

Arkansas State Highway and Transportation Department



Recent Voter Approved Programs

**November
2011**



**November
2012**





INTERSTATE
REHABILITATION
PROGRAM

IRP



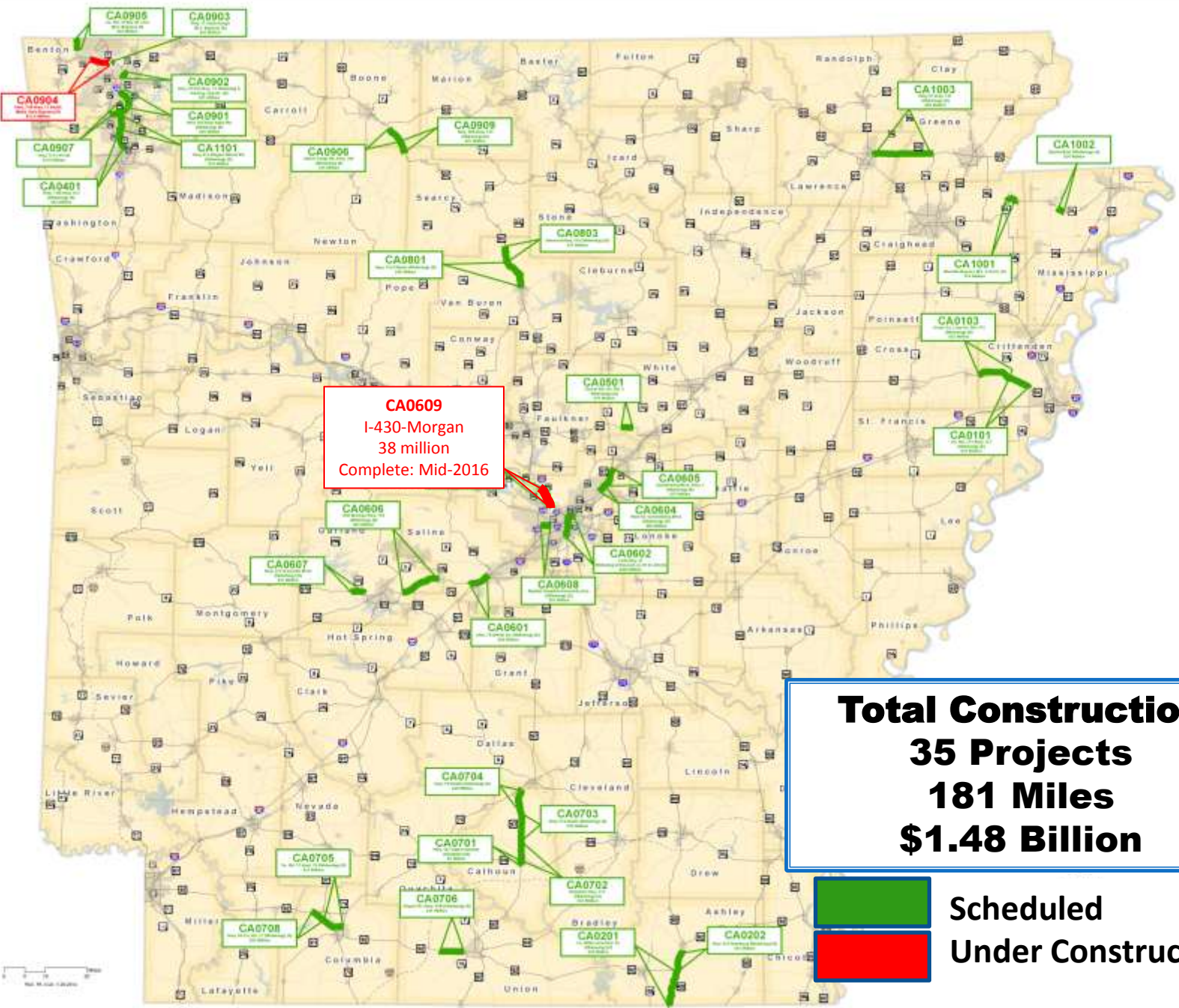


CONNECTING
ARKANSAS
PROGRAM

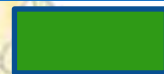
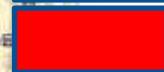
CAP



Connecting Arkansas Program Job Status



Total Construction
35 Projects
181 Miles
\$1.48 Billion

 Scheduled
 Under Construction

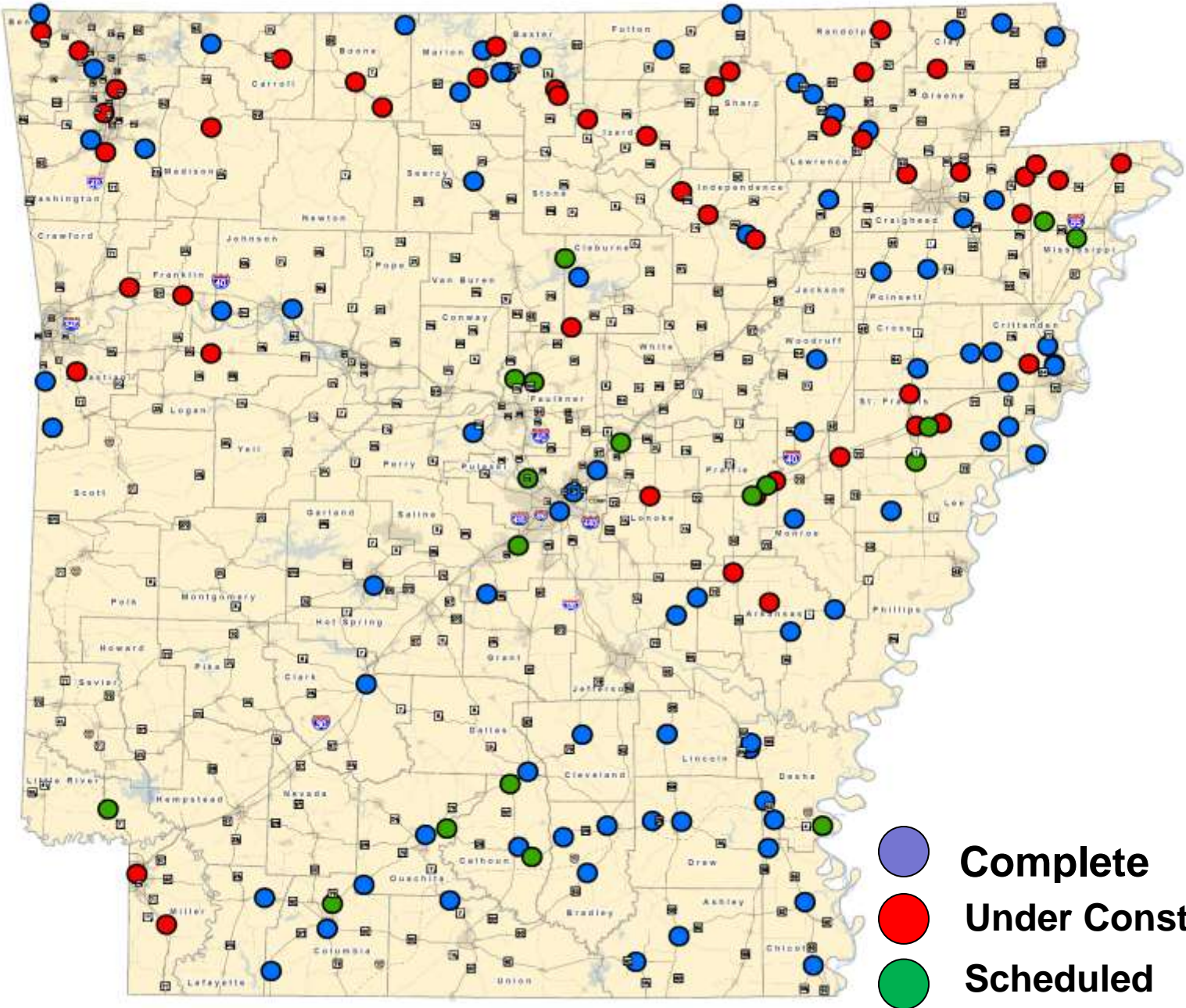




***State Aid
City Street Program***



State-Aid Street Program



Federal Legislation

- 
- **Moving Ahead for Progress in the 21st Century (MAP-21)**
 - Expires September 30, 2014
 - **Highway and Transportation Funding Act of 2014**
 - Expires May 31, 2015

Federal Legislation

- **Highway and Transportation Funding Act of 2014**
 - ✓ July 1 – Federal Highway Administration alerts States of reduced Federal-aid Reimbursements beginning August 1.
 - ✓ July 15 – House Passes HTF Patch Bill
 - ✓ July 31 – Senate Passes HTF Patch Bill
 - ✓ August 8 – President Signs Bill



Federal Legislation

Highway and Transportation Funding Act of 2014

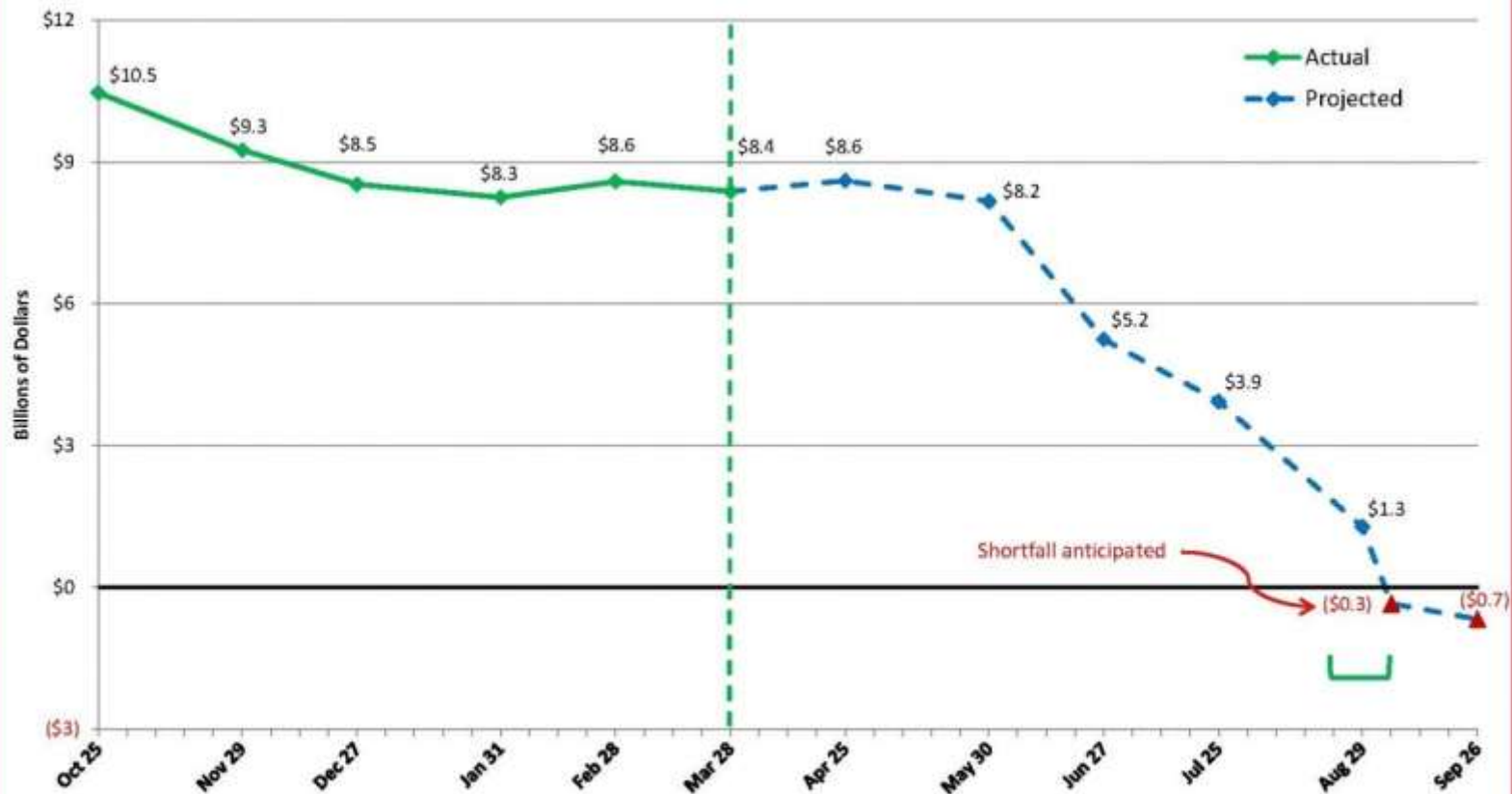
- ✓ **\$11 Billion to Highway Trust Fund Allowing Full Reimbursements to States through May 2015**
 - \$1 Billion transferred from the Leaking Underground Storage Tank Trust Fund
 - \$6.4 Billion from Pension Smoothing (General Fund)
 - \$3.5 Billion from Customs User Fees (General Fund)

- ✓ **Extends Authorization of MAP-21 Federal Funding Programs through May 31, 2015**

Federal Highway Trust Fund

FY 2014 Projected Estimates for End-of-Month Cash Balances (as of 3/28/2014) ^{1/ 2/ 3/}

Highway Account of the Highway Trust Fund (Includes FHWA, FMCSA & NHTSA)



1/ Graph reflects actual data through 3/28/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

Source: FHWA



Proposed State Legislation



2015 Proposed State Legislation

- Equivalent Tax Rate Alternative Fuels
- Design-Build
- Public-Private Partnerships
- Good Neighbor Policy
- License Plate Scanners

2015 Proposed State Legislation

- Authority to Assess Fees & Collect Penalties
- Natural Heritage Property
- Property Transfer Law
- Attorneys Fees for Eminent Domain
- Garnishment of Tax Refunds

2015 Proposed State Legislation

- Oversize/Overweight Permit Fees
- Vehicle Miles Traveled Tax
- Clarification of Children's Educational Activity Leave
- Registration fee for All-Electric Vehicles
- Mediation



Highway Revenue Options



(x \$1 million)
(Revenue and Needs are in 2014 Dollars)

**ESTIMATED FEDERAL-AID AND
STATE REVENUE** \$ **3,555**

NEEDS	AMOUNT
PAVEMENT	\$ 3,060
BRIDGES	\$ 1,102
CAPACITY	\$ 2,880
SAFETY	\$ 700
EQUIPMENT	\$ 180
FACILITIES	\$ 62
ITS	\$ 27
SUB-TOTAL	\$ 8,011

CAPITAL IMPROVEMENT	AMOUNT
FOUR LANE GRID SYSTEM	\$ 11,300
NEW LOCATION / NEW OR MODIFIED INTERCHANGES	\$ 820
OTHER MAJOR WIDENING	\$ 230
SUB-TOTAL	\$ 12,350

GRAND TOTAL \$ **20,361**

SHORTFALL \$ **(16,806)**

Improvements vs. Revenues
10 Year Projection

Strategies to Sustain/Increase Revenue

State Revenue Sources

	TOTAL STATE REVENUE	NET REVENUE AMOUNT	YEARLY AMOUNT TO AHTD (70%)	YEARLY AMOUNT TO CITIES (15%)	YEARLY AMOUNT TO COUNTIES (15%)
CURRENT SOURCES TO AHTD, CITIES, AND COUNTIES					
A. Motor Fuels Revenue	400.96 M	387.73 M	271.41 M	58.16 M	58.16 M
Gasoline (21.5¢ per gallon)	279.59 M	270.36 M	189.25 M	40.55 M	40.55 M
Diesel (22.5¢ per gallon)	121.26 M	117.26 M	82.08 M	17.59 M	17.59 M
LPG (16.5¢ per gallon) / CNG (5.0¢ per gallon)	0.04 M	0.04 M	0.03 M	0.01 M	0.01 M
B. Motor Vehicle Registration Fees	116.66 M	112.81 M	78.97 M	16.92 M	16.92 M
Automobiles & Pickups	52.25 M	50.53 M	35.37 M	7.58 M	7.58 M
Heavy Trucks (Includes In-state and Out-of-state IRP fees)	53.92 M	52.14 M	36.50 M	7.82 M	7.82 M
Other Vehicles	10.48 M	10.14 M	7.10 M	1.52 M	1.52 M
C. Miscellaneous Revenues	37.0 M	36.15 M	31.80 M	2.17 M	2.17 M
D. Natural Gas Severance Tax	47.68 M	43.73 M	30.61 M	6.56 M	6.56 M
E. Total Current Revenues	602.30 M	580.41 M	412.78 M	83.81 M	83.81 M

Strategies to Sustain/Increase Revenue

State Revenue Sources

	TOTAL STATE REVENUE	NET REVENUE AMOUNT	YEARLY AMOUNT TO AHTD (70%)	YEARLY AMOUNT TO CITIES (15%)	YEARLY AMOUNT TO COUNTIES (15%)
OTHER REVENUE SOURCES					
A. Highway-user Sources					
Additional 1 cent Motor Fuel Tax					
1 cent motor fuel tax	20.01 M	19.35 M	13.54 M	2.90 M	2.90 M
1 cent gasoline tax	13.96 M	13.49 M	9.45 M	2.02 M	2.02 M
1 cent diesel tax	6.05 M	5.85 M	4.10 M	0.88 M	0.88 M
Increase Registration Fees on:					
Autos and Pickups by \$10	23.20 M	22.43 M	15.70 M	3.36 M	3.36 M
In-State Trucks by \$150 (except pickups)	13.24 M	12.80 M	8.96 M	1.92 M	1.92 M
In and Out-of-State <u>Heavy</u> Trucks from \$1,350 to \$1,500	4.82 M	4.66 M	3.26 M	0.70 M	0.70 M
Remove Sales Tax Exemption on Motor Fuels (wholesale price of \$2.75 per gallon)					
Gasoline	172.70 M	167.00 M	116.90 M	25.05 M	25.05 M
Diesel	74.90 M	72.43 M	50.70 M	10.86 M	10.86 M
Add 1% Excise Tax to Motor Fuels (wholesale price of \$2.75 per gallon)					
Gasoline	38.38 M	37.11 M	25.98 M	5.57 M	5.57 M
Diesel	16.64 M	16.10 M	11.27 M	2.41 M	2.41 M

Strategies to Sustain/Increase Revenue

State Revenue Sources

	TOTAL STATE REVENUE	NET REVENUE AMOUNT	YEARLY AMOUNT TO AHTD (70%)	YEARLY AMOUNT TO CITIES (15%)	YEARLY AMOUNT TO COUNTIES (15%)
Transfer 4.50% Sales Tax on:					
New Vehicles	154.89 M	149.78 M	104.84 M	22.47 M	22.47 M
Used Vehicles	93.66 M	90.57 M	63.40 M	13.59 M	13.59 M
Auto Repair, Parts, and Services	99.04 M	95.77 M	67.04 M	14.37 M	14.37 M
Retail Tire Sales ¹	12.84 M	12.41 M	8.69 M	1.86 M	1.86 M
<i>Add 1% Surcharge on:</i>					
New Vehicles	34.42 M	33.28 M	23.30 M	4.99 M	4.99 M
Used Vehicles	20.81 M	20.13 M	14.09 M	3.02 M	3.02 M
Auto Repair, Parts, and Services	22.01 M	21.28 M	14.90 M	3.19 M	3.19 M
Retail Tire Sales	2.85 M	2.76 M	1.93 M	0.41 M	0.41 M
					M
Weight Distance Tax (1 cent per mile)	33.96 M	32.84 M	22.99 M	4.93 M	4.93 M
\$1 Battery Fee	0.58 M	0.56 M	0.39 M	0.08 M	0.08 M
\$1 Tire Fee	2.53 M	2.45 M	1.71 M	0.37 M	0.37 M
B. Non Highway-user Sources					
Increase General Sales and Use Tax - 1%	472.11 M	456.53 M	319.57 M	68.48 M	68.48 M
Increase Income Tax - 1%	30.25 M	29.25 M	20.48 M	4.39 M	4.39 M
Individual Income Tax	26.50 M	25.62 M	17.93 M	3.84 M	3.84 M
Corporate Income Tax	3.75 M	3.63 M	2.54 M	0.54 M	0.54 M

Strategies to Sustain/Increase Revenue

– ALTERNATIVE FUEL BILL

• Uniformity in Tax Rate - Level Playing Field

- Gasoline and Diesel Fuels
- Equivalent Rate for Natural Gas Fuels

• Progression of Tax Rates

- July 1, 2014 5¢ per gallon (current rate)
- July 1, 2015 8¢ per gallon
- July 1, 2016 11¢ per gallon
- July 1, 2017 17¢ per gallon
- July 1, 2018 21½¢ per gallon on compressed natural gas fuels
22½¢ per gallon on liquefied natural gas fuels
21½¢ per gallon on other alternative fuels

Strategies to Sustain/Increase Revenue

WITH Alternative Fuel Tax Equivalent

Fiscal Year	Percent Increase Consumption A	Consumption With "Gallon Equivalent" Change ⁽¹⁾ B	Progressive New Tax Rates C	Total Alternative Fuel Tax D (B*C)
2015	0%	697,879	\$0.050	\$ 34,894
2016	30%	907,243	\$0.080	\$ 72,579
2017	30%	1,179,416	\$0.110	\$ 129,736
2018	30%	1,533,241	\$0.170	\$ 260,651
2019	30%	1,993,213	\$0.215	\$ 428,541
TOTAL				\$ 926,401

(1) Change in equivalent rate from 100 cubic feet per 1 gallon of gasoline to 125 cubic feet per 1 gallon of gasoline.

WITHOUT Alternative Fuel Tax Equivalent

Fiscal Year	Percent Increase Consumption A	Consumption Without "Gallon Equivalent" Change B	Existing Rates C	Total Alternative Fuel Tax D (B*C)
2015	0%	872,349	\$0.050	\$ 43,617
2016	30%	1,134,054	\$0.050	\$ 56,703
2017	30%	1,474,270	\$0.050	\$ 73,713
2018	30%	1,916,551	\$0.050	\$ 95,828
2019	30%	2,491,516	\$0.050	\$ 124,576
TOTAL				\$ 394,437

Net Increase WITH \$ 531,964

Strategies to Sustain/Increase Revenue

Index Motor Fuel Excise Taxes

- Long Term Solution
 - Protects Purchasing Power
 - 2¢ per Gallon per Year Cap
 - “Road User” Based
 - Utilizes Existing Tax Collection System

Additional Net Revenue Generated 2016-2025 (in millions)

	Existing Flat Tax	Indexed	Difference
AHTD	\$2,413	\$3,140	\$727
Counties	\$517	\$673	\$156
Cities	\$517	\$673	\$156
Total	\$3,447	\$4,486	\$1,039

Strategies to Sustain/Increase Revenue

– REVENUE TRANSFER

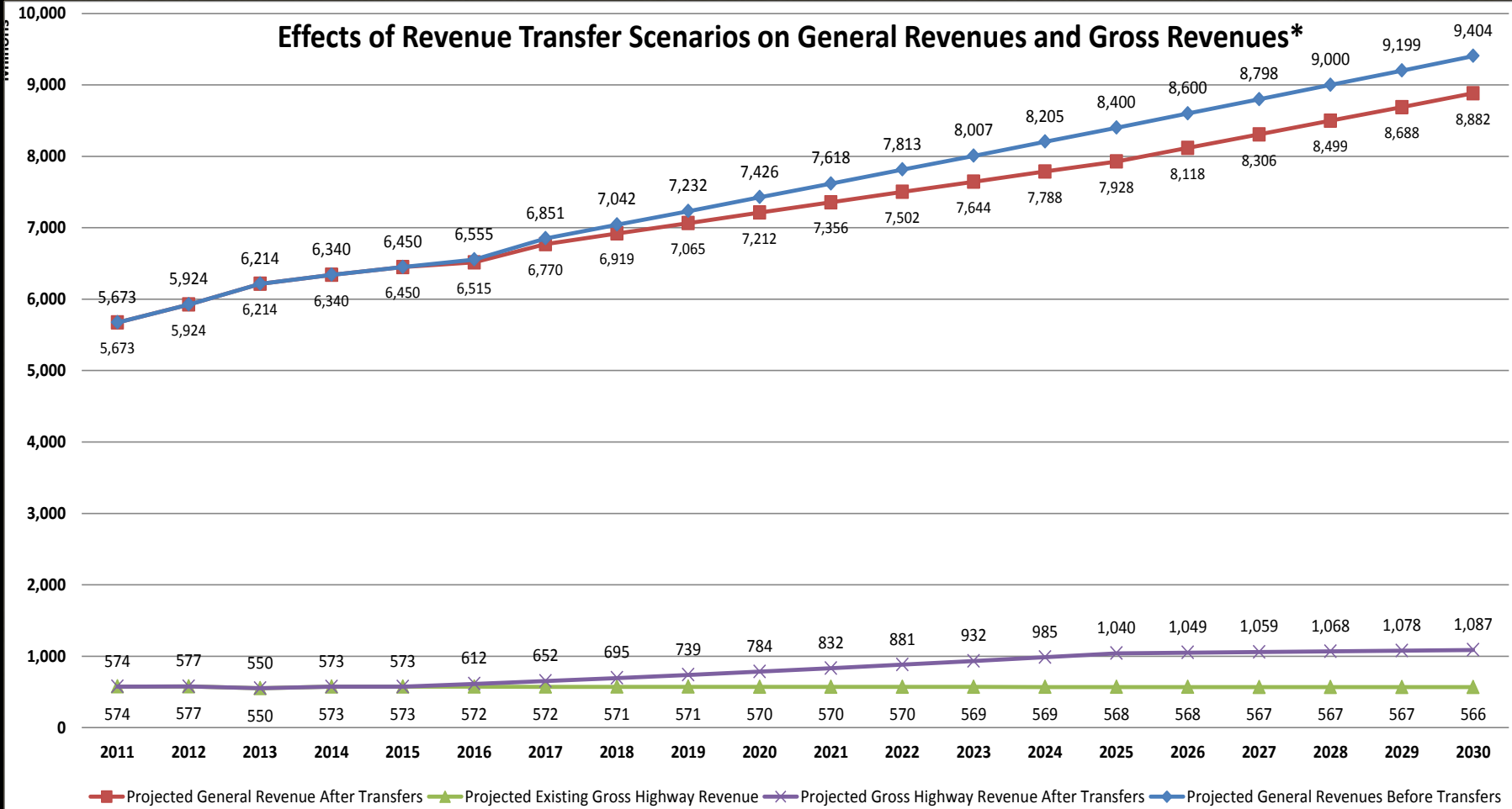
- Long Term Solution
 - Not a Tax Increase
 - Transfer of Revenue on “Road User” Items
- Progression of Transfer

Revenue from Transferring 6% of the Gross 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)

Revenue	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
AHTD	\$23	\$47	\$ 72	\$98	\$126	\$155	\$185	\$217	\$250	\$285	\$1,458
Counties	\$ 5	\$10	\$ 15	\$21	\$ 27	\$ 33	\$ 40	\$ 47	\$ 54	\$ 61	\$313
Cities	\$ 5	\$10	\$ 15	\$21	\$ 27	\$ 33	\$ 40	\$ 47	\$ 54	\$ 61	\$313
Total	\$33	\$67	\$102	\$140	\$180	\$221	\$265	\$311	\$358	\$407	\$2,084

Strategies to Sustain/Increase Revenue

Effects of Revenue Transfer Scenarios on General Revenues and Gross Revenues*



*Data projections include 2013 Legislative Tax Cuts

Strategies to Sustain/Increase Revenue

\$250 - \$300 million to AHTD

FUNDING SOURCE	TOTAL GROSS AMOUNT	NET TO AHTD	NET TO COUNTIES	NET TO CITIES
Transfer Sales Tax (4.5%) on:				
New Vehicles	\$154.9 M	\$104.8 M	\$22.5 M	\$22.5 M
Used Vehicles	\$93.7 M	\$63.4 M	\$13.6 M	\$13.6 M
Auto Repair, Parts and Service	\$99.0 M	\$67.0 M	\$14.4 M	\$14.4 M
Retail Tire Sales	\$12.8 M	\$8.7 M	\$1.9 M	\$1.9 M
	\$360.4 M	\$243.9 M	\$52.4 M	\$52.4 M
Motor Fuel Tax Increase Per Gallon (22¢)	\$440.2 M	\$298.9 M	\$64.0 M	\$64.0 M
Transfer Sales Tax (4.50%) on:				
New Vehicles	\$154.9 M	\$104.8 M	\$22.5 M	\$22.5 M
Used Vehicles	\$93.7 M	\$63.4 M	\$13.6 M	\$13.6 M
Motor Fuel Tax Increase Per Gallon (12¢ - September - May) (Summer Fuel Tax Holiday)	\$184.4 M	\$125.2 M	\$26.8 M	\$26.8 M
	\$433.0 M	\$293.4 M	\$62.9 M	\$62.9 M
1% General Sales Tax	\$472.1 M	\$319.6 M	\$68.5 M	\$68.5 M
Remove Sales Tax Exemption on Motor Fuels	\$247.6 M	\$167.6 M	\$35.9 M	\$35.9 M
Transfer Sales Tax on New and Used Vehicles	\$248.6 M	\$168.2 M	\$36.1 M	\$36.1 M
	\$496.2 M	\$335.8 M	\$72.0 M	\$72.0 M

Strategies to Sustain/Increase Revenue

- **New Excise Tax on Wholesale Price of Motor Fuels (\$37 million to AHTD for every 1%)**
- **Increase Vehicle Registration and License Fees (\$16 million to AHTD for every \$10 increase)**
- **State Highway System Reduction**
- **Vehicle Miles Traveled (VMT) Tax**
- **Public-Private Partnerships and Tolling**

Arkansas State Highway and Transportation Department

