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
2000 | 3,800
2018 | 3,698
Statewide Programs
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
- $1.24 Billion

Legend:
- Blue: Completed
- Red: Under Construction
- Green: Scheduled
Completed
3 Miles
$95 Million

Interstate 49
State Highway 265

Under Construction
2 Miles
$10 Million
State Highway 16

Scheduled
1 Mile
$5-10 Million
Scheduled
1 Mile
$1-5 Million
State Highway 112

Scheduled:
1 Mile
$1-5 Million
State Highway 112

Programmed:
1 Mile
$1-5 Million
State Highway 16

Scheduled Interchange Improvements
$20-30 Million
Scheduled
Interchange Improvements
$15-20 Million
Washington Co. Pavement Preservation

Scheduled
3 Projects
34 Miles
$7-20 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%

Image of dollar bills
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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Net Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>14.4% $139M</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>11.3% $202M</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>9.4% $297M</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>8.7% $377M</td>
<td></td>
</tr>
</tbody>
</table>

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
## 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%
<table>
<thead>
<tr>
<th>Pay a Little Now</th>
<th>Pay a Whole Lot Later</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="overlay.png" alt="Overlay Image" /></td>
<td><img src="reconstruction.png" alt="Reconstruction Image" /></td>
</tr>
<tr>
<td><strong>Overlay</strong></td>
<td><strong>Reconstruction</strong></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
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></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>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

• 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
**Arkansas State Legislative Audit**

### 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 Plan</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><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.

**Total Annual State Revenues Needed for Highway Construction Plan: $478,000,000**
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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Net Highway Revenue</th>
<th>Highway Revenue at 14.4% of General Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$139M</td>
<td>$259M</td>
<td>$455M</td>
</tr>
<tr>
<td>2004</td>
<td>$626M</td>
<td>$829M</td>
<td>$931M</td>
</tr>
</tbody>
</table>

Billions

$0.0 - $7.0
Highway vs. General Revenue Compared to Employment Levels

- General Revenue
- Highway Revenue

Billions

- $4,070
- $3,965
- $3,842
- $3,807
- $3,571
- $3,698
- $30,000
- $32,000
- $43,000
- $49,725
- $56,099
- $58,651

Fiscal Year

- 1980
- 1988
- 1996
- 2004
- 2012
- 2018

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>

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

### Other Considerations

<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></td>
<td><strong>Interest as a percentage of total cost</strong></td>
<td>24.60%</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></td>
<td><strong>Interest as a percentage of total cost</strong></td>
<td>24.39%</td>
<td></td>
</tr>
</tbody>
</table>
Citizens Opinion Survey

**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:

- [Online Form Available Here](#)

Name: ____________________________
Address: ____________________________
City, State, Zip: ____________________________
Survey Results

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

- No: 77%
- Yes: 21%

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

- No: 22%
- Yes: 74%
- 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**
  - 2,842 (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%)
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 @myAR DOT