for the Arts, the Phoenix Children's Museum, the Arizona Science Center, the Phoenix Police Forensic Lab, the renovation of Talking Stick Arena, and the expansion to the Phoenix Convention Center. If the governments that built these projects deliberately located them on the light-rail line, it was probably more to boost rail ridership than because the rail line had stimulated their construction.



Phoenix Forensic Lab was built in 2007, before light rail was in operation. It cost Phoenix taxpayers \$44 million.

If the governments that built these projects deliberately located them on the light-rail line, it was probably more to boost rail ridership than because the rail line had stimulated their construction.

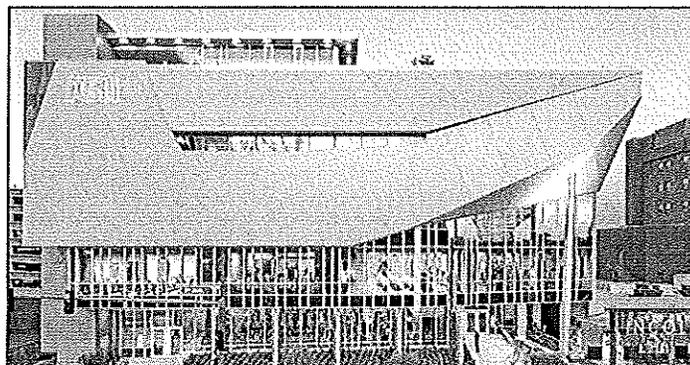


Manzanita Hall, housing for ASU students, was built in the 1960s. ASU renovated the building for \$50 million. Is Valley Metro claiming ASU would not have renovated this building without light rail?

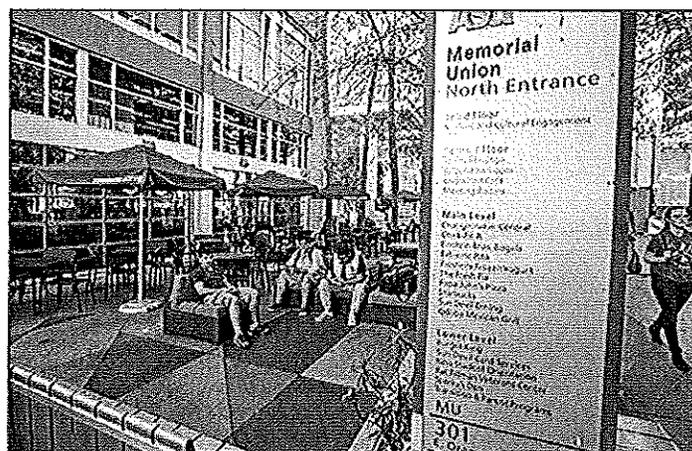
- 46 projects worth \$2.2 billion were university buildings, mostly at the University of Arizona in Tempe. Some of the most curious projects included were the renovations of Manzanita Hall and other student housing, renovations at Sun Devil Stadium, the Sun Devil Fitness Complex and the renovation of the Memorial Union, the ASU campus community center. This university, of course, is on the light-rail line, but it is difficult to see how the light rail would have stimulated expansion of the university. Instead, Valley Metro simply took credit for buildings that would have been built anyway.

If light rail alone were able to create economic growth, why was it necessary for Phoenix, Tempe, and Mesa to spend billions of dollars in public money to “encourage” that growth?

Some of the most curious projects included were the renovations of Manzanita Hall and other student housing, renovations at Sun Devil Stadium, the Sun Devil Fitness Complex and the renovation of the Memorial Union, the ASU campus community center.

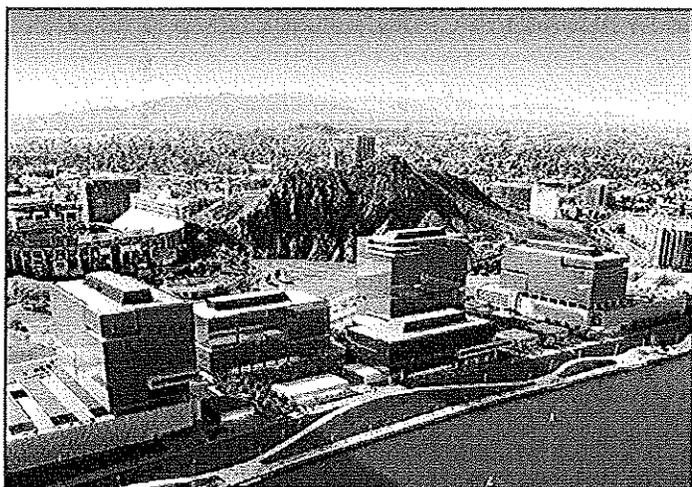


Sun Devil Fitness Complex cost over \$32 million.



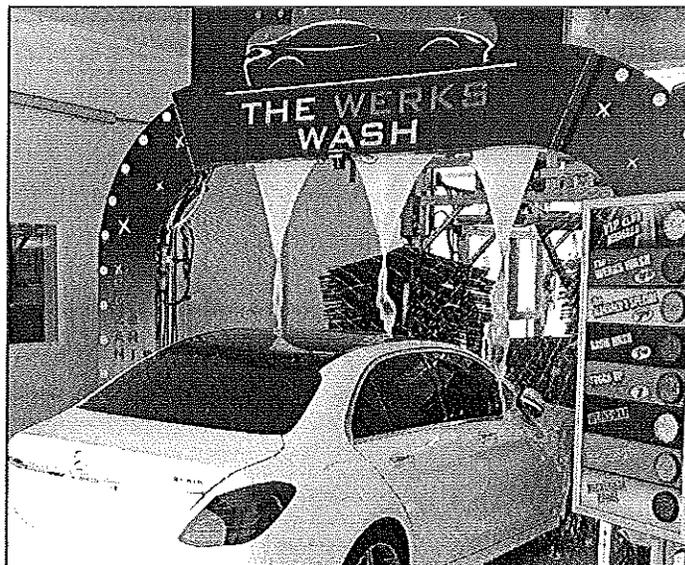
ASU's Memorial Union building cost over \$54 million to renovate.

- 10 projects worth \$910 million were on university property leased to private developers who were able to avoid paying property taxes because the university owns the land. The most notable example is the Marina Heights development in Tempe. Again, the university is near the light-rail line, but the property tax abatement was more likely the stimulus to these projects than the light rail.



The Marina Heights project receives \$12 million a year in property tax abatements, a much more likely enticement for the \$530 million development than that of light rail.

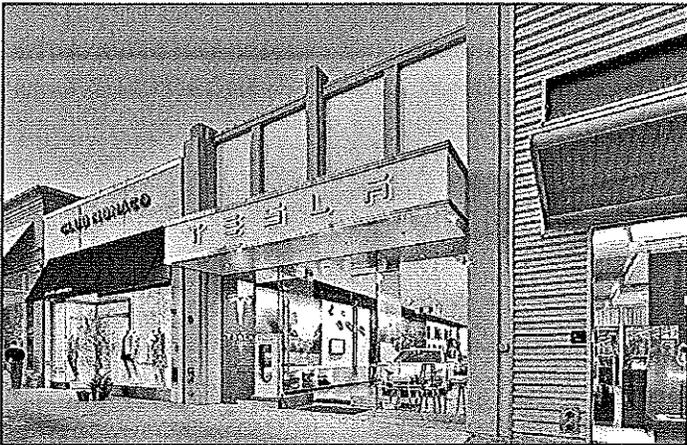
Proving that light rail created new economic growth would require a comparison of new development along the light-rail line with the amount of new development in the rest of the urban area. Yet Valley Metro makes no such comparison. Instead, it merely tallies all of the new development within ½ mile of a light rail line and claims, or at least implies, that such development was stimulated by the rail line.



Wash Werks Car Wash on Broadway is located 0.7 mile from the light rail, yet Valley Metro claims its \$482,030 capital investment.

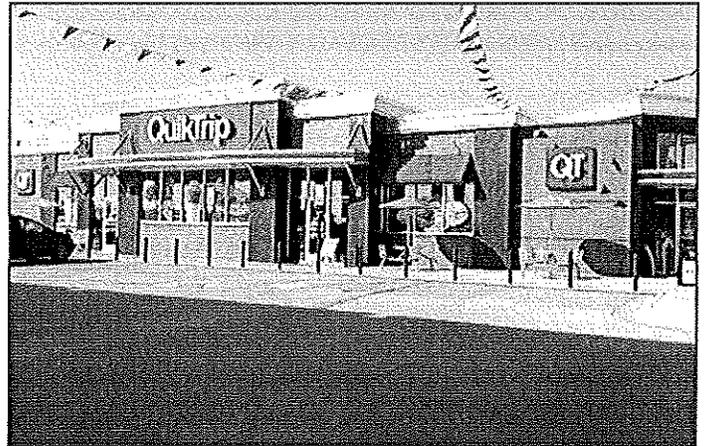
- 17 projects worth \$317 million were located more than a half mile away – in most cases, more than a mile away – from a light-rail station, and 2 more projects worth \$61 million were built several years before the light rail. These projects were probably not influenced by the light rail in any way.
- 17 projects worth \$229 million that received low-income housing tax credits. The tax credits, more than the light rail, stimulated these projects.
- 16 other projects worth \$154 million that received various other subsidies, mostly related to low-income housing.

Valley Metro says that another \$418 million worth of commercial projects were generated by light rail. With two exceptions, these don't appear to have received any subsidies, yet it is questionable whether light rail did anything more than influence the location of some of the projects, and probably didn't even do that for many of them. These projects include:



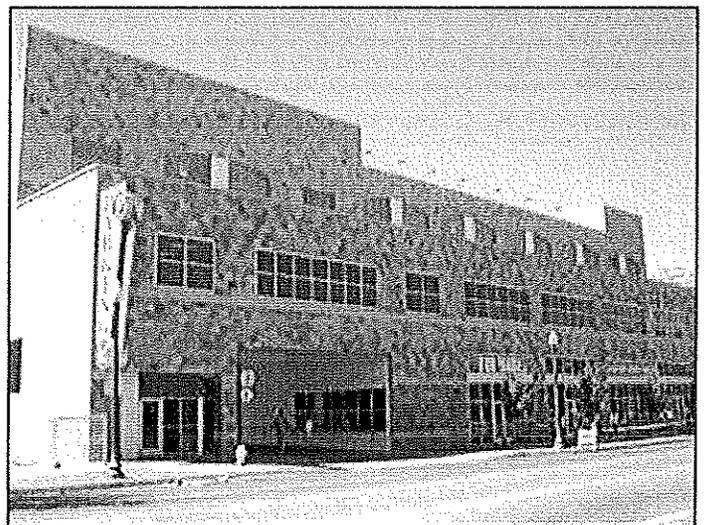
The Tesla dealership located in Tempe. It is absurd for Valley Metro to claim that light rail is the reason why Tesla decided to open their dealership at this location.

- A Tesla automobile dealership, an airport parking garage with more than 2,000 spaces, and two gas stations. The Tesla dealer and one of the gas stations are located more than a half mile from a light-rail station and shouldn't even be on the list. As previously noted, the parking garage is located next to the light-rail station that is nearest to the airport, so no one would use the light rail to get from the garage to the airport. Is Valley Metro saying that light rail has stimulated people to buy more cars and park them at the airport?

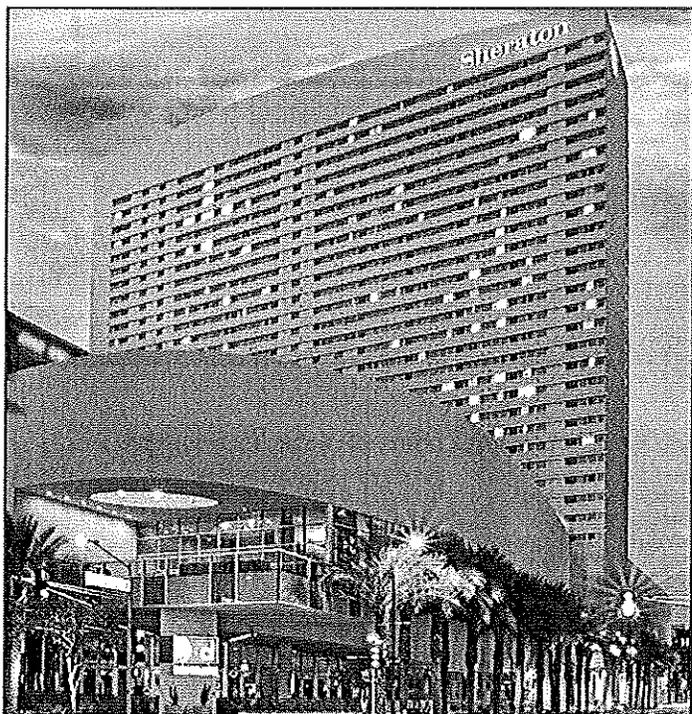


QuikTrip on Broadway Road

- 128 projects with parking garages and another 163 with surface parking for a total of well over 70,000 parking spaces. Valley Metro's list didn't include the number of spaces for about a quarter of the parking areas, so the actual total was probably closer to 90,000, roughly two thirds of which were in subsidized projects. In effect, Valley Metro is saying that light rail led to so much increased driving that developers had to build tens of thousands of new parking spaces.



Tempe City Hall Parking Garage



The City of Phoenix sold the \$350 million Sheraton Hotel for a loss last year.

- 11 hotels worth \$233 million, including the Sheraton Hotel which was taxpayer financed. While it is conceivable that the light rail influenced the location of some of these hotels, it is very difficult to see how the light rail would lead hoteliers to build more hotels than would have been built without it.
- 7 office complexes worth \$88 million. As with the hotels, the light rail may have influenced the location of some of these office buildings, but it probably didn't lead developers to build more offices than otherwise would have been built.
- 28 restaurant and retail centers worth \$57 million. Is Valley Metro saying that people in Phoenix are eating out more because it built the light rail?
- 4 healthcare centers worth \$20 million. Is Valley Metro saying that light rail is leading to more disease and injuries, thereby stimulating the construction of more healthcare centers?
- Three banks and two self-storage centers collectively worth \$15 million. Again, it is difficult to imagine what mechanism might cause light rail to lead people to need to store their goods or increase their banking.
- A \$6.9 million warehouse-industrial park built near the airport and completed two years before the light-rail line opened. Moreover, according to Valley Metro, it was financed entirely with public funds. To the extent that this was "stimulated" by anything, it was more influenced by its proximity to the airport than by light rail.

This leaves 78 residential projects worth just under \$2 billion. It is easy to imagine that the light-rail line might influence the location of residential projects. However, a review of web ads for some of these projects shows that many of them emphasize nearby restaurants, shops, and entertainment centers as amenities but fail to mention the light rail.

The Osborn, a collection of projects on Osborn and Central Avenue costing well over \$100 million, advertises that it is near the "best in night-life, dining, shopping, parks, arts, music, sports, and more." But its web page doesn't mention light rail.¹⁵ Web pages for some of the projects do mention proximity to light rail, but the fact that some don't suggests that at least some of the developers were not influenced by the light rail to locate where they did.

Furthermore, Valley Metro's economic development database shows that 60 of the projects have more parking spaces than dwelling units (only 6 have fewer and the

rest are unknown). This suggests that developers have little faith that residents would be willing to give up their cars because they lived near a light-rail station.

Census data shows that Maricopa County was growing at 3.0 percent per year in the decade before the light-rail line opened, and has grown at less than 1.6 percent per year in the decade since then, a 47 percent decline in growth rates.¹⁶ In claiming that these residential developments were built because of the light rail, Valley Metro is effectively saying that the region grew faster because of the light rail and needed more housing. Since in fact it grew slower after the light rail opened, this is a difficult claim to support.

Of course, the slowdown in growth may be partly attributable to the 2008 financial crisis. But the U.S. population growth only slowed by about 29 percent after the recession— from about 1.0 percent per year to 0.7 percent.¹⁷ What really changed was migration rates between states and urban areas. For some reason, the migration rate into the Phoenix metropolitan area slowed down. One possible explanation is the higher taxes imposed to pay for both the light rail and the subsidized developments along the light-rail line have discouraged employers from moving to the region.

A recent study of infrastructure investment found that it doesn't always lead to economic growth. If the investment is unproductive, researchers found, it can lead instead to "economic fragility."¹⁸ Considering that Valley Metro light-rail fares only covered 28 percent of the costs of operations and maintenance in 2017, it is hard to classify Phoenix light rail as a "productive investment."¹⁹

Valley Metro might be justified in claiming that the locations of some developments were influenced by the light-rail line. Still, the data Valley Metro has provided to date is not sufficient to support this claim. To confirm this, far more data would be needed, including data

Considering that Valley Metro light-rail fares only covered 28 percent of the costs of operations and maintenance in 2017, it is hard to classify Phoenix light rail as a "productive investment."

showing how many developments have been built in the region that aren't on the light-rail line, which could reveal whether the areas along the line are getting a disproportionate share of new developments. Valley Metro, however, is making the much stronger claim that these \$11 billion worth of developments happened *because of* the light rail. That is clearly untrue for the vast majority of them, and almost certainly not true for any of them.

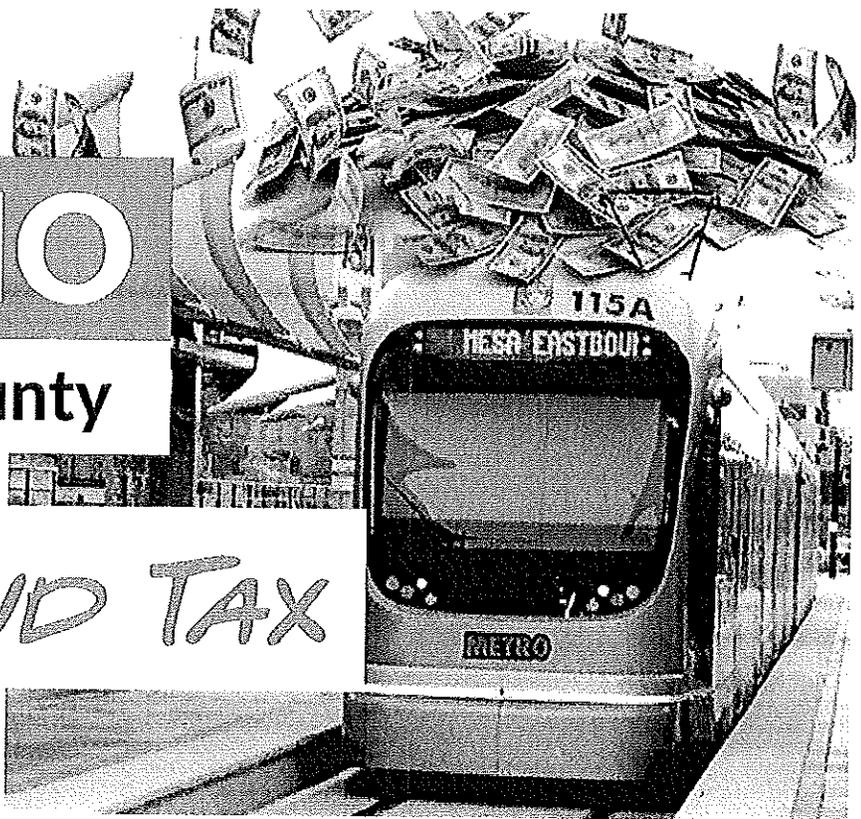
Additionally, the economic database fails to account for the economic loss associated with the dislocation and elimination of businesses due to light rail. If Valley Metro is going to claim that certain businesses are influenced and developed as a result of light rail, then the economic destruction caused by light rail should be included in their analysis for a proper accounting of project development along rail lines.

The bottom line is that virtually all of the projects on Valley Metro's economic development list would have been built somewhere in the Phoenix metropolitan area even if no light-rail line had been built. Given the various government projects and subsidies, most of them would have been built exactly where they were built. The locations of a few projects such as hotels and apartments might have been influenced by the light rail, but it is unlikely that a single additional hotel room or apartment was built because of the light rail than would have been built without it. If anything, the high costs of light rail slowed the growth of the Phoenix metropolitan area.

Endnotes

1. 1980 *Census of Population* (Washington: Census Bureau, 1982), table 118, "means of transportation to work," for urbanized areas.
2. 1990 *Census of Population* (Washington: Census Bureau, 1992), table P30, "means of transportation to work," for urbanized areas.
3. G. B. Arrington, Jr., *Beyond the Field of Dreams: Light Rail and Growth Management in Portland* (Portland, TriMet, 1996).
4. William J. Clinton, Executive Order no. 12988, Civil Justice Reform, February 5, 1996, and Executive Order no. 13006, Locating Federal Facilities on Historic Properties in Our Nation's Central Cities, May 21, 1996; Barbara Roberts, Executive Order no. 94-07, Siting State Offices in Oregon's Community Centers, June 7, 1994.
5. Quotes from the October 23, 1996, city council meeting are taken from a videotape of that meeting made by the city of Portland, a synopsis of which is available, with links to selected portions of the video, at debunkingportland.com/transit/lightraildevelopment.htm.
6. *Ibid.*
7. Robert Cervero and Samuel Seskin, *An Evaluation of the Relationships Between Transit and Urban Form* (Washington: Transit Cooperative Research Program, 1995), p. 3.
8. *Prosper Portland: Adopted Budget FY18-19* (Portland: City of Portland, 2018), p. 20.
9. "Portland Streetcar: Development Oriented Transit," City of Portland Office of Transportation, April 2008, p. 2.
10. "Valley Metro Rail: Creating Economic Vitality," Valley Metro, 2016, tinyurl.com/y2ddlesu.
11. "Valley Metro Celebrates Mesa Light Rail Extension," AZFamily.com, May 18, 2019, tinyurl.com/y65cb8rk.
12. "Transit Oriented Development," Valley Metro, 2019, tinyurl.com/y5wvbwdo.
13. Since this list is not available on Valley Metro's web site, I have posted it at ti.org/docs/VMEconDev.xlsx.
14. "Arizona Incentives: Lease Excise," Arizona Commerce Authority, Phoenix, <https://www.azcommerce.com/incentives/lease-excise>.
15. "The Osborn," Professional Equity Management, 2019, theosbornlife.com.
16. Census Bureau, "Annual Estimates of the Resident Population for Counties: April 1, 2010 to July 1, 2018," tinyurl.com/y67394q2; "Intercensal Estimates of the Resident Population for Counties: April 1, 2000 to July 1, 2010," tinyurl.com/y4scj52j; "Time Series of Arizona Intercensal Population Estimates by County: April 1, 1990 to April 1, 2000," tinyurl.com/y4jospqr.
17. *Ibid.*
18. Atif Ansar, Bent Flyvbjerg, Alexander Budzier, and Daniel Lunn, "Does Infrastructure Investment Lead to Economic Growth or Economic Fragility? Evidence from China," *Oxford Review of Economic Policy*, Volume 32, Number 3, 2016, pp. 360-390
19. 2017 National Transit Database (Washington: Federal Transit Administration, 2018), Fares, Operating Costs, and Capital Use spreadsheets. (The FTA classifies maintenance of existing facilities as a "capital use" and distinguishes it from construction of new facilities.)

The Arizona Free Enterprise Club was founded in 2005 as a free market, pro-growth advocacy group dedicated to Arizona issues and politics. Our mission is to promote policies that encourage economic prosperity and a vibrant economy for all businesses and taxpayers. The Club is a 501(C)(4) and is not affiliated with any other group or organization. For more information visit www.azfree.org



VOTE NO

on Maricopa County

TRANSIT

SLUSH FUND TAX

History

In 1985, Maricopa County Voters approved a 20-year transportation tax increase that was designated exclusively to build new roads and freeways. The first extension of the tax reduced the amount spent on roads and freeways by creating three funding buckets: 33.3% for transit (14% earmarked for light rail), 56.2% for freeways and 10.5% for arterial streets and intersections.

The proposed extension being considered in 2022 is such a gross departure from the original purpose of the tax that it cannot be seriously called a regional transportation plan. The MAG Momentum Plan is nothing more than a \$70 Billion dollar local transit/pet project slush fund for cities and towns that will increase traffic congestion and lead to future tax hikes.

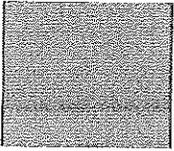
Reasons to Vote NO on the Maricopa County Slush Fund Tax:

- ✓ Nearly 2/3^{RDS} of the anticipated funding in the MAG plan is dedicated to transit and a "regional program" slush fund, NOT roads and freeways.
- ✓ The proposed plan DEDICATES BILLIONS TO TRANSIT PROJECTS, despite the fact that transit ridership has been in decline for over a decade.
- ✓ The current tax is set to expire in 2025, which means there is NO NEED to send a tax to the ballot this year.
- ✓ TRAFFIC CONGESTION IS PROJECTED TO SUBSTANTIALLY INCREASE under the \$70B MAG 'Momentum' Plan, which proves that the plan is a failure.
- ✓ The bill ENGAGES IN ELECTION RIGGING by prescribing the exact ballot description and 'yes/no' language that will appear on the ballot, and ALLOWS FOR THE USE OF TAXPAYER MONEY to engage in electioneering and GOTV efforts to manipulate the outcome of the election.

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Learn More on WHY the Proposed MAG TRANSIT PLAN FAILS Taxpayers and Motorists. 

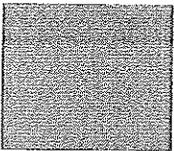
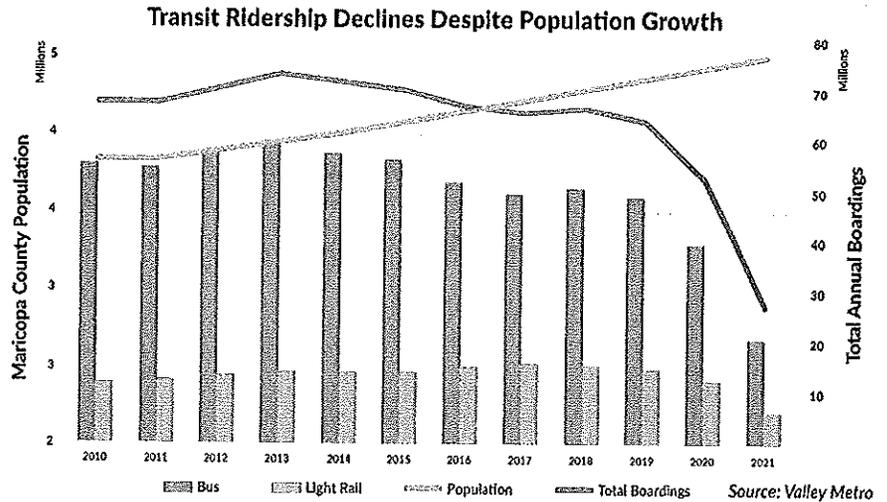
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OVERSIGHT



TRANSIT RIDERSHIP DECLINES as Population Grows

With 33.3% of all revenues from the existing Maricopa County tax going to transit, the promise was “If we build it, they will come.” It turns out that no one came. After spending billions on transit (bus, light rail, etc) and steady population growth of over 1 million new residents, transit ridership declined from 2009 to 2019.

And when the pandemic hit in 2020, ridership fell off a cliff. Boardings are now 50% lower than in 2019, and it is not clear when (or if) we will recover to pre-pandemic levels. Yet MAG and Valley Metro are proposing to substantially increase the transit allocation in the tax, with no explanation for why people are leaving or how more money won't result in more failure.



Fixed Rail is EXPENSIVE & INCREASES TRAFFIC CONGESTION

The cost to build fixed rail have exploded over the last decade. For light rail, the average cost to build a new line in 2010 was around \$100 million per mile. Today that cost is over \$250 million per mile and continues to climb.

Here in Phoenix, the projected cost to build the 1.5 Mile NW Phoenix Light Rail extension to the defunct MetroCenter Mall was projected to be just over \$300 million dollars in 2018. . . Today, the cost has been increased to over \$400 million, and estimated daily boardings have been slashed to a paltry 5,700 trips.

In other words, for the cost to build and operate the NW Phoenix extension, VALLEY METRO COULD BUY EVERY PERSON EXPECTED TO RIDE THE LINE 2 BRAND NEW TESLAS AND PAY FOR THE ELECTRICITY TO OPERATE THE VEHICLES--AND HAVE MONEY LEFT OVER!

Street trolleys and streetcars are nearly as expensive as light rail, move even fewer people and increase traffic congestion.

In Tucson, the 3.5 Mile Sun Link Streetcar built in 2014 cost \$200 Million to construct and required the removal of existing lanes of traffic to accommodate the new rail line. Ridership has been such a big problem that in 2021 the City of Tucson decided to stop charging a fare to ride the Sun Link, at an expense to the city of \$10 Million annually. Yet despite offering their streetcar for free, less than 2,000 people ride the Sun Link daily.¹

¹ https://tucson.com/news/local/tucson-transit-fares-remain-free-through-2021/article_897476de-c8ba-11eb-899a-67211264884e.html



MAG is Engaging in ELECTION RIGGING

HB2598/SB 1356 allows for the use of taxpayer money to engage in electioneering to manipulate the outcome of the election. The legislation prescribes the exact ballot description, drafted by the supporters of the measure with poll tested language paid for by taxpayers, that will appear on the ballot.

Normally the ballot description and "yes"/"no" language is drafted by attorneys and election officials not affiliated with the campaign, and private citizens have a right to challenge in court if they believe it not impartial. This process has been scrapped in favor of letting a special interest group craft their own deceptive ballot language to appear on the ballot.

Even worse, HB2598/SB 1356 provides unlimited taxpayer funding (from the roadway fund) to conduct the election. This includes funding for lawyers, political consultants and Maricopa County employees for canvassing and any telecommunication costs in order to provide "information" about the tax.

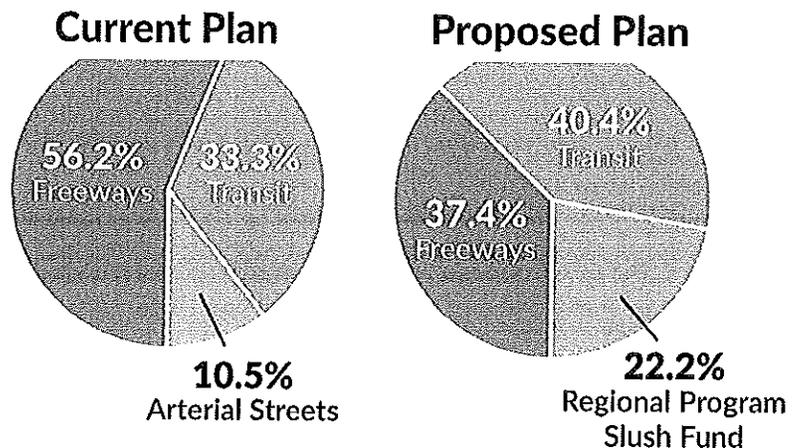
IN EFFECT, THE TAX EXTENSION WILL FUNCTION AS A MULTIMILLION-DOLLAR GOTV EFFORT, PAID FOR BY TAXPAYERS, TO DRIVE SUPPORTERS OF THE TAX TO THE BALLOT.

MAG's \$70 Billion Transit Plan WILL INCREASE TRAFFIC CONGESTION

The published MAG 2050 "MOMENTUM" Plan on how they intend to spend the estimated \$70 Billion in revenue is a disservice taxpayers, motorists and residents of Arizona. As has been indicated by the legislation, the vast majority of spending under the proposal will go toward transit, operation and maintenance (not new capital improvements) and other undefined slush fund pet projects.

As a result, after spending \$70 Billion Dollars MAG expects congestion to increase in Maricopa County by 2050, with vehicle hours of delay expected to increase by nearly 50%.

Maricopa Tax Spending Buckets



Projected Congestion by 2050 Under MAG Plan

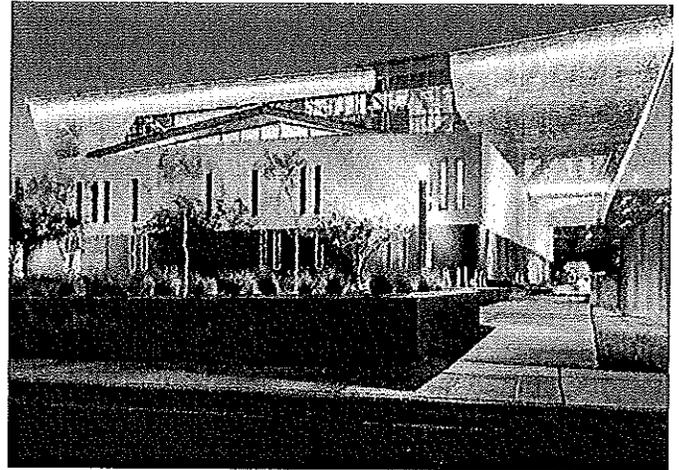
Congested Lane Miles	↑ 34% (2022) to 41% (2050)
Afternoon Peak Commutes	↑ 26 mins (2022) to 30 mins (2050)
Vehicle Hours of Delay	↑ 50% Increase
Jobs Reachable within 30 mins	↓ 15% Decrease

Valley Metro/MAG Economic Development Claims are **BOGUS**

When advocates of fixed-rail transit begin facing concerns over its massive cost and tiny ridership, they pivot to the supposed benefits it provides for economic development in the region. Sadly, there is no evidence that it generates any economic development.

In 2015 Valley Metro issued a report claiming that light rail generated billions in economic development. Yet after a review by the Arizona Free Enterprise Club, it was proven that Valley Metro was taking credit for projects that were "planned development," vacant lots, projects that were heavily subsidized by other incentives like low-income housing tax credits, and many others that would have been built without light rail.

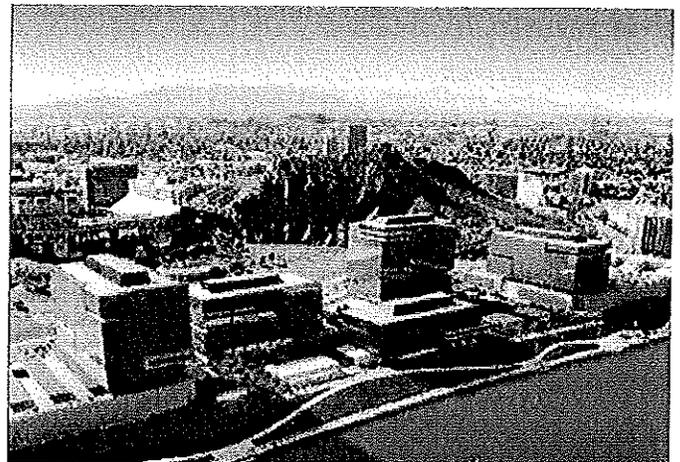
Valley Metro has since pulled that report and issued a new one, once again claiming billions of economic development as a result of light. Yet just like the first study, a closer inspection shows that claims of economic development are not true.



Maricopa County Sheriff Office headquarters cost taxpayers \$92 million. Is Valley Metro claiming that light rail brings so much additional crime that it spurred the need for public safety expansion?

Their new report assumes that all economic development within ½ mile of a rail line is attributable to light rail. As a result, some of the projects they claim are attributable to light rail include:

- ✓ Gas Stations and Auto Dealerships
- ✓ 46 different government buildings, including the Maricopa County Sheriff's headquarters, a DCS building, the Phoenix Police Forensic Lab, the Arizona Science Center and renovations to the Phoenix Suns Arena.
- ✓ 46 University buildings, mostly located at ASU in Tempe
- ✓ 42 projects that were subsidized through the Government Property Lease Excise Tax (GPLET)



The Marina Heights project receives \$12 million a year in property tax abatements, a much more likely enticement for the \$530 million development than that of light rail.

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AZ-REP-22-1074-A-000023

Senate Engrossed

transportation tax; election; Maricopa county

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1356

AN ACT

AMENDING SECTIONS 28-304, 28-6301, 28-6302, 28-6303, 28-6304, 28-6305 AND 28-6306, ARIZONA REVISED STATUTES; REPEALING SECTION 28-6307, ARIZONA REVISED STATUTES; AMENDING SECTION 28-6308, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-6309, 28-6310, 28-6311 AND 28-6312, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-6313 AND 28-6351, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-6352, 28-6353, 28-6354 AND 28-6355, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 17, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 28-6352; AMENDING SECTIONS 28-6538, 28-6954, 28-7562, 28-7671, 28-7691, 28-7695 AND 42-6105, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-6105.01; AMENDING SECTIONS 48-5102 AND 48-5103, ARIZONA REVISED STATUTES; REPEALING SECTIONS 48-5106 AND 48-5121, ARIZONA REVISED STATUTES; RELATING TO TRANSPORTATION PLANNING AND FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-304, Arizona Revised Statutes, is amended to
3 read:

4 28-304. Powers and duties of the board; transportation
5 facilities

6 A. The board shall:

7 1. Develop and adopt a statewide transportation policy statement.
8 The policy statement shall be adopted as described in section 28-306.

9 2. Adopt a long-range statewide transportation plan. The plan
10 shall be adopted as described in section 28-307.

11 3. Adopt uniform transportation planning practices and performance
12 based planning processes for use by the department. The practices and
13 processes shall be developed as described in sections 28-502 and 28-503.

14 4. Adopt transportation system performance measures and factors and
15 data collection standards to be used by the department. The performance
16 measures, factors and standards shall be developed as described in
17 sections 28-504 and 28-505.

18 B. With respect to highways, the board shall:

19 1. Establish a complete system of state highway routes.

20 2. Determine which state highway routes or portions of the routes
21 are accepted into the state highway system and which state highway routes
22 to improve.

23 3. Establish, open, relocate or alter a portion of a state route or
24 state highway.

25 4. Vacate or abandon a portion of a state route or state highway as
26 prescribed in section 28-7209.

27 5. Sell board funding obligations to the state treasurer as
28 provided in section 28-7678.

29 C. The board shall:

30 1. Establish policies to guide the development or modification of
31 the five year transportation facilities construction program that are
32 consistent with the principles of ~~performance-based~~ PERFORMANCE-BASED
33 planning developed pursuant to article 7 of this chapter. The percentage
34 of department discretionary monies allocated to the region in the ~~regional~~
35 ~~transportation~~ plan approved pursuant to chapter 17, article 1 of this
36 title shall not increase or decrease unless the board, in cooperation with
37 the regional planning agency, agrees to change the percentage of the
38 discretionary monies.

39 2. Award all construction contracts for transportation facilities.

40 3. Monitor the status of these construction projects.

41 D. The board shall determine priority program planning with respect
42 to transportation facilities using the ~~performance-based~~ PERFORMANCE-BASED
43 methods developed pursuant to article 7 of this chapter.

1 E. With respect to transportation facilities other than highways,
2 the board shall establish, open, relocate, alter, vacate or abandon all or
3 portions of the facilities.

4 F. With respect to aeronautics, the board shall perform the
5 functions prescribed in chapter 25 of this title.

6 G. The board shall not spend any monies, adopt any rules or
7 implement any policies or programs to convert signs to the metric system
8 or to require the use of the metric system with respect to designing or
9 preparing plans, specifications, estimates or other documents for any
10 highway project before the conversion or use is required by federal law,
11 except that the board may:

12 1. Spend monies and require the use of the metric system with
13 respect to designing or preparing plans, specifications, estimates or
14 other documents for a highway project that is awarded before October 1,
15 1997 and that is exclusively metric from its inception.

16 2. Prepare for conversion to and use of the metric system not more
17 than six months before the conversion or use is required by federal law.

18 Sec. 2. Section 28-6301, Arizona Revised Statutes, is amended to
19 read:

20 28-6301. Definitions

21 In this article, unless the context otherwise requires:

22 1. "~~Bond-related~~ BOND-RELATED expenses" means:

23 (a) Printing, publication or advertising expenses with respect to
24 the sale and issuance of any bonds.

25 (b) Fees, expenses and costs of registrars, paying agents and
26 transfer agents retained by the board.

27 (c) Fees, expenses and costs of attorneys, accountants, actuaries,
28 feasibility consultants, computer programmers or other experts employed to
29 aid in the sale and issuance of the bonds.

30 (d) Other costs, fees and expenses incurred or reasonably related
31 to the issuance, sale and administration of the bonds.

32 2. "~~Bond-related~~ BOND-RELATED obligation" means any agreement or
33 contractual relationship between the board and any bank, trust company,
34 insurance company, surety bonding company, pension fund or other financial
35 institution providing increased credit on, or security for, the bonds or
36 liquidity for secondary market transactions.

37 3. "Bonds" means any bonds that are payable from the regional area
38 road fund as provided in chapter 21, article 2 of this title.

39 4. "Construction interest" means a company whose primary function
40 consists of building freeways, highways or major arterial streets.

41 5. "Controlled access highway" has the same meaning prescribed in
42 section 28-601.

1 6. "Freight interest" means a company that derives a substantial
2 portion of its revenue from transporting goods.

3 ~~7. "Major amendment" means either:~~

4 ~~(a) The addition or deletion of a freeway, route on the state~~
5 ~~highway system or a fixed guideway transit system.~~

6 ~~(b) The addition or deletion of a portion of a freeway, route on~~
7 ~~the state highway system or a fixed guideway transit system that either~~
8 ~~exceeds one mile in length or exceeds an estimated cost of forty million~~
9 ~~dollars as provided in the regional transportation plan.~~

10 ~~(c) The modification of a transportation project in a manner that~~
11 ~~eliminates a connection between freeway facilities or fixed guideway~~
12 ~~facilities.~~

13 7. "MAJOR ARTERIAL" MEANS AN INTERCONNECTED THOROUGHFARE WHOSE
14 PRIMARY FUNCTION IS TO LINK AREAS IN THE REGION AND TO DISTRIBUTE TRAFFIC
15 TO AND FROM CONTROLLED ACCESS HIGHWAYS, GENERALLY OF REGIONWIDE
16 SIGNIFICANCE AND OF VARYING CAPACITY DEPENDING ON THE TRAVEL DEMAND FOR
17 THE SPECIFIC DIRECTION AND ADJACENT LAND USES.

18 8. "PLAN" HAS THE SAME MEANING PRESCRIBED IN SECTION 28-6351.

19 ~~8.~~ 9. "Population" means the population determined in the most
20 recent United States decennial census or the most recent special census as
21 provided in section 28-6532 and revisions to the decennial or special
22 census certified by the United States bureau of the census.

23 ~~9.~~ 10. "Public transportation" means moving passengers by means of
24 a conveyance operated by or for a political subdivision of this state,
25 including dial-a-ride transportation, special needs transportation and van
26 pool transportation but excluding school buses.

27 ~~10.~~ 11. "Public transportation system" means the combination of
28 individuals, vehicles, physical facilities, structures and equipment that
29 together provide, or facilitate providing, public transportation,
30 including buses, high occupancy vehicle roadway lanes and ramps, bus
31 pull-out lanes, bus and light rail waiting facilities, park and ride
32 parking lots, intelligent transportation systems and ridesharing
33 promotion.

34 12. "REGIONAL PROGRAMS" MEANS TRANSPORTATION PROJECTS THAT ARE
35 SELECTED THROUGH A PERFORMANCE-BASED PROCESS FOR ARTERIAL IMPROVEMENTS,
36 ACTIVE TRANSPORTATION, AIR QUALITY, EMERGING TECHNOLOGIES, INTELLIGENT
37 TRANSPORTATION SYSTEMS, SAFETY AND TRANSPORTATION DEMAND MANAGEMENT.

38 ~~11.~~ 13. "Regionwide business" means a company that provides goods
39 or services throughout the county.

40 ~~12.~~ 14. "Transit interest" means an individual with demonstrated
41 interest and experience with public transportation.

1 Sec. 3. Section 28-6302, Arizona Revised Statutes, is amended to
2 read:

3 28-6302. Transportation excise tax distribution; counties
4 with three million or more persons; regional area
5 road fund

6 A. In a county with a population of ~~one~~ THREE million two-hundred
7 thousand or more persons, the officer collecting transportation excise tax
8 monies pursuant to section 42-6105 OR 42-6105.01 that are designated for
9 deposit in the regional area road fund shall immediately transfer the
10 monies to the state treasurer. The state treasurer shall deposit the
11 monies in a fund designated for the county as the regional area road
12 fund. The state treasurer shall hold monies in the regional area road
13 fund as a trustee for the county.

14 B. Except as provided in this article, the county in which the
15 transportation excise taxes are levied has the beneficial interest in the
16 regional area road fund. This state has no beneficial interest in the
17 regional area road fund except as an obligee for reimbursement of state
18 monies that are advanced as salaries or expenses by this state or the
19 department and that are to be repaid by the regional area road fund.

20 C. Monies and investments within the regional area road fund may be
21 used and spent only as provided in this chapter. An appropriation of any
22 nature shall not be required before the expenditure of monies from the
23 regional area road fund. Monies in the bond proceeds account or
24 construction account of a regional area road fund may be obligated for
25 payment in future years for the purpose of right-of-way acquisition
26 subject to the limitations prescribed in sections 28-7001 and 28-7002, and
27 section 42-6105, subsection D, paragraphs 1 and 2 AND SECTION 42-6105.01,
28 SUBSECTION D, PARAGRAPHS 1 AND 2. The state treasurer shall make payments
29 from the regional area road fund by check, and a warrant or voucher is not
30 necessary. Subject to the powers granted to the board in chapter 21,
31 article 2 of this title, the director shall administer monies deposited in
32 the regional area road fund.

33 Sec. 4. Section 28-6303, Arizona Revised Statutes, is amended to
34 read:

35 28-6303. Regional area road fund; separate accounts

36 A. The regional area road fund is divided into three separate
37 accounts designated as the bond account, the construction account and the
38 bond proceeds account.

39 B. The state treasurer shall:

40 1. Account separately for each account.

41 2. Make transfers between accounts only as provided in this article
42 or chapter 21, article 2 of this title.

43 3. Before any bonds are issued, deposit transportation excise tax
44 revenues transferred to the state treasurer in the construction account.
45 These revenues shall be expended as provided in this article.

1 4. After any bonds are issued, deposit transportation excise tax
2 revenues transferred to the state treasurer in the bond account first
3 until the bond account contains monies sufficient to meet all principal,
4 interest or redemption requirements for the current period as required by
5 any resolution of the board pertaining to the issuance of bonds.

6 5. After all current period requirements for all of the bonds are
7 deposited in the bond account, deposit the balance of transportation
8 excise tax revenues transferred to the state treasurer for the current
9 period in the construction account.

10 C. The state treasurer may:

11 1. Invest monies in any account of the regional area road fund in
12 any securities or obligations authorized by title 35, chapter 2,
13 article 2.

14 2. For the purpose of investments, commingle monies within the
15 regional area road fund with state monies if all interest earned on the
16 monies in the regional area road fund of a county is credited to the
17 respective account of the regional area road fund in which the investment
18 was made.

19 D. The department shall separately account for the uses of
20 transportation excise tax revenues deposited into the bond account and the
21 construction account in order to identify how the transportation excise
22 tax revenues are used pursuant to section 42-6105, subsection D,
23 paragraphs 1 and 2, for:

24 1. Freeways and other routes in the state highway system.

25 2. Major arterial streets and ~~intersection improvements~~ REGIONAL
26 PROGRAMS IDENTIFIED IN THE PLAN, INCLUDING CAPITAL EXPENSE AND
27 IMPLEMENTATION STUDIES.

28 E. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE USES OF
29 TRANSPORTATION EXCISE TAX REVENUES DEPOSITED IN THE BOND ACCOUNT AND THE
30 CONSTRUCTION ACCOUNT IN ORDER TO IDENTIFY HOW THE TRANSPORTATION EXCISE
31 TAX REVENUES ARE USED PURSUANT TO SECTION 42-6105.01, SUBSECTION D,
32 PARAGRAPHS 1 AND 2 FOR:

33 1. FREEWAYS AND OTHER ROUTES IN THE STATE HIGHWAY SYSTEM.

34 2. MAJOR ARTERIAL STREETS AND REGIONAL PROGRAMS IDENTIFIED IN THE
35 PLAN, INCLUDING CAPITAL EXPENSE AND IMPLEMENTATION STUDIES.

36 Sec. 5. Section 28-6304, Arizona Revised Statutes, is amended to
37 read:

38 28-6304. Bond account; expenditures

39 A. The state treasurer shall:

40 1. Hold monies in the bond account in trust for the owners of the
41 bonds.

42 2. Pay monies in the bond account to the county, to paying agents
43 or to the owners of the bonds directly in accordance with a resolution of
44 the board authorizing the issuance of the bonds.

1 B. Monies in the bond account may be used:
2 1. To pay ~~bond-related~~ BOND-RELATED expenses or recurring expenses
3 pertaining to administration and payment of the bonds.
4 2. For funding reserves for the payment of the bonds.
5 3. For payment of fees, charges and expenses incurred with respect
6 to ~~bond-related~~ BOND-RELATED obligations.
7 C. Monies in the bond proceeds account may be obligated or spent as
8 directed by the board, ACCORDING TO THE PLAN, for the:
9 1. Payment of all ~~bond-related~~ BOND-RELATED expenses.
10 2. Establishment and funding of reserve monies or to pay interest
11 on bonds during the expected period of construction.
12 3. Payment of fees, charges and expenses incurred with respect to
13 ~~bond-related~~ BOND-RELATED obligations.
14 4. Design, right-of-way purchase or construction related to new, or
15 improvements to, freeways and other routes in the state highway system
16 that are included in the ~~regional transportation plan of the county and~~
17 that are accepted into the state highway system.
18 5. Design, right-of-way purchase or construction related to new, or
19 improvements to, major arterial streets and intersections that are
20 included in the ~~regional transportation plan of the county. For the~~
21 ~~purposes of this paragraph, "major arterial" means an interconnected~~
22 ~~thoroughfare whose primary function is to link areas in the region and to~~
23 ~~distribute traffic to and from controlled access highways, generally of~~
24 ~~regionwide significance and of varying capacity depending on the travel~~
25 ~~demand for the specific direction and adjacent land uses.~~
26 ~~6. Design and construction of interim roadways within the adopted~~
27 ~~corridors of the regional transportation plan of the county pursuant to~~
28 ~~section 28-6309.~~
29 ~~7. Right-of-way costs associated with the construction of interim~~
30 ~~roadways pursuant to section 28-6310.~~
31 ~~6.~~ 6. Payment of principal and interest on the bonds.
32 7. DESIGN, CONSTRUCTION AND IMPLEMENTATION OF REGIONAL PROGRAMS AS
33 DEFINED BY THE PLAN.
34 Sec. 6. Section 28-6305, Arizona Revised Statutes, is amended to
35 read:
36 28-6305. Construction account; expenditures; construction
37 contracts
38 A. Except as provided in subsection B of this section, monies in
39 the construction account of the regional area road fund shall be spent,
40 pledged or accumulated for the purposes provided in section 28-6304,
41 subsection C, paragraphs 4 and 5, including payment of interest on and
42 repayment of bonds and obligations issued pursuant to chapter 21 of this
43 title if the proceeds of the bonds or obligations are used for the
44 purposes provided in section 28-6304, subsection C, paragraphs 4 and 5.

1 B. Of the monies deposited in the construction account of the
2 regional area road fund under section 28-6303, the state treasurer shall:

3 1. In each fiscal year, divide and equally distribute five million
4 dollars \$5,000,000 to:

5 (a) The public transportation fund established in that county under
6 section 48-5103.

7 (b) The regional planning agency in that county for planning and
8 administration of ADMINISTERING the regional transportation plan approved
9 pursuant to section 28-6308. The state treasurer shall distribute monies
10 under this subdivision through the department on or before June 30 of each
11 year.

12 2. Beginning with fiscal year 1987-1988, adjust the monies
13 distributed under paragraph 1 OF THIS SUBSECTION by the annual percentage
14 change for the previous calendar year in the GDP price deflator as defined
15 in section 41-563.

16 C. The monies distributed under subsection B of this section shall
17 only be spent for planning and administering the regional transportation
18 plan approved pursuant to section 28-6308 and the costs incurred by the
19 auditor general relating to performance audits under section 28-6313.
20 Before the beginning of each fiscal year, the respective governing bodies
21 of the members of the regional planning agency and the board of directors
22 of the regional public transportation authority shall explicitly identify
23 and approve in the annual budgets the monies to be spent under subsection
24 B of this section for the purposes allowed under this subsection. These
25 expenditures are subject to the annual audit of the governing bodies'
26 financial transactions.

27 D. The director may enter into construction contracts or contracts
28 incidental to construction contracts payable from monies in either the
29 bond proceeds account or the construction account or both the bond
30 proceeds and construction accounts.

31 Sec. 7. Section 28-6306, Arizona Revised Statutes, is amended to
32 read:

33 28-6306. Account expenditures; elections

34 A. Except as provided in subsection B OF THIS SECTION, monies from
35 any account in the regional area road fund shall not be spent to promote
36 or advocate a position, alternative or outcome of an election, to
37 influence public opinion or to pay or contract for consultants or advisors
38 to influence public opinion with respect to an election regarding taxes or
39 other sources of revenue for the fund or regarding the regional
40 transportation plan.

41 B. Monies from any account in the regional area road fund may be
42 spent:

43 1. As authorized by this article to determine public opinion before
44 the election is called.

1 3. ~~Submit the plan for review by the regional public transportation~~
2 ~~authority in the county, the state board of transportation, the county~~
3 ~~board of supervisors, Indian communities and cities and towns in the~~
4 ~~county at the alternatives stage of the plan and the final draft stage of~~
5 ~~the plan. After reviewing the plan, the regional public transportation~~
6 ~~authority in the county, the county board of supervisors and the state~~
7 ~~board of transportation, by majority vote of the members of each entity~~
8 ~~within thirty days after receiving the plan, shall submit a written~~
9 ~~recommendation to the transportation policy committee that the plan be~~
10 ~~approved, modified or disapproved. Within thirty days after receiving the~~
11 ~~plan, Indian communities and cities and towns in the county may submit a~~
12 ~~written recommendation to the transportation policy committee that the~~
13 ~~plan be approved, modified or disapproved.~~

14 4. ~~Consider plan modifications proposed by any of the entities as~~
15 ~~prescribed in paragraph 3 of this subsection.~~

16 5. ~~By majority vote, approve, disapprove or further modify each~~
17 ~~proposed plan modification.~~

18 6. ~~Provide a written response to the regional public transportation~~
19 ~~authority, the state board of transportation, the county board of~~
20 ~~supervisors and the entity that submitted the proposed modification within~~
21 ~~thirty days after the vote on the proposed modification explaining the~~
22 ~~affirmation, rejection or further modification of each proposed~~
23 ~~modification.~~

24 7. ~~Recommend the plan to the regional planning agency for approval~~
25 ~~for an air quality conformity analysis.~~

26 C. ~~The regional transportation plan:~~

27 1. ~~Shall include the following transportation mode classifications~~
28 ~~with a revenue allocation to each classification consistent with section~~
29 ~~42-6105, subsection D:~~

30 (a) ~~Freeways and other routes in the state highway system.~~

31 (b) ~~Major arterial streets and intersection improvements.~~

32 (c) ~~Public transportation systems.~~

33 2. ~~Shall provide a suggested construction schedule for the~~
34 ~~transportation projects contained in the plan.~~

35 3. ~~May be annually updated to introduce new controlled access~~
36 ~~highways, related grade separations and transportation projects or to~~
37 ~~modify the existing plan.~~

38 4. ~~Shall be developed to meet federal air quality requirements~~
39 ~~established for the region in which it is located.~~

40 D. ~~Transportation excise tax revenues that are distributed pursuant~~
41 ~~to section 42-6105, subsection D shall not be redistributed or used for~~
42 ~~other transportation modes. Except as provided by section 28-6353,~~
43 ~~subsections D, E and F, transportation excise tax revenues that are~~
44 ~~dedicated in the plan to a specific project or transportation system may~~
45 ~~only be redistributed to or otherwise used for another project within the~~

1 ~~same transportation mode if approved by a majority vote of the~~
2 ~~transportation policy committee.~~

3 3. RECOMMEND APPROVAL, DISAPPROVAL OR MODIFICATION OF CHANGES TO
4 THE ALLOCATIONS OF TRANSPORTATION EXCISE TAX REVENUES BETWEEN SECTION
5 28-6352, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, INCLUDING INVESTMENT CHANGES
6 AS DESCRIBED IN SECTION 28-6352, SUBSECTIONS C AND H.

7 4. RECOMMEND APPROVAL, DISAPPROVAL OR MODIFICATION OF THE BUDGET
8 PROCESSES IDENTIFIED BY SECTION 28-6352, SUBSECTION D.

9 5. RECOMMEND APPROVAL, DISAPPROVAL, OR MODIFICATION OF FUNDING
10 AWARDED THROUGH THE REGIONAL PROGRAMS PROCESS.

11 Sec. 10. Repeal

12 Sections 28-6309, 28-6310, 28-6311 and 28-6312, Arizona Revised
13 Statutes, are repealed.

14 Sec. 11. Section 28-6313, Arizona Revised Statutes, is amended to
15 read:

16 28-6313. Performance audits of proposed transportation
17 projects and systems

18 A. Beginning in 2010 and every fifth year thereafter, the auditor
19 general shall ~~contract with a nationally recognized independent auditor~~
20 ~~with expertise in evaluating multimodal transportation systems and in~~
21 ~~regional transportation planning to~~ conduct a performance audit, as
22 defined in section 41-1278, of the ~~regional transportation plan and~~
23 projects scheduled for funding during the next five years.

24 B. With respect to light rail systems, the audit shall consider the
25 criteria used by the federal transit administration pursuant to 49 United
26 States Code section 5309(e)(1)(B) and the interrelationship among the
27 criteria to provide federal funding for light rail systems. For light
28 rail systems, the audit shall also consider:

- 29 1. Service levels.
- 30 2. Capital costs.
- 31 3. Operation and maintenance costs.
- 32 4. Transit ridership.
- 33 5. Farebox revenues.

34 C. The audit shall:

35 1. Examine the ~~regional transportation plan and projects scheduled~~
36 for funding within each transportation mode based on the performance
37 factors established in section 28-505, subsection A, in the context of the
38 transportation system.

39 2. Review past expenditures of the ~~regional transportation plan and~~
40 examine the performance of the system in relieving congestion and
41 improving mobility.

42 3. Make recommendations regarding whether further implementation of
43 a project or transportation system is warranted, warranted with
44 modifications or not warranted.

1 D. The auditor general or the auditors contracted to conduct the
2 audit shall periodically update the transportation policy committee
3 regarding the progress of the audit.

4 E. Within forty-five days after the release of the audit, the
5 regional public transportation authority, the state transportation board
6 and the county board of supervisors, by a majority vote of each entity,
7 shall submit written recommendations to the transportation policy
8 committee that the findings are agreed to or disagreed with and the
9 recommendations should be implemented, be implemented with modification or
10 not be implemented.

11 F. Within forty-five days after the audit's release, the regional
12 planning agency shall hold a public hearing on the audit findings and
13 recommendations.

14 G. The auditor general shall distribute copies of the audit to:

- 15 1. The regional planning agency.
- 16 2. The transportation policy committee.
- 17 3. The regional public transportation authority in the county.
- 18 4. The county board of supervisors.
- 19 5. The state transportation board.
- 20 6. The governor, secretary of state, president of the senate and
21 speaker of the house of representatives.
- 22 7. The Arizona state library, archives and public records.
- 23 8. Any other person who requests a copy pursuant to title 39,
24 chapter 1, article 2.

25 H. The state transportation board, regional planning agency,
26 regional public transportation authority and county board of supervisors
27 shall cooperate with and submit to the auditor general and the auditors
28 contracted to conduct the audit information necessary to conduct the
29 audits under this section.

30 I. The cost incurred by the auditor general in contracting with
31 independent auditors for conducting performance audits under subsection A
32 of this section shall be paid from revenues of the county transportation
33 excise tax under section SECTIONS 42-6105 AND 42-6105.01. When due, the
34 payments have priority over any other distribution authorized by section
35 42-6105 OR 42-6105.01. The auditor general shall deposit the payments in
36 the audit services revolving fund established by section 41-1279.06.

37 Sec. 12. Heading change

38 The article heading of title 28, chapter 17, article 2, Arizona
39 Revised Statutes, is changed from "REGIONAL TRANSPORTATION PLAN" to
40 "COUNTY TRANSPORTATION EXCISE TAX PLAN".

1 Sec. 13. Section 28-6351, Arizona Revised Statutes, is amended to
2 read:

3 28-6351. Definitions

4 In this article, unless the context otherwise requires:

5 ~~1. "Controlled access highway" has the same meaning prescribed in~~
6 ~~section 28-601.~~

7 ~~2.~~ 1. "Enhancement" means an addition that exceeds generally
8 accepted engineering or design standards for the specific type of
9 facility.

10 ~~3.~~ 2. "Regional transportation Plan" means the twenty-year
11 comprehensive, performance-based PERFORMANCE-BASED, multimodal and
12 coordinated regional STRATEGIC transportation INFRASTRUCTURE INVESTMENT
13 plan approved for the county pursuant to section 28-6308, as amended or
14 otherwise modified.

15 Sec. 14. Repeal

16 Sections 28-6352, 28-6353, 28-6354 and 28-6355, Arizona Revised
17 Statutes, are repealed.

18 Sec. 15. Title 28, chapter 17, article 2, Arizona Revised Statutes,
19 is amended by adding a new section 28-6352, to read:

20 28-6352. County transportation excise tax; budget process

21 A. THE REGIONAL PLANNING AGENCY IN THE COUNTY SHALL DEVELOP AND
22 ADOPT A PLAN. THE PLAN SHALL BE MULTIMODAL AND SHALL BE DEVELOPED IN
23 COOPERATION WITH STATE AND LOCAL PUBLIC TRANSPORTATION AUTHORITIES AND
24 OPERATORS AND IN COORDINATION WITH THE DEPARTMENT. THE REGIONAL PLANNING
25 AGENCY SHALL CONSIDER TRUCK PARKING AVAILABILITY WHEN CONSIDERING THE
26 CONSTRUCTION, EXPANSION OR MODIFICATION OF FREEWAYS OR OTHER ROUTES IN THE
27 STATE HIGHWAY SYSTEM. ON OR BEFORE DECEMBER 31, 2049, THE REGIONAL
28 PLANNING AGENCY SHALL ALLOCATE AT LEAST \$90,000,000 FOR THE IMPLEMENTATION
29 OF COMMERCIAL MOTOR VEHICLE PARKING THAT IS CONSISTENT WITH A REGIONALLY
30 ADOPTED TRUCK PARKING PLAN, INCLUDING FUNDING FOR CONSTRUCTION, LAND
31 ACQUISITION, LEASE, MAINTENANCE OR OPERATIONS OR ENTRY INTO A
32 PUBLIC-PRIVATE PARTNERSHIP AGREEMENT.

33 B. THE PLAN SHALL ALLOCATE REVENUE COLLECTED UNDER SECTION
34 42-6105.01 AS FOLLOWS:

35 1. IN THE REGIONAL AREA ROAD FUND FOR FREEWAYS AND OTHER ROUTES IN
36 THE STATE HIGHWAY SYSTEM, INCLUDING CAPITAL EXPENSE AND MAINTENANCE.

37 2. IN THE REGIONAL AREA ROAD FUND FOR MAJOR ARTERIAL STREETS AND
38 REGIONAL PROGRAMS, INCLUDING CAPITAL EXPENSE AND IMPLEMENTATION STUDIES.

39 3. IN THE PUBLIC TRANSPORTATION FUND ESTABLISHED BY SECTION 48-5103
40 FOR:

41 (a) CAPITAL COSTS, MAINTENANCE AND OPERATION OF PUBLIC
42 TRANSPORTATION MODE CLASSIFICATIONS.

43 (b) CAPITAL COSTS AND UTILITY RELOCATION COSTS ASSOCIATED WITH THE
44 LIGHT RAIL SYSTEM.

1 C. TRANSPORTATION EXCISE TAX REVENUES THAT ARE ALLOCATED PURSUANT
2 TO SUBSECTION B, PARAGRAPH 1, 2 OR 3 OF THIS SECTION MAY ONLY BE
3 REALLOCATED TO ANOTHER PARAGRAPH UNDER SUBSECTION B OF THIS SECTION IF THE
4 REALLOCATION IS RECOMMENDED FOR APPROVAL BY THE TRANSPORTATION POLICY
5 COMMITTEE AND APPROVED BY THE REGIONAL PLANNING AGENCY BOARD, NOT MORE
6 THAN TWO AND ONE-HALF PERCENT OF THE REVENUES COLLECTED UNDER SECTION
7 42-6105.01 MAY BE TRANSFERRED ANNUALLY BETWEEN SUBSECTION B, PARAGRAPHS 1,
8 2 AND 3 OF THIS SECTION WITHOUT GOING THROUGH THE MAJOR INVESTMENT CHANGE
9 PROCESS AS PRESCRIBED IN SUBSECTION H OF THIS SECTION.

10 D. BEGINNING FISCAL YEAR 2022-2023, THE REGIONAL PLANNING AGENCY
11 SHALL ADOPT A BUDGET PROCESS THAT ENSURES:

12 1. THE ESTIMATED COST OF THE FREEWAYS AND OTHER ROUTES IN THE
13 REGION'S STATE HIGHWAY SYSTEM DOES NOT EXCEED THE TOTAL AMOUNT OF REVENUES
14 ESTIMATED TO BE AVAILABLE OVER THE TERM OF THE TRANSPORTATION EXCISE TAX
15 AS PRESCRIBED BY SECTION 42-6105, SUBSECTION C AND SECTION 42-6105.01,
16 SUBSECTION C.

17 2. THE ESTIMATED COST OF THE PUBLIC TRANSPORTATION SYSTEM DOES NOT
18 EXCEED THE TOTAL AMOUNT OF REVENUES ESTIMATED TO BE AVAILABLE OVER THE
19 TERM OF THE TRANSPORTATION EXCISE TAX AS PRESCRIBED BY SECTION 42-6105,
20 SUBSECTION C AND SECTION 42-6105.01, SUBSECTION C.

21 3. THE ESTIMATED COST OF MAJOR ARTERIAL STREETS AND REGIONAL
22 PROGRAMS DOES NOT EXCEED THE TOTAL AMOUNT OF REVENUES ESTIMATED TO BE
23 AVAILABLE OVER THE TERM OF THE TRANSPORTATION EXCISE TAX AS PRESCRIBED BY
24 SECTION 42-6105, SUBSECTION C AND SECTION 42-6105.01, SUBSECTION C.

25 E. THE REGIONAL PLANNING AGENCY SHALL COORDINATE WITH IMPLEMENTING
26 PARTNERS ON THE BUDGET PROCESS PRESCRIBED IN SUBSECTION D OF THIS SECTION,
27 INCLUDING THE DEPARTMENT FOR FREEWAYS AND OTHER ROUTES IN THE STATE
28 HIGHWAY SYSTEM AND THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE
29 COUNTY FOR THE PUBLIC TRANSPORTATION SYSTEM.

30 F. THE REGIONAL PLANNING AGENCY SHALL DETERMINE THE USE OF THE
31 REVENUES COLLECTED UNDER SECTIONS 42-6105 AND 42-6105.01 FOR CAPITAL
32 PROJECTS THROUGH THE TRANSPORTATION IMPROVEMENT PROGRAM.

33 G. ANY BONDS ISSUED AGAINST PROCEEDS COLLECTED PURSUANT TO SECTIONS
34 42-6105 AND 42-6105.01 REQUIRE CONSULTATION WITH THE REGIONAL PLANNING
35 AGENCY.

36 H. THE MAJOR INVESTMENT CHANGE PROCESS REQUIRES THE FOLLOWING:

37 1. CONSIDERATION BY THE TRANSPORTATION POLICY COMMITTEE.

38 2. IDENTIFICATION OF THE PROJECTS AND PROGRAMS THAT WOULD BE
39 IMPACTED BY THE FUNDING TRANSFER.

40 3. A DETAILED, PERFORMANCE-BASED ASSESSMENT OF THE IMPACTED
41 PROJECTS AND PROGRAMS. THE PERFORMANCE-BASED ASSESSMENT MUST SUPPORT THE
42 PROPOSED MAJOR INVESTMENT CHANGE. THE ASSESSMENT SHALL ALSO SEEK,
43 CONSIDER AND DOCUMENT PUBLIC INPUT ON THE PROPOSED MAJOR INVESTMENT
44 CHANGE.

45 4. A ONE HUNDRED EIGHTY-DAY PUBLIC COMMENT PERIOD.

1 5. SUBMISSION OF THE PROPOSED MAJOR INVESTMENT CHANGE FOR REVIEW BY
2 THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE STATE
3 BOARD OF TRANSPORTATION AND THE COUNTY BOARD OF SUPERVISORS. AFTER
4 REVIEW, THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE
5 STATE BOARD OF TRANSPORTATION AND THE COUNTY BOARD OF SUPERVISORS, BY A
6 MAJORITY VOTE OF THE MEMBERS OF EACH BOARD AND WITHIN THIRTY DAYS AFTER
7 RECEIVING THE PROPOSED MAJOR INVESTMENT CHANGE, SHALL SUBMIT A WRITTEN
8 RECOMMENDATION TO THE REGIONAL PLANNING AGENCY THAT THE PROPOSED MAJOR
9 INVESTMENT CHANGE BE APPROVED, MODIFIED OR DISAPPROVED. IF THE REGIONAL
10 PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE STATE BOARD OF
11 TRANSPORTATION OR THE COUNTY BOARD OF SUPERVISORS FAILS TO APPROVE THE
12 PROPOSED MAJOR INVESTMENT CHANGE, AN AFFIRMATIVE VOTE OF AT LEAST
13 SEVENTEEN MEMBERS OF THE TRANSPORTATION POLICY COMMITTEE IS REQUIRED TO
14 RECOMMEND APPROVAL AND PROCEED WITH THE MAJOR INVESTMENT CHANGE.

15 I. THE REGIONAL PLANNING AGENCY SHALL ANNUALLY REPORT ON THE STATUS
16 OF THE PROJECTS FUNDED PURSUANT TO SECTION 42-6105 OR 42-6105.01 AND SHALL
17 POST THE REPORT ON ITS WEBSITE.

18 J. REQUESTS FOR CHANGES TO TRANSPORTATION PROJECTS FUNDED IN THE
19 PLAN THAT WOULD MATERIALLY INCREASE COSTS SHALL BE SUBMITTED TO THE
20 REGIONAL PLANNING AGENCY FOR APPROVAL AND SUBMITTED BY THE REGIONAL
21 PLANNING AGENCY TO THE TRANSPORTATION POLICY COMMITTEE AND THE BOARD FOR
22 CONSIDERATION AND APPROVAL.

23 K. IF A LOCAL AUTHORITY REQUESTS AN ENHANCEMENT TO A TRANSPORTATION
24 PROJECT FUNDED IN THE PLAN, THE LOCAL AUTHORITY SHALL PAY ALL COSTS
25 ASSOCIATED WITH THE ENHANCEMENT.

26 L. THE PLAN SHALL REFLECT THE ALLOCATION OF REVENUES COLLECTED
27 UNDER SECTION 42-6105, SUBSECTION D THROUGH DECEMBER 31, 2025.

28 M. THE BUDGET PROCESS PRESCRIBED IN SUBSECTION D OF THIS SECTION
29 DOES NOT APPLY TO THE ANNUAL OPERATING BUDGET OF THE REGIONAL PUBLIC
30 TRANSPORTATION AUTHORITY IN THE COUNTY.

31 N. IF MONIES ARE APPROPRIATED BY THE LEGISLATURE FOR A PROJECT THAT
32 IS IDENTIFIED IN THE PLAN, THE USE OF THE MONIES FOR CONSTRUCTION REQUIRES
33 BOTH OF THE FOLLOWING:

34 1. THE PROJECT MUST BE ADVANCED AS APPROPRIATE TO REFLECT THE
35 ESTIMATED CONSTRUCTION START DATE.

36 2. THE MONIES MUST BE USED IN THE SAME MODAL CLASSIFICATION
37 SPECIFIED IN SUBSECTION B OF THIS SECTION.

38 O. IF A MUNICIPALITY PAYS FOR PUBLIC TRANSPORTATION SERVICE IN AN
39 ADJACENT MUNICIPALITY OR UNINCORPORATED AREA OF A COUNTY, THE COST OF THE
40 SERVICE SHALL BE ELIGIBLE FOR REIMBURSEMENT FROM MONIES COLLECTED UNDER
41 SECTION 42-6105 OR 42-6105.01. FOR THE PURPOSES OF THIS SUBSECTION:

42 1. "MUNICIPALITY" MEANS A CITY OR TOWN.

43 2. "PUBLIC TRANSPORTATION SERVICE" INCLUDES CIRCULATOR SERVICE.

1 Sec. 16. Section 28-6538, Arizona Revised Statutes, is amended to
2 read:

3 28-6538. Arizona highway user revenue fund distribution;
4 remaining monies; highway fund distribution;
5 contract authorization; plan requirements

6 A. Each fiscal year the department shall allocate and the state
7 treasurer shall distribute revenues of the Arizona highway user revenue
8 fund remaining after the distribution provided in sections 28-6534 and
9 28-6537 as follows:

- 10 1. To the state highway fund, fifty and one-half per-cent PERCENT.
- 11 2. To the counties, nineteen per-cent PERCENT.
- 12 3. To the incorporated cities and towns, twenty-seven and one-half
13 per-cent PERCENT.
- 14 4. To incorporated cities with a population of three hundred
15 thousand or more persons, three per-cent PERCENT.

16 B. At least twelve and six-tenths per-cent PERCENT of the revenues
17 allocated each year to the state highway fund pursuant to subsection A of
18 this section shall be further distributed in the following proportions and
19 for the following purposes:

20 1. Seventy-five per-cent PERCENT of the revenues shall be spent,
21 pledged or accumulated in counties with a population of one million five
22 hundred thousand or more persons for the design, right-of-way purchase or
23 construction of controlled access highways that are included in the
24 regional transportation plan of the county AS DEFINED IN SECTION 28-6351
25 and that are accepted into the state highway system either as a state
26 route or as a state highway.

27 2. Twenty-five per-cent PERCENT of the revenues shall be spent,
28 pledged or accumulated in counties with a population of more than eight
29 hundred thousand but less than one million five hundred thousand persons
30 for:

31 (a) The design, right-of-way purchase or construction of controlled
32 access highways that are included in the regional transportation plan of
33 the county AS DEFINED IN SECTION 28-6351 and that are accepted into the
34 state highway system either as a state route or as a state highway or
35 related grade separations of controlled access highways that are included
36 in the regional transportation plan of the county AS DEFINED IN SECTION
37 28-6351.

38 (b) Notwithstanding sections 28-6993 and 28-6995, the design,
39 right-of-way purchase, construction, standard and reduced clearance grade
40 separation, extension and widening of arterial streets and highways that
41 are included in the regional transportation plan of the county AS DEFINED
42 IN SECTION 28-6351.

43 C. Of the monies allocated to the state highway fund pursuant to
44 subsection A of this section, not more than five million dollars

1 \$5,000,000 annually shall be spent for the acquisition, construction or
2 improvement of entry roads to state parks or roads in state parks.

3 D. Expenditures for state matching monies for the federal
4 interstate system shall be in addition to the amount provided in
5 subsection B of this section.

6 E. The department may contract with a county, city or town to allow
7 the county, city or town to construct the streets or highways prescribed
8 in subsection B of this section.

9 F. A county described in subsection B of this section and the
10 cities and towns in the county, through their regional planning agency,
11 shall list transportation corridors by priority in the regional
12 transportation plan AS DEFINED IN SECTION 28-6351. The regional
13 transportation plan AS DEFINED IN SECTION 28-6351 may also provide a
14 suggested construction schedule for the transportation corridors contained
15 in the plan.

16 Sec. 17. Section 28-6954, Arizona Revised Statutes, is amended to
17 read:

18 28-6954. Program requirements

19 A. The five year transportation facilities construction program
20 shall:

21 1. Set forth estimated expenditures by project for engineering,
22 rights-of-way and construction.

23 2. Include detailed information by project as to location,
24 description and the reasons for the project's assigned priority.

25 3. List projects by priority and group them in the fiscal year
26 during which it is estimated construction can begin.

27 4. For the first year of the program, consist of projects that can
28 with reasonable certainty be advertised for public bidding.

29 5. Include a plan for the use of monies expected to be deposited in
30 a county's regional area road fund as provided in chapter 17, article 1 of
31 this title THAT IS ALL OF THE FOLLOWING:

32 (a) CONSISTENT WITH THE PLAN AS DEFINED IN SECTION 28-6351.

33 (b) CONSISTENT WITH THE PROJECT BUDGET PROCESS SPECIFIED IN SECTION
34 28-6352, SUBSECTION D, PARAGRAPH 1.

35 (c) ANNUALLY UPDATED.

36 6. Include a plan for the use of monies that are expected to accrue
37 in a county's regional transportation fund as provided in section 48-5310,
38 that are dedicated for street and highway purposes and that are in the
39 state highway system.

40 B. The department shall develop and use detailed criteria designed
41 to meet the transportation system performance measures adopted by the
42 board pursuant to section 28-304 in identifying projects for the five year
43 transportation facilities construction program. The project selection
44 process shall also conform to state and regional growth policies.

1 Sec. 18. Section 28-7562, Arizona Revised Statutes, is amended to
2 read:

3 28-7562. Bond requirements

4 A. The bonds authorized by this article shall:

5 1. Be authorized by resolution of the board.

6 2. Bear such date or dates and mature at such time or times, not
7 exceeding the earlier of ~~twenty~~ TWENTY-FIVE years from their respective
8 dates or the date the transportation excise taxes securing the bonds
9 cease, as the resolution or resolutions may provide.

10 3. Bear interest at such rate or rates, including rates that may
11 vary from time to time pursuant to parameters set by the board in the
12 authorizing resolution.

13 4. Be in the denomination, be in the form, either coupon or
14 registered, be executed in the manner and be payable as to principal,
15 interest or premium in the medium of payment at the office of the state
16 treasurer of this state or at such other place or places as the board
17 provides either by automatic deposit, wire transfer or mail, as the
18 resolution or resolutions may provide.

19 5. Be subject to the terms of redemption, at the option of either
20 the board or the owner of the bond, as the resolution or resolutions may
21 provide.

22 B. The bonds may be sold at either public or private sale, above,
23 at or below par and on terms the board determines. Bonds to fund or
24 refund other bonds may be exchanged with the holders of bonds being funded
25 or refunded on terms the board determines.

26 Sec. 19. Section 28-7671, Arizona Revised Statutes, is amended to
27 read:

28 28-7671. Definitions

29 In this article, unless the context otherwise requires:

30 1. "Eligible highway project" means a highway project that is both:

31 (a) On the federal aid system, national highway system or state
32 route or state highway system.

33 (b) Included in either:

34 (i) The department's state highway construction plan.

35 (ii) The transportation improvement plan of a regional association
36 of governments.

37 2. "Eligible transit capital project" means land, buildings or
38 motor vehicles or a combination of land, buildings and motor vehicles that
39 is included in the transportation improvement plan of a regional
40 association of governments and that is part of the federal transit
41 administration's rural public transportation program for entities that are
42 eligible pursuant to section 28-7676 and that have populations of less
43 than fifty thousand persons.

44 3. "Eligible transportation project" means a transportation project
45 that is eligible pursuant to section 28-7676.

1 4. "Federal SIB act" means section 350 of the national highway
2 system designation act of 1995 (P.L. 104-59; 109 Stat. 618), any
3 regulations adopted pursuant to that section and any other provisions of
4 federal law providing for state infrastructure banks, infrastructure
5 credit programs and other grant programs for highway purposes and any
6 regulations adopted pursuant to those laws.

7 5. "Fund" means the highway expansion and extension loan program
8 fund established by section 28-7674.

9 6. "Indian tribe" means any Indian tribe, band, group or community
10 that is recognized by the United States secretary of the interior and that
11 exercises governmental authority within the limits of any Indian
12 reservation under the jurisdiction of the United States government,
13 notwithstanding the issuance of any patent and including rights-of-way
14 running through the reservation.

15 7. "Loan repayment agreement" means one or more loan agreements,
16 instruments or other agreements providing for repayment of a loan or other
17 financial assistance and entered into by this state or its agencies,
18 including the department, or a political subdivision or Indian tribe.

19 8. "Political subdivision" means a county, city, town or special
20 taxing district authorized by law to construct or assist in the
21 construction of an eligible highway project or a county, city, town or
22 special taxing district established pursuant to section 48-5102 to
23 construct or assist in the construction of a transportation project.

24 9. "SIB cooperative agreement" means a cooperative agreement or
25 agreements entered into by the Arizona department of transportation with
26 the United States department of transportation pursuant to this article
27 and the federal SIB act.

28 10. "Transportation project" means all or a portion of a project
29 that is included in the state's transportation improvement program or a
30 ~~regional transportation plan~~, as defined in section 28-6351, including the
31 project planning, environmental work, design, right-of-way acquisition or
32 construction for the transportation project and associated rolling stock
33 and operating systems but not including an eligible highway project.

34 Sec. 20. Section 28-7691, Arizona Revised Statutes, is amended to
35 read:

36 28-7691. Definitions

37 In this article, unless the context otherwise requires:

38 1. "Excise taxes" means all unrestricted excise, transaction,
39 franchise, privilege and business taxes, state shared sales TRANSACTION
40 PRIVILEGE and income taxes, fees for licenses and permits and state
41 revenue sharing that are levied and paid by a political subdivision or
42 contributed, levied or paid to the political subdivision and not earmarked
43 by the contributor or the political subdivision for a contrary or
44 inconsistent purpose.

1 2. "Political subdivision" means a county, city, town or special
2 taxing district established pursuant to section 48-5102 to construct or
3 assist in the construction of a transportation project.

4 3. "Transportation project" means all or a portion of a project
5 that is included in the state's transportation improvement program or a
6 ~~regional transportation plan~~, as defined in section 28-6351, including the
7 project planning, environmental work, design, right-of-way acquisition or
8 construction for the transportation project and associated rolling stock
9 and operating systems.

10 4. "Transportation project advance agreement" means a written
11 agreement, entered into in accordance with section 28-7677 and section
12 9-500.17, 11-269.03 or 48-5122, between one or more political subdivisions
13 and the department, a regional planning agency, metropolitan planning
14 organization or council of governments or a designated grant recipient
15 under which the political subdivision advances monies to the department,
16 the regional planning agency, metropolitan planning organization or
17 council of governments or the designated grant recipient to accelerate a
18 transportation project and under which the recipient of the advanced
19 monies repays the advance.

20 5. "Transportation project advance revenues" means any revenues a
21 political subdivision receives under a transportation project advance
22 agreement, or as proceeds of transportation project advancement notes,
23 together with any earnings from the investment of the revenues.

24 6. "Transportation project advancement notes" means notes
25 authorized by this article.

26 Sec. 21. Section 28-7695, Arizona Revised Statutes, is amended to
27 read:

28 28-7695. Use of proceeds

29 A political subdivision shall use the proceeds from the sale of
30 transportation project advancement notes for payment of any of the
31 following:

32 1. Advances for a transportation project included in the state's
33 transportation improvement program or a ~~regional transportation plan~~, as
34 defined in section 28-6351, under the transportation project advance
35 agreement that relates to the transportation project advancement notes.

36 2. Legal and financial costs and expenses incurred in issuing and
37 administering the notes.

38 3. Reimbursement to the political subdivision for monies previously
39 advanced to the department, a regional planning agency, metropolitan
40 planning organization or council of governments, a regional public
41 transportation authority or a designated grant recipient under the
42 transportation project advance agreement that relates to the
43 transportation project advancement notes.

44 4. If authorized by the political subdivision, payment of interest
45 that accrues on the notes before maturity.

1 5. Payment of the principal, premium or interest on other
2 obligations of the political subdivision to the extent that proceeds of
3 those obligations are applied to the financing of the transportation
4 project that relates to the transportation project advance agreement.

5 Sec. 22. Section 42-6105, Arizona Revised Statutes, is amended to
6 read:

7 42-6105. County transportation excise tax; counties with
8 population of one million two hundred thousand or
9 more persons

10 A. If approved by the qualified electors voting at a countywide
11 election, a county with a population of one million two hundred thousand
12 or more persons shall levy and the department shall collect a tax as
13 provided by this section, in addition to all other taxes.

14 B. The tax shall be levied and collected:

15 1. At a rate of not more than ten per-cent PERCENT of the
16 transaction privilege tax rate prescribed by section 42-5010, subsection A
17 applying, as of January 1, 1990, to each person engaging or continuing in
18 the county in a business taxed under chapter 5, article 1 of this title.

19 2. At a rate of not more than ten per-cent PERCENT of the rate
20 prescribed by section 42-5352, subsection A.

21 3. On the use or consumption of electricity or natural gas by
22 retail electric or natural gas customers in the county who are subject to
23 use tax under section 42-5155, at a rate equal to the transaction
24 privilege tax rate under paragraph 1 of this subsection applying to
25 persons engaging or continuing in the county in the utilities transaction
26 privilege tax classification.

27 C. The tax levied under this section shall be in effect for a term
28 of twenty years.

29 D. The net revenues collected under this section shall be
30 distributed and deposited as follows for use consistent with the regional
31 transportation plan adopted under title 28, chapter 17, article 1- 2:

32 1. 56.2 per-cent PERCENT to the regional area road fund pursuant to
33 section 28-6303 for freeways and other routes in the state highway system,
34 including capital expense and maintenance.

35 2. 10.5 per-cent PERCENT to the regional area road fund pursuant to
36 section 28-6303 for major arterial streets and intersection improvements
37 REGIONAL PROGRAMS, including capital expense and implementation studies.

38 3. 33.3 per-cent PERCENT to the public transportation fund pursuant
39 to section 48-5103 for:

40 (a) Capital costs, maintenance and operation of public
41 transportation classifications.

42 (b) Capital costs and utility relocation costs associated with a
43 light rail public transit system.

1 Sec. 23. Title 42, chapter 6, article 3, Arizona Revised Statutes,
2 is amended by adding section 42-6105.01, to read:

3 42-6105.01. County transportation excise tax; counties with
4 population of three million or more persons;
5 conditional enactment

6 A. IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A COUNTYWIDE
7 ELECTION, FROM AND AFTER DECEMBER 31, 2025, A COUNTY WITH A POPULATION OF
8 THREE MILLION OR MORE PERSONS SHALL LEVY AND THE DEPARTMENT SHALL COLLECT
9 A TAX AS PROVIDED BY THIS SECTION, IN ADDITION TO ALL OTHER TAXES.

10 B. THE TAX SHALL BE LEVIED AND COLLECTED:

11 1. AT A RATE OF NOT MORE THAN TEN PERCENT OF THE TRANSACTION
12 PRIVILEGE TAX RATE PRESCRIBED BY SECTION 42-5010, SUBSECTION A THAT
13 APPLIES, AS OF JANUARY 1, 2022, TO EACH PERSON ENGAGING OR CONTINUING IN
14 THE COUNTY IN A BUSINESS TAXED UNDER CHAPTER 5, ARTICLE 1 OF THIS TITLE.

15 2. AT A RATE OF NOT MORE THAN TEN PERCENT OF THE RATE PRESCRIBED BY
16 SECTION 42-5352, SUBSECTION A.

17 3. ON THE USE OR CONSUMPTION OF ELECTRICITY OR NATURAL GAS BY
18 RETAIL ELECTRIC OR NATURAL GAS CUSTOMERS IN THE COUNTY WHO ARE SUBJECT TO
19 USE TAX UNDER SECTION 42-5155, AT A RATE EQUAL TO THE TRANSACTION
20 PRIVILEGE TAX RATE UNDER PARAGRAPH 1 OF THIS SUBSECTION THAT APPLIES TO
21 PERSONS ENGAGING OR CONTINUING IN THE COUNTY IN THE UTILITIES TRANSACTION
22 PRIVILEGE TAX CLASSIFICATION.

23 C. THE TAX LEVIED UNDER THIS SECTION SHALL BE IN EFFECT FOR A TERM
24 OF TWENTY-FIVE YEARS.

25 D. THE PLAN ADOPTED UNDER TITLE 28, CHAPTER 17, ARTICLE 2 SHALL
26 SPECIFY THE DISTRIBUTION OF MONIES COLLECTED UNDER THIS SECTION INTO THE
27 REGIONAL AREA ROAD FUND ESTABLISHED PURSUANT TO SECTION 28-6302 OR THE
28 PUBLIC TRANSPORTATION FUND ESTABLISHED BY SECTION 48-5103. EXCEPT AS
29 PROVIDED IN SUBSECTION F OF THIS SECTION, THE PLAN SHALL DISTRIBUTE:

30 1. 37.4 PERCENT TO THE REGIONAL AREA ROAD FUND FOR FREEWAYS AND
31 OTHER ROUTES IN THE STATE HIGHWAY SYSTEM, INCLUDING CAPITAL EXPENSE AND
32 MAINTENANCE.

33 2. 22.2 PERCENT TO THE REGIONAL AREA ROAD FUND FOR MAJOR ARTERIAL
34 STREETS AND REGIONAL PROGRAMS, INCLUDING CAPITAL EXPENSE AND
35 IMPLEMENTATION STUDIES.

36 3. 40.4 PERCENT TO THE PUBLIC TRANSPORTATION FUND FOR BOTH:

37 (a) CAPITAL COSTS, MAINTENANCE AND OPERATION OF PUBLIC
38 TRANSPORTATION MODE CLASSIFICATIONS.

39 (b) CAPITAL COSTS AND UTILITY RELOCATION COSTS ASSOCIATED WITH THE
40 LIGHT RAIL SYSTEM.

41 E. NOT MORE THAN FIVE PERCENT OF THE REVENUES COLLECTED UNDER THIS
42 SECTION MAY BE TRANSFERRED ANNUALLY BETWEEN SUBSECTION D, PARAGRAPHS 1, 2
43 AND 3 OF THIS SECTION.

1 F. NOT MORE THAN FOURTEEN PERCENT OF THE REVENUES COLLECTED
2 ANNUALLY UNDER THIS SECTION MAY BE SPENT ON LIGHT RAIL SYSTEMS IN A MANNER
3 DESCRIBED IN SUBSECTION D, PARAGRAPH 3, SUBDIVISION (b) OF THIS SECTION.

4 G. THE DISTRIBUTION SPECIFIED IN SUBSECTION D, PARAGRAPH 1 OF THIS
5 SECTION MAY NOT BE DECREASED.

6 H. MONIES COLLECTED PURSUANT TO THIS SECTION MAY NOT BE USED TO
7 INFLUENCE THE OUTCOME OF AN ELECTION.

8 I. THIS SECTION DOES NOT BECOME EFFECTIVE UNLESS AT AN ELECTION
9 HELD NOVEMBER 8, 2022 THE COUNTY TRANSPORTATION EXCISE TAX IS APPROVED BY
10 THE QUALIFIED ELECTORS.

11 Sec. 24. Section 48-5102, Arizona Revised Statutes, is amended to
12 read:

13 48-5102. Regional public transportation authority in counties
14 with population of three million or more persons;
15 establishment

16 ~~A. Beginning January 1, 1986, a regional public transportation~~
17 ~~authority is established in a county that has a population of one million~~
18 ~~two hundred thousand or more persons and that approves a transportation~~
19 ~~excise tax.~~

20 A. BEGINNING JANUARY 1, 2026, A REGIONAL PUBLIC TRANSPORTATION
21 AUTHORITY IS ESTABLISHED IN A COUNTY THAT HAS A POPULATION OF THREE
22 MILLION OR MORE PERSONS AND THAT APPROVES A COUNTY TRANSPORTATION EXCISE
23 TAX.

24 B. An authority is a tax levying public improvement district for
25 all purposes of article XIII, section 7, Constitution of Arizona, and has
26 the powers, privileges and immunities specifically granted by law. The
27 authority's property, bonds, debts and other obligations and interest on
28 and transfer of its bonds and obligations are free from taxation.

29 C. The authority may operate both within and outside the corporate
30 limits of the member municipalities.

31 Sec. 25. Section 48-5103, Arizona Revised Statutes, is amended to
32 read:

33 48-5103. Public transportation fund

34 A. A public transportation fund is established for the authority.
35 The fund consists of:

36 1. Monies appropriated by each municipality that is a member of the
37 authority or the county, if it elected to enter into the authority. Each
38 member municipality and member county shall appropriate monies to the
39 public transportation fund in an amount determined by the board.

40 2. Monies appropriated by a county that has not elected to enter
41 into the authority in an amount determined by the county board of
42 supervisors.

43 3. Transportation excise tax revenues that are allocated to the
44 fund pursuant to section SECTIONS 42-6105 AND 42-6105.01. The board shall
45 separately account for monies from transportation excise tax revenues

1 allocated pursuant to section 42-6105, subsection D, paragraph 3 OR
2 SECTION 42-6105.01, SUBSECTION D, PARAGRAPH 3, SUBDIVISION (b) for:

3 (a) A light rail public transit system.

4 (b) Capital costs for other public transportation.

5 (c) Operation and maintenance costs for other public
6 transportation.

7 4. Monies distributed under title 28, chapter 17, ~~article~~ ARTICLES
8 1 AND 2.

9 5. Grants, gifts or donations from public or private sources.

10 6. Monies granted by the federal government or appropriated by the
11 legislature.

12 7. Fares or other revenues collected in operating a public
13 transportation system.

14 B. On behalf of the authority, the fiscal agent shall administer
15 monies paid into the public transportation fund. Monies in the fund may
16 be spent pursuant to or to implement the public transportation element of
17 the ~~regional transportation plan AS DEFINED IN SECTION 28-6351~~ developed
18 and approved by the regional planning agency, including reimbursement for
19 utility relocation costs as prescribed in section 48-5107, ~~adopted~~
20 ~~pursuant to section 48-5121~~ and for projects identified in the regional
21 ~~transportation plan adopted by the regional planning agency pursuant to~~
22 ~~section 28-6308~~ 28-6352.

23 C. Monies in the fund shall not be spent to promote or advocate a
24 position, alternative or outcome of an election, to influence public
25 opinion or to pay or contract for consultants or advisors to influence
26 public opinion with respect to an election regarding taxes or other
27 sources of revenue for the fund or regarding the ~~regional transportation~~
28 ~~plan AS DEFINED IN SECTION 28-6351~~.

29 Sec. 26. Repeal

30 Sections 48-5106 and 48-5121, Arizona Revised Statutes, are
31 repealed.

32 Sec. 27. Election on transportation excise tax

33 A. Before November 8, 2022, the board of supervisors of any county
34 with a population of three million or more persons shall call a countywide
35 election for the extension and levy of a county transportation excise tax
36 as provided by section 42-6105.01, Arizona Revised Statutes, as added by
37 this act, and on November 8, 2022, the board of supervisors shall conduct
38 the election.

39 B. In addition to any other requirements prescribed by law, the
40 board of supervisors shall prepare and print an 8½" x 11" publicity
41 pamphlet concerning the ballot question and mail one copy of the pamphlet
42 to each household containing a registered voter in the county. The
43 mailings may be made over a period of days but shall be mailed for
44 delivery before the earliest date registered voters may receive early
45 ballots for the election. The publicity pamphlet shall contain:

1 1. A summary of the principal provisions of the issue presented to
2 the voters, including the rate of the transportation excise tax, the
3 number of years the tax will be in effect and the projected annual and
4 cumulative amount of revenues to be raised.

5 2. A statement describing the purposes for which the transportation
6 excise tax monies may be spent as provided by law, including:

7 (a) A summary of the regional strategic transportation
8 infrastructure investment plan adopted pursuant to section 28-6308,
9 Arizona Revised Statutes, as amended by this act.

10 (b) A map of proposed routes and transportation corridors of all
11 major transportation projects.

12 (c) The estimated amount of transportation excise tax revenues,
13 together with other identified revenues, dedicated for each transportation
14 mode.

15 (d) The Maricopa county elections department website address for
16 additional information on the regional strategic transportation
17 infrastructure investment plan.

18 3. The form of the ballot.

19 4. Any arguments for or against the ballot measure. Affirmative
20 arguments, arranged in the order in which the elections director received
21 them, shall be placed before the negative arguments, also arranged in the
22 order in which they were received.

23 C. On or before June 15, 2022, a person may file with the county
24 elections director an argument, not more than three hundred words in
25 length, advocating or opposing the ballot measure. The person who files
26 the argument shall also pay to the elections director a publication fee
27 prescribed by the board of supervisors. If the argument is sponsored by
28 one or more individuals, the argument shall be signed by each sponsoring
29 individual. If the argument is sponsored by one or more organizations,
30 the argument shall be signed by two executive officers of each
31 organization. If the argument is sponsored by one or more political
32 committees, the argument shall be signed by each committee's chairperson
33 or treasurer. Payment of the fee required by this subsection, or
34 reimbursement of the payor, constitutes sponsorship of the argument. The
35 names of persons who have signed arguments and the names of sponsoring
36 organizations shall appear with the argument in the pamphlet. The person
37 or persons signing the argument shall also give their residence or post
38 office box address and a telephone number, which may not appear in the
39 pamphlet.

40 D. In addition to any other ballot requirements prescribed by law,
41 the elections director shall cause the following to be printed on the
42 official ballot:

43 1. The designation of the measure as follows: "Relating to county
44 transportation excise (sales) taxes".

1 2. The title: Regional Strategic Transportation Infrastructure
2 Investment Plan.

3 3. A description of the ballot measure, which shall read as
4 follows:

5 An economic development measure continuing the existing
6 transportation excise tax to improve travel times and choices,
7 reduce congestion, aid public safety, improve air quality and
8 address the regional transportation system by building,
9 modernizing and expanding new and existing freeways, streets
10 and intersections, investing in future transportation
11 technology and innovations, addressing transportation safety
12 issues, extending the light rail system, improving and
13 expanding regional bus transit and providing additional
14 dial-a-ride services for the elderly and persons with
15 disabilities, vanpool services and pedestrian paths and
16 bikeways.

17 4. Instructions directing the voter to the full text of the
18 official and descriptive titles containing the summary as printed in the
19 sample ballot and posted in the polling place. The ballot may include the
20 summary of the regional strategic transportation infrastructure investment
21 plan.

22 5. The question submitted to the voters as follows:

23 Do you favor the continuation of a county transaction
24 privilege (sales) tax for regional transportation purposes in
25 _____ county? YES _____ NO _____

26 (A "YES" vote has the effect of continuing the transaction
27 privilege (sales) tax in _____ county for twenty-five
28 years to provide funding for transportation projects as
29 contained in the regional strategic transportation
30 infrastructure investment plan.)

31 (A "NO" vote has the effect of rejecting the transaction
32 privilege (sales) tax for transportation purposes in
33 _____ county.)

34 E. Except as otherwise provided by this section, the election under
35 this section shall be conducted as nearly as practicable in the manner
36 prescribed for general elections in title 16, Arizona Revised Statutes.
37 The county election officer shall account for costs specifically incurred
38 with respect to the ballot issue under this section. Regardless of the
39 outcome of the election, and notwithstanding any other law, the state
40 treasurer shall pay the costs listed in this subsection specifically
41 incurred with respect to the ballot issue under this section from monies
42 paid into the county's regional area road fund on submission of the bill
43 by the county election officer. Costs specifically incurred with respect
44 to the ballot issue under this section include the following:

1 1. Costs of mailing, publishing, posting and printing ballots,
2 publicity pamphlets, notices, election materials and other matters
3 concerning the election.

4 2. Legal and other consulting fees and costs relating to the
5 election.

6 3. Telecommunications costs.

7 4. Compensation of the election board, county election officers and
8 employees and other labor costs incurred to administer, hold, canvass and
9 announce the results of the election.

10 5. Any other costs attributable to the election.

11 F. This section does not constitute a submission of any provision
12 of law to the people for approval under the power of the referendum.

13 G. Except as specifically provided in this section, the general
14 laws relating to elections apply to the election prescribed by this
15 section.

16 Sec. 28. Regional public transportation authority

17 This act does not invalidate an action by a regional public
18 transportation authority formed pursuant to law before the effective date
19 of this act.

20 Sec. 29. Emergency

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

From: [Greg Blackie](#)
To: [Greg Blackie](#)
Cc: [Almee Yentes](#); [Michael Hunter](#); [Ryan Sullivan](#); [Grant Hanna](#)
Subject: SB1356 "Transit Slush Fund Tax" Response
Date: Tuesday, June 14, 2022 4:42:38 PM
Attachments: [SB1356 Transit Slush Fund Tax AZFEC.pdf](#)
[LightRail PolicyPaper_Final\[4\].pdf](#)
[SB1356S.pdf](#)

Members,

Earlier this year we distributed a fact sheet outlining our opposition to SB1356 and HB2598 – the Prop 400 extension. We recently received a copy of a response to that handout which redlines many of our arguments, labels our statements as false, without providing evidence for their claims made in response.

Just one example: our statement that transit ridership has been declining for years is redlined without any claim to the contrary or evidence to refute it, despite our data coming straight from Valley Metro. The fact that from 2013 to 2019, total transit ridership declined 12.3% is just a fact, whether they cross it out or not. To put that decline in context, in 2019 only 1.8% of the population in the Phoenix Metro area used public transit.

We wanted to take the opportunity to respond to a few of the allegations and claims below and encourage you to read the bill language, read MAG's own MOMENTUM plan, and visit their [website](#) boasting about investment in things like "Active Transportation" meaning more bike lanes and more congestion.

Where does the money go?

SB1356 Proponents: "The region's investment plan totals \$36.7 billion" and "only 33.6% of the total investment plan is allocated to transit" and "over 66% of the total investment plan is allocated to freeway, highway and arterial street investments." Additionally, they claim that the funding buckets consist of 48.5% for freeways/highways, 17.9% for arterial regional programs, and 33.6% for transit.

Response: There is an open question as to whether the advocates are reading their own bill. All of our claims are based on the actual language and the published [MAG MOMENTUM Plan](#). It's important to highlight that, while alleging the \$70 billion dollar figure in our handout is "false" because the Prop 400 extension is *only* \$36.7 billion, the proponents rely on the total investment in the MAG MOMENTUM plan (including funds other than Prop 400 dollars that *do* total to nearly \$70 billion) to claim that more than half is being spent on freeways and roads. When convenient to redline one claim the lower figure is utilized, and when convenient to boost the advertised highway funding, they include all of the other fund sources which result in the higher.

Unfortunately, the claim that over half the money is spent on freeways is not in the bill. SB1356 clearly earmarks 37.4% for freeways, 22.2% for arterials *and regional programs*, and 40.4% for transit – **this can be found on page 21, lines 30-40**. If the advocates want and intend 66% of the Maricopa County Transportation Excise Tax funds to go to freeways and streets, then they should push an amendment to clearly and explicitly reflect that.

Furthermore, though "regional programs" has now been defined in the bill (**page 3, lines 34-37**), the definition is incredibly broad to essentially exist as a slush fund for multimodal planning. "Regional Programs" means 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. Their own website and plan define their priorities and it's not roads and freeways. In fact, under "**Active Transportation**" on their website they describe specifically, "Investments in bicycle lanes, protected paths and other projects to create better connectivity and improve safety for **non-motorized transportation users**." Using regional taxes to "improve" bike paths and pedestrian walkways in local cities and towns is irresponsible. If cities such as Tempe and Phoenix want to "reimagine" their roads by reducing throughput and investing in non-vehicular travel modes, they should do that on their own dime.

Opponents aren't against new investment, but to recklessly wasting taxpayer money.

SB1356 Proponents: "the Cost of Doing Nothing = \$1.5 billion hit for the region's annual revenue used for highways, streets, roads, and transit. Without these funds, federal grants that would be awarded to our state will be allocated to agencies outside the State of Arizona." Further, "No extension = 250% increase in congestion on our freight routes designated for the transportation of goods."

Response: We aren't advocating for no extension ever, nor does our handout. We, and others, oppose this plan as written because by their own published metrics it is not a good return to the taxpayers, as will be shown below. Additionally, the current tax does not expire until 2025, so there is no need to force a bad plan through now.

Bad return on a massive investment from the taxpayer

SB1356 Proponents: Reduce congested lane miles > 5%, improve the average commute times by 33.3%, reduce the hours of delay in critical freight corridors by 27%, and permit 25% more jobs to be accessed within 30 minutes due to decreased congestion.

Response: Many of these numbers come from projected congestion and commute times in 2050 for no investment at all compared to their \$70 billion investment plan. The information in our handout compares the baseline commute times and congestion with their projections in 2050 after spending billions. Again, no one is advocating that no new investments be made. Our opposition is that increasing commute times from the 26-minute baseline to 30 minutes after spending \$70 billion, for example, is unacceptable, especially compared to the "no-build" projection of 32 minutes. We do nothing, commutes increase by six minutes. We spend tens of billions of dollars, and commutes increase by four minutes.

The same applies to congested lane miles, with 34% as the baseline, increasing to 46% by 2050 under "no-build" and 41% after a \$70 billion taxpayer expense. That's also unacceptable.

Lastly, the baseline number of jobs reachable within 30 minutes is just over 500,000. If we do nothing, their projection is a reduction to just under 400,000 jobs reachable by 2050. If we spend \$70 billion, that increases slightly to under 450,000 jobs - still a net reduction from the baseline, and still only negligibly better than spending nothing.

Election Rigging.

SB1356 Proponents: SB1356 states: "Monies collected pursuant to this section may not be used to influence the outcome of an election."

Response: While it is good to see the bill language actually being quoted, it's misleading. In an unprecedented move, the proponents have written the ballot language for the extension (**see page 25, lines 5-16**), instead of having nonpartisan attorneys write it. And the language is incredibly misleading, telling voters that the measure would "improve travel times" and "reduce congestion" even though we just showed it does neither. Additionally, money from the regional area road fund is allowed to be used to determine public opinion (**see page 7, lines 43-44**) meaning they can use taxpayer *transportation* dollars to do message testing in preparation for an election. It was also against the law for nonprofit money, like Zuckerbucks, to be used to influence the outcome of an election, but the disparate partisan impact those dollars had in 2020 is quite clear.

"Economic Development" from light rail?

SB1356 Proponents: Over 35,000 jobs created within ½ mile of light rail since 2008

Response: None of the information on the back page of our handout regarding the flawed economic development studies by Valley Metro is refuted. In this claim, however, the proponents admit that their study area is within half a mile of rail, taking credit for business activity for which rail had no influence and isn't even related. For additional information on the flawed studies from Valley Metro, I have also attached a white paper authored by Randal O'Toole for the Club.

The arguments in our handout are all based on the actual language of the bill and MAG's own published numbers. I have attached our original handout, the bill language, and Randal O'Toole's analysis of Valley

Metro's economic development claims. [MAG's 2050 MOMENTUM Plan can be found here.](#)

I appreciate your time, and we are always happy to sit down with any member to walk through our positions and the facts upon which they rely.

Respectfully,

Greg Blackie

Arizona Free Enterprise Club

azfree.org

Valley Metro Light Rail Economic Development Claims Fall Flat

By . Randal O'Toole

POLICY PAPER

Having opened one light-rail line, Valley Metro persuaded Phoenix voters to increase sales taxes to build more light-rail lines in 2015. Businesses along the proposed light rail expansion would be severely impacted by the construction and configuration of the new rail lines, so now a new measure is on the ballot in August 2019 that would halt further rail construction and spend the funds on road repairs and alternative transit instead.

Valley Metro's major argument in favor of rail is that rail transit stimulates economic development. The agency has compiled a list of 344 developments along the existing rail line that it says took place because of the construction of that line. In fact, this paper will show that the vast majority of these new projects would have happened anyway, happened only because they were subsidized and that the cost of rail construction exceeded any actual economic development created by light rail.

Portland's Light Rail Disaster

The claim that light rail stimulates economic development originated in Portland, Oregon. In 1986, Portland opened the first light-rail line built with federal funds. It proved to be a disaster. Before construction began, 9.9 percent of Portland-area commuters took transit to work.¹ Significant cost overruns during construction forced Portland's transit agency, TriMet, to raise bus fares and cut bus service. As a result, after the line opened, only 6.8 percent of Portland-area commuters took transit to work.²

To justify this disaster, TriMet claimed that light rail had stimulated economic development. It called this the "field of dreams" theory, after the 1989 movie whose catch phrase was "build it and they will come."³

A close look at the list of projects that TriMet claimed were built because of the light rail revealed that nearly all would have been built without it. For example, the Portland Trailblazers wanted a new basketball arena so they could sell more tickets. They built the new one right next to the old one, which happened to be near the light-rail line. The arena would have been built with or without the light rail.

Downtown Portland experienced a building boom after the light rail opened, and since the light rail went downtown, TriMet took credit for it. The agency neglected to mention that President Clinton and Oregon

Governor Barbara Roberts both signed executive orders requiring federal and state agencies to locate their offices downtown.⁴ This was a great gift to downtown property owners, and it led agencies such as the U.S. Bureau of Land Management to move from northeast Portland to downtown and the Oregon Department of Transportation to move from southeast Portland to downtown, but it had nothing to do with light rail.

The chink in TriMet's argument was revealed in 1996 when Portland's city council held hearings on vacant lands in the city that might be suitable for development. Portland city planner Mike Saba sadly testified to the council that all of the land around light-rail stations had been zoned for such development, but despite this "we have not seen any of the kind of development—of a mid-rise, higher-density, mixed-use, mixed-income type—that we would've liked to have seen" in the station areas.⁵

"We are in the hottest real estate market in the country," noted city commissioner Charles Hales, yet "most of those sites [along the light-rail line] are still vacant."⁶ Hales proposed, and the city commission agreed, to resolve this problem by heavily subsidizing projects along the light-rail route. This became a precedent for all future rail projects in Portland. Yet TriMet continued to claim that all developments, including subsidized ones, were built solely because of the rail lines.

In 1986, Portland opened the first light-rail line built with federal funds. It proved to be a disaster.

FTA Asks if Rail Creates Growth

In 1995, the Federal Transit Administration wanted a definitive answer: Does rail transit, including both light rail such as Portland's and heavy rail such as San Francisco BART, stimulate economic development? It asked UC Berkeley planning professor Robert Cervero, a strong advocate of transit-oriented development, and Portland transportation consultant and transit advocate Samuel Seskin, to study the question.

Their 55-page report concluded that rail transit does not stimulate new development. "Urban rail transit investments rarely 'create' new growth," they said, "but more typically redistribute growth that would have taken place without the investment." The main beneficiary of that redistribution, they continued, has been downtowns in "the form of redeveloped land and new office, commercial, and institutional development."

In other words, development along the rail line is a zero-sum game; more development there meant less development somewhere else in the urban area. Total tax revenues in the urban area aren't increased by light rail, except to the extent that taxes are raised to pay for it.

Their 55-page report concluded that rail transit does not stimulate new development. "Urban rail transit investments rarely 'create' new growth," they said, "but more typically redistribute growth that would have taken place without the investment."

In other words, development along the rail line is a zero-sum game; more development there meant less development somewhere else in the urban area. Total tax revenues in the urban area aren't increased by light rail, except to the extent that taxes are raised to pay for it.

Portland Subsidizes Transit-Oriented Developments

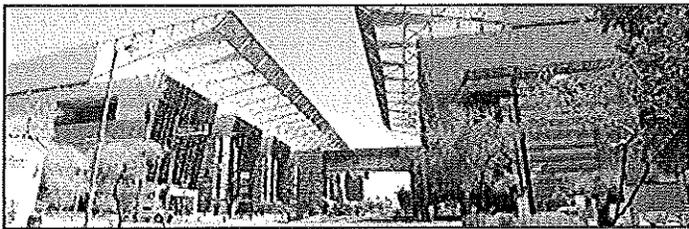
Nevertheless, transit agencies continued to claim that rail transit generated economic development. As noted above, Portland in particular decided that to get that development, it would have to subsidize it. Under Oregon law, Portland is allowed to create urban renewal districts and subsidize development in those districts. The city located all of its districts along rail transit lines and directed close to \$2 billion in subsidies to the developments along those lines.⁸

One of the rail lines was a new streetcar line built from north of downtown, through downtown, to south of downtown. This line went through four urban renewal districts that together received subsidies of around a billion dollars. Among the subsidies were parking garages built to support retailers who located near the streetcar lines.

The city then issued a report claiming that all new development along the line was due to the streetcar. Developments attributed to the streetcar included parking garages with thousands of new parking spaces, most of which were built at taxpayer expense. Significantly, the city could find almost no new development around the one part of the streetcar line that went outside of an urban-renewal district.⁹

Valley Metro Borrows Portland's Rhetoric

In 2015, to help persuade voters to fund more light-rail lines, Valley Metro decided to follow Portland's example, with an added twist. It issued a paper claiming that the region's first light-rail line had stimulated \$7 billion of new developments. Yet a close scrutiny of this paper in a study I authored and released by the Arizona Free Enterprise Club revealed that almost all of the developments fell into one of three categories: Projects that would have been built without the light rail; projects that were subsidized; and — the new twist — projects that were planned but never built.



The Phoenix Convention Center was built long before light rail tracks were ever laid in Phoenix, yet Valley Metro claims it is responsible for the \$600 million renovation in 2008.

Projects on Valley Metro's list included a \$600 million expansion of the Phoenix Convention Center and a new high school. Both of these clearly would have been built without the light-rail line. If anything, the convention center influenced the location of the light rail, not the other way around. Additionally, the convention center expansion was largely financed and paid for by the State of Arizona, not local taxpayers. Other projects were funded with low-income tax credits, but many on Valley Metro's list were never built at all and the land where they were to be located was still vacant in 2015.

For example, Valley Metro counted a \$2.6 million planned multifamily housing project called Sycamore Station in Mesa that was never built. It also counted a mixed-use development with 15,000 square feet of retail and 160

residences on 17th and Camelback that was to be called Escala on Camelback. The land it was to be built on was sold at foreclosure in 2011. Both sites remain vacant to this day; if light rail really did spur economic development, someone would have bought them and built on them.

Valley Metro's Latest Claims

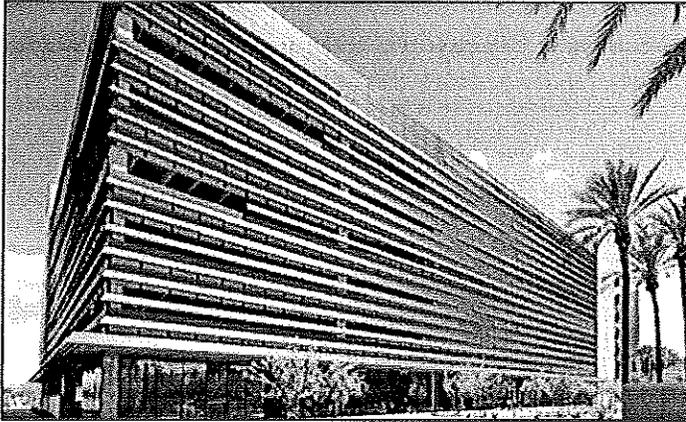
Today, Valley Metro says it has weeded out uncompleted projects and added more so that it now attributes \$11 billion worth of development to light rail. Light rail is "creating economic vitality," says one Valley Metro publication. "Every \$1 invested in transit creates \$8 in economic growth."¹⁰

Valley Metro has persuaded many elected officials that light rail is the generator of economic growth. Light rail "has resulted in \$240 million of completed economic development projects" in Mesa, said Mesa Mayor John Giles earlier this year.¹¹

Proving that light rail created new economic growth would require a comparison of new development along the light-rail line with the amount of new development in the rest of the urban area. Yet Valley Metro makes no such comparison. Instead, it merely tallies all of the new development within ½ mile of a light rail line and claims, or at least implies, that such development was stimulated by the rail line.



The Talking Stick Arena was renovated for \$75 million in 2005 — three years before light rail opened.



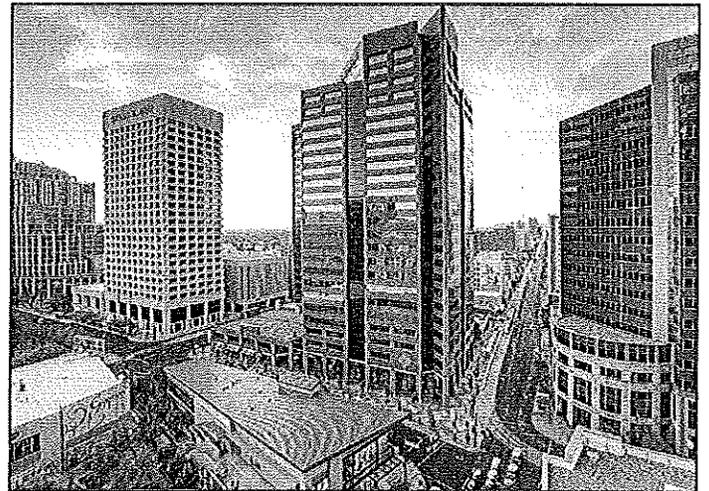
A parking garage at the Phoenix Biomedical Campus that cost \$19 million to build. Valley Metro fails to explain how light rail leads to building more parking garages.

One of the most absurd projects on Valley Metro's list is a 2,000-space parking garage for air travelers. The garage happens to be next to a light-rail station, so Valley Metro includes it on the list. Yet this station is the closest light rail comes to Sky Harbor Airport, so no one using the parking garage would ever use the light rail to get between the garage and the airport. Many other projects on the list similarly have nothing to do with transit.

The projects that have the most to do with light rail are classified by Valley Metro as "transit-oriented developments." On their web page on such developments, Valley Metro admits that "The cities of Phoenix, Tempe and Mesa have taken action to encourage development near the light rail alignment."¹² Valley Metro's own data indicates that this "action" has included spending \$2.8 billion in taxpayer funding, all of which Valley Metro includes in its \$11 billion total. This is on top of a variety of tax breaks and tax credits for such projects. If light rail alone were able to create transit-oriented developments and other economic growth, why was it necessary for Phoenix, Tempe, and Mesa to spend billions of dollars in public money to "encourage" that growth?

Valley Metro's Economic Development Database

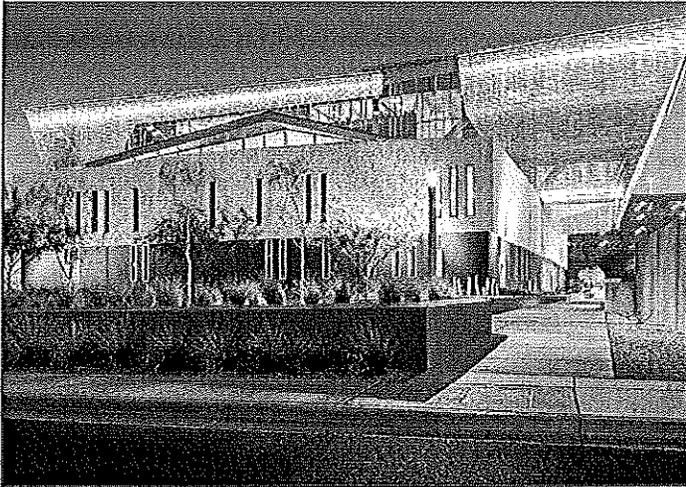
The \$2.8 billion figure comes from a list of 344 projects worth \$11 billion that Valley Metro calls its "light-rail transit economic development database."¹³ In conjunction with property tax and development data provided by the Arizona Tax Research Association, our analysis of the projects found:



Cityscape in downtown Phoenix receives generous GPLET subsidies; yet Valley Metro claims light rail is the reason for its \$320 million development.

- 42 projects worth \$2.5 billion were subsidized through a program called Government Property Lease Excise Tax (GPLET). This generous subsidy eliminates taxes on the development for up to eight years, then replaces property taxes for an excise tax that is lower than the property tax for a total of 25 years. This tax break was specifically designed to promote the kind of development and redevelopment that Valley Metro claims was stimulated by light rail.¹⁴

Valley Metro Light Rail Economic Development Claims Fall Flat

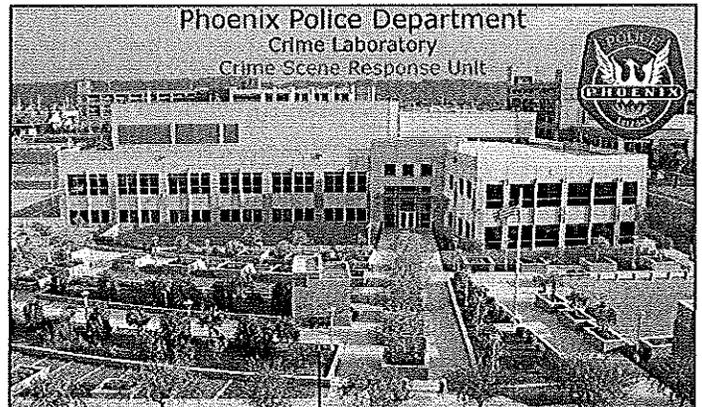


Maricopa County Sheriff Office headquarters cost taxpayers \$92 million. Is Valley Metro claiming that light rail brings so much additional crime that it spurred the need for public safety expansion?

- 46 projects worth \$2.1 billion were government buildings such as the Maricopa County Sheriff's headquarters, the Department of Child Safety building, Arizona School for the Arts, the Phoenix Children's Museum, the Arizona Science Center, the Phoenix Police Forensic Lab, the renovation of Talking Stick Arena, and the expansion to the Phoenix Convention Center. If the governments that built these projects deliberately located them on the light-rail line, it was probably more to boost rail ridership than because the rail line had stimulated their construction.

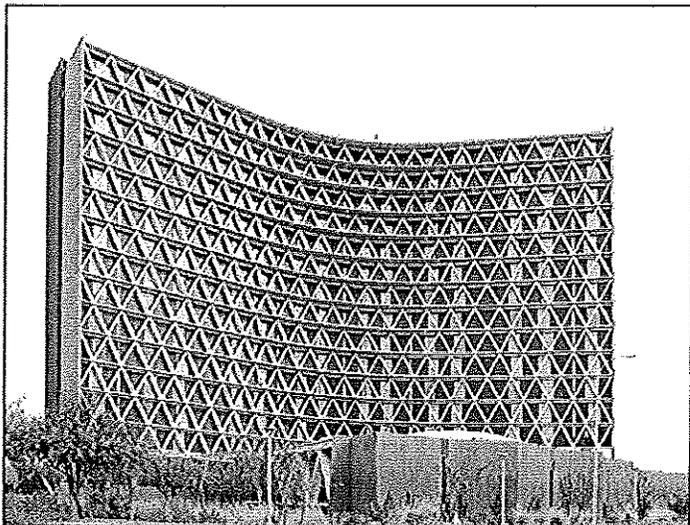


Arizona Department of Child Safety spent \$500,000 to redevelop their building. Valley Metro doesn't explain how this has anything to do with light rail.



Phoenix Forensic Lab was built in 2007, before light rail was in operation. It cost Phoenix taxpayers \$44 million.

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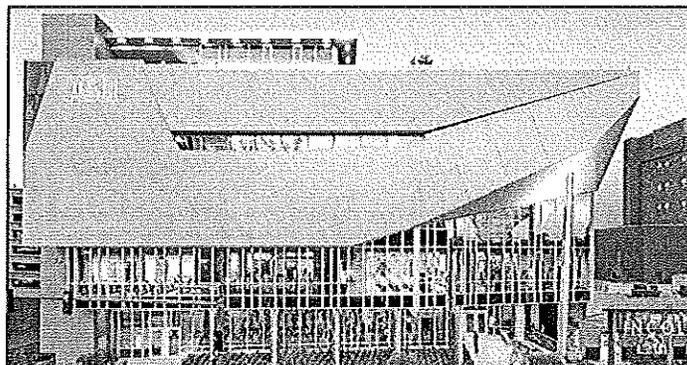


Manzanita Hall, housing for ASU students, was built in the 1960s. ASU renovated the building for \$50 million. Is Valley Metro claiming ASU would not have renovated this building without light rail?

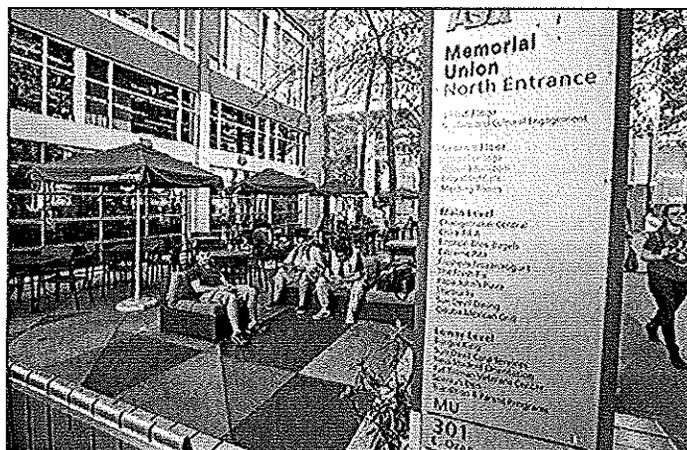
- 46 projects worth \$2.2 billion were university buildings, mostly at the University of Arizona in Tempe. Some of the most curious projects included were the renovations of Manzanita Hall and other student housing, renovations at Sun Devil Stadium, the Sun Devil Fitness Complex and the renovation of the Memorial Union, the ASU campus community center. This university, of course, is on the light-rail line, but it is difficult to see how the light rail would have stimulated expansion of the university. Instead, Valley Metro simply took credit for buildings that would have been built anyway.

If light rail alone were able to create economic growth, why was it necessary for Phoenix, Tempe, and Mesa to spend billions of dollars in public money to “encourage” that growth?

Some of the most curious projects included were the renovations of Manzanita Hall and other student housing, renovations at Sun Devil Stadium, the Sun Devil Fitness Complex and the renovation of the Memorial Union, the ASU campus community center.

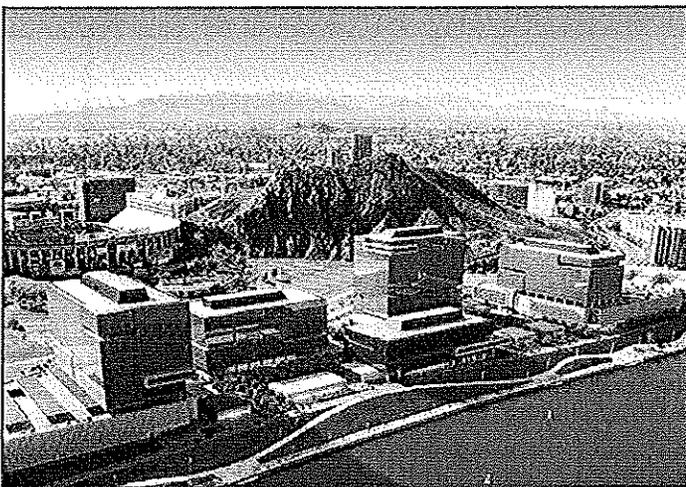


Sun Devil Fitness Complex cost over \$32 million.



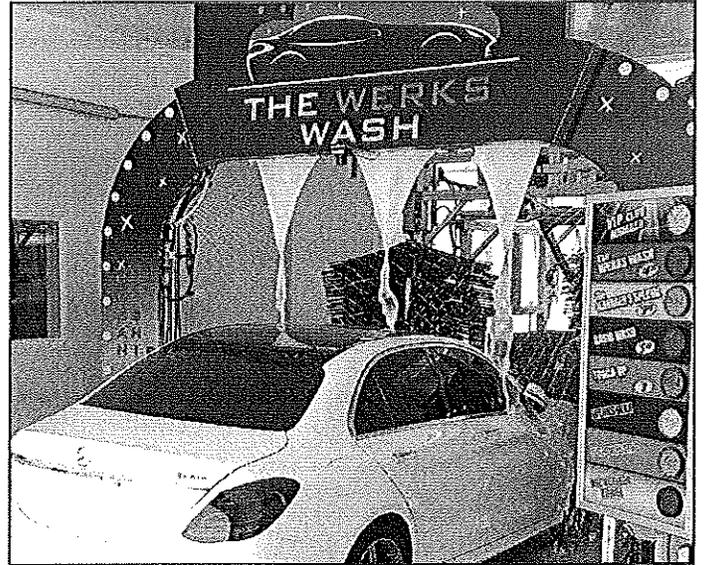
ASU's Memorial Union building cost over \$54 million to renovate.

- 10 projects worth \$910 million were on university property leased to private developers who were able to avoid paying property taxes because the university owns the land. The most notable example is the Marina Heights development in Tempe. Again, the university is near the light-rail line, but the property tax abatement was more likely the stimulus to these projects than the light rail.



The Marina Heights project receives \$12 million a year in property tax abatements, a much more likely enticement for the \$530 million development than that of light rail.

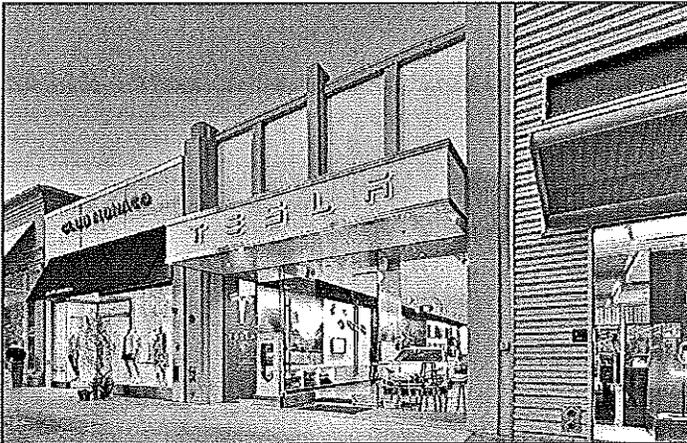
Proving that light rail created new economic growth would require a comparison of new development along the light-rail line with the amount of new development in the rest of the urban area. Yet Valley Metro makes no such comparison. Instead, it merely tallies all of the new development within ½ mile of a light rail line and claims, or at least implies, that such development was stimulated by the rail line.



Wash Werks Car Wash on Broadway is located 0.7 mile from the light rail, yet Valley Metro claims its \$482,030 capital investment.

- 17 projects worth \$317 million were located more than a half mile away – in most cases, more than a mile away – from a light-rail station, and 2 more projects worth \$61 million were built several years before the light rail. These projects were probably not influenced by the light rail in any way.
- 17 projects worth \$229 million that received low-income housing tax credits. The tax credits, more than the light rail, stimulated these projects.
- 16 other projects worth \$154 million that received various other subsidies, mostly related to low-income housing.

Valley Metro says that another \$418 million worth of commercial projects were generated by light rail. With two exceptions, these don't appear to have received any subsidies, yet it is questionable whether light rail did anything more than influence the location of some of the projects, and probably didn't even do that for many of them. These projects include:



The Tesla dealership located in Tempe. It is absurd for Valley Metro to claim that light rail is the reason why Tesla decided to open their dealership at this location.

- A Tesla automobile dealership, an airport parking garage with more than 2,000 spaces, and two gas stations. The Tesla dealer and one of the gas stations are located more than a half mile from a light-rail station and shouldn't even be on the list. As previously noted, the parking garage is located next to the light-rail station that is nearest to the airport, so no one would use the light rail to get from the garage to the airport. Is Valley Metro saying that light rail has stimulated people to buy more cars and park them at the airport?

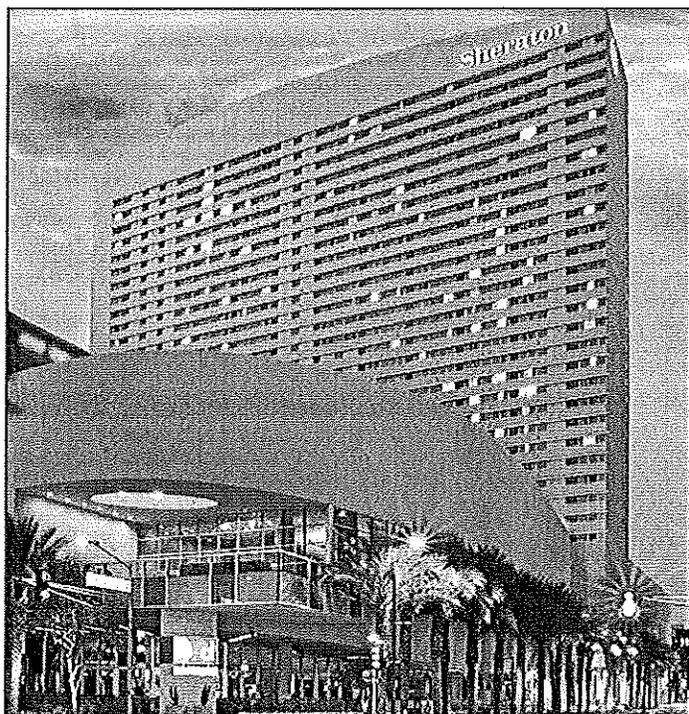


QuikTrip on Broadway Road

- 128 projects with parking garages and another 163 with surface parking for a total of well over 70,000 parking spaces. Valley Metro's list didn't include the number of spaces for about a quarter of the parking areas, so the actual total was probably closer to 90,000, roughly two thirds of which were in subsidized projects. In effect, Valley Metro is saying that light rail led to so much increased driving that developers had to build tens of thousands of new parking spaces.



Tempe City Hall Parking Garage



The City of Phoenix sold the \$350 million Sheraton Hotel for a loss last year.

- 11 hotels worth \$233 million, including the Sheraton Hotel which was taxpayer financed. While it is conceivable that the light rail influenced the location of some of these hotels, it is very difficult to see how the light rail would lead hoteliers to build more hotels than would have been built without it.
- 7 office complexes worth \$88 million. As with the hotels, the light rail may have influenced the location of some of these office buildings, but it probably didn't lead developers to build more offices than otherwise would have been built.
- 28 restaurant and retail centers worth \$57 million. Is Valley Metro saying that people in Phoenix are eating out more because it built the light rail?

- 4 healthcare centers worth \$20 million. Is Valley Metro saying that light rail is leading to more disease and injuries, thereby stimulating the construction of more healthcare centers?
- Three banks and two self-storage centers collectively worth \$15 million. Again, it is difficult to imagine what mechanism might cause light rail to lead people to need to store their goods or increase their banking.
- A \$6.9 million warehouse-industrial park built near the airport and completed two years before the light-rail line opened. Moreover, according to Valley Metro, it was financed entirely with public funds. To the extent that this was "stimulated" by anything, it was more influenced by its proximity to the airport than by light rail.

This leaves 78 residential projects worth just under \$2 billion. It is easy to imagine that the light-rail line might influence the location of residential projects. However, a review of web ads for some of these projects shows that many of them emphasize nearby restaurants, shops, and entertainment centers as amenities but fail to mention the light rail.

The Osborn, a collection of projects on Osborn and Central Avenue costing well over \$100 million, advertises that it is near the "best in night-life, dining, shopping, parks, arts, music, sports, and more." But its web page doesn't mention light rail.¹⁵ Web pages for some of the projects do mention proximity to light rail, but the fact that some don't suggests that at least some of the developers were not influenced by the light rail to locate where they did.

Furthermore, Valley Metro's economic development database shows that 60 of the projects have more parking spaces than dwelling units (only 6 have fewer and the

rest are unknown). This suggests that developers have little faith that residents would be willing to give up their cars because they lived near a light-rail station.

Census data shows that Maricopa County was growing at 3.0 percent per year in the decade before the light-rail line opened, and has grown at less than 1.6 percent per year in the decade since then, a 47 percent decline in growth rates.¹⁶ In claiming that these residential developments were built because of the light rail, Valley Metro is effectively saying that the region grew faster because of the light rail and needed more housing. Since in fact it grew slower after the light rail opened, this is a difficult claim to support.

Of course, the slowdown in growth may be partly attributable to the 2008 financial crisis. But the U.S. population growth only slowed by about 29 percent after the recession—from about 1.0 percent per year to 0.7 percent.¹⁷ What really changed was migration rates between states and urban areas. For some reason, the migration rate into the Phoenix metropolitan area slowed down. One possible explanation is the higher taxes imposed to pay for both the light rail and the subsidized developments along the light-rail line have discouraged employers from moving to the region.

A recent study of infrastructure investment found that it doesn't always lead to economic growth. If the investment is unproductive, researchers found, it can lead instead to "economic fragility."¹⁸ Considering that Valley Metro light-rail fares only covered 28 percent of the costs of operations and maintenance in 2017, it is hard to classify Phoenix light rail as a "productive investment."¹⁹

Valley Metro might be justified in claiming that the locations of some developments were influenced by the light-rail line. Still, the data Valley Metro has provided to date is not sufficient to support this claim. To confirm this, far more data would be needed, including data

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showing how many developments have been built in the region that aren't on the light-rail line, which could reveal whether the areas along the line are getting a disproportionate share of new developments. Valley Metro, however, is making the much stronger claim that these \$11 billion worth of developments happened *because of* the light rail. That is clearly untrue for the vast majority of them, and almost certainly not true for any of them.

Additionally, the economic database fails to account for the economic loss associated with the dislocation and elimination of businesses due to light rail. If Valley Metro is going to claim that certain businesses are influenced and developed as a result of light rail, then the economic destruction caused by light rail should be included in their analysis for a proper accounting of project development along rail lines.

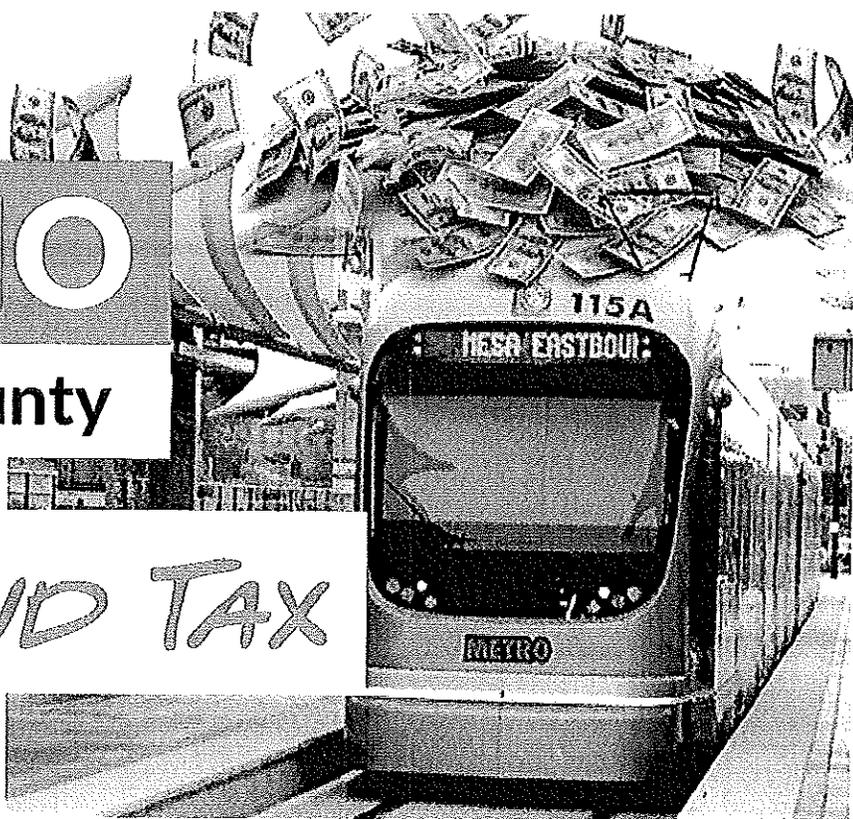
The bottom line is that virtually all of the projects on Valley Metro's economic development list would have been built somewhere in the Phoenix metropolitan area even if no light-rail line had been built. Given the various government projects and subsidies, most of them would have been built exactly where they were built. The locations of a few projects such as hotels and apartments might have been influenced by the light rail, but it is unlikely that a single additional hotel room or apartment was built because of the light rail than would have been built without it. If anything, the high costs of light rail slowed the growth of the Phoenix metropolitan area.

Valley Metro Light Rail Economic Development Claims Fall Flat

Endnotes

1. 1980 *Census of Population* (Washington: Census Bureau, 1982), table 118, "means of transportation to work," for urbanized areas.
2. 1990 *Census of Population* (Washington: Census Bureau, 1992), table P30, "means of transportation to work," for urbanized areas.
3. G. B. Arrington, Jr., *Beyond the Field of Dreams: Light Rail and Growth Management in Portland* (Portland, TriMet, 1996).
4. William J. Clinton, Executive Order no. 12988, Civil Justice Reform, February 5, 1996, and Executive Order no. 13006, Locating Federal Facilities on Historic Properties in Our Nation's Central Cities, May 21, 1996; Barbara Roberts, Executive Order no. 94-07, Siting State Offices in Oregon's Community Centers, June 7, 1994.
5. Quotes from the October 23, 1996, city council meeting are taken from a videotape of that meeting made by the city of Portland, a synopsis of which is available, with links to selected portions of the video, at debunkingportland.com/transit/lightraildevelopment.htm.
6. *Ibid.*
7. Robert Cervero and Samuel Seskin, *An Evaluation of the Relationships Between Transit and Urban Form* (Washington: Transit Cooperative Research Program, 1995), p. 3.
8. *Prosper Portland: Adopted Budget FY18-19* (Portland: City of Portland, 2018), p. 20.
9. "Portland Streetcar: Development Oriented Transit," City of Portland Office of Transportation, April 2008, p. 2.
10. "Valley Metro Rail: Creating Economic Vitality," Valley Metro, 2016, tinyurl.com/y2ddlesu.
11. "Valley Metro Celebrates Mesa Light Rail Extension," AZFamily.com, May 18, 2019, tinyurl.com/y65cb8rk.
12. "Transit Oriented Development," Valley Metro, 2019, tinyurl.com/y5wvqwd0.
13. Since this list is not available on Valley Metro's web site, I have posted it at ti.org/docs/VMEconDev.xlsx.
14. "Arizona Incentives: Lease Excise," Arizona Commerce Authority, Phoenix, <https://www.azcommerce.com/incentives/lease-excise>.
15. "The Osborn," Professional Equity Management, 2019, theosbornlife.com.
16. Census Bureau, "Annual Estimates of the Resident Population for Counties: April 1, 2010 to July 1, 2018," tinyurl.com/y67394q2; "Intercensal Estimates of the Resident Population for Counties: April 1, 2000 to July 1, 2010," tinyurl.com/y4scj52j; "Time Series of Arizona Intercensal Population Estimates by County: April 1, 1990 to April 1, 2000," tinyurl.com/y4jospqr.
17. *Ibid.*
18. Atif Ansar, Bent Flyvbjerg, Alexander Budzier, and Daniel Lunn, "Does Infrastructure Investment Lead to Economic Growth or Economic Fragility? Evidence from China," *Oxford Review of Economic Policy*, Volume 32, Number 3, 2016, pp. 360-390
19. 2017 National Transit Database (Washington: Federal Transit Administration, 2018), Fares, Operating Costs, and Capital Use spreadsheets. (The FTA classifies maintenance of existing facilities as a "capital use" and distinguishes it from construction of new facilities.)

The Arizona Free Enterprise Club was founded in 2005 as a free market, pro-growth advocacy group dedicated to Arizona issues and politics. Our mission is to promote policies that encourage economic prosperity and a vibrant economy for all businesses and taxpayers. The Club is a 501(C)(4) and is not affiliated with any other group or organization. For more information visit www.azfree.org



VOTE NO

on Maricopa County

TRANSIT

SLUSH FUND TAX

History

In 1985, Maricopa County Voters approved a 20-year transportation tax increase that was designated exclusively to build new roads and freeways. The first extension of the tax reduced the amount spent on roads and freeways by creating three funding buckets: 33.3% for transit (14% earmarked for light rail), 56.2% for freeways and 10.5% for arterial streets and intersections.

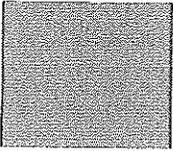
The proposed extension being considered in 2022 is such a gross departure from the original purpose of the tax that it cannot be seriously called a regional transportation plan. The MAG Momentum Plan is nothing more than a \$70 Billion dollar local transit/pet project slush fund for cities and towns that will increase traffic congestion and lead to future tax hikes.

Reasons to Vote NO on the Maricopa County Slush Fund Tax:

- ✓ Nearly 2/3RDs of the anticipated funding in the MAG plan is dedicated to transit and a "regional program" slush fund, NOT roads and freeways.
- ✓ The proposed plan DEDICATES BILLIONS TO TRANSIT PROJECTS, despite the fact that transit ridership has been in decline for over a decade.
- ✓ The current tax is set to expire in 2025, which means there is NO NEED to send a tax to the ballot this year.
- ✓ TRAFFIC CONGESTION IS PROJECTED TO SUBSTANTIALLY INCREASE under the \$70B MAG 'Momentum' Plan, which proves that the plan is a failure.
- ✓ The bill ENGAGES IN ELECTION RIGGING by prescribing the exact ballot description and 'yes/no' language that will appear on the ballot, and ALLOWS FOR THE USE OF TAXPAYER MONEY to engage in electioneering and GOTV efforts to manipulate the outcome of the election.

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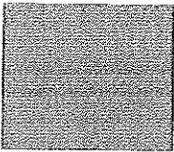
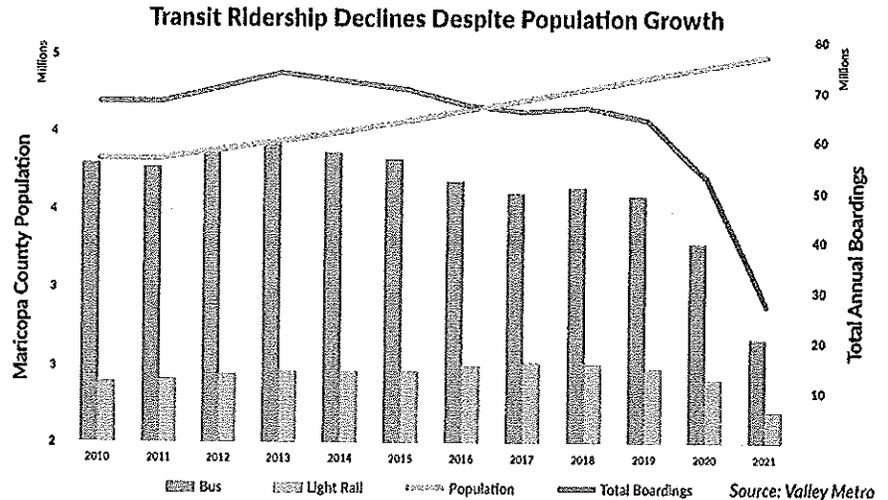
Learn More on WHY the Proposed MAG TRANSIT PLAN FAILS Taxpayers and Motorists. 



TRANSIT RIDERSHIP DECLINES as Population Grows

With 33.3% of all revenues from the existing Maricopa County tax going to transit, the promise was “if we build it, they will come.” It turns out that no one came. After spending billions on transit (bus, light rail, etc) and steady population growth of over 1 million new residents, transit ridership declined from 2009 to 2019.

And when the pandemic hit in 2020, ridership fell off a cliff. Boardings are now 50% lower than in 2019, and it is not clear when (or if) we will recover to pre-pandemic levels. Yet MAG and Valley Metro are proposing to substantially increase the transit allocation in the tax, with no explanation for why people are leaving or how more money won't result in more failure.



Fixed Rail is EXPENSIVE & INCREASES TRAFFIC CONGESTION

The cost to build fixed rail have exploded over the last decade. For light rail, the average cost to build a new line in 2010 was around \$100 million per mile. Today that cost is over \$250 million per mile and continues to climb.

Here in Phoenix, the projected cost to build the 1.5 Mile NW Phoenix Light Rail extension to the defunct MetroCenter Mall was projected to be just over \$300 million dollars in 2018. . . Today, the cost has been increased to over \$400 million, and estimated daily boardings have been slashed to a paltry 5,700 trips.

In other words, for the cost to build and operate the NW Phoenix extension, VALLEY METRO COULD BUY EVERY PERSON EXPECTED TO RIDE THE LINE 2 BRAND NEW TESLAS AND PAY FOR THE ELECTRICITY TO OPERATE THE VEHICLES--AND HAVE MONEY LEFT OVER!

Street trolleys and streetcars are nearly as expensive as light rail, move even fewer people and increase traffic congestion.

In Tucson, the 3.5 Mile Sun Link Streetcar built in 2014 cost \$200 Million to construct and required the removal of existing lanes of traffic to accommodate the new rail line. Ridership has been such a big problem that in 2021 the City of Tucson decided to stop charging a fare to ride the Sun Link, at an expense to the city of \$10 Million annually. Yet despite offering their streetcar for free, less than 2,000 people ride the Sun Link daily.¹

¹ https://tucson.com/news/local/tucson-transit-fares-remain-free-through-2021/article_897476de-c8ba-11eb-899a-67211264884e.html



MAG is Engaging in ELECTION RIGGING

HB2598/SB 1356 allows for the use of taxpayer money to engage in electioneering to manipulate the outcome of the election. The legislation prescribes the exact ballot description, drafted by the supporters of the measure with poll tested language paid for by taxpayers, that will appear on the ballot.

Normally the ballot description and "yes"/"no" language is drafted by attorneys and election officials not affiliated with the campaign, and private citizens have a right to challenge in court if they believe it not impartial. This process has been scrapped in favor of letting a special interest group craft their own deceptive ballot language to appear on the ballot.

Even worse, HB2598/SB 1356 provides unlimited taxpayer funding (from the roadway fund) to conduct the election. This includes funding for lawyers, political consultants and Maricopa County employees for canvassing and any telecommunication costs in order to provide "information" about the tax.

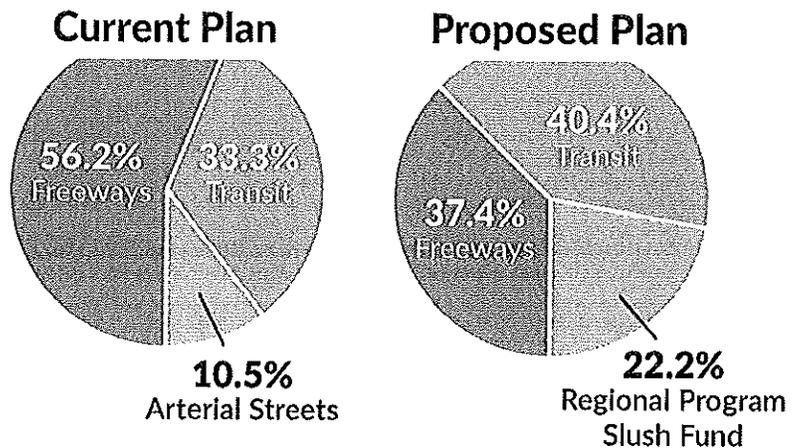
IN EFFECT, THE TAX EXTENSION WILL FUNCTION AS A MULTIMILLION-DOLLAR GOTV EFFORT, PAID FOR BY TAXPAYERS, TO DRIVE SUPPORTERS OF THE TAX TO THE BALLOT.

MAG's \$70 Billion Transit Plan WILL INCREASE TRAFFIC CONGESTION

The published MAG 2050 "MOMENTUM" Plan on how they intend to spend the estimated \$70 Billion in revenue is a disservice taxpayers, motorists and residents of Arizona. As has been indicated by the legislation, the vast majority of spending under the proposal will go toward transit, operation and maintenance (not new capital improvements) and other undefined slush fund pet projects.

As a result, after spending \$70 Billion Dollars MAG expects congestion to increase in Maricopa County by 2050, with vehicle hours of delay expected to increase by nearly 50%.

Maricopa Tax Spending Buckets



Projected Congestion by 2050 Under MAG Plan

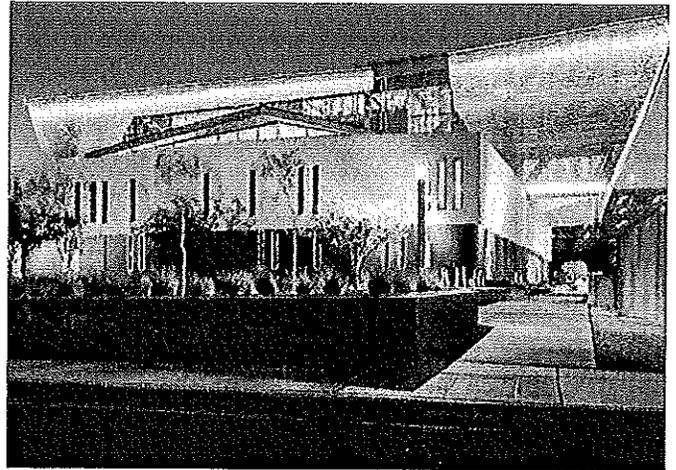
Congested Lane Miles	↑ 34% (2022) to 41% (2050)
Afternoon Peak Commutes	↑ 26 mins (2022) to 30 mins (2050)
Vehicle Hours of Delay	↑ 50% Increase
Jobs Reachable within 30 mins	↓ 15% Decrease

Valley Metro/MAG Economic Development Claims are **BOGUS**

When advocates of fixed-rail transit begin facing concerns over its massive cost and tiny ridership, they pivot to the supposed benefits it provides for economic development in the region. Sadly, there is no evidence that it generates any economic development.

In 2015 Valley Metro issued a report claiming that light rail generated billions in economic development. Yet after a review by the Arizona Free Enterprise Club, it was proven that Valley Metro was taking credit for projects that were "planned development," vacant lots, projects that were heavily subsidized by other incentives like low-income housing tax credits, and many others that would have been built without light rail.

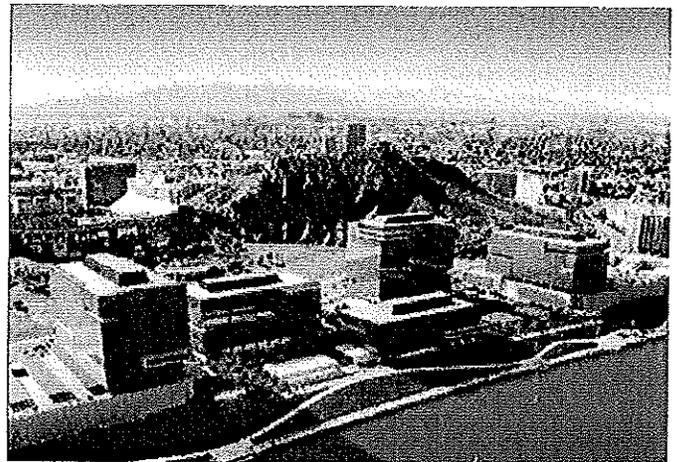
Valley Metro has since pulled that report and issued a new one, once again claiming billions of economic development as a result of light rail. Yet just like the first study, a closer inspection shows that claims of economic development are not true.



Maricopa County Sheriff Office headquarters cost taxpayers \$92 million. Is Valley Metro claiming that light rail brings so much additional crime that it spurred the need for public safety expansion?

Their new report assumes that all economic development within ½ mile of a rail line is attributable to light rail. As a result, some of the projects they claim are attributable to light rail include:

- ✓ Gas Stations and Auto Dealerships
- ✓ 46 different government buildings, including the Maricopa County Sheriff's headquarters, a DCS building, the Phoenix Police Forensic Lab, the Arizona Science Center and renovations to the Phoenix Suns Arena.
- ✓ 46 University buildings, mostly located at ASU in Tempe
- ✓ 42 projects that were subsidized through the Government Property Lease Excise Tax (GPLET)



The Marina Heights project receives \$12 million a year in property tax abatements, a much more likely enticement for the \$530 million development than that of light rail.

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AZ-REP-22-1074-A-000069

Senate Engrossed

transportation tax; election; Maricopa county

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1356

AN ACT

AMENDING SECTIONS 28-304, 28-6301, 28-6302, 28-6303, 28-6304, 28-6305 AND 28-6306, ARIZONA REVISED STATUTES; REPEALING SECTION 28-6307, ARIZONA REVISED STATUTES; AMENDING SECTION 28-6308, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-6309, 28-6310, 28-6311 AND 28-6312, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-6313 AND 28-6351, ARIZONA REVISED STATUTES; REPEALING SECTIONS 28-6352, 28-6353, 28-6354 AND 28-6355, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 17, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 28-6352; AMENDING SECTIONS 28-6538, 28-6954, 28-7562, 28-7671, 28-7691, 28-7695 AND 42-6105, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-6105.01; AMENDING SECTIONS 48-5102 AND 48-5103, ARIZONA REVISED STATUTES; REPEALING SECTIONS 48-5106 AND 48-5121, ARIZONA REVISED STATUTES; RELATING TO TRANSPORTATION PLANNING AND FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- i -

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-304, Arizona Revised Statutes, is amended to
3 read:

4 28-304. Powers and duties of the board; transportation
5 facilities

6 A. The board shall:

7 1. Develop and adopt a statewide transportation policy statement.
8 The policy statement shall be adopted as described in section 28-306.

9 2. Adopt a long-range statewide transportation plan. The plan
10 shall be adopted as described in section 28-307.

11 3. Adopt uniform transportation planning practices and performance
12 based planning processes for use by the department. The practices and
13 processes shall be developed as described in sections 28-502 and 28-503.

14 4. Adopt transportation system performance measures and factors and
15 data collection standards to be used by the department. The performance
16 measures, factors and standards shall be developed as described in
17 sections 28-504 and 28-505.

18 B. With respect to highways, the board shall:

19 1. Establish a complete system of state highway routes.

20 2. Determine which state highway routes or portions of the routes
21 are accepted into the state highway system and which state highway routes
22 to improve.

23 3. Establish, open, relocate or alter a portion of a state route or
24 state highway.

25 4. Vacate or abandon a portion of a state route or state highway as
26 prescribed in section 28-7209.

27 5. Sell board funding obligations to the state treasurer as
28 provided in section 28-7678.

29 C. The board shall:

30 1. Establish policies to guide the development or modification of
31 the five year transportation facilities construction program that are
32 consistent with the principles of ~~performance-based~~ PERFORMANCE-BASED
33 planning developed pursuant to article 7 of this chapter. The percentage
34 of department discretionary monies allocated to the region in the regional
35 transportation plan approved pursuant to chapter 17, article 1 of this
36 title shall not increase or decrease unless the board, in cooperation with
37 the regional planning agency, agrees to change the percentage of the
38 discretionary monies.

39 2. Award all construction contracts for transportation facilities.

40 3. Monitor the status of these construction projects.

41 D. The board shall determine priority program planning with respect
42 to transportation facilities using the ~~performance-based~~ PERFORMANCE-BASED
43 methods developed pursuant to article 7 of this chapter.

1 E. With respect to transportation facilities other than highways,
2 the board shall establish, open, relocate, alter, vacate or abandon all or
3 portions of the facilities.

4 F. With respect to aeronautics, the board shall perform the
5 functions prescribed in chapter 25 of this title.

6 G. The board shall not spend any monies, adopt any rules or
7 implement any policies or programs to convert signs to the metric system
8 or to require the use of the metric system with respect to designing or
9 preparing plans, specifications, estimates or other documents for any
10 highway project before the conversion or use is required by federal law,
11 except that the board may:

12 1. Spend monies and require the use of the metric system with
13 respect to designing or preparing plans, specifications, estimates or
14 other documents for a highway project that is awarded before October 1,
15 1997 and that is exclusively metric from its inception.

16 2. Prepare for conversion to and use of the metric system not more
17 than six months before the conversion or use is required by federal law.

18 Sec. 2. Section 28-6301, Arizona Revised Statutes, is amended to
19 read:

20 28-6301. Definitions

21 In this article, unless the context otherwise requires:

22 1. "~~Bond-related~~ BOND-RELATED expenses" means:

23 (a) Printing, publication or advertising expenses with respect to
24 the sale and issuance of any bonds.

25 (b) Fees, expenses and costs of registrars, paying agents and
26 transfer agents retained by the board.

27 (c) Fees, expenses and costs of attorneys, accountants, actuaries,
28 feasibility consultants, computer programmers or other experts employed to
29 aid in the sale and issuance of the bonds.

30 (d) Other costs, fees and expenses incurred or reasonably related
31 to the issuance, sale and administration of the bonds.

32 2. "~~Bond-related~~ BOND-RELATED obligation" means any agreement or
33 contractual relationship between the board and any bank, trust company,
34 insurance company, surety bonding company, pension fund or other financial
35 institution providing increased credit on, or security for, the bonds or
36 liquidity for secondary market transactions.

37 3. "Bonds" means any bonds that are payable from the regional area
38 road fund as provided in chapter 21, article 2 of this title.

39 4. "Construction interest" means a company whose primary function
40 consists of building freeways, highways or major arterial streets.

41 5. "Controlled access highway" has the same meaning prescribed in
42 section 28-601.

1 6. "Freight interest" means a company that derives a substantial
2 portion of its revenue from transporting goods.

3 ~~7. "Major amendment" means either:~~

4 ~~(a) The addition or deletion of a freeway, route on the state~~
5 ~~highway system or a fixed guideway transit system.~~

6 ~~(b) The addition or deletion of a portion of a freeway, route on~~
7 ~~the state highway system or a fixed guideway transit system that either~~
8 ~~exceeds one mile in length or exceeds an estimated cost of forty million~~
9 ~~dollars as provided in the regional transportation plan.~~

10 ~~(c) The modification of a transportation project in a manner that~~
11 ~~eliminates a connection between freeway facilities or fixed guideway~~
12 ~~facilities.~~

13 7. "MAJOR ARTERIAL" MEANS AN INTERCONNECTED THOROUGHFARE WHOSE
14 PRIMARY FUNCTION IS TO LINK AREAS IN THE REGION AND TO DISTRIBUTE TRAFFIC
15 TO AND FROM CONTROLLED ACCESS HIGHWAYS, GENERALLY OF REGIONWIDE
16 SIGNIFICANCE AND OF VARYING CAPACITY DEPENDING ON THE TRAVEL DEMAND FOR
17 THE SPECIFIC DIRECTION AND ADJACENT LAND USES.

18 8. "PLAN" HAS THE SAME MEANING PRESCRIBED IN SECTION 28-6351.

19 ~~8.~~ 9. "Population" means the population determined in the most
20 recent United States decennial census or the most recent special census as
21 provided in section 28-6532 and revisions to the decennial or special
22 census certified by the United States bureau of the census.

23 ~~9.~~ 10. "Public transportation" means moving passengers by means of
24 a conveyance operated by or for a political subdivision of this state,
25 including dial-a-ride transportation, special needs transportation and van
26 pool transportation but excluding school buses.

27 ~~10.~~ 11. "Public transportation system" means the combination of
28 individuals, vehicles, physical facilities, structures and equipment that
29 together provide, or facilitate providing, public transportation,
30 including buses, high occupancy vehicle roadway lanes and ramps, bus
31 pull-out lanes, bus and light rail waiting facilities, park and ride
32 parking lots, intelligent transportation systems and ridesharing
33 promotion.

34 12. "REGIONAL PROGRAMS" MEANS TRANSPORTATION PROJECTS THAT ARE
35 SELECTED THROUGH A PERFORMANCE-BASED PROCESS FOR ARTERIAL IMPROVEMENTS,
36 ACTIVE TRANSPORTATION, AIR QUALITY, EMERGING TECHNOLOGIES, INTELLIGENT
37 TRANSPORTATION SYSTEMS, SAFETY AND TRANSPORTATION DEMAND MANAGEMENT.

38 ~~11.~~ 13. "Regionwide business" means a company that provides goods
39 or services throughout the county.

40 ~~12.~~ 14. "Transit interest" means an individual with demonstrated
41 interest and experience with public transportation.

1 Sec. 3. Section 28-6302, Arizona Revised Statutes, is amended to
2 read:

3 28-6302. Transportation excise tax distribution; counties
4 with three million or more persons; regional area
5 road fund

6 A. In a county with a population of ~~one~~ THREE million two-hundred
7 thousand or more persons, the officer collecting transportation excise tax
8 monies pursuant to section 42-6105 OR 42-6105.01 that are designated for
9 deposit in the regional area road fund shall immediately transfer the
10 monies to the state treasurer. The state treasurer shall deposit the
11 monies in a fund designated for the county as the regional area road
12 fund. The state treasurer shall hold monies in the regional area road
13 fund as a trustee for the county.

14 B. Except as provided in this article, the county in which the
15 transportation excise taxes are levied has the beneficial interest in the
16 regional area road fund. This state has no beneficial interest in the
17 regional area road fund except as an obligee for reimbursement of state
18 monies that are advanced as salaries or expenses by this state or the
19 department and that are to be repaid by the regional area road fund.

20 C. Monies and investments within the regional area road fund may be
21 used and spent only as provided in this chapter. An appropriation of any
22 nature shall not be required before the expenditure of monies from the
23 regional area road fund. Monies in the bond proceeds account or
24 construction account of a regional area road fund may be obligated for
25 payment in future years for the purpose of right-of-way acquisition
26 subject to the limitations prescribed in sections 28-7001 and 28-7002, and
27 section 42-6105, subsection D, paragraphs 1 and 2 AND SECTION 42-6105.01,
28 SUBSECTION D, PARAGRAPHS 1 AND 2. The state treasurer shall make payments
29 from the regional area road fund by check, and a warrant or voucher is not
30 necessary. Subject to the powers granted to the board in chapter 21,
31 article 2 of this title, the director shall administer monies deposited in
32 the regional area road fund.

33 Sec. 4. Section 28-6303, Arizona Revised Statutes, is amended to
34 read:

35 28-6303. Regional area road fund; separate accounts

36 A. The regional area road fund is divided into three separate
37 accounts designated as the bond account, the construction account and the
38 bond proceeds account.

39 B. The state treasurer shall:

40 1. Account separately for each account.

41 2. Make transfers between accounts only as provided in this article
42 or chapter 21, article 2 of this title.

43 3. Before any bonds are issued, deposit transportation excise tax
44 revenues transferred to the state treasurer in the construction account.
45 These revenues shall be expended as provided in this article.

1 4. After any bonds are issued, deposit transportation excise tax
2 revenues transferred to the state treasurer in the bond account first
3 until the bond account contains monies sufficient to meet all principal,
4 interest or redemption requirements for the current period as required by
5 any resolution of the board pertaining to the issuance of bonds.

6 5. After all current period requirements for all of the bonds are
7 deposited in the bond account, deposit the balance of transportation
8 excise tax revenues transferred to the state treasurer for the current
9 period in the construction account.

10 C. The state treasurer may:

11 1. Invest monies in any account of the regional area road fund in
12 any securities or obligations authorized by title 35, chapter 2,
13 article 2.

14 2. For the purpose of investments, commingle monies within the
15 regional area road fund with state monies if all interest earned on the
16 monies in the regional area road fund of a county is credited to the
17 respective account of the regional area road fund in which the investment
18 was made.

19 D. The department shall separately account for the uses of
20 transportation excise tax revenues deposited into the bond account and the
21 construction account in order to identify how the transportation excise
22 tax revenues are used pursuant to section 42-6105, subsection D,
23 paragraphs 1 and 2, for:

24 1. Freeways and other routes in the state highway system.

25 2. Major arterial streets and ~~intersection improvements~~ REGIONAL
26 PROGRAMS IDENTIFIED IN THE PLAN, INCLUDING CAPITAL EXPENSE AND
27 IMPLEMENTATION STUDIES.

28 E. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE USES OF
29 TRANSPORTATION EXCISE TAX REVENUES DEPOSITED IN THE BOND ACCOUNT AND THE
30 CONSTRUCTION ACCOUNT IN ORDER TO IDENTIFY HOW THE TRANSPORTATION EXCISE
31 TAX REVENUES ARE USED PURSUANT TO SECTION 42-6105.01, SUBSECTION D,
32 PARAGRAPHS 1 AND 2 FOR:

33 1. FREEWAYS AND OTHER ROUTES IN THE STATE HIGHWAY SYSTEM.

34 2. MAJOR ARTERIAL STREETS AND REGIONAL PROGRAMS IDENTIFIED IN THE
35 PLAN, INCLUDING CAPITAL EXPENSE AND IMPLEMENTATION STUDIES.

36 Sec. 5. Section 28-6304, Arizona Revised Statutes, is amended to
37 read:

38 28-6304. Bond account; expenditures

39 A. The state treasurer shall:

40 1. Hold monies in the bond account in trust for the owners of the
41 bonds.

42 2. Pay monies in the bond account to the county, to paying agents
43 or to the owners of the bonds directly in accordance with a resolution of
44 the board authorizing the issuance of the bonds.

1 B. Monies in the bond account may be used:

2 1. To pay ~~bond-related~~ BOND-RELATED expenses or recurring expenses
3 pertaining to administration and payment of the bonds.

4 2. For funding reserves for the payment of the bonds.

5 3. For payment of fees, charges and expenses incurred with respect
6 to ~~bond-related~~ BOND-RELATED obligations.

7 C. Monies in the bond proceeds account may be obligated or spent as
8 directed by the board, ACCORDING TO THE PLAN, for the:

9 1. Payment of all ~~bond-related~~ BOND-RELATED expenses.

10 2. Establishment and funding of reserve monies or to pay interest
11 on bonds during the expected period of construction.

12 3. Payment of fees, charges and expenses incurred with respect to
13 ~~bond-related~~ BOND-RELATED obligations.

14 4. Design, right-of-way purchase or construction related to new, or
15 improvements to, freeways and other routes in the state highway system
16 that are included in the ~~regional transportation plan of the county and~~
17 that are accepted into the state highway system.

18 5. Design, right-of-way purchase or construction related to new, or
19 improvements to, major arterial streets and intersections that are
20 included in the ~~regional transportation plan of the county. For the~~
21 ~~purposes of this paragraph, "major arterial" means an interconnected~~
22 ~~thoroughfare whose primary function is to link areas in the region and to~~
23 ~~distribute traffic to and from controlled access highways, generally of~~
24 ~~regionwide significance and of varying capacity depending on the travel~~
25 ~~demand for the specific direction and adjacent land uses.~~

26 ~~6. Design and construction of interim roadways within the adopted~~
27 ~~corridors of the regional transportation plan of the county pursuant to~~
28 ~~section 28-6309.~~

29 ~~7. Right-of-way costs associated with the construction of interim~~
30 ~~roadways pursuant to section 28-6310.~~

31 ~~8. 6. Payment of principal and interest on the bonds.~~

32 7. DESIGN, CONSTRUCTION AND IMPLEMENTATION OF REGIONAL PROGRAMS AS
33 DEFINED BY THE PLAN.

34 Sec. 6. Section 28-6305, Arizona Revised Statutes, is amended to
35 read:

36 28-6305. Construction account; expenditures; construction
37 contracts

38 A. Except as provided in subsection B of this section, monies in
39 the construction account of the regional area road fund shall be spent,
40 pledged or accumulated for the purposes provided in section 28-6304,
41 subsection C, paragraphs 4 and 5, including payment of interest on and
42 repayment of bonds and obligations issued pursuant to chapter 21 of this
43 title if the proceeds of the bonds or obligations are used for the
44 purposes provided in section 28-6304, subsection C, paragraphs 4 and 5.

1 B. Of the monies deposited in the construction account of the
2 regional area road fund under section 28-6303, the state treasurer shall:

3 1. In each fiscal year, divide and equally distribute five million
4 dollars \$5,000,000 to:

5 (a) The public transportation fund established in that county under
6 section 48-5103.

7 (b) The regional planning agency in that county for planning and
8 administration of ADMINISTERING the regional transportation plan approved
9 pursuant to section 28-6308. The state treasurer shall distribute monies
10 under this subdivision through the department on or before June 30 of each
11 year.

12 2. Beginning with fiscal year 1987-1988, adjust the monies
13 distributed under paragraph 1 OF THIS SUBSECTION by the annual percentage
14 change for the previous calendar year in the GDP price deflator as defined
15 in section 41-563.

16 C. The monies distributed under subsection B of this section shall
17 only be spent for planning and administering the regional transportation
18 plan approved pursuant to section 28-6308 and the costs incurred by the
19 auditor general relating to performance audits under section 28-6313.
20 Before the beginning of each fiscal year, the respective governing bodies
21 of the members of the regional planning agency and the board of directors
22 of the regional public transportation authority shall explicitly identify
23 and approve in the annual budgets the monies to be spent under subsection
24 B of this section for the purposes allowed under this subsection. These
25 expenditures are subject to the annual audit of the governing bodies'
26 financial transactions.

27 D. The director may enter into construction contracts or contracts
28 incidental to construction contracts payable from monies in either the
29 bond proceeds account or the construction account or both the bond
30 proceeds and construction accounts.

31 Sec. 7. Section 28-6306, Arizona Revised Statutes, is amended to
32 read:

33 28-6306. Account expenditures; elections

34 A. Except as provided in subsection B OF THIS SECTION, monies from
35 any account in the regional area road fund shall not be spent to promote
36 or advocate a position, alternative or outcome of an election, to
37 influence public opinion or to pay or contract for consultants or advisors
38 to influence public opinion with respect to an election regarding taxes or
39 other sources of revenue for the fund or regarding the regional
40 transportation plan.

41 B. Monies from any account in the regional area road fund may be
42 spent:

43 1. As authorized by this article to determine public opinion before
44 the election is called.

1 3. ~~Submit the plan for review by the regional public transportation~~
2 ~~authority in the county, the state board of transportation, the county~~
3 ~~board of supervisors, Indian communities and cities and towns in the~~
4 ~~county at the alternatives stage of the plan and the final draft stage of~~
5 ~~the plan. After reviewing the plan, the regional public transportation~~
6 ~~authority in the county, the county board of supervisors and the state~~
7 ~~board of transportation, by majority vote of the members of each entity~~
8 ~~within thirty days after receiving the plan, shall submit a written~~
9 ~~recommendation to the transportation policy committee that the plan be~~
10 ~~approved, modified or disapproved. Within thirty days after receiving the~~
11 ~~plan, Indian communities and cities and towns in the county may submit a~~
12 ~~written recommendation to the transportation policy committee that the~~
13 ~~plan be approved, modified or disapproved.~~

14 4. ~~Consider plan modifications proposed by any of the entities as~~
15 ~~prescribed in paragraph 3 of this subsection.~~

16 5. ~~By majority vote, approve, disapprove or further modify each~~
17 ~~proposed plan modification.~~

18 6. ~~Provide a written response to the regional public transportation~~
19 ~~authority, the state board of transportation, the county board of~~
20 ~~supervisors and the entity that submitted the proposed modification within~~
21 ~~thirty days after the vote on the proposed modification explaining the~~
22 ~~affirmation, rejection or further modification of each proposed~~
23 ~~modification.~~

24 7. ~~Recommend the plan to the regional planning agency for approval~~
25 ~~for an air quality conformity analysis.~~

26 C. ~~The regional transportation plan:~~

27 1. ~~Shall include the following transportation mode classifications~~
28 ~~with a revenue allocation to each classification consistent with section~~
29 ~~42-6105, subsection D:~~

30 (a) ~~Freeways and other routes in the state highway system.~~

31 (b) ~~Major arterial streets and intersection improvements.~~

32 (c) ~~Public transportation systems.~~

33 2. ~~Shall provide a suggested construction schedule for the~~
34 ~~transportation projects contained in the plan.~~

35 3. ~~May be annually updated to introduce new controlled access~~
36 ~~highways, related grade separations and transportation projects or to~~
37 ~~modify the existing plan.~~

38 4. ~~Shall be developed to meet federal air quality requirements~~
39 ~~established for the region in which it is located.~~

40 D. ~~Transportation excise tax revenues that are distributed pursuant~~
41 ~~to section 42-6105, subsection D shall not be redistributed or used for~~
42 ~~other transportation modes. Except as provided by section 28-6353,~~
43 ~~subsections D, E and F, transportation excise tax revenues that are~~
44 ~~dedicated in the plan to a specific project or transportation system may~~
45 ~~only be redistributed to or otherwise used for another project within the~~

1 ~~same transportation mode if approved by a majority vote of the~~
2 ~~transportation policy committee.~~
3 3. RECOMMEND APPROVAL, DISAPPROVAL OR MODIFICATION OF CHANGES TO
4 THE ALLOCATIONS OF TRANSPORTATION EXCISE TAX REVENUES BETWEEN SECTION
5 28-6352, SUBSECTION B, PARAGRAPHS 1, 2 AND 3, INCLUDING INVESTMENT CHANGES
6 AS DESCRIBED IN SECTION 28-6352, SUBSECTIONS C AND H.
7 4. RECOMMEND APPROVAL, DISAPPROVAL OR MODIFICATION OF THE BUDGET
8 PROCESSES IDENTIFIED BY SECTION 28-6352, SUBSECTION D.
9 5. RECOMMEND APPROVAL, DISAPPROVAL, OR MODIFICATION OF FUNDING
10 AWARDED THROUGH THE REGIONAL PROGRAMS PROCESS.
11 Sec. 10. Repeal
12 Sections 28-6309, 28-6310, 28-6311 and 28-6312, Arizona Revised
13 Statutes, are repealed.
14 Sec. 11. Section 28-6313, Arizona Revised Statutes, is amended to
15 read:
16 28-6313. Performance audits of proposed transportation
17 projects and systems
18 A. Beginning in 2010 and every fifth year thereafter, the auditor
19 general shall ~~contract with a nationally recognized independent auditor~~
20 ~~with expertise in evaluating multimodal transportation systems and in~~
21 ~~regional transportation planning to conduct a performance audit, as~~
22 ~~defined in section 41-1278, of the regional transportation plan and~~
23 ~~projects scheduled for funding during the next five years.~~
24 B. With respect to light rail systems, the audit shall consider the
25 criteria used by the federal transit administration pursuant to 49 United
26 States Code section 5309(e)(1)(B) and the interrelationship among the
27 criteria to provide federal funding for light rail systems. For light
28 rail systems, the audit shall also consider:
29 1. Service levels.
30 2. Capital costs.
31 3. Operation and maintenance costs.
32 4. Transit ridership.
33 5. Farebox revenues.
34 C. The audit shall:
35 1. Examine the ~~regional transportation plan and projects scheduled~~
36 ~~for funding within each transportation mode based on the performance~~
37 ~~factors established in section 28-505, subsection A, in the context of the~~
38 ~~transportation system.~~
39 2. Review past expenditures of the ~~regional transportation plan and~~
40 ~~examine the performance of the system in relieving congestion and~~
41 ~~improving mobility.~~
42 3. Make recommendations regarding whether further implementation of
43 a project or transportation system is warranted, warranted with
44 modifications or not warranted.

1 D. The auditor general or the auditors contracted to conduct the
2 audit shall periodically update the transportation policy committee
3 regarding the progress of the audit.

4 E. Within forty-five days after the release of the audit, the
5 regional public transportation authority, the state transportation board
6 and the county board of supervisors, by a majority vote of each entity,
7 shall submit written recommendations to the transportation policy
8 committee that the findings are agreed to or disagreed with and the
9 recommendations should be implemented, be implemented with modification or
10 not be implemented.

11 F. Within forty-five days after the audit's release, the regional
12 planning agency shall hold a public hearing on the audit findings and
13 recommendations.

14 G. The auditor general shall distribute copies of the audit to:

15 1. The regional planning agency.

16 2. The transportation policy committee.

17 3. The regional public transportation authority in the county.

18 4. The county board of supervisors.

19 5. The state transportation board.

20 6. The governor, secretary of state, president of the senate and
21 speaker of the house of representatives.

22 7. The Arizona state library, archives and public records.

23 8. Any other person who requests a copy pursuant to title 39,
24 chapter 1, article 2.

25 H. The state transportation board, regional planning agency,
26 regional public transportation authority and county board of supervisors
27 shall cooperate with and submit to the auditor general and the auditors
28 contracted to conduct the audit information necessary to conduct the
29 audits under this section.

30 I. The cost incurred by the auditor general in contracting with
31 independent auditors for conducting performance audits under subsection A
32 of this section shall be paid from revenues of the county transportation
33 excise tax under section SECTIONS 42-6105 AND 42-6105.01. When due, the
34 payments have priority over any other distribution authorized by section
35 42-6105 OR 42-6105.01. The auditor general shall deposit the payments in
36 the audit services revolving fund established by section 41-1279.06.

37 Sec. 12. Heading change

38 The article heading of title 28, chapter 17, article 2, Arizona
39 Revised Statutes, is changed from "REGIONAL TRANSPORTATION PLAN" to
40 "COUNTY TRANSPORTATION EXCISE TAX PLAN".

1 Sec. 13. Section 28-6351, Arizona Revised Statutes, is amended to
2 read:

3 28-6351. Definitions

4 In this article, unless the context otherwise requires:

5 ~~1. "Controlled access highway" has the same meaning prescribed in~~
6 ~~section 28-601.~~

7 2. 1. "Enhancement" means an addition that exceeds generally
8 accepted engineering or design standards for the specific type of
9 facility.

10 ~~3. 2. "Regional transportation Plan" means the twenty-year~~
11 ~~comprehensive, performance-based PERFORMANCE-BASED, multimodal and~~
12 ~~coordinated regional STRATEGIC transportation INFRASTRUCTURE INVESTMENT~~
13 ~~plan approved for the county pursuant to section 28-6308, as amended or~~
14 ~~otherwise modified.~~

15 Sec. 14. Repeal

16 Sections 28-6352, 28-6353, 28-6354 and 28-6355, Arizona Revised
17 Statutes, are repealed.

18 Sec. 15. Title 28, chapter 17, article 2, Arizona Revised Statutes,
19 is amended by adding a new section 28-6352, to read:

20 28-6352. County transportation excise tax; budget process

21 A. THE REGIONAL PLANNING AGENCY IN THE COUNTY SHALL DEVELOP AND
22 ADOPT A PLAN. THE PLAN SHALL BE MULTIMODAL AND SHALL BE DEVELOPED IN
23 COOPERATION WITH STATE AND LOCAL PUBLIC TRANSPORTATION AUTHORITIES AND
24 OPERATORS AND IN COORDINATION WITH THE DEPARTMENT. THE REGIONAL PLANNING
25 AGENCY SHALL CONSIDER TRUCK PARKING AVAILABILITY WHEN CONSIDERING THE
26 CONSTRUCTION, EXPANSION OR MODIFICATION OF FREEWAYS OR OTHER ROUTES IN THE
27 STATE HIGHWAY SYSTEM. ON OR BEFORE DECEMBER 31, 2049, THE REGIONAL
28 PLANNING AGENCY SHALL ALLOCATE AT LEAST \$90,000,000 FOR THE IMPLEMENTATION
29 OF COMMERCIAL MOTOR VEHICLE PARKING THAT IS CONSISTENT WITH A REGIONALLY
30 ADOPTED TRUCK PARKING PLAN, INCLUDING FUNDING FOR CONSTRUCTION, LAND
31 ACQUISITION, LEASE, MAINTENANCE OR OPERATIONS OR ENTRY INTO A
32 PUBLIC-PRIVATE PARTNERSHIP AGREEMENT.

33 B. THE PLAN SHALL ALLOCATE REVENUE COLLECTED UNDER SECTION
34 42-6105.01 AS FOLLOWS:

35 1. IN THE REGIONAL AREA ROAD FUND FOR FREEWAYS AND OTHER ROUTES IN
36 THE STATE HIGHWAY SYSTEM, INCLUDING CAPITAL EXPENSE AND MAINTENANCE.

37 2. IN THE REGIONAL AREA ROAD FUND FOR MAJOR ARTERIAL STREETS AND
38 REGIONAL PROGRAMS, INCLUDING CAPITAL EXPENSE AND IMPLEMENTATION STUDIES.

39 3. IN THE PUBLIC TRANSPORTATION FUND ESTABLISHED BY SECTION 48-5103
40 FOR:

41 (a) CAPITAL COSTS, MAINTENANCE AND OPERATION OF PUBLIC
42 TRANSPORTATION MODE CLASSIFICATIONS.

43 (b) CAPITAL COSTS AND UTILITY RELOCATION COSTS ASSOCIATED WITH THE
44 LIGHT RAIL SYSTEM.

1 C. TRANSPORTATION EXCISE TAX REVENUES THAT ARE ALLOCATED PURSUANT
2 TO SUBSECTION B, PARAGRAPH 1, 2 OR 3 OF THIS SECTION MAY ONLY BE
3 REALLOCATED TO ANOTHER PARAGRAPH UNDER SUBSECTION B OF THIS SECTION IF THE
4 REALLOCATION IS RECOMMENDED FOR APPROVAL BY THE TRANSPORTATION POLICY
5 COMMITTEE AND APPROVED BY THE REGIONAL PLANNING AGENCY BOARD. NOT MORE
6 THAN TWO AND ONE-HALF PERCENT OF THE REVENUES COLLECTED UNDER SECTION
7 42-6105.01 MAY BE TRANSFERRED ANNUALLY BETWEEN SUBSECTION B, PARAGRAPHS 1,
8 2 AND 3 OF THIS SECTION WITHOUT GOING THROUGH THE MAJOR INVESTMENT CHANGE
9 PROCESS AS PRESCRIBED IN SUBSECTION H OF THIS SECTION.

10 D. BEGINNING FISCAL YEAR 2022-2023, THE REGIONAL PLANNING AGENCY
11 SHALL ADOPT A BUDGET PROCESS THAT ENSURES:

12 1. THE ESTIMATED COST OF THE FREEWAYS AND OTHER ROUTES IN THE
13 REGION'S STATE HIGHWAY SYSTEM DOES NOT EXCEED THE TOTAL AMOUNT OF REVENUES
14 ESTIMATED TO BE AVAILABLE OVER THE TERM OF THE TRANSPORTATION EXCISE TAX
15 AS PRESCRIBED BY SECTION 42-6105, SUBSECTION C AND SECTION 42-6105.01,
16 SUBSECTION C.

17 2. THE ESTIMATED COST OF THE PUBLIC TRANSPORTATION SYSTEM DOES NOT
18 EXCEED THE TOTAL AMOUNT OF REVENUES ESTIMATED TO BE AVAILABLE OVER THE
19 TERM OF THE TRANSPORTATION EXCISE TAX AS PRESCRIBED BY SECTION 42-6105,
20 SUBSECTION C AND SECTION 42-6105.01, SUBSECTION C.

21 3. THE ESTIMATED COST OF MAJOR ARTERIAL STREETS AND REGIONAL
22 PROGRAMS DOES NOT EXCEED THE TOTAL AMOUNT OF REVENUES ESTIMATED TO BE
23 AVAILABLE OVER THE TERM OF THE TRANSPORTATION EXCISE TAX AS PRESCRIBED BY
24 SECTION 42-6105, SUBSECTION C AND SECTION 42-6105.01, SUBSECTION C.

25 E. THE REGIONAL PLANNING AGENCY SHALL COORDINATE WITH IMPLEMENTING
26 PARTNERS ON THE BUDGET PROCESS PRESCRIBED IN SUBSECTION D OF THIS SECTION,
27 INCLUDING THE DEPARTMENT FOR FREEWAYS AND OTHER ROUTES IN THE STATE
28 HIGHWAY SYSTEM AND THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE
29 COUNTY FOR THE PUBLIC TRANSPORTATION SYSTEM.

30 F. THE REGIONAL PLANNING AGENCY SHALL DETERMINE THE USE OF THE
31 REVENUES COLLECTED UNDER SECTIONS 42-6105 AND 42-6105.01 FOR CAPITAL
32 PROJECTS THROUGH THE TRANSPORTATION IMPROVEMENT PROGRAM.

33 G. ANY BONDS ISSUED AGAINST PROCEEDS COLLECTED PURSUANT TO SECTIONS
34 42-6105 AND 42-6105.01 REQUIRE CONSULTATION WITH THE REGIONAL PLANNING
35 AGENCY.

36 H. THE MAJOR INVESTMENT CHANGE PROCESS REQUIRES THE FOLLOWING:

37 1. CONSIDERATION BY THE TRANSPORTATION POLICY COMMITTEE.

38 2. IDENTIFICATION OF THE PROJECTS AND PROGRAMS THAT WOULD BE
39 IMPACTED BY THE FUNDING TRANSFER.

40 3. A DETAILED, PERFORMANCE-BASED ASSESSMENT OF THE IMPACTED
41 PROJECTS AND PROGRAMS. THE PERFORMANCE-BASED ASSESSMENT MUST SUPPORT THE
42 PROPOSED MAJOR INVESTMENT CHANGE. THE ASSESSMENT SHALL ALSO SEEK,
43 CONSIDER AND DOCUMENT PUBLIC INPUT ON THE PROPOSED MAJOR INVESTMENT
44 CHANGE.

45 4. A ONE HUNDRED EIGHTY-DAY PUBLIC COMMENT PERIOD.

1 5. SUBMISSION OF THE PROPOSED MAJOR INVESTMENT CHANGE FOR REVIEW BY
2 THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE STATE
3 BOARD OF TRANSPORTATION AND THE COUNTY BOARD OF SUPERVISORS. AFTER
4 REVIEW, THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE
5 STATE BOARD OF TRANSPORTATION AND THE COUNTY BOARD OF SUPERVISORS, BY A
6 MAJORITY VOTE OF THE MEMBERS OF EACH BOARD AND WITHIN THIRTY DAYS AFTER
7 RECEIVING THE PROPOSED MAJOR INVESTMENT CHANGE, SHALL SUBMIT A WRITTEN
8 RECOMMENDATION TO THE REGIONAL PLANNING AGENCY THAT THE PROPOSED MAJOR
9 INVESTMENT CHANGE BE APPROVED, MODIFIED OR DISAPPROVED. IF THE REGIONAL
10 PUBLIC TRANSPORTATION AUTHORITY IN THE COUNTY, THE STATE BOARD OF
11 TRANSPORTATION OR THE COUNTY BOARD OF SUPERVISORS FAILS TO APPROVE THE
12 PROPOSED MAJOR INVESTMENT CHANGE, AN AFFIRMATIVE VOTE OF AT LEAST
13 SEVENTEEN MEMBERS OF THE TRANSPORTATION POLICY COMMITTEE IS REQUIRED TO
14 RECOMMEND APPROVAL AND PROCEED WITH THE MAJOR INVESTMENT CHANGE.

15 I. THE REGIONAL PLANNING AGENCY SHALL ANNUALLY REPORT ON THE STATUS
16 OF THE PROJECTS FUNDED PURSUANT TO SECTION 42-6105 OR 42-6105.01 AND SHALL
17 POST THE REPORT ON ITS WEBSITE.

18 J. REQUESTS FOR CHANGES TO TRANSPORTATION PROJECTS FUNDED IN THE
19 PLAN THAT WOULD MATERIALLY INCREASE COSTS SHALL BE SUBMITTED TO THE
20 REGIONAL PLANNING AGENCY FOR APPROVAL AND SUBMITTED BY THE REGIONAL
21 PLANNING AGENCY TO THE TRANSPORTATION POLICY COMMITTEE AND THE BOARD FOR
22 CONSIDERATION AND APPROVAL.

23 K. IF A LOCAL AUTHORITY REQUESTS AN ENHANCEMENT TO A TRANSPORTATION
24 PROJECT FUNDED IN THE PLAN, THE LOCAL AUTHORITY SHALL PAY ALL COSTS
25 ASSOCIATED WITH THE ENHANCEMENT.

26 L. THE PLAN SHALL REFLECT THE ALLOCATION OF REVENUES COLLECTED
27 UNDER SECTION 42-6105, SUBSECTION D THROUGH DECEMBER 31, 2025.

28 M. THE BUDGET PROCESS PRESCRIBED IN SUBSECTION D OF THIS SECTION
29 DOES NOT APPLY TO THE ANNUAL OPERATING BUDGET OF THE REGIONAL PUBLIC
30 TRANSPORTATION AUTHORITY IN THE COUNTY.

31 N. IF MONIES ARE APPROPRIATED BY THE LEGISLATURE FOR A PROJECT THAT
32 IS IDENTIFIED IN THE PLAN, THE USE OF THE MONIES FOR CONSTRUCTION REQUIRES
33 BOTH OF THE FOLLOWING:

34 1. THE PROJECT MUST BE ADVANCED AS APPROPRIATE TO REFLECT THE
35 ESTIMATED CONSTRUCTION START DATE.

36 2. THE MONIES MUST BE USED IN THE SAME MODAL CLASSIFICATION
37 SPECIFIED IN SUBSECTION B OF THIS SECTION.

38 O. IF A MUNICIPALITY PAYS FOR PUBLIC TRANSPORTATION SERVICE IN AN
39 ADJACENT MUNICIPALITY OR UNINCORPORATED AREA OF A COUNTY, THE COST OF THE
40 SERVICE SHALL BE ELIGIBLE FOR REIMBURSEMENT FROM MONIES COLLECTED UNDER
41 SECTION 42-6105 OR 42-6105.01. FOR THE PURPOSES OF THIS SUBSECTION:

42 1. "MUNICIPALITY" MEANS A CITY OR TOWN.

43 2. "PUBLIC TRANSPORTATION SERVICE" INCLUDES CIRCULATOR SERVICE.

1 Sec. 16. Section 28-6538, Arizona Revised Statutes, is amended to
2 read:

3 28-6538. Arizona highway user revenue fund distribution;
4 remaining monies; highway fund distribution;
5 contract authorization; plan requirements

6 A. Each fiscal year the department shall allocate and the state
7 treasurer shall distribute revenues of the Arizona highway user revenue
8 fund remaining after the distribution provided in sections 28-6534 and
9 28-6537 as follows:

- 10 1. To the state highway fund, fifty and one-half per-cent PERCENT.
- 11 2. To the counties, nineteen per-cent PERCENT.
- 12 3. To the incorporated cities and towns, twenty-seven and one-half
13 per-cent PERCENT.
- 14 4. To incorporated cities with a population of three hundred
15 thousand or more persons, three per-cent PERCENT.

16 B. At least twelve and six-tenths per-cent PERCENT of the revenues
17 allocated each year to the state highway fund pursuant to subsection A of
18 this section shall be further distributed in the following proportions and
19 for the following purposes:

20 1. Seventy-five per-cent PERCENT of the revenues shall be spent,
21 pledged or accumulated in counties with a population of one million five
22 hundred thousand or more persons for the design, right-of-way purchase or
23 construction of controlled access highways that are included in the
24 ~~regional transportation plan of the county~~ AS DEFINED IN SECTION 28-6351
25 and that are accepted into the state highway system either as a state
26 route or as a state highway.

27 2. Twenty-five per-cent PERCENT of the revenues shall be spent,
28 pledged or accumulated in counties with a population of more than eight
29 hundred thousand but less than one million five hundred thousand persons
30 for:

31 (a) The design, right-of-way purchase or construction of controlled
32 access highways that are included in the ~~regional transportation plan of~~
33 ~~the county~~ AS DEFINED IN SECTION 28-6351 and that are accepted into the
34 state highway system either as a state route or as a state highway or
35 related grade separations of controlled access highways that are included
36 in the ~~regional transportation plan of the county~~ AS DEFINED IN SECTION
37 28-6351.

38 (b) Notwithstanding sections 28-6993 and 28-6995, the design,
39 right-of-way purchase, construction, standard and reduced clearance grade
40 separation, extension and widening of arterial streets and highways that
41 are included in the ~~regional transportation plan of the county~~ AS DEFINED
42 IN SECTION 28-6351.

43 C. Of the monies allocated to the state highway fund pursuant to
44 subsection A of this section, not more than ~~five million dollars~~

1 \$5,000,000 annually shall be spent for the acquisition, construction or
2 improvement of entry roads to state parks or roads in state parks.

3 D. Expenditures for state matching monies for the federal
4 interstate system shall be in addition to the amount provided in
5 subsection B of this section.

6 E. The department may contract with a county, city or town to allow
7 the county, city or town to construct the streets or highways prescribed
8 in subsection B of this section.

9 F. A county described in subsection B of this section and the
10 cities and towns in the county, through their regional planning agency,
11 shall list transportation corridors by priority in the regional
12 transportation plan AS DEFINED IN SECTION 28-6351. The regional
13 transportation plan AS DEFINED IN SECTION 28-6351 may also provide a
14 suggested construction schedule for the transportation corridors contained
15 in the plan.

16 Sec. 17. Section 28-6954, Arizona Revised Statutes, is amended to
17 read:

18 28-6954. Program requirements

19 A. The five year transportation facilities construction program
20 shall:

21 1. Set forth estimated expenditures by project for engineering,
22 rights-of-way and construction.

23 2. Include detailed information by project as to location,
24 description and the reasons for the project's assigned priority.

25 3. List projects by priority and group them in the fiscal year
26 during which it is estimated construction can begin.

27 4. For the first year of the program, consist of projects that can
28 with reasonable certainty be advertised for public bidding.

29 5. Include a plan for the use of monies expected to be deposited in
30 a county's regional area road fund as provided in chapter 17, article 1 of
31 this title THAT IS ALL OF THE FOLLOWING:

32 (a) CONSISTENT WITH THE PLAN AS DEFINED IN SECTION 28-6351.

33 (b) CONSISTENT WITH THE PROJECT BUDGET PROCESS SPECIFIED IN SECTION
34 28-6352, SUBSECTION D, PARAGRAPH 1.

35 (c) ANNUALLY UPDATED.

36 6. Include a plan for the use of monies that are expected to accrue
37 in a county's regional transportation fund as provided in section 48-5310,
38 that are dedicated for street and highway purposes and that are in the
39 state highway system.

40 B. The department shall develop and use detailed criteria designed
41 to meet the transportation system performance measures adopted by the
42 board pursuant to section 28-304 in identifying projects for the five year
43 transportation facilities construction program. The project selection
44 process shall also conform to state and regional growth policies.

1 Sec. 18. Section 28-7562, Arizona Revised Statutes, is amended to
2 read:

3 28-7562. Bond requirements

4 A. The bonds authorized by this article shall:

5 1. Be authorized by resolution of the board.

6 2. Bear such date or dates and mature at such time or times, not
7 exceeding the earlier of ~~twenty~~ TWENTY-FIVE years from their respective
8 dates or the date the transportation excise taxes securing the bonds
9 cease, as the resolution or resolutions may provide.

10 3. Bear interest at such rate or rates, including rates that may
11 vary from time to time pursuant to parameters set by the board in the
12 authorizing resolution.

13 4. Be in the denomination, be in the form, either coupon or
14 registered, be executed in the manner and be payable as to principal,
15 interest or premium in the medium of payment at the office of the state
16 treasurer of this state or at such other place or places as the board
17 provides either by automatic deposit, wire transfer or mail, as the
18 resolution or resolutions may provide.

19 5. Be subject to the terms of redemption, at the option of either
20 the board or the owner of the bond, as the resolution or resolutions may
21 provide.

22 B. The bonds may be sold at either public or private sale, above,
23 at or below par and on terms the board determines. Bonds to fund or
24 refund other bonds may be exchanged with the holders of bonds being funded
25 or refunded on terms the board determines.

26 Sec. 19. Section 28-7671, Arizona Revised Statutes, is amended to
27 read:

28 28-7671. Definitions

29 In this article, unless the context otherwise requires:

30 1. "Eligible highway project" means a highway project that is both:

31 (a) On the federal aid system, national highway system or state
32 route or state highway system.

33 (b) Included in either:

34 (i) The department's state highway construction plan.

35 (ii) The transportation improvement plan of a regional association
36 of governments.

37 2. "Eligible transit capital project" means land, buildings or
38 motor vehicles or a combination of land, buildings and motor vehicles that
39 is included in the transportation improvement plan of a regional
40 association of governments and that is part of the federal transit
41 administration's rural public transportation program for entities that are
42 eligible pursuant to section 28-7676 and that have populations of less
43 than fifty thousand persons.

44 3. "Eligible transportation project" means a transportation project
45 that is eligible pursuant to section 28-7676.

1 4. "Federal SIB act" means section 350 of the national highway
2 system designation act of 1995 (P.L. 104-59; 109 Stat. 618), any
3 regulations adopted pursuant to that section and any other provisions of
4 federal law providing for state infrastructure banks, infrastructure
5 credit programs and other grant programs for highway purposes and any
6 regulations adopted pursuant to those laws.

7 5. "Fund" means the highway expansion and extension loan program
8 fund established by section 28-7674.

9 6. "Indian tribe" means any Indian tribe, band, group or community
10 that is recognized by the United States secretary of the interior and that
11 exercises governmental authority within the limits of any Indian
12 reservation under the jurisdiction of the United States government,
13 notwithstanding the issuance of any patent and including rights-of-way
14 running through the reservation.

15 7. "Loan repayment agreement" means one or more loan agreements,
16 instruments or other agreements providing for repayment of a loan or other
17 financial assistance and entered into by this state or its agencies,
18 including the department, or a political subdivision or Indian tribe.

19 8. "Political subdivision" means a county, city, town or special
20 taxing district authorized by law to construct or assist in the
21 construction of an eligible highway project or a county, city, town or
22 special taxing district established pursuant to section 48-5102 to
23 construct or assist in the construction of a transportation project.

24 9. "SIB cooperative agreement" means a cooperative agreement or
25 agreements entered into by the Arizona department of transportation with
26 the United States department of transportation pursuant to this article
27 and the federal SIB act.

28 10. "Transportation project" means all or a portion of a project
29 that is included in the state's transportation improvement program or a
30 ~~regional transportation~~ plan, as defined in section 28-6351, including the
31 project planning, environmental work, design, right-of-way acquisition or
32 construction for the transportation project and associated rolling stock
33 and operating systems but not including an eligible highway project.

34 Sec. 20. Section 28-7691, Arizona Revised Statutes, is amended to
35 read:

36 28-7691. Definitions

37 In this article, unless the context otherwise requires:

38 1. "Excise taxes" means all unrestricted excise, transaction,
39 franchise, privilege and business taxes, state shared sales TRANSACTION
40 PRIVILEGE and income taxes, fees for licenses and permits and state
41 revenue sharing that are levied and paid by a political subdivision or
42 contributed, levied or paid to the political subdivision and not earmarked
43 by the contributor or the political subdivision for a contrary or
44 inconsistent purpose.

1 2. "Political subdivision" means a county, city, town or special
2 taxing district established pursuant to section 48-5102 to construct or
3 assist in the construction of a transportation project.

4 3. "Transportation project" means all or a portion of a project
5 that is included in the state's transportation improvement program or a
6 ~~regional transportation~~ plan, as defined in section 28-6351, including the
7 project planning, environmental work, design, right-of-way acquisition or
8 construction for the transportation project and associated rolling stock
9 and operating systems.

10 4. "Transportation project advance agreement" means a written
11 agreement, entered into in accordance with section 28-7677 and section
12 9-500.17, 11-269.03 or 48-5122, between one or more political subdivisions
13 and the department, a regional planning agency, metropolitan planning
14 organization or council of governments or a designated grant recipient
15 under which the political subdivision advances monies to the department,
16 the regional planning agency, metropolitan planning organization or
17 council of governments or the designated grant recipient to accelerate a
18 transportation project and under which the recipient of the advanced
19 monies repays the advance.

20 5. "Transportation project advance revenues" means any revenues a
21 political subdivision receives under a transportation project advance
22 agreement, or as proceeds of transportation project advancement notes,
23 together with any earnings from the investment of the revenues.

24 6. "Transportation project advancement notes" means notes
25 authorized by this article.

26 Sec. 21. Section 28-7695, Arizona Revised Statutes, is amended to
27 read:

28 28-7695. Use of proceeds

29 A political subdivision shall use the proceeds from the sale of
30 transportation project advancement notes for payment of any of the
31 following:

32 1. Advances for a transportation project included in the state's
33 transportation improvement program or a ~~regional transportation~~ plan, as
34 defined in section 28-6351, under the transportation project advance
35 agreement that relates to the transportation project advancement notes.

36 2. Legal and financial costs and expenses incurred in issuing and
37 administering the notes.

38 3. Reimbursement to the political subdivision for monies previously
39 advanced to the department, a regional planning agency, metropolitan
40 planning organization or council of governments, a regional public
41 transportation authority or a designated grant recipient under the
42 transportation project advance agreement that relates to the
43 transportation project advancement notes.

44 4. If authorized by the political subdivision, payment of interest
45 that accrues on the notes before maturity.

1 5. Payment of the principal, premium or interest on other
2 obligations of the political subdivision to the extent that proceeds of
3 those obligations are applied to the financing of the transportation
4 project that relates to the transportation project advance agreement.

5 Sec. 22. Section 42-6105, Arizona Revised Statutes, is amended to
6 read:

7 42-6105. County transportation excise tax; counties with
8 population of one million two hundred thousand or
9 more persons

10 A. If approved by the qualified electors voting at a countywide
11 election, a county with a population of one million two hundred thousand
12 or more persons shall levy and the department shall collect a tax as
13 provided by this section, in addition to all other taxes.

14 B. The tax shall be levied and collected:

15 1. At a rate of not more than ten per~~cent~~ PERCENT of the
16 transaction privilege tax rate prescribed by section 42-5010, subsection A
17 applying, as of January 1, 1990, to each person engaging or continuing in
18 the county in a business taxed under chapter 5, article 1 of this title.

19 2. At a rate of not more than ten per~~cent~~ PERCENT of the rate
20 prescribed by section 42-5352, subsection A.

21 3. On the use or consumption of electricity or natural gas by
22 retail electric or natural gas customers in the county who are subject to
23 use tax under section 42-5155, at a rate equal to the transaction
24 privilege tax rate under paragraph 1 of this subsection applying to
25 persons engaging or continuing in the county in the utilities transaction
26 privilege tax classification.

27 C. The tax levied under this section shall be in effect for a term
28 of twenty years.

29 D. The net revenues collected under this section shall be
30 distributed and deposited as follows for use consistent with the regional
31 transportation plan adopted under title 28, chapter 17, article 1- 2:

32 1. 56.2 per~~cent~~ PERCENT to the regional area road fund pursuant to
33 section 28-6303 for freeways and other routes in the state highway system,
34 including capital expense and maintenance.

35 2. 10.5 per~~cent~~ PERCENT to the regional area road fund pursuant to
36 section 28-6303 for major arterial streets and ~~intersection improvements~~
37 REGIONAL PROGRAMS, including capital expense and implementation studies.

38 3. 33.3 per~~cent~~ PERCENT to the public transportation fund pursuant
39 to section 48-5103 for:

40 (a) Capital costs, maintenance and operation of public
41 transportation classifications.

42 (b) Capital costs and utility relocation costs associated with a
43 light rail public transit system.

1 Sec. 23. Title 42, chapter 6, article 3, Arizona Revised Statutes,
2 is amended by adding section 42-6105.01, to read:

3 42-6105.01. County transportation excise tax; counties with
4 population of three million or more persons;
5 conditional enactment

6 A. IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A COUNTYWIDE
7 ELECTION, FROM AND AFTER DECEMBER 31, 2025, A COUNTY WITH A POPULATION OF
8 THREE MILLION OR MORE PERSONS SHALL LEVY AND THE DEPARTMENT SHALL COLLECT
9 A TAX AS PROVIDED BY THIS SECTION, IN ADDITION TO ALL OTHER TAXES.

10 B. THE TAX SHALL BE LEVIED AND COLLECTED:

11 1. AT A RATE OF NOT MORE THAN TEN PERCENT OF THE TRANSACTION
12 PRIVILEGE TAX RATE PRESCRIBED BY SECTION 42-5010, SUBSECTION A THAT
13 APPLIES, AS OF JANUARY 1, 2022, TO EACH PERSON ENGAGING OR CONTINUING IN
14 THE COUNTY IN A BUSINESS TAXED UNDER CHAPTER 5, ARTICLE 1 OF THIS TITLE.

15 2. AT A RATE OF NOT MORE THAN TEN PERCENT OF THE RATE PRESCRIBED BY
16 SECTION 42-5352, SUBSECTION A.

17 3. ON THE USE OR CONSUMPTION OF ELECTRICITY OR NATURAL GAS BY
18 RETAIL ELECTRIC OR NATURAL GAS CUSTOMERS IN THE COUNTY WHO ARE SUBJECT TO
19 USE TAX UNDER SECTION 42-5155, AT A RATE EQUAL TO THE TRANSACTION
20 PRIVILEGE TAX RATE UNDER PARAGRAPH 1 OF THIS SUBSECTION THAT APPLIES TO
21 PERSONS ENGAGING OR CONTINUING IN THE COUNTY IN THE UTILITIES TRANSACTION
22 PRIVILEGE TAX CLASSIFICATION.

23 C. THE TAX LEVIED UNDER THIS SECTION SHALL BE IN EFFECT FOR A TERM
24 OF TWENTY-FIVE YEARS.

25 D. THE PLAN ADOPTED UNDER TITLE 28, CHAPTER 17, ARTICLE 2 SHALL
26 SPECIFY THE DISTRIBUTION OF MONIES COLLECTED UNDER THIS SECTION INTO THE
27 REGIONAL AREA ROAD FUND ESTABLISHED PURSUANT TO SECTION 28-6302 OR THE
28 PUBLIC TRANSPORTATION FUND ESTABLISHED BY SECTION 48-5103. EXCEPT AS
29 PROVIDED IN SUBSECTION F OF THIS SECTION, THE PLAN SHALL DISTRIBUTE:

30 1. 37.4 PERCENT TO THE REGIONAL AREA ROAD FUND FOR FREEWAYS AND
31 OTHER ROUTES IN THE STATE HIGHWAY SYSTEM, INCLUDING CAPITAL EXPENSE AND
32 MAINTENANCE.

33 2. 22.2 PERCENT TO THE REGIONAL AREA ROAD FUND FOR MAJOR ARTERIAL
34 STREETS AND REGIONAL PROGRAMS, INCLUDING CAPITAL EXPENSE AND
35 IMPLEMENTATION STUDIES.

36 3. 40.4 PERCENT TO THE PUBLIC TRANSPORTATION FUND FOR BOTH:

37 (a) CAPITAL COSTS, MAINTENANCE AND OPERATION OF PUBLIC
38 TRANSPORTATION MODE CLASSIFICATIONS.

39 (b) CAPITAL COSTS AND UTILITY RELOCATION COSTS ASSOCIATED WITH THE
40 LIGHT RAIL SYSTEM.

41 E. NOT MORE THAN FIVE PERCENT OF THE REVENUES COLLECTED UNDER THIS
42 SECTION MAY BE TRANSFERRED ANNUALLY BETWEEN SUBSECTION D, PARAGRAPHS 1, 2
43 AND 3 OF THIS SECTION.

1 F. NOT MORE THAN FOURTEEN PERCENT OF THE REVENUES COLLECTED
2 ANNUALLY UNDER THIS SECTION MAY BE SPENT ON LIGHT RAIL SYSTEMS IN A MANNER
3 DESCRIBED IN SUBSECTION D, PARAGRAPH 3, SUBDIVISION (b) OF THIS SECTION.

4 G. THE DISTRIBUTION SPECIFIED IN SUBSECTION D, PARAGRAPH 1 OF THIS
5 SECTION MAY NOT BE DECREASED.

6 H. MONIES COLLECTED PURSUANT TO THIS SECTION MAY NOT BE USED TO
7 INFLUENCE THE OUTCOME OF AN ELECTION.

8 I. THIS SECTION DOES NOT BECOME EFFECTIVE UNLESS AT AN ELECTION
9 HELD NOVEMBER 8, 2022 THE COUNTY TRANSPORTATION EXCISE TAX IS APPROVED BY
10 THE QUALIFIED ELECTORS.

11 Sec. 24. Section 48-5102, Arizona Revised Statutes, is amended to
12 read:

13 48-5102. Regional public transportation authority in counties
14 with population of three million or more persons;
15 establishment

16 ~~A. Beginning January 1, 1986, a regional public transportation~~
17 ~~authority is established in a county that has a population of one million~~
18 ~~two hundred thousand or more persons and that approves a transportation~~
19 ~~excise tax.~~

20 A. BEGINNING JANUARY 1, 2026, A REGIONAL PUBLIC TRANSPORTATION
21 AUTHORITY IS ESTABLISHED IN A COUNTY THAT HAS A POPULATION OF THREE
22 MILLION OR MORE PERSONS AND THAT APPROVES A COUNTY TRANSPORTATION EXCISE
23 TAX.

24 B. An authority is a tax levying public improvement district for
25 all purposes of article XIII, section 7, Constitution of Arizona, and has
26 the powers, privileges and immunities specifically granted by law. The
27 authority's property, bonds, debts and other obligations and interest on
28 and transfer of its bonds and obligations are free from taxation.

29 C. The authority may operate both within and outside the corporate
30 limits of the member municipalities.

31 Sec. 25. Section 48-5103, Arizona Revised Statutes, is amended to
32 read:

33 48-5103. Public transportation fund

34 A. A public transportation fund is established for the authority.
35 The fund consists of:

36 1. Monies appropriated by each municipality that is a member of the
37 authority or the county, if it elected to enter into the authority. Each
38 member municipality and member county shall appropriate monies to the
39 public transportation fund in an amount determined by the board.

40 2. Monies appropriated by a county that has not elected to enter
41 into the authority in an amount determined by the county board of
42 supervisors.

43 3. Transportation excise tax revenues that are allocated to the
44 fund pursuant to ~~section~~ SECTIONS 42-6105 AND 42-6105.01. The board shall
45 separately account for monies from transportation excise tax revenues

1 allocated pursuant to section 42-6105, subsection D, paragraph 3 OR
2 SECTION 42-6105.01, SUBSECTION D, PARAGRAPH 3, SUBDIVISION (b) for:

3 (a) A light rail public transit system.

4 (b) Capital costs for other public transportation.

5 (c) Operation and maintenance costs for other public
6 transportation.

7 4. Monies distributed under title 28, chapter 17, ~~article~~ ARTICLES
8 1 AND 2.

9 5. Grants, gifts or donations from public or private sources.

10 6. Monies granted by the federal government or appropriated by the
11 legislature.

12 7. Fares or other revenues collected in operating a public
13 transportation system.

14 B. On behalf of the authority, the fiscal agent shall administer
15 monies paid into the public transportation fund. Monies in the fund may
16 be spent pursuant to or to implement the public transportation element of
17 the ~~regional transportation plan~~ AS DEFINED IN SECTION 28-6351 developed
18 and approved by the regional planning agency, including reimbursement for
19 utility relocation costs as prescribed in section 48-5107, ~~adopted~~
20 ~~pursuant to section 48-5121~~ and for projects identified in the ~~regional~~
21 ~~transportation plan~~ adopted by the regional planning agency pursuant to
22 section ~~28-6308~~ 28-6352.

23 C. Monies in the fund shall not be spent to promote or advocate a
24 position, alternative or outcome of an election, to influence public
25 opinion or to pay or contract for consultants or advisors to influence
26 public opinion with respect to an election regarding taxes or other
27 sources of revenue for the fund or regarding the ~~regional transportation~~
28 ~~plan~~ AS DEFINED IN SECTION 28-6351.

29 Sec. 26. Repeal

30 Sections 48-5106 and 48-5121, Arizona Revised Statutes, are
31 repealed.

32 Sec. 27. Election on transportation excise tax

33 A. Before November 8, 2022, the board of supervisors of any county
34 with a population of three million or more persons shall call a countywide
35 election for the extension and levy of a county transportation excise tax
36 as provided by section 42-6105.01, Arizona Revised Statutes, as added by
37 this act, and on November 8, 2022, the board of supervisors shall conduct
38 the election.

39 B. In addition to any other requirements prescribed by law, the
40 board of supervisors shall prepare and print an 8½" x 11" publicity
41 pamphlet concerning the ballot question and mail one copy of the pamphlet
42 to each household containing a registered voter in the county. The
43 mailings may be made over a period of days but shall be mailed for
44 delivery before the earliest date registered voters may receive early
45 ballots for the election. The publicity pamphlet shall contain:

1 1. A summary of the principal provisions of the issue presented to
2 the voters, including the rate of the transportation excise tax, the
3 number of years the tax will be in effect and the projected annual and
4 cumulative amount of revenues to be raised.

5 2. A statement describing the purposes for which the transportation
6 excise tax monies may be spent as provided by law, including:

7 (a) A summary of the regional strategic transportation
8 infrastructure investment plan adopted pursuant to section 28-6308,
9 Arizona Revised Statutes, as amended by this act.

10 (b) A map of proposed routes and transportation corridors of all
11 major transportation projects.

12 (c) The estimated amount of transportation excise tax revenues,
13 together with other identified revenues, dedicated for each transportation
14 mode.

15 (d) The Maricopa county elections department website address for
16 additional information on the regional strategic transportation
17 infrastructure investment plan.

18 3. The form of the ballot.

19 4. Any arguments for or against the ballot measure. Affirmative
20 arguments, arranged in the order in which the elections director received
21 them, shall be placed before the negative arguments, also arranged in the
22 order in which they were received.

23 C. On or before June 15, 2022, a person may file with the county
24 elections director an argument, not more than three hundred words in
25 length, advocating or opposing the ballot measure. The person who files
26 the argument shall also pay to the elections director a publication fee
27 prescribed by the board of supervisors. If the argument is sponsored by
28 one or more individuals, the argument shall be signed by each sponsoring
29 individual. If the argument is sponsored by one or more organizations,
30 the argument shall be signed by two executive officers of each
31 organization. If the argument is sponsored by one or more political
32 committees, the argument shall be signed by each committee's chairperson
33 or treasurer. Payment of the fee required by this subsection, or
34 reimbursement of the payor, constitutes sponsorship of the argument. The
35 names of persons who have signed arguments and the names of sponsoring
36 organizations shall appear with the argument in the pamphlet. The person
37 or persons signing the argument shall also give their residence or post
38 office box address and a telephone number, which may not appear in the
39 pamphlet.

40 D. In addition to any other ballot requirements prescribed by law,
41 the elections director shall cause the following to be printed on the
42 official ballot:

43 1. The designation of the measure as follows: "Relating to county
44 transportation excise (sales) taxes".

1 2. The title: Regional Strategic Transportation Infrastructure
2 Investment Plan.

3 3. A description of the ballot measure, which shall read as
4 follows:

5 An economic development measure continuing the existing
6 transportation excise tax to improve travel times and choices,
7 reduce congestion, aid public safety, improve air quality and
8 address the regional transportation system by building,
9 modernizing and expanding new and existing freeways, streets
10 and intersections, investing in future transportation
11 technology and innovations, addressing transportation safety
12 issues, extending the light rail system, improving and
13 expanding regional bus transit and providing additional
14 dial-a-ride services for the elderly and persons with
15 disabilities, vanpool services and pedestrian paths and
16 bikeways.

17 4. Instructions directing the voter to the full text of the
18 official and descriptive titles containing the summary as printed in the
19 sample ballot and posted in the polling place. The ballot may include the
20 summary of the regional strategic transportation infrastructure investment
21 plan.

22 5. The question submitted to the voters as follows:

23 Do you favor the continuation of a county transaction
24 privilege (sales) tax for regional transportation purposes in
25 _____ county? YES _____ NO _____

26 (A "YES" vote has the effect of continuing the transaction
27 privilege (sales) tax in _____ county for twenty-five
28 years to provide funding for transportation projects as
29 contained in the regional strategic transportation
30 infrastructure investment plan.)

31 (A "NO" vote has the effect of rejecting the transaction
32 privilege (sales) tax for transportation purposes in
33 _____ county.)

34 E. Except as otherwise provided by this section, the election under
35 this section shall be conducted as nearly as practicable in the manner
36 prescribed for general elections in title 16, Arizona Revised Statutes.
37 The county election officer shall account for costs specifically incurred
38 with respect to the ballot issue under this section. Regardless of the
39 outcome of the election, and notwithstanding any other law, the state
40 treasurer shall pay the costs listed in this subsection specifically
41 incurred with respect to the ballot issue under this section from monies
42 paid into the county's regional area road fund on submission of the bill
43 by the county election officer. Costs specifically incurred with respect
44 to the ballot issue under this section include the following:

1 1. Costs of mailing, publishing, posting and printing ballots,
2 publicity pamphlets, notices, election materials and other matters
3 concerning the election.
4 2. Legal and other consulting fees and costs relating to the
5 election.
6 3. Telecommunications costs.
7 4. Compensation of the election board, county election officers and
8 employees and other labor costs incurred to administer, hold, canvass and
9 announce the results of the election.
10 5. Any other costs attributable to the election.
11 F. This section does not constitute a submission of any provision
12 of law to the people for approval under the power of the referendum.
13 G. Except as specifically provided in this section, the general
14 laws relating to elections apply to the election prescribed by this
15 section.
16 Sec. 28. Regional public transportation authority
17 This act does not invalidate an action by a regional public
18 transportation authority formed pursuant to law before the effective date
19 of this act.
20 Sec. 29. Emergency
21 This act is an emergency measure that is necessary to preserve the
22 public peace, health or safety and is operative immediately as provided by
23 law.