

Randy Ort
Assistant Chief - Administration



UCA College of Business
Wednesday, November 28, 2018



ACTSEP?

Arkansas Commercial Truck Safety and Education Program (ACTSEP)

- **Act 1176 of 2013**
 - 15% Registration Fee
 - \$2 Million / Year Set-Aside

- **Purpose**
 - Improve Commercial Truck Industry Safety
 - Ensure Safe Movement of Goods
 - Cooperative Public-Private Programs
 - a) Increased Enforcement
 - b) Regulatory Compliance
 - c) Industry Training
 - d) Educational Programs



Arkansas Commercial Truck Safety and Education Program (ACTSEP)

- Application Review Committee
 - Arkansas Highway Police Chief and Major
 - ARDOT's Assistant Chief Engineer for Planning
 - President of the Arkansas Trucking Association
 - Trucking Industry Representative (Steve Williams)



Arkansas Commercial Truck Safety and Education Program (ACTSEP)

- December 2, 2014 – February 2, 2015
- 1st ACTSEP Application Cycle
- University of Central Arkansas
 - Awarded \$3 million
 - Endowed Chair in Motor Carrier Management
 - 4-year Supply Chain Logistics Management Degree
 - Workforce Training





History

“We are always yapping about the ‘Good Old Days’ and how we look away back and enjoy it, but I tell you there is a lot of hooley to it.”

– Will Rogers



The Teens

- ***First Commission Created***
 - ✓ ***No Highway Department***
 - ✓ ***No Highway System***
- ***\$72,000 Total Budget***
- ***36,000 Miles of Public Roads***

Highway 71 near Bella Vista



The Twenties



Repair Shop of State Highway Department, Little Rock, early 1930s



- **Highway System Created**

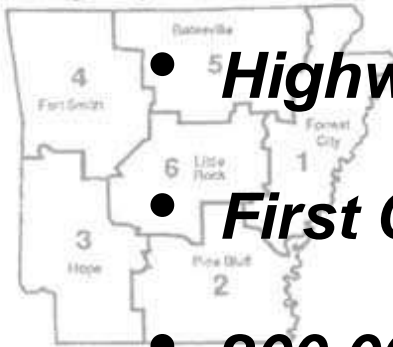
- **Highway Department Created**

- **First Gas Tax – 1 cent per gallon**

- **200,000 Vehicles/8,800 highway miles (1,400 Paved)**

- **Highway Commission Structure Changed Twice**

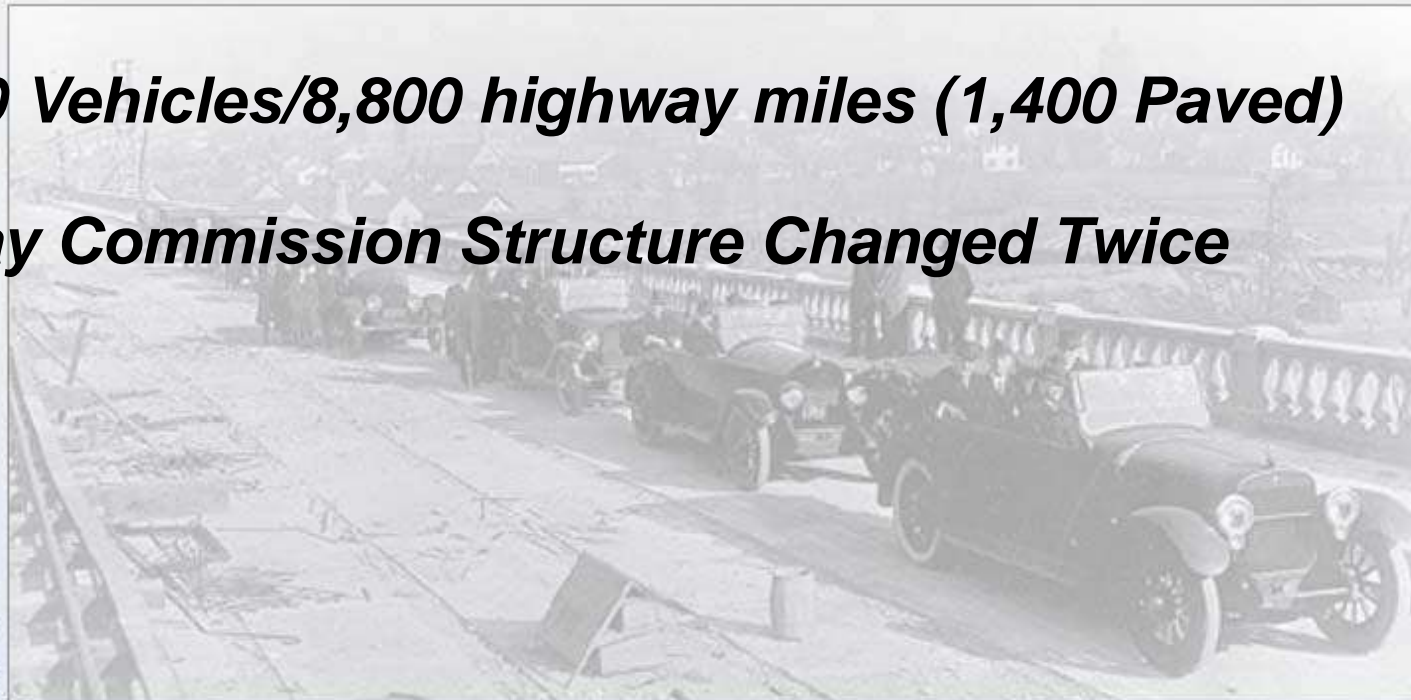
Highway Districts 1923



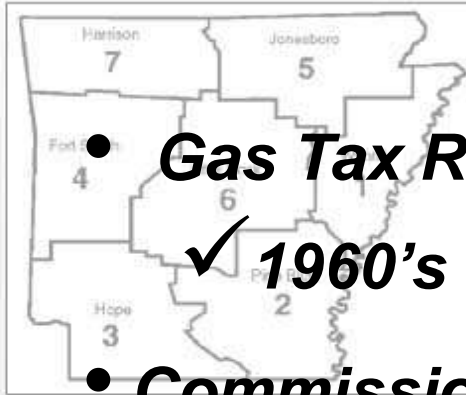
Highway Districts 1925



Broadway Bridge dedication, 1922. View is looking towards North Little Rock



The Thirties and Forties



- **Gas Tax Raised to 6.5 cents per Gallon**

- ✓ **1960's Before Next Increase**

- **Commission Structure Changed Four More Times**



Magnet Truck, Picked up an average of 100 lbs of metal per mile

- **9,700 Highway Miles (4,900 Paved)**

- **Too much Political Influence on Highways**
– **Growing Discontent**



State Highway Department HQ, 1939





- **1951 - Highway Audit Commission Report**

- **Interstate Era**
 - **11,000 Miles State Highways (8,800 Paved)**
- “the advice, counsel and expert know-how which is available from the Department’s own technical and administrative staffs has scant weight indeed when they are in conflict with the political pressures and political promises of the moment.”*

- **9 Legislative Acts Restructured Commission since 1913**
- **1952 – Mack Blackwell Amendment**

Widening Hwy 67 near Malvern, 1956



The Sixties and Seventies



- **No changes to Commission Structure**
- **Department became Debt Free**

South Terminal, Little Rock, Arkansas. Lawrence Blackwell burning bonds at a ceremony in 1975.

- **Legislature transferred nearly 4,400 more miles of County Roads to Highway System**



- **Department adds “Transportation” to its name – Authority Expanded**

- **1st State to Complete its Interstate System (1975)**
- **16,000 Highway Miles (15,000 Paved)**



Toad Suck Ferry on Arkansas River at Highway 60, 1970



I-430 River Bridge, 1973

The Eighties and Nineties

- **1985 – Rural Road Program – out of the mud**
- **Early Retirements – huge workforce turnover**
- **1991 – Highway Improvement Program**
- **1993 – Last Federal Gas Tax Increase**
- **1999 – Last State Gas Tax Increase**
- **1999 – Interstate Rehabilitation Program – First Highway Bond Issue in 50 years**
- **I-540 (now I-49) and I-530 Completed**
- **16,400 Highway Miles**



Section of Hwy 7 named first Scenic Byway of Arkansas.

1991 Highway Improvement Program authorized to improve or replace approximately 560 bridges.



Hopper Tunnel, 1999

The New Millennium



- **2011 – 2nd Interstate Rehabilitation Program**
- **2012 – Connecting Arkansas Program**



Winter Weather in Dec 2000 and Jan 2001 cost almost \$40 M.

- **Governor's Working Group on Highway Funding**

- **16,400 miles State Highways**



New White River Bridge on Hwy 64 at Augusta opened in 2001.





1929
Arkansas
Highway and
Department of
Lands

1977
Arkansas State
Highway and
Transportation
Department

2017
Arkansas
Department of
Transportation



About Us



3rd Largest State Agency
(app. 3,700 Employees)

Maintains
16,418 miles of Highway
7,335 Bridges

Central Offices in Little Rock

10 Districts Statewide

Mission:
Provide safe and *efficient* transportation solutions
to support Arkansas' economy and enhance the
quality of life for generations to come.

Core Values

Safety

- Safety first in all we do

Public Service

- Focus on the greater good

Teamwork

- One vision through collaboration and communication

Quality

- Deliver reliable transportation solutions

Integrity

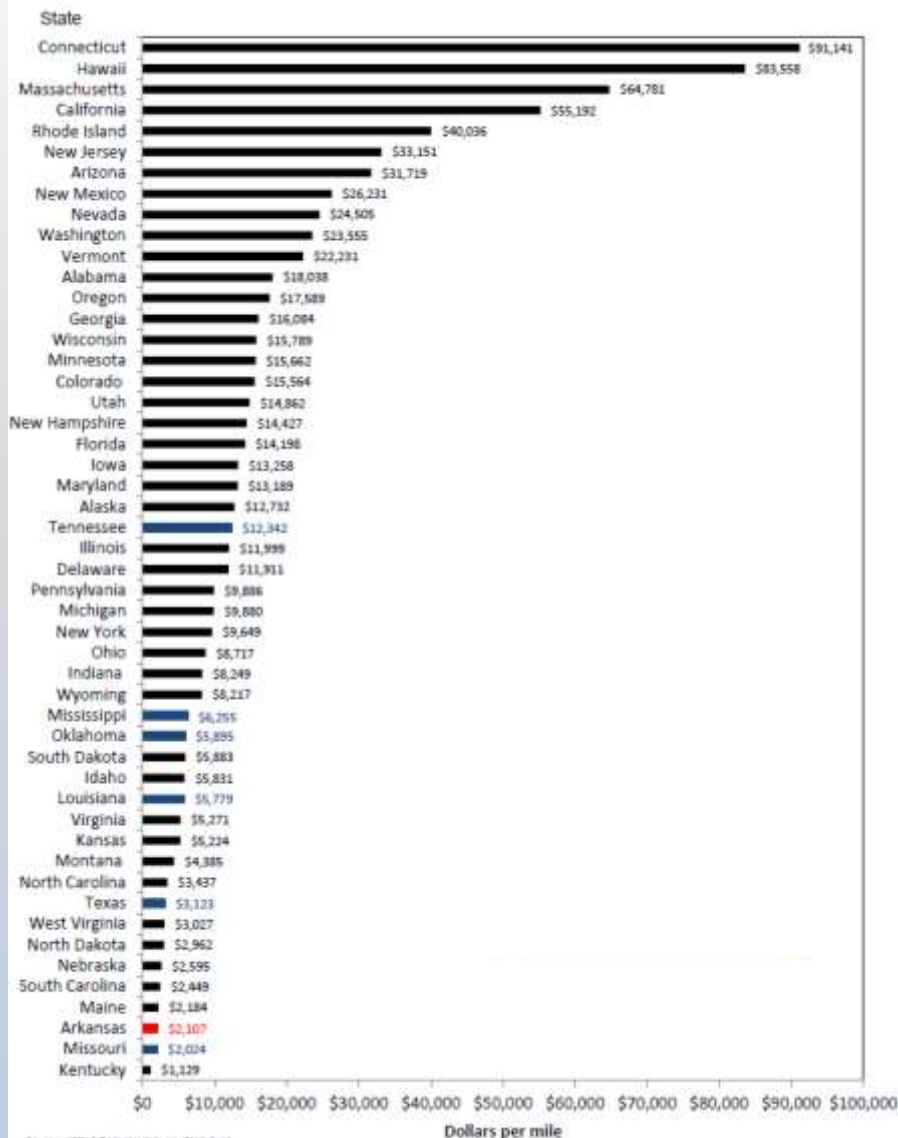
- Commitment to ethics and transparency

Efficiency

- Achieve maximum benefit through fiscal responsibility

Administrative Cost Per Mile

Arkansas Ranks 48th in the Nation



Source: "2013 Federal Highway Statistics"
Note: Excludes Toll Facilities

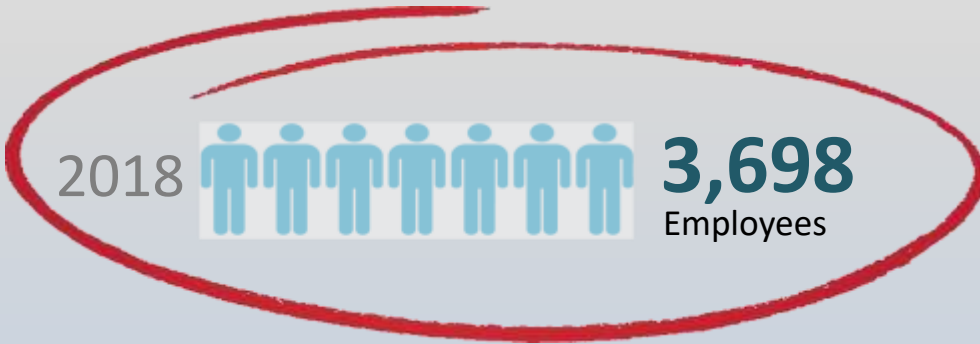
Arkansas = \$2,107

Surrounding States Average = \$4,334

National Average = \$9,224

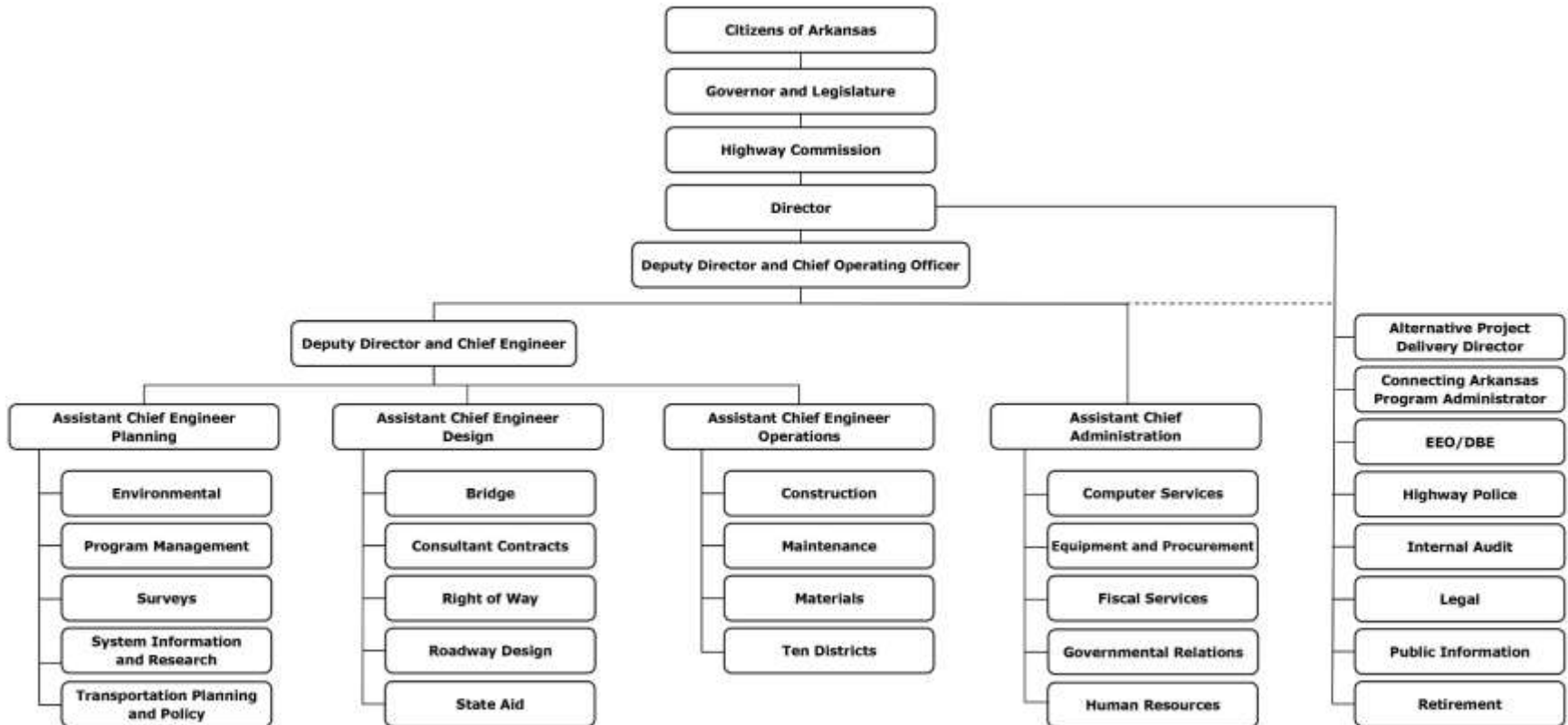
Arkansas has the
3rd Lowest
Administrative Cost Per
Mile
in the Nation

Employment Levels Efficiency



Organization Chart

ARKANSAS DEPARTMENT OF TRANSPORTATION ORGANIZATION CHART



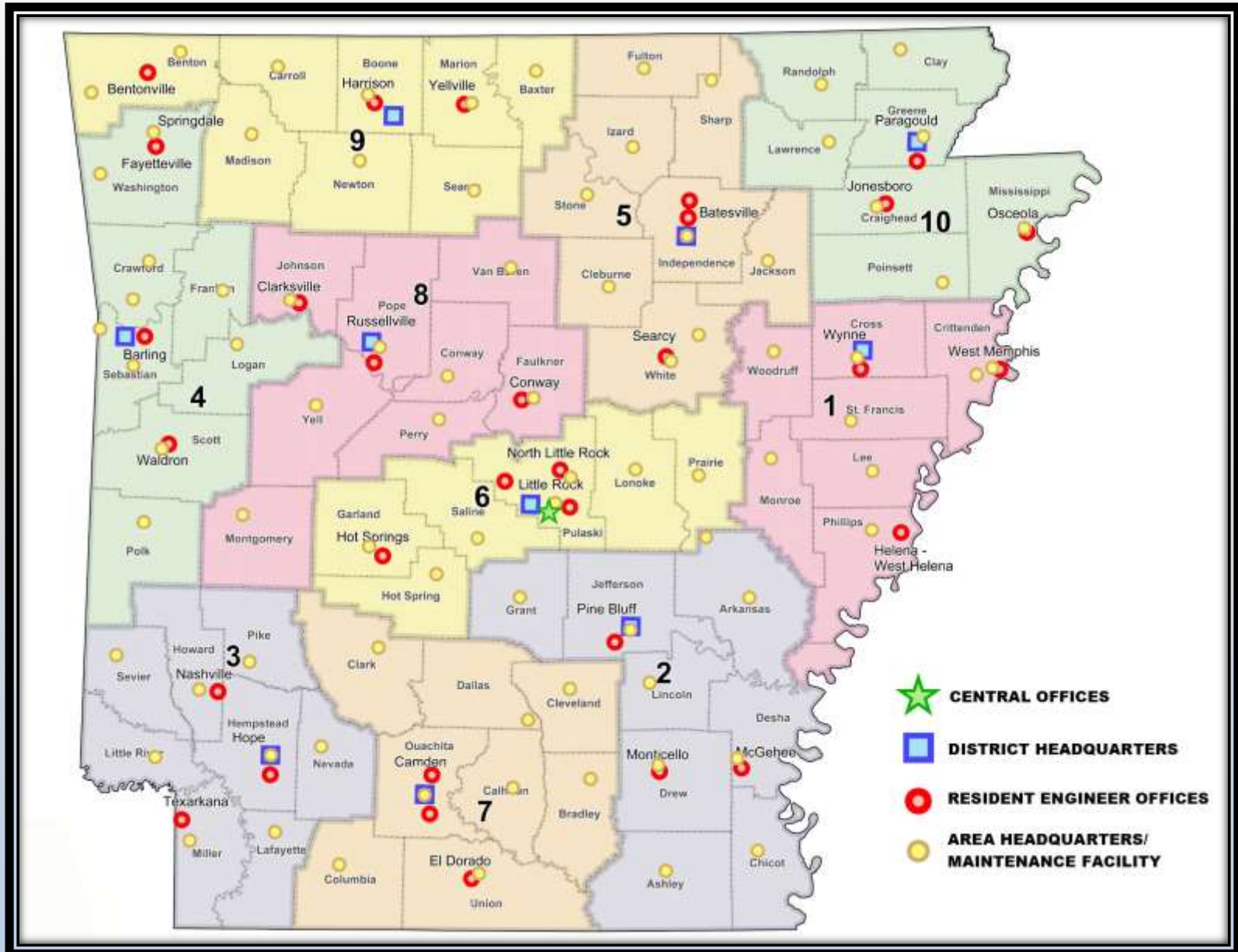
Scott S. Bennett

Director of Highways and Transportation

April 11, 2017

Date

District Organization



Arkansas Highway Commission



Dick Trammel



Tom Schueck



Robert Moore



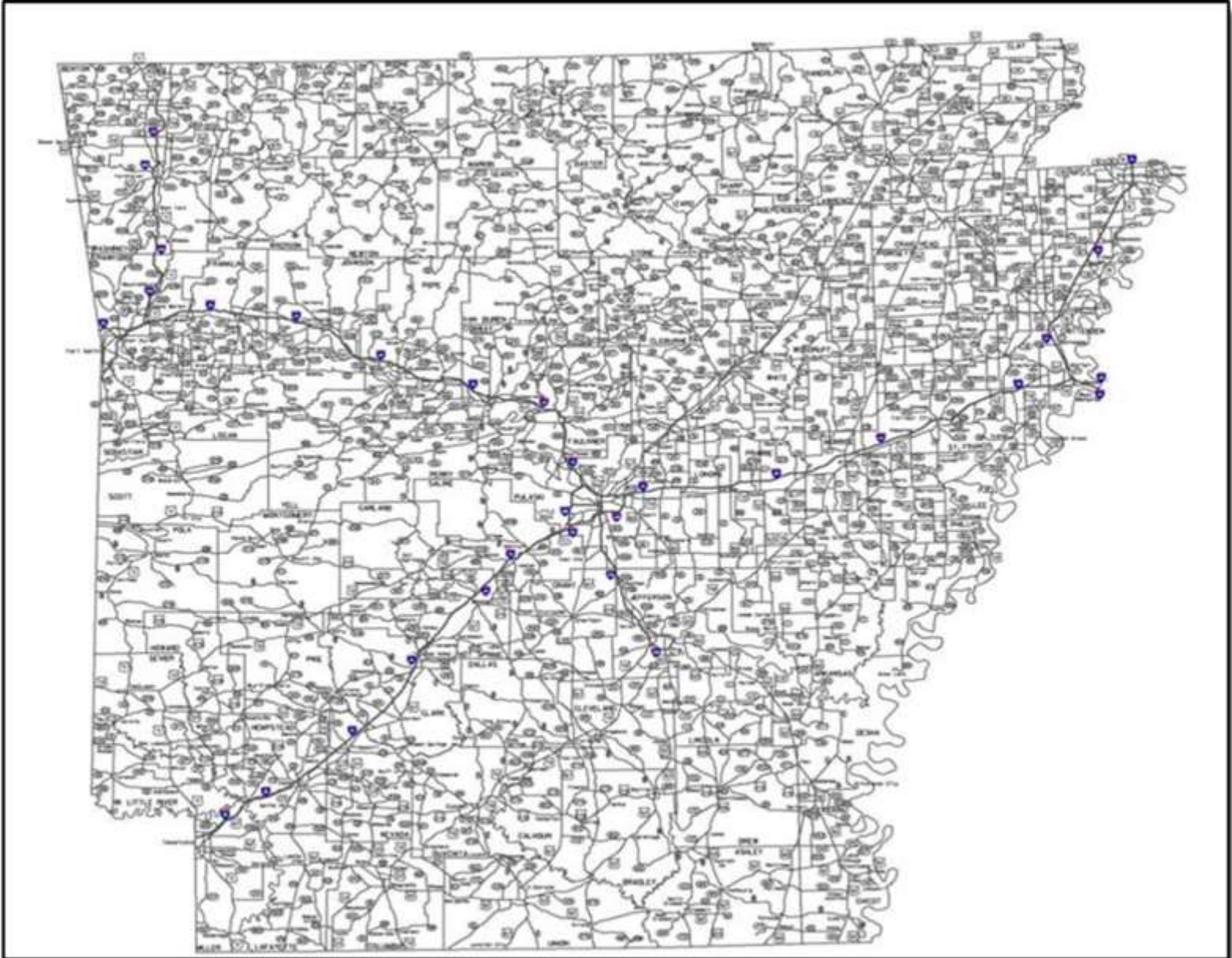
Alec Farmer



Philip Taldo

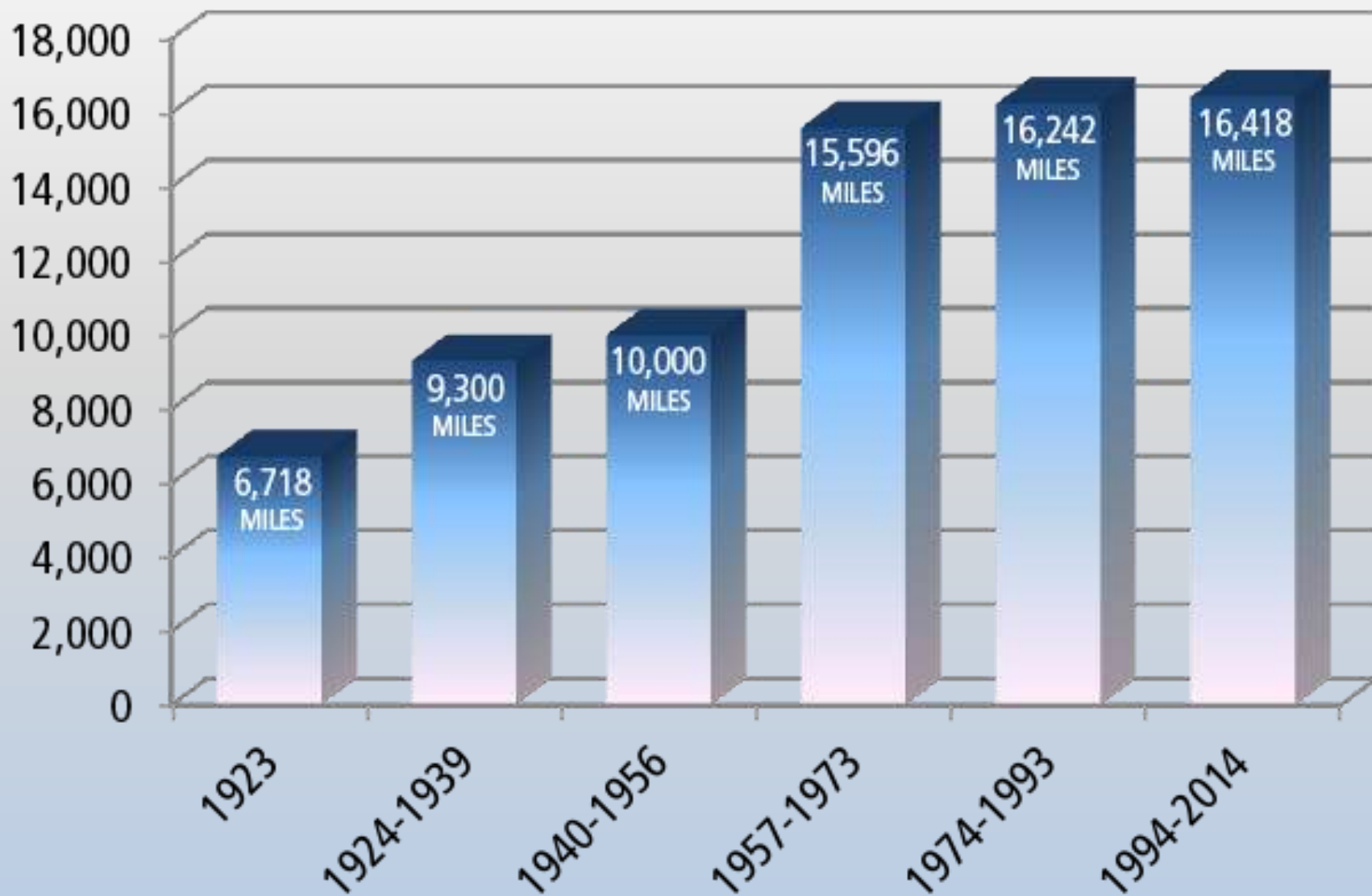


State Highway System



GROWTH OF THE HIGHWAY SYSTEM

MILES

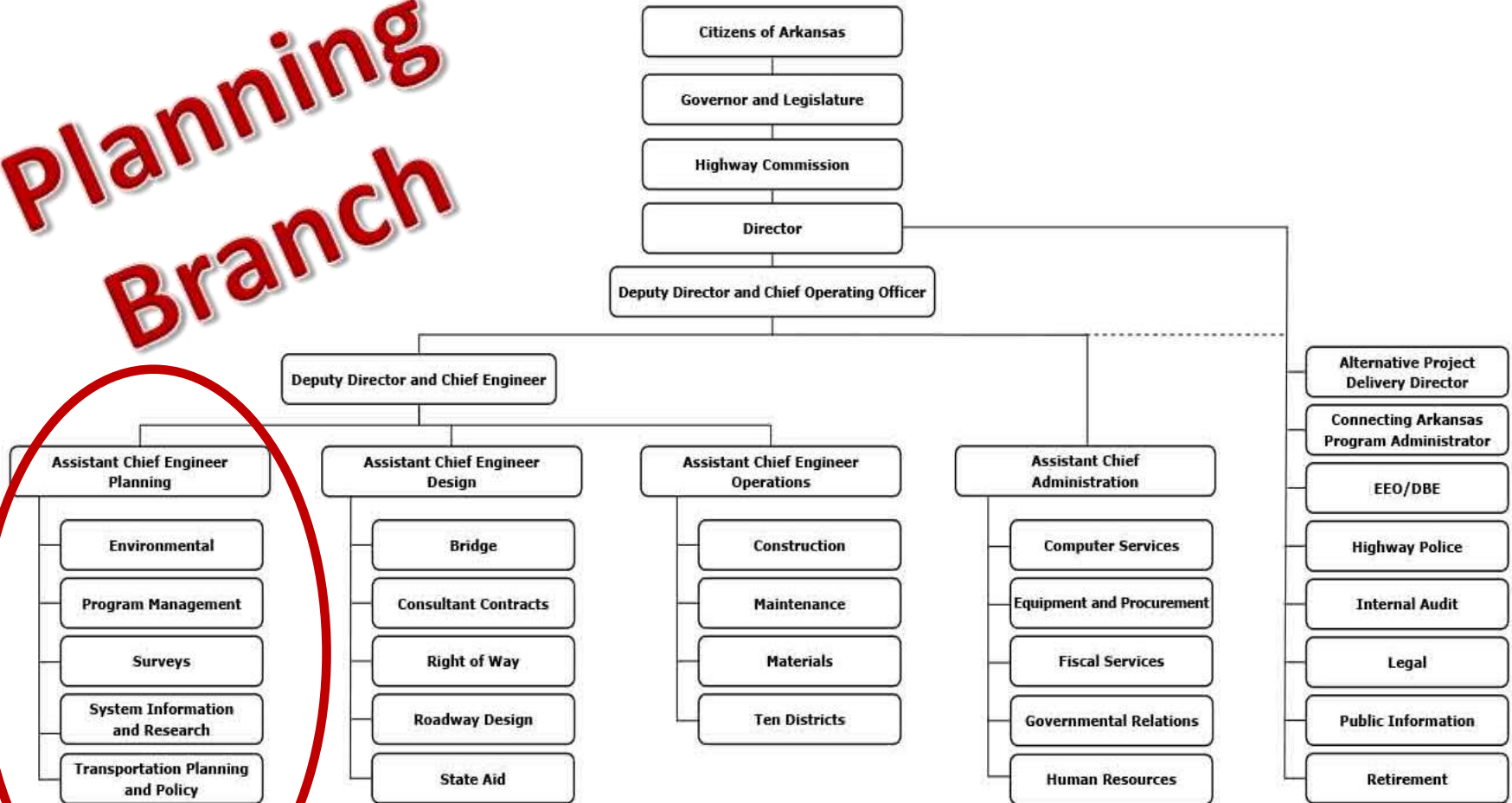


- **Planning and Scheduling**
 - System Management Analysis
 - Planning Studies
 - Statewide Transportation Improvement Program (STIP)
- **Project Development**
 - Environmental Analysis and Report
 - Surveys
 - Design
 - Right-of-Way Acquisition
 - Utility Relocation
- **Award Contract**



ARDOT Organization Chart

Planning Branch



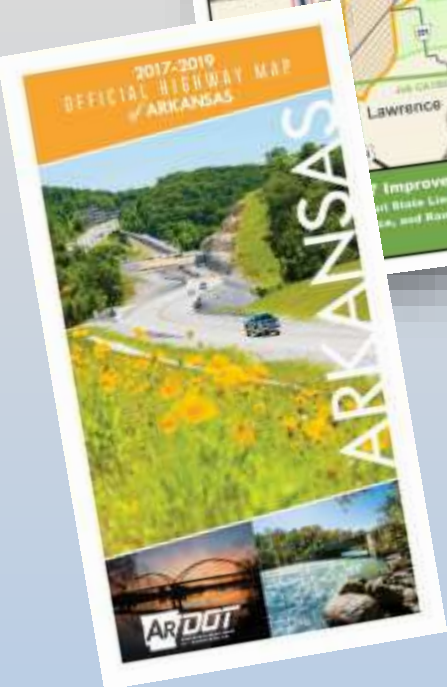
Scott D. Bennett

Director of Highways and Transportation

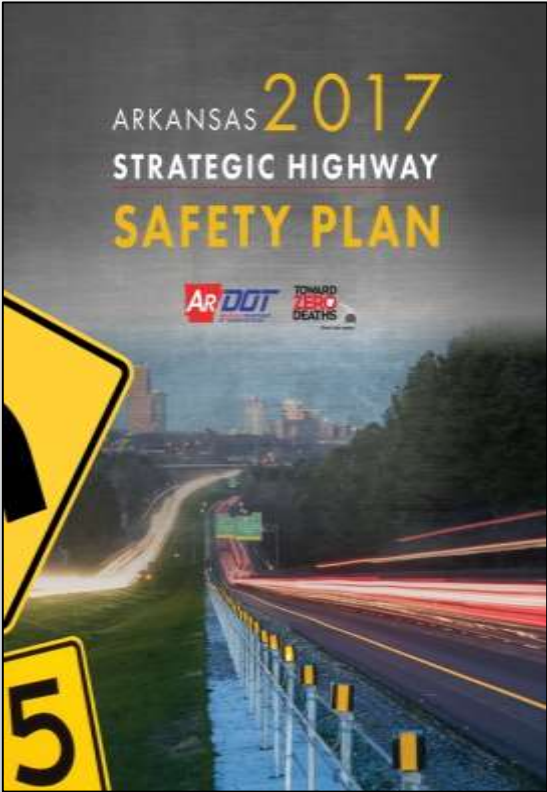
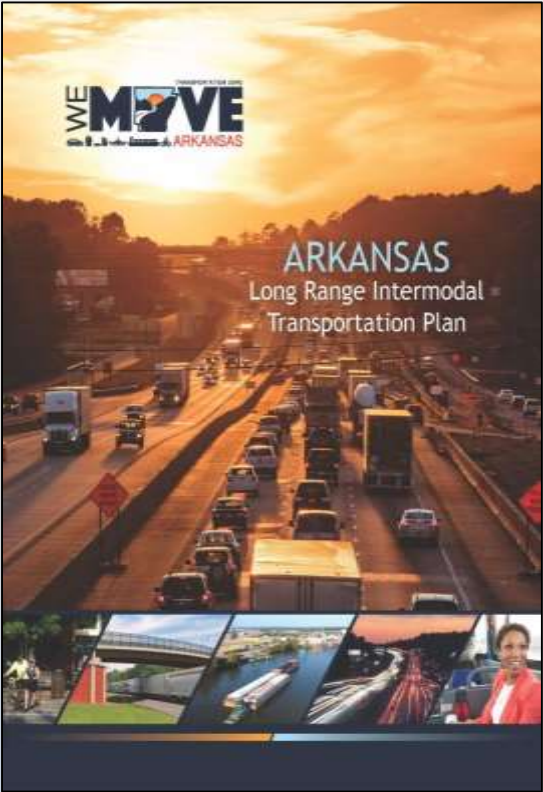
April 11, 2017

Date

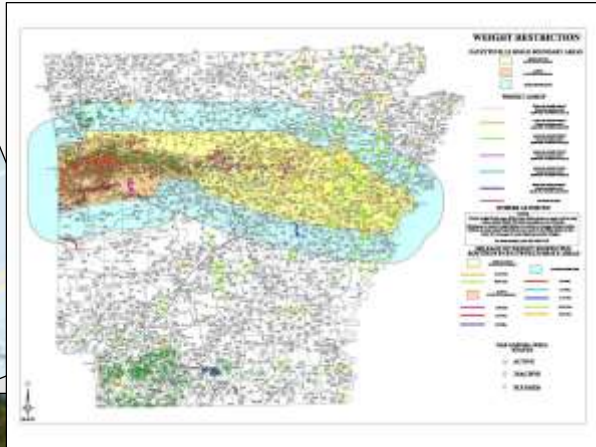
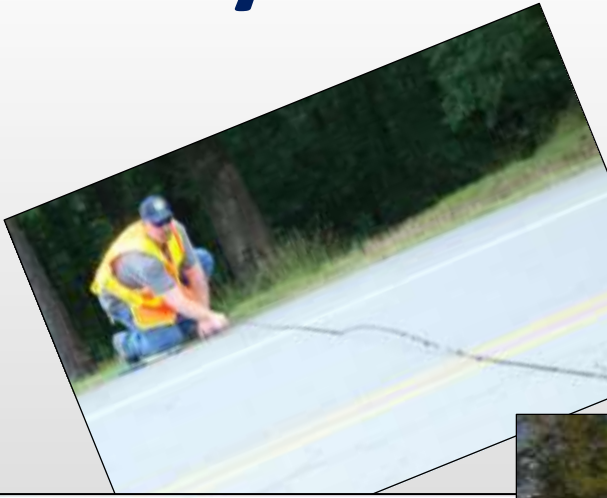
Transportation Planning & Policy



Transportation Planning & Policy




System Information & Research



ARKANSAS
2016

ANNUAL AVERAGE DAILY
TRAFFIC ESTIMATES

BY COUNTY



PUBLISHED APRIL 2017



Pavement Management

ARAN (Automatic Road Analyzer)



Multi-Media Highway Information System (MMHIS)

MMHIS - [Route 30 East, Section 11, Year 2012-3]

Route: 540 North

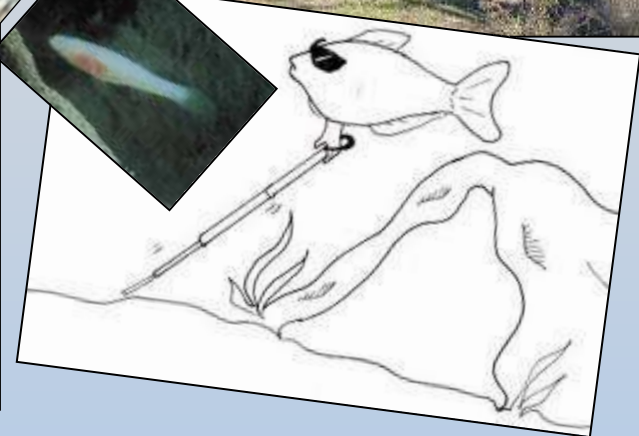
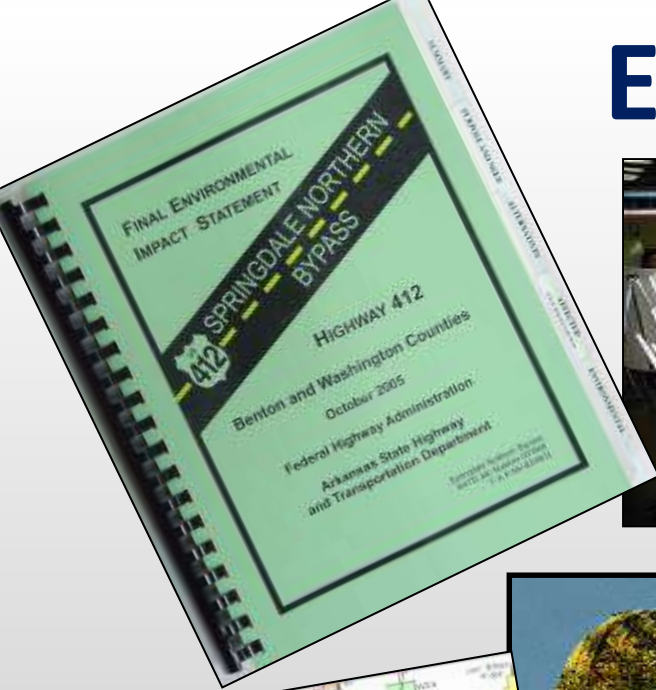
| Category | Item | Value |
|----------|-----------------------|----------------|
| GPS | Latitude | 36.027710 |
| GPS | Longitude | -94.187332 |
| Roadway | Roadway Data Date | 3/12/2012 |
| Codes | County | WASHINGTON |
| Codes | Log Mile | 60.095 mile |
| Codes | Section | 4 |
| Codes | Beginning Log Mile | 59.990 mile |
| Codes | Ending Log Mile | 60.500 mile |
| Codes | Length | 0.510 mile |
| Codes | Number of Lanes | 4 |
| Codes | Rural/Urban | Large Urban |
| Codes | Functional Classif... | 1 |
| Codes | NHTS System Class... | On I-95 (Stat) |
| Codes | Surface Type | AC/P |
| Codes | Surface Width | 78 ft |
| Codes | Lane Width | 12 ft |
| Codes | Median Width | 70 ft |
| Codes | Right Shoulder Sur... | Asphalt |
| Codes | Right Shoulder Wid... | 10 ft |
| Codes | Left Shoulder Sur... | Asphalt |
| Codes | Left Shoulder Wid... | 5 ft |
| Codes | Job Number | |
| Codes | Year Built | 1999 |
| Codes | Average Daily Tra... | 2800 |
| Codes | MMIS Data Code | 3112-3 |
| Codes | RI - Left Wheel P... | 63.36 in/in |
| Codes | RI - Right Wheel ... | 77.30 in/in |
| Codes | Rutting - Left Whe... | 0.079 inches |
| Codes | Rutting - Right W... | 0.079 inches |
| Codes | Grade | -2.30 |
| Codes | Fault Count | 0 |
| Codes | Average Fault | 0.00 |
| Codes | Maximum Fault | 0 |
| Codes | Bridge Data Date | N/A |
| Codes | Structure Number | N/A |
| Codes | Facility On Structure | N/A |
| Codes | HighestMinimumW... | N/A |
| Codes | Year Built | N/A |
| Codes | Main Span Type | N/A |
| Codes | Approach Span T... | N/A |
| Codes | Number of Appro... | N/A |
| Codes | Maximum Span Le... | N/A |
| Codes | Structure Length | N/A |
| Codes | Curb-to-Curb Width | N/A |
| Codes | Out-to-Out Dedi... | N/A |
| Codes | Deck Condition | N/A |
| Codes | Substructure Con... | N/A |
| Codes | Operating Rating | N/A |
| Codes | Bridge Rating | N/A |
| Codes | Routine Inspectio... | N/A |
| Codes | Designated Inspe... | N/A |
| Codes | Year Reconstructed | N/A |
| Codes | Deck Type | N/A |
| Codes | Surface Type | N/A |
| Codes | Sufficiency Rating | N/A |
| Codes | Replacement Fun... | N/A |
| Codes | Job Status Data ... | 3/2/2012 |
| Codes | Job Number | R40048 |
| Codes | Project Length | 8.16 mile |
| Codes | Minute Order Nu... | 1971-287 |
| Codes | Minute Order Date | |
| Codes | Let Date | 01/1997 |
| Codes | Completion Date | 04/1999 |
| Codes | Total Cost | \$16,641,599 |
| Codes | Location | New Location |
| Codes | Type Work | BASE & CURB |
| Codes | HEP Type Work | New Location |
| Codes | Included In HEP 91 | Y |
| Codes | Year | 1/2/12 |
| Codes | Number of Accide... | 303 |
| Codes | Number of Fatali... | 3 |
| Codes | Number of Injurie... | 198 |
| Codes | Number in Concr... | 3 |
| Codes | Layers Data Date | N/A |
| Codes | Layer 1 Thickness | N/A |
| Codes | Layer 2 Thickness | N/A |

Route: 540 North Lane: 6429, File: Combined Image (Panoramic View)

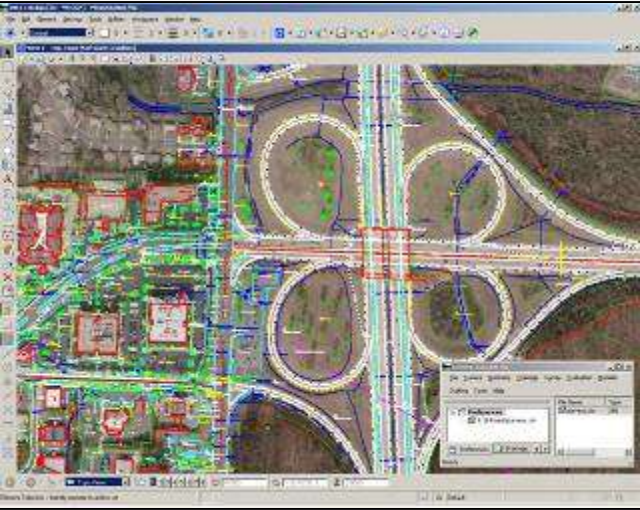
MMHIS - [Route 30 East, Section 11, Year 2012-3]

Minute Order Nu... PCT558
Minute Order Date
Let Date 03/1984

Environmental



Surveys



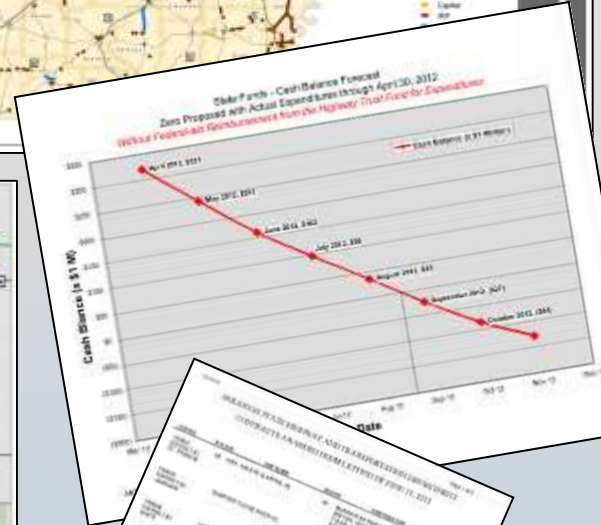
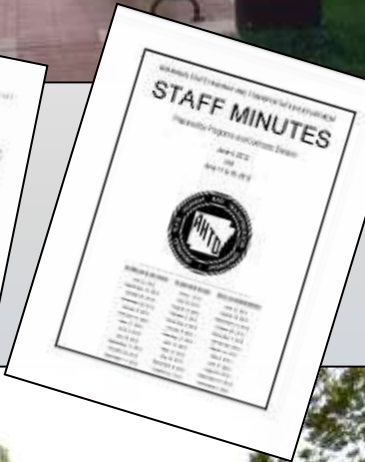
Program Management



2016-2020
Federal Fiscal Years

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
STIP

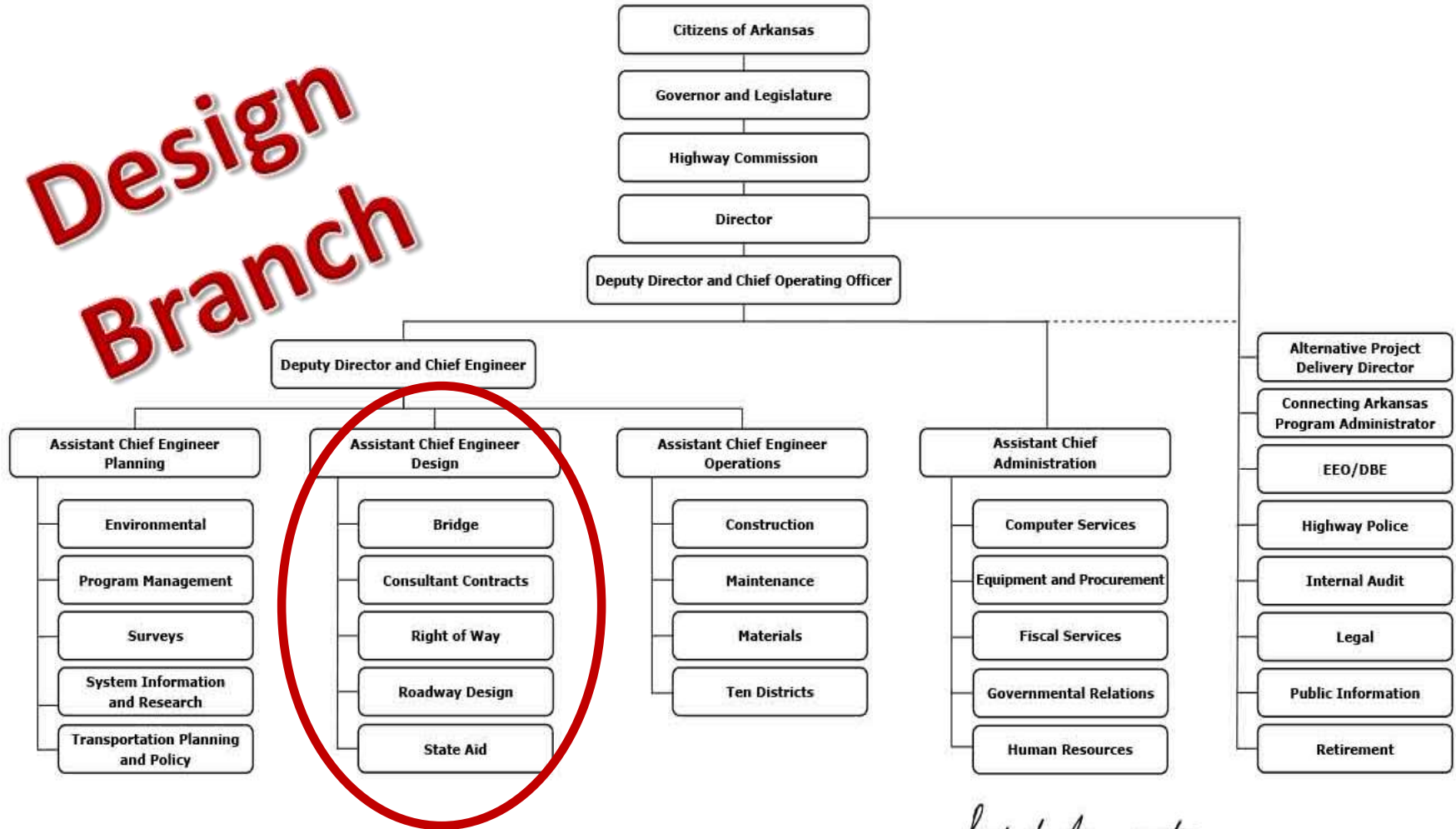
ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT
Presented by the Arkansas State Highway & Transportation Department
for compliance with Title 23, ARS, § 1-101
Revised 11/2015



| PROJECT NAME | START DATE | END DATE | COMPLETION STATUS |
|--|------------|----------|-------------------|
| Interstate 40 Hwy. 85 East Widening | 2013 | 2014 | Complete |
| Interstate 40 Palmetto Creek Hwy. 305 Widening | 2013 | 2014 | Complete |
| Interstate 40 Palmetto Creek Hwy. 305 Widening | 2013 | 2014 | Complete |
| Interstates 40 & 430 Hwy. 385 I-430 Widening & I-430 Interchange Modifications | 2013 | 2015 | Complete |
| ... | ... | ... | ... |

ARDOT Organization Chart

Design Branch



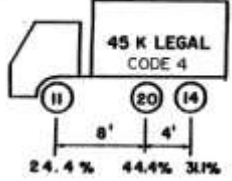
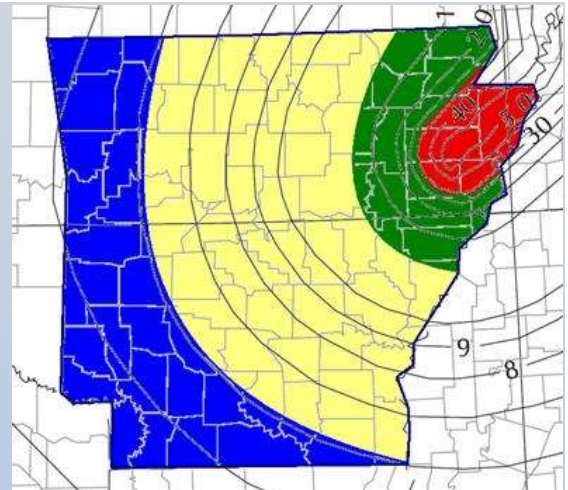
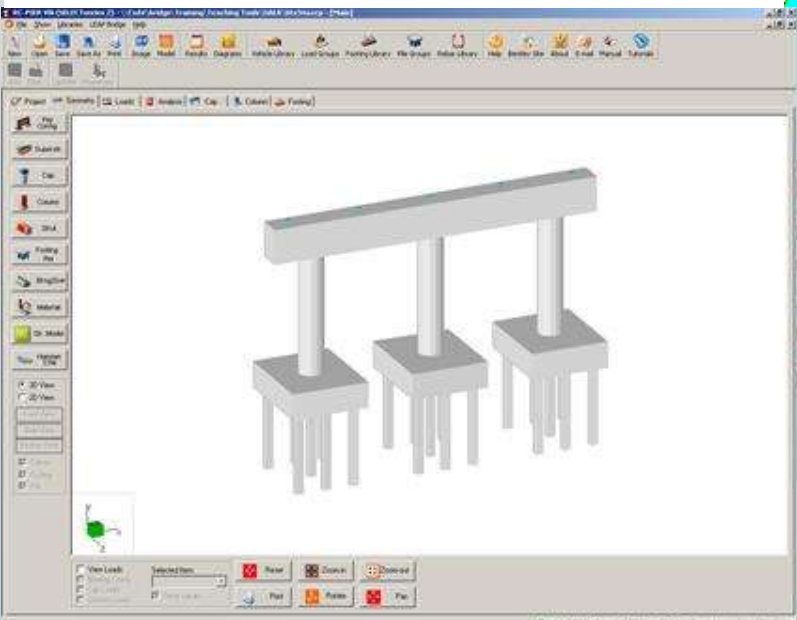
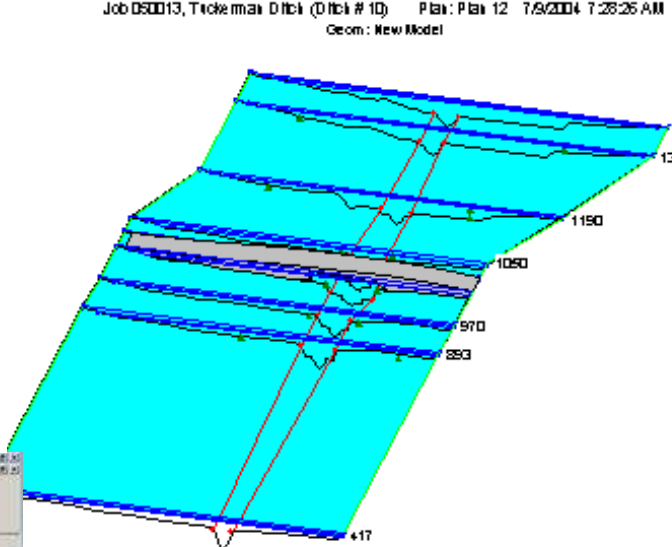
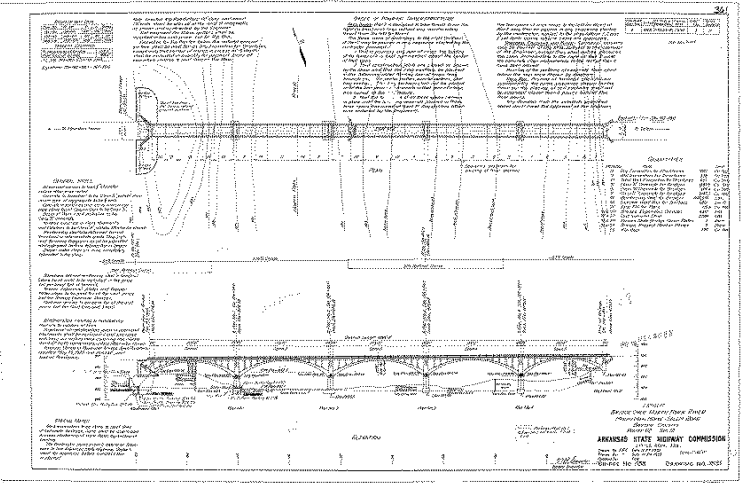
Scott D. Bennett

Director of Highways and Transportation

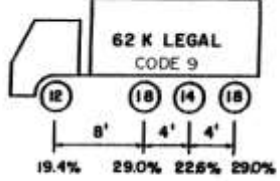
April 11, 2017

Date

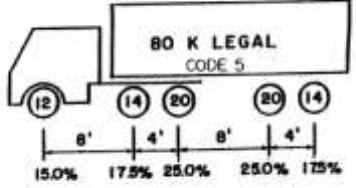
Bridge Design



Code 4 Vehicle

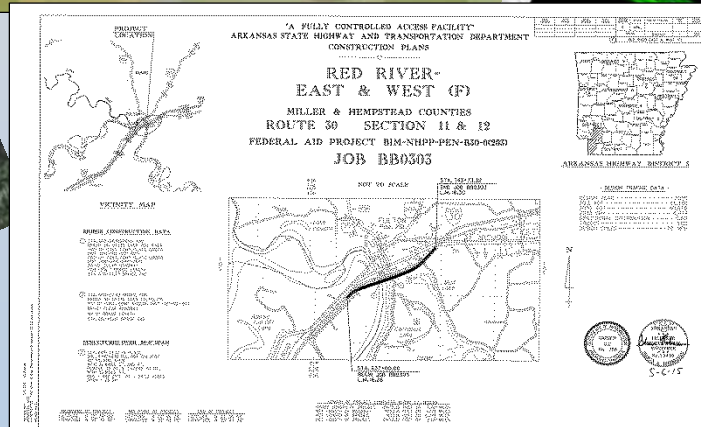
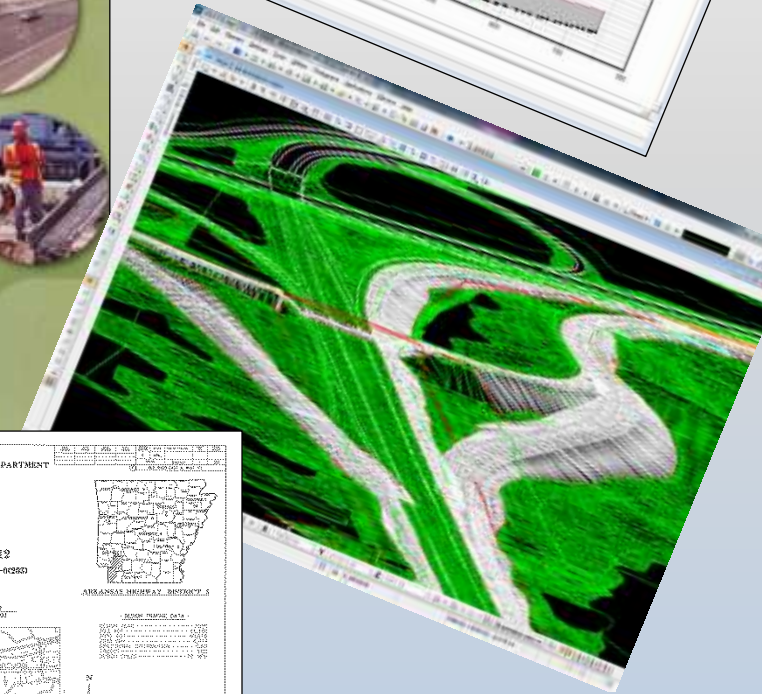
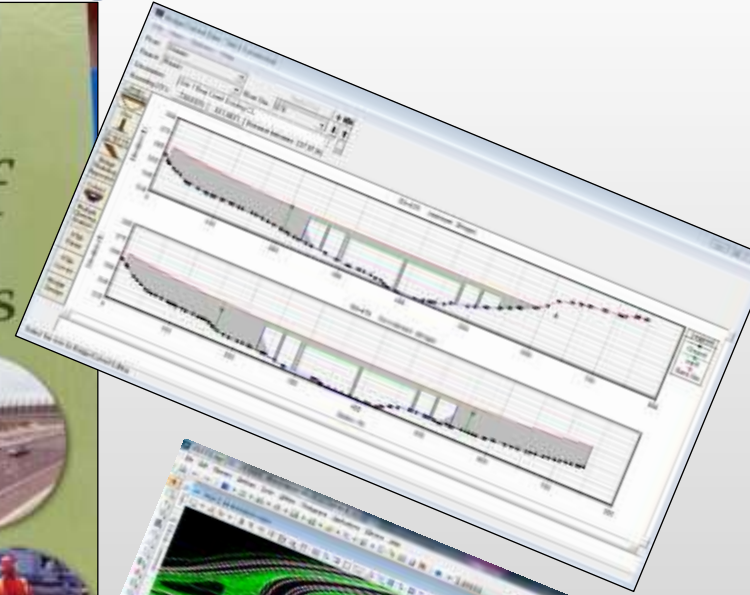
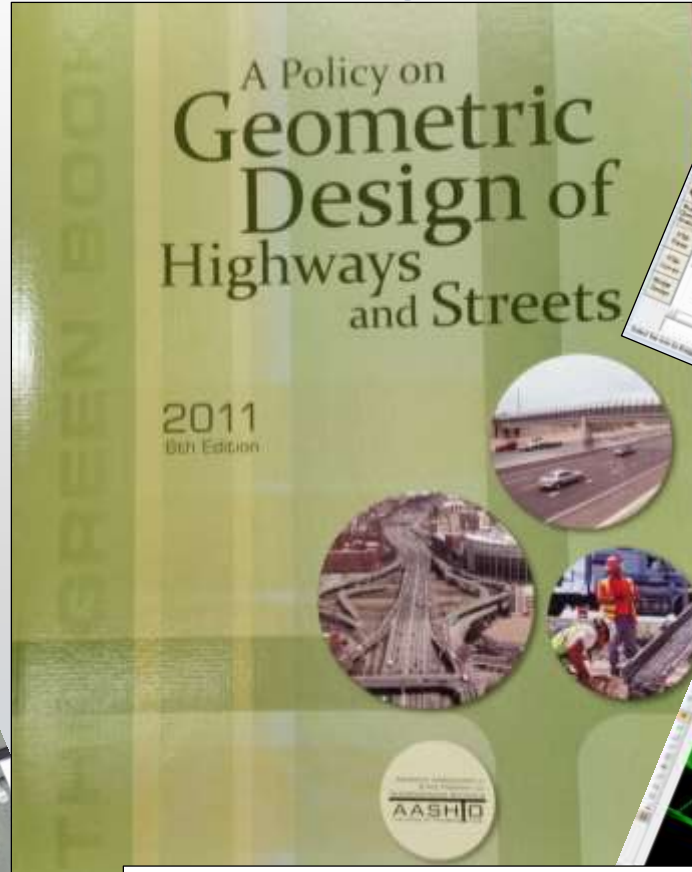


Code 9 Vehicle

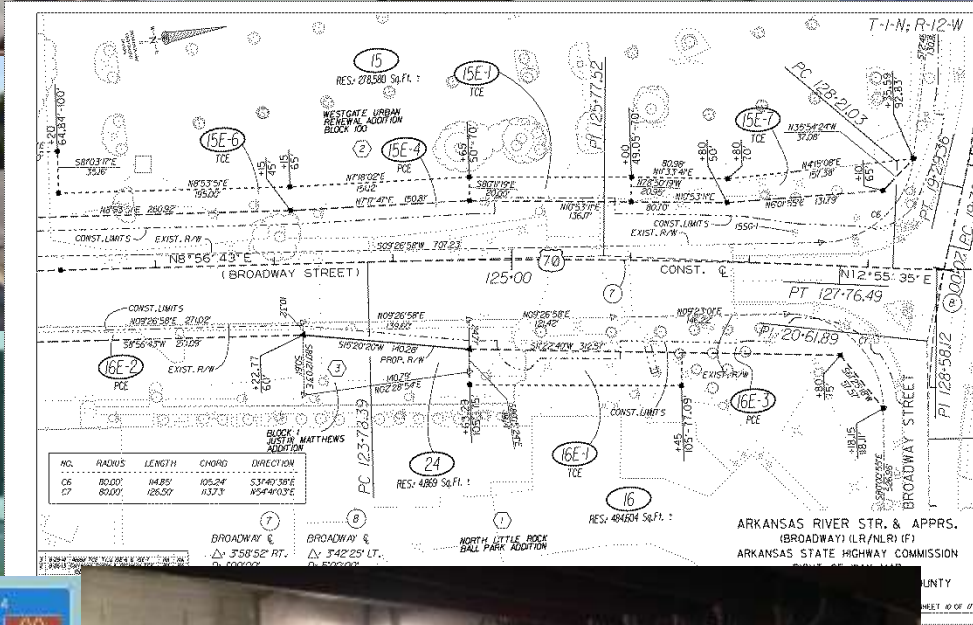


Code 5 Vehicle

Roadway Design

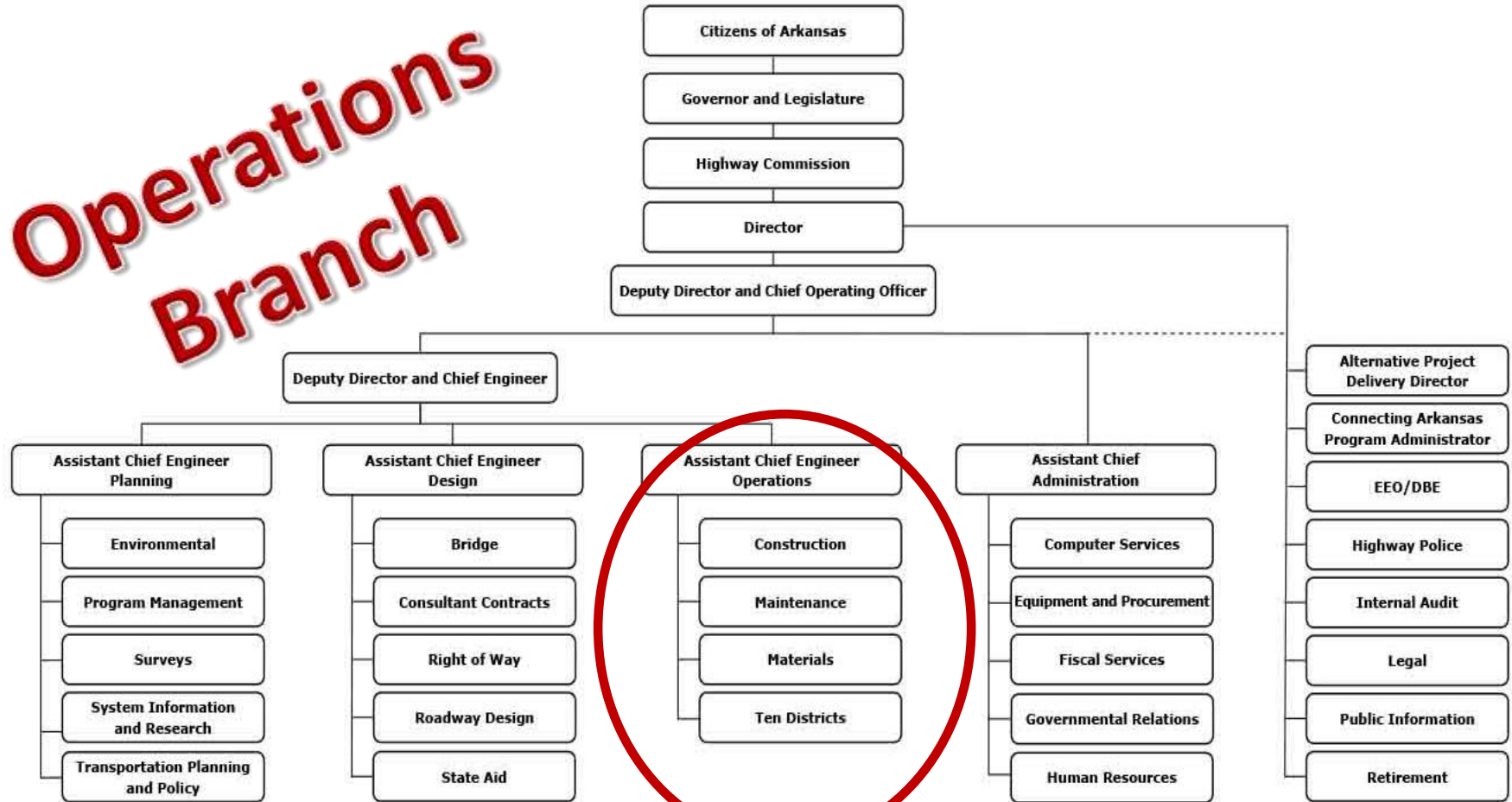


Right of Way



ARDOT Organization Chart

Operations Branch



Scott D. Bennett

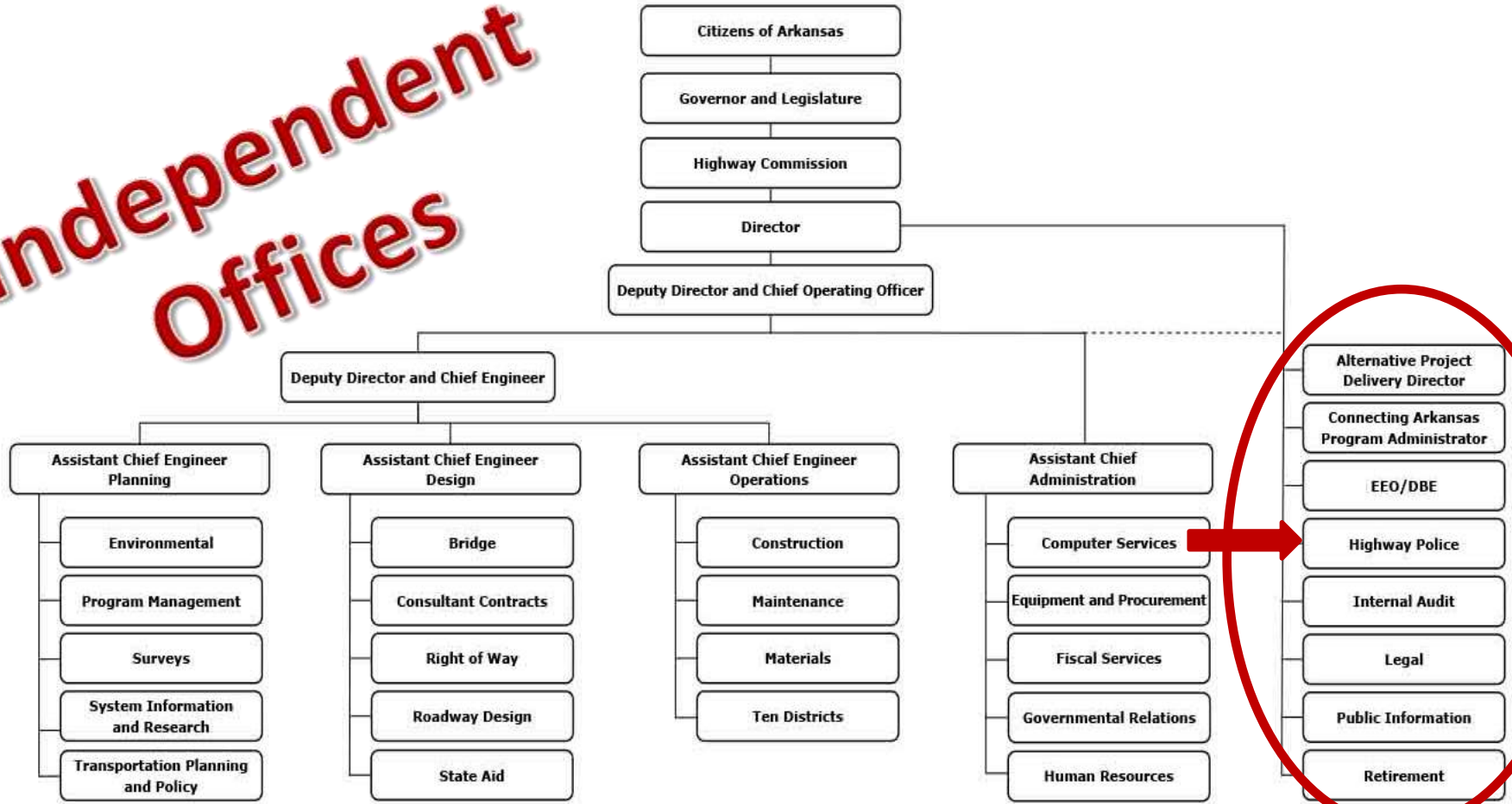
Director of Highways and Transportation

April 11, 2017

Date

ARDOT Organization Chart

Independent Offices



Scott D. Bennett

Director of Highways and Transportation

April 11, 2017

Date



Highway Police

Arkansas Highway Police







Promises Made



Promises Kept

Promises



**Rebuilding Arkansas
Interstates**



IRP



CAP



1999 Interstate Rehabilitation Program



50 Projects
356 Miles
\$973 Million

Prior to Program
63% Poor or
Mediocre

After Program
72% Good

Completed

45 Projects
290 Miles
\$997 Million

Under Construction

7 Projects
54 Miles
\$317 Million

Scheduled

27 Projects
150 Miles
\$218 Million



Completed

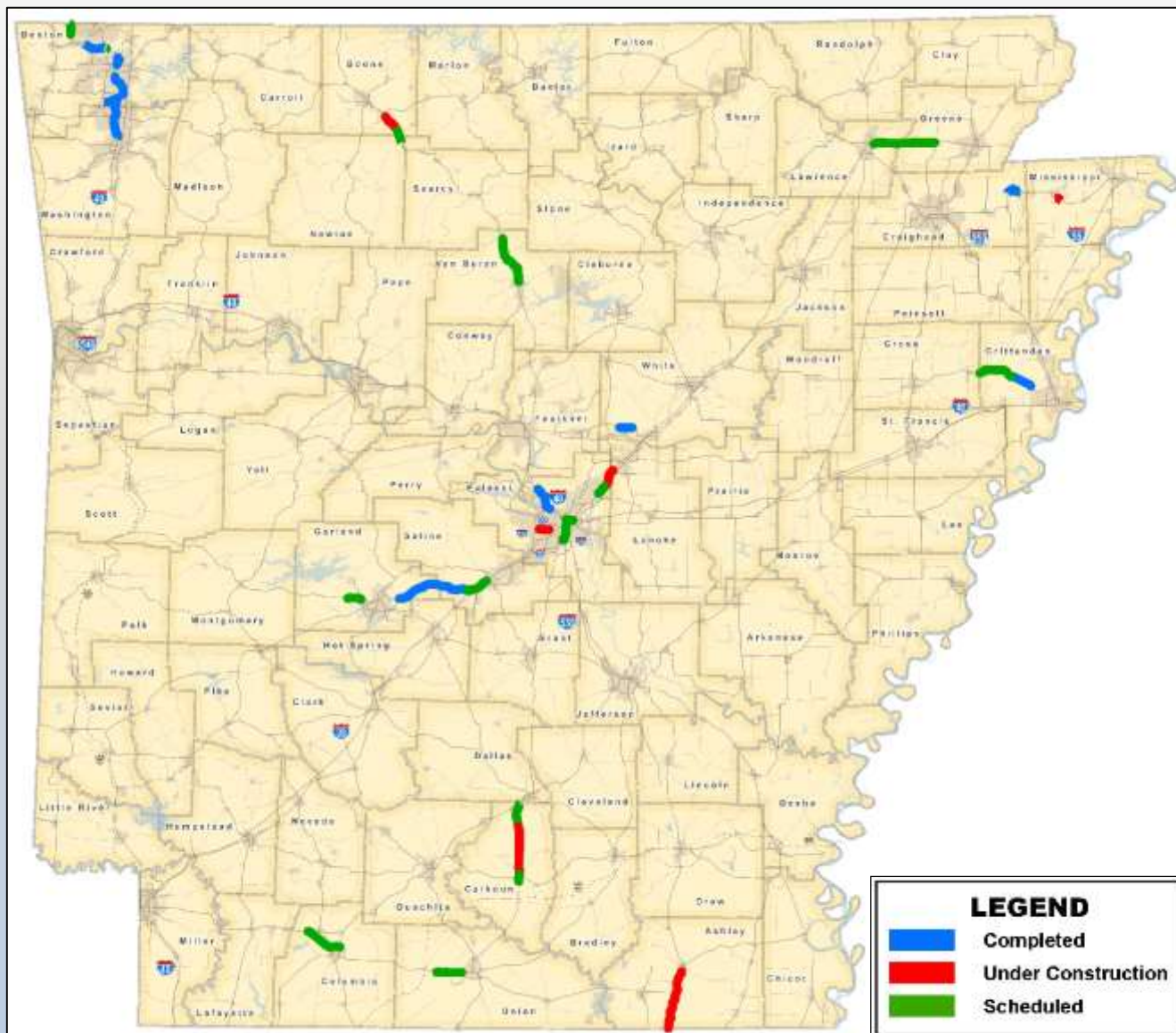
11 Projects
61 Miles
\$432 Million

Under Construction

8 Projects
40 Miles
\$347 Million

Scheduled

17 Projects
85 Miles
\$1.23 Billion

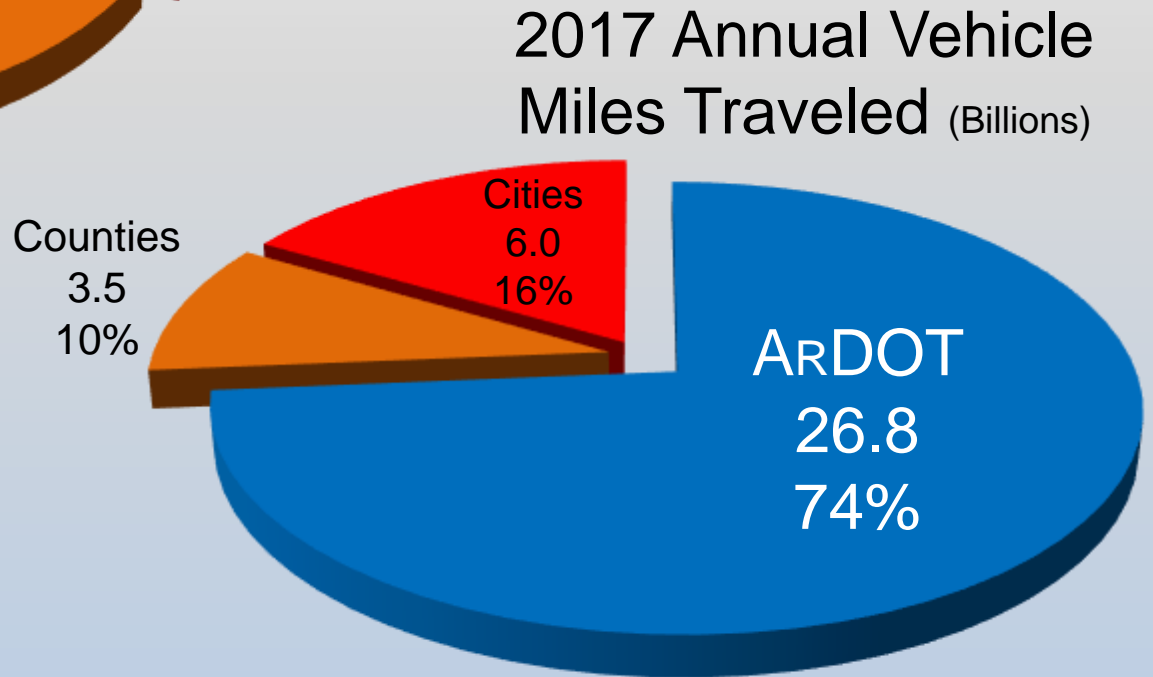
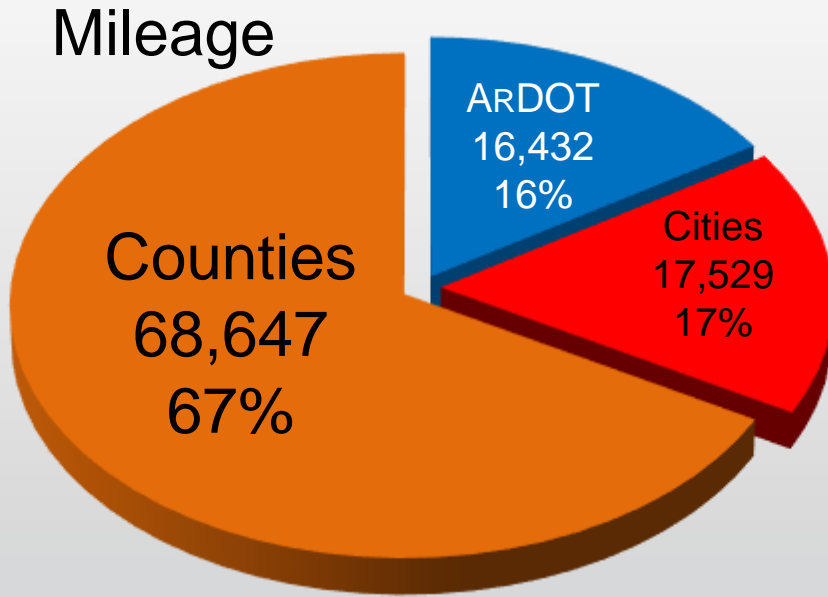


Highway Traffic

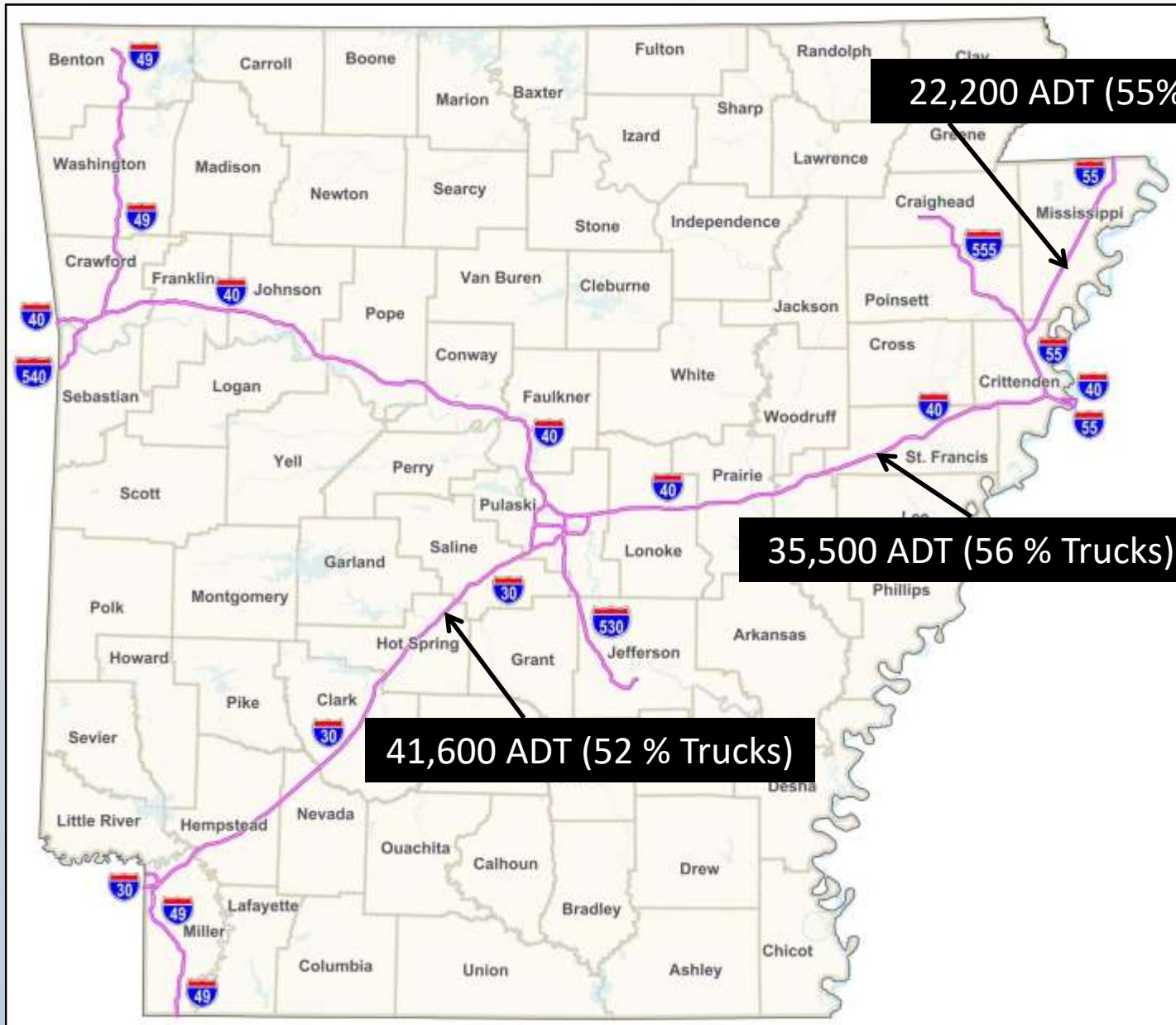


and Condition

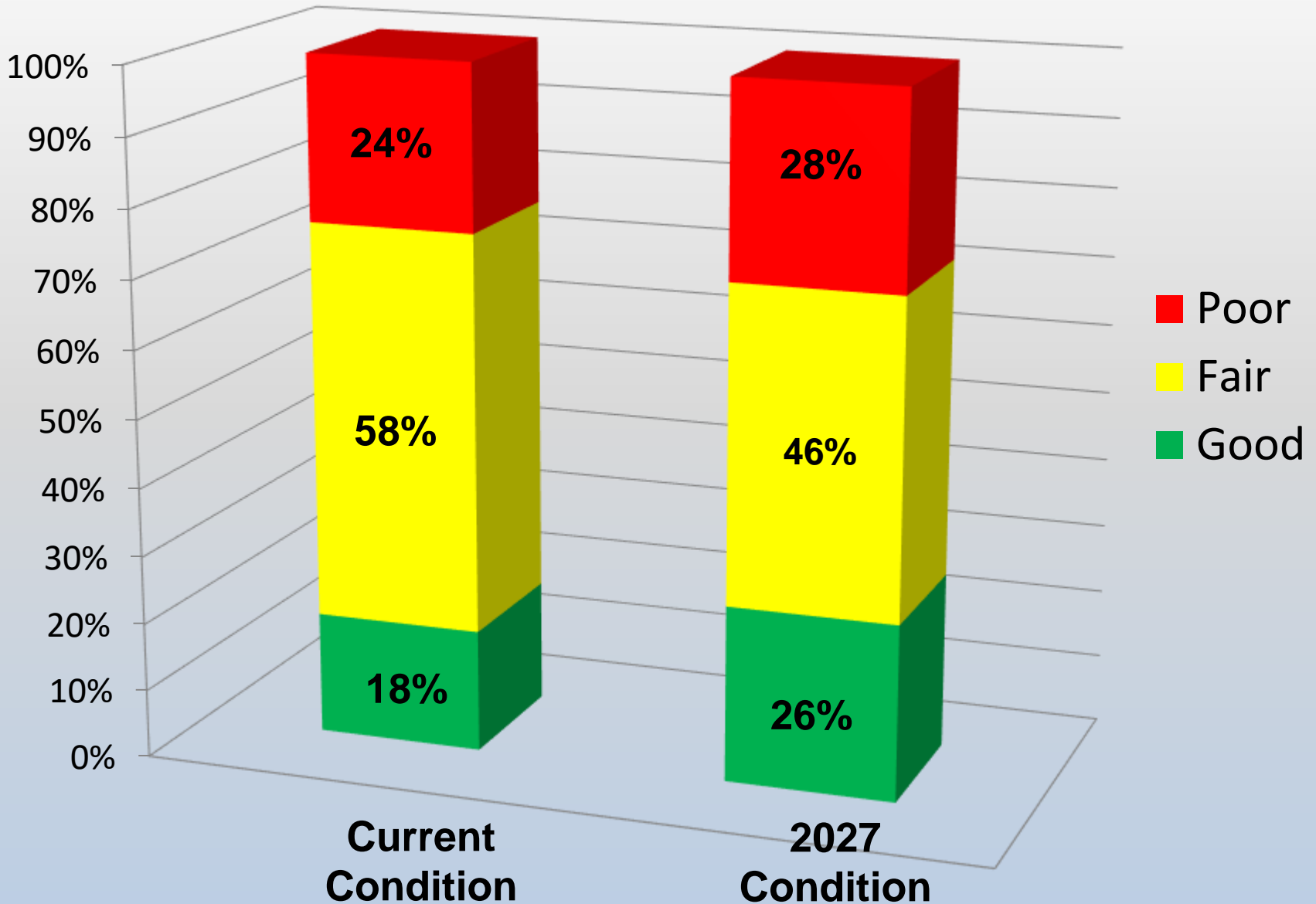
Distribution of Arkansas Miles



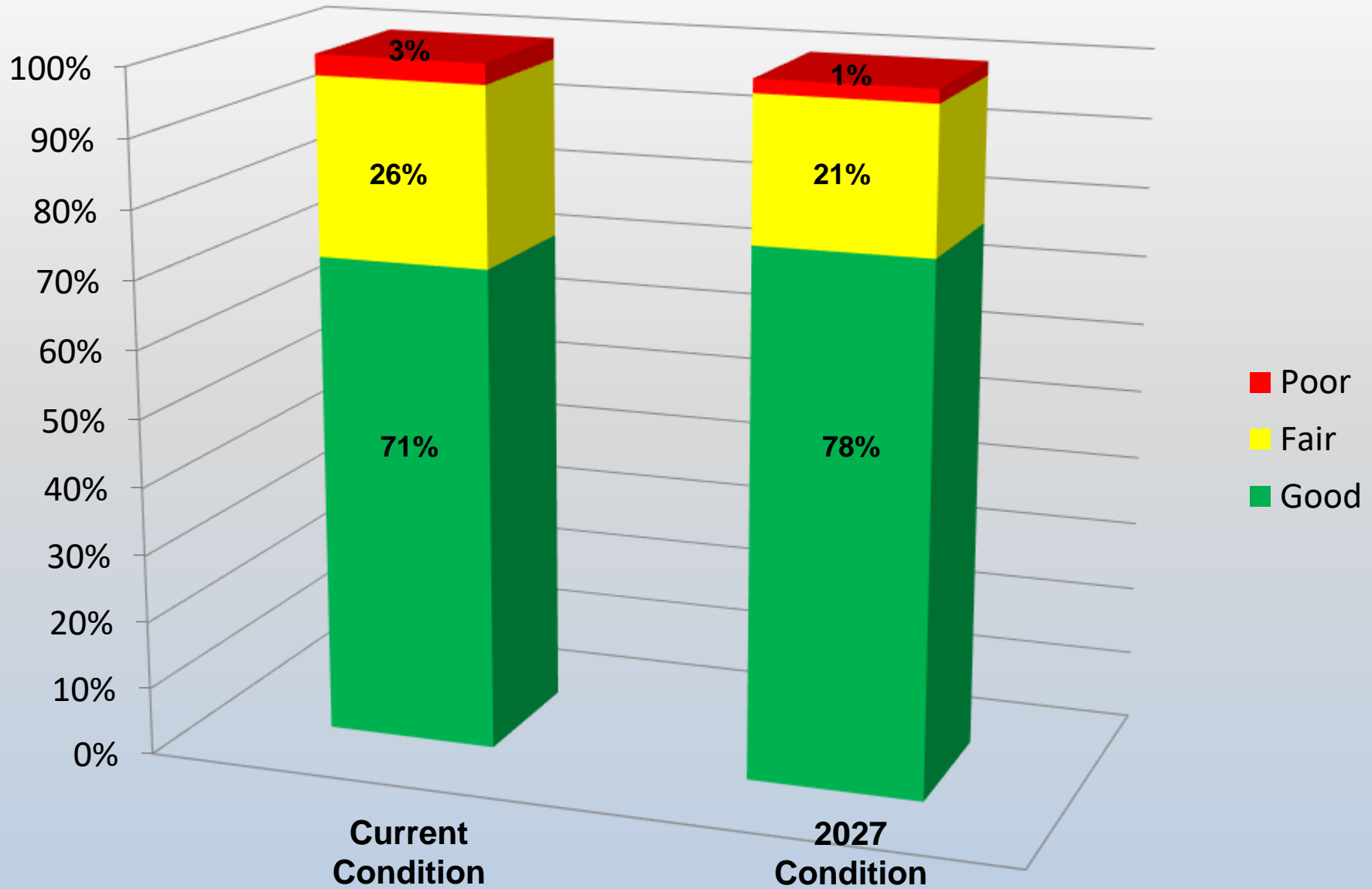
Arkansas Highway Traffic



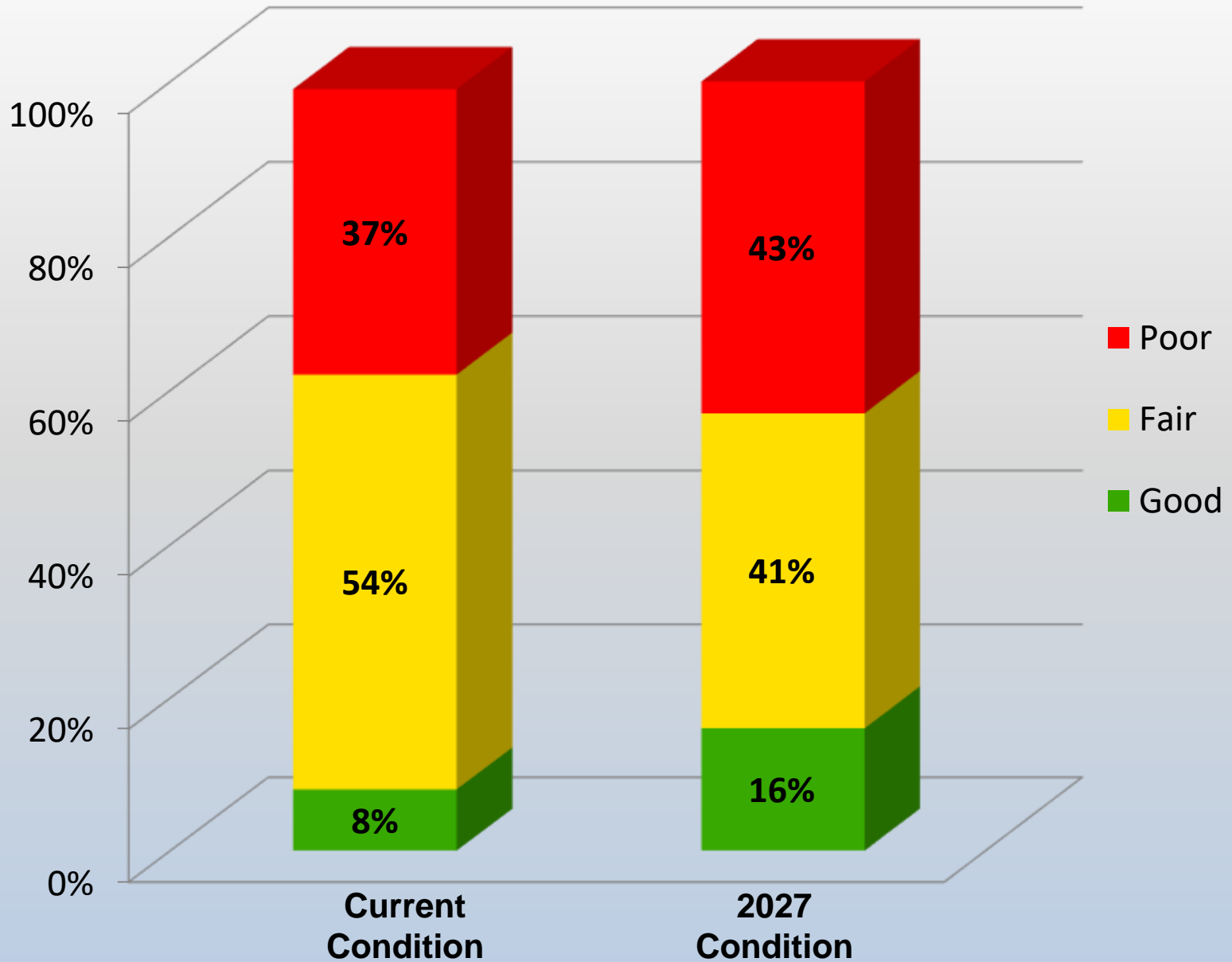
All State Highways – Including Interstates



Interstates



Other State Highways – Excluding Interstates



Pay a **Little** Now



Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile

THEN

23 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

As of 2017, using the
same resources, only
54 miles of Highway
could be overlaid.





Funding Challenges

Challenges

➤ **12th** largest system in the country

➤ **42nd** in highway revenue per mile.

➤ **\$9.3 billion** in needs

➤ **\$4.5 billion** in available revenue



A vertical stack of US dollar bills, including \$100 and \$20 bills, is visible on the left side of the slide.

Current Hwy. Funding Sources

State

Per-Gallon Motor Fuel Taxes

Vehicle Registration Fees

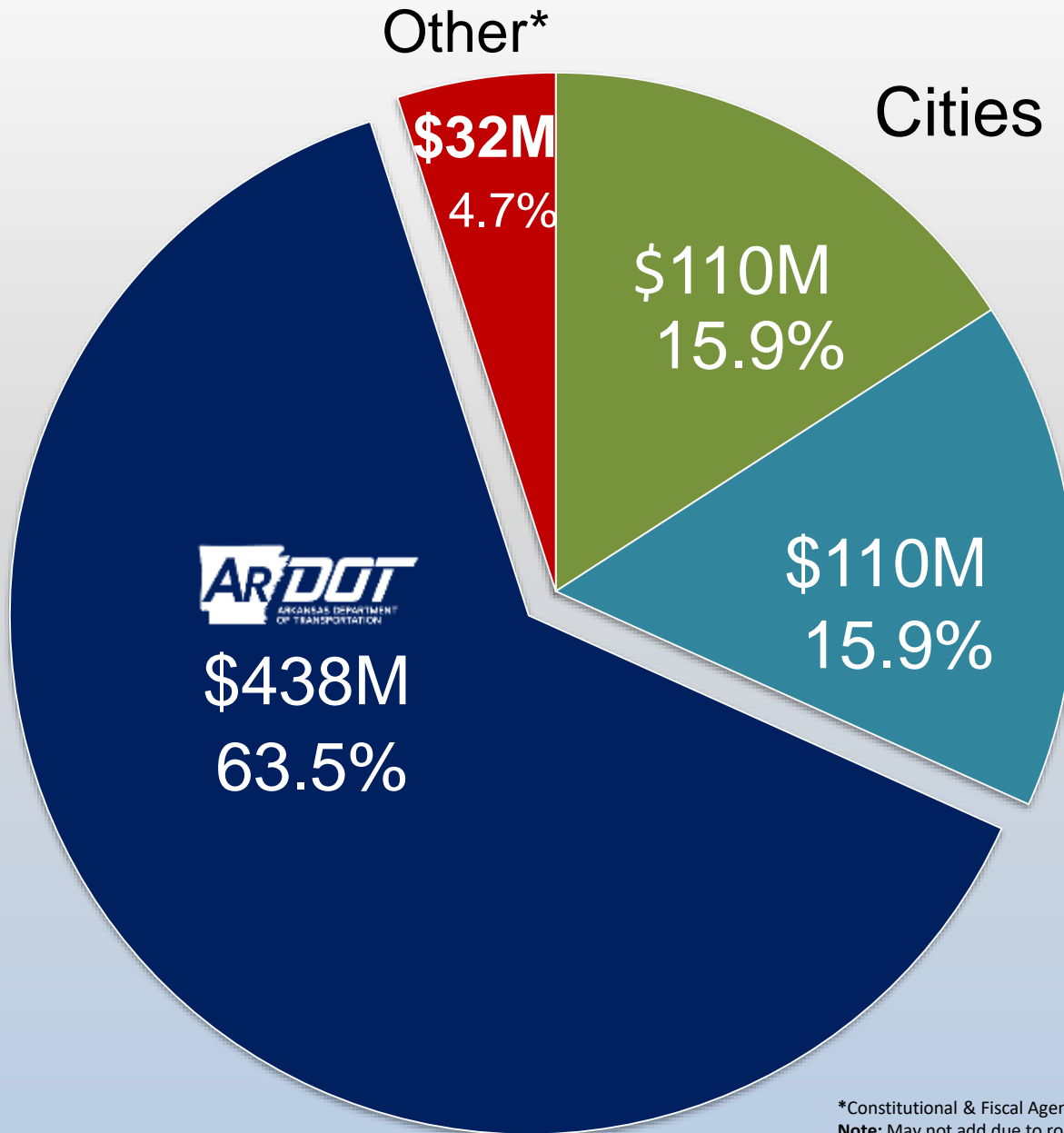
License/Permit/Inspection Fees

Severance Taxes

Temporary Sales Tax Increase



Average Annual Highway User Revenue Distribution



Counties



*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding

Federal vs. State Funding

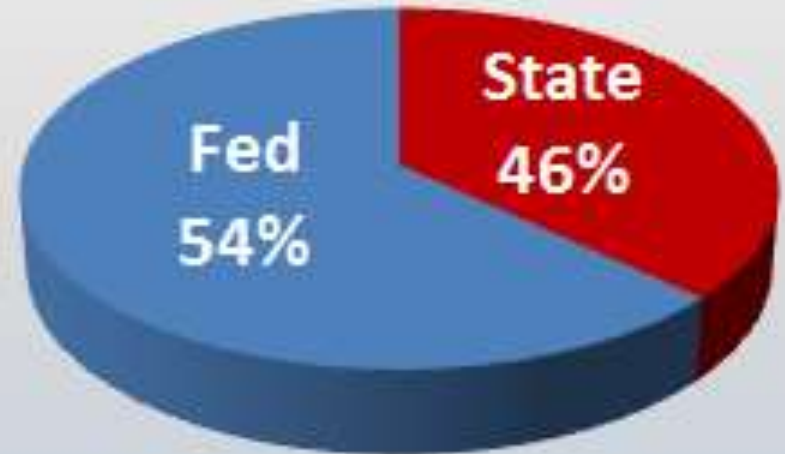
1993

Hwy. Funding Breakdown

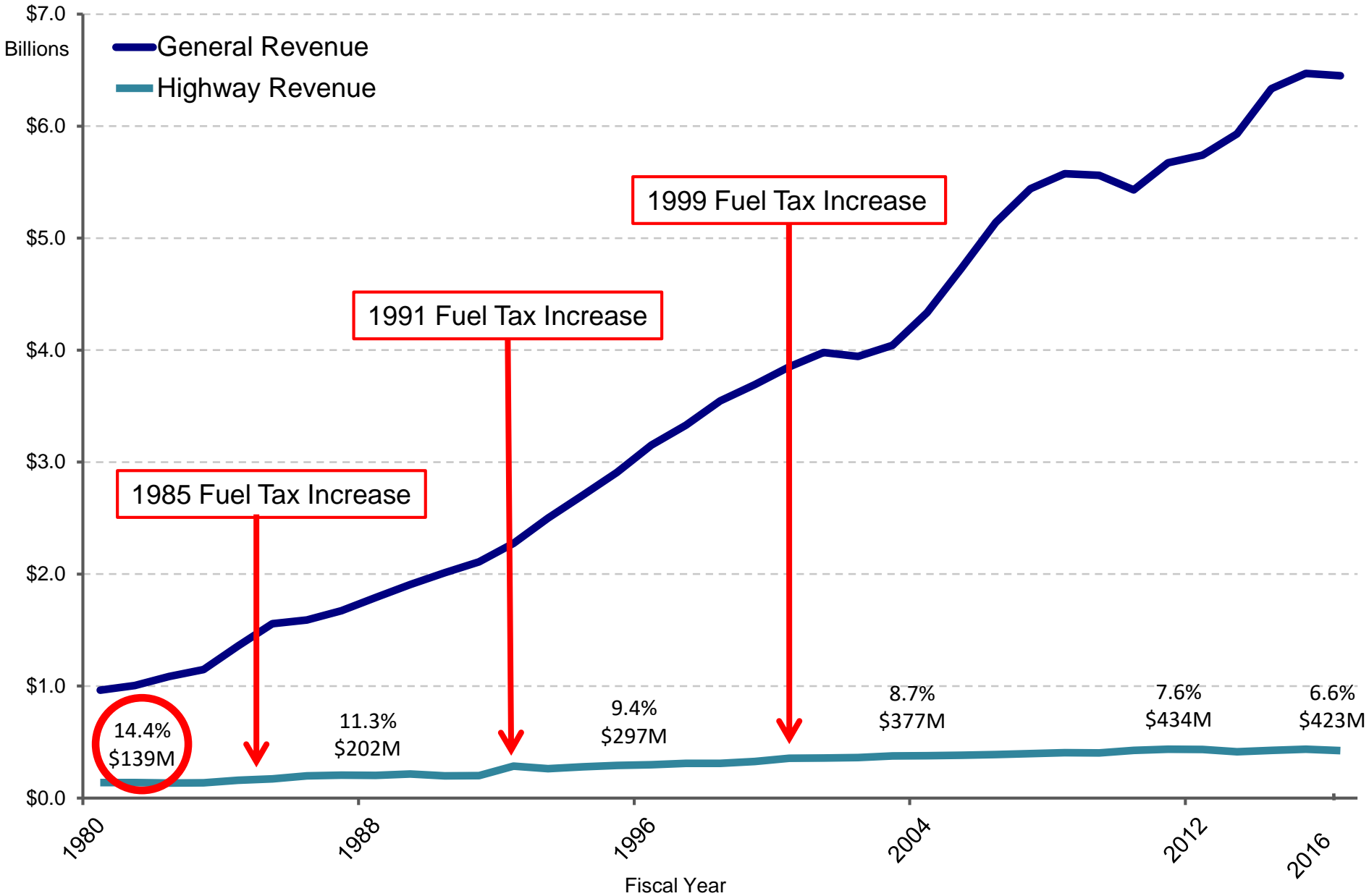


2016

Hwy. Funding Breakdown

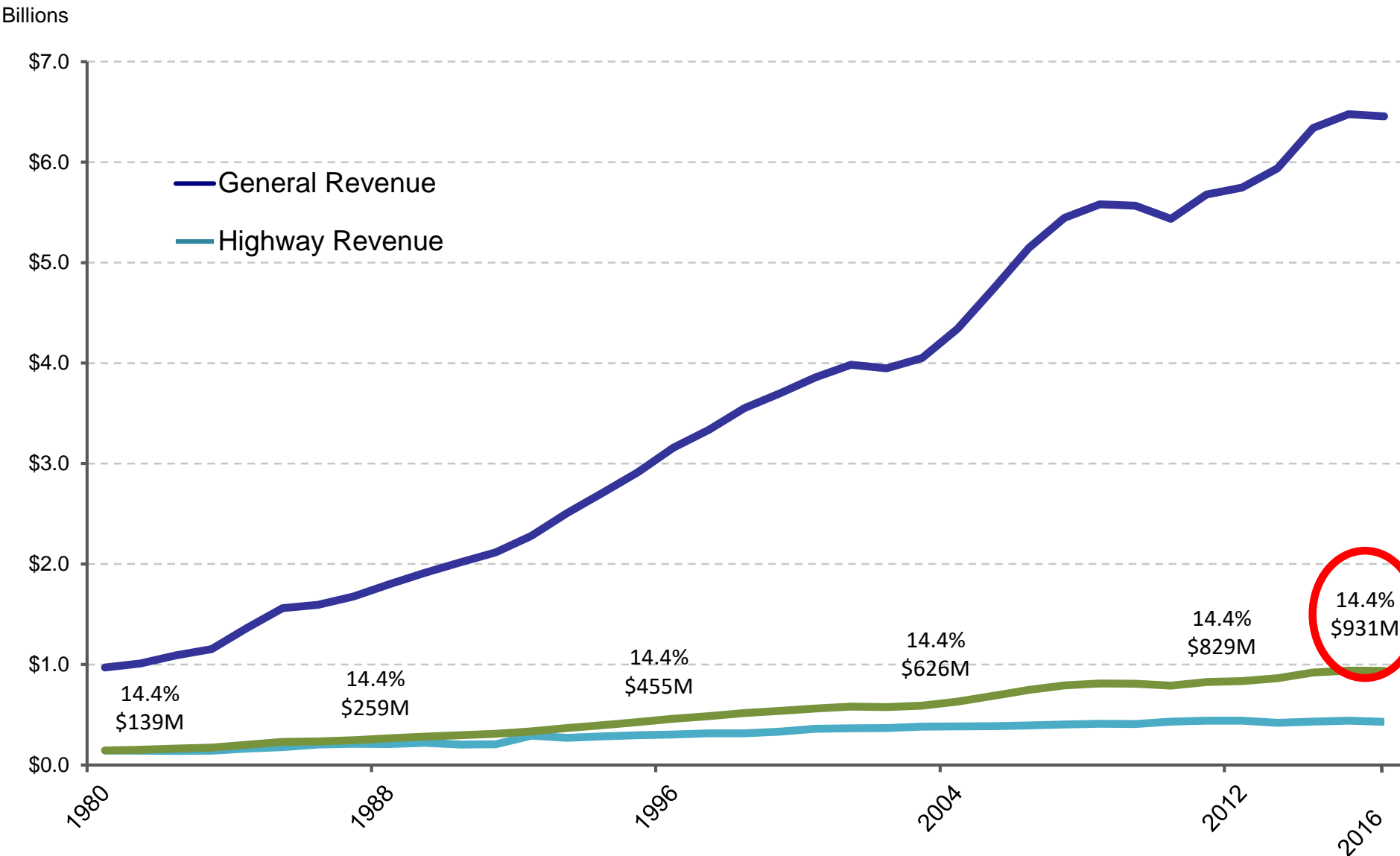


Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Highway Revenue at 14.4% of General Revenue

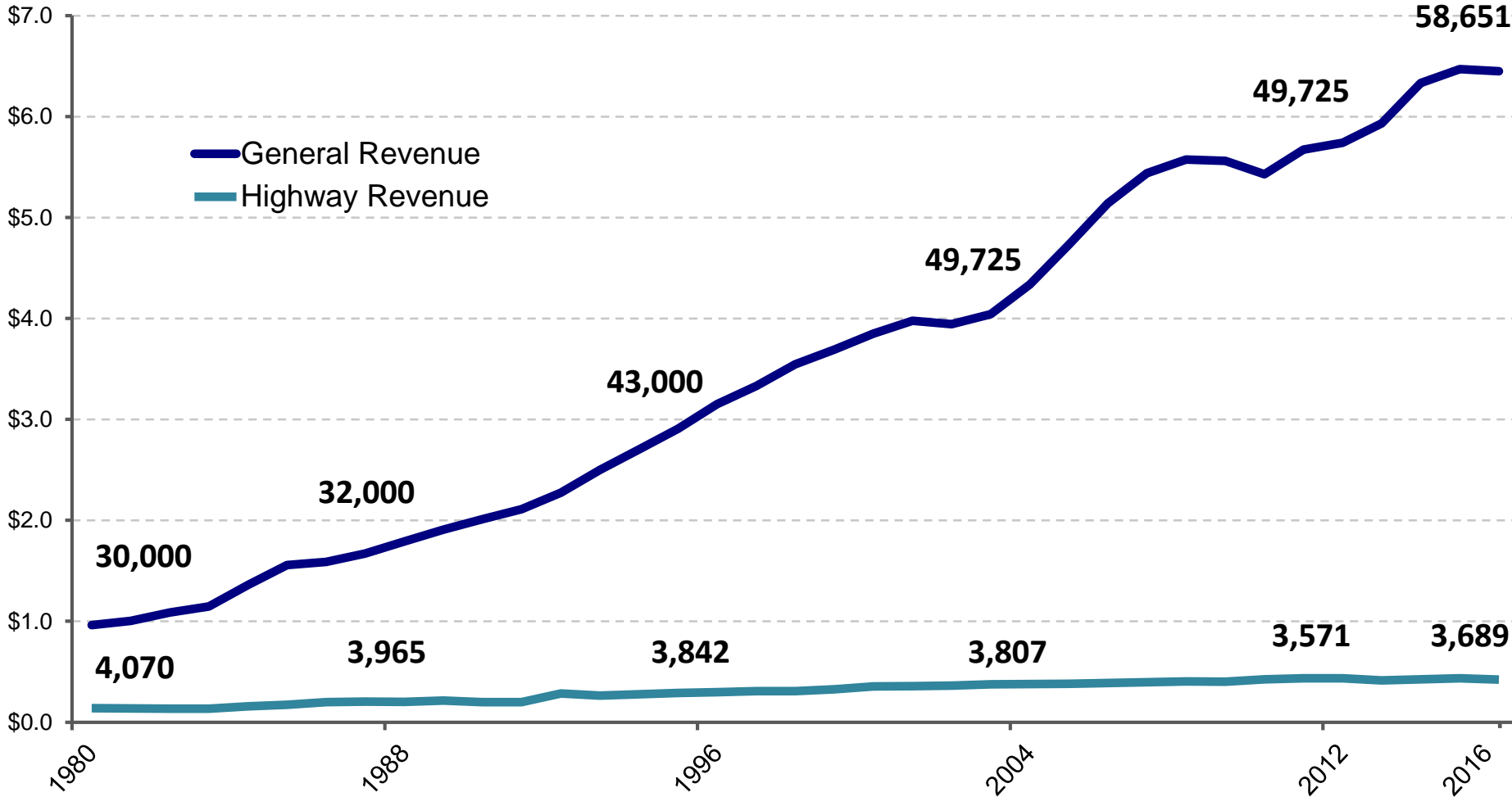


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Highway vs. General Revenue Compared to Employment Levels

Billions

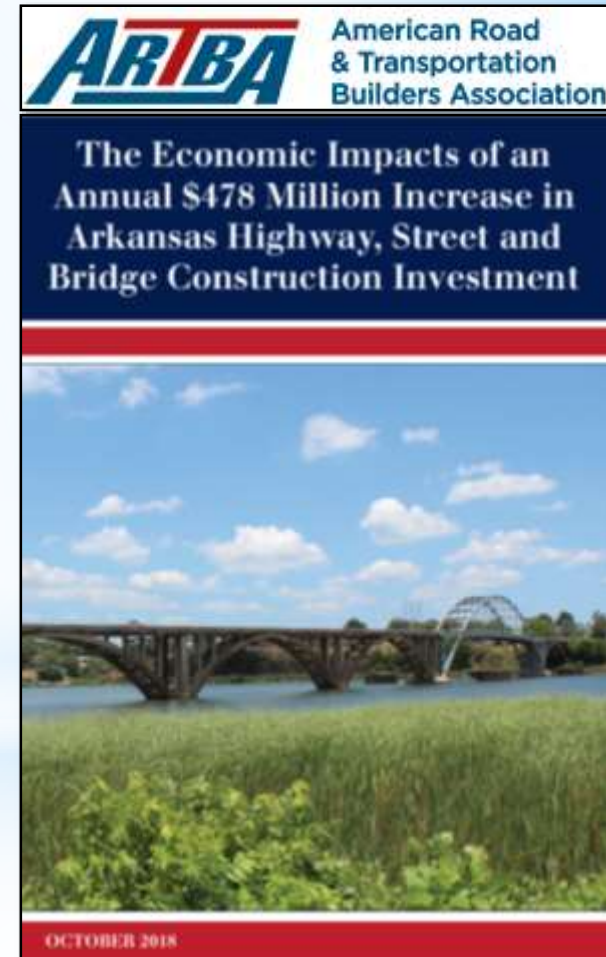


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

State Highway Funding Issues

- **Immediate Economic Benefits of Increasing Investment**
 - ✓ Supports \$1.3 Billion in Economic Activity
 - ✓ Supports 5,729 Jobs
- **Neighbors Are Not Waiting**
 - ✓ Seven Have Raised State Gas Tax
 - ✓ Six Have Variable Gas Tax
 - ✓ Eight Have Electric Vehicle Registration Fees
- **Significant Transportation Challenges**
 - ✓ Safety Needs
 - ✓ Increasing Freight Demands
 - ✓ Impacts From Congestion





Political Realities

Laws are like sausages, it is better not to see them being made.



Political Process

1

- Legislator decides to sponsor a bill to create or revise a law

2

- Proposed legislation is drafted into a “bill” by the Bureau of Legislative Research and is filed by the primary sponsor who often seeks additional co-sponsors

3

- The bill is publically “read across the desk” and is assigned to a committee

Political Process

4

- Public Transportation Committee – House (20 members)
- House of Representatives (100 members)

5

- Transportation, Technology & Legislative Affairs Committee – Senate (8 members)
- Senate (35 members)

6

- Governor
- Voters (optional and rare)

ARKANSAS
HIGHWAY NEEDS AND FINANCES
1979 to 1989
FOR
STATE HIGHWAYS, COUNTY ROADS
AND CITY STREETS

A REPORT TO:
THE ARKANSAS HIGHWAY NEEDS STUDY COMMITTEE,
ARKANSAS LEGISLATIVE COUNCIL

SEPTEMBER, 1979

BY:
R. J. HANSEN ASSOCIATES, INC.,
8110 Executive Boulevard
Rockville, Maryland 20852



Blue Ribbon
Committee
on Highway Finance
BlueRibbonHighways.com

FINAL REPORT

December 1, 2010

Presented to:

The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League

GOVERNOR'S WORKING GROUP ON HIGHWAY FUNDING Short-Term Recommendation



December 15, 2015

Presented to:

The Honorable Asa Hutchinson, Governor

Compiled and drafted by:

Chairman Duncan Baird, State Budget Administrator
Tori B. Gordon, Policy Advisor, Office of Governor Asa Hutchinson

*“There are relatively few, if any, acceptable new state-level revenue sources for funding highways, roads, and streets... One of the more significant revenue sources being used by other states for revenue purposes includes **the gross receipts or sales tax on new and used motor vehicles sales...**”*

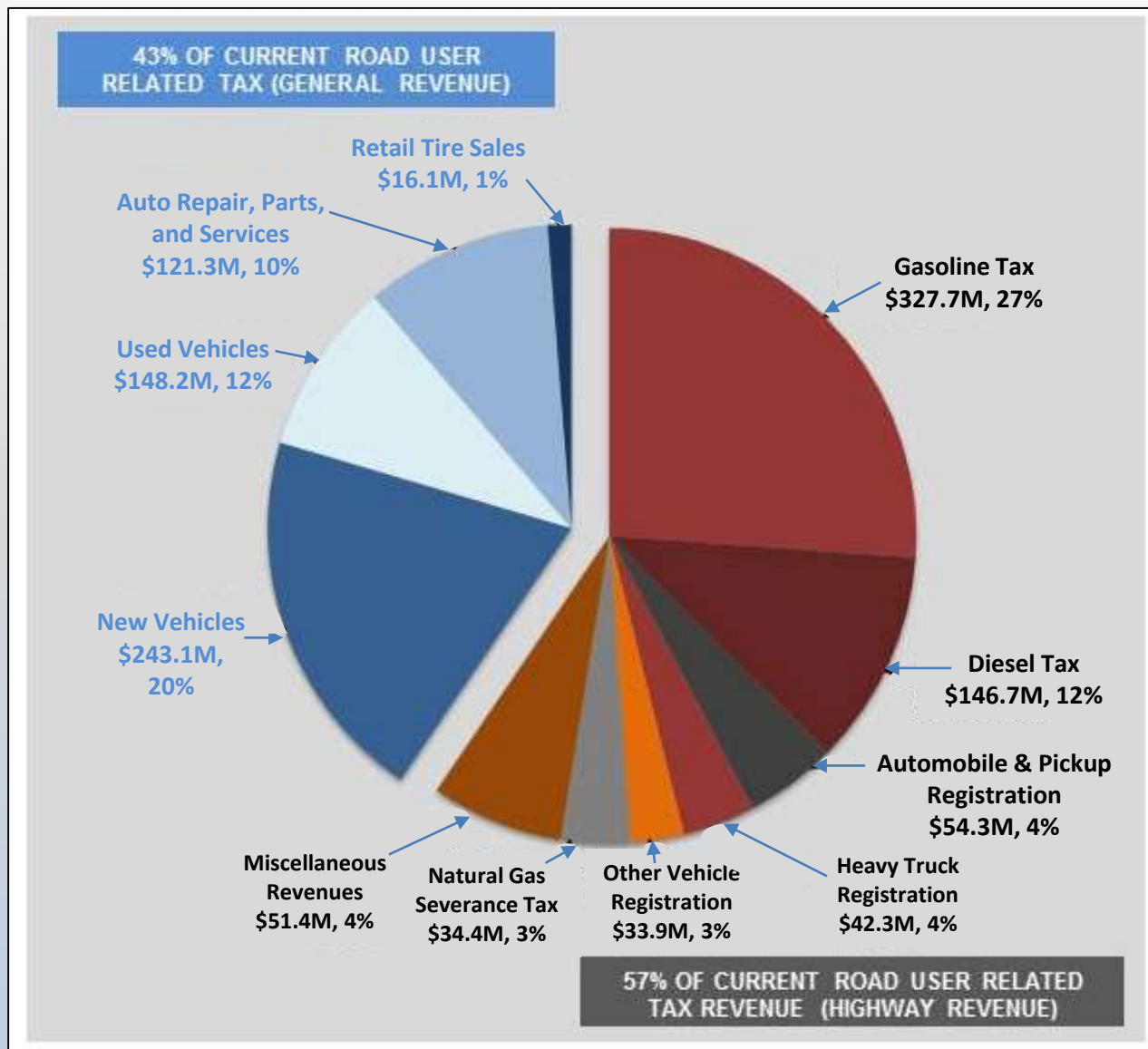


Total Road User Revenue
\$1.219 Billion

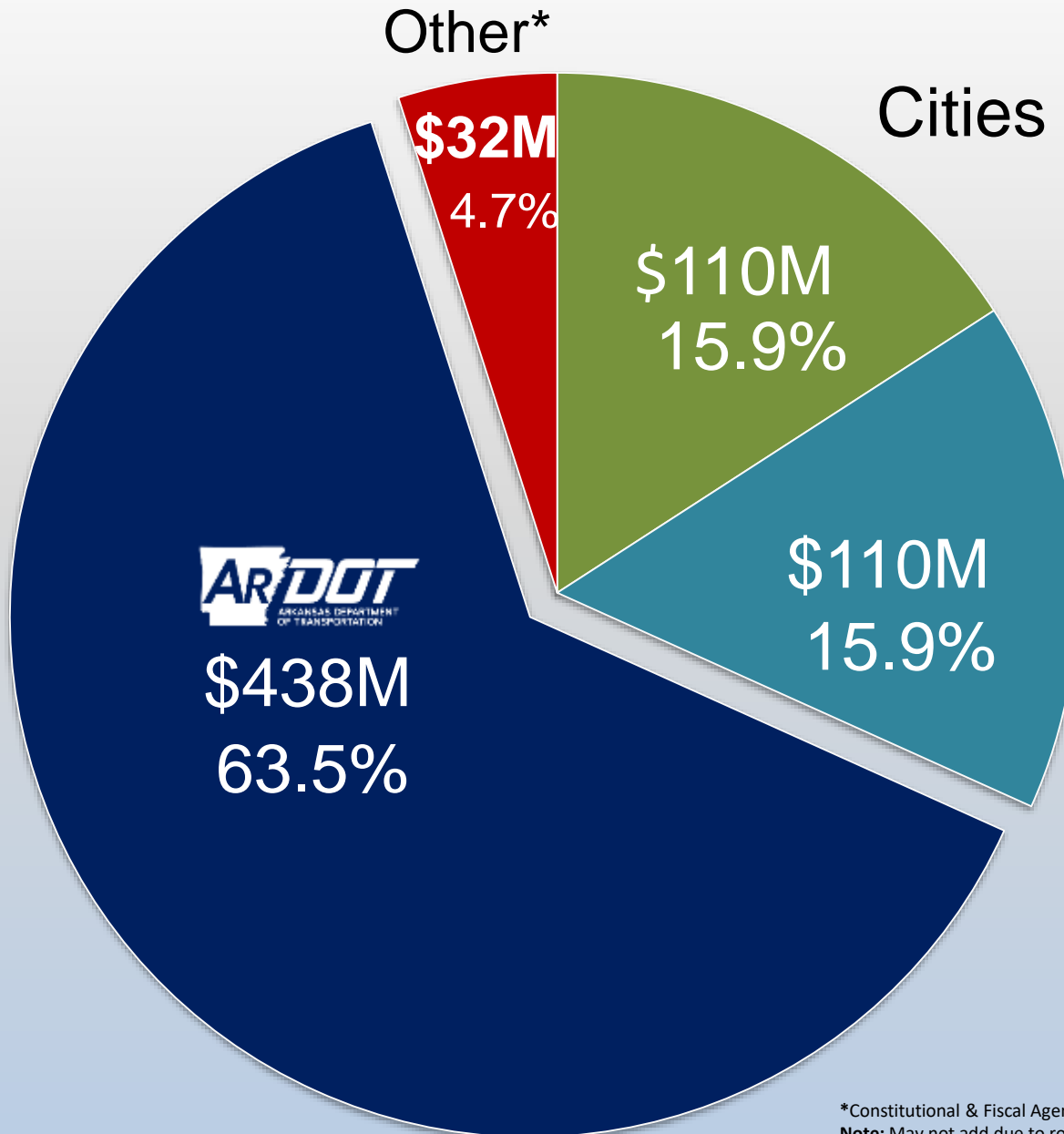
Distribution:

General Revenue
\$528.7 Million (43%)

Highway Revenue
\$690.7 Million (57%)



Average Annual Highway User Revenue Distribution



Counties



*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding



“... 70% of our highway, road and street funding comes from a consumption-based tax, while it is a national goal to reduce consumption. The trend... is simply a losing proposition. We’re moving backwards.”



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Blue Ribbon
Committee
on Highway Finance
BlueRibbonHighways.com

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

HB 1418 Revenue Transfer

Transferred sales tax on
new and used vehicles to
the Highway Department fund phased in
over 10 years.



**FAILED TO
GET OUT OF
THE HOUSE
COMMITTEE**

**90
SPONSORS!!**

HB 1346 REVENUE TRANSFER

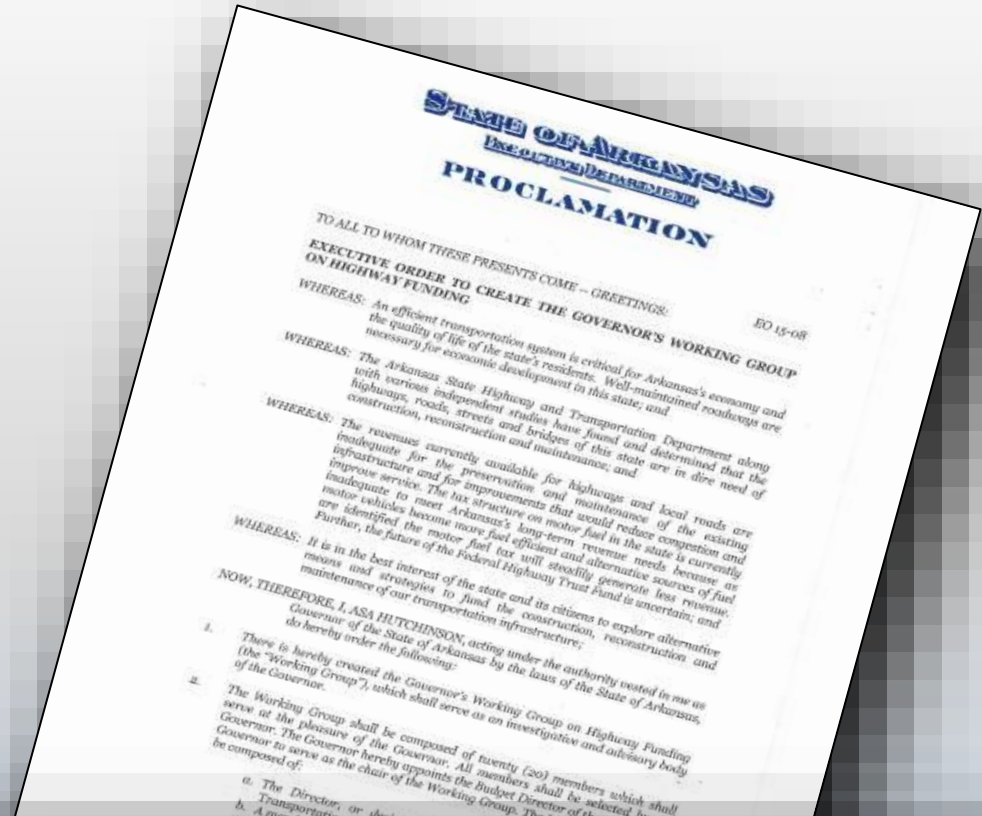
Transferred sales tax on new and used vehicles to the Highway

Department fund phased in over 10 years AND transferred the natural gas severance tax revenue from the Highway Department fund into a newly created higher education workforce development fund.



**PASSED THE
HOUSE
COMMITTEE**

**PULLED
BEFORE A
VOTE ON THE
HOUSE FLOOR**

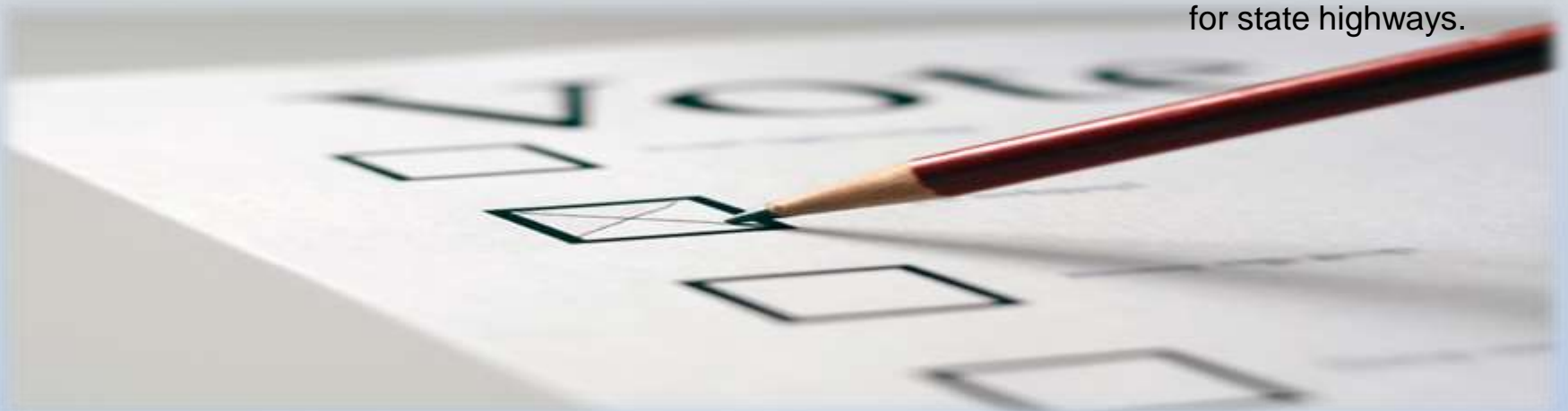


“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”

□ Funding Targets

- ✓ Immediate: \$ 50 Million
- ✓ Short-term (0-3 years): \$110 Million
- ✓ Mid-term (3-5 years): \$250 Million
- ✓ Long-term (6-9 years): \$400 Million

All figures are annual amounts of new revenue for state highways.



**GOVERNOR'S
WORKING GROUP
ON
HIGHWAY FUNDING**
Short-Term Recommendation



December 15, 2015

Presented to:
The Honorable Asa Hutchinson, Governor

Compiled and drafted by:
Chairman Duncan Baird, State Budget Administrator
Tori B. Gordon, Policy Advisor, Office of Governor Asa Hutchinson



Actual Compared to Projected

Act 1 - Arkansas Highway Improvement Plan of 2016

| | FFY16 | FFY17 | FFY18 | FFY19 | FFY20 |
|---|-------------|---------------|---------------|-------------|-------------|
| | (x \$1 M) | | | | |
| 2016 Special Session | | | | | |
| Long Term Reserve Fund or Arkansas Rainy Day Fund | 40.0 | 20.0 | 21.9 | | |
| Securities Reserve Fund | 1.5 | 1.7 | 20.0 | ? 20.0 | ? 20.0 |
| Redirect the \$4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split) | | 0 | 2.7 | 2.7 | 2.7 |
| Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split) | | 5.4 | 5.8 | 5.4 | 5.4 |
| Allocate up to 25% of Future GR Surplus to Highways | | 3.9 | 0 | ? | ? |
| | | | | | |
| Total Received | 41.5 | 31.3 | 50.4 | ? | ? |
| Total Projected | 41.5 | 76.1 | 76.1 | 76.1 | 76.1 |
| Difference | 0 | (44.8) | (25.7) | ? | ? |

HB 1726 BOND ISSUE

Authorizes the State Highway Commission to issue bonds for

highway maintenance and improvements,

upon approval by voters in a statewide election.



**PASSED THE
HOUSE
COMMITTEE**

**FAILED ON THE
HOUSE FLOOR**

HB 1727 GAS TAX

Establishes **additional fuel sales tax** at the wholesale level to be levied, only if the State Highway Commission is authorized by a statewide vote to issue highway maintenance and improvement bonds.



*...the figures [for highway needs] often total to amounts that are considerably in excess of current legislative provisions. This often has resulted in **legislators apparently doubting the realism of the figures...***”



Arkansas Legislative Audit

Report Released
August 31, 2017

Special Report Arkansas Legislative Audit

Review of Sources and Uses of Funds

Arkansas Department of Transportation
For the Period July 1, 2009 through June 30, 2016 and
Projected for Fiscal Years 2017 through 2020



INTRODUCTION

This report is presented in response to a request for Arkansas Legislative Audit (ALA) to review information, estimates, and calculations provided by the Arkansas Department of Transportation (ARDOT), formerly known as the Arkansas State Highway and Transportation Department, related to highway funding. ARDOT has indicated that additional state funding is needed to fully maximize available federal funds and to expand non-federal construction and maintenance projects.

OBJECTIVES

The objectives of this report were to:

1. Provide information regarding state funding sources and uses for highways, with associated construction and maintenance costs, for prior years.
2. Determine the amount of matching funds needed annually in order for ARDOT to receive the maximum federal aid available.
3. Determine the amount of additional state revenues needed to fund ARDOT's proposed construction and maintenance program for roads and facilities.
4. Provide a history of bond issuances, including balances and associated costs.

SCOPE AND METHODOLOGY

This report was prepared by reviewing activities for state fiscal years ended June 30, 2010 through 2016, and projections and estimates for federal fiscal years ending September 30, 2017 through 2020. ALA staff reviewed audit reports from prior years, particularly revenues and expenditures related to construction, and determined future federal funding from reports obtained from the Federal Highway Administration. All information for additional construction and maintenance projects was provided by ARDOT and tested for accuracy and reasonableness by ALA staff.

The methodology used in preparing this report was developed uniquely to address the stated objectives; therefore, this report is more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

BACKGROUND

ARDOT recognizes revenues from both federal and state sources. State revenues include motor fuel taxes, registration fees, natural gas severance fees, and overload permits and penalties. Many highway construction projects are funded with both federal and state monies. The percentage of state participation in these projects varies depending on the federal program involved, but most programs require a 20% match.

ARKANSAS LEGISLATIVE AUDIT

500 Woodlane Street, Suite 172, Little Rock, AR 72201
Phone: 501-683-8600 • Fax: 501-683-8605
www.arklegaudit.gov

Report ID: SPSA02516

Report Date: August 31, 2017



Presented to
Legislative Joint
Audit Committee in
September 2017

Arkansas Legislative Audit

Exhibit III

Arkansas Department of Transportation (ARDOT) Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

| Description | Annual Funds Needed for Highway Construction Plan | Annual Funds Available for Highway Construction | Additional Annual State Revenues Needed for Highway Construction Plan |
|---|---|---|---|
| System Preservation | | | |
| Pavement | \$ 387,000,000 | \$ 137,000,000 | \$ 250,000,000 |
| Bridges | 117,000,000 | 90,000,000 | 27,000,000 |
| Total System Preservation | 504,000,000 | 227,000,000 | 277,000,000 |
| Capacity Relief | 305,000,000 | 157,000,000 | 148,000,000 |
| Safety Improvements | 86,000,000 | 44,000,000 | 42,000,000 |
| Maintenance | | | |
| Equipment upgrades | 19,000,000 | 19,000,000 | |
| Facilities upgrades | 8,000,000 | | 8,000,000 |
| Intelligent Transportation System (ITS) | 3,000,000 | | 3,000,000 |
| Total Maintenance | 30,000,000 | 19,000,000 | 11,000,000 |
| Totals | \$ 925,000,000 | \$ 447,000,000 | \$ 478,000,000 |

Note: Amounts shown are rounded.

\$ 925,000,000

**Does Not Include
Capital Improvement
Projects**

Arkansas State Legislative Audit

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Arkansas Legislative Audit

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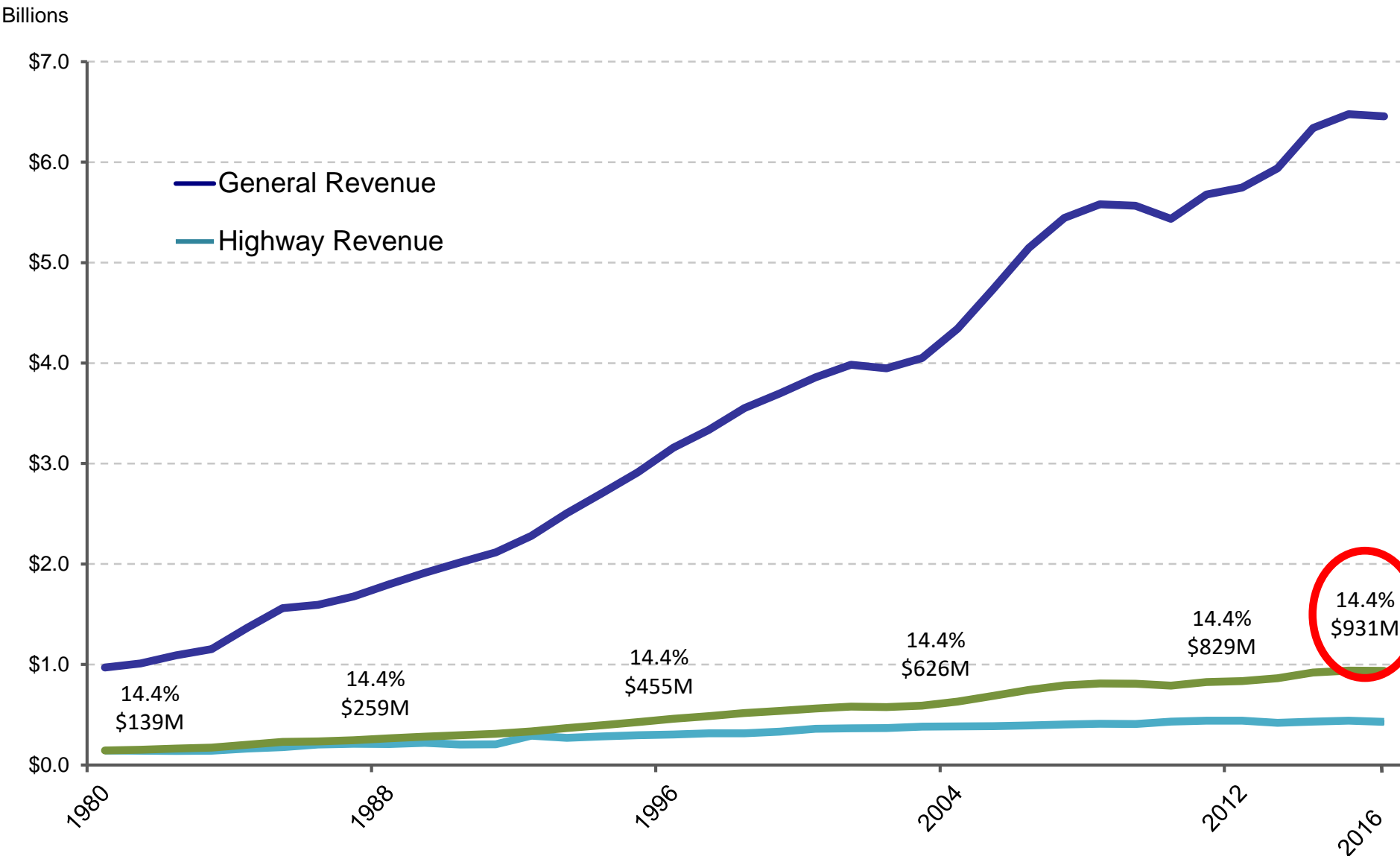
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Note: Amounts shown are rounded.

\$ 925,000,000

**Does Not Include
Capital Improvement
Projects**

Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Great amount of uncertainty at the federal level

State funds stagnant at best



Potential New Program





Possible Hwy. Funding Sources

State

Increase Motor Fuel Taxes

Increase Registration Fees

Sales Tax on Motor Fuels

Road User Revenue Transfer

Permanent Sales Tax Increase

Other???



Options for Generating Additional Revenue for Highways

| Source | \$400 Million for Highways ⁽¹⁾ |
|----------------------------------|--|
| Fuel Tax | 28.4¢ |
| Sales Tax on Fuel (wholesale) | 16.67% |
| Registration Fee | \$208 |
| General Sales Tax ⁽²⁾ | 1.16% |

¹ Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

² Transfer of 4.5% (“general” portion of statewide sales tax)

Other Considerations

Alternative Fuels

Methanol, Ethanol and other Alcohols

Blends of Alcohol with Gasoline

Compressed Natural Gas and Liquefied Natural Gas

Liquefied Petroleum Gas (Propane)

Hydrogen

Electricity

Pure Biodiesel



Other Considerations

Indexing?

Blue Ribbon Committee Recommendation:

Indexing Current Per-Gallon Tax on Motor Fuels
to Arkansas' Highway Construction Cost Index

Governor's Working Group on Highway Funding Recommendation:

Proposal #1 – Going forward, index the motor fuel tax.

Limit any increase to 2 cents per gallon.

Proposal #3 – Adjust the existing motor fuel taxes to recoup the amount lost
in recent years due to inflation and index to inflation in the future.

Faulkner County

Received \$5.0 Million to date

Projected to Receive \$4.6 Million

Total \$9.6 Million (Ending in 2023)



City of Conway

Received \$6.2 Million to date

Projected to Receive \$5.6 Million

Total \$11.8 Million (Ending in 2023)

Faulkner County

2023 Total Turnback - \$ 3.6M

2024 Total Turnback - \$ 2.5M

Difference - \$ 1.1M



City of Conway

2023 Total Turnback - \$ 4.4M

2024 Total Turnback - \$ 3.1M

Difference - \$ 1.3M

Citizens Opinion Survey

CITIZENS OPINION SURVEY ON HIGHWAYS IN ARKANSAS

MAIL OR EMAIL RESPONSES TO:
 ARDOT
 Public Information
 P.O. Box 2261
 Little Rock, AR 72203
info@ardot.ar.gov

Are you satisfied with the condition of the existing state highway system?

Yes No

What highways in your area need improvements, and what type of improvements do they need?

Priority 1: _____
 Priority 2: _____
 Priority 3: _____
 Priority 4: _____

If you want better highway conditions, the Arkansas State Highway and Transportation Department will need additional funds. Would you support a new highway program that would generate additional revenue?

Yes No

Which of the following sources do you recommend be utilized in obtaining additional funds (check all that apply):

- Increase in gas tax
- Increase in diesel tax
- Increase in sales tax (dedicated to highways)
- Increase in registration fees
- Add sales tax on wholesale price of motor fuels
- Transfer existing sales and use tax on motor vehicles and related parts and service (currently collected but not paid to highways)
- Other: _____

Would you be willing to sign a petition to put a highway revenue proposal on the 2018 general election ballot?

Yes No

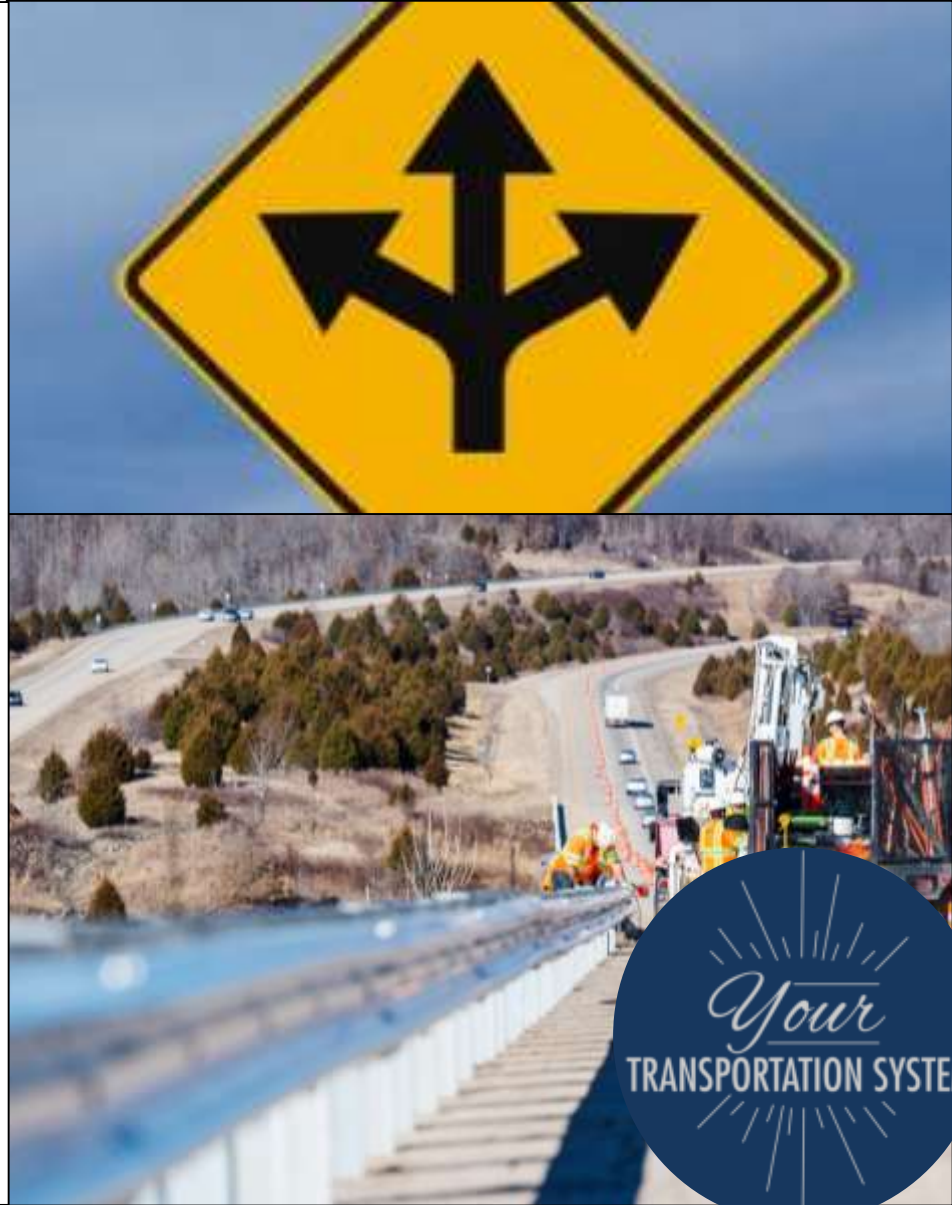
How did you hear about this survey?

- Presentation
- TV/Radio/Print
- Website/Search Engine
- Social Media
- Family or Friend
- Other: _____

Optional:

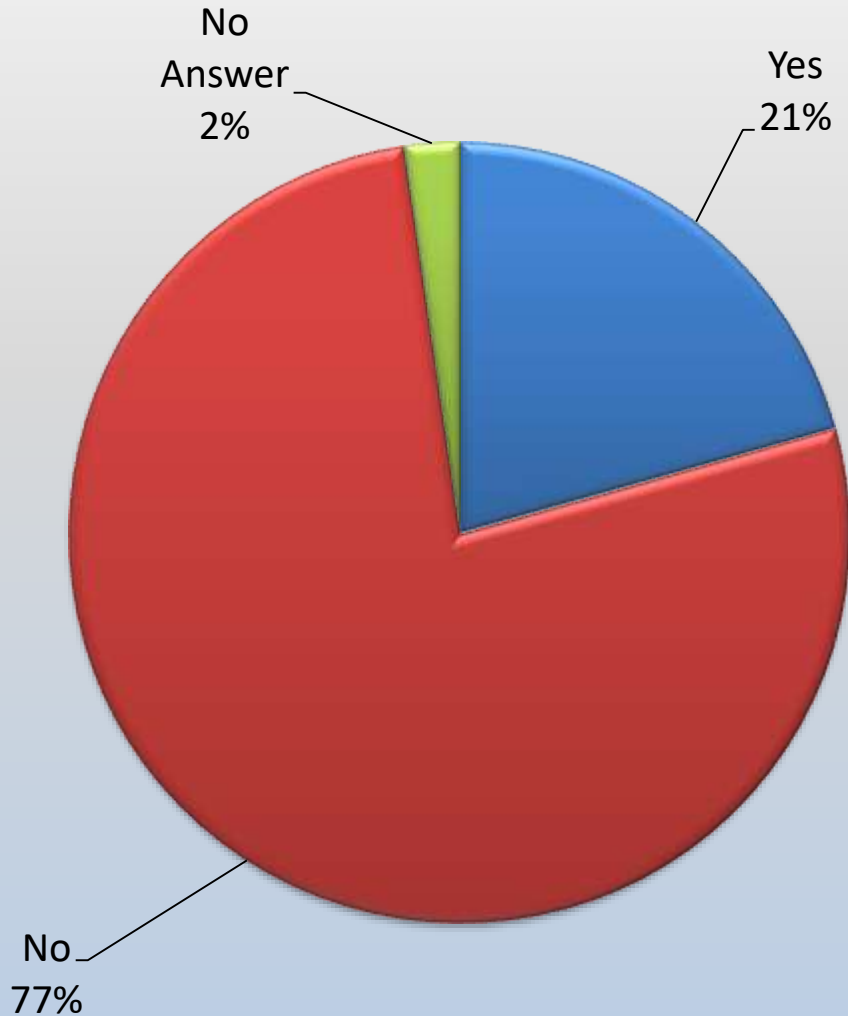
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

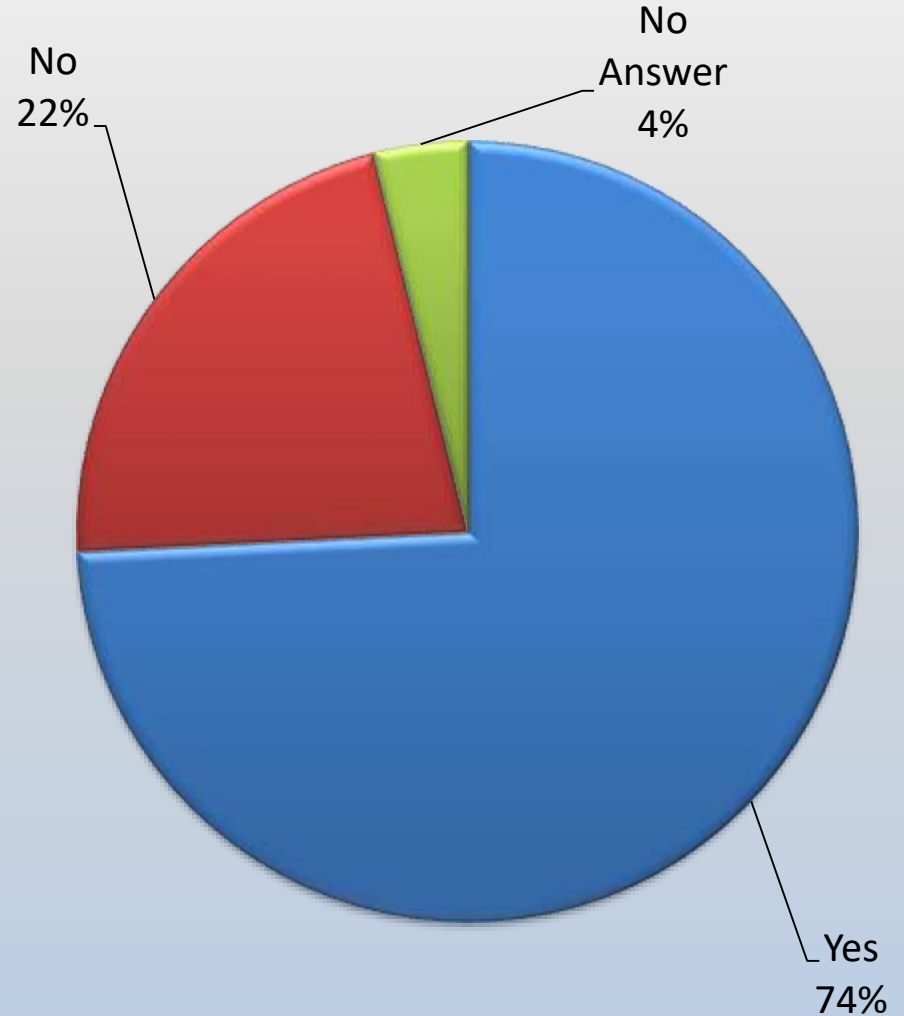


Survey Results

Are you satisfied with the condition of the existing highway system?

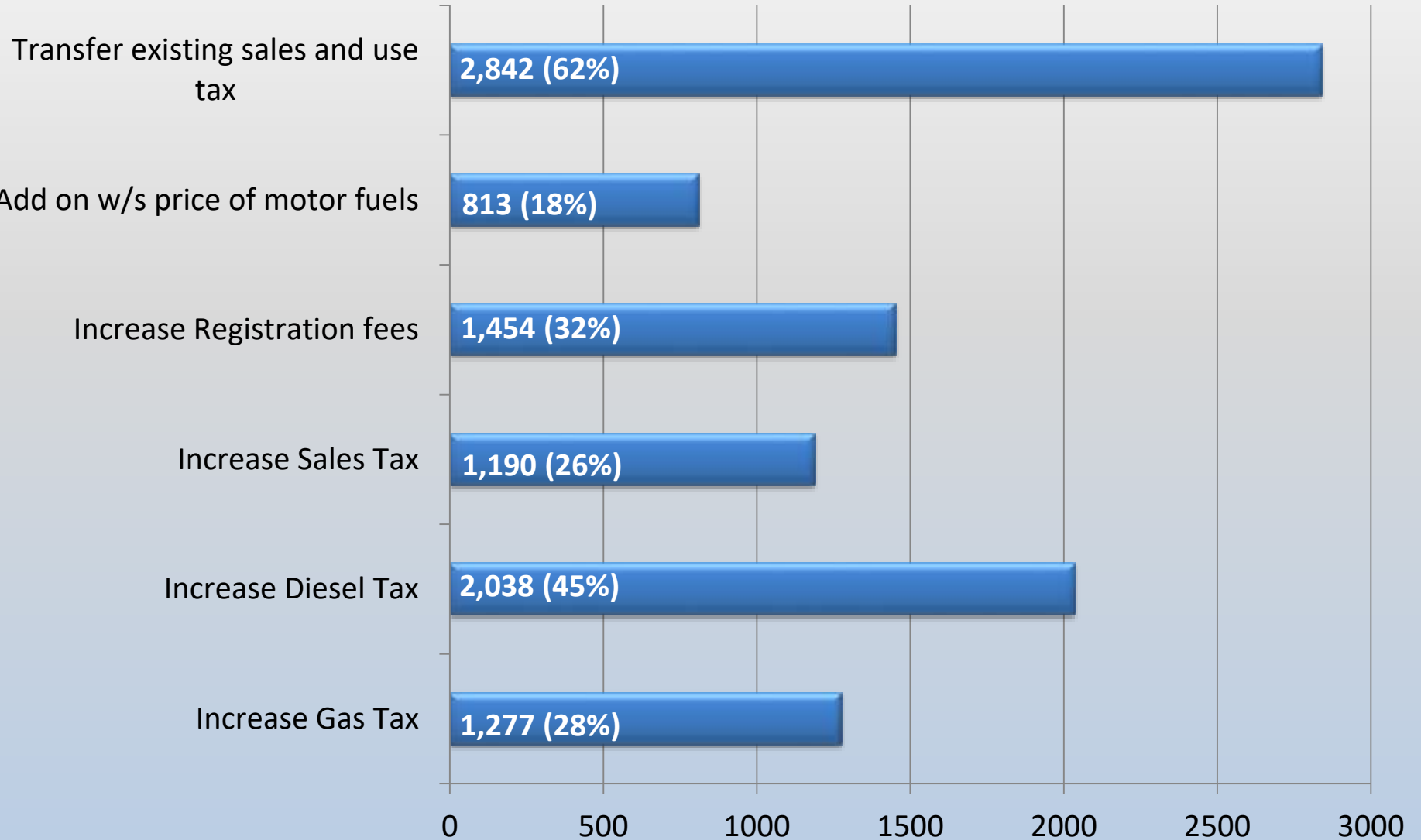


Would you support a new highway program that would generate additional revenue?



Survey Results

Which of the following sources do you recommend be utilized in obtaining additional funds?



Questions?



- ARDOT.gov
- ConnectingArkansasProgram.com
- Vimeo.com/myARDOT
- IDriveArkansas.com
- Twitter.com @myARDOT



@myARDOT

