

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/17/15

A Bill

HOUSE BILL 1716

5 By: Representative Pitsch
6

For An Act To Be Entitled

8 AN ACT CONCERNING THE CREATION OF A VEHICLE MILES
9 TRAVELED TAX; TO PROVIDE FOR THE CONSIDERATION OF A
10 VEHICLE MILES TRAVELED TAX TO ADDRESS DECLINING FUEL
11 TAX REVENUES; AND FOR OTHER PURPOSES.
12
13

Subtitle

14 TO PROVIDE FOR THE CONSIDERATION OF A
15 VEHICLE MILES TRAVELED TAX TO ADDRESS
16 DECLINING FUEL TAX REVENUES.
17
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 *SECTION 1. DO NOT CODIFY. Legislative findings.*

23 *The General Assembly finds that:*

24 *(1) An efficient transportation system is critical for*
25 *Arkansas's economy and the quality of life of the state's residents;*

26 *(2) The revenues currently available for highways and local*
27 *roads are inadequate to preserve and maintain existing infrastructure and to*
28 *provide funds for improvements that would reduce congestion and improve*
29 *service;*

30 *(3) The tax levied on motor fuel in the state is an ineffective*
31 *mechanism for meeting Arkansas's long-term revenue needs because the motor*
32 *fuel tax will steadily generate less revenue as motor vehicles become more*
33 *fuel efficient and alternative sources of fuel are identified;*

34 *(4) By 2030, as much as one-half (1/2) of the revenue that could*
35 *have been generated by the motor fuel tax will be lost as the result of the*
36 *increased fuel efficiency of motor vehicles;*



1 (5) Bundling fees for roads and highways into the motor fuel tax
2 makes it difficult for users to understand the amount they are paying for
3 roads and highways;

4 (6) Other states have begun to explore the potential for a road
5 usage charge to replace traditional motor fuel taxes, including the State of
6 Oregon, which established the first permanent road-user charge program in the
7 nation;

8 (7) A road-user charge program requires motorists to pay for the
9 use of the roadway network based on the distance they travel, and motorists
10 pay the same rate per mile driven, regardless of which part of the roadway
11 network the motorists use;

12 (8) A road-user charge program has the potential to distribute
13 the motor fuel tax burden across all vehicles regardless of fuel source and
14 to minimize the impact of the current regressive motor fuel tax structure;

15 (9) The experience of other states across the nation
16 demonstrates that mileage-based charges can be implemented in a way that
17 ensures data security and maximum privacy protection for motorists;

18 (10) It is important that this state begin to explore
19 alternative revenue sources that may be implemented in lieu of the antiquated
20 motor fuel tax structure now in place; and

21 (11) Any exploration of alternative revenue sources shall:

22 (A) Take in account the privacy of the taxpayers,
23 especially with regard to location data;

24 (B) Not report travel locations or patterns; and

25 (C) Use legal and technical safeguards to protect personal
26 information.

27
28 SECTION 2. Arkansas Code Title 27, Subtitle 5, is amended to add an
29 additional chapter to read as follows:

30 CHAPTER 77

31 ARKANSAS ROAD-USER TAX PILOT PROGRAM

32
33 27-77-101. Title.

34 This chapter shall be known and may be cited as the "Arkansas Road-User
35 Tax Pilot Program".

36

1 27-77-102. Definition.

2 As used in this chapter, "subject vehicle" means the motor vehicle that
3 a person participating in the Arkansas Road-User Tax Pilot Program will use
4 under the program.

5
6 27-77-102. Arkansas Road-User Tax Pilot Program – Creation.

7 The State Highway Commission may develop an Arkansas Road-User Tax
8 Pilot Program to evaluate the creation and implementation of a road-user tax
9 system under this chapter.

10
11 27-77-103. Application.

12 (a) If the State Highway Commission develops an Arkansas Road-User Tax
13 Pilot Program under this chapter, a person may apply to the Arkansas State
14 Highway and Transportation Department to participate in the program, using
15 the form prescribed by the department.

16 (b) The department shall approve a completed application submitted
17 under this section if:

18 (1) The applicant is the registered owner or lessee of the
19 subject vehicle;

20 (2) The subject vehicle:

21 (A) Is equipped with a method established under § 27-77-
22 105 for collecting and reporting the use by the subject vehicle of the
23 highways in Arkansas; and

24 (B) Has a gross vehicle weight rating of ten thousand
25 pounds (10,000 lbs.) or less; and

26 (3) Approval of the application would not result in the number
27 of motor vehicles in the program exceeding the limit stated in subsection (d)
28 of this section.

29 (c) After an application is approved, the person applying for
30 participation in the program is subject to the requirements of this chapter
31 until the person ends his or her participation by:

32 (1) Notifying the department in writing, using the form
33 prescribed by the department; and

34 (2) Paying any outstanding road user taxes.

35 (d)(1) The department shall not approve:

36 (A) More than five thousand (5,000) total applications

1 under the program;

2 (B) More than one thousand five hundred (1,500)
3 applications in which the subject vehicle has a rating of less than seventeen
4 miles per gallon (17 mpg); or

5 (C) More than one thousand five hundred (1,500)
6 applications in which the subject vehicle has a rating of at least seventeen
7 miles per gallon (17 mpg) and less than twenty-two miles per gallon (22 mpg).

8 (2) The department shall establish a method for determining the
9 rating of subject vehicles under this subsection.

10
11 27-77-104. Road-user tax.

12 (a) A person participating in the Arkansas Road-User Tax Pilot Program
13 shall pay a road-user tax of one and five-tenths cents (1.5¢) for each mile
14 the subject vehicle travels on Arkansas highways.

15 (b) The tax imposed under this section applies as long as the person
16 is participating in the program and:

17 (1) Owns the subject vehicle, if the person is the owner; or

18 (2) Leases the subject vehicle, if the person is a lessee.

19
20 27-77-105. Methods of determining road use.

21 (a) The Arkansas State Highway and Transportation Department shall
22 establish by rule at least two (2) methods of recording and reporting the
23 number of miles that a subject vehicle travels on Arkansas highways.

24 (b) In establishing a method of recording and reporting the number of
25 miles that a subject vehicle travels on Arkansas highways, the department
26 shall consider:

27 (1) The accuracy of the data collected and reported;

28 (2) The privacy afforded the data collected during participation
29 in the Arkansas Road-User Tax Pilot Program;

30 (3) The security of the technology used;

31 (4) The resistance of the technology to tampering and fraud;

32 (5) The ability of the department to audit a participant's
33 compliance with this chapter using each method; and

34 (6) Any other factors determined by the department to be
35 important.

36 (c) The department shall establish at least one (1) method of

1 recording and reporting the number of miles that a subject vehicle travels on
2 Arkansas highways that does not use vehicle location technology.

3 (d) The department shall adopt standards for open-system technology
4 used in each method established under this section.

5 (e) The person participating in the program shall select which of the
6 available methods he or she will use to collect and report the number of
7 miles the subject vehicle traveled on Arkansas highways.

8
9 27-77-106. Collection and reporting of road-user taxes.

10 (a)(1) The Arkansas State Highway and Transportation Department shall
11 establish by rule a procedure for collecting the road-user taxes imposed
12 under this chapter.

13 (2) The department may impose a penalty of up to ten percent
14 (10%) of the road-user taxes due for the late payment of road-user taxes.

15 (b)(1) The department shall establish by rule the reporting
16 requirements for persons participating in the Arkansas Road-User Tax Pilot
17 Program.

18 (2) In establishing reporting requirements under this
19 subsection, the department shall consider the following:

20 (A) The effort required by persons participating in the
21 program to report metered use and pay the road-user tax;

22 (B) The amount of the road-user taxes owed;

23 (C) The cost to persons participating in the program to
24 report the subject vehicle's use and pay the road-user tax;

25 (D) The administrative costs to the department; and

26 (E) Any other factors determined by the department to be
27 important.

28
29 27-77-107. Disposition of revenues.

30 (a) The revenues generated under this chapter shall be deposited into
31 the State Treasury and credited to the State Highway and Transportation
32 Department Fund to be used for the administration of this chapter.

33 (b)(1) However, at the conclusion of the first full fiscal year that
34 the Arkansas Road-User Tax Pilot Program exists, the Director of State
35 Highways and Transportation shall certify to the Treasurer of State the
36 amount of revenue necessary for the administration of the program.

1 (2) Following the certification in subdivision (b)(1) of this
2 section, the revenues generated under this chapter shall be deposited into
3 the State Treasury, and the Treasurer of State shall:

4 (A) First deposit the amount certified under subdivision
5 (b)(1) of this section to the fund to be used for the administration of this
6 chapter; and

7 (B) Distribute the remainder under § 27-70-206.

8
9 27-77-108. Privacy.

10 (a) Personally identifiable information used in the collection and
11 reporting of the number of miles a subject vehicle travels on Arkansas
12 highways is exempt from the Freedom of Information Act of 1967, § 25-19-101
13 et seq.

14 (b)(1) The Arkansas State Highway and Transportation Department, a
15 certified service provider of the department, and a contractor of a certified
16 service provider of the department shall not disclose personally identifiable
17 information used in the collection and reporting of the number of miles a
18 subject vehicle travels on Arkansas highways or in the collection of road-
19 user taxes under this chapter to any person except:

20 (A) The participant in the Arkansas Road-User Tax Program;

21 (B) A financial institution for the purpose of collecting
22 road-user taxes;

23 (C) An employee of the department;

24 (D) A certified service provider of the department;

25 (E) A contractor of a certified service provider of the
26 department to the extent that the contractor provides services directly
27 related to the certified service provider's agreement with the department;

28 (F) An entity expressly approved to receive the
29 information by the registered owner or lessee of the subject vehicle; or

30 (G) A police officer or other authorized official pursuant
31 to a valid court order or subpoena.

32 (2) Disclosure under subdivision (b)(1) of this section shall be
33 provided only to the extent necessary for the recipient of the information to
34 perform his or her function.

35 (c)(1) Within thirty (30) days after the department has completed
36 payment processing, dispute resolution, or a noncompliance investigation,

1 whichever is latest, the department and any certified service providers shall
2 destroy all records of the location and use of subject vehicles.

3 (2) However:

4 (A) The department and certified service providers, for
5 purposes of traffic management and research, may retain, aggregate, and use
6 information obtained under this chapter after all personally identifiable
7 information has been removed;

8 (B) A participant in the program may consent to a
9 certified service provider's retaining records obtained under this chapter;
10 and

11 (C) The department and certified service providers may
12 retain monthly summaries of the use of subject vehicles in vehicle
13 identification number summary reports.

14 (d) In each agreement with a certified service provider, the
15 department shall provide penalties for a certified service provider's
16 violation of this section.

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18 27-77-109. Rules.

19 If an Arkansas Road-User Tax Pilot Program is created, the State
20 Highway Commission may and the Arkansas State Department of Highway and
21 Transportation shall promulgate rules to implement and administer this
22 chapter.

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24 /s/Pitsch
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