State Highway Funding

Governor Hutchinson’s Four T’s:

• Tax Cuts
• Teacher Pay
• Transformation
• Transportation
Governor Hutchinson’s Highway Package

Two Bills

Four Revenue Sources

$300 Million Per Year
Motor Fuel Taxes

1.6% Tax On Wholesale Price of Gas

2.9% Tax On Wholesale Price of Diesel
Motor Fuel Taxes

Gasoline

\[ 1.6\% \times 1.875 \text{ Wholesale Price/Gallon} = \$0.03 \text{ Tax/Gallon} \]

Diesel

\[ 2.9\% \times 2.069 \text{ Wholesale Price/Gallon} = \$0.06 \text{ Tax/Gallon} \]
Results in $86 Million in Additional Annual Revenue

$58 Million to ARDOT

$14 Million to Cities and Counties Each

“And we feel like we would like to invest proactively and spend money to make the roads better so that they are safer, so that they are easier on the equipment, so that the volume of traffic can move more freely. The benefit of those things outweighs the increased costs.”
Electric and Hybrid Vehicle Registration Fees

Electric Vehicles - $200 Registration Fee

Hybrid Vehicles - $100 Registration Fee

$2 Million to ARDOT
Casino Revenue

All New Casino Revenue

$35 Million Annually to ARDOT
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuel Tax</td>
<td>$58 Million</td>
</tr>
<tr>
<td>Electric and Hybrid Vehicle Registration Fees</td>
<td>$2 Million</td>
</tr>
<tr>
<td>Casino Revenue</td>
<td>$35 Million</td>
</tr>
<tr>
<td><strong>Total To ARDOT</strong></td>
<td><strong>$95 Million</strong></td>
</tr>
</tbody>
</table>
House Joint Resolution 1018

Proposed Constitutional Amendment

• To Be Voted On In General Election
• ½ Cent Sales Tax Permanent After 2023
• Continues To Provide $205 Million To ARDOT Annually
• Continues To Provide $44 Million To Cities Annually
• Continues To Provide $44 Million To Counties Annually
Governor’s Highway Funding Package

Summary

Senate Bill 336 $ 95 Million
House Joint Resolution 1018 $205 Million
Total To ArDOT $300 Million
2012 Connecting Arkansas Program

**Completed**
- 11 Projects
- 61 Miles
- $432 Million

**Under Construction**
- 11 Projects
- 68 Miles
- $627 Million

**Scheduled**
- 14 Projects
- 56 Miles
- $974 Million
2011 Interstate Rehabilitation Program

Completed
46 Projects
290 Miles
$1.0 Billion

Under Construction
6 Projects
54 Miles
$314 Million

Scheduled
27 Projects
159 Miles
$220 Million
Interstate 49 – Washington County

**Completed**
- 11 Projects
- 40 Miles
- $212 Million

**Scheduled**
- 2 Projects
- $45 Million
Interstate 49 (Benton Co.)

**Completed**
- 11 Projects
- 34 Miles
- $291 Million

**Under Construction**
- 3 Projects
- 8 Miles
- $83 Million

**Scheduled**
- 2 Projects
- 5 Miles
- $87 Million
Interstate 49
Missouri – Arkansas Connector
(Bella Vista Bypass)
Springdale Bypass
State Highway 112

Programmed
7 Projects
18 Miles
$100-$125 Million
State Highway 265

Completed
7 Projects
15 Miles
$53 Million

Under Construction
1 Project
2 Miles
$10 Million
Pavement Preservation

Completed
32 Projects
145 Miles
$58 Million

Scheduled
12 Projects
83 Miles
$20-$30 Million
Completed
9 Projects
12 Structures
$48 Million

Under Construction
2 Project
2 Structures
$5 Million

Scheduled
5 Projects
7 Structures
$20-$30 Million
Challenges

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

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➢ **$9.3 billion** in needs
➢ **$4.5 billion** in available revenue

“This is a problem that we can’t leave for our children or grandchildren to solve.”

~Arkansas Department of Transportation Director Scott Bennett
Average Annual Highway User Revenue Distribution

**Cities**
- 15.9% of $439M
- $110M

**Counties**
- 15.9% of $439M
- $110M

**Other***
- 4.7% of $439M
- $32M

*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

- **1985 Fuel Tax Increase**: 14.4% ($139M)
- **1991 Fuel Tax Increase**: 11.3% ($202M)
- **1999 Fuel Tax Increase**: 9.4% ($297M)

Excludes County & City Aid funds | Excludes CAP funds
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

- 1980: General Revenue = 4,070, Highway Revenue = 3,965
- 1988: General Revenue = 32,000, Highway Revenue = 3,842
- 1996: General Revenue = 43,000, Highway Revenue = 3,807
- 2004: General Revenue = 49,725
- 2012: General Revenue = 3,571
- 2018: General Revenue = 58,651

Billions

- General Revenue
- Highway Revenue
**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

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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.”
Governor’s Highway Funding Working Group

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.
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</th>
<th>Additional Annual State Revenues Needed for Highway Construction Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation</td>
<td>$ 387,000,000</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>
<td>504,000,000</td>
<td>227,000,000</td>
<td>277,000,000</td>
</tr>
<tr>
<td>Total System Preservation</td>
<td></td>
<td></td>
<td></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>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>Total Maintenance</td>
<td>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Totals</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.

$ 478,000,000
$478 Annual Investment Results

• 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
Randolph County
Highway 34 North of Highway 90
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:

MAIL OR EMAIL RESPONSES TO:
ArDOT
Public Information
P.O. Box 2261
Little Rock, AR 72203
info@ardot.ark.gov
Survey Results

Are you satisfied with the condition of the existing highway system?
- No: 78%
- Yes: 20%

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

No Answer: 2%
No Answer: 4%
Arkansans Need to Decide How to Fund Your Transportation System