

County Road Funding by Property Tax

CONSTITUTION OF THE STATE OF ARKANSAS OF 1874
AMENDMENTS TO THE CONSTITUTION OF ARKANSAS OF 1874

AMENDMENT 61. COUNTY ROAD TAX

County quorum courts may annually levy a county road tax not to exceed three (3) mills on the dollar on all taxable real and personal property within their respective counties. Revenues derived from the county road tax shall be used for the sole purpose of constructing and repairing public roads and bridges within the county wherein levied. The authority granted by this amendment shall be in addition to all other taxing authority of the county quorum courts.

ARKANSAS CODE

26-79-104. Apportionment to municipalities.

(a) Of the amount collected from the annual three-mill road tax in any county in the state, the county courts shall apportion one-half ($\frac{1}{2}$), except when a greater amount is allowed by law, of the amount collected upon property within the corporate limits of any city or town for use in making and repairing the streets and bridges in the respective cities or towns.

(b) The county collector of any county in the state shall pay into the treasury of the respective cities or towns the amount so apportioned by the county court, which amount shall be expended exclusively by the cities or towns for the purpose of making and repairing the streets and bridges within the corporate limits of the town or city.

(c) This section shall not repeal, alter, change, or affect any special act passed under which any city or town is receiving any greater or lesser amount than the three-mill county road tax.

History. Acts 1937, No. 153, § 1-3; Pope's Dig., §§ 9832, 9833;

A.S.A. 1947, §§ 76-704 — 76-706.

HISTORY OF ARKANSAS TURNBACK FUND

Highway Revenues

Partial state funding for the county road system has been around for many years. The funding mechanism for “county highway turnback” is much different now than when it started. However, the current funding mechanism has been in place since 1953 (Act 188 of 1953). This Act established the 70-15-15 split of all tax revenues levied on motor fuels. County government has guarded this division of revenues closely. Getting 15% of the highway revenues has allowed for growth in county road funding as the state’s economy has grown. In recent years this source of revenue became stagnant due to increased fuel economy and is now declining because of high prices and lower fuel consumption.

Previous state funding for county roads included 7.7% of a 6.5 cent gas tax in accordance with Act 11 of 1934, funds from a ¼ cent gas tax passed in the late 30’s for farm-to-market road districts, and a small amount of funding from Act 5 of 1949. That Act authorized the issuance of State Highway Construction Bonds not to exceed \$7,000,000 per year for the years 1949, 1950, 1951 and 1952 and provided that counties of Arkansas, in aggregate, could receive \$375,000.00 for meeting current annual debt of maturing bonds of farm-to-market road improvement districts.

History of Annual Distribution of Highway Revenue Turnback

<u>Year</u>	<u>Distribution</u>	<u>Year</u>	<u>Distribution</u>
62/63	\$ 7,773,945	85/86	\$35,498,785
63/64	\$ 8,046,275	86/87	\$41,919,476
64/65	\$ 8,304,705	87/88	\$43,134,202
65/66	\$ 8,590,034	88/89	\$44,122,435
66/67	\$10,964,306	89/90	\$41,020,842
67/68	\$11,589,168	90/91	\$40,950,612
68/69	\$12,246,249	91/92	\$59,096,588
69/70	\$12,654,177	92/93	\$54,135,052
70/71	\$13,506,017	93/94	\$57,407,383
71/72	\$15,398,492	94/95	\$59,810,027
72/73	\$16,764,907	95/96	\$61,347,507
73/74	\$18,376,410	96/97	\$63,281,338
74/75	\$19,001,125	97/98	\$65,606,571
75/76	\$19,121,623	98/99	\$66,634,250
76/77	\$20,368,161	99/00	\$72,809,172
77/78	\$21,105,549	00/01	\$73,964,406
78/79	\$22,379,642	01/02	\$75,048,054
79/80	\$23,055,874	02/03	\$78,861,760
80/81	\$29,327,872	03/04	\$79,128,249
81/82	\$28,614,864	04/05	\$79,990,422
82/83	\$27,143,743	05/06	\$80,447,550
83/84	\$27,407,597	06/07	\$82,218,080
84/85	\$28,329,089	07/08	\$82,107,739
		08/09	\$79,766,625

2008 Arkansas County Road Budget Appropriations

COUNTY	Road
Arkansas	\$1,948,122.00
Ashley	\$2,954,700.00
Baxter	\$3,124,697.00
Benton	\$9,101,652.00
Boone	\$1,752,075.00
Bradley	\$1,993,356.00
Calhoun	\$971,291.97
Carroll	\$2,175,707.00
Chicot	\$1,428,570.00
Clark	\$3,137,077.14
Clay	\$1,957,210.90
Cleburne	\$3,368,801.00
Cleveland	\$1,275,392.00
Columbia	\$2,285,516.00
Conway	\$2,311,121.97
Craighead	\$5,248,820.81
Crawford	\$3,872,775.54
Crittenden	\$2,615,009.00
Cross	\$1,433,978.56
Dallas	\$877,111.20
Desha	\$1,840,729.70
Drew	\$1,696,977.50
Faulkner	\$5,150,611.92
Franklin	\$1,395,813.58
Fulton	\$1,346,921.00
Garland	\$4,654,632.00
Grant	\$1,816,998.58
Greene	\$2,346,000.00
Hempstead	\$2,288,017.86
Hot Spring	\$2,120,564.27
Howard	\$1,735,052.00
Independence	\$3,824,545.98
Izard	\$1,296,785.16
Jackson	\$1,120,503.00
Jefferson	\$3,433,580.00
Johnson	\$2,970,929.87
Lafayette	\$1,509,663.04
Lawrence	\$1,459,978.81
Lee	\$1,003,565.00
Lincoln	\$1,204,268.00
Little River	\$1,465,660.50
Logan	\$2,065,085.00
Lonoke	\$3,955,953.76
Madison	\$2,721,002.24
Marion	\$1,255,529.03
Miller	\$2,882,286.00
Mississippi	\$2,775,009.00
Monroe	\$1,158,985.00
Montgomery	\$1,714,500.00
Nevada	\$1,352,500.00

2008 Arkansas County Road Budget Appropriations

COUNTY	Road
Newton	\$987,328.15
Ouachita	\$2,069,803.87
Perry	\$1,140,491.00
Phillips	\$1,261,493.00
Pike	\$1,124,762.42
Poinsett	\$1,897,636.33
Polk	\$1,652,748.45
Pope	\$4,245,225.00
Prairie	\$1,242,109.00
Pulaski	\$18,002,699.00
Randolph	\$2,060,172.72
Saline	\$6,514,393.00
Scott	\$1,520,270.17
Searcy	\$924,765.47
Sebastian	\$6,572,696.00
Sevier	\$1,558,006.00
Sharp	\$1,733,668.00
St. Francis	\$2,204,535.00
Stone	\$1,344,157.21
Union	\$4,836,861.00
Van Buren	\$1,824,860.71
Washington	\$8,760,438.00
White	\$6,171,875.00
Woodruff	\$1,345,759.66
Yell	\$2,462,025.00
TOTAL	\$202,854,412.05

Arkansas County Road and Bridge Revenues

Synopsis of Major Revenue Sources 2009

• Ad Valorem Property Tax	\$45,000,000
• Highway Revenue Turnback	\$80,000,000
• County Sales Tax	\$85,000,000
• Natural Gas Severance Tax	\$ 5,000,000
• Other Severance Tax	\$ 3,375,000
• County General Revenues	\$10,000,000
• Various Other Revenues	\$ 5,625,000
Total	\$234,000,000

This total does not include federal aid and state aid administered outside county budgets – and it does not account for disaster relief.

County government is allowed to appropriate a maximum of 90% of anticipated revenue in accordance with ACA 14-20-103. There are a few exceptions to this law.

STATE AID PROGRAM

The State Aid Program: A Vital Program to Counties in Arkansas



BY THE HON. WES FOWLER,
Guest Writer

The State Aid Program administered by the State Aid Division of the Arkansas State Highway & Transportation Department (AHTD) is a vital program to the system of public roads in Arkansas. There are approximately 16,440 miles of Interstate, State and U.S. Highways in Arkansas and approximately 13,737 miles of city streets. How many miles of public roads, exclusive of highways and city streets, are there in Arkansas? Answer: approximately 68,798 miles.

In 1973, the General Assembly created the State Aid Program and subsequently in 1975 found and determined that additional State Funds were necessary for the construction of State Aid Roads essential to the public health, safety and welfare of local communities of the State. Ark. Code § 27-72-302 establishes the system of 15,000 miles of State Aid Roads comprised of the major and minor connector and collector routes that feed into local trade areas of the State Highway System. Contractors and suppliers of asphalt, asphalt cement, and bituminous surface treatment should be well acquainted with the State Aid Program. The program delivers valuable services in the construction of hard surfaces on rural roads in: letting, designing, establishing the standards and specifications, inspection and administration.

David Mayo, State Aid Engineer, notes, "Since 1973, over \$662 million has been spent, over 11,000 miles of county roads have been improved, and almost 800 structures have been built or replaced through the State Aid Program. I feel that the program is very important to the overall county road system and I am honored to represent the AHTD in the administration of the program."

As a County Judge for nine years and President of the County Judges Association of Arkansas (CJAA), I can give you an example of how important the State Aid Program is to

the counties in Arkansas. Recently in Madison County, we completed a project that built a new road into the Butterball Turkey Plant, the largest employer in Madison County. Prior to construction of this new access road, all traffic had to travel through a residential neighborhood and past our Senior Center, County Library and County Health Unit, which was not very safe because they are all located on city streets. This was the only way to get to the plant.

Now the plant can be accessed straight from a state highway using this connector road bypassing all of the aforementioned areas making it much safer. Also since construction of this road in 2006 there has been additional industrial property constructed on this new connector road adding to our local tax base. Had this money not been available, we simply would not have been able to build this much needed road. This is just an example of one road we have been able to build for Madison County. David Mayo and his staff are very service oriented, dedicated and accommodating to the needs of the counties.

Recently, the CJAA has commenced a campaign to inform legislators about the importance and services rendered throughout Arkansas from the State Aid Program and the State Aid Division. We want to raise awareness to the rising costs of road construction and road maintenance. Figures compiled by the State Aid Engineer show that the costs of county road construction have dramatically

increased from 2002 to 2007 as follows:

- 61% for ACHM (Asphalt Concrete Hot Mix or Asphalt)
- 81% for Base & ACHM
- 86% for Base & Double Seal (Double Bituminous Surface Treatment) and Reconstruction, Base & ACHM
- 89% for Reconstruction, Base & Double Seal. Projects for Base have increased 26% and projects to reseal have increased 63% since 2007.

The State Aid Program is funded by a one cent excise tax on motor fuels which results in approximately \$20 million to \$21 million into the State Aid Program. In contrast, the Mississippi State Aid Program, from which the Arkansas State Aid Program was modeled, operates on an annual budget in excess of \$175 Million. Significant increases in funding are necessary to keep pace with dramatic increased costs. Also, monetary investment in the State Aid Program results in direct and equitable investment in rural Arkansas.

In my opinion, economic development, safety and other benefits engendered by government will not be adequately delivered to rural Arkansas without major investments in the State Aid Program.

The Honorable Wes Fowler is the Madison County Judge and Arkansas County Judges Association President.

Had this money not been available, we simply would not have been able to build this much needed road.

FROM THE DIRECTOR'S DESK



Statesmanship – That's what it takes to solve crisis-level problems...problems like infrastructure!

August 1, 2007 – that was the day tragedy struck in Hennepin County, Minnesota, as a bridge on the nation's interstate highway system suddenly fell into the Mississippi River, killing 13 people and injuring 145. Shock was the reaction of us all. How could this happen in this day and age in the United States? I suggest that it happened – and could happen again because of misplaced priorities! When will we quit spending billions and billions of dollars on things we cannot change – when we have our own suffering people and collapsing infrastructure?

You will remember that the U.S. Congress immediately vowed to get to the bottom of the issue so proper blame could be assigned. Every state, including Arkansas, immediately announced a re-inspection of their bridges. While acknowledging that many bridges were “structurally deficient” or “fundamentally obsolete” structures, we were told that they are not in danger of falling down today.

It was not until January 2008 that the National Transportation Safety Board issued a report saying that steel plates (gusset plates) connecting steel beams in the Minneapolis bridge were too thin by half and fractured and were “the critical factor” in the collapse of the bridge. Investigators found 16 fractured gusset plates from the bridge's center span. A final report by the agency is expected this fall.

The Minneapolis span was a steel-deck truss bridge that opened to traffic in 1967. It is ironic that as a result of a catastrophic bridge collapse in 1967 which took the lives of 46 people, Congress enacted legislation requiring that the Federal Highway Administration establish National Bridge Inspection Standards – with the principal objective of ensuring public safety. Not only are structural deficiencies to be identified during the course of the inspection process, but if the bridge is not capable of safely supporting legal load vehicles, the owner (federal, state, county or city) is responsible for posting any weight restrictions in a timely manner. The Minneapolis bridge was deemed “structurally deficient” by the federal government as far back

as 1990 and the state's maintenance of the structure has been questioned.

Eleven bridges of the same design as the Minneapolis bridge are on Arkansas highways. They all passed inspection right after the Minneapolis bridge collapse – although some are “structurally deficient” or “fundamentally obsolete.”

Arkansas highway officials don't anticipate making any modifications or improvements to the existing truss bridges. They prefer to replace the bridges. Of Arkansas's 12,000 bridges, a little more than 100 are truss bridges. There are many state and county bridges in Arkansas that need major maintenance or replacement.

What about roads? We know that the State of Arkansas has the need for billions of dollars for highways – the counties of Arkansas have the need for untold millions. Counties in the Fayetteville Shale Play are experiencing extra stress on their road systems due to the big trucks and equipment working in the natural gas drilling industry and that means extra stress on the road budgets of those counties. We welcome the economic activity – but the road damage must be paid for.

The sad truth is it is much more popular to build new structures than maintain existing infrastructures. A road that should be resurfaced on an 8-year cycle can probably be extended to 12 years, and a bridge can surely go another decade so we can reduce taxes this year. This nation, this state, and our counties have tremendous needs to update and maintain existing infrastructure while also building new infrastructure to accommodate the populace and economic development. That takes money! Yet, an environment has evolved fostering the viewpoint that the citizens should not pay and, in fact, they are already paying too much in taxes even though we are not keeping pace with the needs of our communities.

In Arkansas, any biennium when there is “excess” or “surplus” state revenues there is spirited discussion over whether or not to return the surplus to state taxpayers in the form of tax cuts. Why do we have those discussions when Arkansas's road and bridge infrastructure

has over \$19 billion in documented unfunded needs – not to mention road and bridge needs at the county level – and the millions of dollars in general unfunded state mandates on county government? With those kinds of needs and liabilities, how is it that we consider the state's revenue excessive? It is NOT excessive. The tax burden in Arkansas is minimal compared to the tax burden in most states. Why do you think so many people are relocating to Arkansas?

Revenue and expenditure decisions made by governments today lay the groundwork for the future prosperity of our nation, states, counties and cities. Investment made today at the state and local level assures a future that remains bright and an economic potential that remains strong. Laying this foundation cannot be done through polls. When history is examined and courageous leaders identified, they often are not doing the most popular thing at the time. However, history has and will recognize the value of their statesmanship.

Today is a different day. With instant news without particular context, daily polling, talk radio, blogs, e-mail and who knows what tomorrow brings, it becomes harder for leaders to consistently make the best call when it comes to building for the future. The “best decisions” are not always easy, nor are they always popular. We know, however, statesmanship does survive and good leaders will continue to come forward with the best decisions.

“There is a difference between a politician and a statesman. A politician thinks of the next election and a statesman thinks of the next generation.”

– James Freeman Clark

A handwritten signature in black ink that reads "Eddie A. Jones".

Eddie A. Jones
AAC Executive Director

P.S.
We offer our sincere thanks and gratitude to Governor Mike Beebe and the 86th General Assembly for passing a severance tax increase on natural gas in the recent special session. The increased revenues from this tax will be a start on repairing and maintaining our road infrastructure.