• **Act 1176 of 2013**
  – 15% Registration Fee
  – $2 Million / Year Set-Aside

• **Purpose**
  – Improve Commercial Truck Industry Safety
  – Ensure Safe Movement of Goods
  • **Cooperative Public-Private Programs**
    a) Increased Enforcement
    b) Regulatory Compliance
    c) Industry Training
    d) Educational Programs
Arkansas Commercial Truck Safety and Education Program (ACTSECP)

• Application Review Committee
  – Arkansas Highway Police Chief and Major
  – ARDOT’s Assistant Chief Engineer for Planning
  – President of the Arkansas Trucking Association
  – Trucking Industry Representative (Steve Williams)
Arkansas Commercial Truck Safety and Education Program (ACTSEEP)

- December 2, 2014 – February 2, 2015
- 1st ACTSEEP Application Cycle
- University of Central Arkansas
  - Awarded $3 million
  - Endowed Chair in Motor Carrier Management
  - 4-year Supply Chain Logistics Management Degree
  - Workforce Training
Arkansas Department of Transportation

History
"We are always yapping about the ‘Good Old Days’ and how we look away back and enjoy it, but I tell you there is a lot of hooey to it."

– Will Rogers
The Teens

Highway 71 near Bella Vista

- **First Commission Created**
  - ☑ No Highway Department
  - ☑ No Highway System

- **$72,000 Total Budget**

- **36,000 Miles of Public Roads**
The Twenties

- Highway System Created
- Highway Department Created
- First Gas Tax – 1 cent per gallon
- 200,000 Vehicles/8,800 highway miles (1,400 Paved)
- Highway Commission Structure Changed Twice
The Thirties and Forties

- **Gas Tax Raised to 6.5 cents per Gallon**
  - 1960’s Before Next Increase
- **Commission Structure Changed Four More Times**
- **9,700 Highway Miles (4,900 Paved)**
  - Too much Political Influence on Highways
  - Growing Discontent
The Fifties

• 1951 - Highway Audit Commission Report
  “the advice, counsel and expert know-how which is available from the Department’s own technical and administrative staffs bear scant weight indeed when they are in conflict with the political pressures and political promises of the moment.”

• Interstate Era
• 11,000 Miles State Highways (8,800 Paved)

• 9 Legislative Acts Restructured Commission since 1913
• 1952 – Mack Blackwell Amendment

Widening Hwy 67 near Malvern, 1956
The Sixties and Seventies

- No changes to Commission Structure
- Department became Debt Free
- Legislature transferred nearly 4,400 more miles of County Roads to Highway System
- Department adds “Transportation” to its name – Authority Expanded
- 1st State to Complete its Interstate System (1975)
- 16,000 Highway Miles (15,000 Paved)
The Eighties and Nineties

- 1985 – Rural Road Program – out of the mud
- Early Retirements – huge workforce turnover
- 1991 – Highway Improvement Program
- 1993 – Last Federal Gas Tax Increase
- 1999 – Last State Gas Tax Increase
- 1999 – Interstate Rehabilitation Program – First Highway Bond Issue in 50 years
- I-540 (now I-49) and I-530 Completed
- 16,400 Highway Miles
Winter Weather in Dec 2000 and Jan 2001 cost almost $40 M.

Governor’s Working Group on Highway Funding

- 2011 – 2nd Interstate Rehabilitation Program
- 2012 – Connecting Arkansas Program
- 16,400 miles State Highways

New White River Bridge on Hwy 64 at Augusta opened in 2001.
New Name – New Identity

1929
Arkansas Highway and Department of Lands

1977
Arkansas State Highway and Transportation Department

2017
Arkansas Department of Transportation
About Us
3rd Largest State Agency
(app. 3,700 Employees)

Maintains
16,418 miles of Highway
7,335 Bridges

Central Offices in Little Rock

10 Districts Statewide

Mission:
Provide safe and efficient transportation solutions to support Arkansas’ economy and enhance the quality of life for generations to come.
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

Strategic Plan
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>2018</td>
<td>3,698</td>
</tr>
</tbody>
</table>
ARKANSAS DEPARTMENT OF TRANSPORTATION ORGANIZATION CHART

Citizens of Arkansas
  Governor and Legislature
    Highway Commission
      Director
        Deputy Director and Chief Operating Officer

Deputy Director and Chief Engineer

Assistant Chief Engineer Planning
  Environmental
  Program Management
  Surveys
  System Information and Research
  Transportation Planning and Policy

Assistant Chief Engineer Design
  Bridge
  Consultant Contracts
  Right of Way
  Roadway Design
  State Aid

Assistant Chief Engineer Operations
  Construction
  Maintenance
  Materials
  Ten Districts

Assistant Chief Administration
  Computer Services
  Equipment and Procurement
  Fiscal Services
  Governmental Relations
  Human Resources

Alternative Project Delivery Director
  Connecting Arkansas Program Administrator
    EEO/DBE
      Highway Police
      Internal Audit
      Legal
      Public Information
      Retirement

Director of Highways and Transportation

April 11, 2017
Arkansas Department of Transportation (ArDOT) Administration
State Highway System
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>
Highway Project Delivery

- **Planning and Scheduling**
  - System Management Analysis
  - Planning Studies
  - Statewide Transportation Improvement Program (STIP)

- **Project Development**
  - Environmental Analysis and Report
  - Surveys
  - Design
  - Right-of-Way Acquisition
  - Utility Relocation

- **Award Contract**
Planning Branch

Assistant Chief Engineer
Planning
- Environmental
- Program Management
- Surveys
- System Information and Research
- Transportation Planning and Policy

Assistant Chief Engineer
Design
- Bridge
- Consultant Contracts
- Right of Way
- Roadway Design
- State Aid

Assistant Chief Engineer
Operations
- Construction
- Maintenance
- Materials
- Ten Districts

Assistant Chief Engineer
Administration
- Computer Services
- Equipment and Procurement
- Fiscal Services
- Governmental Relations
- Human Resources

Director
Deputy Director and Chief Operating Officer
Deputy Director and Chief Engineer

Citizens of Arkansas
Governor and Legislature
Highway Commission

Alternative Project Delivery Director
Connecting Arkansas Program Administrator
EEO/DBE
Highway Police
Internal Audit
Legal
Public Information
Retirement
Pavement Management

ARAN (Automatic Road Analyzer)

- Gyroscopes
- Inertial Navigation
- 3 HD ROW Cameras
- Lasers and Accelerometers
- Macro-texture laser
- Scanning laser rut measurement system
- 2 HD ROW Cameras
- Line scan infrared pavement imaging system
- DMI
Multi-Media Highway Information System (MMHIS)
Environmental
Program Management
Bridge Design
Right of Way
Operations Branch

Assistant Chief Engineer
Planning
- Environmental
- Program Management
- Surveys
- System Information and Research
- Transportation Planning and Policy

Assistant Chief Engineer
Design
- Bridge
- Consultant Contracts
- Right of Way
- Roadway Design
- State Aid

Assistant Chief Engineer
Operations
- Construction
- Maintenance
- Materials
- Ten Districts

Assistant Chief Engineer
Administration
- Computer Services
- Equipment and Procurement
- Fiscal Services
- Governmental Relations
- Human Resources

Alternative Project Delivery Director
- EEO/DBE
- Highway Police
- Internal Audit
- Legal
- Public Information
- Retirement
Arkansas Highway Police
Arkansas Highway Police
Promises Made

ARKANSAS DEPARTMENT OF TRANSPORTATION

Promises Kept
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
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
Highway Traffic and Condition
Distribution of Arkansas Miles

Mileage

- Counties: 68,647 (67%)
- Cities: 17,529 (17%)
- ARDOT: 16,432 (16%)

2017 Annual Vehicle Miles Traveled (Billions)

- Counties: 3.5 (10%)
- Cities: 6.0 (16%)
- ARDOT: 26.8 (74%)
Arkansas Highway Traffic

- 35,500 ADT (56% Trucks)
- 22,200 ADT (55% Trucks)
- 41,600 ADT (52% Trucks)
All State Highways – Including Interstates

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

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

Legend:
- Poor
- Fair
- Good
Pay a **Little Now**

- Overlay
  - $100,000 per lane mile

Pay a **Whole Lot Later**

- Reconstruction
  - $1,500,000 per lane mile
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.
Challenges

- 12th largest system in the country
- 42nd in highway revenue per mile.
- $9.3 billion in needs
- $4.5 billion in available revenue
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**: $110M (15.9%)
- **Counties**: $110M (15.9%)
- **Other***: $32M (4.7%)
- **Total**: $438M

*Constitutional & Fiscal Agencies and Non-Highway Uses.

Note: May not add due to rounding
Federal vs. State Funding

1993
Hwy. Funding Breakdown
Fed 36%  
State 64%

2016
Hwy. Funding Breakdown
Fed 54%  
State 46%

Bottom: American currency
Highway Revenue at 14.4% of General Revenue

Includes County & City Aid funds | Excludes CAP funds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$139M</td>
<td>$14.4%</td>
</tr>
<tr>
<td>1990</td>
<td>$259M</td>
<td>$14.4%</td>
</tr>
<tr>
<td>2000</td>
<td>$455M</td>
<td>$14.4%</td>
</tr>
<tr>
<td>2010</td>
<td>$626M</td>
<td>$14.4%</td>
</tr>
<tr>
<td>2016</td>
<td>$931M</td>
<td>$14.4%</td>
</tr>
</tbody>
</table>
Highway vs. General Revenue
Compared to Employment Levels

Excludes County & City Aid funds | Excludes CAP funds
State Highway Funding Issues

- **Immediate Economic Benefits of Increasing Investment**
  - Supports **$1.3 Billion** in Economic Activity
  - Supports **5,729 Jobs**

- **Neighbors Are Not Waiting**
  - Seven Have Raised State Gas Tax
  - Six Have Variable Gas Tax
  - Eight Have Electric Vehicle Registration Fees

- **Significant Transportation Challenges**
  - Safety Needs
  - Increasing Freight Demands
  - Impacts From Congestion
Laws are like sausages, it is better not to see them being made.
1. Legislator decides to sponsor a bill to create or revise a law

2. Proposed legislation is drafted into a “bill” by the Bureau of Legislative Research and is filed by the primary sponsor who often seeks additional co-sponsors

3. The bill is publically “read across the desk” and is assigned to a committee
Political Process

4. • Public Transportation Committee – House (20 members)
   • House of Representatives (100 members)

5. • Transportation, Technology & Legislative Affairs Committee – Senate (8 members)
   • Senate (35 members)

6. • Governor
   • Voters (optional and rare)
Where We’ve Been

ARKANSAS HIGHWAY NEEDS AND FINANCES 1979 to 1989
FOR STATE HIGHWAYS, COUNTY ROADS AND CITY STREETS

A REPORT TO:
THE ARKANSAS HIGHWAY NEEDS STUDY COMMITTEE,
ARKANSAS LEGISLATIVE COUNCIL

SEPTEMBER, 1979

BY:
R. J. HANSEN ASSOCIATES, INC.,
8110 Executive Boulevard
Rockville, Maryland 20852

FINAL REPORT
December 1, 2010

Presented to:
The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League

GOVERNOR’S WORKING GROUP ON HIGHWAY FUNDING
Short-Term Recommendation

December 15, 2015

Presented to:
The Honorable Asa Hutchinson, Governor

Compiled and drafted by:
Chairman Duncan Baird, State Budget Administrator
Tori B. Gordon, Policy Advisor, Office of Governor Asa Hutchinson
“There are relatively few, if any, acceptable new state-level revenue sources for funding highways, roads, and streets… One of the more significant revenue sources being used by other states for revenue purposes includes the gross receipts or sales tax on new and used motor vehicles sales…”
**Total Road User Revenue**

$1.219 Billion

**Distribution:**

- **General Revenue**
  $528.7 Million (43%)

- **Highway Revenue**
  $690.7 Million (57%)
Average Annual Highway User Revenue Distribution

- **Cities**
  - $110M (15.9%)
- **Counties**
  - $110M (15.9%)
- **Other***
  - $32M (4.7%)
- **Total**
  - $438M (63.5%)

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

December 1, 2010

Presented to:
The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League
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
  - 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 of new revenue for state highways.
GOVERNOR’S WORKING GROUP ON HIGHWAY FUNDING

Short-Term Recommendation

December 15, 2015

Presented to:
The Honorable Asa Hutchinson, Governor

Compiled and drafted by:
Chairman Darren Baker, State Budget Administrator
Tori B. Gordon, Policy Advisor, Office of Governor Asa Hutchinson

ARKANSAS

Arkansas Department of Transportation
### 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>

#### Total Received

<table>
<thead>
<tr>
<th>FFY16</th>
<th>FFY17</th>
<th>FFY18</th>
<th>FFY19</th>
<th>FFY20</th>
</tr>
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<tbody>
<tr>
<td>41.5</td>
<td>31.3</td>
<td>50.4</td>
<td></td>
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</tr>
</tbody>
</table>

#### Total Projected

<table>
<thead>
<tr>
<th>FFY16</th>
<th>FFY17</th>
<th>FFY18</th>
<th>FFY19</th>
<th>FFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>41.5</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
</tr>
</tbody>
</table>

#### Difference

<table>
<thead>
<tr>
<th>FFY16</th>
<th>FFY17</th>
<th>FFY18</th>
<th>FFY19</th>
<th>FFY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>(44.8)</td>
<td>(25.7)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2017 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.

PASSED THE HOUSE COMMITTEE

FAILED ON THE HOUSE FLOOR
...the figures [for highway needs] often total to amounts that are considerably in excess of current legislative provisions. This often has resulted in legislators apparently doubting the realism of the figures...”
INTRODUCTION
This report is presented in response to a request for Arkansas Legislative Audit (ALA) to review information, estimates, and calculations provided by the Arkansas Department of Transportation (ArDOT), formerly known as the Arkansas State Highway and Transportation Department, related to highway funding. ArDOT has indicated that additional state funding is needed to fully maximize available federal funds and to expand non-federal construction and maintenance projects.

OBJECTIVES
The objectives of this report were to:
1. Provide information regarding state funding sources and uses for highways, with associated construction and maintenance costs, for prior years.
2. Determine the amount of matching funds needed annually in order for ArDOT to receive the maximum federal aid available.
3. Determine the amount of additional state revenues needed to fund ArDOT’s proposed construction and maintenance program for roads and facilities.
4. Provide a history of bond issuances, including balances and associated costs.

SCOPE AND METHODOLOGY
This report was prepared by reviewing activities for state fiscal years ending June 30, 2010 through 2016, and projections and estimates for federal fiscal years ending September 30, 2017 through 2020. ALA staff reviewed audit reports from prior years, particularly revenues and expenditures related to construction, and determined future federal funding from reports obtained from the Federal Highway Administration. All information for additional construction and maintenance projects was provided by ArDOT and tested for accuracy and reasonableness by ALA staff.

The methodology used in preparing this report was developed uniquely to address the stated objectives; therefore, this report is more limited in scope than an audit or attestation engagement performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

BACKGROUND
ArDOT recognizes revenues from both federal and state sources. State revenues include motor fuel taxes, registration fees, natural gas severance fees, and overweight permits and penalties. Many highway construction projects are funded with both federal and state monies. The percentage of state participation in these projects varies depending on the federal program involved, but most programs require a 20% match.
## Arkansas 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</th>
<th>Annual Funds Available for Highway Construction</th>
<th>Additional Annual State Revenues Needed for Highway Construction</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></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><strong>Total Maintenance</strong></td>
<td>30,000,000</td>
<td>18,000,000</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.*

Does Not Include Capital Improvement Projects

---

**$925,000,000**
Arkansas Department of Transportation (ArDOT)
Summary of Annual State Funds Needed to Meet
Proposed Highway Construction Plan Over a 10-Year Period

<table>
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<tr>
<th>Description</th>
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<tr>
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<td></td>
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<td>Equipment upgrades</td>
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<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>$3,000,000</td>
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</tr>
<tr>
<td>Total Maintenance</td>
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</tr>
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<td>Totals</td>
<td>$925,000,000</td>
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</tr>
</tbody>
</table>

Note: Amounts shown are rounded.
## 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>$367,000,000</td>
<td>$137,000,000</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>Pavement</td>
<td>$117,000,000</td>
<td>$90,000,000</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>Bridges</td>
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*Note: Amounts shown are rounded.*

The total amount needed is **$478,000,000**.
Arkansas Legislative Audit

Exhibit III

Arkansas Department of Transportation (ArDOT)
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Proposed Highway Construction Plan Over a 10-Year Period

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Note: Amounts shown are rounded.

Does Not Include Capital Improvement Projects

$ 925,000,000
Highway Revenue at 14.4% of General Revenue

Billions

- General Revenue
- Highway Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Highway Revenue at 14.4% of General Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>14.4% $139M</td>
</tr>
<tr>
<td>1988</td>
<td>14.4% $259M</td>
</tr>
<tr>
<td>1996</td>
<td>14.4% $455M</td>
</tr>
<tr>
<td>2004</td>
<td>14.4% $626M</td>
</tr>
<tr>
<td>2012</td>
<td>14.4% $829M</td>
</tr>
<tr>
<td>2016</td>
<td>14.4% $931M</td>
</tr>
</tbody>
</table>

Excludes County & City Aid funds | Excludes CAP funds
Great amount of uncertainty at the federal level

State funds stagnant at best

ROAD WORK AHEAD?
Potential New Program
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

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
Indexing?

**Blue Ribbon Committee Recommendation:**
Indexing Current Per-Gallon Tax on Motor Fuels to Arkansas’ Highway Construction Cost Index

**Governor’s Working Group on Highway Funding Recommendation:**
Proposal #1 – Going forward, index the motor fuel tax. Limit any increase to 2 cents per gallon.

Proposal #3 – Adjust the existing motor fuel taxes to recoup the amount lost in recent years due to inflation and index to inflation in the future.
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)
2023 vs. 2024 If No Action Taken

**Faulkner County**
- 2023 Total Turnback: $3.6M
- 2024 Total Turnback: $2.5M
- Difference: $1.1M

**City of Conway**
- 2023 Total Turnback: $4.4M
- 2024 Total Turnback: $3.1M
- Difference: $1.3M
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: Online Form Available Here: _______________________

Name: _______________________
Address: _______________________
City, State, Zip: _______________________

Your Transportation System
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%
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**: 813 (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%)
Questions?

Arkansas Department of Transportation
• ARDOT.gov
• ConnectingArkansasProgram.com
• Vimeo.com/myARDOT
• IDriveArkansas.com
• Twitter.com @myARDOT