



A Message from Supervisor Ally Miller

Dear Pima County Citizen,

You do not need to drive far in Pima County to understand road maintenance has been severely neglected for the past 25 years. In fact, 72% of the roads in District 1 have been identified as being in poor to failed condition. The Final Pima County Budget for Fiscal Year 2013/2014 has a mere \$5 million allocated to road repairs. Not only is that less than ½ of 1 percent of the total budget, it is being funded by increasing your property tax rate.

On May 21, 2013, the Pima County Board of Supervisors passed [Resolution No. 2013-37](#) requesting the Arizona Legislature increase the state gasoline tax by 10 cents per gallon. The Board's goal is to increase revenues available to the County for road repair, rehabilitation, and maintenance. This Resolution passed with a 4 to 1 vote. This letter provides a brief overview explaining why I was the lone vote against an increase to the gasoline tax.

Transportation Funding Challenges

On May 7, 2013, Pima County Administrator, Chuck Huckelberry, released a [Transportation Funding Report](#). In this report, Mr. Huckelberry cited several of the transportation funding challenges that he believes has caused these failed roads in Pima County:

- **The decline of the national economy during this Great Recession.** I agree with this point, if less people are traveling and buying newer vehicles, Highway User Revenue Funds (HURF, gasoline tax and other vehicle and transportation-related taxes) and Vehicle License Tax revenues (VLT, tax based on the value of the vehicle assessed at the time of registration) are down. HURF and VLT revenues are our primary road repair monies.
- **The rapid rise in the price of fuel over time has tempered the purchase and use of gasoline.** In my opinion, increasing the gasoline tax by 10 cents per gallon would

promote the very behavior of less driving! This would further exacerbate the problem of lower HURF revenue.

- **In response to the rapid rise in fuel cost, vehicle fleet efficiency has increased significantly over the last 10 years.** This means that the same quantity (or less) of fuel can be purchased, but wear and tear on the highway system increases without a corresponding increase in revenue to operate and maintain the highway system. Owners of electric and hybrid vehicles are the *free riders* paying little to drive on our roads. I would recommend an assessment via a special formula added to the Vehicle License Tax for the drivers of these vehicles.
- **The *devastating* legislative sweeps where the State of Arizona, to balance their budget, diverted funds from HURF to pay for expenses.** The Arizona Legislature has swept a mere 4% (\$34,200,020) of the total HURF/VLT revenues (\$768,180,339) from Pima County since 1997. Yet the mantra of the *devastating legislative sweeps* is the diversionary tactic employed to defend the cause of the disgraceful road conditions in Pima County.

The cause Mr. Huckelberry *failed to identify* in this report is the abject failure of Pima County Government to provide for basic safety needs, quality of life, and attractive communities, all of which are key factors to driving true economic development. **He failed to identify who is truly holding the broom sweeping our road repair money.**

HURF Revenues Used for Salaries and Other Operating Expenses

Pima County has collected \$733 million in Highway User Revenue Funds and Vehicle License Tax revenues since 1997. **These funds are the money stream identified for road repairs.** Pima County government has failed the citizens by sweeping these funds to pay salaries and other operating expenses of the Department of Transportation. I believe these expenses should be funded by the General Fund in order for HURF revenues to be used to directly repair our crumbling roads. HURF revenues of approximately \$45 million per year that come back to Pima County from the State of Arizona would be adequate to repair and maintain our roads.

HURF Revenues to Pay Off Bonds

In 1997, voters approved \$350 million in bonds to be used for **new road construction or expansion only**. Not for repairs to existing roads. Along with this package, the voters approved paying for these bonds with a portion of our HURF revenues. **Pima County is using our road repair money to pay for bonds.** Decisions regarding the actual sale of revenue bonds can be made every two years and Pima County has the option to

discontinue further issuance of any remaining bonds from the 1997 Bond election; however, Mr. Huckelberry has stated, "The County is committed to sell the remaining 1997 authorization.."

Dedicated Capacity Improvement Funds

On May 16, 2006, Pima County voters approved the imposition of a ½-cent excise tax levy to provide transportation improvements in accordance with an expenditure plan. The funds are for very specific projects, primarily roadway **capacity and widening projects**.

In addition, the County adopted Transportation Impact Fees (TIFs) in 1997 which on average are approximately \$5,500 per single family residence. State law **prohibits** the use of TIFs on any highway improvements **other than capacity improvements**.

Here are two dedicated revenue streams for capacity improvements, so why are we using our road repair monies for this purpose?! I don't believe we should use HURF revenues - our only revenue stream for road repairs - to pay for any more capacity improvement projects.

Final Thoughts

Taxpayers and business owners in Pima County are just beginning to recover from the Great Recession and are now facing tremendous economic uncertainty with the increasing impact fees, health care costs, and taxes.

On June 18, 2013, the Pima County Board of Supervisors made the decision to increase the property tax rate by 7% for Fiscal Year 2013/2014 vs. cutting spending while our neighbor to the north, Maricopa County, actually [held the rate steady](#) which resulted in necessary spending cuts for their 2013/2014 Budget.

I did not support this Resolution because I believe that in addition to the recent property tax rate increase, the Roadway Development Fee Impact increase, and the Development Services Fee increase, it is yet another slap in the face to the residents of Pima County. Finally, how can we trust the additional funds raised via a 10 cent per gallon gasoline tax increase would be used exclusively for road repairs vs bond payments and salaries?

By supporting [Resolution No. 2013-37](#) for a 10 cent per gallon gasoline tax increase, Pima County is supporting yet another burden on business owners, developers, and taxpayers. It is time to **cut spending** and prioritize the basic needs. This didn't happen in Pima County this year. However, you have an opportunity to stop this proposed gasoline tax increase by [contacting your State Legislators](#) and urge them to vote NO on a gas tax increase. I am the only vote against this on the Pima County Board of Supervisors and I need your help.

Regards,



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