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 MetroPlan Greater Flagstaff
 Northern Arizona Council of Gov'ts.
 Sierra Vista Metro. Planning Org.
 Southeastern AZ Governments Org.
 Sun Corridor Metro. Planning Org.
 Western Arizona Council of Gov'ts.
 Yuma Metropolitan Planning Org.

June 10, 2021

RTAC LEGISLATIVE UPDATE

EARMARKING: RTAC continues to support directing any increased transportation funding to existing programs and distribution processes. Programming and prioritizing at the state, regional and local levels continues to be the best way to make the best investment choices for our infrastructure needs. With that said, the “earmarking” of specific projects for federal congressional or state legislative appropriations have continued to advance in both the Arizona Legislature’s budget negotiations and the U.S. House of Representative’s drafting of a transportation authorization bill. While not the preferred means of increasing transportation funding, in all likelihood, these earmarks represent funding above what would otherwise be appropriated rather than redirecting funding away from programming dollars.

FEDERAL EARMARKS: Earlier this morning, the U.S. House Transportation and Infrastructure Committee finished marking up their portion of the transportation reauthorization bill. This is the process of considering amendments and voting to approve language for the areas over which the committee has jurisdiction including the highway and transit titles of the bill. As part of that bill drafting, the committee included earmarks for 1,473 projects totaling roughly \$5.7 billion. Members had submitted requests totaling \$14.9 billion. Each congressional district was limited to no more than \$20 million worth of projects. For Arizona, 24 projects were selected totaling \$92 million. While the majority of the projects and funding are directed to the Phoenix and Tucson metropolitan areas, Greater Arizona would still receive an amount above its per capita proportion. The following is a list of the Greater Arizona projects earmarked in the U.S. House bill (the full list is attached to the RTAC report):

\$2,091,000	Chino Road Extension Phase II	Douglas
\$4,000,000	Davis Road Mileposts 5–13	Tombstone & McNeal
\$1,485,000	Electric Bus Infrastructure	Flagstaff
\$8,000,000	Lone Tree Corridor	Flagstaff
\$1,220,169	Pathway Project Baffert Dr.–Nogales H.S.	Nogales
\$5,000,000	Peters Road Widening	Casa Grande
\$5,000,000	US89/Lake Powell Blvd. Roundabout	Page
\$26,796,169		

The final outcome of the earmarks, which haven’t been used by Congress since 2005, remains to be seen. After the markup process is completed, which includes the House Ways and Means Committee determining how all of the proposed authorized spending will be paid for, the full House of Representatives will need to vote on the bill. The use of earmarks was approved by leadership so they are likely to remain in the final House version although the projects and their funding levels could still be amended on the House Floor. More significantly, the House and Senate will have to reach an

agreement on one version of the bill. While Senate leadership hasn't rejected earmarks, they have also not been included in the Senate's bill drafting efforts to date and Senators have not gone through the process of developing earmark project lists from their home states such as the Representatives did leading up to the House bill drafting. The Senate Environment & Public Works Committee marked up their version of the highway title of the bill on May 26th without earmarks. In fact, that markup greatly favored state, regional and local programming with 90% of the funding distributed through formula. Also, the White House has been in negotiations and various congressional coalitions are working on a broader infrastructure package. The funding from this broader package would be more one-time in nature and may or may not be merged into the authorization legislation. Even if the two remain separate, they will influence one another and potentially influence earmarking. So, there are still a lot of moving pieces and much further work needs to be done, but the inclusion of these earmarks in the committee markup is significant.

STATE EARMARKS: Legislative leadership introduced budget bills back on May 24th which included \$338 million in one-time funding for transportation projects. This package of budget bills failed mostly due to opposition to the proposed tax cuts which focused on a 2.5% flat individual income tax rate. Concerns centered on the impact to future state revenue levels and also municipalities which share 15% of what the state collects in lieu of their own income tax authority. The House tried unsuccessfully again earlier this week despite amendments intended to garner adequate votes. Another area of contention was the proposed overall spending levels, including transportation, and the revised proposal reduced funding that would be directed to ADOT for pavement rehabilitation from \$109 million to \$90 million. The original budget proposal specified the highways and locations that would receive treatment. That project list was removed, providing ADOT with more flexibility over the lesser amount but with specifications on its use such as requiring it all to be used within Greater Arizona and on pavement in fair or poor condition. Monday's House budget action fell one vote short of passage. By all accounts, there is currently inadequate support in the Senate as well. The pressure for enactment will increase later in the month as a new state budget will need to be enacted prior to July 1st and the start of the new state fiscal year in order to prevent a state government shutdown. The updated list of earmarks in the most current state budget (including Monday's amendments) are:

\$90 Million	Preservation rehabilitation projects	ADOT – Greater Arizona
\$50 Million	I-10 widening	Casa Grande – Phoenix
\$46.7 Million	SR95 repavement	Lake Havasu/Bullhead City
\$35 Million	SR347 overpass at Riggs Road	north of City of Maricopa
\$18 Million	State Aviation Fund	ADOT Statewide
\$13.6 Million	SR77 repavement	Oro Valley
\$10.6 Million	SR90 repavement	Fort Huachuca vicinity
\$10 Million	Yuma County Fairground improvements	Yuma County
\$8.5 Million	67th Avenue widening & drainage improvements	Peoria
\$8 Million	Camelback Road widening	Goodyear
\$7.9 Million	Ocotillo Road expansion & bridge construction	Gilbert
\$5 Million	Various projects in vicinity of I-10	Marana
\$4.7 Million	SR69 repavement	Prescott Valley
\$4 Million	North/South Corridor Tier II Enviro Study	Pinal County
\$3.5 Million	I-10/SR186 repairs	Wilcox
\$1,032,100	20th Avenue reconstruction	Safford
\$1 Million	Butte Avenue Bridge	Florence
\$700,000	SR88 repair study	Gila/Pinal Counties
\$600,000	Infrastructure/public safety improvements	Jerome
<u>\$150,000</u>	SR303/Grand Avenue improvements study	Surprise
\$319 Million		