State Highway System

- Arkansas 16,430 miles
- Illinois 16,040 miles
- California 15,205 miles
- New York 14,969 miles
- Tennessee 13,881 miles
- Florida 12,084 miles
Challenges

- 12th largest system in the country.
- 43rd in highway revenue per mile.
Highway Revenue Sources

2013

56% FEDERAL

44% STATE
Highway Revenue Sources

2014 - 2023

47% FEDERAL

53% STATE
Moving Ahead for Progress in the 21st Century

(MAP-21)

- Signed by President Obama July 6, 2012
- Federal-aid Highway and Transit Programs
- Authorized Through September 30, 2014
- Federal Funding Continued at 2012 Levels
Moving Ahead for Progress in the 21st Century (MAP-21)

Four Main Core Programs
- National Highway Performance Program
- Surface Transportation Program
- Highway Safety Improvement Program
- Congestion Mitigation and Air Quality Program

Two New Formula Programs
- Transportation Alternatives
- Construction of Ferry Boats and Ferry Terminal Facilities
Federal Highway and Transit Needs and Obligations Through 2022
Assumes a minimum balance of $2 billion for the Highway Account and $.25 billion for the Mass Transit Account

Federal-aid Highway Obligations
Highway Safety Obligations
Total Transit Obligations

(Year of Expenditure Dollars in Billions)
Highway Revenue Distribution

- Cities (14.55%)
- Counties (14.55%)
- Constitutional & Fiscal Agencies (3%)

AHTD (67.9%)
Highway Revenue Sources

68%
MOTOR FUELS TAX

Registration Fees (19%)
Severance Tax (7%)
Permits & Penalties (6%)
Arkansas Motor Fuel Consumption

[Chart showing motor fuel consumption over fiscal years 2004-2012, with total consumption ranging from 2,012.7 to 2,030.8 million gallons in millions, and breakdown by fuel type (Diesel, Gasoline, LPG) for each year.]
Vehicle Miles Traveled

Percent Increase in Annual Vehicle Miles of Travel for All Public Roads in Arkansas and the Nation

Arkansas (billions): 25.1 25.4 25.8 26.5 26.9 27.5 28.0 28.3 28.5 29.2 29.8 31.0 31.2 32.0 32.4 32.5 33.2 33.6 33.9
National (trillions): 838 861 884 906 935 958 978 1003 1020 1042 1055 1082 1091 1100 1106 1086 1087 1095 1081

Arkansas AVMT Percentage Change  National AVMT Percentage Change
State and Federal Gasoline Taxes
State and Federal Diesel Taxes

[Map showing state and federal diesel taxes in the United States, with varying shades indicating different tax levels.]
The Problem

Per-Gallon Tax is the **Primary Funding Source** for Highways

Fuel Consumption is **Declining**

Highway Revenues From Fuel are **Declining**
Challenges

$100,000,000 Widening Program

$10,000,000 Overlay Program

$25,000,000 Bridge Program
Total Cost for Needs and Other Improvements

- Congestion Relief: $3.7 billion
- Maintaining the System: $10.8 billion
- Congressionally-Designated High Priority Corridors: $7.5 billion
- Economic Development Connectors: $1.6 billion

Total Needs and Other Improvements: $23.6 billion

Anticipated Funding (Including Half-Cent Revenue): $5.6 billion

SHORTFALL: $18.0 billion
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Federal Funds (Est. Average Annual Revenue from MAP-21)</td>
<td>$501 Million</td>
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<tr>
<td>State Highway Funds (Est. Average Annual Revenue 2013-2014)</td>
<td>$394 Million</td>
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<tr>
<td>Total Federal &amp; State Highway Funds</td>
<td>$895 Million</td>
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<tr>
<td>Less Non-AHTD Federal Funds, Non-Construction Programs and Federal Obligation Limitations</td>
<td>$105 Million</td>
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<tr>
<td>Less State Funds for Fixed Budgeted Expenditures and Match for Non-Construction Federal Aid</td>
<td>$292 Million</td>
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<td>Less State and Federal Fund Commitment for IRP</td>
<td>$85 Million</td>
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<tr>
<td>Federal and State Funds Highway Construction</td>
<td>$414 Million</td>
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<tr>
<td>Funds Specific to Categories (No Commission Discretion)</td>
<td>$138 Million</td>
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<tr>
<td>Highway Construction Funds Available for Commission Discretion</td>
<td>$276 Million</td>
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</table>
FINAL REPORT

December 1, 2010

Presented to:

The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League
Revenue Proposals

- Reissue GARVEE Bonds for a New Interstate Rehabilitation Program

- State Aid Program for Cities

- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program

- Dedicating the Existing Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries to Highways, Roads, and Streets
Revenue Proposals

- Reissue GARVEE Bonds for Interstate Rehabilitation Program
- State Aid Programs for Cities
- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
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Revenue from Dedicating

1. 6% of the Gross State Sales & Use Tax – Representing Road-User Related Sales and Use Tax

and

2. The 4.5% Sales & Use Tax on the Sale of New and Used Vehicles

(in millions)

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<tbody>
<tr>
<td>Revenue to AHTD</td>
<td>$23</td>
<td>$47</td>
<td>$71</td>
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<td>$124</td>
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<td>Revenue to Counties</td>
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<td>$15</td>
<td>$21</td>
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<td>$33</td>
<td>$39</td>
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<td>Revenue to Cities</td>
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<td>$258</td>
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Revenue from Dedicating

1. 6% of the Gross State Sales & Use Tax – Representing Road-User Related Sales and Use Tax
2. The 4.5% Sales & Use Tax on the Sale of New and Used Vehicles

(in millions)
If you have any questions please contact us through our website or by e-mail at:

www.ArkansasHighways.com

or

info@arkansashighways.com