

**WEEKLY LEGISLATIVE REPORT**

Arizona Transit Association

June 2, 2006

**LTAf II Update**

As predicted, the Senate Committee on Appropriations adopted an amendment to the House budget package this week that restored the statutory funding levels (\$31 million General Fund threshold) for the Local Transportation Assistance Fund (LTAf II) program.

The differences between the House and Senate budgets are growing and the LTAf II program is among the significant areas of disagreement.

Adding to the confusion are the projections that the House is using for FY 2007 Powerball revenues. In essence, the House appears to be assuming that the growing Powerball revenues experienced in the current fiscal year will automatically translate in FY 2007.

Conversely, the Governor's Office of Strategic Planning and Budgeting is estimating that with the increased General Fund threshold of \$37 million, as proposed by the House, the LTAf II distribution to county and local governments will be reduced to \$4 million statewide in FY 2007. By comparison, the executive budget estimates that if the statutory formula is honored (\$31 million threshold), the distribution would be approximately \$10 million statewide.

AzTA continues to work with House members, largely from rural Arizona, including several key members of Leadership, to increase the awareness of the discrepancy between the two fiscal years.

In particular, AzTA is drawing attention to the fact that the House budget provides over \$200 million for freeway construction in the Phoenix area while simultaneously reducing statewide funding for public transportation.

The Senate support of the statutory formula, originally enacted in 1998, is promising, but not final. AzTA continues to encourage communication between the public transportation community and legislators on this important policy issue.

**Budget Impasse Continues as Differences Between the House and Senate Increase**

Despite the House and Senate being controlled by similar Republican majorities, the two chambers are becoming more distant in their respective budget differences.

House leadership is being critical of the Senate for adding nearly a quarter of billion dollars to revenue estimates for FY 2006 (\$9.1 billion in the Senate, as opposed to \$8.8 billion in the House). In addition, the Senate is projected an additional \$269 million for FY 2007.

The Senate budget package offers a one-year tax relief package, as compared to the House's two-year deal. The Senate is also providing universities with the authority for 25-year lease purchase agreements and various triggers for spending on the arts, welcome centers in Yuma and construction for additional roads in Maricopa County.

Similarly, the Governor's tax reduction preferences are also at odds with Republican leaders, as she revealed a proposal for reductions in income tax rates for one year as well as targeted property tax relief, including a property tax freeze for owner-occupied housing for individuals 60-years and older with income less than \$60,000 per year.

Adding to the tension between the Legislature and the Executive, the Governor is threatening a veto of the immigration reform legislation, HB 2577.

As previously highlighted, the budget impasse is making the ability to predict a date for adjournment more complicated. One legislator reportedly expressed that July 4<sup>th</sup> vacations are officially in jeopardy.

### **Week in Review**

There were no public transportation related issues discussed during the week ending June 2<sup>nd</sup>.

### **A Preview for the Week Ahead**

As the deadline has passed for committee hearings, except for the Committees on Appropriations, there are no hearings scheduled for either the House or Senate Committees on Transportation for the week beginning June 5<sup>th</sup>.

### **Comments**

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# LEGISLATIVE TRACKING REPORT

Arizona Transit Association

June 2, 2006

BILL	TITLE	SPONSORS	SUMMARY	HOUSE COMMITTEES	SENATE COMMITTEES	ACTION
HB 2332	appropriations; highway monies; repayment	McClure and (2)	As introduced, appropriates \$52,215,300 in FY 2006-2007 from the state general fund to the Highway Users Revenue Fund for payment of monies diverted in FY 2004-2005.	Transportation, Appropriations (P), Rules		passed, House Transportation, 1/26
SB 1166	stopping vehicles on highways	Verschoor and (3)	As introduced, permits public transportation service vehicles to stop on specified state highway routes for the purposes of embarking and disembarking passengers. These highways must conform to specified conditions, including: a speed limit that does not exceed forty-five miles per hour, designated and marked stopping locations and signalized intersection controls. <b>AMENDMENT:</b> Permits the Director of ADOT and the appropriate local authority to determine if a pullout or any other method is necessary. <b>AMENDMENT:</b> Requires the local authority to conduct a traffic and engineering study of the proposed location.	Transportation, Rules	Transportation, Rules	Chapter 84, Laws 2006
SB 1278	lottery proceeds; university scholarships	Hale and (10)	As introduced, establishes the Lottery Tuition Fund to pay for a percentage of tuition costs for in-state students who maintain at least 2.5 grade point average and served in the military.		Higher Education, Appropriations, Rules	passed, Senate Higher Education, 2/15



BILL	TITLE	SPONSORS	SUMMARY	HOUSE COMMITTEES	SENATE COMMITTEES	ACTION
SB 1298	appropriation; highway fund repayment	Flake and (22)	As introduced, appropriates \$63,200,000 from the state General Fund in fiscal year 2006-2007 to the State Highway Fund for repayment of monies diverted last year for Department of Public Safety salaries. <b>AMENDMENT:</b> Inserts "Highway Revenue User Fund" for the referenced "State Highway Fund."		Transportation, Appropriations, Rules	passed, Senate Transportation, 2/7
SB 1466	vehicle license tax reduction	Rios and (25)	As introduced, reduces the vehicle license tax by a percentage (up to 75%) depending on the fuel efficiency of a motor vehicle. Requires the use of General Fund dollars to replace any lost VLT dollars.		Transportation, Appropriations, Finance, Rules	passed, Senate Transportation, 2/14
SB 1521	transportation board; Native American member	Hale and (2)	As introduced, requires that a Native American is a member of the transportation board. <b>AMENDMENT:</b> Changes the Native American member to a representative of a tribal government.		Transportation, Rules	passed, Senate Rules, 3/13