

STATE HIGHWAY & TRANSPORTATION DEPARTMENT (0090)
FISCAL YEAR 2015

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Arkansas State Highway Commission became constitutional with the Mack-Blackwell Amendment in 1952 and is responsible for maintaining and improving the State Highway System, including the planning, design and management of highway projects and administering the State Highway Employees Retirement System. The five commissioners are appointed by the Governor, with advice and consent of the Senate, for ten year terms.

Act 511 of 2007 authorized, and approved by voters in 2011, the issuance of bonds, together with previous authorized issuances (Act 1027 of '99) not to exceed \$575 million, to be repaid with federal GARVEE (Grant Anticipation Revenue Vehicles) funds and an Act 1028 of 1999 4 cents per gallon increase in the diesel fuel tax; the bonds are backed by the faith and credit of the State.

HJR1001 of 2011, approved by voters in 2012, amended a temporary (no more than 10 yrs.) one-half cent sales tax (effective 7-1-13) into the Constitution (Amd.91) to fund Four-Lane Highway Construction and Improvement Bonds with total principal not to exceed \$1.3 Billion and permanently dedicated one cent of existing fuel tax to municipal street aid.

TOTAL BUDGET

The Department's appropriation total is approximately \$2.23 billion, including funding from new bonds and repayment pursuant to Constitutional Amendment 91 for a temporary one-half percent sales & use tax.

FUNDING SOURCE

The budget is funded from approximately 25% Special Revenue (includes 70% of 21.5 gas & 22.5 diesel cents per gallon, title transfer, & MV license, Natural Gas Severance Tax, all of 1 cent additional per gallon, Commercial Truck Safety Fee & overweight/trip permits), 28% Federal Funds, 23% new bond proceeds and sales & use tax receipts (Amend. 91), 10% Trust Funds (Hwy Retirement Sys), with the remaining as GARVEE bond proceeds (7%), fund balances (5%), Non-Revenue receipts (Cities, Counties, interest, job credits), other receipts (scrap sales, insurance proceeds, etc.), and General Revenue (\$2.9 million, Miscellaneous Agencies Fund).

II) APPROPRIATION/CHANGES

FY2014 Changes Approved During 2014 Pre-Fiscal Session Hearings:

Commercial Truck Safety and Education Program - New appropriation of \$3 million to improve safety of commercial

trucking industry through public/private enforcement, regulatory, training and educational programs; funded from additional 15% heavy truck (73,281 to 80,000 lbs.) tag fee from Act 1176 of 2013.

FY2015 Changes

State Operations - Total appropriation of approximately \$1.768 billion contains no changes from FY14 and is funded from Federal funds (36%), Special Revenues (31%, fuel taxes, vehicle registration, natural gas severance tax), and bond receipts (25%), with the remainder funded from fund balances, permits, reimbursements, and various receipts.

State Aid Roads - Total appropriation of \$34 million, equal to FY14, is funded from Special Revenue (1 cent/gal. fuel tax) and counties' matching funds.

Public Transit Trust Fund - Total appropriation of \$4.6 million equals the FY14 level and is funded from Special Revenue (part of 5% vehicle rental tax) used to match Federal funds.

State Aid Streets - Total appropriation of \$27 million, \$2 million over the FY14 amount, for municipal street construction, is funded from Special Revenue (1 cent/gal. fuel tax) and cities' matching funds.

Four-lane Highway Construction and Improvement Bond Account - Appropriation totaling \$200 million for transfers to trustees for bond debt, redemption, investment, and highway construction and improvements as allowed by Constitutional Amendment 91; funded from 70% of the temporary half-percent sales tax levied by the amendment.

Commercial Truck Safety and Education Program - New appropriation of \$3 million to improve safety of commercial trucking industry through public/private enforcement, regulatory, training and educational programs; funded from additional 15% heavy truck (73,281 to 80,000 lbs.) tag fee from Act 1176 of 2013.

Miscellaneous Agencies Fund - Road & Bridge Repair - Total appropriation of \$2.5 million, equal to FY14, for drilling is funded from the 5% general revenue portion of the natural gas severance taxes; Public Transportation Program - \$350,000 appropriation, used for projects and match, is equal to FY14 level; NOAA Weather Warning System - \$4,000 equal to the FY14, used for the Star City Tower electricity.

AHTD Employee Retirement System - Total appropriation of \$200,000, equal to FY14, for operations, annuities, and investments is funded from member and agency contributions and investment earnings.

III) POSITIONS

Total positions for FY2015: 4,843

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Increase/(Decrease): 0

IV) SPECIAL LANGUAGE

* <Not Special Language> Appears in the Regular Salaries section of the bill: Authorizes the Highway Department pay plan and allows the last payroll in the fiscal year to be paid from the next year's appropriation.

* Overtime - Authorizes payment of overtime for certain employees from transfers of Overtime appropriation to the Regular Salaries line item.

* Transfers Authorized: Authorizes transfer of savings in Salaries, Match, Overtime, or General Operations appropriation line items to maintenance & general operations with Leg. Council or Joint Budget review.

* Personal Services Matching Transfer: Allows for the transfer of maintenance and general operations appropriation to personal services matching appropriation in the event the personal services matching appropriation is insufficient, with Leg. Council or Joint Budget review.

* Liability Insurance Premium Reimbursement: Authorizes reimbursement to Highway Department employees for personal liability insurance premiums paid by them on State owned vehicles of the Highway Department, up to \$50 per year per employee.

* Reporting Requirements: Authorizes the Highway Department to take appropriate action to reduce costs and requires a quarterly expenditure status report to the Legislative Council.

* Use of Funds: Requires the general revenue provided for road & bridge repair be used for damage caused by heavy equipment used for natural gas or other drilling operations, not for regular maintenance, by granting of funds to counties/cities without regard to equity.

* Maximum Funding Allocation: Limits the general revenue funding for the road & bridge repair appropriation to the 5% collected in the previous fiscal year (of natural gas severance taxes), less \$675,000.

* Carryforward - Miscellaneous Agencies Fund - Allows the fund balance for the road & bridge repair appropriation to be carried forward to the next year to be used for the same purpose, requires agency justification, reporting by DFA-Budget, and agency status report prior to budget hearings, with DFA inclusion in budget manuals.