Farmer’s Day at the Capitol
Tuesday, March 12, 2019
Challenges
Challenges

- 12th largest system in the country
- 41st in highway revenue per mile.
- $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
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>![Car Parts Image]</td>
<td>![Car Repair 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>
### Percent of Highway vs. General Revenue

- **Billions**

  - General Revenue
  - Net Highway Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Net Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$139M</td>
<td>$202M</td>
</tr>
<tr>
<td>1991</td>
<td>$377M</td>
<td>$297M</td>
</tr>
<tr>
<td>1999</td>
<td>$434M</td>
<td>$423M</td>
</tr>
</tbody>
</table>

- **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)

- Excludes County & City Aid funds | Excludes CAP funds
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></td>
<td>14.4% $139M</td>
</tr>
<tr>
<td>1988</td>
<td></td>
<td>$259M</td>
<td>14.4% $259M</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>$455M</td>
<td>14.4% $455M</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>$626M</td>
<td>14.4% $626M</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>$829M</td>
<td>14.4% $829M</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>$931M</td>
<td>14.4% $931M</td>
</tr>
</tbody>
</table>
Highway vs. General Revenue Compared to Employment Levels

Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

General Revenue

Highway Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>Highway Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>4,070</td>
<td>3,965</td>
</tr>
<tr>
<td>1988</td>
<td>3,965</td>
<td>3,842</td>
</tr>
<tr>
<td>1996</td>
<td>3,842</td>
<td>3,807</td>
</tr>
<tr>
<td>2004</td>
<td>3,807</td>
<td>49,725</td>
</tr>
<tr>
<td>2012</td>
<td>3,571</td>
<td>49,725</td>
</tr>
<tr>
<td>2018</td>
<td>3,698</td>
<td>58,651</td>
</tr>
</tbody>
</table>
In 1995, **200 miles** of highway could be overlaid with $10 million.

Using $10 million today, only **54 miles** of highway can be overlaid.
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
## 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 (in $)</th>
<th>Annual Funds Available for Highway Construction (in $)</th>
<th>Additional Annual State Revenues Needed for Highway Construction Plan (in $)</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>504,000,000</td>
<td>227,000,000</td>
<td>277,000,000</td>
</tr>
<tr>
<td>Capacity Relief</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>Safety Improvements</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>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>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Totals</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
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
(equals 3 cents per gallon)

2.9% Tax On Wholesale Price of Diesel
(equals 6 cents per 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 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 any increased costs.”

– Shannon Newton, Arkansas Trucking Association President
Electric and Hybrid Vehicle Registration Fees

Electric Vehicles - $200 Registration Fee

Hybrid Vehicles - $100 Registration Fee

$2 Million to ARDOT
Senate Bill 336

Casino Revenue

All New Casino Revenue

$35 Million Annually to ARDOT
Motor Fuel Tax $ 58 Million

Electric and Hybrid Vehicle Registration Fees $ 2 Million

Casino Revenue $ 35 Million

Total To ARDOT $ 95 Million
### Senate Bill 336 Summary

<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>

All for System Preservation, Pavements, Bridges, etc.
House Joint Resolution 1018

Proposed Constitutional Amendment

• To Be Voted On In General Election – November 2020
• ½-Cent Sales Tax Permanent After 2023
• Continues To Provide $205 Million To ARDOT Annually
• Continues To Provide $43 Million To Cities Annually
• Continues To Provide $43 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
Promises Made, Promises Kept
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
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
2023 vs. 2024 if HJR1018 Fails

Turnback to Cities
2023 - $156 million
2024 - $113 million

Nearly a 30% Reduction

Turnback to Counties
2023 - $156 million
2024 - $113 million

Nearly a 30% Reduction
Arkansans Need to Decide How to Fund Your Transportation System
Questions?