Governor Hutchinson’s Highway Package

Two Bills

Four Revenue Sources

$300 Million Per Year
Act 416

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

Motor Fuel Tax $ 58 Million
Electric and Hybrid Vehicle Registration Fees $ 2 Million
Casino Revenue $ 35 Million

Total to ARDOT $ 95 Million
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

Act 416 $  95 Million
House Joint Resolution 1018 $205 Million
Total To ArDOT $300 Million
Recipe for Success

- Consensus
- Unity
- Bipartisanship
  - Governor
  - Legislature
  - Stakeholders
  - ARDOT
Funding 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:
- 24% Poor
- 58% Fair
- 18% Good

2027 Condition:
- 28% Poor
- 46% Fair
- 26% Good
Pay a Little Now

Overlay
$100,000 per lane mile

Pay a Whole Lot Later

Reconstruction
$1,500,000 per lane mile
In 1995, **200 miles** of highway could be overlaid with $10 million.

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

![Graph showing the percent of highway vs. general revenue over time with marked fuel tax increases in 1985, 1991, and 1999.]

- **1985 Fuel Tax Increase**:
  - 14.4% ($139M)

- **1991 Fuel Tax Increase**:
  - 11.3% ($202M)

- **1999 Fuel Tax Increase**:
  - 9.4% ($297M)

- **2004**:
  - 8.7% ($377M)

- **2012**:
  - 7.6% ($434M)

- **2016**:
  - 6.6% ($423M)

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

Excludes County & City Aid funds | Excludes CAP funds

14.4% $139M
14.4% $259M
14.4% $455M
14.4% $626M
14.4% $829M
14.4% $931M
“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.
## 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>$387,000,000</td>
<td>$137,000,000</td>
<td>$250,000,000</td>
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<tr>
<td>Bridges</td>
<td>117,000,000</td>
<td>90,000,000</td>
<td>27,000,000</td>
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<tr>
<td>Total System Preservation</td>
<td>504,000,000</td>
<td>227,000,000</td>
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<tr>
<td>Capacity Relief</td>
<td>305,000,000</td>
<td>157,000,000</td>
<td>148,000,000</td>
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<tr>
<td>Safety Improvements</td>
<td>86,000,000</td>
<td>44,000,000</td>
<td>42,000,000</td>
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<tr>
<td>Maintenance</td>
<td></td>
<td></td>
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<tr>
<td>Equipment upgrades</td>
<td>19,000,000</td>
<td>19,000,000</td>
<td>8,000,000</td>
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<tr>
<td>Facilities upgrades</td>
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<td>8,000,000</td>
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<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>3,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
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<tr>
<td>Total Maintenance</td>
<td>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
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<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.
Looking Forward

What is the road to good roads?

Governor Asa Hutchinson paves the way for a highway plan to be presented to voters in 2020. But the politics ahead could be bumpy.
Economic Impact of Infrastructure Investment

- Increased Property Values
- Attraction to Businesses
  - Higher Wages
  - More Job Opportunities
- Less Expense on Vehicle Wear and Tear = Greater Expendable Income
- Safety Benefits
  - Reduced Fatalities
  - Reduced Property Damage
Quality of Life is Directly Linked to:

- Reliable Access to:
  - Housing
  - Family, Friends, Spirituality
  - Employment
  - School
  - Health Care
  - Recreation/Entertainment
  - Consumer Goods
  - Consumer Services
$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
2023 vs. 2024 if ½ Cent Sales Tax 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
Looking Forward

ARDOT / Cities / Counties
Educate Public

Stakeholders
Educate Public
Campaign
Arkansans Need to Decide How to Fund Your Transportation System
Questions?