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
2011 Interstate Rehabilitation Program

**Completed**
- 45 Projects
- 290 Miles
- $997 Million

**Under Construction**
- 7 Projects
- 54 Miles
- $317 Million

**Scheduled**
- 27 Projects
- 150 Miles
- $218 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
$1.23 Billion

LEGEND
- Completed
- Under Construction
- Scheduled
Hempstead County
Received $2.2 Million to date
Projected to Receive $2.0 Million
Total $4.2 Million (Ending in 2023)

Nevada County
Received $1.6 Million to date
Projected to Receive $1.4 Million
Total $3.0 Million (Ending in 2023)
<table>
<thead>
<tr>
<th>City</th>
<th>Received</th>
<th>Projected thru 2022</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hope</td>
<td>$ 1,074,232</td>
<td>$ 959,989</td>
<td>$ 2,034,221</td>
</tr>
<tr>
<td>Prescott</td>
<td>$ 350,735</td>
<td>$ 313,435</td>
<td>$ 664,170</td>
</tr>
<tr>
<td>McCaskill</td>
<td>$ 10,216</td>
<td>$ 9,129</td>
<td>$ 19,345</td>
</tr>
<tr>
<td>Blevins</td>
<td>$ 33,520</td>
<td>$ 29,955</td>
<td>$ 63,475</td>
</tr>
<tr>
<td>Ozan</td>
<td>$ 9,045</td>
<td>$ 8,083</td>
<td>$ 17,128</td>
</tr>
<tr>
<td>Washington</td>
<td>$ 19,154</td>
<td>$ 17,117</td>
<td>$ 36,272</td>
</tr>
<tr>
<td>McNab</td>
<td>$ 7,236</td>
<td>$ 6,466</td>
<td>$ 13,702</td>
</tr>
<tr>
<td>Fulton</td>
<td>$ 21,389</td>
<td>$ 19,114</td>
<td>$ 40,503</td>
</tr>
<tr>
<td>Emmet</td>
<td>$ 55,122</td>
<td>$ 49,259</td>
<td>$104,381</td>
</tr>
<tr>
<td>Patmos</td>
<td>$ 6,810</td>
<td>$ 6,086</td>
<td>$ 12,897</td>
</tr>
</tbody>
</table>
Projects of Interest
Interstate 30

**Completed**
- 20 Projects
- 115 Miles
- $219 Million

**Under Construction**
- 1 Project
- 20 Miles
- $39 Million

**Scheduled**
- 6 Projects
- 34 Miles
- $198 Million
U.S. Highway 67

**Completed**
- 5 Projects
- 12 Miles
- $13.3 Million

**Scheduled**
- 1 Project
- 5 Miles
- $<1 Million
Completed
5 Projects
21 Miles
$4 Million
Completed
17 Projects
80 Miles
$29 Million

Under Construction
2 Projects
9 Miles
$3 Million

Scheduled
33 Projects
258 Miles
$69 Million

SW Arkansas Pavement Preservation
SW Arkansas Bridge Replacement Projects

Under Construction
2 Projects
2 Miles
$23 Million

Scheduled
19 Projects
$56 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

- **General Revenue**
- **Net Highway Revenue**

**Excludes County & City Aid funds | Excludes CAP funds**

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

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

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

- **2004**
  - 8.7% ($377M)

- **2012**
  - 7.6% ($434M)

- **2016**
  - 6.6% ($423M)
Average Monthly Household Expenditures

- Electricity/Gas: $160.00
- Telephone: $161.00
- TV/Internet: $124.00
- Roads: $46.00
## 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>
</tbody>
</table>

**Federal Gas Tax**
Per Gallon
$0.184  $0.184  0%


---

TRANSPORTATION.ORG
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%
<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 Filters" /></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>
“... 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
- State Aid Programs for Cities
- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries

APPROVED

APPROVED

APPROVED
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.
### 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>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FFY16</th>
<th>FFY17</th>
<th>FFY18</th>
<th>FFY19</th>
<th>FFY20</th>
</tr>
</thead>
<tbody>
<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>
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>System Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement</td>
<td>$367,000,000</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>$484,000,000</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>$3,000,000</td>
</tr>
<tr>
<td>Total Maintenance</td>
<td>$53,000,000</td>
<td>$19,000,000</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.
Highway Revenue at 14.4% of General Revenue

- General Revenue
- Net Highway Revenue
- 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
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>

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)
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

<table>
<thead>
<tr>
<th></th>
<th>Total Spent</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IRP</strong></td>
<td>$762.5 million</td>
<td>$575.0 million</td>
<td>$187.5 million</td>
</tr>
<tr>
<td>Interest as a percentage of total cost</td>
<td>24.60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CAP</strong></td>
<td>$620.2 million</td>
<td>$468.9 million</td>
<td>$151.3 million</td>
</tr>
<tr>
<td>Interest as a percentage of total cost</td>
<td>24.39%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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: 

Your TRANSPORTATION SYSTEM
Survey Results

Are you satisfied with the condition of the existing highway system?

- Yes: 21%
- No: 77%

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

- Yes: 74%
- No: 22%

Answer: 2%
Survey Results

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

- Transfer existing sales and use tax: 2,842 (62%)
- Add on w/s price of motor fuels: 821 (18%)
- Increase Registration fees: 1,454 (32%)
- Increase Sales Tax: 1,190 (26%)
- Increase Diesel Tax: 2,038 (45%)
- Increase Gas Tax: 1,277 (28%)
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