

Arkansas State Highway and Transportation Department



Senate Committee on Transportation, Technology & Legislative Affairs
House Committee on Public Transportation

December 18, 2012

Issue Number 1: **APPROVED!**



**MOVE
ARKANSAS
FORWARD**



NORTHWEST
ARKANSAS

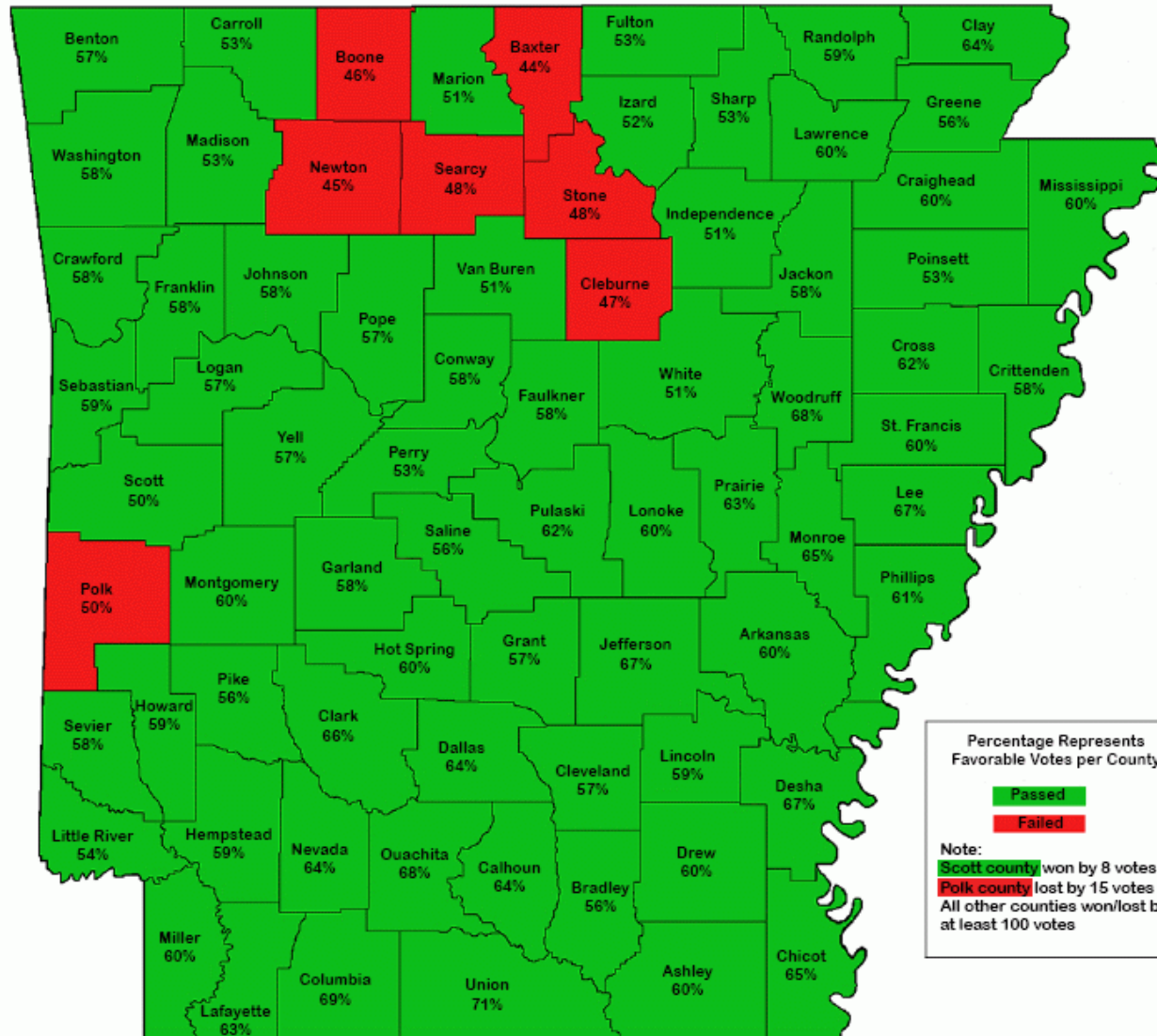
GREAT FOR BUSINESS. GREAT FOR LIFE.

BENTONVILLE • FAYETTEVILLE • ROGERS • SILOAM SPRINGS • SPRINGDALE



November 6th General Election

Issue Number 1



November 6th General Election

How Transportation Fared Nationwide

- Percentage of (31) ballot measures approved: **68**
- Measures for increasing, extending or renewing a sales tax: **18**
- Bond issues approved: **7**
- Total value approved: **\$2.4 billion**
- Average approval rate: **63%**

Friday, November 9, 2012 - 11:26

FUNDING: Voters approve 68% of transpo ballot initiatives

Americans are willing to pay if they know the money will be used well

It was demonstrated once again the importance of transportation on Nov. 6 by approving 68% of the measures to build highways, bridges and transit, an American Road & Transportation Builders Association



Issue Number 1: What's Next?

Hire a Program Manager
(January 2013)

Hire a Financial Advisor
(January 2013)

Hire Bond Counsel
(January 2013)



Issue Number 1: What's Next?

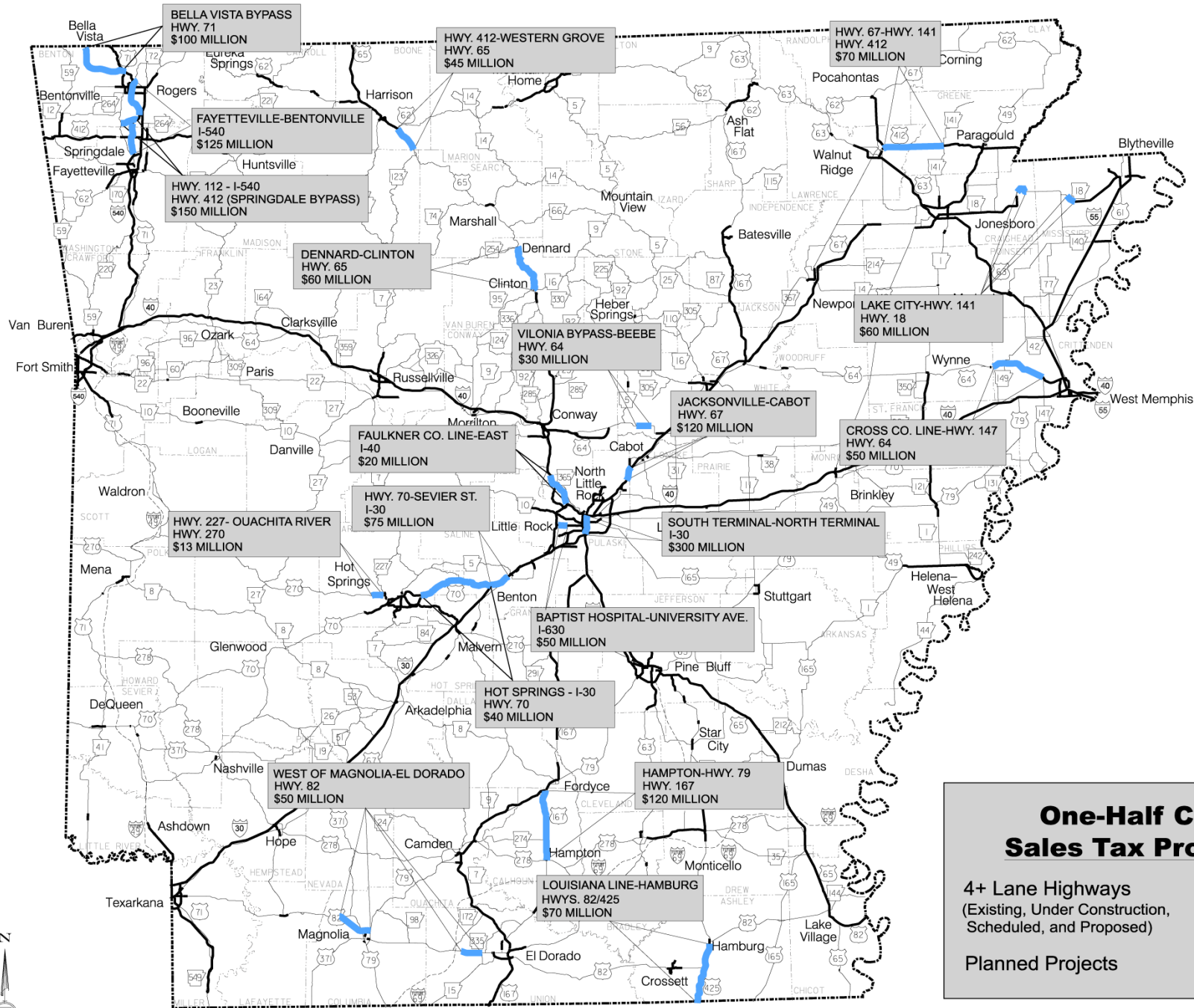
Assign Projects to Existing
On-Call Design Consultants
(Early 2013)

Schedule Projects
(Early 2013)

Issue Bonds
(Late 2013)

Award First Contracts
(Late 2013)





One-Half Cent Sales Tax Program

4+ Lane Highways
(Existing, Under Construction,
Scheduled, and Proposed)

Planned Projects



Challenges

- **12th** largest system in the country
 - **43rd** in highway revenue per mile
-
- **\$23 billion** in needs
 - **\$4 billion** in available revenue



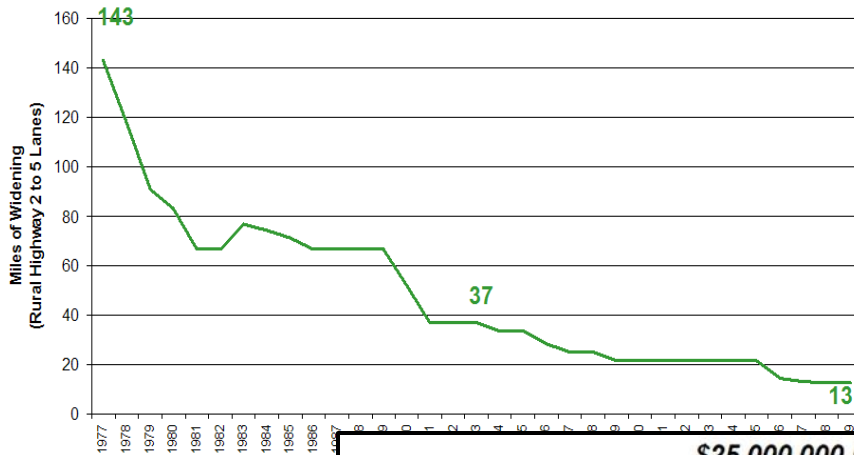
How We Compare

Revenue Per Mile

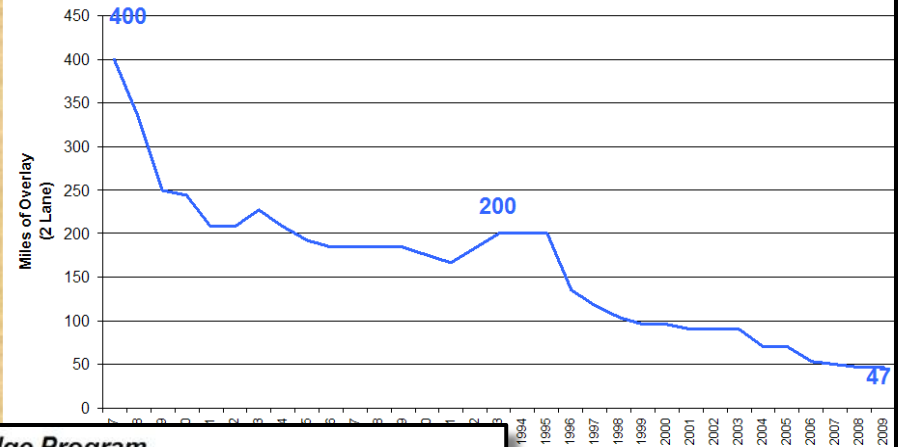
• Arkansas	16,382 miles	\$58,536
• Illinois	16,161 miles	\$252,000
• California	15,225 miles	\$682,000
• New York	15,033 miles	\$237,000
• Tennessee	13,793 miles	\$108,000
• Florida	12,084 miles	\$694,532

Challenges

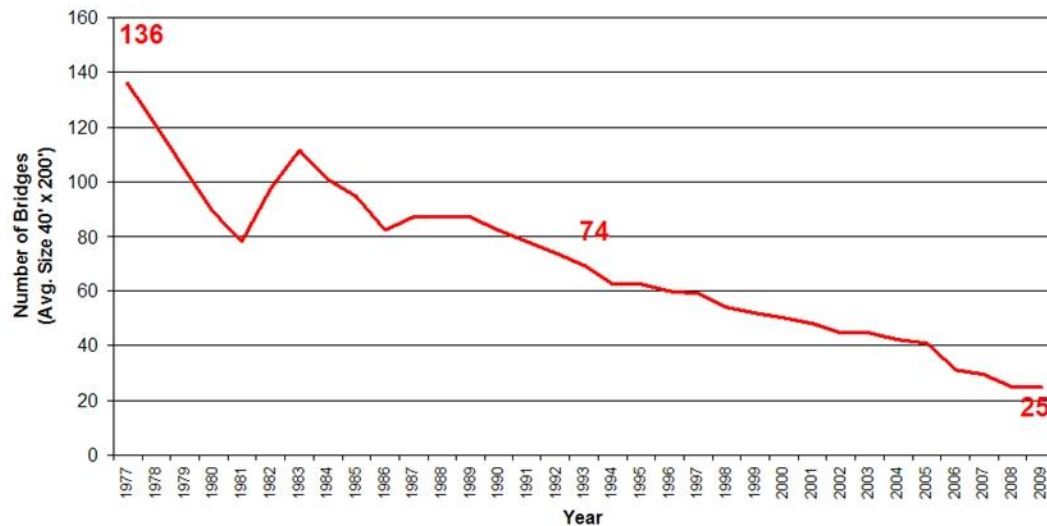
\$100,000,000 Widening Program



\$10,000,000 Overlay Program



\$25,000,000 Bridge Program



**Per-Gallon Tax is the Primary Funding Source
for Highways**



Fuel Consumption is Declining



Highway Revenues From Fuel are Declining



How We Compare

Administrative Cost Per Mile

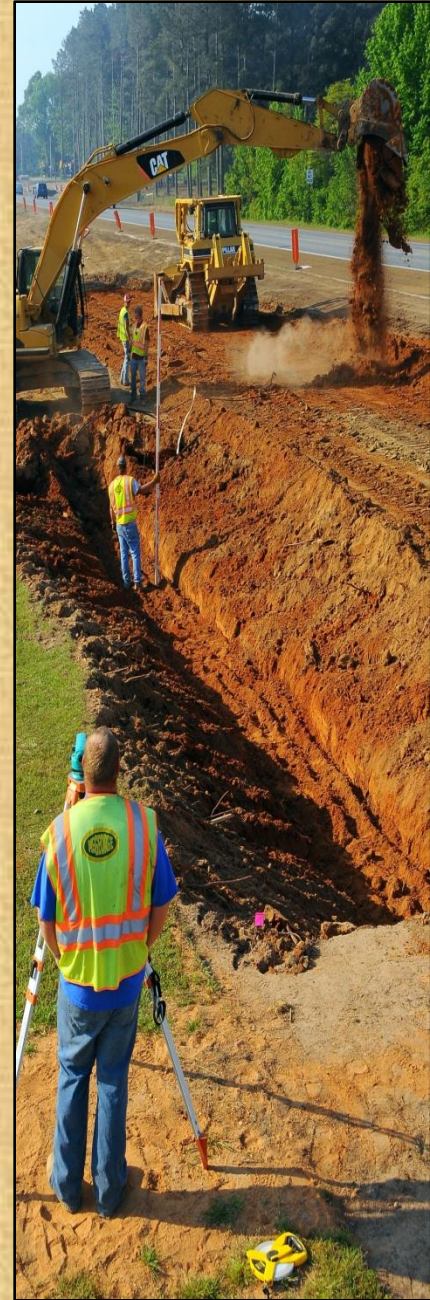
• Arkansas	16,382 miles	\$1,821
• Illinois	16,161 miles	\$8,830
• California	15,225 miles	\$109,417
• New York	15,033 miles	\$84,062
• Tennessee	13,793 miles	\$11,905
• Florida	12,084 miles	\$16,985

Employment Levels

➤ 1992: 4,016

➤ 2012: 3,577

➤ 1965: 3,620





“... recommendations in this report... will provide a bold step forward in addressing the systemic flaws and sustainability issues that exist today in funding Arkansas’s roads.”

“The citizens of Arkansas deserve action on this, and they stand to benefit greatly through improvements to safety, mobility, and the economy.”

Revenue Proposals



- Reissue GARVEE Bonds for Interstate Rehabilitation Program
- State Aid Program for Cities
- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries

Revenue Proposals



“Reissue GARVEE Bonds for Interstate Rehabilitation Program”

- Needed Vote of the People
- \$575 Million in Bonds
- No New Taxes

Interstate Rehabilitation Program

1999

50 Projects | 360 Total Miles | \$1.0 Billion

Interstate Condition Improved From 21% 'Good' to 72%

2011

Passed With 81% of Vote

75 +/- Projects | 455 Total Miles | \$1.2 Billion

First Contracts Awarded in November



Interstate Rehabilitation Program

Projects Let to Contract

I-540

7.1 Miles | Hwy. 22 – I-40 | **\$78.8 Million**

I-530

7.4 Miles | Bingham Rd. – Grant Co. Line | \$13.5 Million

I-40

7.2 Miles | Mill Creek Rd. – Hwy. 331 | \$42.3 Million

**** IRP Projects Included in Largest Letting in AHTD History! ****



Revenue Proposals



“State Aid Program for Cities”

- Dedicate 1¢ Per Gallon of Existing Motor Fuel Tax
- Identical to County Aid Program
- Funds Distributed by 9-Member Panel
- Passed in 2011; Triggered by Issue #1 Vote

Revenue Proposals



“Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program”

- Sunset in 10 Years
- Used for Multi-Year Bond Program
- Would Generate \$1.8 Billion Total Program
- Recommended to Refer to a Vote of the People

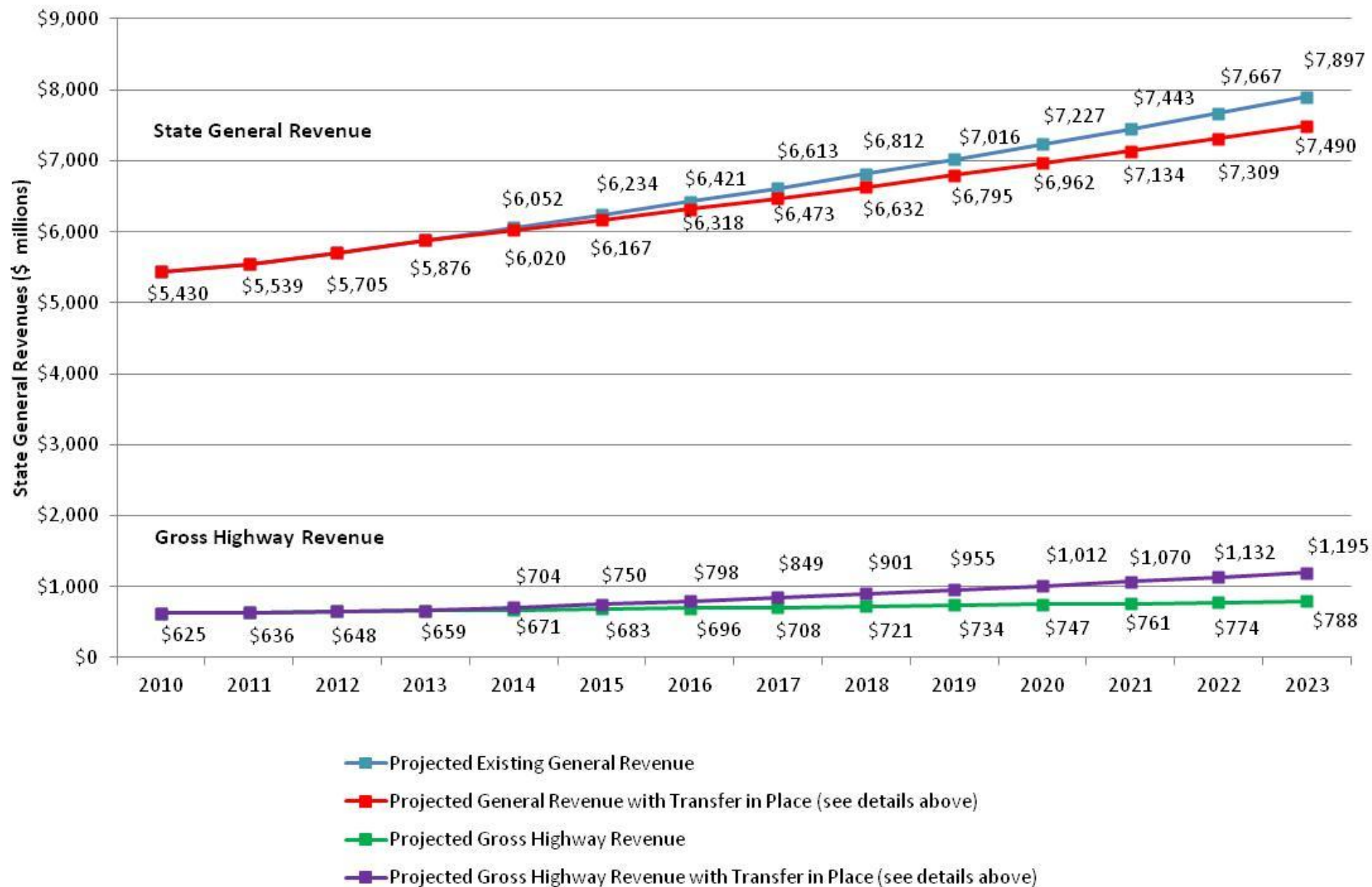
Blue Ribbon Committee Recommendations

~~“A Three-Course Meal”~~
Four

- ★ Reissue GARVEE Bonds for IRP
- ★ State Aid Program for Cities
- ★ Issue 1 to Fund a Ten-Year Construction Program
- Sales Tax Revenue Transfer



**Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing Road-User Related Sales and Use Tax)
and the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles
In millions -- Phased in Over Ten Years -- Beginning in 2014**



**Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing
Road-User Related Sales and Use Tax) and
the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles
(in millions)**

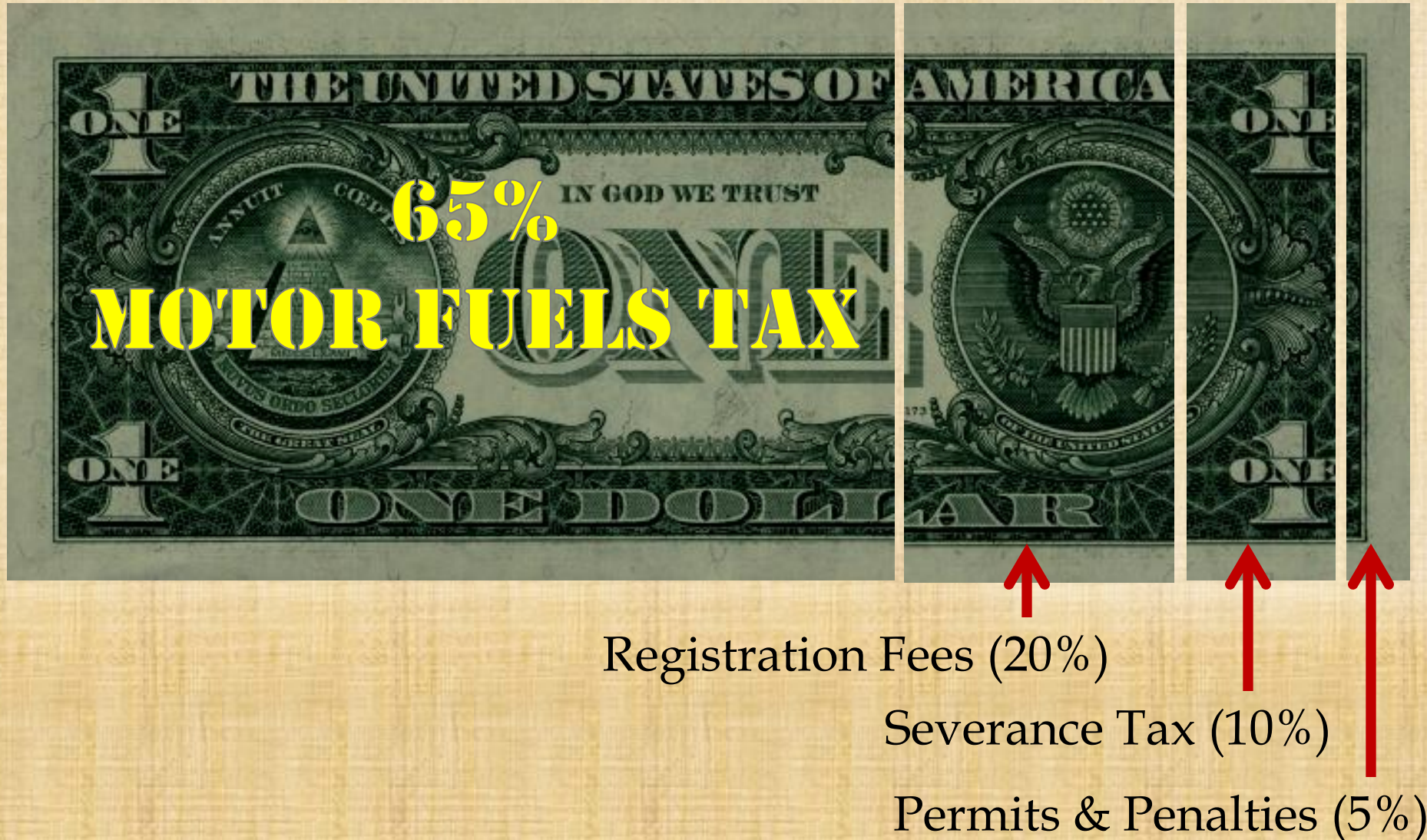
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue to AHTD	\$23	\$47	\$ 72	\$98	\$126	\$155	\$185	\$217	\$250	\$285
Revenue to Counties	\$ 5	\$10	\$ 15	\$21	\$ 27	\$ 33	\$ 40	\$ 47	\$ 54	\$ 61
Revenue to Cities	\$ 5	\$10	\$ 15	\$21	\$ 27	\$ 33	\$ 40	\$ 47	\$ 54	\$ 61
Total	\$33	\$67	\$102	\$140	\$180	\$221	\$265	\$311	\$358	\$407



ArkansasHighways.com



State Revenue Sources



State Revenue Sources

NEED DATA

65%

MOTOR FUELS TAX

Registration Fees (20%)

Severance Tax (10%)

Permits & Penalties (5%)

Highway Revenue Sources

2012



Highway Revenue Sources

2022



State Revenue Sources



State Revenue Sources



Motor Fuels Tax (65%)

Registration Fees (20%)

Severance Tax (10%)

Permits & Penalties (5%)

State Revenue Sources



Motor Fuels Tax (65%)

Registration Fees (20%)

Severance Tax (10%)

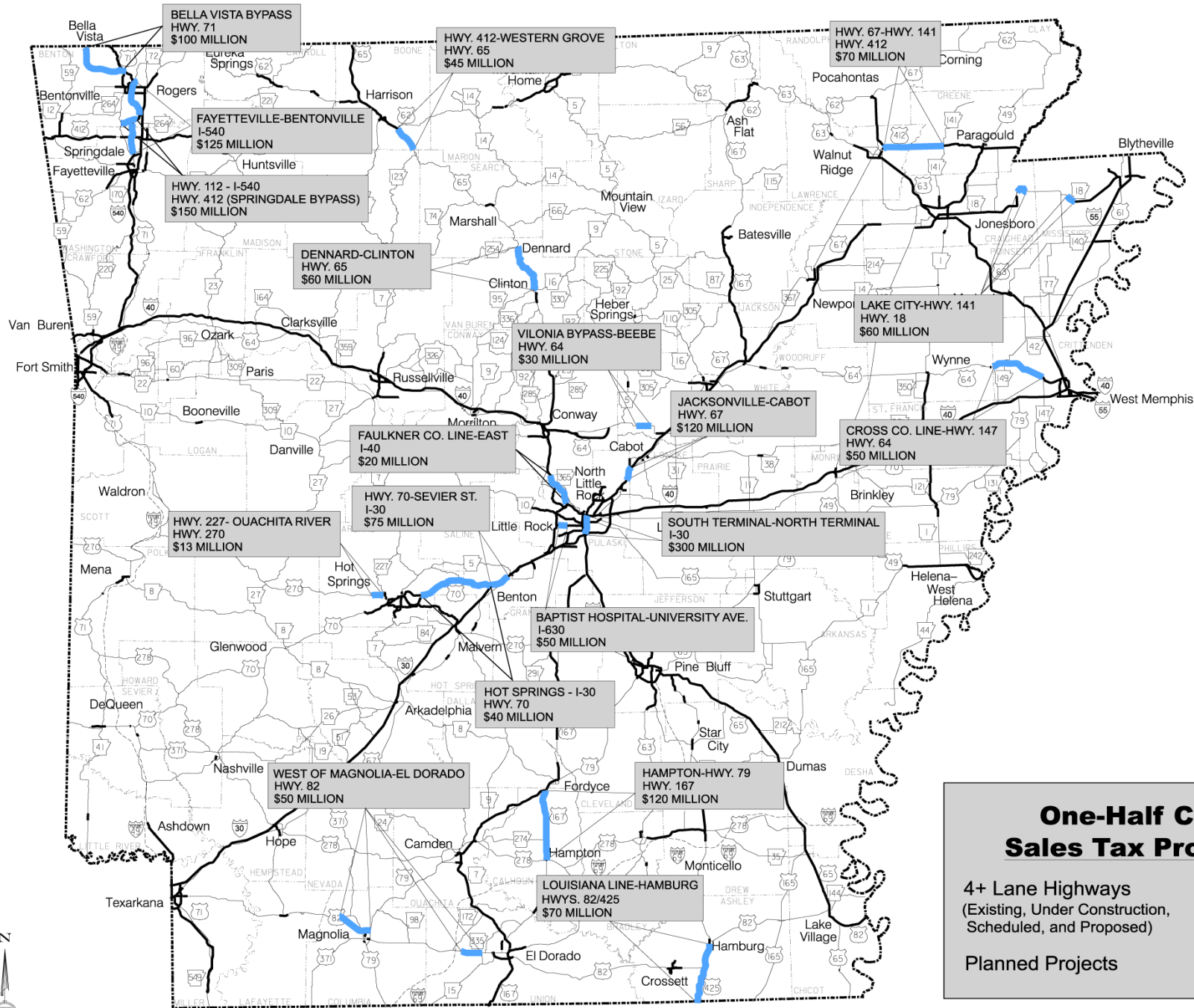
Permits & Penalties(5%)

Revenue Proposals



“Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries”

- Road user taxes
- State General Revenue Must Reach \$2.2 Billion
- Transfer Phased in Over 10 Years
- \$23 Million to AHTD in First Year (2014?)
- \$1.5 Billion to AHTD Over 10 Years



One-Half Cent Sales Tax Program

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