

THE BLUE RIBBON COMMITTEE ON HIGHWAY FINANCE

**A Preliminary Analysis of Debt Capacity for
Infrastructure Improvements**

June 1, 2010

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SOURCES OF REVENUE

This section will examine revenue streams the State could use to secure debt for highway system improvements. These options are based on numbers from the Arkansas Highway and Transportation Department and correlate with the Department's "Fiscal Year 2009 State Revenue Sources". (See Appendix A)

Option 1: Increase the Motor Fuels Tax

This option assumes an increase in the Motor Fuels Tax (MFT), with the increase specifically on gasoline and diesel. These fuels are currently taxed at 21.5 cents per gallon on gasoline and 22.5 cents on diesel. We found that an **increase in the current tax of 2.5 cents is estimated to generate approximately \$33,226,500 annually.**

Option 2: Removal of Sales Tax Exemption on Motor Fuels

Arkansas currently exempts the sale of gasoline and diesel from its state sales tax. Option 2 seeks to remove this exemption and use the revenue from a sales tax on these fuels. The tax would be in addition to the current excise tax on Motor Fuels. **By removing this exemption the State could generate approximately \$123,610,000 annually.**

Option 3: New Sales Tax on New and Used Vehicles

Option 3 provides for a new sales and use tax on used and new vehicles sold to Arkansas residents. We have determined that an increase in the **sales and use tax of ½ cent will generate approximately \$19,540,000 annually.**

DEBT CAPACITY ANALYSIS

Assumptions

- Revenue streams are based on AHTD's revenue projections in Appendix A
- Assumed interest rates as of May 24, 2010 and based on a "AA" credit rating
 - 15 year maturity \pm 3.15%*
 - 20 year maturity \pm 3.54%*
- Coverage is 1.35X
- Maturities of 15 and 20 years
- Fully Funded Debt Service Reserve
- Cost of Issuance: .75%

*Preliminary and subject to change

Summary of Project Funds Generated

	Estimated Annual Revenue	Project Funds with a 15 Year Bond Issue	Project Funds with a 20 Year Bond Issue
Option 1 ½ cent MFT	\$33,226,500	\$264,410,000	\$322,695,000
Option 2 Removal of sales tax exemption	\$123,610,000	\$983,796,000	\$1,200,643,000
Option 3 ½ cent sales tax on vehicles	\$19,540,000	\$155,487,000	\$189,777,000

LEGAL PARAMETERS

Legislative Approval of New Tax

Option 1: Increase the Motor Fuels Tax

An increase in the motor fuels excise tax would require three-fourths approval by both houses of the Arkansas General Assembly. Article 5, §38 of the Arkansas Constitution (added to Article 5 by Amendment 19 in 1934) states that “none of the rates for property, excise, privilege or personal taxes, now levied shall be increased by the General Assembly except after the approval of the qualified electors voting thereon at an election, or in the case of an emergency, by the votes of three-fourths of the members elected to each House of the General Assembly.” The motor fuels tax referenced in Option 1 is an excise tax that was in existence prior 1934 when this provision was added to the Arkansas Constitution. Accordingly, an increase in this tax requires approval by a three-fourths vote of each House.

Option 2: Removal of Sales Tax Exemption on Motor Fuels

The removal of the sales tax exemption on the sale of gasoline and diesel would only need a majority vote of each House. This is because it is a sales tax, and is not one of the taxes listed above in Article 5, § 38 and was not in existence when that provision was added to the Arkansas Constitution. It is important to note, however, that Arkansas is a part of the Streamlined Sales Tax Agreement, which does not allow new taxes to be added at a rate different from the state sales tax rate, with the exception of a few categories covered by the Streamlined Sales Tax Agreement, such as food and utilities. **Therefore, if the sales tax exemption on sales of gasoline and diesel is removed, such sales would be taxed at the full rate of the state sales tax.** In other words, a sales tax on gasoline and diesel sales could not be phased in gradually or taxed at a lesser amount.

Option 3: New Sales Tax on New and Used Vehicles

An increase in the sales tax on new and used vehicles would only require a majority vote of each House for the same reasons as Option 2. Although this is a sales tax, there are no issues with the Streamlined Sales Tax Agreement because vehicles are not covered by the Streamlined Sales Tax Agreement. This would allow Arkansas to tax the sale of vehicles at a rate different from the state sales tax rate. Therefore, it would not be problematic to increase the tax on the sale of new and used vehicles.

Legislative Authority for the Issuance of Bonds

There is no statutory authority currently in place that would allow the State to issue bonds secured by dedicated funds received from one of the options presented. In order for the State to issue bonds, new bonding authority would need to be created through an act of the Legislature. The legislation on the new tax should include authority to issue bonds payable from the new tax revenues. Similar legislation has been previously adopted for highway bonds, as well as other bonds secured by a dedicated source of funds. Bonds would have to be approved by a majority of the qualified electors at a statewide election, which could be held at the same time as a general or primary election or at a special statewide election, and cannot simply be authorized by the legislature without voter approval.

The legislation must contain authorization for the Highway Commission to issue the bonds, subject to voter approval, and would also need to set forth the purposes for which bond proceeds could be spent. The legislation should include details pertaining to the election, such as the ballot and ballot title, and whether approval by the Governor would be required.

The procedure for the issuance of bonds by the State Highway Commission would also be covered in the legislation; specifically it should contain the steps that must be taken by the State Highway Commission, such as the authorization of the bonds through a resolution and the authority to execute necessary documents pertaining to the bonds.

The legislation should also include specifications relating to the bonds, such as limitations on maturity dates, manner of sale, and investment of bond proceeds, and the authority to employ professionals needed to accomplish the issuance of the bonds. The act will also need to specify the sources of repayment of the bonds, as well as the security for the bonds, and how the sources for repayment will be designated and segregated from the general fund. In addition, the legislation should contain authority for the refunding of the bonds

APPENDIX A

ESTIMATES FOR PLANNING PURPOSES ONLY FISCAL YEAR 2009 STATE REVENUE SOURCES

(in millions of dollars based on SFY 2009)

	TOTAL STATE REVENUE	NET REVENUE AMOUNT ¹	YEARLY AMOUNT TO AHTD (70%)	YEARLY AMOUNT TO CITIES ² (15%)	YEARLY AMOUNT TO COUNTIES ³ (15%)
CURRENT SOURCES TO AHTD, CITIES, AND COUNTIES					
Option 1					
A. Motor Fuels Revenue⁴	426.64 M	413.84 M	289.69 M	62.08 M	62.08 M
Gasoline (21.5¢ per gallon)	298.23 M	289.28 M	202.50 M	43.39 M	43.39 M
Diesel (22.5¢ per gallon)	128.31 M	124.46 M	87.12 M	18.67 M	18.67 M
LPG (16.5¢ per gallon)/ CNG (5.0¢ per gallon)	0.10 M	0.10 M	0.07 M	0.01 M	0.01 M
B. Motor Vehicle Registration Fees	112.05 M	108.69 M	76.08 M	16.30 M	16.30 M
Automobiles & Pickups	49.90 M	48.41 M	33.88 M	7.26 M	7.26 M
Heavy Trucks (Includes In-state and Out-of-state IRP fees)	52.45 M	50.88 M	35.62 M	7.63 M	7.63 M
Other Vehicles	9.70 M	9.41 M	6.58 M	1.41 M	1.41 M
C. Miscellaneous Revenues⁵	43.49 M	40.82 M	35.09 M	2.31 M	2.31 M
D. Natural Gas Severance Tax⁶	9.60 M	8.83 M	6.18 M	1.32 M	1.32 M
E. Total Current Revenues	591.78 M	572.18 M	407.05 M	82.01 M	82.01 M
OTHER REVENUE SOURCES					
A. Highway-user Sources					
Additional 1 cent Motor Fuel Tax					
1 cent motor fuel tax ⁷	20.23 M	19.62 M	13.73 M	2.94 M	2.94 M
1 cent gasoline tax	14.14 M	13.72 M	9.60 M	2.06 M	2.06 M
1 cent diesel tax	6.08 M	5.90 M	4.13 M	0.89 M	0.89 M
Increase Registration Fees on:					
Autos and Pickups by \$10	22.59 M	21.91 M	15.34 M	3.29 M	3.29 M
In-State Trucks by \$150 (except pickups)	12.90 M	12.52 M	8.76 M	1.88 M	1.88 M
In and Out-of State Heavy Trucks from \$1,350 to \$1,500 ⁸	4.50 M	4.37 M	3.06 M	0.66 M	0.66 M
Option 2					
Remove Sales Tax Exemption on Motor Fuels					
(wholesale price of \$2.00 per gallon) ^{9,10}	182.04 M	176.58 M	123.61 M	26.49 M	26.49 M
Gasoline	127.28 M	123.46 M	86.42 M	18.52 M	18.52 M
Diesel	54.76 M	53.12 M	37.18 M	7.97 M	7.97 M
Transfer 4.50% Sales Tax on: ¹⁰					
New Vehicles	150.00 M	145.50 M	101.85 M	21.83 M	21.83 M
Used Vehicles	109.00 M	105.73 M	74.01 M	15.86 M	15.86 M
Option 3					
Auto Repair Parts and Service ¹¹	156.09 M	151.41 M	105.99 M	22.71 M	22.71 M
Retail Tire Sales ¹²	13.58 M	13.17 M	9.22 M	1.98 M	1.98 M
Retail Battery Sales	0.94 M	0.91 M	0.64 M	0.14 M	0.14 M
Off Road Diesel Fuel	55.45 M	53.79 M	37.65 M	8.07 M	8.07 M
Weight Distance Tax (1 cent per mile) ¹³	35.83 M	34.76 M	24.33 M	5.21 M	5.21 M
\$1 Battery Fee	0.60 M	0.58 M	0.41 M	0.09 M	0.09 M
\$1 Tire Fee	2.70 M	2.62 M	1.83 M	0.39 M	0.39 M
B. Non Highway-user Sources					
Increase General Sales and Use Tax - 1%	462.50 M	448.63 M	314.04 M	67.29 M	67.29 M
Increase Income Tax - 1%	25.60 M	24.83 M	17.38 M	3.72 M	3.72 M
Individual Income Tax	22.38 M	21.71 M	15.20 M	3.26 M	3.26 M
Corporate Income Tax	3.22 M	3.12 M	2.19 M	0.47 M	0.47 M
Transfer Severance Tax ¹⁴	23.44 M	22.74 M	15.92 M	3.41 M	3.41 M
1% Increase in Natural Gas Severance Tax ¹⁵	14.75 M	13.57 M	9.50 M	2.04 M	2.04 M

NOTES

¹ These amounts reflect a 3% deduction to the Central Services Fund. Total net amount is distributed 70% to AHTD, 15% to both Cities and Counties.

² Allocation to Cities is based on population.

³ Allocation to Counties is based on formula as follows: 31% on area, 17.5% on license fees collected, 17.5% on total population, 13.5% on rural population, and 20.5% distributed

⁴ Excludes \$8.2 M of Motor Fuel Tax Refunds and \$20.4 M to State Aid. Rate excludes underground storage tank fee of 0.3¢ per gallon.

⁵ Includes OS/OW Permits, Title Transfer Fees, Driver Search Fees, Interest, and Other Fees. Only Interest and Other Fees are distributed 70/15/15.

⁶ Natural gas severance tax for 2010 as projected by Fiscal Services.

⁷ Motor Fuel means the combined amounts for Gasoline and Diesel.

⁸ Amounts are 2009 data for International Registration Plan (IRP).

⁹ Assumes no change in point of collection. Price of fuel only. Does not include State and Federal taxes.

¹⁰ Assumes only the General portion (4.5%) will be available to AHTD while the remainder is dedicated for special purposes.

¹¹ Estimates based on Department of Finance and Administration's 2001 data and projected to 2009.

¹² Retail tire sales calculated by AHTD based on information provided by DFA.

¹³ Based on 3.6 billion qualifying miles (loaded miles for trucks registered over 73,280 pounds).

¹⁴ Based on all severance taxes collected from both special and general revenue sources (not including the severance tax for natural gas).

¹⁵ Based on Fiscal Service's estimate for calendar year 2010.

Totals may not sum due to rounding. Revised 12/30/09

APPENDIX B

DETAILED FINANCING OPTIONS

WITH A 15 YEAR MATURITY

Option I - 15 Years

1/2 cent MFT

Arkansas Highway Department

Highway Revenue Bonds

Series 2010

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$291,205,000.00
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Total Sources	\$291,205,000.00
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Uses Of Funds

Deposit to Project Construction Fund	264,410,000.00
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Deposit to Debt Service Reserve Fund (DSRF)	24,610,632.50
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Costs of Issuance	2,184,037.50
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Rounding Amount	330.00
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Total Uses	\$291,205,000.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	16,775,000.00	0.750%	7,832,475.00	24,607,475.00
7/1/2012	16,900,000.00	1.000%	7,706,662.50	24,606,662.50
7/1/2013	17,070,000.00	1.375%	7,537,662.50	24,607,662.50
7/1/2014	17,305,000.00	1.750%	7,302,950.00	24,607,950.00
7/1/2015	17,610,000.00	2.000%	7,000,112.50	24,610,112.50
7/1/2016	17,960,000.00	2.400%	6,647,912.50	24,607,912.50
7/1/2017	18,390,000.00	2.700%	6,216,872.50	24,606,872.50
7/1/2018	18,890,000.00	2.900%	5,720,342.50	24,610,342.50
7/1/2019	19,435,000.00	3.100%	5,172,532.50	24,607,532.50
7/1/2020	20,040,000.00	3.250%	4,570,047.50	24,610,047.50
7/1/2021	20,690,000.00	3.350%	3,918,747.50	24,608,747.50
7/1/2022	21,385,000.00	3.450%	3,225,632.50	24,610,632.50
7/1/2023	22,120,000.00	3.550%	2,487,850.00	24,607,850.00
7/1/2024	22,905,000.00	3.600%	1,702,590.00	24,607,590.00
7/1/2025	23,730,000.00	3.700%	878,010.00	24,608,010.00
Total	\$291,205,000.00	-	\$77,920,400.00	\$369,125,400.00

Yield Statistics

Bond Year Dollars	\$2,470,370.00
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Average Life	8.483 Years
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Average Coupon	3.1541996%
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Net Interest Cost (NIC)	3.1541996%
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True Interest Cost (TIC)	3.1213655%
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Bond Yield for Arbitrage Purposes	3.1213655%
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All Inclusive Cost (AIC)	3.2253435%
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IRS Form 8038

Net Interest Cost	3.1541996%
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Weighted Average Maturity	8.483 Years
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**Option II - 15 Year
Removal of sales tax redemption
Arkansas Highway Department
Highway Revenue Bonds
Series 2010**

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$1,083,485,000.00
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Total Sources

\$1,083,485,000.00

Uses Of Funds

Deposit to Project Construction Fund	983,796,000.00
Deposit to Debt Service Reserve Fund (DSRF)	91,561,915.00
Costs of Issuance	8,126,137.50
Rounding Amount	947.50

Total Uses

\$1,083,485,000.00

Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	62,415,000.00	0.750%	29,142,098.76	91,557,098.76
7/1/2012	62,885,000.00	1.000%	28,673,986.26	91,558,986.26
7/1/2013	63,515,000.00	1.375%	28,045,136.26	91,560,136.26
7/1/2014	64,390,000.00	1.750%	27,171,805.00	91,561,805.00
7/1/2015	65,515,000.00	2.000%	26,044,980.00	91,559,980.00
7/1/2016	66,825,000.00	2.400%	24,734,680.00	91,559,680.00
7/1/2017	68,430,000.00	2.700%	23,130,880.00	91,560,880.00
7/1/2018	70,275,000.00	2.900%	21,283,270.00	91,558,270.00
7/1/2019	72,315,000.00	3.100%	19,245,295.00	91,560,295.00
7/1/2020	74,555,000.00	3.250%	17,003,530.00	91,558,530.00
7/1/2021	76,980,000.00	3.350%	14,580,492.50	91,560,492.50
7/1/2022	79,560,000.00	3.450%	12,001,662.50	91,561,662.50
7/1/2023	82,305,000.00	3.550%	9,256,842.50	91,561,842.50
7/1/2024	85,225,000.00	3.600%	6,335,015.00	91,560,015.00
7/1/2025	88,295,000.00	3.700%	3,266,915.00	91,561,915.00
Total	\$1,083,485,000.00	-	\$289,916,588.78	\$1,373,401,588.78

Yield Statistics

Bond Year Dollars	\$9,191,450.00
Average Life	8.483 Years
Average Coupon	3.1541986%
Net Interest Cost (NIC)	3.1541986%
True Interest Cost (TIC)	3.1213636%
Bond Yield for Arbitrage Purposes	3.1213636%
All Inclusive Cost (AIC)	3.2253421%

IRS Form 8038

Net Interest Cost	3.1541986%
Weighted Average Maturity	8.483 Years

Option III - 15 Years
1/2 cent sales tax on vehicles
Arkansas Highway Department
Highway Revenue Bonds
Series 2010

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$171,245,000.00
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Total Sources	\$171,245,000.00
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Uses Of Funds

Deposit to Project Construction Fund	155,487,000.00
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Deposit to Debt Service Reserve Fund (DSRF)	14,473,110.00
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Costs of Issuance	1,284,337.50
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Rounding Amount	552.50
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Total Uses	\$171,245,000.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	9,865,000.00	0.750%	4,605,907.50	14,470,907.50
7/1/2012	9,940,000.00	1.000%	4,531,920.00	14,471,920.00
7/1/2013	10,040,000.00	1.375%	4,432,520.00	14,472,520.00
7/1/2014	10,175,000.00	1.750%	4,294,470.00	14,469,470.00
7/1/2015	10,355,000.00	2.000%	4,116,407.50	14,471,407.50
7/1/2016	10,560,000.00	2.400%	3,909,307.50	14,469,307.50
7/1/2017	10,815,000.00	2.700%	3,655,867.50	14,470,867.50
7/1/2018	11,105,000.00	2.900%	3,363,862.50	14,468,862.50
7/1/2019	11,430,000.00	3.100%	3,041,817.50	14,471,817.50
7/1/2020	11,785,000.00	3.250%	2,687,487.50	14,472,487.50
7/1/2021	12,165,000.00	3.350%	2,304,475.00	14,469,475.00
7/1/2022	12,575,000.00	3.450%	1,896,947.50	14,471,947.50
7/1/2023	13,010,000.00	3.550%	1,463,110.00	14,473,110.00
7/1/2024	13,470,000.00	3.600%	1,001,255.00	14,471,255.00
7/1/2025	13,955,000.00	3.700%	516,335.00	14,471,335.00
Total	\$171,245,000.00	-	\$45,821,690.00	\$217,066,690.00

Yield Statistics

Bond Year Dollars	\$1,452,715.00
Average Life	8.483 Years
Average Coupon	3.1542106%
Net Interest Cost (NIC)	3.1542106%
True Interest Cost (TIC)	3.1213753%
Bond Yield for Arbitrage Purposes	3.1213753%
All Inclusive Cost (AIC)	3.2253537%

IRS Form 8038

Net Interest Cost	3.1542106%
Weighted Average Maturity	8.483 Years

DETAILED FINANCING OPTIONS
WITH A 20 YEAR MATURITY

Option I - 20 Years
1/2 cent MFT

Arkansas Highway Department
Highway Revenue Bonds
Series 2010

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$349,930,000.00
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Total Sources	\$349,930,000.00
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Uses Of Funds

Deposit to Project Construction Fund	322,695,000.00
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Deposit to Debt Service Reserve Fund (DSRF)	24,610,405.00
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Costs of Issuance	2,624,475.00
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Rounding Amount	120.00
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Total Uses	\$349,930,000.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	13,840,000.00	0.750%	10,766,511.26	24,606,511.26
7/1/2012	13,945,000.00	1.000%	10,662,711.26	24,607,711.26
7/1/2013	14,085,000.00	1.375%	10,523,261.26	24,608,261.26
7/1/2014	14,280,000.00	1.750%	10,329,592.50	24,609,592.50
7/1/2015	14,530,000.00	2.000%	10,079,692.50	24,609,692.50
7/1/2016	14,820,000.00	2.400%	9,789,092.50	24,609,092.50
7/1/2017	15,175,000.00	2.700%	9,433,412.50	24,608,412.50
7/1/2018	15,585,000.00	2.900%	9,023,687.50	24,608,687.50
7/1/2019	16,035,000.00	3.100%	8,571,722.50	24,608,722.50
7/1/2020	16,535,000.00	3.250%	8,074,637.50	24,609,637.50
7/1/2021	17,070,000.00	3.350%	7,537,250.00	24,607,250.00
7/1/2022	17,645,000.00	3.450%	6,965,405.00	24,610,405.00
7/1/2023	18,250,000.00	3.550%	6,356,652.50	24,606,652.50
7/1/2024	18,900,000.00	3.600%	5,708,777.50	24,608,777.50
7/1/2025	19,580,000.00	3.700%	5,028,377.50	24,608,377.50
7/1/2026	20,305,000.00	3.800%	4,303,917.50	24,608,917.50
7/1/2027	21,075,000.00	3.850%	3,532,327.50	24,607,327.50
7/1/2028	21,885,000.00	3.900%	2,720,940.00	24,605,940.00
7/1/2029	22,740,000.00	4.000%	1,867,425.00	24,607,425.00
7/1/2030	23,650,000.00	4.050%	957,825.00	24,607,825.00
Total	\$349,930,000.00	-	\$142,233,218.78	\$492,163,218.78

Yield Statistics

Bond Year Dollars	\$4,020,450.00
Average Life	11.489 Years
Average Coupon	3.5377438%
Net Interest Cost (NIC)	3.5377438%
True Interest Cost (TIC)	3.4936933%
Bond Yield for Arbitrage Purposes	3.4936933%
All Inclusive Cost (AIC)	3.5764376%

IRS Form 8038

Net Interest Cost	3.5377438%
Weighted Average Maturity	11.489 Years

Option II - 20 Years
Removal of sales tax redemption
Arkansas Highway Department
Highway Revenue Bonds
Series 2010

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$1,301,970,000.00
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Total Sources	\$1,301,970,000.00
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Uses Of Funds

Deposit to Project Construction Fund	1,200,643,000.00
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Deposit to Debt Service Reserve Fund (DSRF)	91,561,625.00
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Costs of Issuance	9,764,775.00
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Rounding Amount	600.00
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Total Uses	\$1,301,970,000.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	51,500,000.00	0.750%	40,058,663.76	91,558,663.76
7/1/2012	51,885,000.00	1.000%	39,672,413.76	91,557,413.76
7/1/2013	52,405,000.00	1.375%	39,153,563.76	91,558,563.76
7/1/2014	53,125,000.00	1.750%	38,432,995.00	91,557,995.00
7/1/2015	54,055,000.00	2.000%	37,503,307.50	91,558,307.50
7/1/2016	55,135,000.00	2.400%	36,422,207.50	91,557,207.50
7/1/2017	56,460,000.00	2.700%	35,098,967.50	91,558,967.50
7/1/2018	57,985,000.00	2.900%	33,574,547.50	91,559,547.50
7/1/2019	59,665,000.00	3.100%	31,892,982.50	91,557,982.50
7/1/2020	61,515,000.00	3.250%	30,043,367.50	91,558,367.50
7/1/2021	63,515,000.00	3.350%	28,044,130.00	91,559,130.00
7/1/2022	65,645,000.00	3.450%	25,916,377.50	91,561,377.50
7/1/2023	67,910,000.00	3.550%	23,651,625.00	91,561,625.00
7/1/2024	70,320,000.00	3.600%	21,240,820.00	91,560,820.00
7/1/2025	72,850,000.00	3.700%	18,709,300.00	91,559,300.00
7/1/2026	75,545,000.00	3.800%	16,013,850.00	91,558,850.00
7/1/2027	78,415,000.00	3.850%	13,143,140.00	91,558,140.00
7/1/2028	81,435,000.00	3.900%	10,124,162.50	91,559,162.50
7/1/2029	84,610,000.00	4.000%	6,948,197.50	91,558,197.50
7/1/2030	87,995,000.00	4.050%	3,563,797.50	91,558,797.50
Total	\$1,301,970,000.00	-	\$529,208,416.28	\$1,831,178,416.28

Yield Statistics

Bond Year Dollars	\$14,958,865.00
Average Life	11.489 Years
Average Coupon	3.5377578%
Net Interest Cost (NIC)	3.5377578%
True Interest Cost (TIC)	3.4937083%
Bond Yield for Arbitrage Purposes	3.4937083%
All Inclusive Cost (AIC)	3.5764520%

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Net Interest Cost	3.5377578%
Weighted Average Maturity	11.489 Years

Option III - 20 Years
1/2 cent sales tax on vehicles
Arkansas Highway Department
Highway Revenue Bonds
Series 2010

Preliminary Sources & Uses

Dated 07/01/2010 | Delivered 07/01/2010

Sources Of Funds

Par Amount of Bonds	\$205,795,000.00
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Total Sources	\$205,795,000.00
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Uses Of Funds

Deposit to Project Construction Fund	189,777,000.00
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Deposit to Debt Service Reserve Fund (DSRF)	14,473,840.00
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Costs of Issuance	1,543,462.50
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Rounding Amount	697.50
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Total Uses	\$205,795,000.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
7/1/2010	-	-	-	-
7/1/2011	8,140,000.00	0.750%	6,331,871.26	14,471,871.26
7/1/2012	8,200,000.00	1.000%	6,270,821.26	14,470,821.26
7/1/2013	8,285,000.00	1.375%	6,188,821.26	14,473,821.26
7/1/2014	8,395,000.00	1.750%	6,074,902.50	14,469,902.50
7/1/2015	8,545,000.00	2.000%	5,927,990.00	14,472,990.00
7/1/2016	8,715,000.00	2.400%	5,757,090.00	14,472,090.00
7/1/2017	8,925,000.00	2.700%	5,547,930.00	14,472,930.00
7/1/2018	9,165,000.00	2.900%	5,306,955.00	14,471,955.00
7/1/2019	9,430,000.00	3.100%	5,041,170.00	14,471,170.00
7/1/2020	9,725,000.00	3.250%	4,748,840.00	14,473,840.00
7/1/2021	10,040,000.00	3.350%	4,432,777.50	14,472,777.50
7/1/2022	10,375,000.00	3.450%	4,096,437.50	14,471,437.50
7/1/2023	10,735,000.00	3.550%	3,738,500.00	14,473,500.00
7/1/2024	11,115,000.00	3.600%	3,357,407.50	14,472,407.50
7/1/2025	11,515,000.00	3.700%	2,957,267.50	14,472,267.50
7/1/2026	11,940,000.00	3.800%	2,531,212.50	14,471,212.50
7/1/2027	12,395,000.00	3.850%	2,077,492.50	14,472,492.50
7/1/2028	12,870,000.00	3.900%	1,600,285.00	14,470,285.00
7/1/2029	13,375,000.00	4.000%	1,098,355.00	14,473,355.00
7/1/2030	13,910,000.00	4.050%	563,355.00	14,473,355.00
Total	\$205,795,000.00	-	\$83,649,481.28	\$289,444,481.28

Yield Statistics

Bond Year Dollars	\$2,364,475.00
Average Life	11.489 Years
Average Coupon	3.5377613%
Net Interest Cost (NIC)	3.5377613%
True Interest Cost (TIC)	3.4937118%
Bond Yield for Arbitrage Purposes	3.4937118%
All Inclusive Cost (AIC)	3.5764552%

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Net Interest Cost	3.5377613%
Weighted Average Maturity	11.489 Years