

Highway User Revenue Fund

Fiscal Year 2011 Year-End Report



Arizona Department of Transportation
Financial Management Services
Office of Financial Planning
July 2011

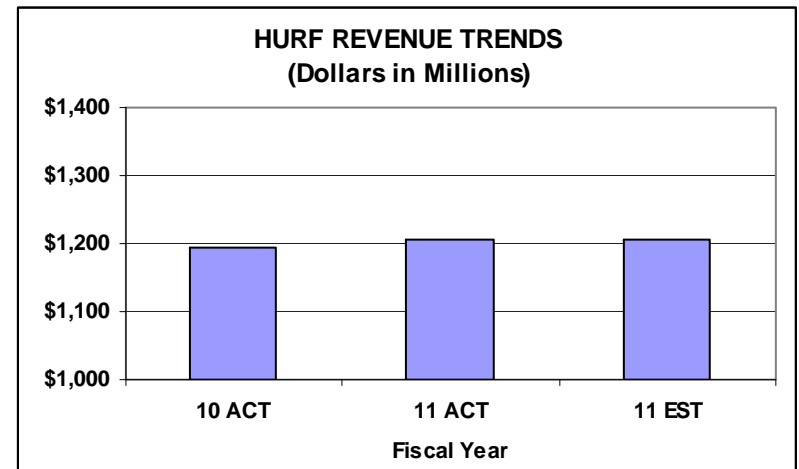
Highway User Revenue Fund

Executive Summary

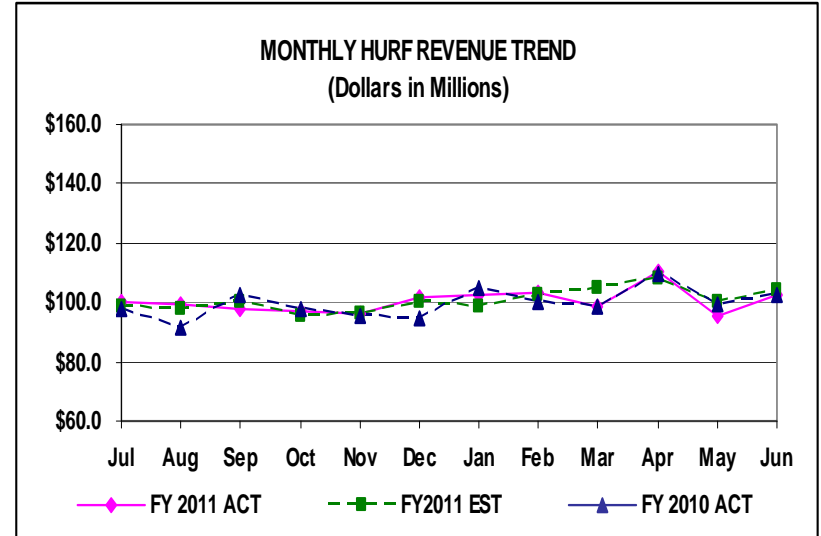
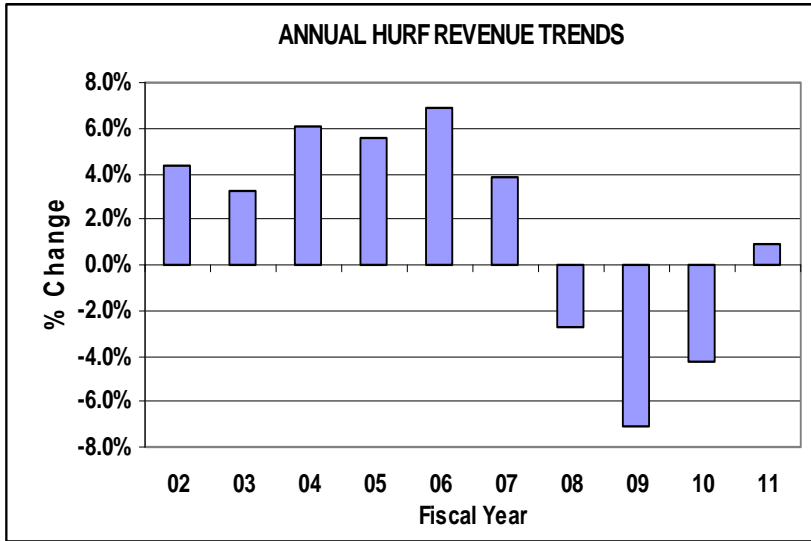
The State of Arizona taxes motor fuels and collects fees relating to the registration and operation of motor vehicles. These taxes and fees include gasoline and use fuel taxes, motor carrier fees, motor vehicle registration fees, vehicle license taxes (VLT), and other miscellaneous fees. Revenues are 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 2011 HURF revenues amounted to \$1,205.1 million, an increase of 0.9 percent above FY 2010 and inline with the estimate. All major revenue categories posted year-over-year revenue growth, except the Vehicle License Tax (VLT). This is the first year since FY 2007 that HURF collections produced year-over-year growth, however, they still remain at FY 2004 revenue levels.

The economic conditions in Arizona remained under pressure during FY 2011 with high unemployment, lower personal income and population growth, and lower home values. In addition, fuel prices spiked close to \$4.00 per gallon in March 2011, which led consumers to drive less and the trucking industry to transport fewer goods. Even with all the economic stress, HURF collections recorded a small year-over-year gain leading one to conclude the worst is over and growth should resume but at modest levels.



Revenue Trend Analysis



HURF collections remain at FY 2004 revenue levels and the annualized rate of growth over the last ten fiscal years has fallen to 1.3 percent. Arizona will have a long road to recovery, but all economic indicators are pointing toward positive growth in 2011 and 2012. Although the Arizona unemployment rate remains elevated at around 9.0 percent, it has decreased from last year's rate of 10.0 percent. Arizona employment, population, personal income and Arizona real gross domestic product are all expected to post positive year-over-year growth in 2011 and 2012.

FY 2011 HURF revenues were even with the forecast. The monthly revenues tracked below the monthly estimates in five of the twelve months with only the Gas Tax and Vehicle License Tax (VLT) revenue categories ending the year below their respective estimate.

Performance By Category

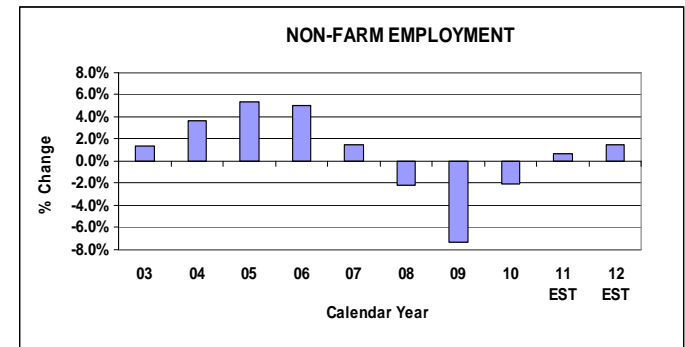
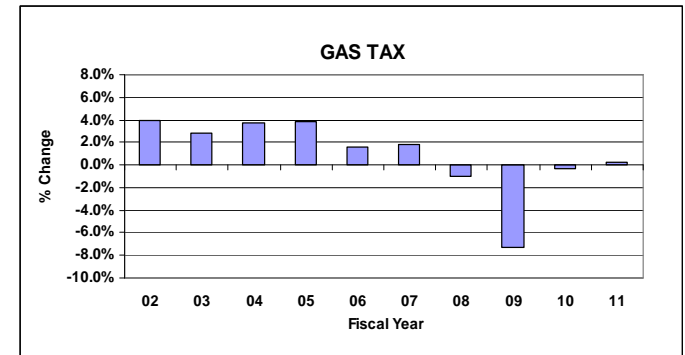
Gas Tax:

Gas tax collections totaled \$456.3 million in FY 2011, an increase of 0.2 percent over FY 2010 but 1.1 percent below the estimate. After three straight years of negative year-over-year growth, the gas tax revenue category posted a small but positive gain. Through the first seven months of FY 2011, gas tax revenue was tracking 1.3 percent above the same time period last year, but gas prices skyrocketed in February and March due to political unrest in the Middle East. These increases led consumers to drive less during the remaining four months of the fiscal year. Gas prices did fall in the last seven weeks of FY 2011.

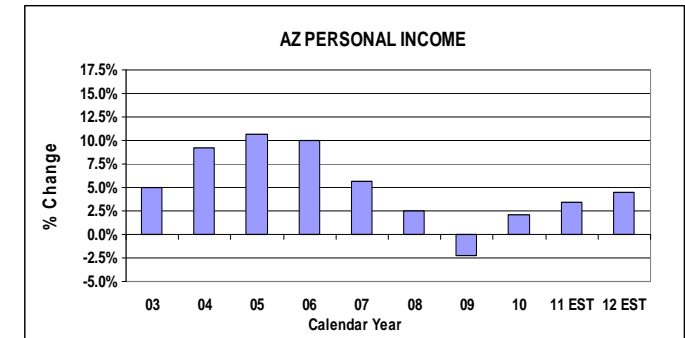
According to the Arizona AAA weekly news release dated June 30, 2011, the average statewide gas price per gallon increased from \$2.78 on June 30, 2010 to \$3.46 on June 30, 2011. This amounts to a 24.5 percent increase in the price of gas during FY 2011.

According to the Arizona Department of Commerce's Arizona Workforce Report dated April 28, 2011, non-farm employment losses improved from negative 7.3 percent in CY 2009 to negative 2.1 percent in CY 2010. The Arizona Department of Commerce expects non-farm employment in Arizona to post its first gain since 2007 with a modest increase of 0.7 percent in CY 2011 increasing to 1.4 percent in CY 2012.

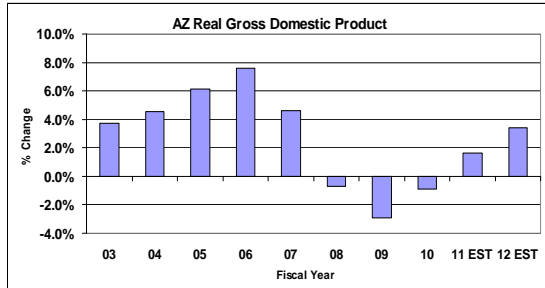
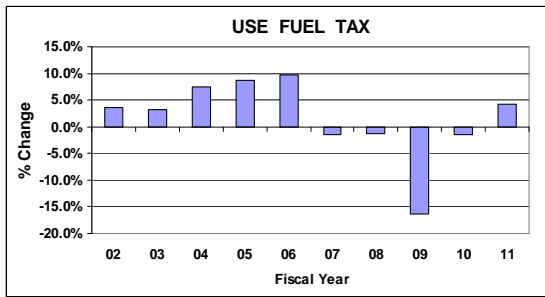
The Western Blue Chip Forecast report dated June 2011 estimates that Arizona nominal personal income will increase by 3.4 percent in CY 2011 and 4.5 percent in CY 2012. Arizona personal income growth benefits from population growth and inflation.



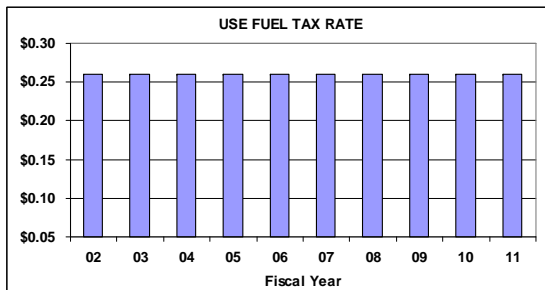
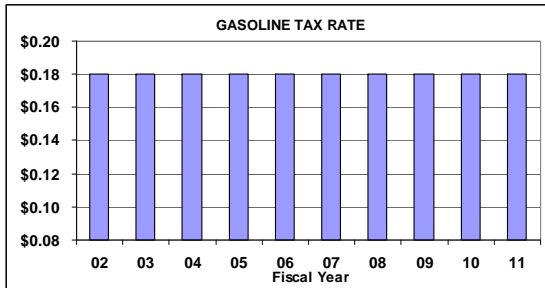
Source: Arizona Dept. of Commerce, Arizona Workforce, April 28, 2011



Source: Western Blue Chip Forecast, June 2011



Source: Bureau of Economic Analysis June 2011. Estimates extrapolated from US GDP estimates from Global Insight, 1st Quarter 2011, Trend Forecast.



USE FUEL TAX:

Use fuel tax (diesel) revenues in FY 2011 amounted to \$178.7 million, an increase of 4.3 percent over FY 2010 and 0.3 percent above the estimate. This represents the first year-over-year gain since FY 2006. The use fuel tax revenue category saw collections increase 6.4 percent through January 2011 only to end the year up 4.3 percent due to the spike in fuel prices in February and March 2011. The Ports of Los Angeles and Long Beach have seen a 12.0 percent year-over-year growth in container counts through May 2011, which was down from December 2010 figures as a result of the significantly higher use fuel prices and lower demand for goods.

According to the Arizona AAA weekly news releases dated July 1, 2010 and June 30, 2011, the average statewide diesel price per gallon of \$2.99 on July 1, 2010 increased to \$3.87 on June 30, 2011. This represents a 29.4 percent increase in the price of diesel with most of the increase occurring in February and March 2011.

According to the Bureau of Economic Analysis in June 2011, Arizona Real Gross Domestic Product growth fell for the third straight year in FY 2010 with a decrease of 0.9 percent. Except for a soft patch during the last few months of FY 2011, the national economy has improved and the Arizona economy stabilized, allowing for an estimated 1.6 percent gain in the Arizona Real Gross Domestic Product in FY 2011 and a 3.4 percent increase in FY 2012.

GASOLINE TAX RATE:

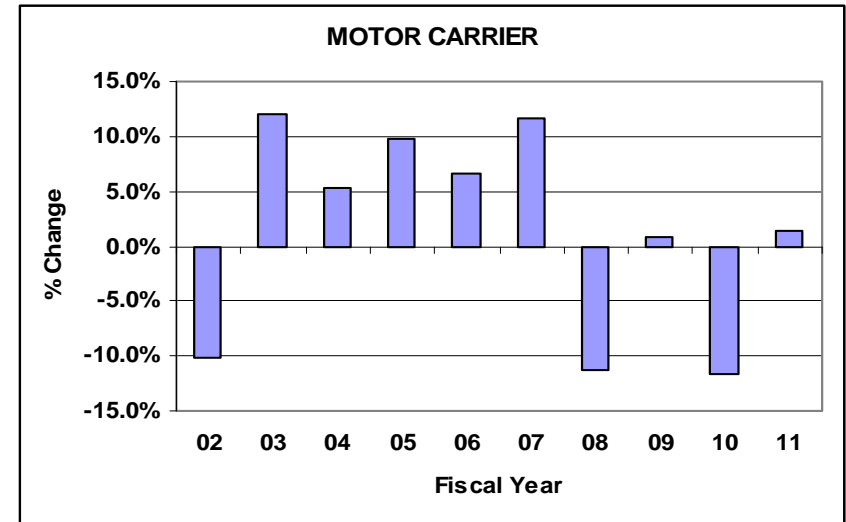
The gasoline tax rate chart on the left shows the state gasoline tax of \$0.18 per gallon. The last gasoline tax rate increase was \$0.01 in FY 1991.

USE FUEL TAX RATE

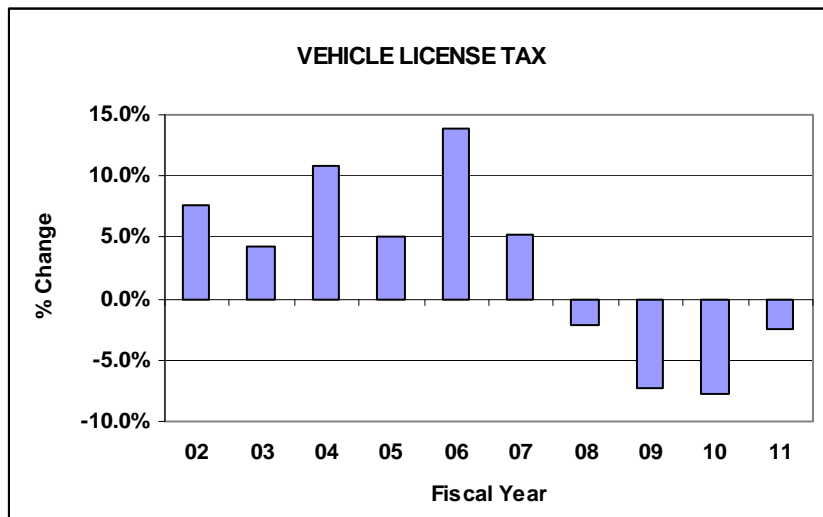
Presently, the state use fuel tax rate is \$0.26. As of July 1, 2000, the use fuel tax rate was reduced from \$0.27 to \$0.26 per gallon as part of 1997 legislation.

MOTOR CARRIER FEE:

Motor carrier fee collections in FY 2011 totaled \$36.3 million, an increase of 1.4 percent from FY 2010 and even with the estimate. As noted in the Use Fuel Tax section, the Ports of Los Angeles and Long Beach have seen an increase of 12.0 percent in the number of containers passing through due to the improved national economy. However, the sharp increase in use fuel (diesel) prices in February and March slowed commercial truck traffic activity during the last quarter of FY 2011. Fuel prices did finish the fiscal year with seven consecutive weeks of price decreases.



VEHICLE LICENSE TAX:



The Vehicle License Tax (VLT) revenue in FY 2011 amounted to \$322.0 million, a decrease of 2.4 percent from FY 2010 and 0.9 percent below the estimate. The VLT revenue category continues to pressure HURF revenue growth. 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 years prior to FY 2008, the depreciation had 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 saw increases of 10.4 and 3.0 percent, respectively, in FY 2011.

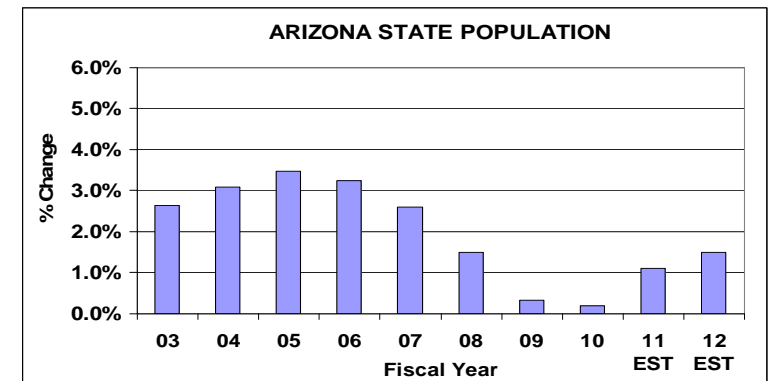
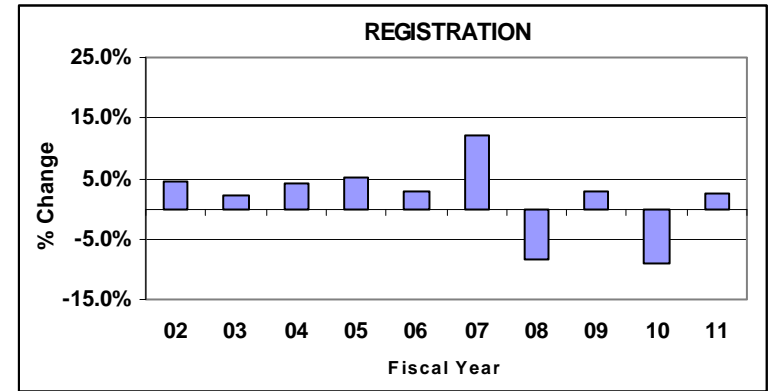
REGISTRATION:

FY 2011 registration revenues totaled \$156.2 million, an increase of 2.6 percent from last year and 1.1 percent above the estimate. The registration revenues have been unstable over the last four years due to slower population growth, less commercial truck activity, and timing issues. The national and Arizona economies did improve in FY 2011, which attributed to the small positive increase over FY 2010. Arizona did post a slight increase in vehicle registrations in FY 2011.

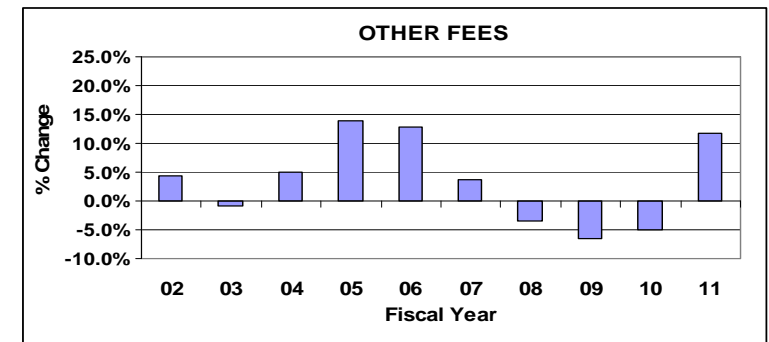
The June 2011 Western Blue Chip Forecast estimates Arizona population growth will increase 1.1 percent in CY 2011 and 1.5 percent in CY 2012. The slow employment growth, high unemployment, and depressed housing market have sharply reduced Arizona's population growth since the peak in FY 2005.

OTHER FEES:

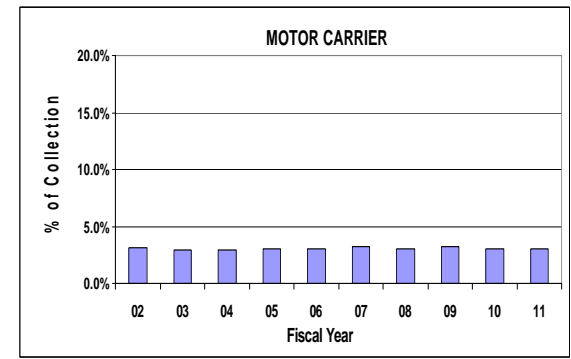
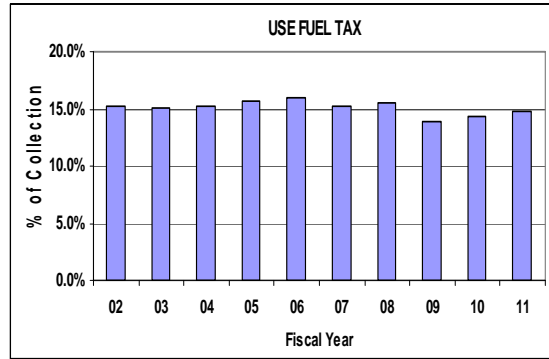
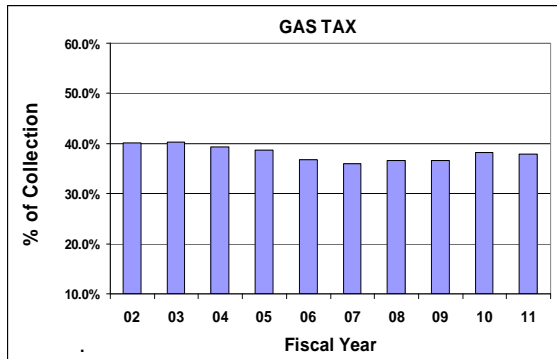
“Other fees” collections totaled \$55.6 million, an increase of 11.9 percent above FY 2010 and 10.6 percent above the estimate. The duplicate driver's license fee increase from \$4 to \$12 on March 1, 2011 and the new \$75 single trip overweight border permit sold at the Nogales Port of Entry generated approximately \$4.4 million in new revenues during FY 2011. Effective July 20, 2011, the \$75 single trip overweight border permit will be deposited into the state highway fund per Laws 2011, Chapter 190 (SB 1270). Continued low interest rates led to a 50 percent decrease in interest income during FY 2011. Credit card fees paid by MVD (for third parties and MVD facilities) totaled \$8.7 million, which were netted from “other fees” revenues.



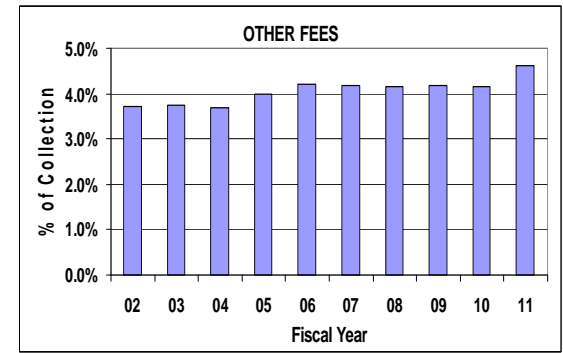
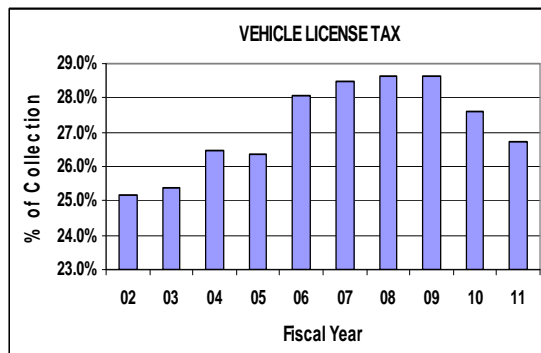
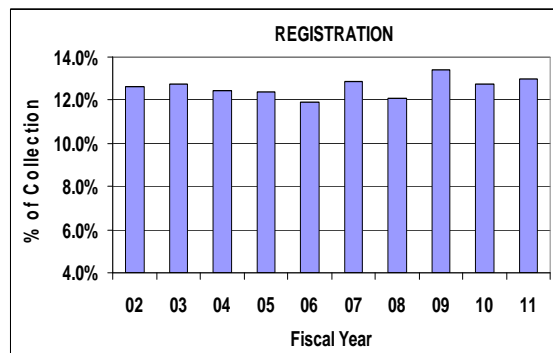
Source: Western Blue Chip, June 2011 and Office of Employment and Population Statistics, ADOA, July 7, 2011



Revenue Composition Comparison



The gas tax revenue category, the largest component of HURF, has increased slightly since FY 2009 and produces 37.9 percent of HURF revenues. The use fuel revenue category saw a modest increase to 14.8 percent in FY 2011. The motor carrier fee revenue category share was flat at 3.0 percent while the registration revenue category posted a small gain, settling at 13.0 percent in FY 2011. The VLT revenue category peaked at 28.6 percent in FY 2008 and FY 2009, but has since decreased to 26.7 percent in FY 2011 as a result of the economic downturn. Fewer new vehicle sales, slower population growth, and the statutory 16.25 percent annual depreciation on renewal vehicles has plagued this revenue category and pressured HURF in recent years. The increased contribution from “other fees” since FY 2005 has been due to 2004 legislation that allowed MVD to retain a \$12 processing fee with each VLT refund processed, the higher duplicate driver’s license fee of \$12 implemented on March 1, 2011, and the new \$75 single trip overweight border permit sold at the Nogales Port of Entry since May 2010.

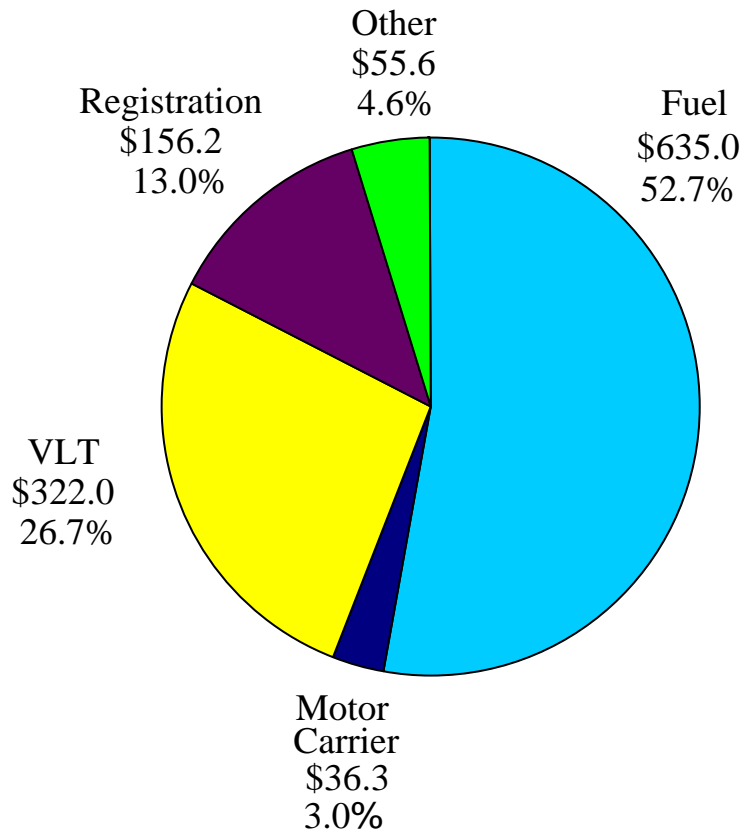


HIGHWAY USER REVENUE FUND SOURCES AND DISTRIBUTION OF FUNDS

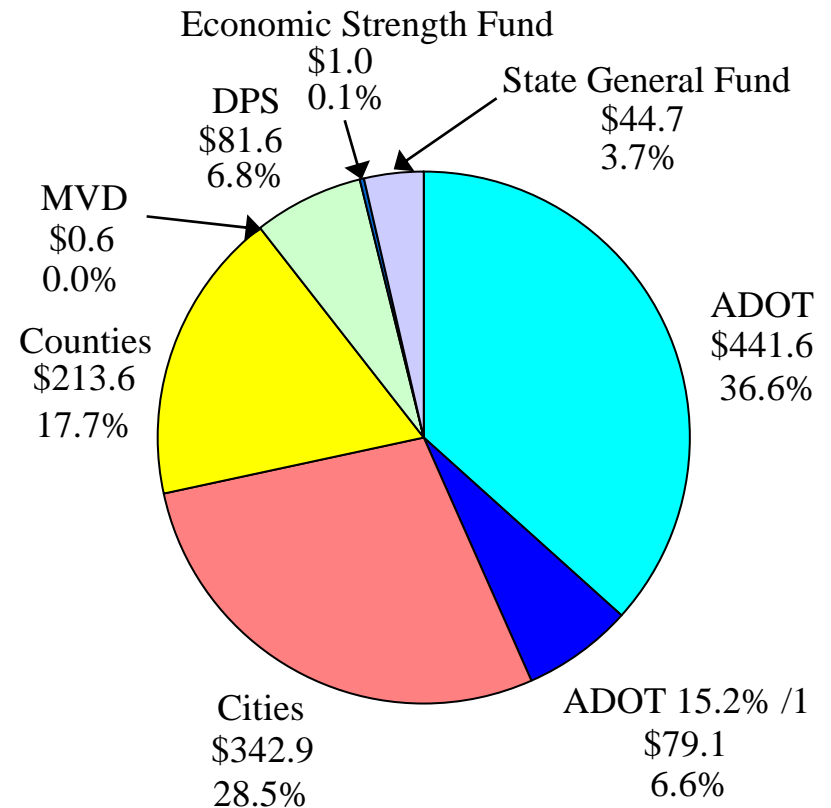
FY 2011

TOTAL: \$1,205.1 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 2010 ACTUAL	FY 2011 ACTUAL	CHANGE	FY 2011 ESTIMATE	CHANGE
GAS TAX	\$455,435,953	\$456,298,591	0.2%	\$461,300,000	-1.1%
USE FUEL TAX	171,308,245	178,684,336	4.3%	178,200,000	0.3%
SUBTOTAL	\$626,744,198	\$634,982,927	1.3%	\$639,500,000	-0.7%
MOTOR CARRIER TAX	\$35,807,490	\$36,299,755	1.4%	\$36,300,000	0.0%
VEHICLE LICENSE TAX	\$329,914,642	\$322,016,883	-2.4%	\$325,000,000	-0.9%
COUNTY REGISTRATION	\$70,159,912	\$70,047,045	-0.2%	\$71,100,000	-1.5%
APPORTIONED REG.	68,149,342	71,508,484	4.9%	69,300,000	3.2%
MISC. REGISTRATION	13,926,564	14,592,033	4.8%	14,000,000	4.2%
SUBTOTAL	\$152,235,818	\$156,147,562	2.6%	\$154,400,000	1.1%
TITLE FEES	\$7,186,781	\$7,554,911	5.1%	\$7,300,000	3.5%
OPERATOR LICENSES	18,798,512	20,406,778	8.6%	19,000,000	7.4%
OVERSIZE PERMITS	5,377,829	8,420,180	56.6%	5,600,000	50.4%
INQUIRY FEES	11,935,409	11,781,079	-1.3%	12,100,000	-2.6%
STATION FUEL FEES	2,253,750	2,087,224	-7.4%	2,400,000	-13.0%
INVESTMENT INTEREST	680,642	340,274	-50.0%	800,000	-57.5%
SPECIAL PLATES	8,106,350	8,474,071	4.5%	8,200,000	3.3%
CREDIT CARD FEES	(9,336,877)	(10,225,615)	-9.5%	(9,900,000)	-3.3%
MISCELLANEOUS FEES	4,711,973	6,787,088	44.0%	4,800,000	41.4%
SUBTOTAL	\$49,714,369	\$55,625,991	11.9%	\$50,300,000	10.6%
TOTAL	\$1,194,416,517	\$1,205,073,118	0.9%	\$1,205,500,000	0.0%

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

Highway User Revenue Fund

Revenue Collections By Category

(Dollars In Thousands)

FY 2002- 2011

Fiscal Year	Vehicle						Total /1	Percent Change
	Gas Tax	Use Fuel Tax	Motor Carrier	License Tax	Registration	Other		
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	141,327	41,490	1,111,256	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%
2011	456,299	178,684	36,300	322,017	156,148	55,626	1,205,073	0.9%
Total	\$4,674,389	\$1,857,146	\$373,299	\$3,355,058	\$1,555,604	\$503,917	\$12,319,413	

Compound annual growth rate (FY 2002 – FY 2011) = 1.3%

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 2002-2011

FISCAL YEAR	ARIZONA	MAG	PAG	CITIES	ECONOMIC			OTHER MISCELLANEOUS APPROPRIATIONS	TOTAL / 15
	HIGHWAY FUND	CONTROLLED ACCESS	CONTROLLED ACCESS	AND TOWNS	DEPT. OF PUBLIC SAFETY / 1	STRENGTH PROJECT FUND / 2			
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 /3	1,111,256
2004	483,688	65,024	21,675	344,491	214,601	48,698	1,000	383 /3	1,179,561
2005	410,362	55,167	18,389	363,535	226,464	52,216	1,000	118,420 /3 /4 /5	1,245,553
2006	539,865	72,576	24,192	386,128	240,538	66,693	1,000	633 /3 /6	1,331,625
2007	584,531	78,581	26,194	418,114	260,465	12,983	1,000	607 /3	1,382,474
2008	565,381	76,006	25,335	404,434	251,942	12,913	1,000	7,465 /3,7,8	1,344,477
2009 /10	442,020	59,422	19,807	356,458	222,056	86,912	1,000	60,908 /3,9	1,248,583
2010	437,848	58,862	19,621	339,823	211,693	81,118	1,000	44,453 /3,11	1,194,417
2011	441,554	59,360	19,787	342,892	213,605	81,615	1,000	45,260 /3,12,13,14	1,205,073
Total	\$4,795,307	\$644,652	\$214,884	\$3,589,789	\$2,236,262	\$549,742	\$10,000	\$278,777	\$12,319,413

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 2002, 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 the MVD vehicle registration enforcement and 3rd party programs (FY03 \$648,000, FY04-06 \$383,300, FY07 \$607,300 and FY08-10 \$617,000, FY11 \$620,400)
- 4/ Appropriation to MVD to implement special 30-day nonresidents permit (\$37,000).
- 5/ 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.
- 6/ Laws 2005, Chapter 313 (SB 1254) appropriated \$250,000 from the HURF to the ADOT (MVD) for 3rd Party program..
- 7/ Laws 2007, Chapter 255 (HB 2781) appropriated \$150,000 to the Arizona Department of Administration for a hazards assessment study on state highways.
- 8/ Laws 2007, Chapter 257 (HB 2783) appropriated \$6.7 million to ADOT for 2 MVD facilities and 1 ADOT facility.
- 9/ 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.
- 10/ 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.
- 11/ 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.
- 12/ Laws 2010, 7th Special Session, Chapter 1 (HB 2001) transferred \$43.62 million from the state highway fund share of HURF VLT to the state general fund.
- 13/ Laws 2010, 7th Special Session, Chapter 12 (HB 2012) transferred the state highway fund share of HURF VLT that was generated from the difference between the two-year registration and the five-year registration to the state general fund in FY 2011. The transfer totaled \$0.94 million.
- 14/ Laws 2010, 7th Special Session, Chapter 12 (HB 2012) an amount equal to 90 percent of the fees collected under 28-4802 (A) and 60 percent of the fees collected under 28-4802 (B) shall be transferred from the state highway fund share of HURF VLT to the state general fund. The transfer totaled \$0.07 million.
- 15/ Details may not add to the total due to individual rounding.

Highway User Revenue Fund

Distributions to Cities, Towns and Counties

FY 2011

COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY	COUNTY	CITY
Apache		\$6,323,068.46		La Paz		\$3,567,554.92		Pima		\$38,973,544.03	
	Eagar		\$831,196.51		Parker		\$1,045,619.66		Marana		\$1,869,482.75
	Springerville		\$381,121.03		Quartzsite		\$1,156,952.33		Oro Valley		\$2,693,144.88
	St. Johns		\$710,574.68						South Tucson		\$384,046.11
Cochise		\$7,536,458.30		Maricopa		\$86,709,325.30		Tucson		\$43,300,822.56	
	Benson		\$340,096.85		Apache Junction		\$16,435.12		Sahuarita		\$1,021,736.22
	Bisbee		\$462,751.46		Avondale		\$4,020,213.72				
	Douglas		\$1,227,578.61		Buckeye		\$1,588,859.57		Pinal		\$14,402,327.22
	Huachuca City		\$131,328.70		Carefree		\$210,192.47		Apache Junction		\$2,731,699.13
	Sierra Vista		\$3,120,066.92		Cave Creek		\$274,797.99		Casa Grande		\$2,708,672.77
	Tombstone		\$113,312.26		Chandler		\$13,287,877.78		Coolidge		\$679,850.21
	Willcox		\$276,784.73		El Mirage		\$1,840,086.28		Eloy		\$928,652.06
Coconino		\$8,691,919.26		Fountain Hills		\$1,396,074.77		Florence		\$1,682,446.07	
	Flagstaff		\$6,300,884.65		Gila Bend		\$114,623.65		Kearny		\$179,031.94
	Fredonia		\$115,633.57		Gilbert		\$10,356,131.06		Mammoth		\$139,492.89
	Page		\$728,277.26		Glendale		\$13,843,423.91		Superior		\$259,621.60
	Williams		\$321,100.54		Goodyear		\$2,752,001.08		Queen Creek		\$39,504.79
	Sedona		\$315,257.42		Guadalupe		\$318,538.96		Winkelman		\$178.04
	Tusayan		\$71,457.28		Litchfield Park		\$265,216.78		Maricopa		\$1,446,243.52
Gila		\$3,561,450.48		Mesa		\$31,852,516.11					
	Globe		\$694,985.70		Paradise Valley		\$791,333.24		Santa Cruz		\$2,700,322.25
	Hayden		\$80,175.20		Peoria		\$8,015,546.30		Nogales		\$1,852,085.54
	Miami		\$179,979.00		Phoenix		\$104,908,162.15		Patagonia		\$78,391.95
	Payson		\$1,428,970.46		Queen Creek		\$965,222.16				
	Winkelman		\$39,907.54		Scottsdale		\$13,395,648.24		Yavapai		\$10,290,422.53
	Star Valley		\$188,268.40		Surprise		\$5,219,269.54		Camp Verde		\$796,016.06
Graham		\$2,270,132.62		Tempe		\$9,503,469.76		Chino Valley		\$902,026.88	
	Pima		\$165,726.60		Tolleson		\$373,784.33		Clarkdale		\$275,856.65
	Safford		\$734,617.21		Wickenburg		\$350,546.07		Cottonwood		\$806,489.33
	Thatcher		\$359,496.52		Youngtown		\$354,745.04		Jerome		\$25,535.75
Greenlee		\$788,206.03		Mohave		\$10,548,458.01		Prescott		\$3,012,608.40	
	Clifton		\$226,847.26		Bullhead City		\$3,163,347.88		Prescott Valley		\$2,521,131.44
	Duncan		\$69,054.73		Colorado City		\$342,473.32		Sedona		\$575,755.08
					Kingman		\$2,151,524.35		Peoria		\$2,725.06
					Lake Havasu City		\$4,403,765.51		Dewey/Humboldt		\$297,815.73
				Navajo		\$7,619,940.62					
					Pinetop/Lakeside		\$513,738.00		Yuma		\$9,621,903.46
					Holbrook		\$663,559.08		Somerton		\$733,891.34
					Show Low		\$1,223,149.96		San Luis		\$1,678,833.63
					Snowflake		\$613,039.47		Wellton		\$147,198.31
					Taylor		\$503,717.01		Yuma		\$6,503,532.22
					Winslow		\$1,206,717.80				
FISCAL YEAR 2010-2011 TOTALS:											
CITIES:		\$342,892,290.45									
COUNTIES:		\$213,605,033.49									
TOTAL		\$556,497,323.94									

Highway User Revenue Fund

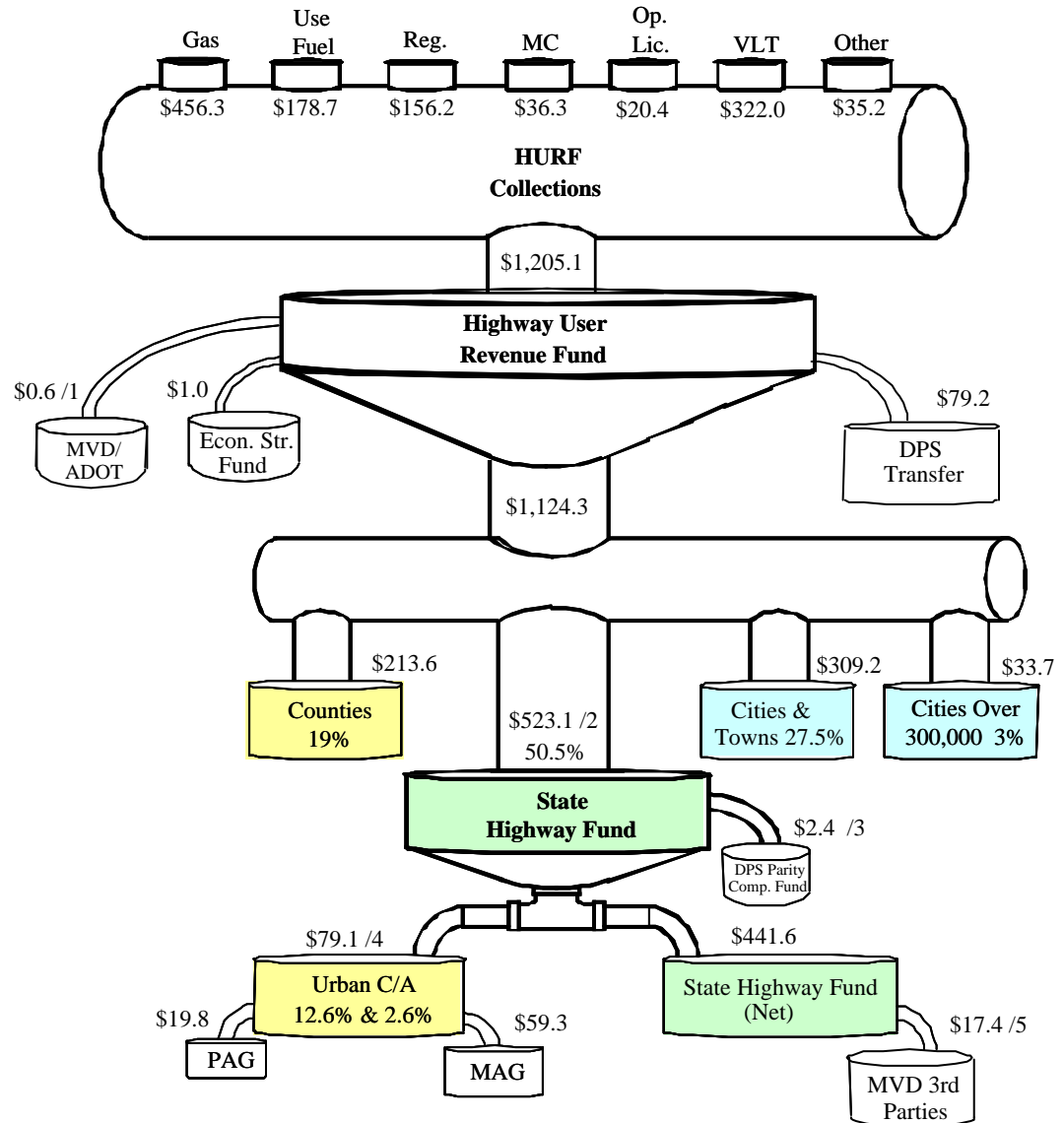
Distribution Overview

<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 2011 Actual Revenue Distribution Flow

(Dollars in Millions)



NOTES:

/1. Appropriation of 620,400 to MVD for the vehicle registration enforcement and 3rd party programs.

/2. Per Laws 2010, 7th Special Session, Chapter 1 (HB 2001) \$43.62 million of the state highway fund share of HURF VLT was appropriated to the state general fund in FY 2011. Laws 2010, 7th Special Session, Chapter 12 (HB 2012) transferred \$0.94 million from the state highway fund share of VLT generated from the difference in the two-year and five-year VLT to the state general fund. Laws 2010, 7th Special Session, Chapter 12 (HB 2012) also transferred \$.07 million from the state highway fund share of VLT an amount equal to 90 percent of the fees collected under 28-4802 (A) and 60 percent of the fees collected under 28-4802 (B) to the state general fund. The \$44.63 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.