

Highway User Revenue Fund

**Fiscal Year 2010
Year- End Report**



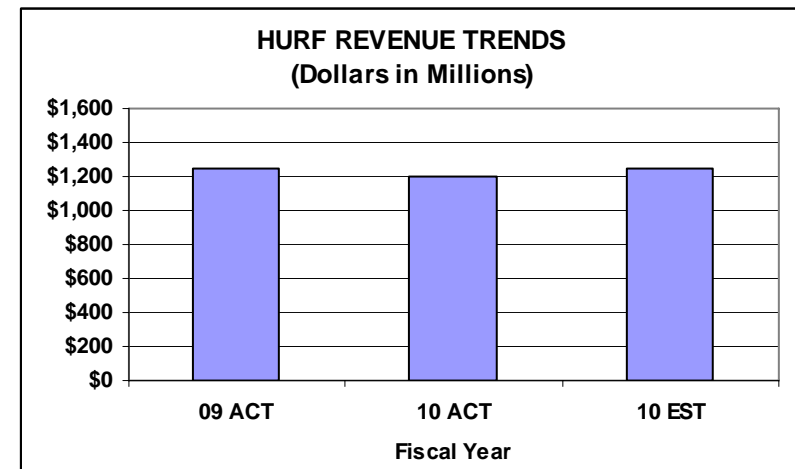
**Arizona Department of Transportation
Financial Management Services
Office of Financial Planning
July 2010**

Highway User Revenue Fund Executive Summary

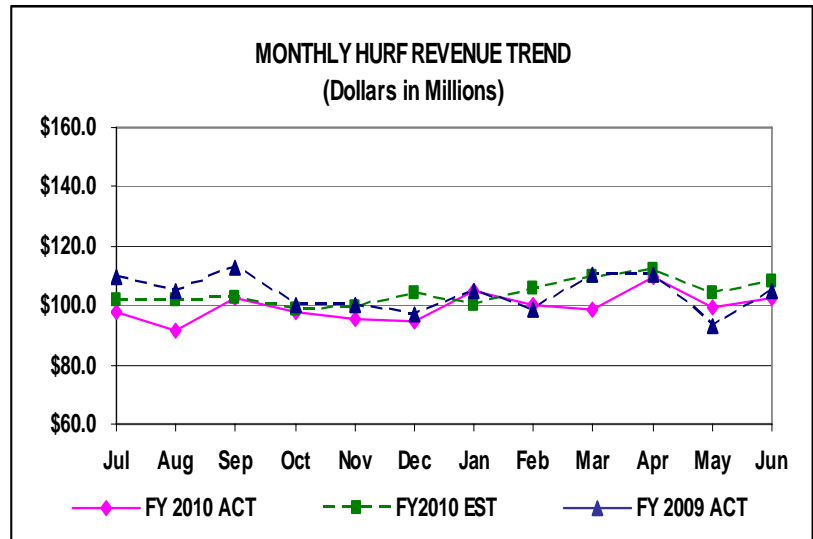
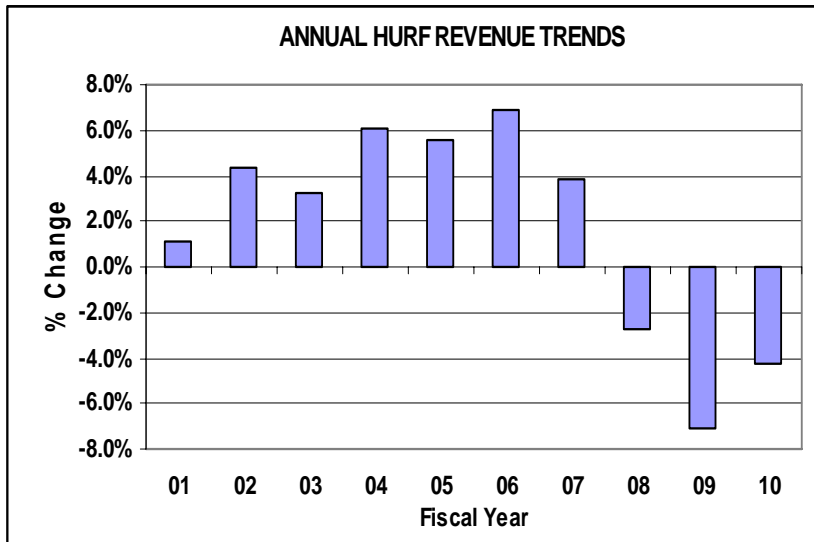
The State of Arizona taxes motor fuels and collects fees relating to the registration and operation of motor vehicles, including gasoline and use fuel taxes, motor carrier fees, motor vehicle registration fees, vehicle license taxes (VLT), and other miscellaneous fees. Revenues are deposited in the Arizona Highway User Revenue Fund (HURF) and are then distributed to the cities, towns and counties and to the State Highway Fund. These taxes and fees are a major source of revenue to the state for highway construction, improvements and other related expenditures.

FY 2010 HURF collections totaled \$1,194.4 million, a decrease of 4.3 percent from FY 2009 and 4.3 percent below the estimate. All major revenue categories posted revenues below FY 2009 levels. This marks the third consecutive year of negative year-over-year growth and places the HURF revenues back at FY 2004 revenue levels.

Continued high unemployment, lower personal income and population growth along with shrinking home values all contributed to the weakness in HURF collections during FY 2010. The one positive note for the year was the stabilization in the Gas Tax and Use Fuel Tax revenue categories even after modest increases in fuel prices. These two revenue categories accounted for 52.4 percent of HURF collections.



Revenue Trend Analysis



HURF revenues have grown at an annualized rate of 1.6 percent over the last ten fiscal years which was slower than the average annual population growth rate. The Arizona economy has been negatively impacted by the housing market downturn which then spread to most other business sectors. An estimated 290,000 jobs, mostly construction related, have vanished in Arizona with no relief expected until at least 2011. All major economic indicators including employment, population, personal income and Arizona real gross domestic product have posted slower or negative growth rates for a fourth straight year.

FY 2010 HURF revenues were 4.3 percent or \$53.4 million below the forecast. The monthly revenues tracked below the monthly estimates in ten of the twelve months. On a positive note, the Gas Tax and Use Fuel Tax revenue categories were only 0.3 and 0.2 percent below the estimates, respectively.

Performance By Category

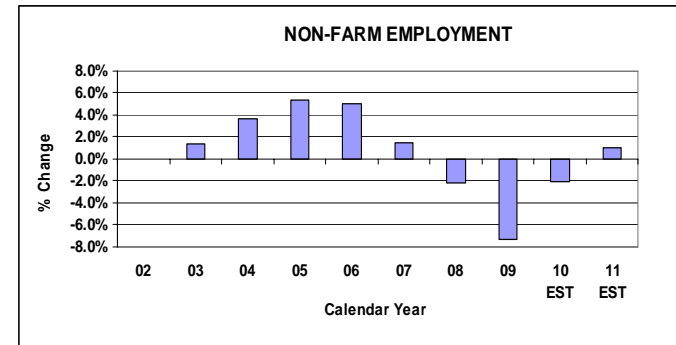
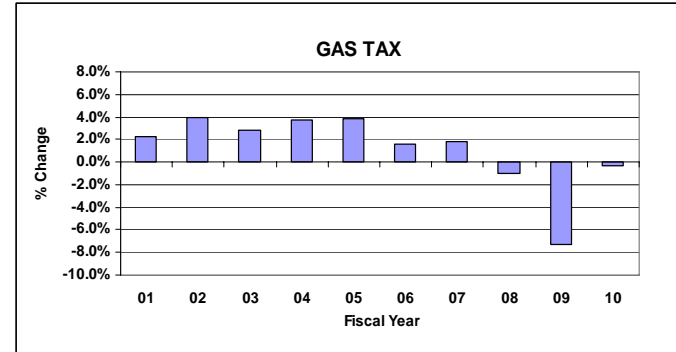
Gas Tax:

Gas tax revenue amounted to \$455.4 million in FY 2010, a decrease of 0.3 percent from FY 2009 and 0.3 percent below the estimate. This represents three straight years of negative growth year-over-year. Slower income and employment growth contributed to the flat gas tax revenue growth in FY 2010. However, the last seven months of FY 2010 saw gas tax revenue increase by 0.9 percent over the same time period in FY 2009.

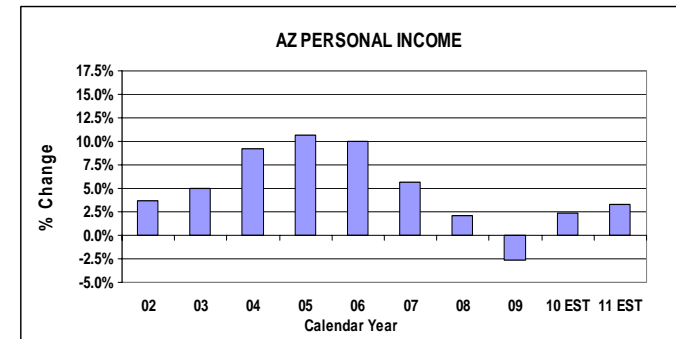
According to the Arizona AAA weekly news release dated July 1, 2010, the average statewide gas price per gallon was \$2.64 on July 1, 2009 increasing slightly to \$2.78 on July 1, 2010. This amounts to only a 5.3 percent increase in the price of gas during FY 2010. According to the Federal Highway Administration Traffic Volume Report dated April 2010, overall travel on U.S. roads and streets increased 0.5 percent based on a moving 12-month average through April 2010.

According to the Arizona Department of Commerce's Arizona Workforce Report dated April 29, 2010, non-farm employment losses accelerated from a negative 2.1 percent in CY 2008 to a negative 7.3 percent in CY 2009. The Arizona Department of Commerce expects non-farm employment in Arizona to bottom in CY 2010 with a negative 2.1 percent growth before turning positive in CY 2011 with a modest 1.0 percent increase.

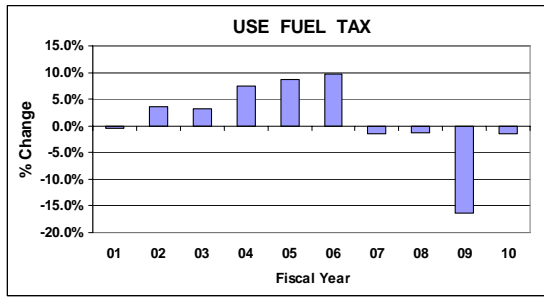
Surprisingly, the Western Blue Chip economists estimate that Arizona personal income will increase by 2.4 percent in CY 2010 and 3.3 percent in CY 2011. Arizona personal income growth benefits from population growth and inflation.



Source: Arizona Dept. of Commerce, Arizona Workforce, April 29, 2010

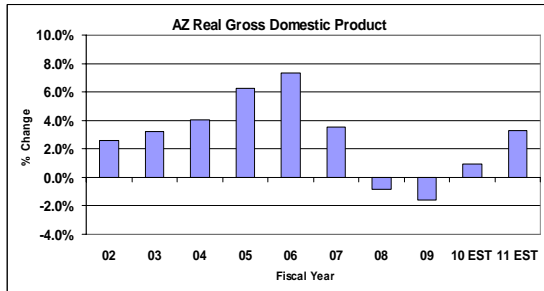


Source: Western Blue Chip Forecast, June 2010



USE FUEL TAX:

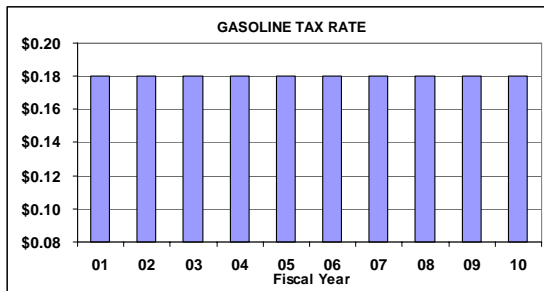
FY 2010 use fuel tax collections totaled \$171.3 million, a decrease of 1.5 percent from FY 2009 and only 0.2 percent below the estimate. FY 2010 did see some improvement in economic activity on the national level, but the demand for goods and services continued to be pressured. The use fuel tax revenue category may have turned the corner since the last seven months of FY 2010 saw collections increase 9.2 percent over the same period in FY 2009.



According to the Arizona AAA weekly news releases dated July 2, 2009 and July 1, 2010, the average statewide diesel price per gallon was \$2.60 on July 2, 2009 increasing to \$2.99 on July 1, 2010. This equates to a 15.0 percent increase in the price of diesel over the past 12 months. The higher diesel price can be attributable to a pick-up in demand for goods and services at the national level.

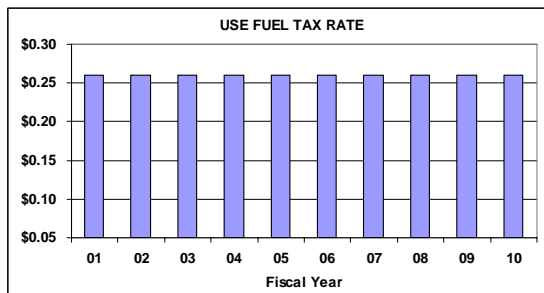
Source: Bureau of Economic Analysis June 2010. Estimates extrapolated from US GDP estimates from Global Insight, 1st Quarter 2010, Trend Forecast.

The Bureau of Economic Analysis reported the Arizona Real Gross Domestic Product growth fell for a second year in a row with a decrease of 1.6 percent in FY 2009, after a 0.8 percent decrease in FY 2008. With the national economy improving and the Arizona economy stabilizing, the Arizona Real Gross Domestic Product growth is expected to return to positive growth with a 1.0 percent increase in FY 2010 followed by a 3.3 percent increase in FY 2011.



GASOLINE TAX RATE:

The gasoline tax rate chart on the left shows the state gasoline tax of \$0.18 per gallon. The last gasoline tax rate increase was \$0.01 in FY 91.

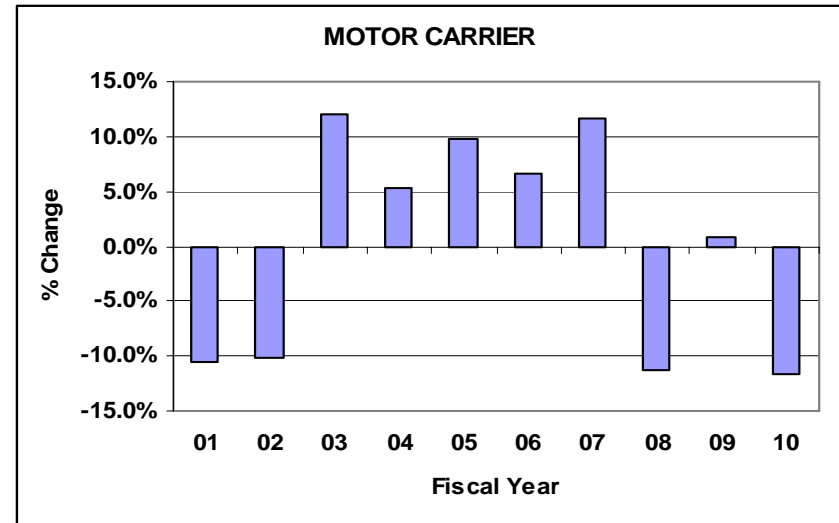


USE FUEL TAX RATE

Presently, the state use fuel tax rate is \$0.26. As of July 1, 2000, the use fuel tax rate was reduced from \$0.27 to \$0.26 per gallon as part of 1997 legislation.

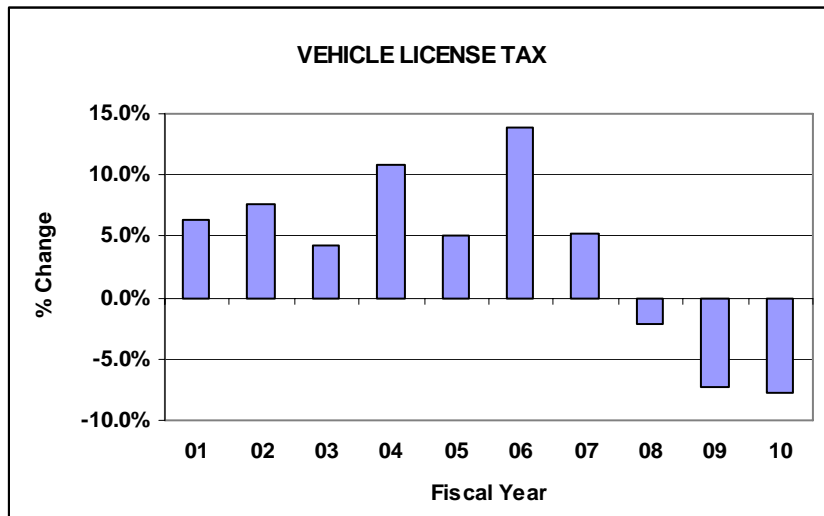
MOTOR CARRIER FEE:

Motor carrier fee collections in FY 2010 totaled \$35.8 million, a decrease of 11.6 percent from FY 2009 and 8.4 percent below the estimate. FY 2009 revenues included a \$2.0 million revenue adjustment from prior years which overstated FY 2009 revenues. Commercial truck traffic has been sharply impacted by the national and Arizona economic downturns since FY 2007. The Port of Los Angeles has seen container movement drop an estimated 21 percent since 2006 which has led to fewer trucks being registered. However, activity at the Port of Los Angeles in calendar year 2010 through May was tracking 11.4 percent above the same time period last year.



VEHICLE LICENSE TAX:

FY 2010 Vehicle License Tax (VLT) revenue totaled \$329.9 million, a decrease of 7.7 percent from FY 2009 and 10.0 percent below the estimate. The VLT revenue category had the sharpest negative impact on HURF revenue growth in FY 2010. The negative growth in VLT can be attributable to the renewal vehicle fleet (5.5 million vehicles) absorbing the statutory 16.25 percent annual depreciation. In previous years, the depreciation has been offset by strong brand new car, new to state and move-up vehicle purchase registrations. On a positive note, brand new vehicle and new to state vehicle registrations posted positive growth in the second half of FY 2010, but finished the year with negative year-over-year growth.



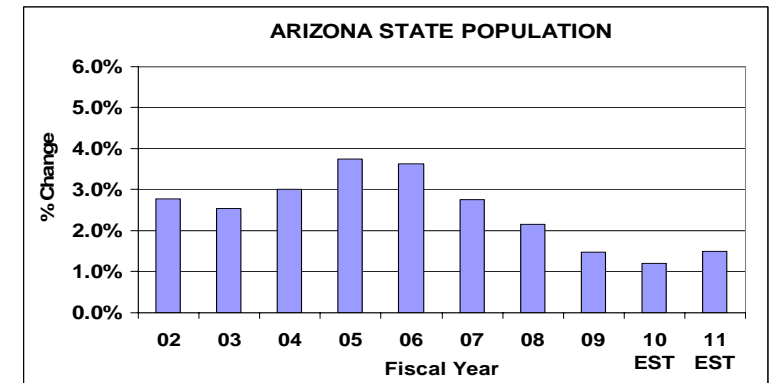
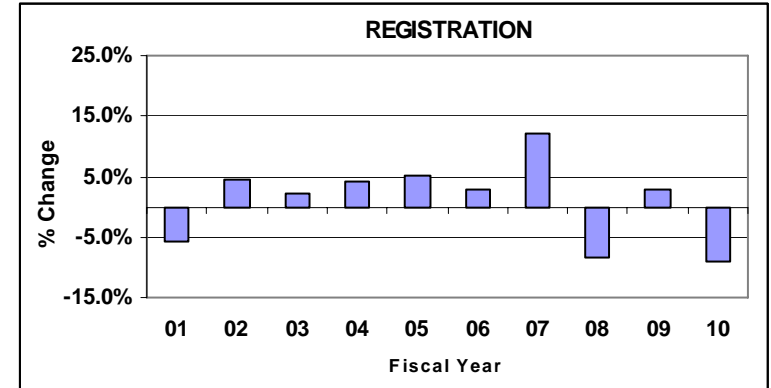
REGISTRATION:

Registration collections during FY 2010 totaled \$152.2 million, a decrease of 9.1 percent from last year and 6.3 percent below the estimate. The majority of the decrease was attributable to the decrease in apportioned commercial registration fees paid by motor carriers. As noted in the use fuel tax and motor carrier fee sections, commercial truck traffic has been impacted by the economic downturn at the state and national levels. Also, FY 2009 included a \$8.1 million revenue adjustment from prior years which overstated FY 2009 revenues. Arizona did post a slight increase in vehicle registrations in FY 2010.

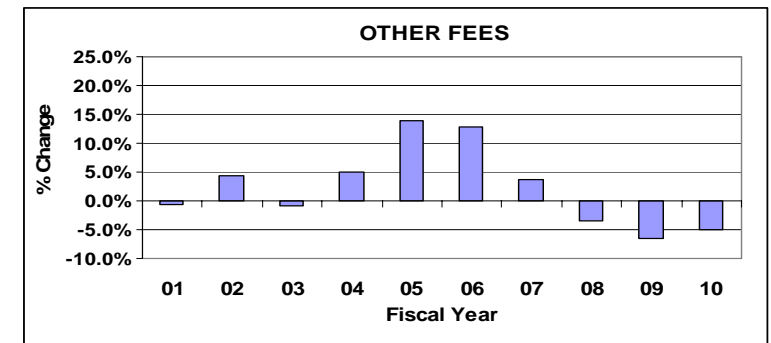
The June 2010 Western Blue Chip Forecast estimates Arizona population growth will slow to 1.2 percent in CY 2010 with a slight increase of 1.5 percent in CY 2011. The continued job losses in Arizona and the nationwide housing slump has sharply impacted population growth over the past three years. Arizona population growth has not been this weak since before CY 1960. On a positive note, once the Arizona economy does improve population growth should return to normal due to Arizona having much more affordable housing and improved employment opportunities.

OTHER FEES:

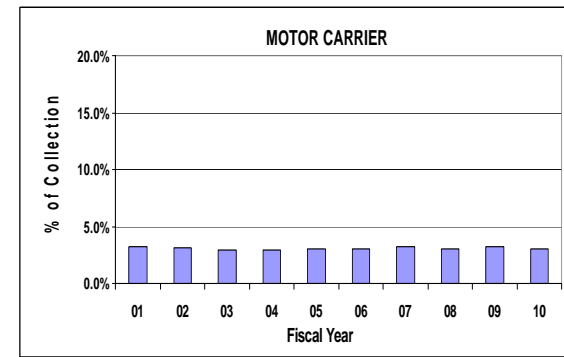
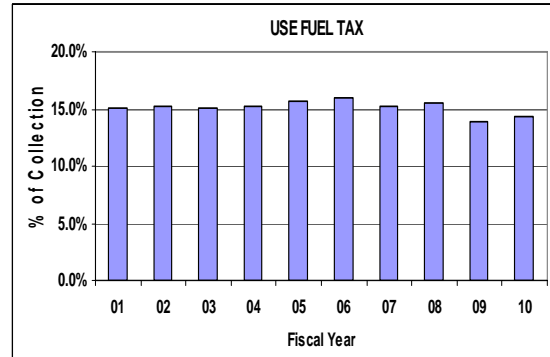
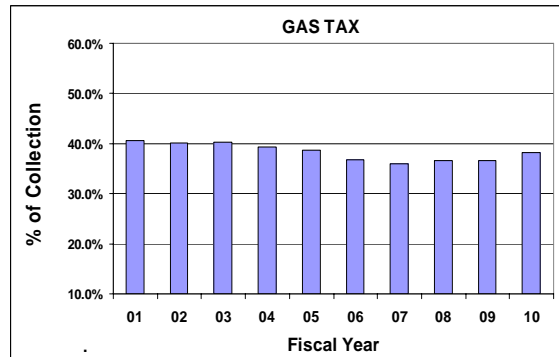
FY 2010 “other fees” collections amounted to \$49.7 million, a decrease of 4.9 percent from FY 2009 and 3.3 percent below the estimate. The lower commercial truck traffic in Arizona, as noted earlier, reduced revenues from oversize permits and highway fines while the continued low interest rates led to a 38.9 percent decrease in interest income during FY 2010. Credit card fees paid by MVD (for third parties and MVD facilities) totaled \$7.9 million, which were netted from “other fees” revenues.



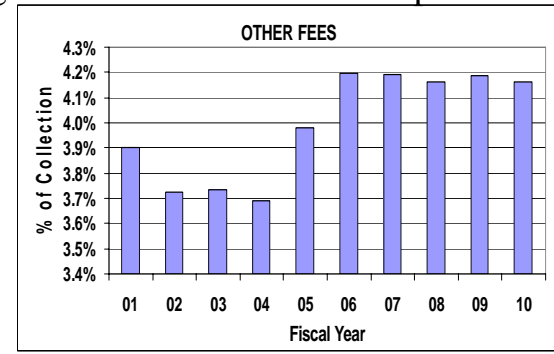
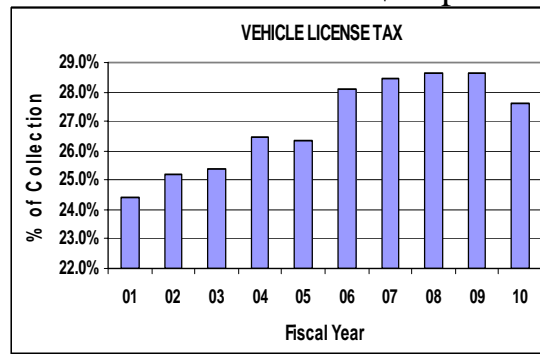
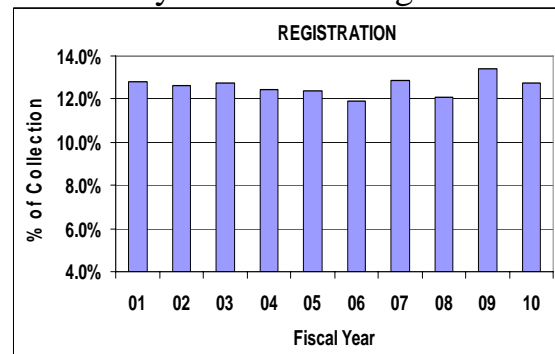
Source: Western Blue Chip, June 2010



Revenue Composition Comparison



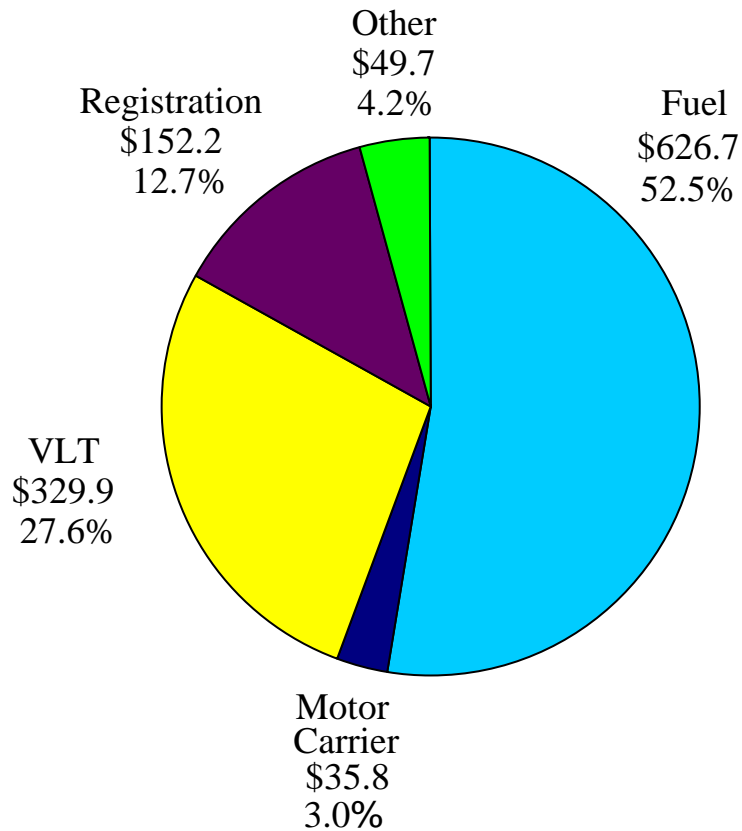
The gas tax revenue continues to be the largest component of HURF, but its contribution, until FY 2010, has trended downward from 40.6 percent in FY 2001 to 36.6 percent in FY 2009, before a slight increase to 38.1 percent in FY 2010. The use fuel revenue category also saw a slight increase to 14.3 percent in FY 2010. The motor carrier fee and registration revenue categories HURF share decreased in FY 2010 due in part to the economic slowdown and the one-time \$10.1 million revenue adjustment made in FY 2009 for prior years revenue. The VLT revenue category has led the growth in the HURF share with an increase from 24.4 percent in FY 2001 to 28.6 percent in FY 2009 before the decrease to 27.6 percent in FY 2010. This revenue category has benefitted from increased population, inflation and higher average fleet value each year as older vehicles are replaced by newer vehicles. However, VLT revenue has plummeted 16.0 percent since FY 2007 due to fewer new vehicle sales, slower population growth and the statutory 16.25 percent annual depreciation on renewal vehicles. The increased contribution from “other fees” since FY 2005 was mainly due to 2004 legislation that allowed MVD to retain a \$12 processing fee with each VLT refund processed.



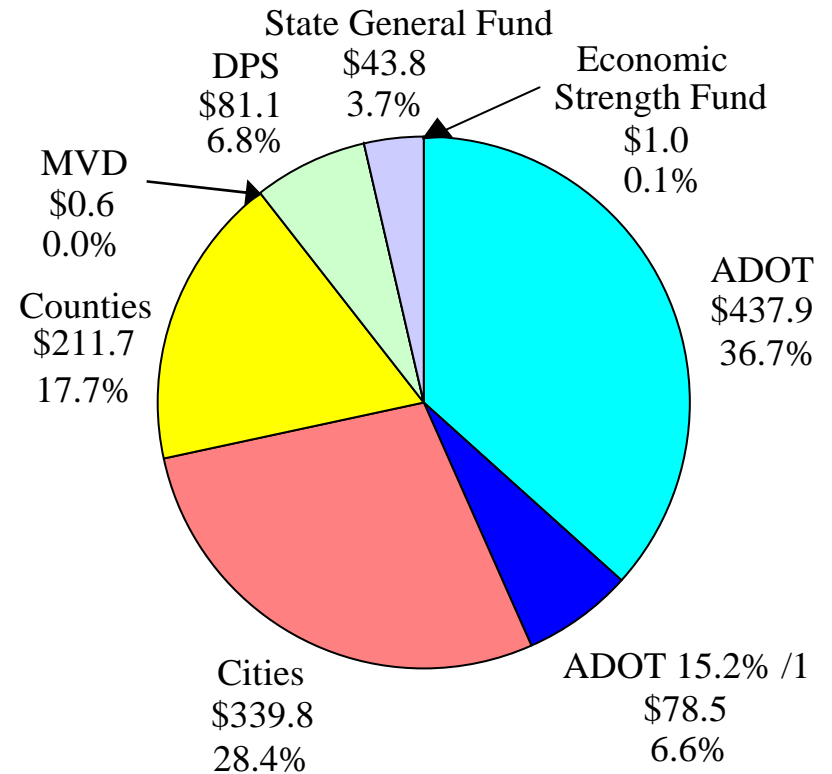
HIGHWAY USER REVENUE FUND SOURCES AND DISTRIBUTION OF FUNDS FY 2010

TOTAL: \$1,194.4 MILLION

SOURCES



DISTRIBUTION



NOTES:
1. Represents ADOT's allocation of HURF for MAG and PAG regional projects.

Highway User Revenue Fund

Revenue Comparison Statement

CATEGORY	FY 2009 ACTUAL	FY 2010 ACTUAL	CHANGE	FY 2010 ESTIMATE	CHANGE
GAS TAX	\$456,811,694	\$455,435,953	-0.3%	\$456,800,000	-0.3%
USE FUEL TAX	173,930,895	171,308,245	-1.5%	171,700,000	-0.2%
SUBTOTAL	\$630,742,589	\$626,744,198	-0.6%	\$628,500,000	-0.3%
MOTOR CARRIER TAX	\$40,483,421	\$35,807,490	-11.6%	\$39,100,000	-8.4%
VEHICLE LICENSE TAX	\$357,497,761	\$329,914,642	-7.7%	\$366,400,000	-10.0%
COUNTY REGISTRATION	\$74,107,051	\$70,159,912	-5.3%	\$75,400,000	-6.9%
APPORTIONED REG.	79,137,645	68,149,342	-13.9%	72,600,000	-6.1%
MISC. REGISTRATION	14,320,440	13,926,564	-2.8%	14,400,000	-3.3%
SUBTOTAL	\$167,565,136	\$152,235,818	-9.1%	\$162,400,000	-6.3%
TITLE FEES	\$7,311,719	\$7,186,781	-1.7%	\$7,300,000	-1.6%
OPERATOR LICENSES	18,632,019	18,798,512	0.9%	18,600,000	1.1%
OVERSIZE PERMITS	6,226,242	5,377,829	-13.6%	6,100,000	-11.8%
INQUIRY FEES	12,271,287	11,935,409	-2.7%	12,200,000	-2.2%
STATION FUEL FEES	2,738,778	2,253,750	-17.7%	2,500,000	-9.9%
INVESTMENT INTEREST	1,114,090	680,642	-38.9%	1,200,000	-43.3%
SPECIAL PLATES	8,089,783	8,106,350	0.2%	8,100,000	0.1%
CREDIT CARD FEES	(8,664,998)	(9,336,877)	-7.8%	(9,100,000)	-2.6%
MISCELLANEOUS FEES	4,575,111	4,711,973	3.0%	4,500,000	4.7%
SUBTOTAL	\$52,294,031	\$49,714,369	-4.9%	\$51,400,000	-3.3%
TOTAL	\$1,248,582,939	\$1,194,416,517	-4.3%	\$1,247,800,000	-4.3%

Details may not add to the total due to individual rounding.

Highway User Revenue Fund

Revenue Collections By Category

(Dollars In Thousands)

FY 2001- 2010

Fiscal Year	Vehicle						Total /1	Percent Change
	Gas Tax	Use Fuel Tax	Motor Carrier	License Tax	Registration	Other		
2001	\$418,400	\$155,859	\$32,678	\$251,613	\$132,269	\$40,147	\$1,030,966	1.1%
2002	434,818	161,507	29,347	270,641	138,210	41,873	1,076,395	4.4%
2003	446,891	166,744	32,856	281,947	141,328	41,490	1,111,255	3.2%
2004	463,531	179,002	34,617	312,262	146,638	43,510	1,179,561	6.1%
2005	481,284	194,368	37,980	328,232	154,122	49,567	1,245,553	5.6%
2006	489,081	213,460	40,504	373,864	158,805	55,911	1,331,625	6.9%
2007	497,702	210,282	45,226	393,497	177,788	57,979	1,382,474	3.8%
2008	492,536	207,859	40,177	385,186	162,765	55,953	1,344,477	-2.7%
2009 /2	456,812	173,931	40,483	357,498	167,565	52,294	1,248,583	-7.1%
2010	455,436	171,308	35,807	329,915	152,236	49,714	1,194,417	-4.3%
Total	\$4,636,491	\$1,834,320	\$369,677	\$3,284,654	\$1,531,727	\$488,438	\$12,145,305	

Compound annual growth rate (FY 2001 – FY 2010) = 1.6%

Notes:

1/ Details may not add to the total due to individual rounding.

2/ Does not include the \$6,697,600 that was reverted back to HURF per Laws 2009, 1st Special Session, Chapter 2 (SB 1002) in February 2009. The funds were originally appropriated to the state highway fund in Laws 2007, Chapter 257 (HB 2783).

Highway User Revenue Fund

Revenue Distributions

(Dollars In Thousands)

FY 2001-2010

FISCAL YEAR	ARIZONA	MAG	PAG	CITIES	ECONOMIC				TOTAL / 13
	HIGHWAY FUND	CONTROLLED ACCESS	CONTROLLED ACCESS	AND TOWNS COUNTIES	DEPT. OF PUBLIC SAFETY / 1	STRENGTH PROJECT FUND / 2	OTHER MISCELLANEOUS APPROPRIATIONS		
2001	\$433,248	\$58,243	\$19,415	\$308,567	\$192,222	\$12,500	\$1,000	\$5,770 /3	\$1,030,965
2002	438,230	58,913	19,638	312,115	194,433	52,066	1,000		1,076,395
2003	451,827	60,741	20,247	321,799	200,465	54,528	1,000	648 /4	1,111,256
2004	483,688	65,024	21,675	344,491	214,601	48,698	1,000	383 /4	1,179,561
2005	410,362	55,167	18,389	363,535	226,464	52,216	1,000	118,420 /4 /5 /6	1,245,553
2006	539,865	72,576	24,192	386,128	240,538	66,693	1,000	633 /4 /7	1,331,625
2007	584,531	78,581	26,194	418,114	260,465	12,983	1,000	607 /4	1,382,474
2008	565,381	76,006	25,335	404,434	251,942	12,913	1,000	7,465 /4,8,9	1,344,477
2009 /11	442,020	59,422	19,807	356,458	222,056	86,912	1,000	60,908 /4,10	1,248,583
2010	437,848	58,862	19,621	339,823	211,693	81,118	1,000	44,453 /4,12	1,194,417
Total	\$4,787,000	\$643,535	\$214,513	\$3,555,463	\$2,214,879	\$480,627	\$10,000	\$239,287	\$12,145,305

NOTES:

- 1/ The legislature has authorized the distribution of Arizona Highway User Revenue Fund (HURF) monies to the Arizona Department of Public Safety (DPS) for highway patrol expenditures. Per Laws 2005, Chapter 306 (SB 1119), the DPS Parity Compensation Fund receives 1.51 percent of the state highway fund share of the HURF VLT beginning in FY 2006.
- 2/ The Economic Strength Project Fund was statutorily established on May 17, 1989. Money in the fund is to be used for highway projects that provide economic benefits to the State or local jurisdictions. Laws 202, Chapter 22 (SB 1372) allocated \$500,000 in FY 2003 for grants to small communities to provide air service and airport upgrades.
- 3/ Appropriation for construction of the Prescott Regional Transportation Center.
- 4/ Appropriation for the MVD vehicle registration enforcement and 3rd party programs (FY03 \$648,000, FY04-06 \$383,300, FY07 \$607,300 and FY08-10 \$617,000)
- 5/ Appropriation to MVD to implement special 30-day nonresidents permit (\$37,000).
- 6/ Laws 2004, Chapter 282 (SB 1413) transferred \$118 million of the state highway fund share of HURF VLT to the state general fund in FY 2005.
- 7/ Laws 2005, Chapter 313 (SB 1254) appropriated \$250,000 from the HURF to the ADOT (MVD) for 3rd Party program..
- 8/ Laws 2007, Chapter 255 (HB 2781) appropriated \$150,000 to the Arizona Department of Administration for a hazards assessment study on state highways.
- 9/ Laws 2007, Chapter 257 (HB 2783) appropriated \$6.7 million to ADOT for 2 MVD facilities and 1 ADOT facility.
- 10/ Laws 2008, Chapter 285 (HB 2209) and Laws 2009, 1st Special Session, Chapters 1 and 2 (SB 1001 and SB 1002) transferred \$8.4 million and \$58.6 million, respectively from the state highway fund share of HURF VLT to the state general fund.
- 11/ Laws 2009, Chapter 2 (SB 1002) reverted \$6.7 million from state highway fund to HURF based on Laws 2007, Chapter 257 (HB 2783) that was for 2 MVD facilities and 1 ADOT facility. This was actually booked as negative revenue in the other miscellaneous appropriations section.
- 12/ Laws 2009, 3rd Special Session, Chapter 11 (HB 2006) and Laws 2009, 5th Special Session, Chapter 1 (SB 1001) transferred \$43.2 million and \$0.6 million, respectively from the state highway fund share of HURF VLT to the state general fund.
- 13/ Details may not add to the total due to individual rounding.

Highway User Revenue Fund

Distributions to Cities, Towns and Counties

FY 2010

COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	
Apache		\$6,229,731.97		La Paz		\$3,465,178.54		Pima		\$38,739,413.58		
	Eagar		\$800,340.28		Parker		\$1,005,802.91		Marana		\$1,808,963.38	
	Springerville		\$372,086.25		Quartzsite		\$1,104,656.63		Oro Valley		\$2,667,796.68	
	St. Johns		\$697,015.52						South Tucson		\$381,678.92	
				Maricopa		\$85,500,772.46			Tucson		\$43,086,355.53	
Cochise		\$7,422,801.18			Apache Junction		\$16,223.20		Sahuarita		\$947,900.96	
	Benson		\$333,063.51		Avondale		\$3,942,433.92					
	Bisbee		\$462,482.55		Buckeye		\$1,443,059.52		Pinal		\$14,173,041.67	
	Douglas		\$1,211,407.58		Carefree		\$209,595.50			Apache Junction		\$2,803,005.14
	Huachuca City		\$129,419.01		Cave Creek		\$270,545.44			Casa Grande		\$2,692,007.33
	Sierra Vista		\$3,075,913.42		Chandler		\$13,120,836.76			Coolidge		\$678,138.34
	Tombstone		\$113,218.39		El Mirage		\$1,821,692.51			Eloy		\$923,083.46
	Willcox		\$273,754.29		Fountain Hills		\$1,391,100.05			Florence		\$1,702,549.32
					Gila Bend		\$113,788.29			Kearny		\$186,178.33
Coconino		\$8,802,089.05			Gilbert		\$10,090,894.00			Mammoth		\$145,754.11
	Flagstaff		\$6,429,355.51		Glendale		\$13,774,183.90			Superior		\$270,027.56
	Fredonia		\$116,896.00		Goodyear		\$2,626,096.07			Queen Creek		\$40,958.34
	Page		\$746,863.82		Guadalupe		\$315,272.16			Winkelman		\$200.29
	Williams		\$330,977.84		Litchfield Park		\$257,612.01			Maricopa		\$1,322,121.21
	Sedona		\$326,161.63		Mesa		\$31,569,883.42					
					Paradise Valley		\$788,180.38		Santa Cruz		\$2,736,926.10	
Gila		\$3,513,215.45			Peoria		\$7,849,131.63			Nogales		\$1,945,103.29
	Globe		\$688,084.26		Phoenix		\$103,979,306.64			Patagonia		\$82,093.31
	Hayden		\$81,384.65		Queen Creek		\$904,379.50					
	Miami		\$179,213.07		Scottsdale		\$13,341,833.63		Yavapai		\$10,273,907.85	
	Payson		\$1,416,511.82		Surprise		\$5,017,382.91			Camp Verde		\$799,202.25
	Winkelman		\$40,275.26		Tempe		\$9,422,202.56			Chino Valley		\$916,726.42
	Star Valley		\$183,826.17		Tolleson		\$369,642.45			Clarkdale		\$274,435.53
					Wickenburg		\$345,307.72			Cottonwood		\$807,863.53
Graham		\$2,267,820.90			Youngtown		\$351,008.35			Jerome		\$24,903.78
	Pima		\$162,561.44							Prescott		\$3,034,114.98
	Safford		\$728,160.55		Mohave		\$10,564,258.18			Prescott Valley		\$2,498,515.22
	Thatcher		\$354,986.35			Bullhead City		\$3,192,592.10		Sedona		\$583,022.39
						Colorado City		\$341,191.44		Peoria		\$2,971.28
Greenlee		\$754,299.46			Kingman		\$2,161,723.52			Dewey/Humboldt		\$300,192.24
	Clifton		\$199,234.62			Lake Havasu City		\$4,465,006.90				
	Duncan		\$62,964.56						Yuma		\$9,750,499.34	
					Navajo		\$7,498,974.47			Somerton		\$722,728.26
						Pinetop/Lakeside		\$498,318.71		San Luis		\$1,700,626.19
						Holbrook		\$649,045.47		Wellton		\$146,913.88
						Show Low		\$1,180,976.18		Yuma		\$6,626,026.64
						Snowflake		\$589,064.01				
						Taylor		\$489,517.63				
						Winslow		\$1,175,057.02				
		FISCAL YEAR 2009-2010 TOTALS:										
		CITIES: \$339,822,861.48										
		COUNTIES: \$211,692,930.20										
		TOTAL \$551,515,791.68										

Highway User Revenue Fund

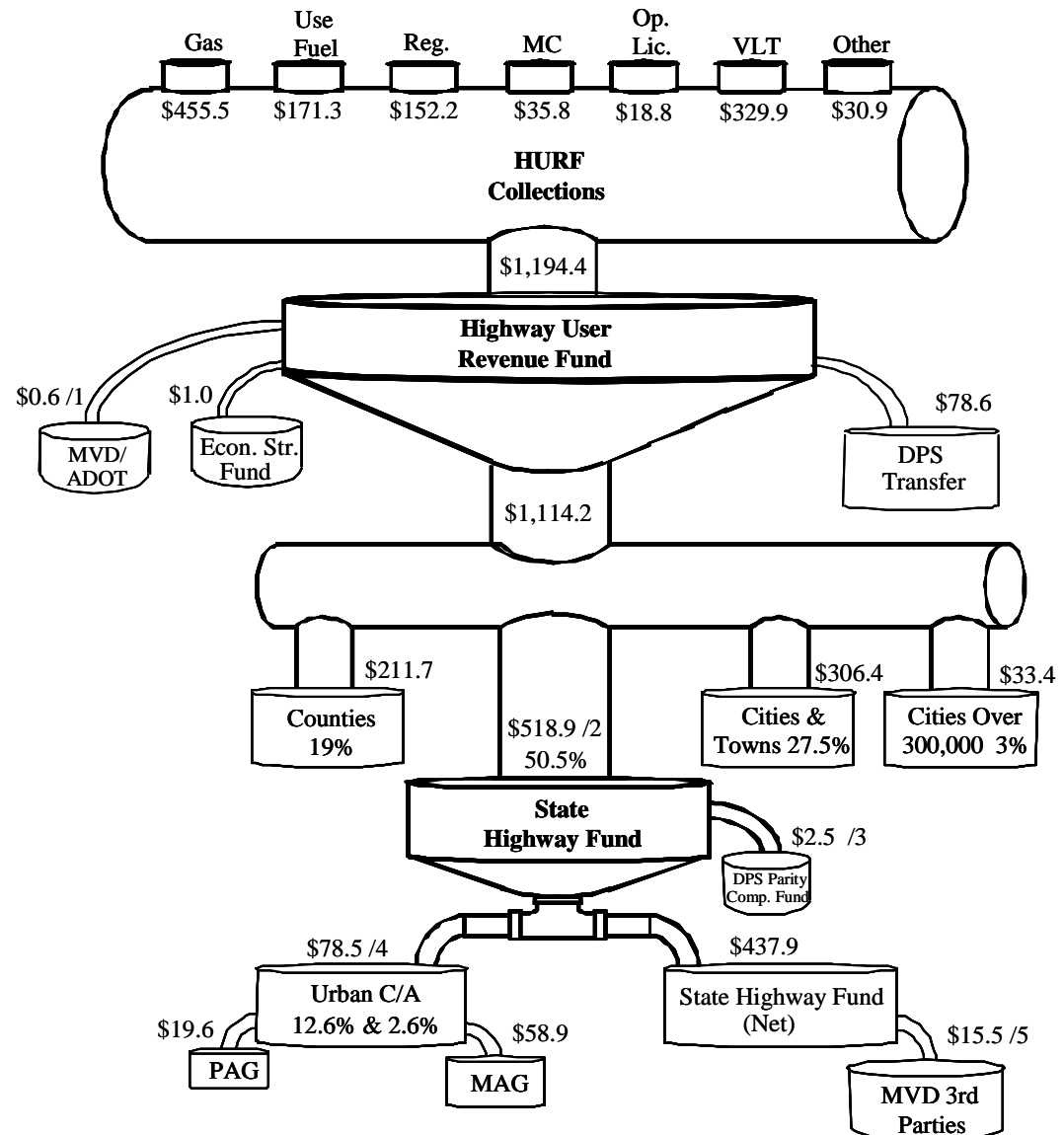
Distribution Overview

<u>Revenues from:</u>	<u>Distribution breakdown:</u>	<u>Distribution formulas:</u>
<p>Gas Tax \$.18/gallon Use Fuel (diesel) Tax (7/00) - \$.18/gallon for vehicles under 26,000 lbs. - \$.26/gallon for vehicles 26,000 lbs. and over</p> <p>Vehicle Registration Motor Carrier Fee 44.99% of VLT (12/00) Other</p>	<p>50.5% to State Highway Fund</p> <p>27.5% to Cities & Towns</p> <p>3% to Cities over 300,000</p> <p>19% to Counties</p>	<p>7.67% to Maricopa and Pima Counties for Controlled Access with a 75% and 25% split respectively. (Statutory 12.6% & Special 2.6% money) 42.83% to the State Highway Fund.</p> <p>One half distributed on basis of incorporated population and one half on the basis of county origin of gasoline sales and city or town population within each county.</p> <p>Distributed to Phoenix, Tucson and Mesa based on population.</p> <p>Distributed based on a portion of gasoline distribution and diesel fuel consumption and on a portion of unincorporated population. The split as follows: 85/15 in FY 1997, 80/20 in FY 1998, 76/24 in FY 1999, and 72/28 in FY 2000 and thereafter)</p>

Highway User Revenue Fund

FY 2010 Actual Revenue Distribution Flow

(Dollars in Millions)



NOTES:

- /1. Appropriation of 617,000 to MVD for the vehicle registration enforcement and 3rd party programs.
- /2. Per Laws 2009, 3rd Special Session, Chapter 11 (HB 2006) and Laws 2009, 5th Special Session, Chapter 1 (SB 1001) \$43.2 million and \$664,900, respectively, of the state highway fund share of HURF VLT was transferred to the state general fund in FY 2010. The \$43.8 million was not deposited into HURF before the transfer.
- /3. Per Laws 2005, Chapter 306 (SB 1119), 1.51 percent of the state highway fund share of HURF VLT is distributed to the DPS Parity Compensation Fund.
- /4. The 12.6% (statutory) and 2.6% (non-statutory) allocations from the State Highway Fund share of HURF distributions.
- /5. With the elimination of the VLT distribution to the state highway fund, a distribution is made from the state highway fund to MVD Third Parties for the collection of VLT.

REVENUE CATEGORY DEFINITIONS

GASOLINE TAX	A per-gallon tax imposed on gasoline used by vehicles on Arizona highways; presently this tax is \$0.18 per gallon.
USE FUEL TAX	Includes all gases and liquids used to propel motor vehicles on the highways in this state except for motor fuel (gasoline). Use fuel consists primarily of diesel fuel. Diesel fuel tax was \$0.27 per gallon, but dropped to \$0.26 per gallon on July 1, 2000 for “use class” vehicles. “Non-use class” vehicles continue to pay \$0.18 per gallon. Jet fuel is exempt from fuel and use fuel taxes.
MOTOR CARRIER FEE	A fee imposed on certain commercial carriers based on vehicle weight. Category also includes: Motor Carrier License Tax, Motor Carrier Tax Penalties, late fees and interest, and Motor Carrier Permits Tax, and application fees.
VEHICLE LICENSE TAX	An annual license tax imposed on registered vehicles in lieu of property taxes.
REGISTRATION FEES	<p>Is made up of three distinct components:</p> <p>County Registration - non-commercial and commercial vehicle registration, and commercial weight fees.</p> <p>Apportioned Registration - commercial registration fees allocated according to miles traveled in Arizona.</p> <p>Miscellaneous Registration - Non-resident Permits, Unassigned Registration, Prorate Stickers, and Registration Penalties.</p>
OTHER FEES	Includes Title Fees, Operator Licenses, Oversize/Overweight Permits and Highway Fines, Inquiry Fees, Use Fuel Permits and Fuel Tax Penalties, Investment Interest, Special Plates, and Other Miscellaneous Fees, less Credit Card Fees.