

CHALLENGES AND ISSUES

Service Cuts

As a result of lower than projected tax revenues, during the height of the Great Recession, severe transit service cuts were implemented Valley-wide. Both dedicated sales tax revenues and General Fund expenditures have been affected, contributing to capital project delays and service cuts. Revenues have improved over time, but some additional service cuts were implemented on July 25, 2011 (full details are available at www.valleymetro.org/servicechanges). The economic future remains uncertain, and additional cuts could be necessary moving forward.

Lack of State Funding

With the repeal by the State Legislature of the lottery-funded Local Transportation Assistance Funds (LTAF I and LTAF II) in 2010, there is no longer any state appropriation for transit. The LTAF funds were not enough to meet transit needs, but the impact of the repeal to cities was still devastating, as LTAF was the only funding in some cities and a significant percentage in others. It is unlikely that new transit funding will be appropriated at the state level in the near future, unless an initiative is placed on a ballot and approved by the voters.

While there is no statewide funding for transit, there are funds for transportation. However, those funding sources are also challenged. For example, Arizona's Motor Vehicle Fuel Tax rate is currently 18 cents per gallon, and has remained unchanged since 1990. In addition, fuel efficiency of cars is increasing, and the combination results in less tax revenues. The Arizona State Constitution requires all gas tax funds to be expended for highway and street purposes only, but the declining purchasing power of the Fuel Tax means that highways will need additional funds as well.

SAFETEA-LU Reauthorization

Federal transportation funding is authorized through the Safe, Accountable, Flexible, Efficient, Transportation for Equity Act: A Legacy for Users (SAFETEA-LU). SAFETEA-LU expires on September 30, and negotiations are ongoing for reauthorization legislation. However, neither the House or the Senate officially introduced a proposal prior to departing for the August recess. As a result, most believe that long-term reauthorization is unlikely before the existing law expires. Several proposals have been discussed. One of the proposals includes a 30% cut from current funding levels, which some estimate could result in the elimination of more than 140,000 jobs. A competing proposal includes a two-year reauthorization funded at current levels. A markup of the legislation in the Senate may occur in early September. The recently enacted debt ceiling/deficit reduction legislation will impact transportation spending, but the exact amounts are unknown at this time.

Population Growth

Some growth projections for the state estimate population growth as high as 2.5 million people within the next 25 years. We need to find ways to move people, and transit is an important part of the planning as we look to build sustainable communities that can accommodate future populations.

