

WORKING GROUP MENU

RECOMMENDED REVENUE SOURCES

1. Index Motor Fuels Excise Taxes to the Construction Cost Index 3-year trailing average with a 2¢/year cap and a hard floor.
2. New Excise Tax on the Wholesale Price of Motor Fuels
3. Transfer the Retail Sales Tax on new and used cars, tires, batteries, and auto parts and services from the general fund to the highway fund in increments using triggers that protect the general fund agencies.
4. A ½¢ general sales tax to fund a ten year bond program, ending when the bonds are paid-off
5. Increase the State Aid to Counties program from 1¢ to 3¢ in ½¢ increments and indexing it to the CCI-3 thereafter.
6. Create a new State Aid to Cities program for urban arterials beginning at 1 ½¢ per gallon and increasing to 3¢ per gallon in ½¢ increments and indexing it to the CCI-3 thereafter.

Other:

RECOMMENDED STUDIES

1. **Heavy Truck Study** – AHTD should analyze the 2010 FHWA Cost Allocation Study when it is released and determine, using the recommended methodology therein, if any adjustments should be made to the state diesel tax and heavy truck license fees so that heavy trucks using Arkansas roads pay a fair amount to the highway fund to account for the damage they do to Arkansas highways.
2. **License Fee Study** – The Department of Finance and Administration should undertake a study on modernizing and simplifying Arkansas' vehicle license fee classification system. The study should recommend a method for raising Arkansas license fees to the regional average over a decade. Heavy truck license fees should be equalized based on weight class regardless of use and should reflect the results of the cost allocation study mentioned above.

3. State Highway System Reduction Study - AHTD should be tasked to identify those current and planned new state highways that meet defined strategic objectives. A target cap on state mileage would be 10,000 miles but could vary from that, based on the results of the study.

4. Pavement Condition Assessment of Local Roadways -- In order to determine the system preservation needs of city and county road systems, a professional pavement analysis should be conducted prior to the 2013 legislative session. To the extent possible, a single contractor using methods and standards acceptable to AHTD should conduct the work. The assessment should be funded with a set aside off the top of state turnback funds for cities and counties.

5. Multi-County Regional Transportation Districts – An interim study should be undertaken on the desirability and methods for the establishment of special districts -- Regional Transportation Districts – throughout the state of Arkansas with broad local option taxing capacity to provide sub-state transportation facilities and revenues. The RTDs should have powers similar to the Regional Mobility Authorities, be established generally along commute sheds within the state to capture sub-state market areas, and should have multi-county taxing authority subject to popular vote within each district.

Other:

RECOMMENDED LEGISLATION

1. City County Reporting on State Aid Expenditures

Cities and counties will be required to annually report state aid expenditures by location, amount and type of expenditure. AHTD, the Arkansas Municipal League and the Arkansas Association of Counties will jointly develop and recommend reporting formats and standards.

2. Required County Minimum Tax Effort

There should be a minimum local tax effort required in order to receive highway turnback funds. In order to receive any state aid above that received in 2010, counties should be required to levy and maintain a county road tax millage of 2.5 mils or higher. If a county has a county sales tax dedicated by ballot language to roads and that tax generates an annual amount of funding equal to or greater than

that that would have been generated by the difference between 2.5 mils and the county road millage, it would be deemed to have met this requirement.

3. Constitutional Amendment to Raise 3 mil Limit for county road tax.

A constitutional amendment should be offered to allow county quorum courts to remove the limitation on the amount of the county road tax provided any such tax levied over 3 mils must be approved by the voters of the county.

4. RMA/RTD tax capacity and multi-county taxing authority

Regional transportation districts, if established by law, or regional mobility authorities currently authorized by law should be created as special taxing districts to allow/establish multi-county taxing authorities for the purpose of improving surface transportation facilities and services within the designated region.

Other:

OTHER RECOMMENDATIONS

1. Vehicle Miles Traveled Tax – AHTD should actively monitor work done by FHWA or by the states on implementation standards for a vehicle miles traveled tax. The target date for phasing in a VMT tax should be 2020 as the average fleet fuel efficiency is projected to rapidly increase at that point and increasingly undermine the revenue base for the traditional excise tax.

2. Tolling/public Private Partnerships – AHTD should actively investigate the potential for tolling any new capacity on controlled access roadways as well as the potential for public-private partnerships on major projects to deliver cost savings and improve project delivery over traditional methods.

Other: