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March 24, 2025

RTAC LEGISLATIVE UPDATE

Thank you to Rep. Leo Biasiucci, the Chairman of the House Transportation and Infrastructure Committee who has placed on the Committee's agenda for this Wednesday (3/26 at 2:00), a presentation from RTAC on the current status of Greater Arizona's transportation infrastructure. We look forward to a robust discussion on transportation revenues, the unmet needs, and their impact on a whole host of issues including rural safety, congestion and the economy.

As we move towards April, the Legislature will turn more and more of its focus to crafting a state budget for the upcoming state fiscal year which starts on July 1st. Unlike last year, the revenue outlook remains very positive. Due to a very late and sizable surge in revenue collections after last year's budget was enacted, we had a very substantial carry forward balance going into the current year. Now more than half way through it, revenue collections continue to exceed forecasts.

Lawmakers should have a fairly substantial amount of one-time revenues available when developing the budget. In recent history, they have prioritized directing one-time revenues to transportation. While that support remains, there will be many competing interests for that revenue. The attached issue brief on RTAC's priority projects outlines many of the justifications for continuing to direct available revenues to the infrastructure.

In addition to unfunded projects, additional revenue for the Arizona SMART Fund is another priority. This state funding program helps rural communities pursue and use federal competitive grant funding for transportation projects. To date, the roughly \$60M in state awards have gone to projects that have generated close to \$140M in federal funding. A substantial number of those SMART-awarded projects have not finished moving through the federal grant process and have the potential to secure an additional \$320M in federal funding. That already impressive rate of return could grow substantially!

At current award rates, the SMART Fund will exhaust its remaining balance in about five months. To continue awarding projects at the current rate for at least another state fiscal year, an appropriation of \$33M will be needed in the budget. An updated issue brief on the SMART Fund is also attached.

Lastly, an updated transportation bill matrix is attached. Many remaining bills are seeking state funding. Its important to note that "money" bills aren't quite handled the same way as other bills. They rarely move thru the full legislative process nor are they typically enacted as "stand alone"

legislation. When the Legislature starts to develop the state budget, the topics of all of these separate "money" bills are all considered as is the level of overall available revenues.

Introducing a bill and moving it through committee hearings, and even a vote by one of the chambers, is a good way to build visibility and support for the subject, but ultimately, inclusion in the budget bills is what will determine if it actually receives funding. While having a bill supporting your project or program is usually beneficial, its not even required for budget consideration.

When reviewing the status of these bills, its important to recognize how they are handled differently. For one, they are typically assigned to the appropriations committees which do not have bill hearing deadlines like the other committees. This is why so many of these bills on the matrix appear to be pending even if they have had little or no activity since introduction. Also, they all usually stop where they are in the process when the budget bills start to be drafted, usually in the April/May timeframe.

As far as HB2304, this year's RTAC priority project legislation, its also important to note that the usual budget process used by lawmakers, when revenues are available, is to provide each legislator with a funding amount that they can direct for use in the budget, which has often resulted in the inclusion of transportation projects from their districts. The Senate President has already indicated that this is the direction he is likely to pursue again this year. So, leadership will not propose HB2304 as a whole in the budget but rather rely on the individual legislators to include specific projects in their budget asks. If you have projects in the bill, it remains vital that your legislators are willing to prioritize their inclusion in the budget. Keep informing, and if allowed, advocating!!!