Economic Growth and Transportation
Highway Investment
Highway Investment

How do highway investments in the state highway system translate into improvements in economic productivity?

An efficient transportation system allows companies to lower transportation costs, which lowers production costs and enhances productivity and profits.

A good highway system promotes tourism and other methods of stimulating the local economy.
Budget

Where to spend money on a tight budget?
Funding Challenges
Challenges

- **12**\(^{\text{th}}\) largest system in the country
- **41**\(^{\text{st}}\) 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

<table>
<thead>
<tr>
<th>Condition</th>
<th>Current</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Fair</td>
<td>58%</td>
<td>46%</td>
</tr>
<tr>
<td>Good</td>
<td>18%</td>
<td>26%</td>
</tr>
</tbody>
</table>

- Poor
- Fair
- Good
<table>
<thead>
<tr>
<th>Pay a Little Now</th>
<th>Pay a Whole Lot Later</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overlay</td>
<td>Reconstruction</td>
</tr>
<tr>
<td>$100,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>per lane mile</td>
<td>per lane mile</td>
</tr>
</tbody>
</table>
THEN

In 1995, **200 miles** of highway could be overlaid with $10 million.

NOW

Using $10 million today, only **54 miles** of highway can be overlaid.
Percent of Highway vs. General Revenue

Includes County & City Aid funds | Excludes CAP funds
Highway Revenue at 14.4% of General Revenue

Excludes County & City Aid funds | Excludes CAP funds
Highway revenue as a percentage of GR steadily drops from:

- **14.4%** in 1980
- **11.3%** in 1988
- **9.4%** in 1996
- **8.7%** in 2004
- **7.6%** in 2012
- **6.6%** in 2016

And that includes three fuel tax increases – **1985, 1991, 1999**.
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.
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></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement</td>
<td>$3,387,000,000</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>$5,040,000,000</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>$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.

$478,000,000
Promises

- Pave the Way
- Rebuilding Arkansas Interstates
- Connecting Arkansas Program
- Voter Approved
2011 Interstate Rehabilitation Program

**Completed**
- 46 Projects
- 290 Miles
- $1.00 Billion

**Under Construction**
- 6 Projects
- 54 Miles
- $314 Million

**Scheduled**
- 27 Projects
- 160 Miles
- $219 Million

LEGEND
- **Blue**: Completed
- **Red**: Under Construction
- **Green**: Scheduled
2012 Connecting Arkansas Program

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

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

**Scheduled**
- 14 Projects
- 57 Miles
- $975 Million

**Legend**
- **Completed**
- **Under Construction**
- **Scheduled**
Governor Hutchinson’s Four T’s:

- Tax Cuts
- Teacher Pay
- Transformation
- Transportation
State Highway Funding

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)
Act 416

Motor Fuel Taxes

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
Casino Revenue

All New Casino Revenue

$35 Million Annually to ARDOT
## Act 416 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
Summary

Act 416 $95 Million
House Joint Resolution 1018 $205 Million
Total To ARDOT $300 Million
Funding

Costs

Revenue
Local Project
Updates
Pavement Preservation

Completed
1 Project
5 Miles
$1 Million

Scheduled
7 Projects
55 Miles
Est. $30 Million
Bridge Replacement

Completed
1 Project
2 Bridges
$2 Million

Under Construction
1 Project
2 Bridges
$29 Million

Scheduled
2 Projects
2 Bridges
Est. $6 Million
U.S. Highway 82 Corridor

Completed
21 Projects
176 Miles
$84 Million

Under Construction
2 Projects
15 Miles
$74 Million

Scheduled
9 Projects
36 Miles
Est. $88 Million
State Highway 167 Corridor

Completed
28 Projects
122 Miles
$467 Million

Under Construction
5 Projects
20 Miles
$118 Million

Scheduled
2 Projects
7 Miles
Est. $30 Million
Scheduled
2 Miles
Est. $10-15 Million
Partnering Projects

Scheduled
2 Projects
8 Miles
Est. $20-35 Million
- Preferred Alignment Identified
- 180 miles
- Estimated Cost to Complete - $3.6 Billion
- 4 “Segments of Independent Utility” (SIUs)
- Federal Earmarked Funds - $300 Million
Construct
Eastern Terminus of Monticello Bypass to Highway 65
2-Lanes
## Funding Summary

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monticello Bypass West</td>
<td>$78 Million</td>
</tr>
<tr>
<td>Right of Way (4-Lanes)</td>
<td>$9 M</td>
</tr>
<tr>
<td>Monticello Bypass to McGehee</td>
<td></td>
</tr>
<tr>
<td>Design and Right of Way (4-Lanes)</td>
<td>$12 M</td>
</tr>
<tr>
<td>Construction (2-Lanes)</td>
<td>$57 M</td>
</tr>
</tbody>
</table>

### Selected by AHC in February 2018

### Unfunded for 2-Lane Facility

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monticello Bypass West</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>$52 Million</td>
</tr>
</tbody>
</table>
Funding Summary

Design Purchase

Right of Way for 4-Lanes
General Election
November 2020
House Joint Resolution 1018

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*
House Joint Resolution 1018

Funding to ARDOT

Act 416

$  95 Million

House Joint Resolution 1018

$205 Million

Total to ARDOT

$300 Million
If passed, ARDOT will focus these funds on:

- **System Preservation**
  - Pavement
  - Bridges
  - Congestion Relief
- **Capital Improvements**