Statewide Programs
Promises
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
45 Projects
290 Miles
$997 Million

Under Construction
6 Projects
33 Miles
$264 Million

Scheduled
28 Projects
171 Miles
$261 Million
2012 Connecting Arkansas Program

Completed
11 Projects
61 Miles
$432 Million

Under Construction
8 Projects
40 Miles
$347 Million

Scheduled
17 Projects
85 Miles
$1.2 Billion
½ Cent Sales Tax Turnback Funds

**Faulkner County**

Received $5.0 Million to date
Projected to Receive $4.6 Million
Total $9.6 Million (Ending in 2023)

**City of Conway**

Received $6.2 Million to date
Projected to Receive $5.6 Million
Total $11.8 Million (Ending in 2023)
Local Projects
U.S. Highway 64

Conway to Beebe

**Completed**
- 7 Projects
- 32 Miles
- $66.5 Million

**Under Construction**
- 1 Project
- 7.4 Miles
- $21.4 Million
 Scheduled
Late 2019
$4 Million
Pavement Preservation

**Completed**
- 2 Projects
- 12 Miles
- $2 Million

**Scheduled**
- 6 Projects
- 37 Miles
- $10 Million
Highway 65B

Potential Partnering Projects
Highways 60 and 65B Traffic Operations Improvements
Highway 64 / 65 Connector Study
Funding Challenges
Challenges

- **12th** largest system in the country
- **42nd** in highway revenue per mile.
- **$9.2 billion** in needs
- **$4.4 billion** in available revenue
State

Per-Gallon Motor Fuel Taxes
Vehicle Registration Fees
License/Permit/Inspection Fees
Severance Taxes
Temporary Sales Tax Increase
Average Annual Highway User Revenue Distribution

- Cities: $107M (15.2%)
- Counties: $107M (15.2%)
- Other*: $33M (4.8%)
- Total: $455M (64.8%)

*Constitutional & Fiscal Agencies and Non-Highway Uses. Note: May not add due to rounding.
General Revenue
Net Highway Revenue

Percent of Highway vs. General Revenue

- 1985 Fuel Tax Increase: 14.4%, $139M
- 1991 Fuel Tax Increase
- 1999 Fuel Tax Increase

Fiscal Year


Billions

$0.0 $1.0 $2.0 $3.0 $4.0 $5.0 $6.0 $7.0

Excludes County & City Aid funds | Excludes CAP funds
Average Monthly Household Expenditures

- Electricity/Gas: $160.00
- TV/Internet: $124.00
- Roads: $46.00
- Telephone: $161.00
## SIGNIFICANT LOSS OF PURCHASING POWER

Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

<table>
<thead>
<tr>
<th>ITEM</th>
<th>UNIT/DESCRIPTION</th>
<th>1993</th>
<th>2010</th>
<th>PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Tuition</td>
<td>Average Tuition and Required Fees</td>
<td>3,517</td>
<td>9,136</td>
<td>160%</td>
</tr>
<tr>
<td>Gas</td>
<td>Per Gallon</td>
<td>1.12</td>
<td>2.73</td>
<td>144%</td>
</tr>
<tr>
<td>Movie Ticket</td>
<td>Average Ticket Price</td>
<td>4.14</td>
<td>7.89</td>
<td>91%</td>
</tr>
<tr>
<td>House</td>
<td>Median Price</td>
<td>126,500</td>
<td>221,800</td>
<td>75%</td>
</tr>
<tr>
<td>Bread</td>
<td>Per Pound</td>
<td>1.08</td>
<td>1.76</td>
<td>62%</td>
</tr>
<tr>
<td>Income</td>
<td>Median Household</td>
<td>31,272</td>
<td>49,167</td>
<td>57%</td>
</tr>
<tr>
<td>Stamp</td>
<td>One First-class Stamp</td>
<td>0.29</td>
<td>0.44</td>
<td>52%</td>
</tr>
<tr>
<td>Beef</td>
<td>Per Pound of Ground Beef</td>
<td>1.57</td>
<td>2.28</td>
<td>46%</td>
</tr>
<tr>
<td>Car</td>
<td>Average New Car</td>
<td>19,200</td>
<td>26,850</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Federal Gas Tax</strong></td>
<td><strong>Per Gallon</strong></td>
<td>0.184</td>
<td>0.184</td>
<td>0%</td>
</tr>
</tbody>
</table>

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

As of 2017, using the same resources, only 54 miles of Highway could be overlaid.
All State Highways – Including Interstates

- **Current Condition**: 24% Poor, 58% Fair, 18% Good
- **2027 Condition**: 28% Poor, 46% Fair, 26% Good
Pay a **Little Now**

Overlay

$100,000 per lane mile

Pay a **Whole Lot Later**

Reconstruction

$1,500,000 per lane mile
An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.
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.
### Act 1 - Arkansas Highway Improvement Plan of 2016

#### 2016 Special Session

<table>
<thead>
<tr>
<th>Description</th>
<th>FFY16</th>
<th>FFY17</th>
<th>FFY18</th>
<th>FFY19</th>
<th>FFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Reserve Fund or Arkansas Rainy Day Fund</td>
<td>40.0</td>
<td>20.0</td>
<td>21.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Reserve Fund</td>
<td>1.5</td>
<td>1.7</td>
<td>20.0</td>
<td>? 20.0</td>
<td>? 20.0</td>
</tr>
<tr>
<td>Redirect the $4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split)</td>
<td>0</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split)</td>
<td>5.4</td>
<td>5.8</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Allocate up to 25% of Future GR Surplus to Highways</td>
<td>3.9</td>
<td>0</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td><strong>Total Received</strong></td>
<td>41.5</td>
<td>31.3</td>
<td>50.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Projected</strong></td>
<td>41.5</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>0</td>
<td>(44.8)</td>
<td>(25.7)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2017 Proposed Legislation

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.
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
- History of bond activities
## 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>System Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<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></td>
<td>8,000,000</td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>3,000,000</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td>Total Maintenance</td>
<td>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$925,000,000</td>
<td>$447,000,000</td>
<td>$478,000,000</td>
</tr>
</tbody>
</table>

Note: Amounts shown are rounded.
Highway Revenue at 14.4% of General Revenue

Excludes County & City Aid funds | Excludes CAP funds
Highway vs. General Revenue Compared to Employment Levels

Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>4,070</td>
<td>3,965</td>
</tr>
<tr>
<td>1988</td>
<td>3,965</td>
<td>3,842</td>
</tr>
<tr>
<td>1996</td>
<td>3,842</td>
<td>3,807</td>
</tr>
<tr>
<td>2004</td>
<td>3,807</td>
<td>49,725</td>
</tr>
<tr>
<td>2012</td>
<td>3,571</td>
<td>58,651</td>
</tr>
<tr>
<td>2018</td>
<td>3,698</td>
<td></td>
</tr>
</tbody>
</table>
Possible Potential New Program Discussion
Possible Hwy. Funding Sources

State

Increase Motor Fuel Taxes
Increase Registration Fees
Sales Tax on Motor Fuels
Road User Revenue Transfer
Permanent Sales Tax Increase
Other???
## Options for Generating Additional Revenue for Highways

<table>
<thead>
<tr>
<th>Source</th>
<th>$400 Million for Highways&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Tax</td>
<td>28.4¢</td>
</tr>
<tr>
<td>Sales Tax on Fuel (wholesale)</td>
<td>16.67%</td>
</tr>
<tr>
<td>Registration Fee</td>
<td>$208</td>
</tr>
<tr>
<td>General Sales Tax&lt;sup&gt;(2)&lt;/sup&gt;</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)
## Alternative Fuels

### Definition
- Methanol, Ethanol and other Alcohols
- Blends of Alcohol with Gasoline
- Compressed Natural Gas and Liquefied Natural Gas
- Liquefied Petroleum Gas (Propane)
- Hydrogen
- Electricity
- Pure Biodiesel

### Promotion Versus Parity Issue
- Complex
- Annual Flat Fee?
- Energy-Based Consumption?
- Vehicle Miles Traveled?
- Tolls?
Bond Financing Pros

- Funds immediately available

Bond Financing Cons

- Interest costs erode your buying power

### Total Spent

<table>
<thead>
<tr>
<th></th>
<th>IRP</th>
<th>CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Spent</td>
<td>$ 762.5 million</td>
<td>$ 620.2 million</td>
</tr>
<tr>
<td>Principal</td>
<td>$ 575.0 million</td>
<td>$ 468.9 million</td>
</tr>
<tr>
<td>Interest</td>
<td>$ 187.5 million</td>
<td>$ 151.3 million</td>
</tr>
</tbody>
</table>

### Interest as a percentage of total cost

- **IRP**: 24.60%
- **CAP**: 24.39%
**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
- ☐ Website/Search Engine
- ☐ Social Media
- ☐ Family or Friend
- ☐ Other: ___________________________

Optional:

Name: ___________________________
Address: ___________________________
City, State, Zip: ___________________________

[Online Form Available Here]
Survey Results

Are you satisfied with the condition of the existing highway system?
- Yes: 21%
- No: 77%
- No Answer: 2%

Would you support a new highway program that would generate additional revenue?
- Yes: 74%
- No: 22%
- No Answer: 4%
Which of the following sources do you recommend be utilized in obtaining additional funds?

- Transfer existing sales and use tax: 2,904 (64%)
- Add on w/s price of motor fuels: 810 (18%)
- Increase Registration fees: 1,450 (32%)
- Increase Sales Tax: 1,190 (26%)
- Increase Diesel Tax: 2,033 (45%)
- Increase Gas Tax: 1,274 (29%)
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
Questions?
Arkansas Department of Transportation

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