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

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>4,200</td>
</tr>
<tr>
<td>2000</td>
<td>3,800</td>
</tr>
<tr>
<td>2017</td>
<td>3,679</td>
</tr>
</tbody>
</table>
Promises

- Pave the Way
- Rebuilding Arkansas Interstates
- Interstate Rehabilitation Program (IRP)
- Connecting Arkansas Program (CAP)
- Voter Approved
1999 Interstate Rehabilitation Program

50 Projects
356 Miles
$973 Million

Prior to Program
63% Poor or Mediocre

After Program
72% Good
2011 Interstate Rehabilitation Program

Completed
- 35 Projects
- 217 Miles
- $651 Million

Under Construction
- 13 Projects
- 86 Miles
- $541 Million

Scheduled
- 35 Projects
- 191 Miles
- $334 Million
2012 Connecting Arkansas Program

Completed
6 Projects
27 Miles
$188 Million

Under Construction
9 Projects
49 Miles
$403 Million

Scheduled
21 Projects
108 Miles
$1.31 Billion
Local IRP

**Completed**
- 3 Projects
- 18.4 Miles
- $44.8 Million

**Under Construction**
- 4 Projects
- 30.8 Miles
- $128.3 Million

**Scheduled**
- 2 Projects
- 12 Miles
- $6-15 Million
Local CAP

Under Construction
5.6 Miles
$23.3 Million

Scheduled
8.3 Miles
$20-30 Million
Scheduled
0.6 Miles
$1-5 Million
Crittenden Pavement Preservation

**Completed**
1 Project
1.9 Miles
$0.5 Million

**Under Construction**
2 Projects
2.1 Miles
$1 Million

**Scheduled**
4 Projects
19.2 Miles
$15-20 Million
Highway Condition and Needs
All State Highways – Including Interstates

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

- **2027 Condition**
  - Poor: 28%
  - Fair: 46%
  - Good: 26%

Crittenden
Pay a **Little Now**

- Overlay: $100,000 per lane mile

Pay a **Whole Lot Later**

- Reconstruction: $1,500,000 per lane mile
Great amount of uncertainty at the federal level

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

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

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

*Note: May not add due to rounding

*Constitutional & Fiscal Agencies and Non-Highway Uses.*
Federal vs. State Funding

1993
Hwy. Funding Breakdown
Fed 36%
State 64%

2016
Hwy. Funding Breakdown
Fed 54%
State 46%
$10,000,000 Overlay Program

THEN

22 years ago, in 1995, **200 miles** of Highway could be overlaid.

NOW

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 billion in needs

➢ $4.4 billion in available revenue
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.

HB 1727 GAS TAX
Establishes 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.
"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
ALA staff reviewed projected revenues and expenditures for fiscal years 2017 through 2020. For consistency and reasonableness when compared with prior years.

### 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>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation</td>
<td>19,000,000</td>
<td>19,000,000</td>
<td>19,000,000</td>
<td>19,000,000</td>
</tr>
<tr>
<td>Pavement Rehabilitation</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Bridges</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Total System Maintenance</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Capacity Relief</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Upgrades</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Upgrades</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td><strong>$ 925,000,000</strong></td>
<td><strong>$ 447,000,000</strong></td>
<td><strong>$ 478,000,000</strong></td>
<td></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.

### 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>First Year</th>
<th>Second Year</th>
<th>Third Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation</td>
<td>$19,000,000</td>
<td>$19,000,000</td>
<td>$19,000,000</td>
</tr>
<tr>
<td>Pavement Rehabilitation</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Bridges Maintenance</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Total System</td>
<td>$30,000,000</td>
<td>$19,000,000</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>Capacity Relief</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety Improvements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Upgrades</td>
<td></td>
<td></td>
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<tr>
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<tr>
<td>Totals</td>
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<td>$478,000,000</td>
</tr>
</tbody>
</table>

**Note:** Amounts shown are rounded.
## 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>

1. Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.
2. 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>

1. Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.
2. Transfer of 4.5% (“general” portion of statewide sales tax)
Road User Related Tax Revenue (SFY 2016)

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

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 2016 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: 1352 (64%)
- Add on w/s price of motor fuels: 403 (19%)
- Increase Registration fees: 656 (31%)
- Increase Sales Tax: 555 (26%)
- Increase Diesel Tax: 993 (47%)
- Increase Gas Tax: 697 (33%)
Are you satisfied with the condition of the existing highway system?

- Yes: 22%
- No: 75%
- Answer: 3%

Would you support a new highway program that would generate additional revenue?

- Yes: 76%
- No: 20%
- Answer: 4%
Arkansas Department of Transportation

- ARDOT.gov
- ConnectingArkansasProgram.com
- Vimeo.com/myARDOT
- IDriveArkansas.com
- Twitter.com @myARDOT