



Presented by
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Arizona Chamber of Commerce & Industry



ADVANCING TRANSPORTATION....DRIVING COMMERCE

Pillars of Global Competitiveness

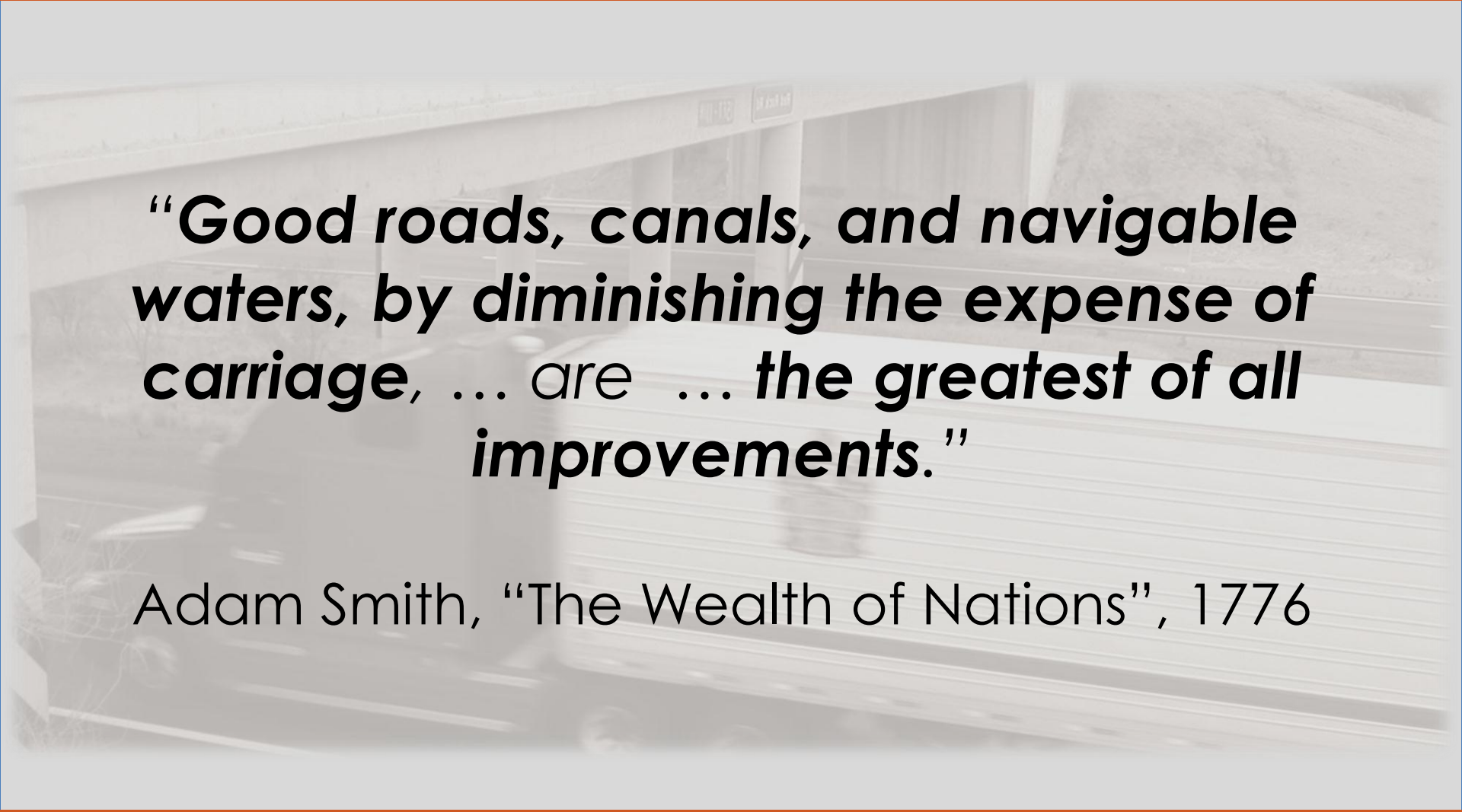
- Macroeconomic Environment
- Education and Training
- **Infrastructure**
- Goods Market Efficiency
- Labor Force Efficiency
- Technological Readiness
- Financial Market Development
- Market Size
- Business Sophistication
- Innovation

Source: Global Competitiveness Studies, World Economic Forum

Transportation Infrastructure

- 
- **Roads**
 - **Rail**
 - **Air**
 - **Ports**
 - Power/Electricity
 - Telecommunications
 - Land and Cellular

Transportation is Foundational to our Economy



“Good roads, canals, and navigable waters, by diminishing the expense of carriage, ... are ... the greatest of all improvements.”

Adam Smith, “The Wealth of Nations”, 1776

Transportation is Foundational to our Economy

*“The **improvement of the roads** ... is within the **direct purview of the Constitution.**”*

Thomas Jefferson, 1801

*“...the improvement of **roads, canals, rivers** ... **greatest foundation of prosperity and union...**”*

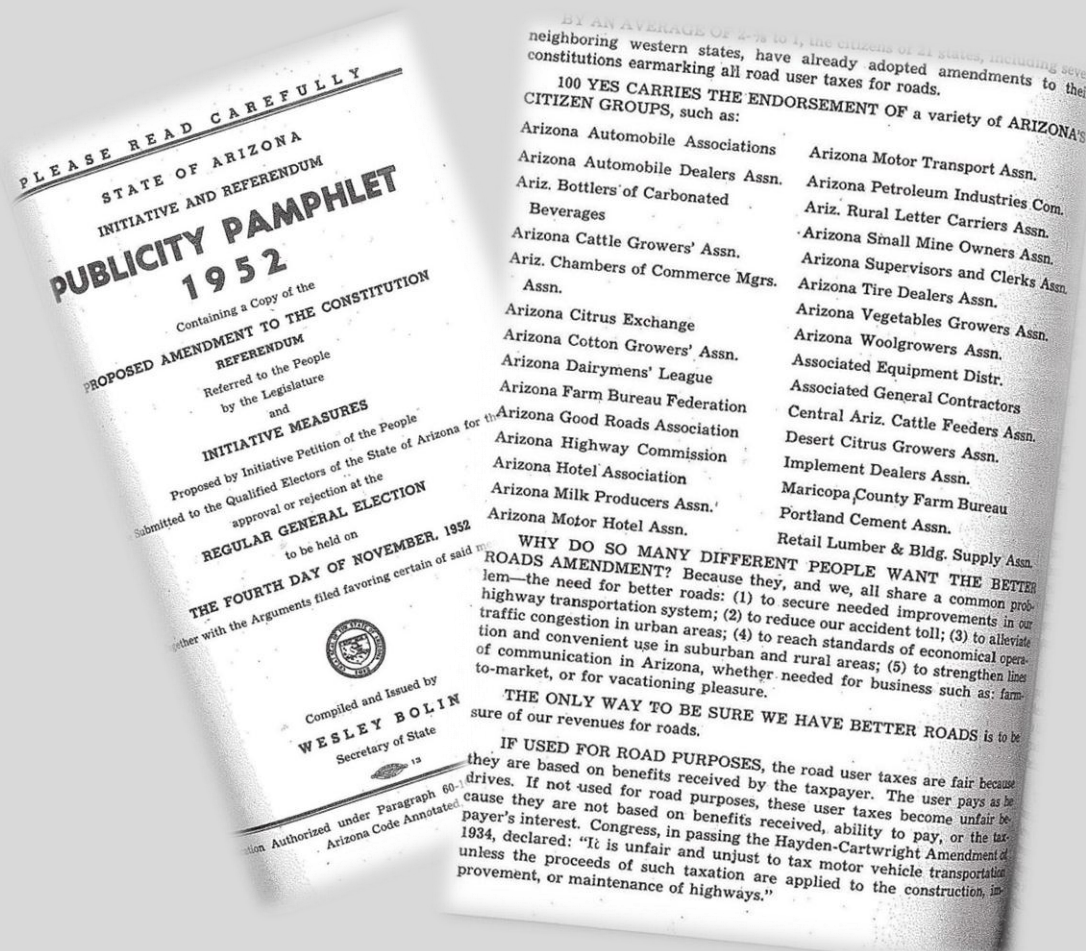
Thomas Jefferson, 1808

*“**The Congress shall have the power to ... establish post roads.**”*

Article 1, Section 8, US Constitution

1957 - Arizona Voters Pass Constitutional Protection

First Authorized Arizona Motor Vehicle Fuel Tax



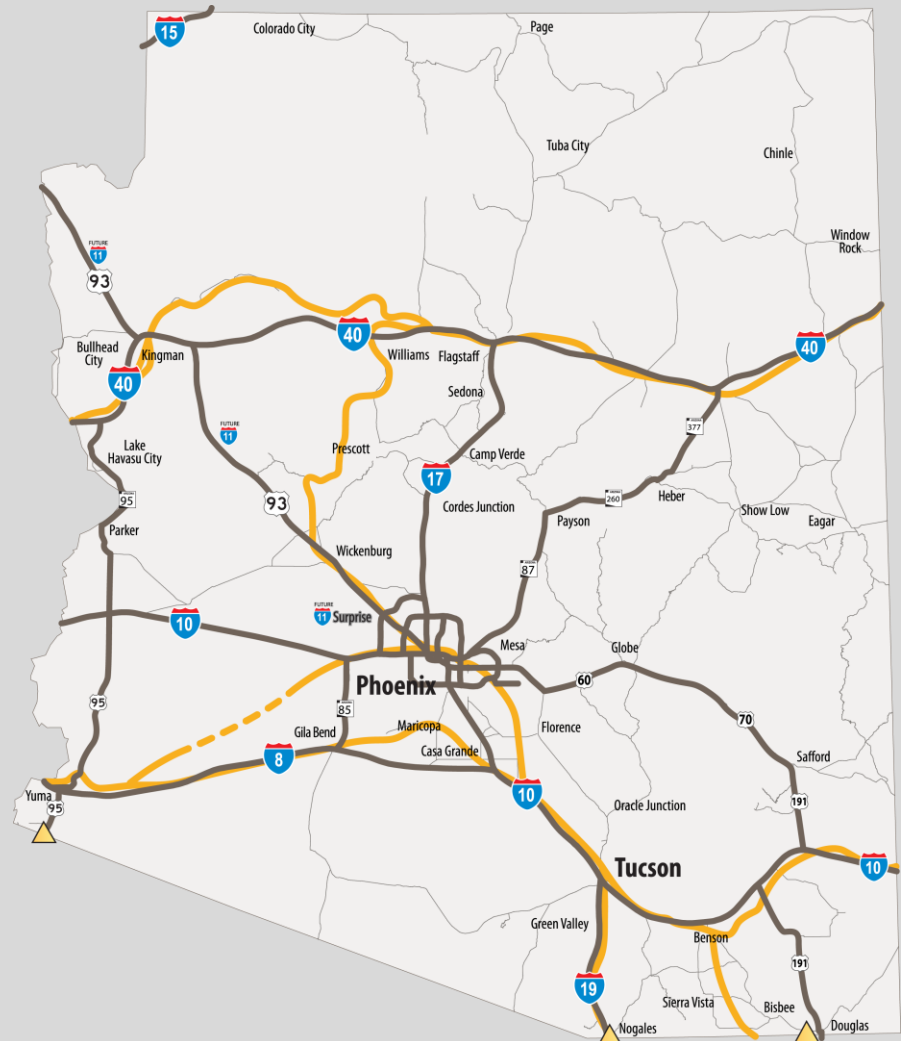
“OF PARAMOUNT IMPORTANCE to the United States as a nation is its network of highways – arteries of commerce in peacetime, the lifeline of defense in wartime...”

Transportation and Arizona

*Intercontinental
Railroad
National Defense
Highway System
(Interstates)*



**Connecting
Arizona**



Arizona Exports 2015

Domestic and International

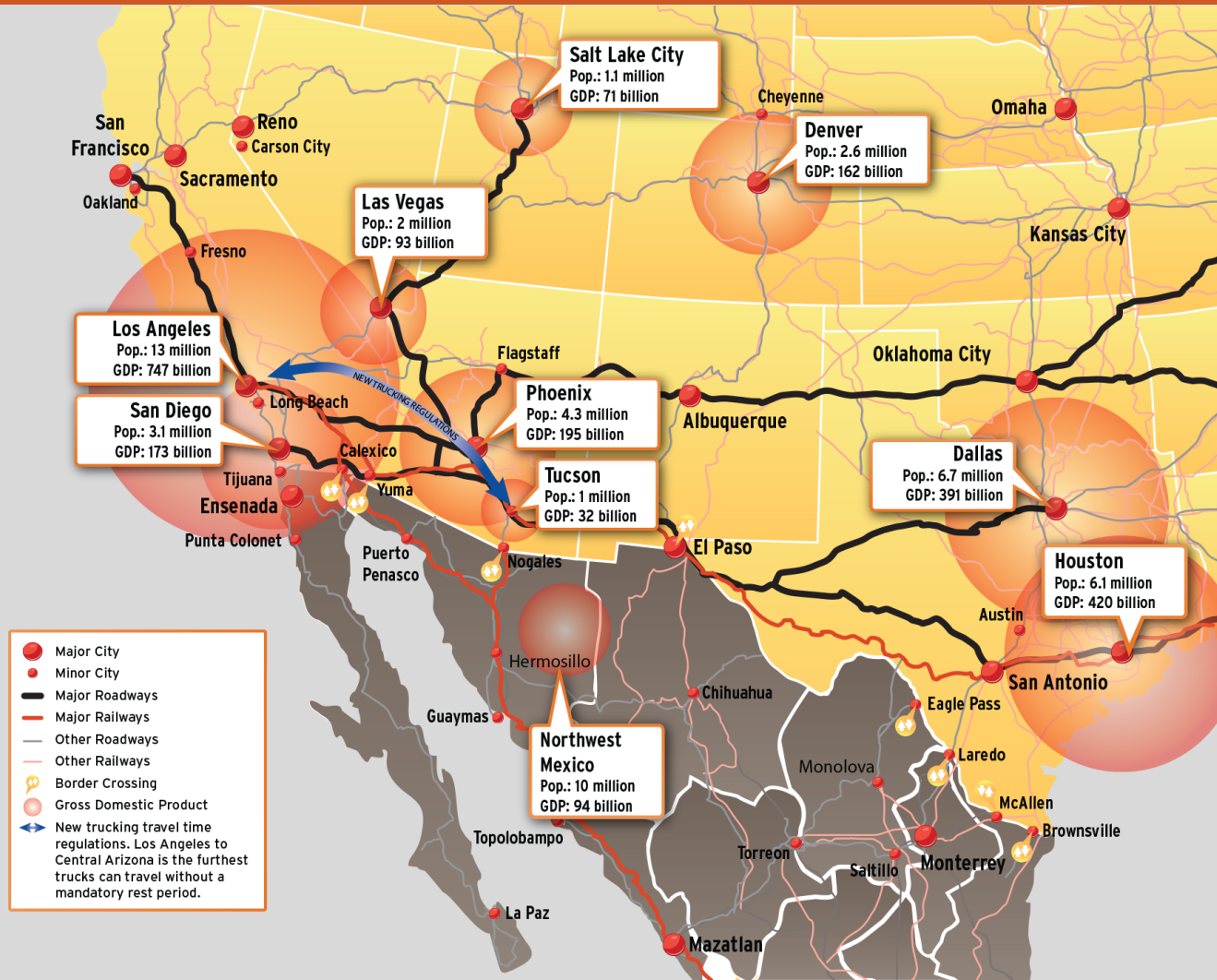
Top Five by Annual Dollar Value

Electrical Equipment	\$10-11 Billion
Transportation Equipment	\$4-5 Billion
Farm Products	\$4-5 Billion
Fabricated Metal Products	\$2.5-3 Billion
Chemicals & Allied Products	\$2-2.5 Billion

(Source: Global Insight, TransSearch 2009 data projected to 2015)

Make it Here and Sell it There!

Access to Major Markets Our Great Opportunity



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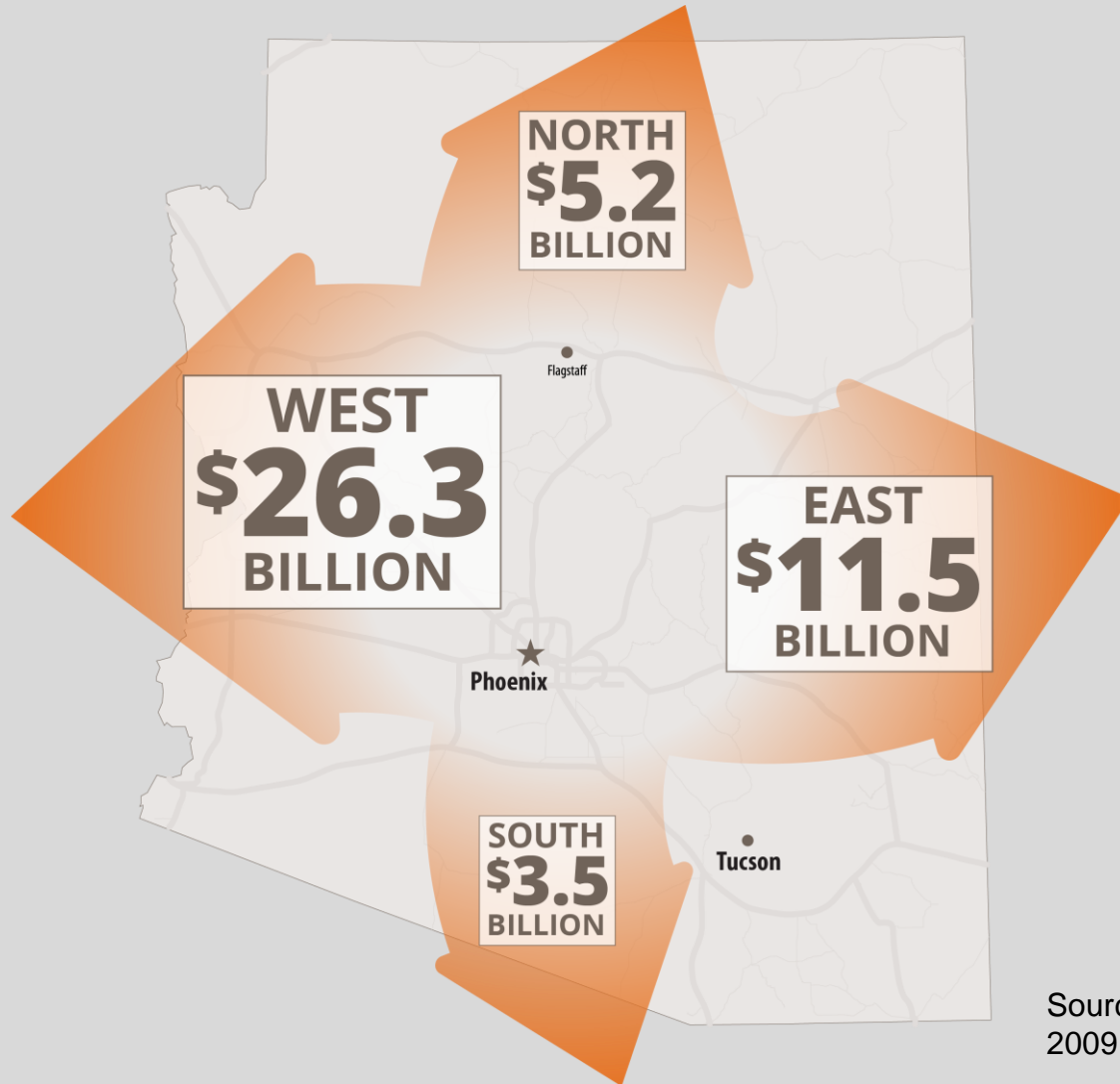
MARKET DESTINATIONS

Arizona Export Lifelines



I-10 West	LA, So. Cal, Pacific Rim
I-10 East	Dallas, Houston, Southeast US
I-8 West	San Diego, So. Cal, Asia
I-17 North	Denver, Salt Lake, Midwest
I-19 South	Mexico, Central America

2015 Product Shipment Out of State



Source: Global Insight, TransSearch
2009 data projected to 2015)

Improved Mobility

At its core, transportation infrastructure is about improved mobility.

Reduced congestion means:

- Shorter commutes
- Increased labor productivity
- Quicker time to market
- Smoother distribution channels
- Increased Gross State Product (GSP)

“The largest impact of improved roads is to increase labor productivity in all industries that rely on delivery or service vehicles.”

National Association of Manufacturers
Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure, September
2014

Getting Goods to Market

Time equals money

Supply chain efficiency key to businesses that rely on seamless distribution of goods

- 85% of all freight moving through Arizona uses the highway system at some point
- Time is money and better roads save time
- Improved transportation infrastructure reduces logistical costs, fuel costs, delivery costs, etc. which improves performance and competitiveness of Arizona-based industries

Chief Operating Officer of UPS testified that a delay of 5 minutes per day for every vehicle would cost UPS over \$100 million annually. That cost would be passed onto customers.

Business has to get its goods and people from point A to point B efficiently

MEETING FUTURE NEEDS

Arizona's Challenge

Highway User Revenue Fund

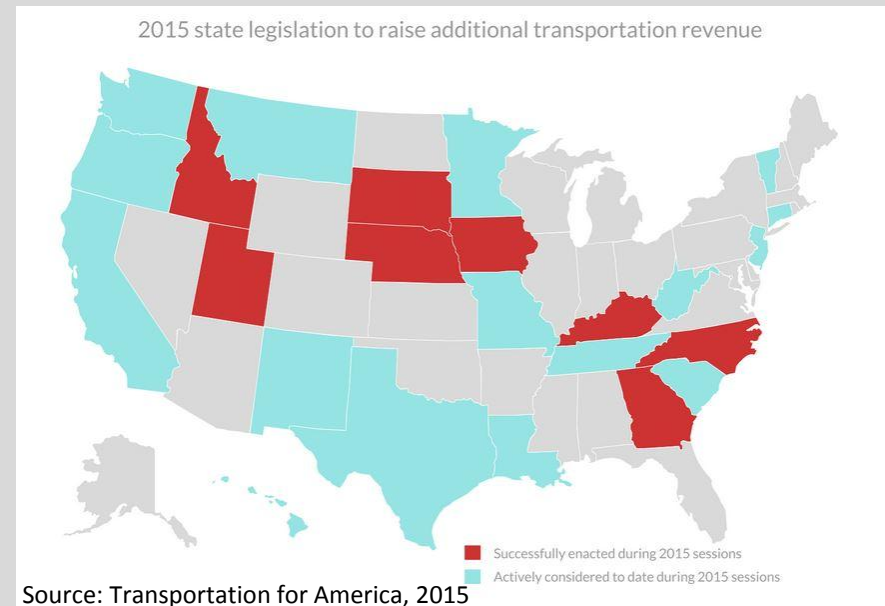
- Primary Source of State Highway Funding
- Limited Available Revenues
- Barely sufficient to Preserve the Public's \$19 Billion Asset – State Highway System

Job Growth Requires Market Access

States legislatures increasing revenue for transportation in 2015

8 States passed legislation so far... 15 more considering

- **GA** – Increased & indexed gas tax; raised other transportation fees
- **ID** – Raised gas tax & vehicle fees; dedicated general funds to transportation
- **IA** – Raised gas tax & vehicle fees
- **KY** – Raised floor on assessed wholesale fuel price
- **NE** – Raised gas tax
- **NC** – Changed calculation of gas tax
- **SD** – Raised gas tax & fees; increased vehicle sales tax; allows local gov't to raise add'l revenues
- **UT** – Raised gas tax; authorizes counties to raise local transportation taxes



States Take Action: Texas

Proposition 1 – November 2014

- Diverts half the state's Rainy Day Fund to highway maintenance, construction and repair for 10 years
- Passed with 79.8% of the vote
- Expected to raise \$1.7 B in the first year

Legislative Referral to November 2015 Ballot

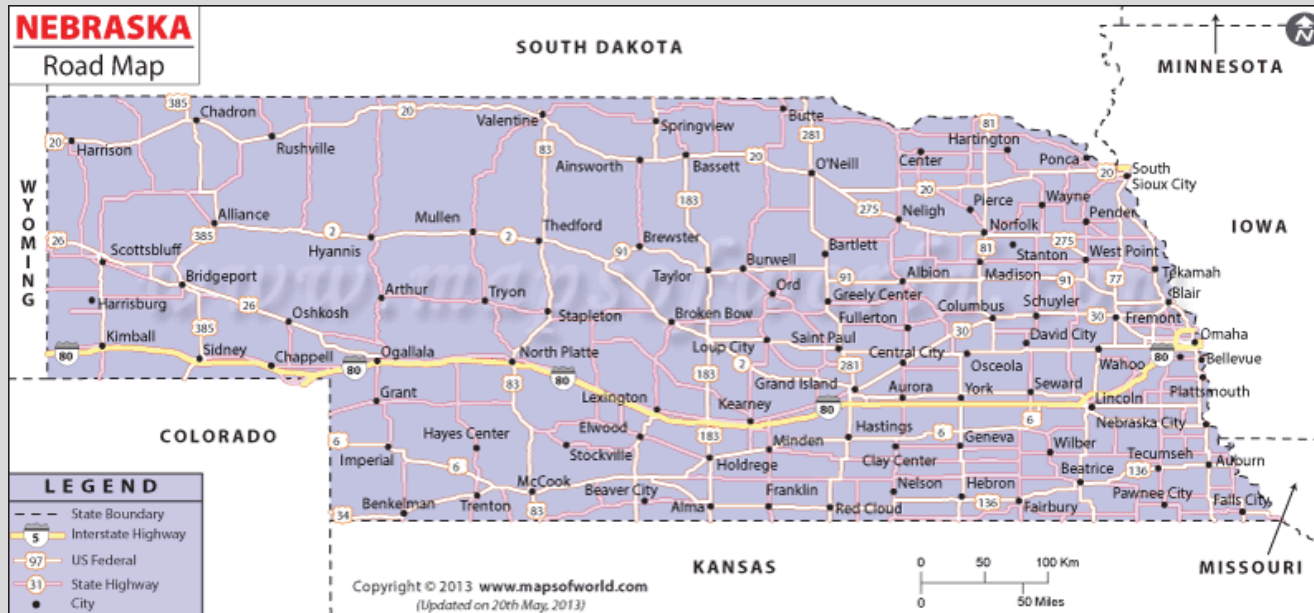
- Dedicates \$2.5 B of futures state sales tax revenue to transportation as long as overall sales tax receipts are at least \$28 B
- 35% of revenue growth from taxes on vehicle sales and rentals to be set aside for transportation beginning in 2020. Expected to bring in \$250 to \$350 M annually.



States Take Action: Nebraska

Nebraska Legislature increased gas tax by 6 cents in May 2015

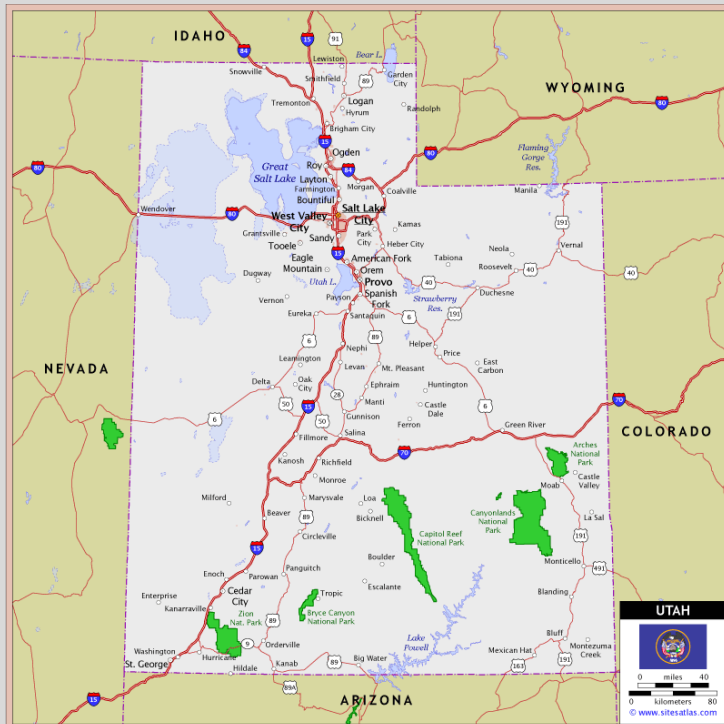
- Over-rode Governor Pete Ricketts' veto (30-16)
- Phased in at 1.5 cents per year over 4 years
- Total gas tax will be 31.6 cents per gallon
- Expected to bring in \$25M annually for state roads and \$51M for cities and towns when fully implemented



States Take Action: Utah

Utah Legislature raised and reformed gas tax in March 2015

- Effectively raised the 24.5 cent gas tax by 5 cents per gallon
- Converted cents-per-gallon gas tax into a system similar to a sales tax

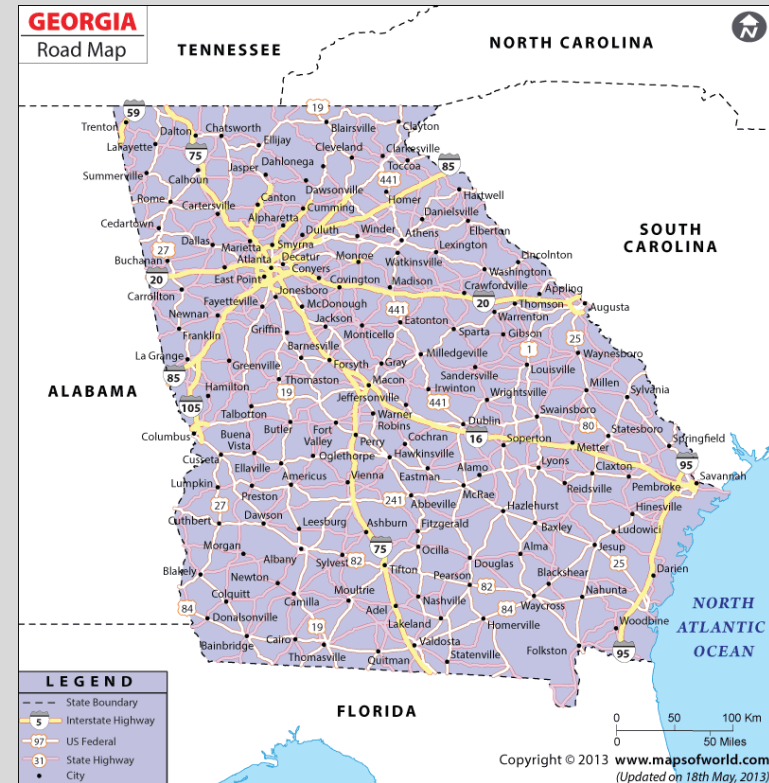


- Tax collected will increase automatically when gas rates go up.
- Actually methodology: Impose 12% tax on the wholesale price of gasoline, adjusted once a year
- Capped at 40 cents per gallon

States Take Action: Georgia

Georgia Assembly increases transportation funding by \$1B in April 2015

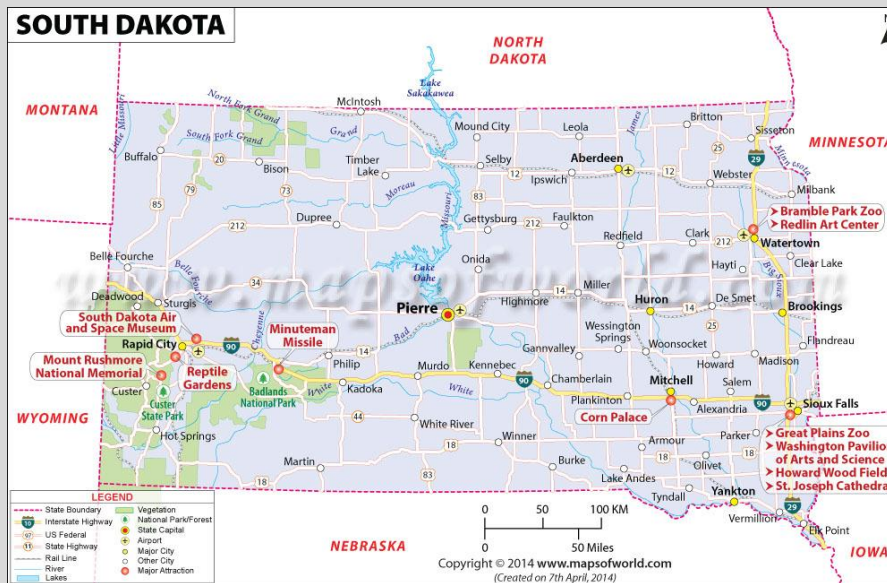
- Converts 19 cent per gallon sales tax with a fuel levy dedicated to transportation projects
- New state rate will be 26 cents per gallon starting July 1
- The excise tax will fluctuate with changes in fuel efficiency and the Consumer Price Index
- Cities retain ability to enact their own gas taxes
- Other new fees dedicated to transportation:
 - \$200 fee on electric vehicles
 - \$5 per night hotel and motel fee
 - Weight-based fee on heavy trucks between \$50 and \$100



States Take Action: South Dakota

South Dakota Legislature increases gas tax and vehicle registration fees in March 2015

- Passed by a two-thirds majority in Republican legislature
- 6 cent per gallon increase in gas tax phased in over three years (27% increase)
- When fully implemented new rate will be 28 cents per gallon



- Raised state fees on vehicle purchasing, licensing and registration
- Allows cities to raise their own “wheel taxes” as well.
- Projected to raise \$50 M for road and bridge repairs



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