Metroplan Board Meeting
Wednesday, September 27, 2017
New Name – New Identity

1929
Arkansas Highway and
Department of Lands

1977
Arkansas State Highway and
Transportation Department

2017
Arkansas Department of
Transportation
Provide safe and efficient transportation solutions to support Arkansas’ economy and enhance the quality of life for generations to come.

Adopted June 7, 2017
Arkansas has the 3rd Lowest Administrative Cost Per Mile in the Nation.

Arkansas = $2,107

Surrounding States Average = $4,334

National Average = $9,224
Employment Levels Efficiency

Year | Employees
---|---
1979 | 4,200 Employees
2000 | 3,800 Employees
2017 | 3,679 Employees
Highway Condition and Needs
All State Highways – Including Interstates

Current Condition:
- Poor: 24%
- Fair: 58%
- Good: 18%

Expected Condition in 2027:
- Poor: 28%
- Fair: 46%
- Good: 26%
Pulaski County
Highway 100, Section 0
Log mile 6.86 to 8.72
Between I-430 and I-40
<table>
<thead>
<tr>
<th>Pay a Little Now</th>
<th>Pay a Whole Lot Later</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Car Parts" /></td>
<td><img src="image2.png" alt="Reconstruction" /></td>
</tr>
<tr>
<td>Overlay</td>
<td>Reconstruction</td>
</tr>
<tr>
<td>$100,000 per lane mile</td>
<td>$1,500,000 per lane mile</td>
</tr>
</tbody>
</table>
Average Monthly Household Expenditures

- Electricity/Gas: $160.00
- TV/Internet: $124.00
- Roads: $46.00
- Telephone: $161.00
Great amount of uncertainty at the federal level

State funds stagnant at best
General Revenues vs ARDOT Net Highway Revenues

Billions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Net Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>1984</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>1988</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>1992</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>1996</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>2000</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>2004</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>2008</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>2012</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>2016</td>
<td>$1.0</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

Excludes County & City Aid funds | Excludes CAP funds
Annual Highway User Revenue Distribution

- Cities: $106M (15.9%)
- Counties: $106M (15.9%)
- Other*: $73M (5%)
- Other*: $423M (63.2%)

*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding
Federal vs. State Funding

1993
Hwy. Funding Breakdown
Fed 36%
State 64%

2016
Hwy. Funding Breakdown
Fed 54%
State 46%
22 years ago, in 1995, **200 miles** of Highway could be overlaid.

As of 2015, using the same resources, only **54 miles** of Highway could be overlaid.
Challenges

- **12th** largest system in the country
- **42nd** in highway revenue per mile.
- **$9.3 billion** in needs
- **$4.5 billion** in available revenue
Where Are We Going?
Funding Targets

- **Immediate**: $50 Million
- **Short-term (0-3 years)**: $110 Million
- **Mid-term (3-5 years)**: $250 Million
- **Long-term (6-9 years)**: $400 Million

All figures are annual amounts for state highways.
HB 1726 **BOND ISSUE**
Authorizes the State Highway Commission to issue bonds for highway maintenance and improvements, upon approval by voters in a statewide election. **FAILED**

HB 1727 **GAS TAX**
Establishes an additional fuel sales tax at the wholesale level, to be levied, only if the State Highway Commission is authorized by a statewide vote to issue highway maintenance and improvement bonds. **FAILED**
"As to the long-term solutions, it emphasizes that it is difficult to get a referral of this General Assembly out to the voters, and that I hope the leadership of our state and the business community and others will look at an initiated act that might go on the ballot for a highway program," he said. "Otherwise, we'll continue to debate the long-term solution in future sessions."

Governor Asa Hutchinson
• May 16, 2017 – Arkansas Legislative Audit - Review of Highway Funding

• Purpose:
  ✓ To review and verify ARDOT information, estimates and calculations related to highway funding

• Report Objectives:
  ✓ History of funding sources
  ✓ History of construction and maintenance costs
  ✓ State match needed for Federal funds
  ✓ Additional State revenue to meet system preservation needs

• August 31, 2017 – Report Released
Arkansas State Highway Needs

ALA staff reviewed projected revenues and expenditures for fiscal years 2017 through 2020 ….for consistency and reasonableness when compared with prior years.

### Exhibit III
Arkansas Department of Transportation (ArDOT)
Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

<table>
<thead>
<tr>
<th>Description</th>
<th>Annual Funds Needed for Highway Construction Plan</th>
<th>Annual Funds Available for Highway Construction</th>
<th>Additional Annual State Revenues Needed for Highway Construction Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavement</td>
<td>$387,000,000</td>
<td>$137,000,000</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>Bridges</td>
<td>117,000,000</td>
<td>90,000,000</td>
<td>27,000,000</td>
</tr>
<tr>
<td>Total System Preservation</td>
<td>504,000,000</td>
<td>227,000,000</td>
<td>277,000,000</td>
</tr>
<tr>
<td>Capacity Relief</td>
<td>305,000,000</td>
<td>157,000,000</td>
<td>148,000,000</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>86,000,000</td>
<td>44,000,000</td>
<td>42,000,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment upgrades</td>
<td>19,000,000</td>
<td>19,000,000</td>
<td></td>
</tr>
<tr>
<td>Facilities upgrades</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td></td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Maintenance</td>
<td>30,000,000</td>
<td>18,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$925,000,000</strong></td>
<td><strong>$447,000,000</strong></td>
<td><strong>$478,000,000</strong></td>
</tr>
</tbody>
</table>

Note: Amounts shown are rounded.
ALA staff reviewed supporting documentation obtained from ARDOT to verify that costs for the projects were reasonable, based on historical information.
## Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Highway Revenue&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cent Motor Fuel Tax Increase</td>
<td>$ 14 M</td>
</tr>
<tr>
<td>Remove Sales Tax Exemption (Wholesale $1.70 per Gallon)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$ 108 M</td>
</tr>
<tr>
<td>6.5% Sales Tax (Wholesale $1.70 per Gallon)</td>
<td>$ 156 M</td>
</tr>
<tr>
<td>$10 Registration Fee Increase (Cars and Pickups)</td>
<td>$ 19 M</td>
</tr>
<tr>
<td>Transfer Sales Tax on New and Used Vehicles&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$ 228 M</td>
</tr>
<tr>
<td>Transfer Sales Tax on Auto Repair Parts, Services, etc.&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$ 74 M</td>
</tr>
<tr>
<td>1% General Sales Tax</td>
<td>$ 344 M</td>
</tr>
</tbody>
</table>

<sup>1</sup> Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

<sup>2</sup> Transfer of 4.5% (“general” portion of statewide sales tax)
# Options for Generating Additional Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>$200 Million for Highways&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>$300 Million for Highways&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>$400 Million for Highways&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Tax</td>
<td>14.2¢</td>
<td>21.3¢</td>
<td>28.4¢</td>
</tr>
<tr>
<td>Sales Tax on Fuel (wholesale)</td>
<td>8.33%</td>
<td>12.5%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Registration Fee</td>
<td>$104</td>
<td>$156</td>
<td>$208</td>
</tr>
<tr>
<td>General Sales Tax&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.58%</td>
<td>0.87%</td>
<td>1.16%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

<sup>2</sup> Transfer of 4.5% (“general” portion of statewide sales tax)
Total Road User Revenue
$1,076.5 Million

Distribution:

General Revenue
$460.7 Million (43%)

Highway Revenue
$615.9 Million (57%)
Arkansans Need to Decide How to Fund

Your Transportation System
Citizens Opinion Survey

On Highways in Arkansas

Are you satisfied with the condition of the existing state highway system?
- Yes
- No

What highways in your area need improvements, and what type of improvements do they need?
- Priority 1: ____________________________
- Priority 2: ____________________________
- Priority 3: ____________________________
- Priority 4: ____________________________

If you want better highway conditions, the Arkansas State Highway and Transportation Department will need additional funds. Would you support a new highway program that would generate additional revenue?
- Yes
- No

Which of the following sources do you recommend be utilized in obtaining additional funds (check all that apply):
- Increase in gas tax
- Increase in diesel tax
- Increase in sales tax (dedicated to highways)
- Increase in registration fees
- Add sales tax on wholesale price of motor fuels
- Transfer existing sales and use tax on motor vehicles and related parts and service (currently collected but not paid to highways)
- Other: ____________________________________________________________

Would you be willing to sign a petition to put a highway revenue proposal on the 2018 general election ballot?
- Yes
- No

How did you hear about this survey?
- Presentation
- TV/Radio/Print
- Social Media
- Website/Search Engine
- Other: ____________________________________________________________

Optional:
- Name: ____________________________
- Address: ____________________________
- City, State, Zip: ____________________________

Online Form Available Here:
Survey Results

Which of the following sources do you recommend be utilized in obtaining additional funds?

- Transfer existing sales and use tax: 972 (65%)
- Add on w/s price of motor fuels: 298 (20%)
- Increase Registration fees: 474 (32%)
- Increase Sales Tax: 393 (26%)
- Increase Diesel Tax: 718 (48%)
- Increase Gas Tax: 508 (34%)
Survey Results

How did you hear about us?

- Social Media: 32%
- TV: 28%
- Radio: 7%
- Print: 6%
- Family or Friend: 7%
- Website/Search Engine: 16%
- Other: 21%
- Presentation: 7%

Would you be willing to sign a petition?

- Yes: 71%
- No: 25%
- Blank: 4%
• ARDOT.gov
• ConnectingArkansasProgram.com
• Vimeo.com/myARDOT
• IDriveArkansas.com
• Twitter.com/@myARDOT
Questions?

Arkansas Department of Transportation