



DOUGLAS A. DUCEY
GOVERNOR

STATE OF ARIZONA
OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

July 6, 2022

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington St, 7th Floor
Phoenix, AZ 85007

RE: H.B. 2685 (transportation tax; Maricopa County; election)

Dear Secretary Hobbs,

Today I vetoed H.B. 2685, a measure to extend a sales tax for transportation funding. Across the country, families are facing unprecedented costs for food, gas, housing, and other necessities. Now, with inflation higher than it has been in 40 years, is not the time to ask voters in Arizona to tax themselves. Further, if and when voters consider such a proposal, they deserve to cast their ballot for a measure that is responsible and transparent — H.B. 2685 does not meet that standard.

The current transportation excise tax expires at the end of 2025, but rather than wait until the November 2024 election to consider an extension, H.B. 2685 would create a statewide special election next spring that would not only require unnecessary costs to administer, but would come at a time when voter turnout will likely be low.

In addition, the ballot title and description narrative as prescribed by H.B. 2685 is concerning compared to the 2004 ballot title and description narrative. The changes in the title and description narrative are inflated, embellished, and fail to accurately reflect the reality of this tax burden on Arizonans. This is clearly evident in comparing the 2004 publicity pamphlet to the proposed 2023 publicity pamphlet:

2004 Election Publicity Pamphlet

Title: "Regional Transportation Plan"

Description:

"A measure continuing the current transportation excise (sales) tax to address the regional transportation system by building new freeways, expanding existing freeways with additional access and capacity, constructing streets and intersections, expanding transit by extending the planned light rail system, increasing the frequency of bus service and providing additional bus, dial-a-ride and vanpool services."

Proposed 2023 Election Publicity Pamphlet

Title: “Regional Strategic Transportation Infrastructure Investment Plan”

Description:

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

The language is not only biased, but it fails to include any mention of the increase of 20 to 25 years nor the changes to distribution for state highways, local roads and public transit.

Beyond the troubling election date and ballot description narrative, there are other areas that raise concerns and should be addressed.

First, this tax has been traditionally set for a period of 20 years. H.B. 2685 ignores this precedent and increases the tax period to 25 years. The additional five years are a tax increase and should not be perceived as a tax continuation.

Second, Maricopa County residents will have been taxed for 40 years, which has resulted in significant expansion of the regional freeway system. With this expansion comes a responsibility to maintain this infrastructure into the future. Instead, H.B. 2685 reduces the amount of funding being distributed to the regional freeway system and fails to provide a clear framework on how these assets will be maintained as they continue to age. This is not the appropriate financial stewardship to preserve the investment from previous generations.

Third, the infrastructure plan that is part of this 25 year tax was developed prior to the passage of the Investment in Infrastructure and Jobs Act and does not properly account for the opportunity to properly leverage state dollars for federal transportation infrastructure funding.

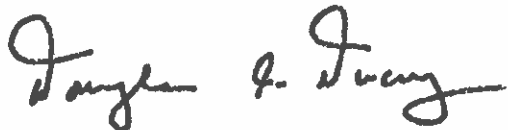
Senator Michelle Ugenti-Rita offered numerous commonsense amendments to this bill that would have made the measure more consistent with the 2004 measure, allowing more transparency and accountability. The amendments would have ensured a fairer ballot description narrative; more strategic insight into how these transportation and infrastructure dollars would be spent and how they relate to the needs of everyday Arizonans; and provided more local control in administering the call for the election. Unfortunately, none of these amendments were adopted.

Targeted, responsible and sustainable investments in infrastructure will be critical as more families and businesses choose Arizona. However, asking voters to tax themselves, prematurely,

with colorful ballot language during a time of high inflation is not the way to address the needs of our growing state.

Arizona must make sound and strategic investments in transportation infrastructure, especially during this high inflationary period and while governments are experiencing surplus tax revenue. The State is experiencing a \$4.5 billion surplus. Under the current budget, Arizona will invest \$1 billion in transportation infrastructure while simultaneously cutting taxes to provide relief to families.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas A. Ducey". The signature is fluid and cursive, with the first name "Douglas" being the most prominent.

Douglas A. Ducey
Governor
State of Arizona

cc: The Honorable Karen Fann
The Honorable Rusty Bowers
Representative Frank Carroll
Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service