

How are we going to pay for transportation investments in the future?

IS ANYBODY EVEN LISTENING?

Eric Anderson, Transportation Director
Maricopa Association of Governments



Condemnation Summit XXII
May 4, 2018

Computers



PowerBook 100
5.1 lbs 16 Mhz 20-40 MB storage
\$4,000 (Today's \$)



MacBook Air
2.3 lbs 1.6 GHz 128 GB storage
\$777

Cell Phone



Approximately 500,000
the chip



7,000,000,000 transistors on the
chip

Income per Capita

1991
\$17,120

2017
\$41,078

Percent Change
139.9 %



Average Cost of a New Home

1991

\$145,900

2017

\$382,700

Percent Change

162.3 %

5



Best Selling Cars

6

1991 Ford Taurus



Fuel Economy
City: 16 Highway 26 Combined 19

2018 Honda Civic



Fuel Economy
City: 31 Highway 40 Combined 35

Gas Prices



1991
Average Gas Price \$1.14



2017
Average Gas Price \$2.53

Highway Construction

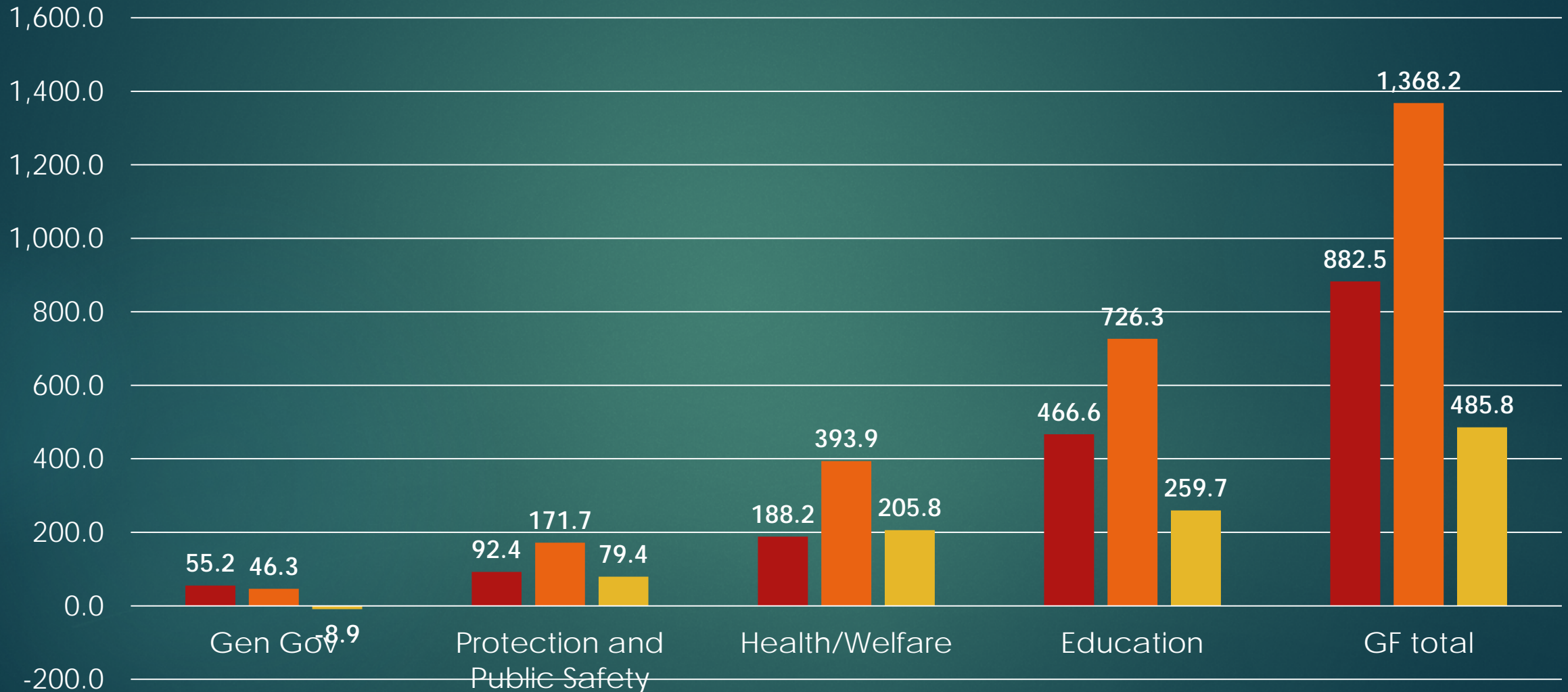


Pima Freeway Original Construction
\$35.6 million per mile



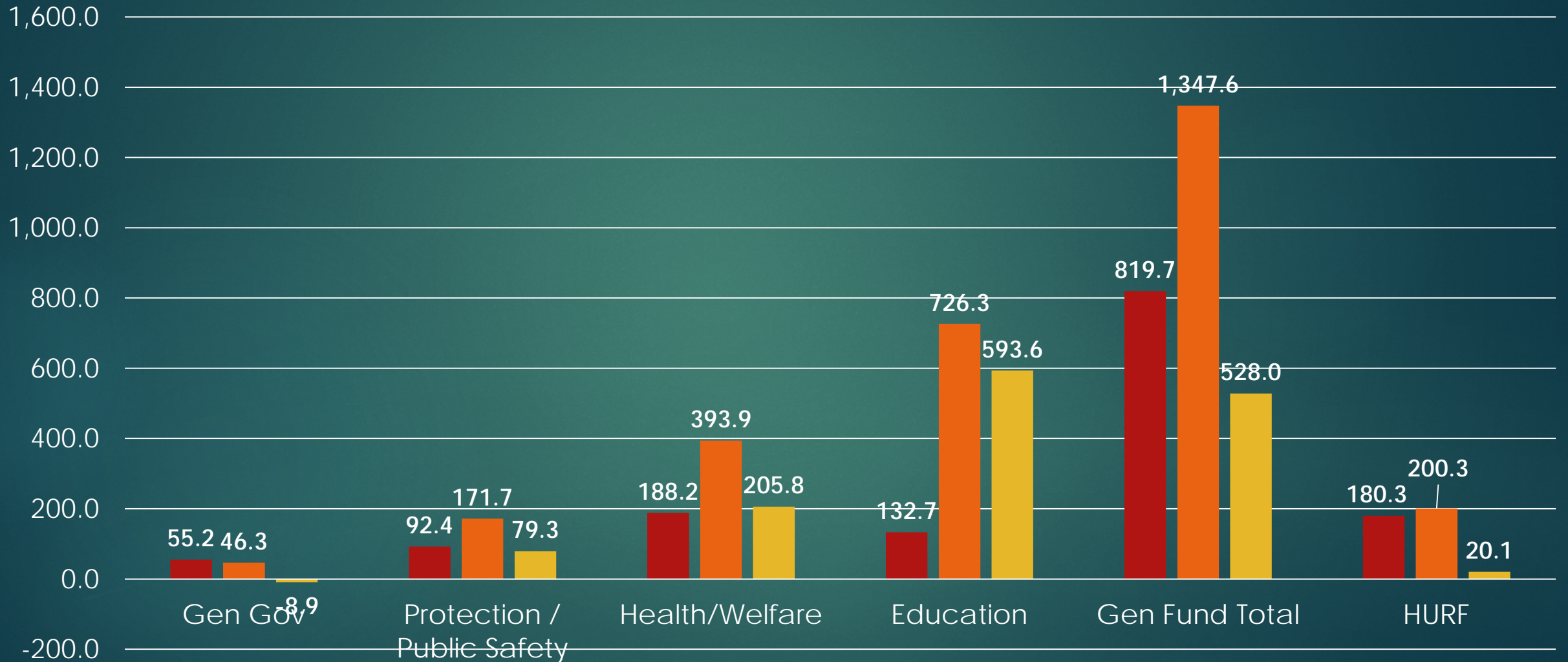
South Mountain Freeway Construction
\$77.3 million per mile

Arizona General Fund Spending Then and now (dollars per capita)



Arizona General Fund Spending Then and now (dollars per capita)

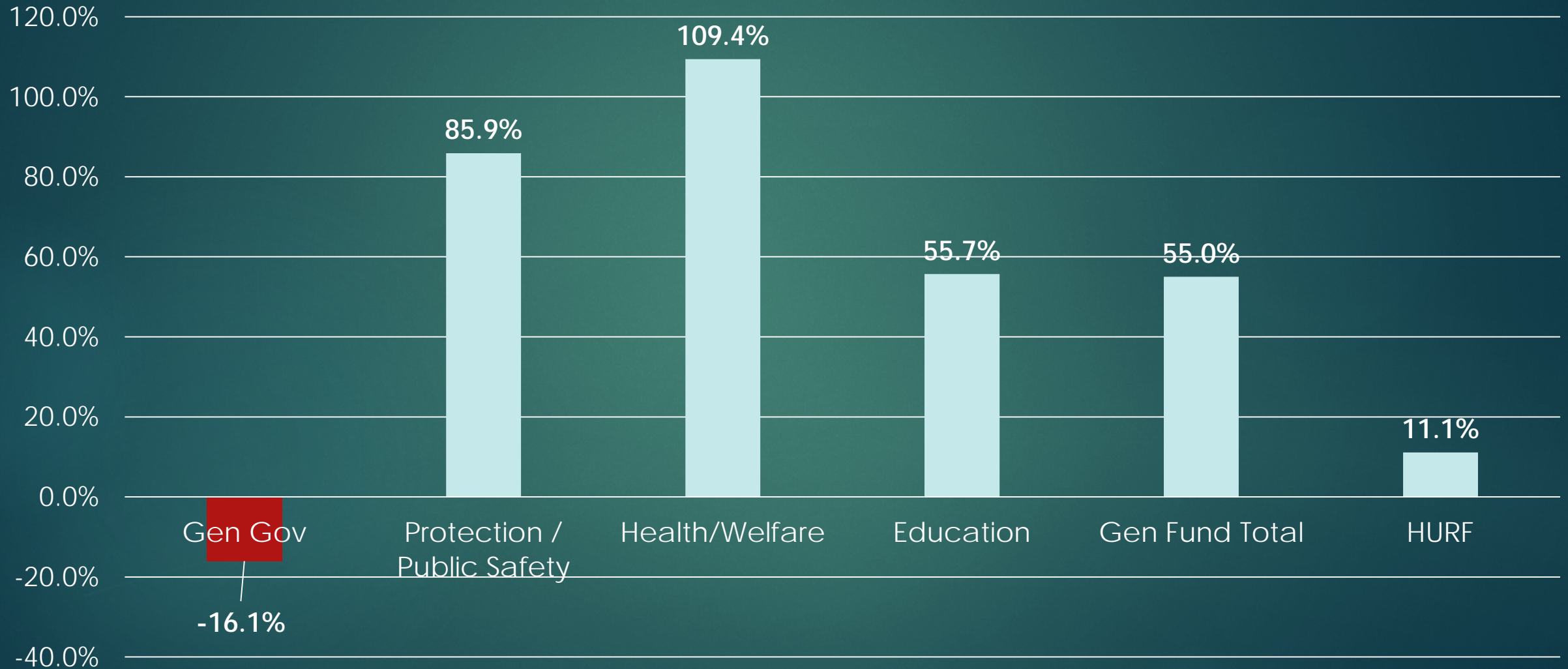
10



Arizona General Fund Spending

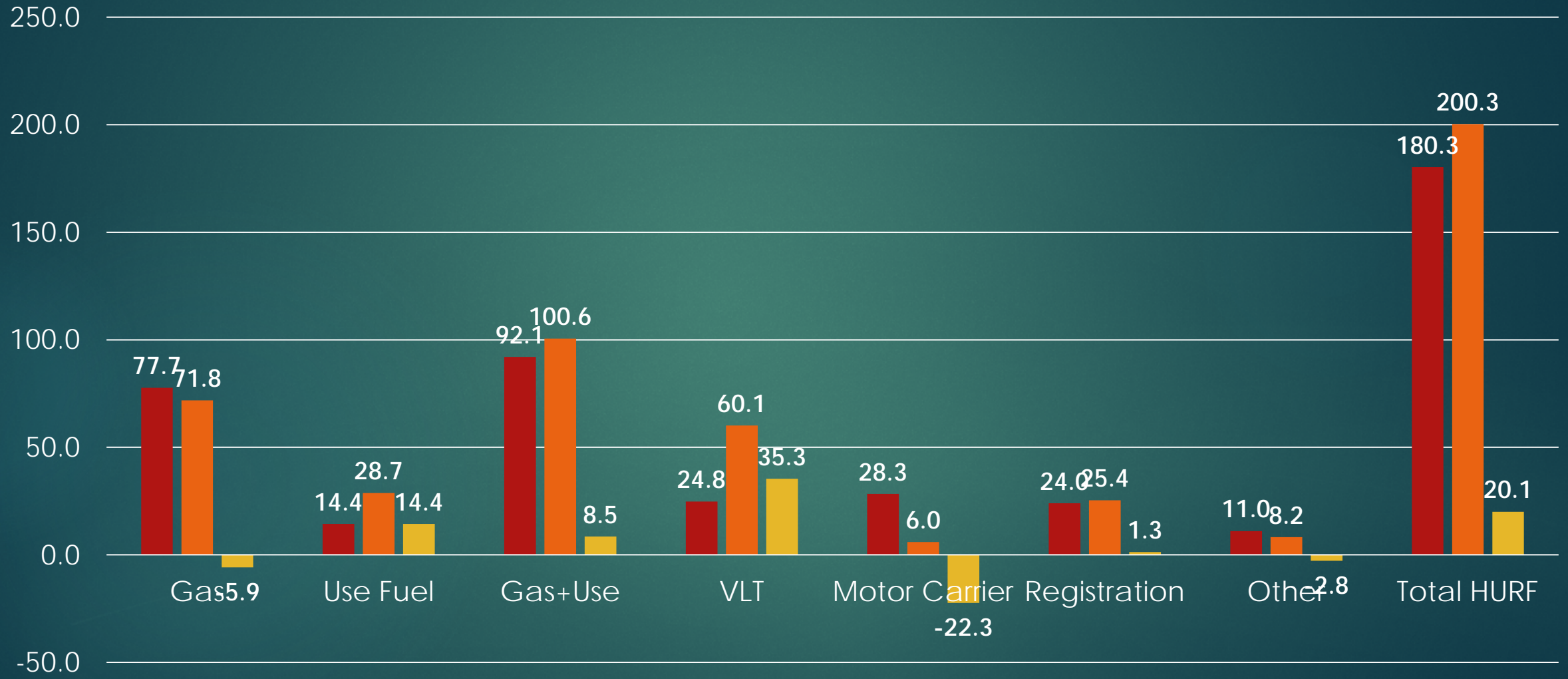
Then and now (% change in per capita 1990 to 2017)

11



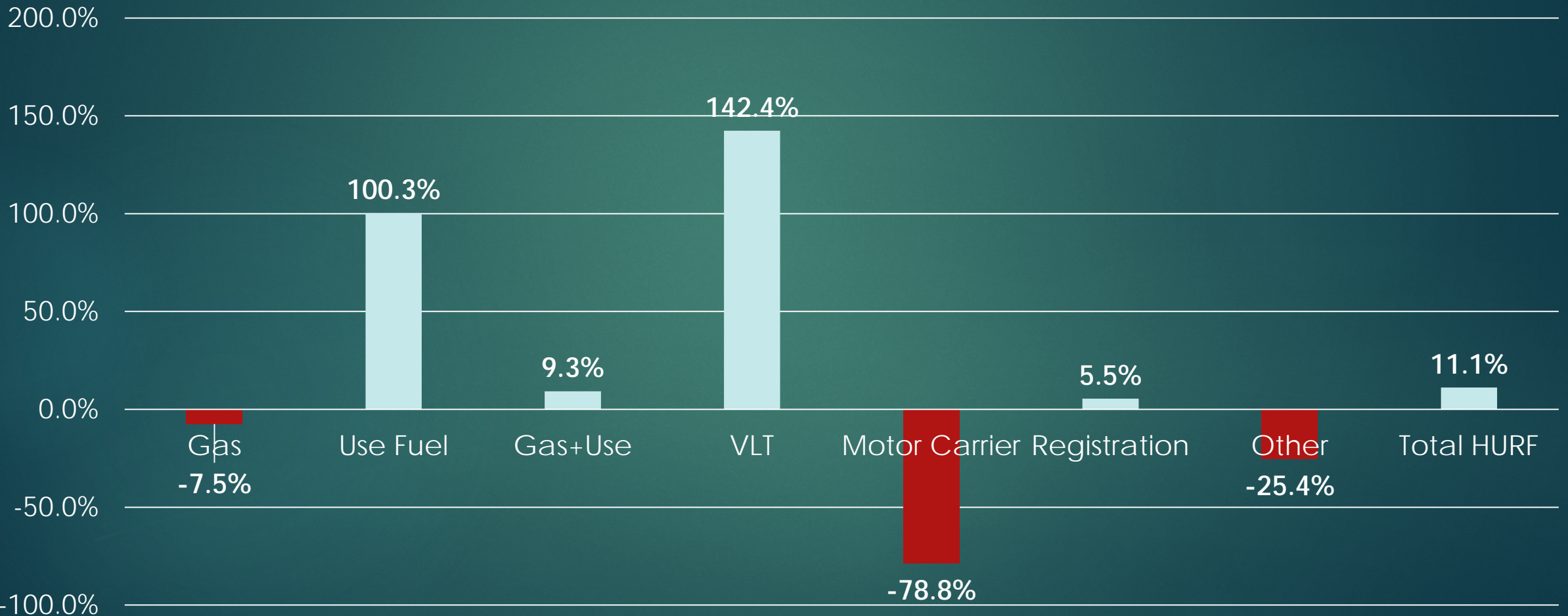
Arizona Highway Users Revenue Fund (HURF) Then and now (dollars per capita)

12

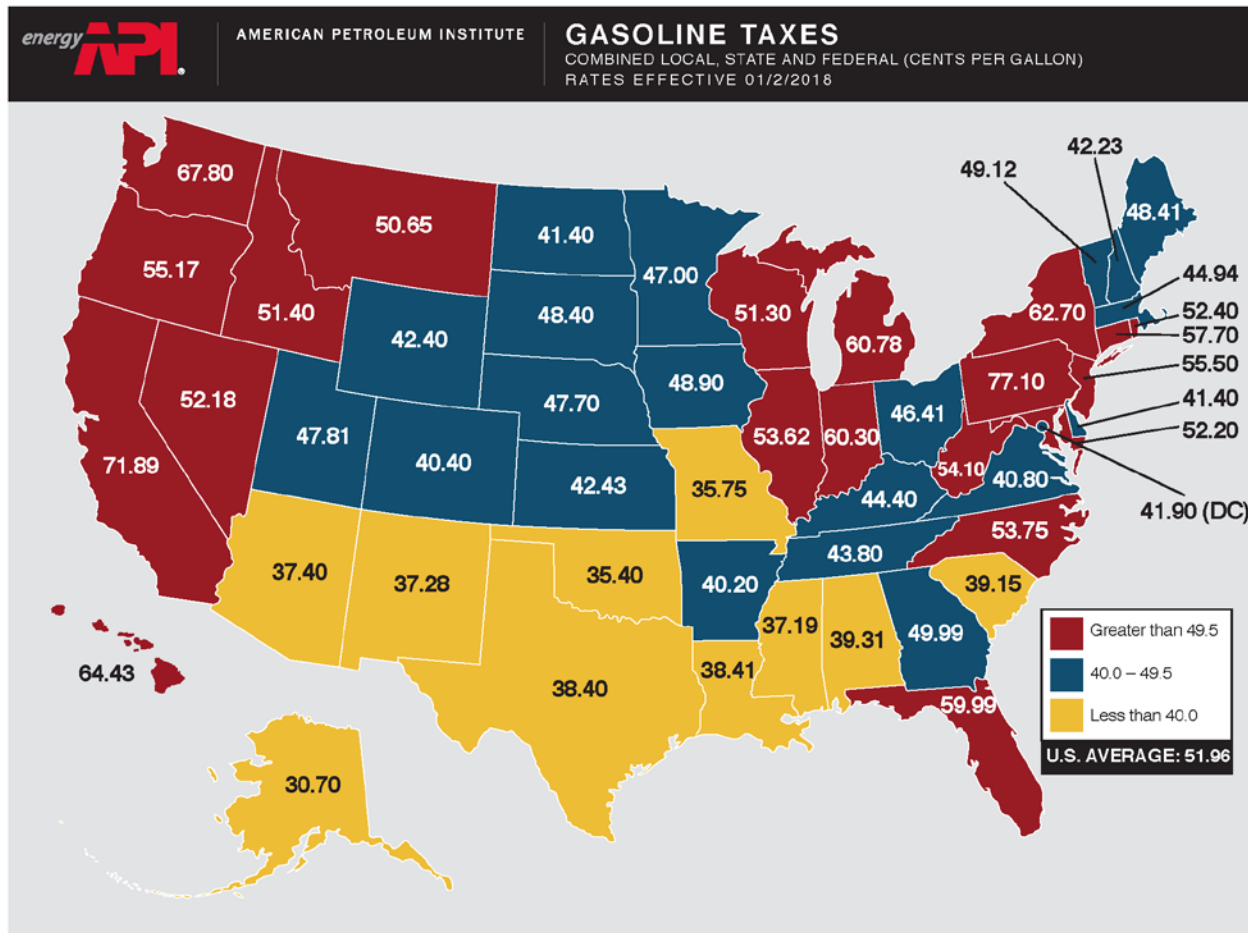


Arizona Highway Users Revenue Fund (HURF) Then and now (% change in per capita 1990 to 2017)

13

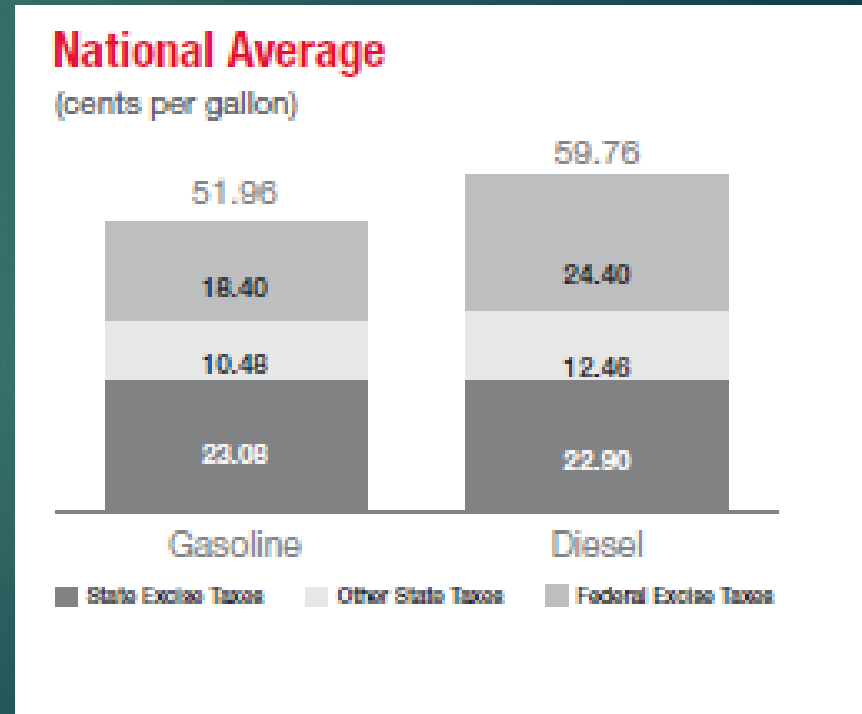


Arizona 14.2 cents less than average



Disclaimer: This report is posted for informational purposes only and should not be relied upon or used for compliance purposes.

\$426.9 million added revenue if Arizona @ U.S. average



So what does the Arizona Gas Tax & Starbucks have in common?

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- Went public in 1992, the year after Arizona last raised the gas tax
- Grew from less than 100 stores to 27,000 today
- \$1,000 invested in Starbucks stock then would be worth \$215,000

So what does the Arizona Gas Tax & Starbucks have in common?

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Coffee & Croissant

\$6.60 (plus tax)

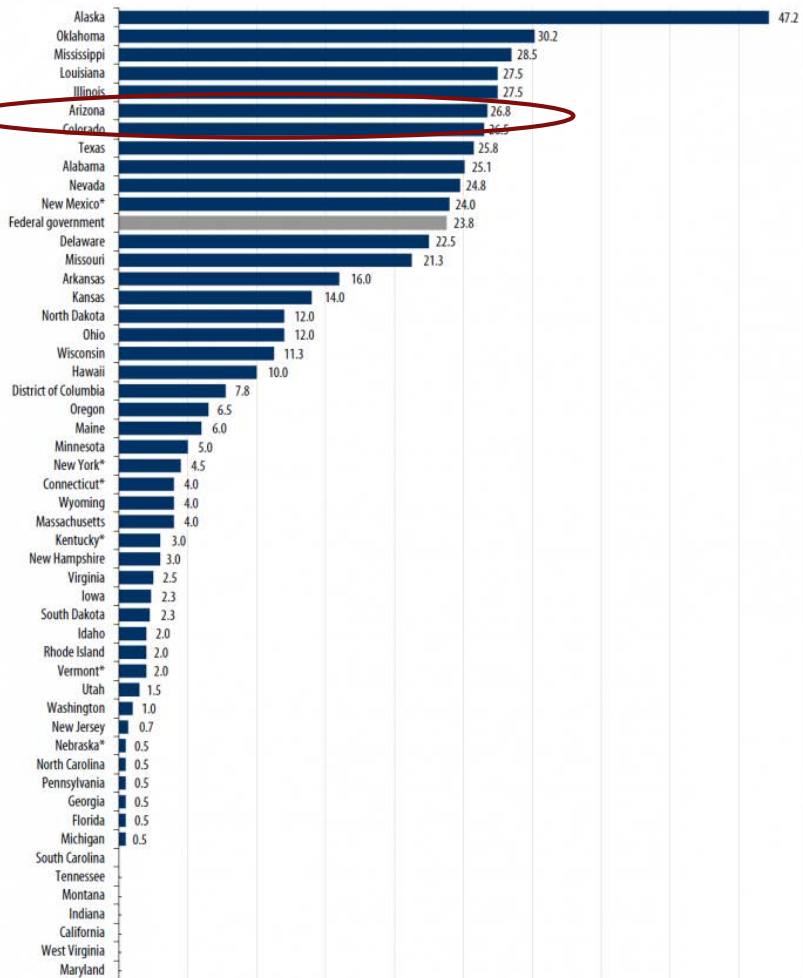
Paying 14.5 cents more
per gallon

\$6.50 PER MONTH



Years Since Last Gasoline Tax Increase

As of July 1, 2017



* These states have experienced gas tax rate cuts since their last increases were enacted. This typically occurs when the tax rate is tied to fluctuations in the price of fuel.
 ** Hawaii, Illinois, Indiana, and Michigan apply their general sales taxes to gasoline and thus see ongoing changes in their overall gas tax rates based on changes in the price of gas. This chart excludes these price-based fluctuations and instead looks only at these states' excise taxes on gasoline.

Source: Institute on Taxation and Economic Policy (ITEP)

Raising the Gas Tax Is No Longer Taboo In Many States

Nearly half the states have increased fuel taxes in the past five years, suggesting it's perhaps not the political risk

by [Daniel C. Vock](#) | May 8, 2017

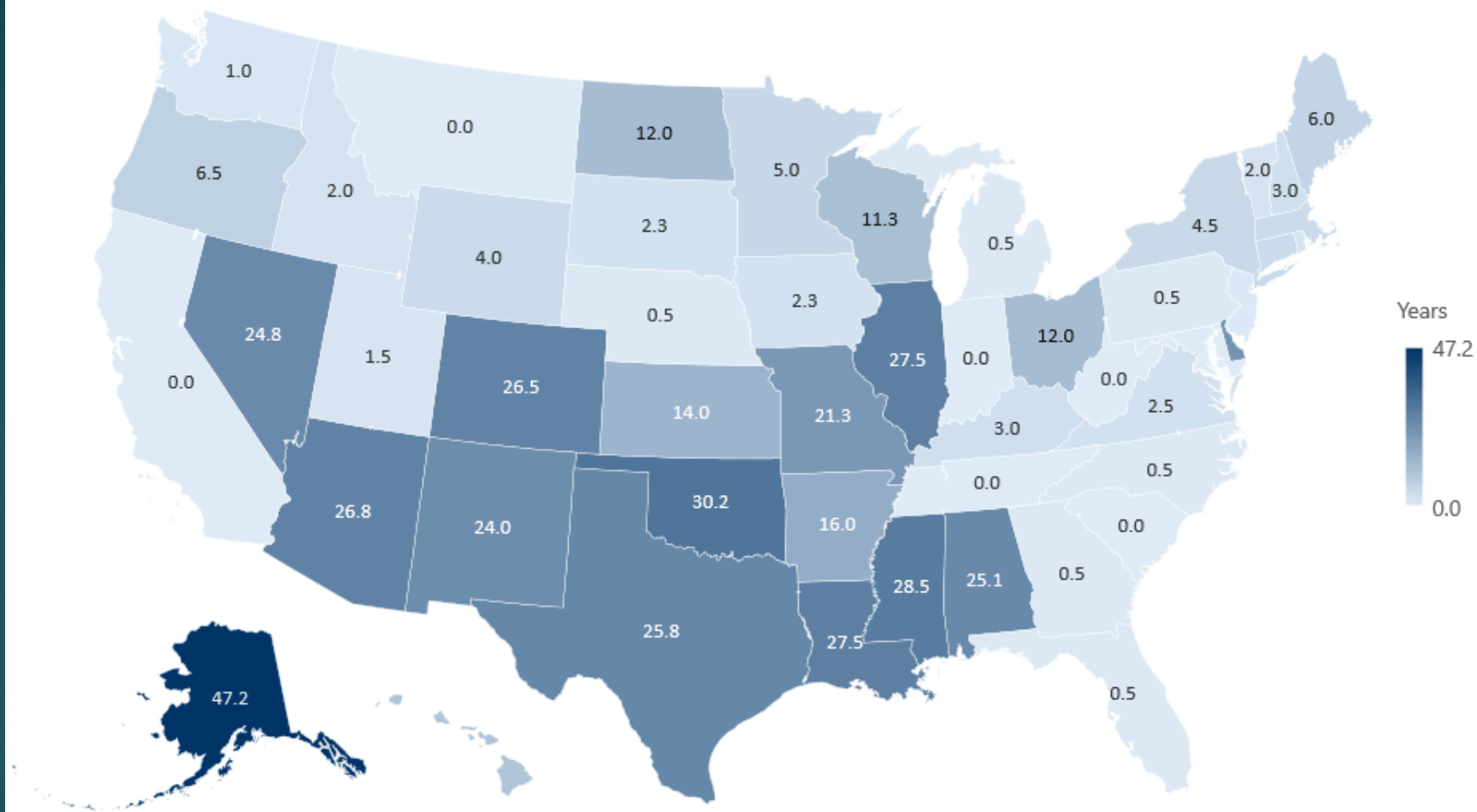


Political leaders on both sides of the aisle have been more willing to raise state gas taxes in recent years. (AP Photo/Chris Wedel)

<http://www.governing.com/topics/transportation-infrastructure/gov-gas-tax-tennessee-indiana-california.html>

Years Since Last Gasoline Tax Increase

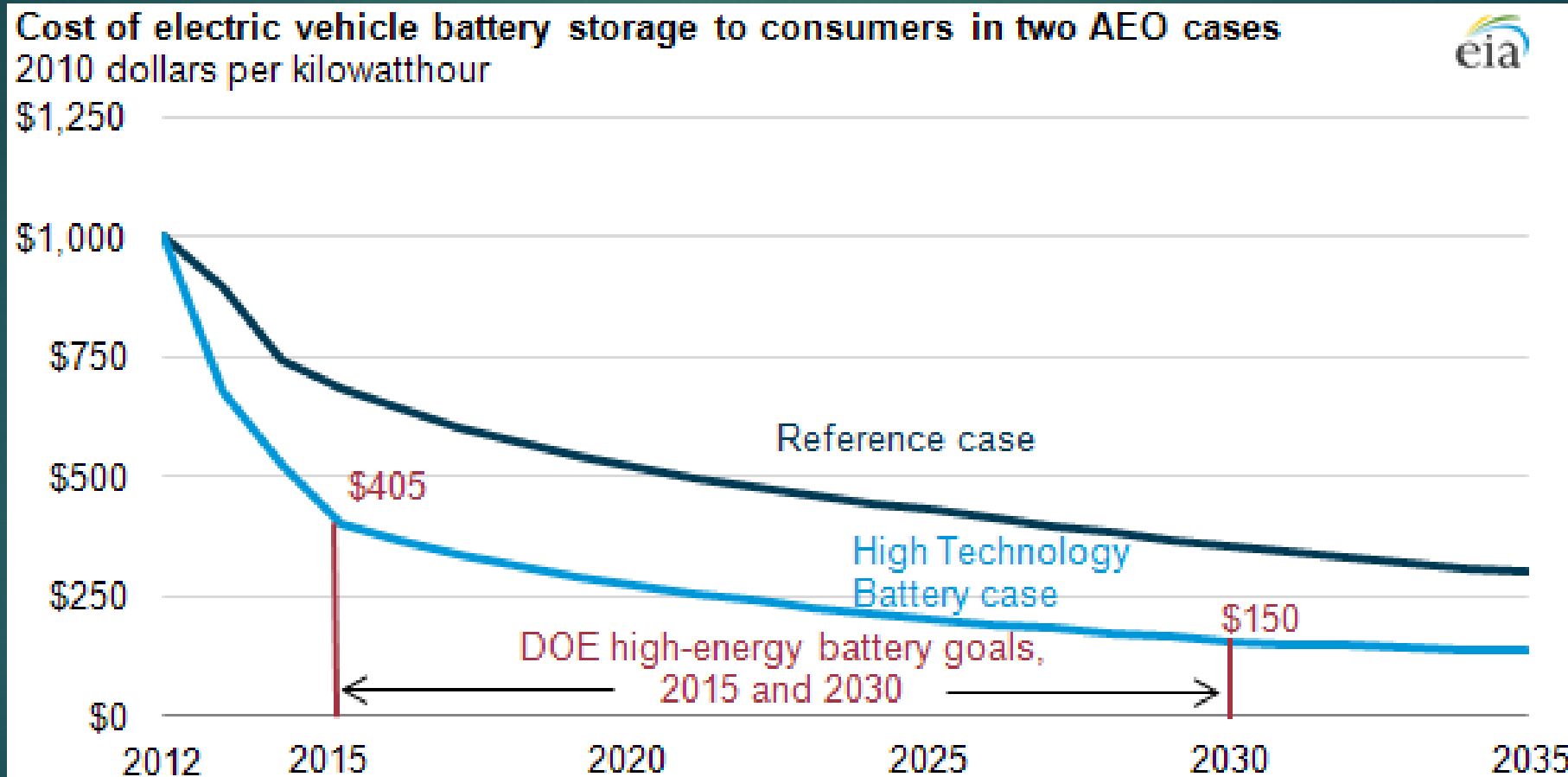
As of July 1, 2017



Source: Institute on Taxation and Economic Policy (ITEP)

The Rise of Electric Vehicles

Battery Costs are Key



The Rise of the Electric Vehicle Battery Prices are Falling Faster

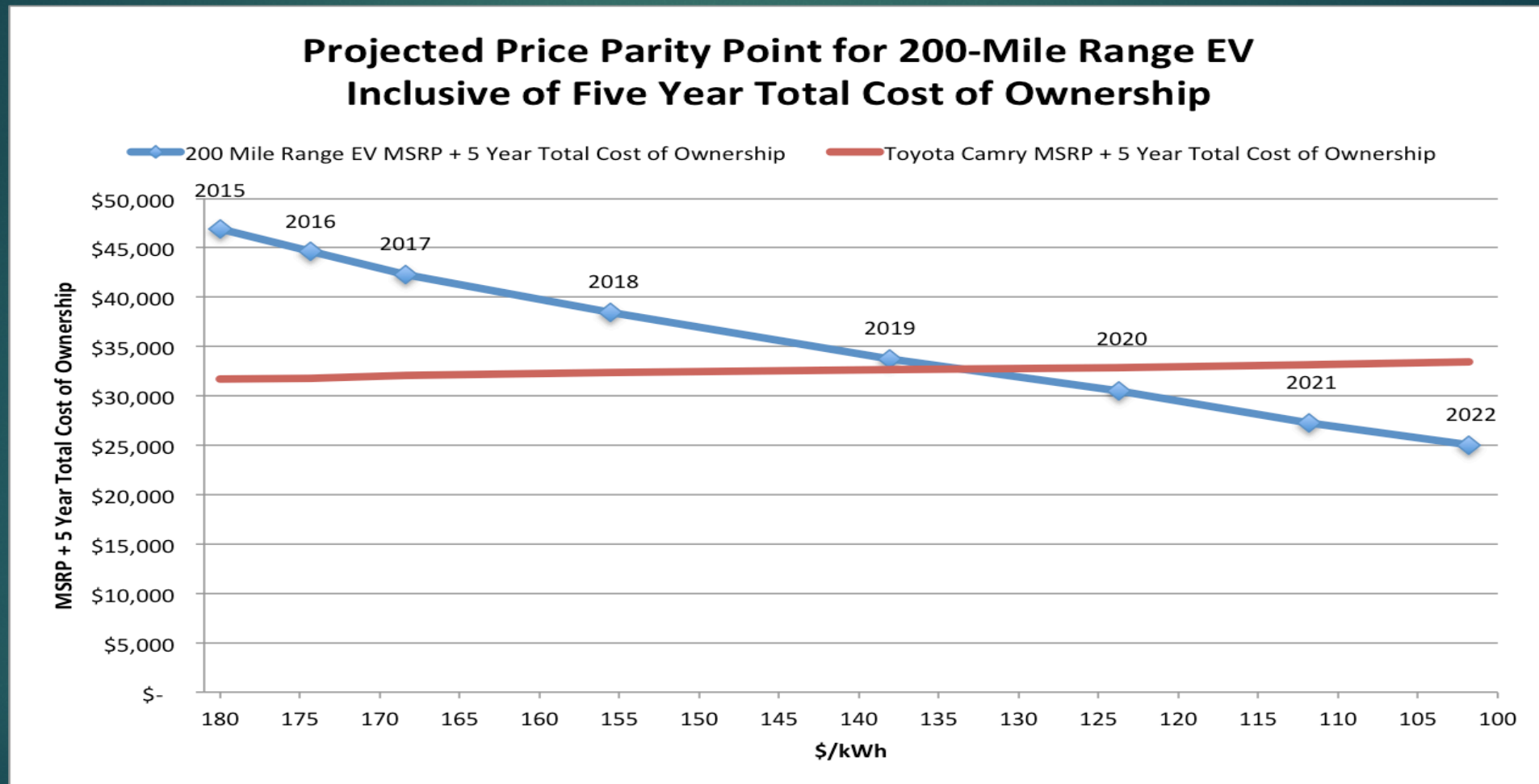
22



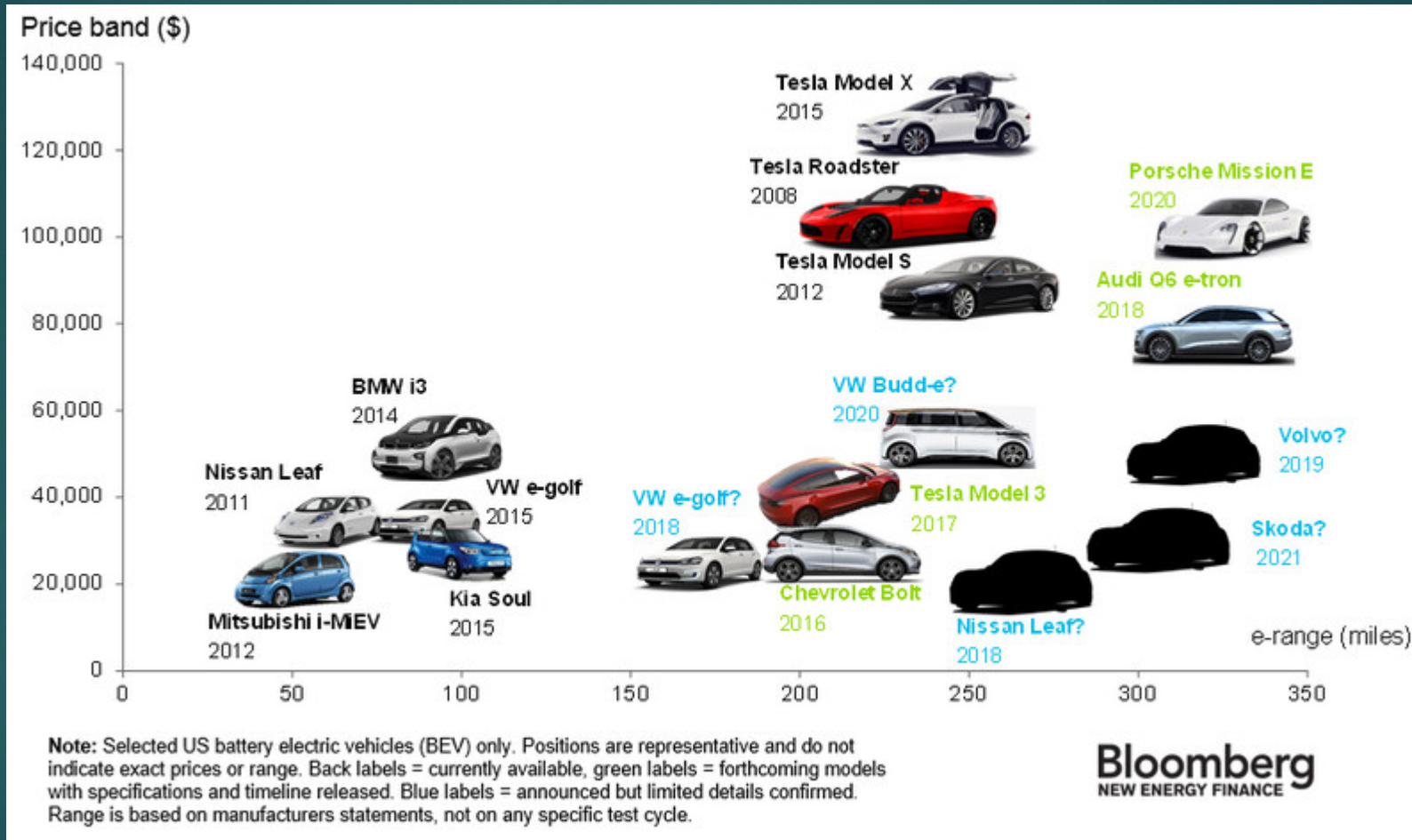
- October 2015: GM \$190 / kWh pack
- April 2016: Tesla \$190 / kWh pack
- June 2017: Audi \$150 / kWh pack
- Late 2019: Tesla may in the \$75 to \$90 / kWh pack

Source: Timeline for Electric Vehicle Revolution, Clean Technica, December 25, 2017.

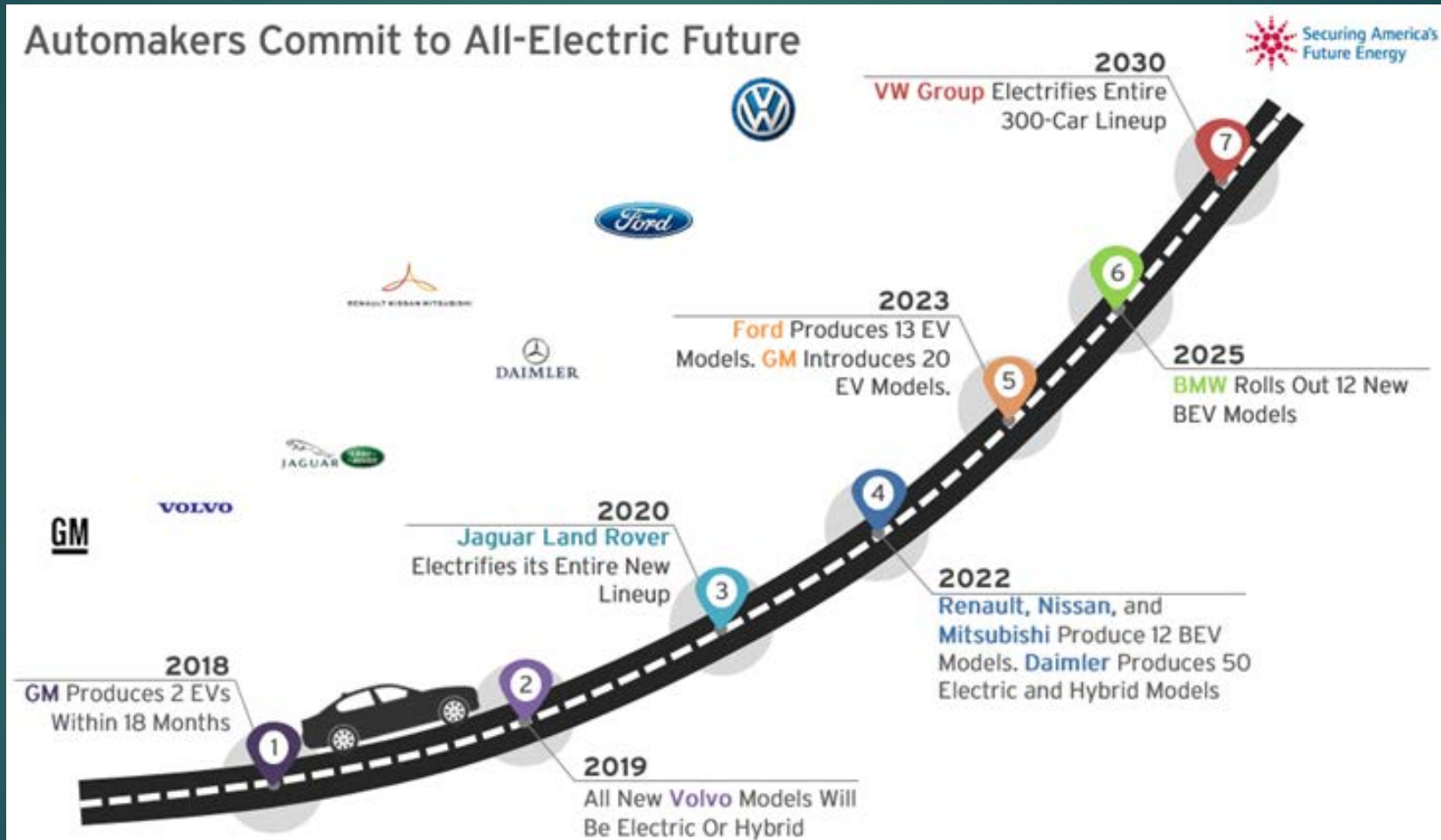
The Rise of the Electric Vehicle Price Parity is Coming



The Rise of the Electric Vehicle Increasing Range

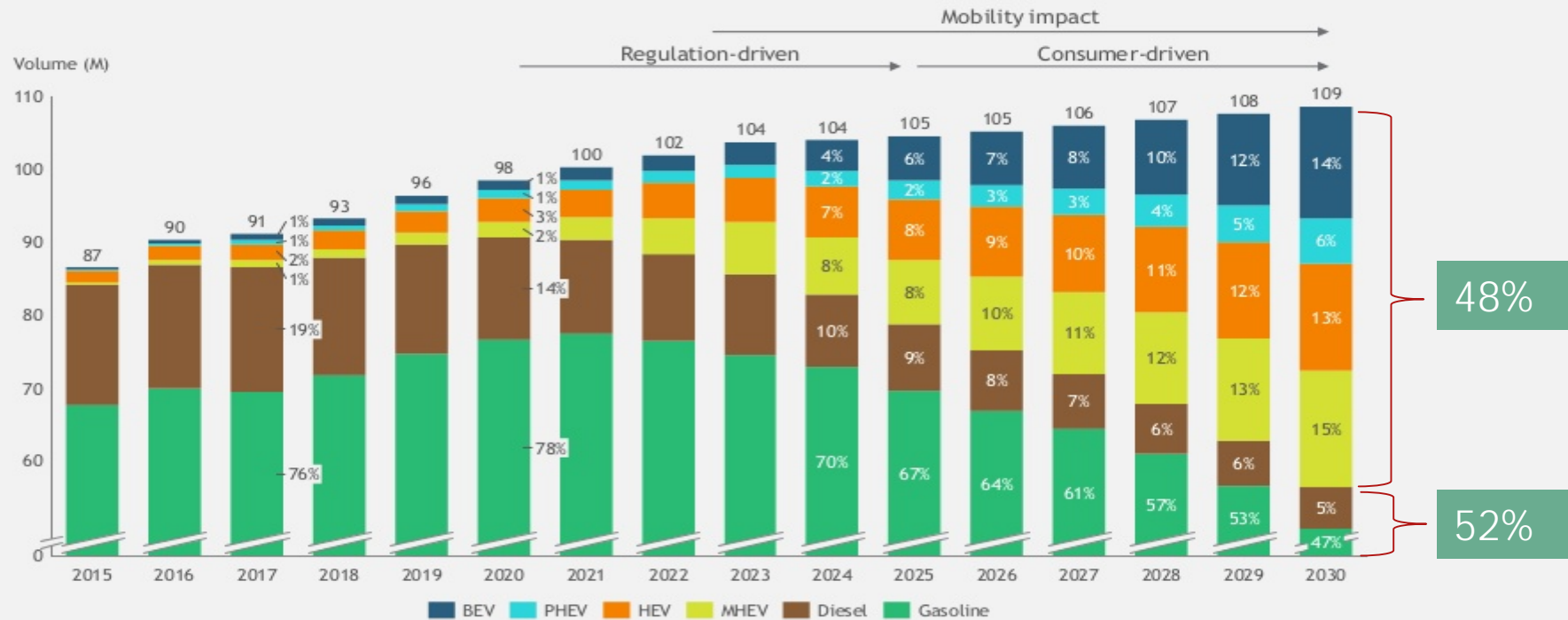


The Rise of the Electric Vehicle Automakers' Response



The Rise of the Electric Vehicle Consumers' Response

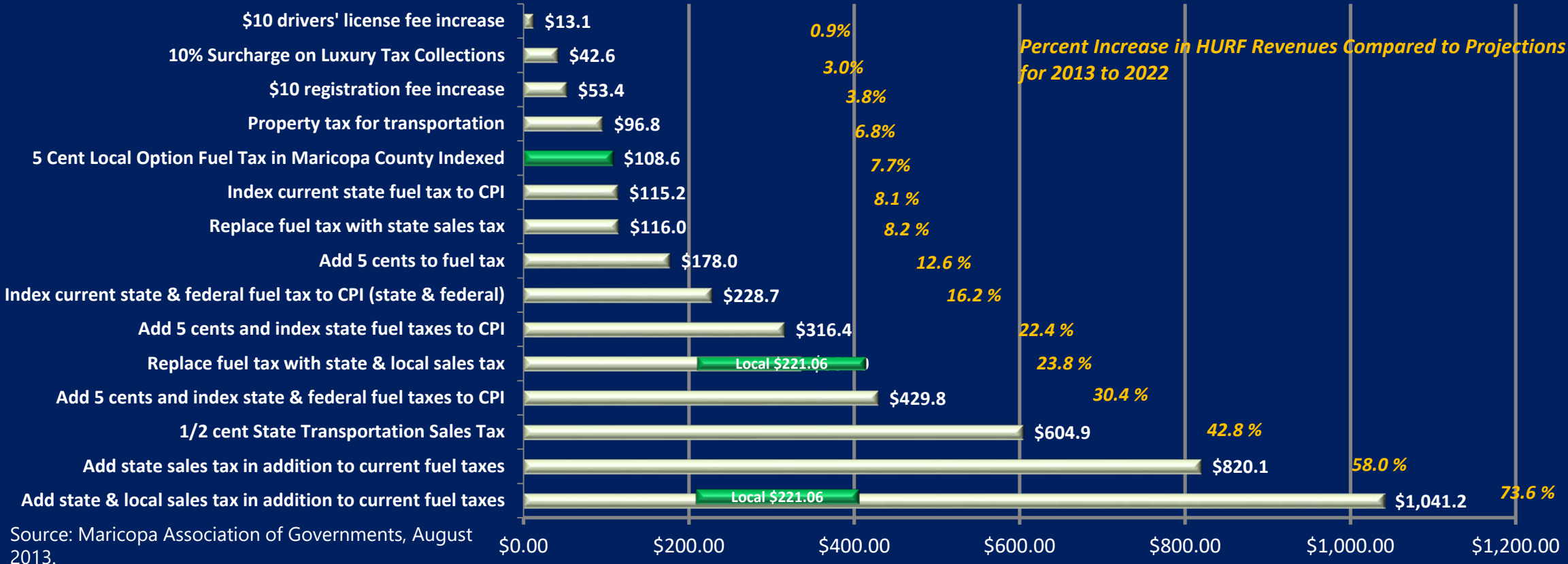
BCG market forecast to 2030 (global view)



Source: BCG analysis

Potential Transportation Revenue Sources

**Annual Average Net New Statewide Revenue
2013 to 2022 (millions of dollars)**



Source: Maricopa Association of Governments, August 2013.

SURFACE TRANSPORTATION FUNDING TASK FORCE

FINAL REPORT: DECEMBER 31, 2016

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Interstates and Freeways – Key Commerce Corridors

- ▶ 16 cent increase in fuel tax – 2 cents per year for 8 years, index for inflation
- ▶ Registration fee for alternative fueled vehicles
- ▶ Sales tax on fuel sales to generate \$10 billion over 20 years

Arizona Highway User Revenue Fund (HURF)

- ▶ 20 cent increase in fuel tax – 2 cents per year for 10 years, index for inflation
- ▶ Registration fee for alternative fueled vehicles
- ▶ Sales tax on fuel sales to generate \$12 to \$15 billion over 20 years
- ▶ Increase in title and registration fees

Department of Public Safety

- ▶ Raise the Vehicle License Tax (VLT) to cover DPS traffic enforcement

Road Utility Concept

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- ▶ Pay for what you use.
- ▶ Pay for when you use it.
- ▶ Pay for where you use it.
- ▶ Incorporate “Life-Line” provisions.



Getty

States consider taxing drivers by the mile despite privacy concerns

By TIM GRUVER | 06/08/2017 10:22 PM EDT

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