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Penny hike in sales tax eyed for transportation

By Not Applicable
Associated Press

PHOENIX - Business leaders and others are putting the final touches on a proposed ballot measure that would increase the state's sales tax by a penny to raise billions of dollars for transportation projects, a leader of the effort said Monday.

The funding would pay for a statewide array of projects that would include building major highways and providing passenger rail service, said Martin Shultz, a utility company executive and lobbyist who is a key figure in the business coalition pushing the close-to-emerging proposal with support from Gov. Janet Napolitano.

The Time Coalition pitches the proposal as a way to cope with its growing transportation needs at a time when transportation arteries are clogged and state and federal funding is pinched by higher costs for construction and maintenance.

Shultz confirmed that the proposal includes raising the state's sales tax by one cent. That tax, formally known as a "transaction privilege tax," is now 5.6 cents on the dollar, though many local governments add to that.

He declined to discuss other funding elements of the package other than to say they don't include a hike in the per-gallon gasoline tax.

However, a draft study prepared by state and local transportation officials and associated with the developing ballot proposal cites a possibility of using "public private partnerships" for projects in strategic road and rail transit corridors, including new freeways in Pinal County and in western and northern environs of the Phoenix area.

That part of the report does not mention the word "tolls," but it states any such road corridors would have parallel routes for users "not willing to pay for the use of such a privatized corridor."

The overall proposal would raise a projected \$42.6 billion over 30 years, said Shultz, who is a vice president for Pinnacle West Capital Corp., parent of Arizona Public Service Co.

"Lawyers are now finalizing the elements of the initiative," which would be formally launched as early as later this week, he said.

While talks continue on a draft study that outlines how the money would be spent, "the initiative itself will be on the street ASAP," Shultz said.

Supporters need to file signatures of 153,365 voters by July 3 to qualify for the state's Nov. 4 general

election ballot.

Of the \$42.6 billion, the biggest slices would go to key highway projects (58 percent), local transportation projects and programs (20 percent), and rail and transit projects and programs, including intercity rail between Phoenix and Tucson (18 percent).

Other elements include setting aside money for mitigating environmental impacts from transportation projects and enhancing bicycle and pedestrian movement.

Shultz said supporters decided to proceed with the initiative because state legislators balked at putting a referendum on the ballot.

"Not now, not ever, not never is a sales tax increase going through the Senate Transportation Committee," the committee's chairman, Republican Ron Gould of Lake Havasu City said during a recent interview. "If the Time Coalition would like, I'd loan them my card table so they can gather signatures to try to raise taxes."

Shultz said not doing an initiative this year would have meant waiting for 2012 because of legal and political difficulties associated with intervening years, he said. "The argument for going in 2008 is compelling."

Shultz acknowledged that the economic downturn could pose a challenge to efforts to win voter approval.

"It's a challenge except that we will do the best job we can to connect the increase in construction of the surface transportation and the service it will provide to the individual citizen and the economy. We'll take a stab at describing the costs and the benefits," he said. "It's really just a matter of making the case. The case is important."


The proposed statewide sales tax increase would be in addition to local sales levied for transportation. Voters in Pima and Maricopa counties have recently approved or extended such sales taxes for transportation work.

The draft study said rural projects could include improved connections between Mohave County's major communities and improved transit in Yuma County.

Passenger rail service could provide an opportunity "to join forces" with major freight projects to benefit both freight operations and intercity passenger service, the draft study said.

"The long-range concept of implementing higher-speed intercity rail between Phoenix and Tucson appears to be more feasible, and could potentially operate compatibly with peak-period-oriented commuter rail service, using much of the same infrastructure," it stated.



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