

MINUTES

SENATE INTERIM COMMITTEE ON TRANSPORTATION, TECHNOLOGY & LEGISLATIVE AFFAIRS

HOUSE INTERIM COMMITTEE ON PUBLIC TRANSPORTATION

Monday, April 23, 2012

The Senate Interim Committee on Transportation, Technology and Legislative Affairs and the House Interim Committee on Public Transportation met jointly at 12:15 p.m., Monday, April 23, 2012, in Pinnacle Country Club, #3 Clubhouse Drive, Rogers, Arkansas.

Committee members in attendance: Senator Mike Fletcher; Representatives Jonathan Barnett, Chair; Lori Benedict, John Catlett, Josh Johnston, Loy Mauch, David Meeks, Leslee Milam Post, Betty Overbey, Gary Stubblefield, and Tommy Thompson. Non-Voting members in attendance: Representative Les "Skip" Carnine.

City, County and Local Affairs Committee members in attendance: Senators Mike Fletcher and Eddie Joe Williams; Representatives Nate Bell, David L. Branscum, Josh Johnston, Betty Overbey, Leslee Milam Post, Mary L. Slinkard, Tim Summers, Tommy Thompson, and Charolette Wagner, Chair.

Other legislators in attendance: Senators Cecile Bledsoe, Kim Hendren, Gene Jeffress, Jimmy Jeffress, and Johnny Key; Representatives Duncan Baird, John Burris, Gary Deffenbaugh, Debra Hobbs, Uvalde Lindsey, Stephanie Malone, James McLean, Mike Patterson, James Ratliff, Gary L. Smith, Randy Stewart, Bobby Pierce, and John Vines.

The meeting was called to order by Representative Jonathan Barnett, Chair, House Committee on Public Transportation.

Comments by Committee Chair

Representative Barnett welcomed everyone to Northwest Arkansas and recognized Mr. Michael Lindsey, Rogers Chamber of Commerce.

Consideration to approve Minutes of March 28, 2012, and March 29, 2012 [Exhibits C1 and C2]

Senator Fletcher made a motion to approve the minutes of March 28, 2012, and March 29, 2012, seconded by Representative Stubblefield. The minutes were approved.

Review of the Arkansas State Highway and Transportation Department's Surface Transportation Improvement Program, 0.50% Sales Tax ballot question and City/State Highway Partnerships (Attachment 1)

Mr. Scott Bennett, Director, Arkansas Highway and Transportation Department (AHTD), was recognized for a PowerPoint presentation. Mr. Bennett discussed AHTD's many challenges. The AHTD is the 12th largest system in the country and 43rd in highway revenue per mile. Revenue needed for projects is \$23 billion with only \$4 billion in available revenue. Administrative cost for Arkansas is \$1,821 per mile while the national average is \$12,772 per mile. Employment levels have dropped from 4,016 in 1992 to 3,604 in 2012. The hope is to meet expectations by partnering agreements. That is, projects must be on the state highway system, sponsored by a city, county, and/or other state agency, and be eligible for state and federal funding. Possible types of partnering include providing right-of-way, assuming ownership and maintenance after construction, or providing funds towards total project cost.

In a joint commission meeting with the Arkansas Economic Development Commission and the Arkansas Department of Parks and Tourism, there was a discussion about the need for a 4-lane grid system, as this will help with safety, mobility and economic development. The 2011 Interstate Rehabilitation Program was referred to the voters in November, with 81% voting for the program. AHTD will start on this program later this year and will be able to issue bonds and start reconstruction of the interstate system. Another opportunity for revenue is the temporary 0.5% sales tax which is specifically for widening highways to 4 lanes and improving 4-lane highways. The 4-lane grid system will be listed as Issue #1 on the November 6, 2012, ballot. The sales tax is a temporary increase and will generate approximately \$230 million a year. Every city and county will receive turn-back money from this program. Another benefit of this program is that it will

create a state aid street fund for city streets by setting aside 1¢ per gallon of fuel tax revenue for approximately \$20 million a year, specifically for improvements to city streets. The Act authorizes the AHTD to issue \$1.3 billion in bonds with the 0.5% sales tax expiring when the bonds are retired in 10 years. This would generate approximately \$1.8 billion.

Benefits of Temporary 0.5% Tax:

- completion of widening I-540 to 6 lanes between Fayetteville and Bentonville
- completion of initial 2 lanes of the ultimate 4 lanes of the Bella Vista Bypass (Future I-49)
- beginning the 4 lane construction of the U.S. Highway 412 Bypass (Springdale) from I-540 westward to XNA Connector
- completion of widening I-40 to 6 lanes between Conway and North Little Rock
- completion of widening U. S. Highway 67 to 6 lanes from Jacksonville to Cabot
- improvements to I-30 connecting Little Rock and North Little Rock, including widening the Arkansas River bridge
- completion of widening U. S. Highway 64 to 4 lanes between Conway and Beebe
- completion of widening U. S. Highway 70 to 4 lanes between I-30 and Hot Springs
- completion of widening U. S. Highway 167 to 4 lanes between I-530 and El Dorado
- completion of widening U. S. Highway 412 to 4 lanes between Paragould and Walnut Ridge
- completion of widening U. S. Highway 425 to 4 lanes from Hamburg to the Louisiana state line
- completion of widening U. S. Highway 18 to 4 lanes between Jonesboro and Blytheville
- continuation of widening U. S. Highway 65 to 4 lanes from Clinton northward
- continuation of widening U. S. Highway 65 to 4 lanes from Bellefonte southward
- continuation of widening U. S. Highway 64 to 4 lanes between Marion and Wynne
- continuation of widening U. S. Highway 270 to 4 lanes from Hot Springs westward
- beginning the widening of U. S. Highway 82 to 4 lanes between Texarkana and El Dorado

Representative Summers asked about the interest rate on the bonds. Mr. Bennett said the interest rate was 3%-3.5% with inflation increasing anywhere from 5%-10% per year.

Representative Stubblefield asked about any new development on toll roads. Mr. Bennett said the most recent consideration for a toll road is at the Bella Vista Bypass, which is a \$250 million project. Tolls would generate approximately \$100 million in revenue over a 40-year period. An alternative would be to issue \$100 million in bonds and have the money immediately to build a 4-lane divided interstate type road, but would need an additional \$150 million to complete the construction so the road could be opened to start collecting tolls. If the 0.5% sales tax passes, there may be an opportunity to pay down the shortfall by building an additional 2 lanes and possibly build the other 2 lanes and collect toll revenues to pay for it. There is also a possibility of tolling I-40 from North Little Rock to West Memphis to provide the cost of widening to 6 lanes but, even if everything is feasible, we may not get federal approval.

Representative Hobbs asked about the percentage of work done in-house and the percentage contracted out. Mr. Bennett said, with a normal program, approximately 90% of the work is done in-house, with consultants doing some design and survey work. With the interstate program, more work will be done by consultants and the majority of work will be done by firms in-state. **Representative Hobbs asked Mr. Bennett to send her the figures on work done in-house versus contracted out.**

Mr. Dick Trammel, Commissioner, Arkansas State Highway Commission, said if the 10-year bond issue passed, it would generate 40,000 jobs for the state of Arkansas. Mr. Bennett said that for every dollar put into highway improvements, a \$5.50 return is generated back into the state's economy.

There being no further business, the meeting was adjourned.