3rd Largest State Agency
(3,698 Employees)

Maintains
16,418 miles of Highway
7,335 Bridges

Central Offices in Little Rock

10 Districts Statewide
Core Values

Safety – Safety first in all we do
Public Service – Focus on the greater good
Teamwork – One vision through collaboration and communication
Quality – Deliver reliable transportation solutions
Integrity – Commitment to ethics and transparency

Efficiency – Achieve maximum benefit through fiscal responsibility
Mission Statement

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
GROWTH OF THE HIGHWAY SYSTEM

<table>
<thead>
<tr>
<th>Year</th>
<th>Miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>6,718 MILES</td>
</tr>
<tr>
<td>1924-1939</td>
<td>9,300 MILES</td>
</tr>
<tr>
<td>1940-1956</td>
<td>10,000 MILES</td>
</tr>
<tr>
<td>1957-1973</td>
<td>15,596 MILES</td>
</tr>
<tr>
<td>1974-1993</td>
<td>16,242 MILES</td>
</tr>
<tr>
<td>1994-2014</td>
<td>16,418 MILES</td>
</tr>
</tbody>
</table>
Statewide Programs
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

Saline County
Received $5.1 Million to date
Projected to Receive $5.4 Million
Total $10.5 Million (Ending in 2023)

City of Benton
Received $3.2 Million to date
Projected to Receive $3.4 Million
Total $6.6 Million (Ending in 2023)
Currently Advertised

December 2018
6 Miles
$150 - $175 Million
Interstate 30 – Exit 116 (Sevier/South Street)
Interstate 30

Completed
Four Interchange Ramps
$7 Million
Completed
2 Projects
$38 Million
U.S. Highway 70

Completed
18 Miles
$79 Million
State Highway 5

**Completed**
- 2 Projects
- 24 Miles
- $8 Million

**Scheduled**
- 3 Projects
- 21 Miles
- Estimate $11 Million

**Programmed**
- 1 Mile
- Estimate $10 - $15 Million
State Highway 5

Under Construction

2 Miles
$17 Million
State Highway 5

Scheduled
1 Mile
$5 - $10 Million
Scheduled
Early 2019
2 Miles
Estimate <$1 Million
Challenges

- 12th largest system in the country
- 42nd in highway revenue per mile.

- $9.2 billion in needs
- $4.4 billion in available revenue
Federal vs. State Funding

**1993**
Hwy. Funding Breakdown

- Fed: 36%
- State: 64%

**2016**
Hwy. Funding Breakdown

- Fed: 54%
- State: 46%
Current Hwy. Funding Sources

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
Percent of Highway vs. General Revenue

1985 Fuel Tax Increase
- 14.4% ($139M)

1991 Fuel Tax Increase
- 11.3% ($202M)

1999 Fuel Tax Increase
- 9.4% ($297M)

1991 Fuel Tax Increase
- 8.7% ($377M)

General Revenue
- Net Highway Revenue

Fiscal Year

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

- Electricity/Gas: $160.00
- TV/Internet: $124.00
- Telephone: $161.00
- Roads: $46.00

Total: $491.00
### 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>Federal Gas Tax</td>
<td>Per Gallon</td>
<td>$0.184</td>
<td>$0.184</td>
<td>0%</td>
</tr>
</tbody>
</table>

**THEN**

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

**NOW**

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

Current Condition

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

2027 Condition

- Poor: 28%
- Fair: 46%
- Good: 26%
Pay a **Little Now**

- Overlay $100,000 per lane mile

Pay a **Whole Lot Later**

- Reconstruction $1,500,000 per lane mile
“. . . 70% of our highway, road and street funding comes from a consumption-based tax, while it is a national goal to reduce consumption. The trend. . . is simply a losing proposition. We’re moving backwards.”

-Final Report, Dec 2010
Blue Ribbon Committee Recommendations

- Reissue GARVEE Bonds for Interstate Rehabilitation Program
  - APPROVED

- State Aid Programs for Cities
  - APPROVED

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

- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries
HB 1418 Revenue Transfer

Transferred sales tax on new and used vehicles to the Highway Department fund phased in over 10 years.

FAILED TO GET OUT OF THE HOUSE COMMITTEE

90 SPONSORS
HB 1346 REVENUE TRANSFER

Transferred sales tax on new and used vehicles to the Highway Department fund phased in over 10 years AND transferred the natural gas severance tax revenue from the Highway Department fund into a newly created higher education workforce development fund.

PASSED THE HOUSE COMMITTEE

PULLED BEFORE A VOTE ON THE HOUSE FLOOR
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></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>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Received</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Received</td>
<td>41.5</td>
<td>31.3</td>
<td>50.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Projected</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projected</td>
<td>41.5</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Difference</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference</td>
<td>0</td>
<td>(44.8)</td>
<td>(25.7)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.
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><strong>System Preservation</strong></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><strong>Total System Preservation</strong></td>
<td>504,000,000</td>
<td>227,000,000</td>
<td>277,000,000</td>
</tr>
<tr>
<td><strong>Capacity Relief</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305,000,000</td>
<td>157,000,000</td>
<td>148,000,000</td>
</tr>
<tr>
<td><strong>Safety Improvements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>86,000,000</td>
<td>44,000,000</td>
<td>42,000,000</td>
</tr>
<tr>
<td><strong>Maintenance</strong></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>2,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Maintenance</strong></td>
<td>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$ 925,000,000</td>
<td>$ 447,000,000</td>
<td>$ 478,000,000</td>
</tr>
</tbody>
</table>

Note: Amounts shown are rounded.

**$ 478,000,000**
Excludes County & City Aid funds | Excludes CAP funds
Highway vs. General Revenue Compared to Employment Levels

Excludes County & City Aid funds | Excludes CAP funds
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)
Other Considerations

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

### Other Considerations

<table>
<thead>
<tr>
<th></th>
<th>Total Spent</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRP</td>
<td>$ 762.5 million</td>
<td>$ 575.0 million</td>
<td>$ 187.5 million</td>
</tr>
<tr>
<td></td>
<td>Interest as a percentage of total cost</td>
<td>24.60%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Spent</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAP</td>
<td>$ 620.2 million</td>
<td>$ 468.9 million</td>
<td>$ 151.3 million</td>
</tr>
<tr>
<td></td>
<td>Interest as a percentage of total cost</td>
<td>24.39%</td>
<td></td>
</tr>
</tbody>
</table>
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
- Family or Friend
- Website/Search Engine
- Other:

Optional:

Name:
Address:
City, State, Zip:

Online Form Available Here:

Your Transportation System
Survey Results

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

Would you support a new highway program that would generate additional revenue?
- Yes: 74%
- No: 22%
- No Answer: 4%
Survey Results

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%)
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
Questions?
Arkansas Department of Transportation

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