

**Robert S. Moore, Jr.**  
**Arkansas Highway Commissioner**



**Dermott Chamber of Commerce**  
Thursday, January 17, 2019

# Economic Growth



# and Transportation

# Highway Investment



How do highway investments in the state highway system translate into improvements in economic productivity?

An efficient transportation system allows companies to lower transportation costs, which lowers production costs and enhances productivity and profits.

A good highway system promotes tourism and other methods of stimulating the local economy.

# Budget

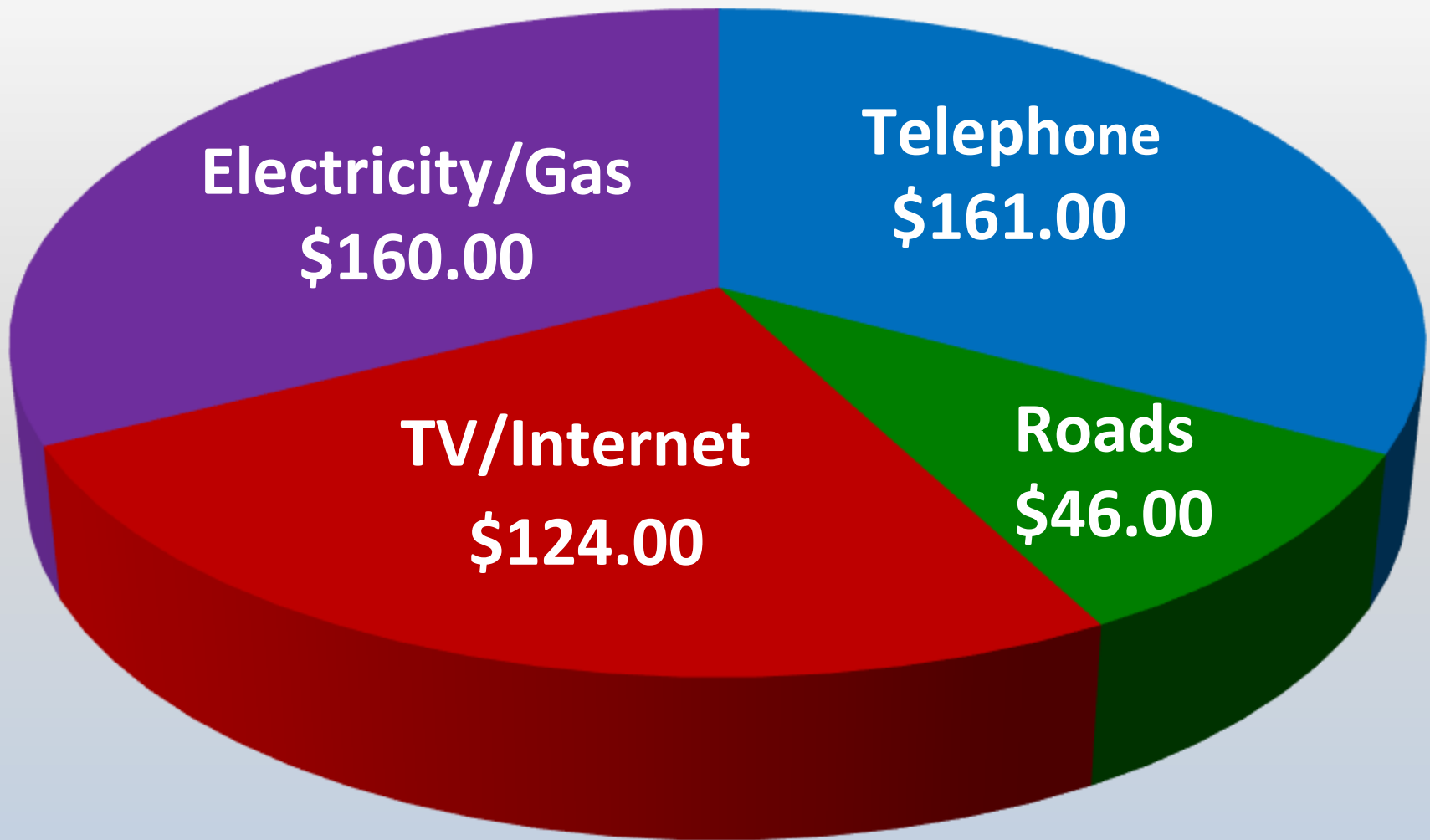
Where to spend  
money on a tight  
budget?



# Funding Challenges

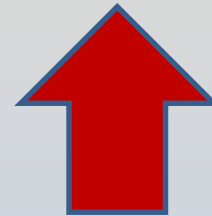


# Average Monthly Household Expenditures





**Costs**

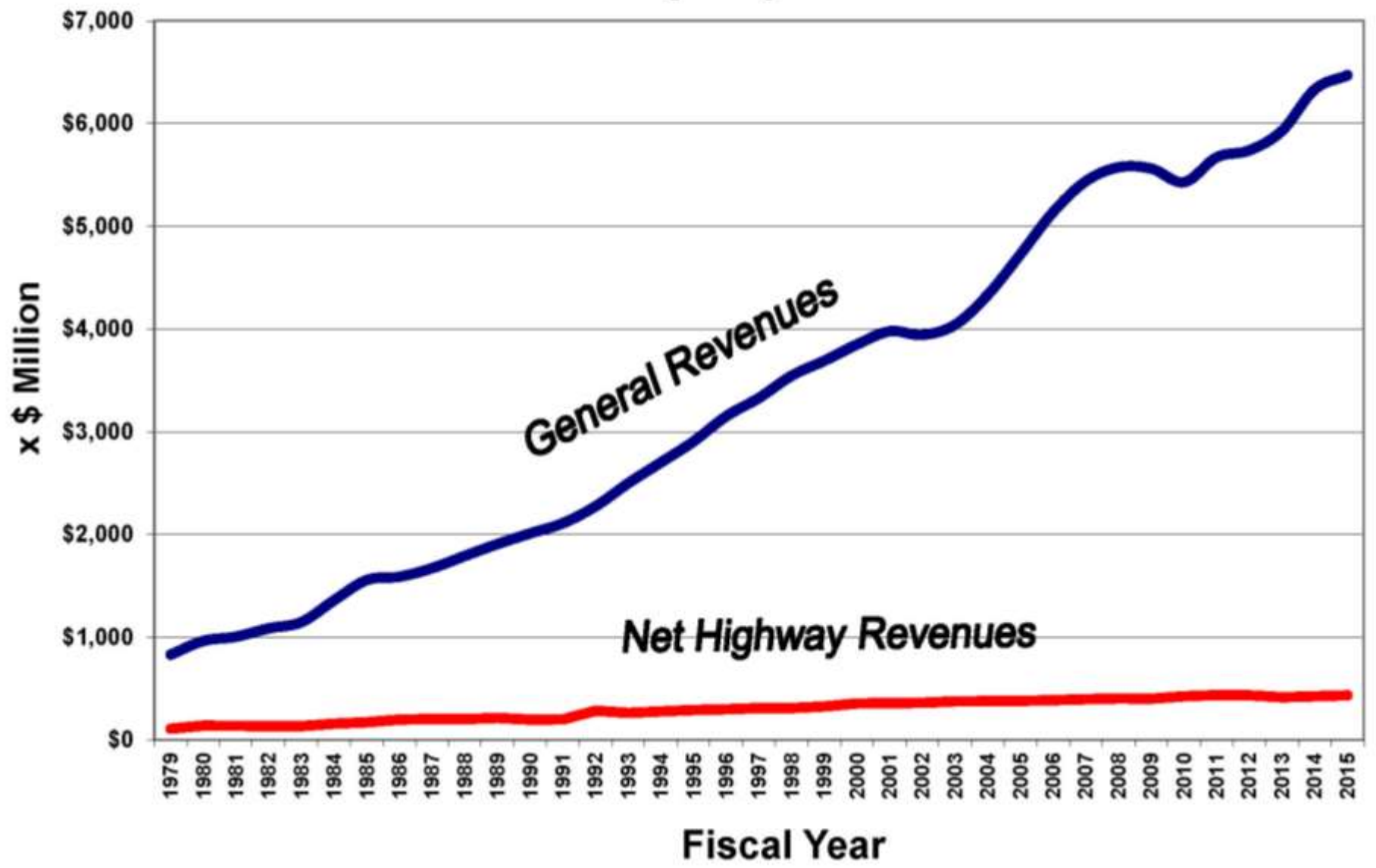


**Revenue**

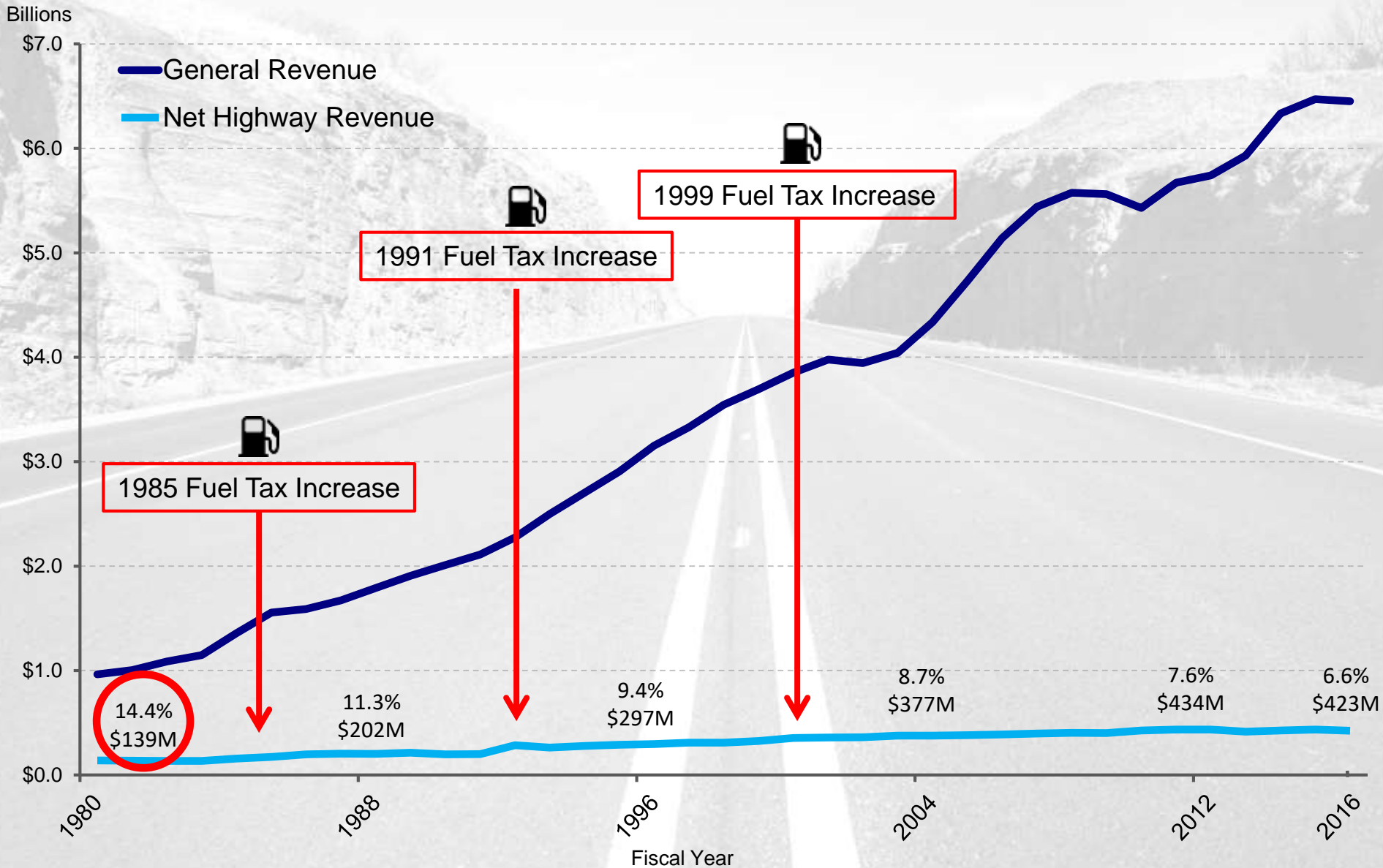




# Arkansas State General Revenues vs AHTD Net Highway Revenues

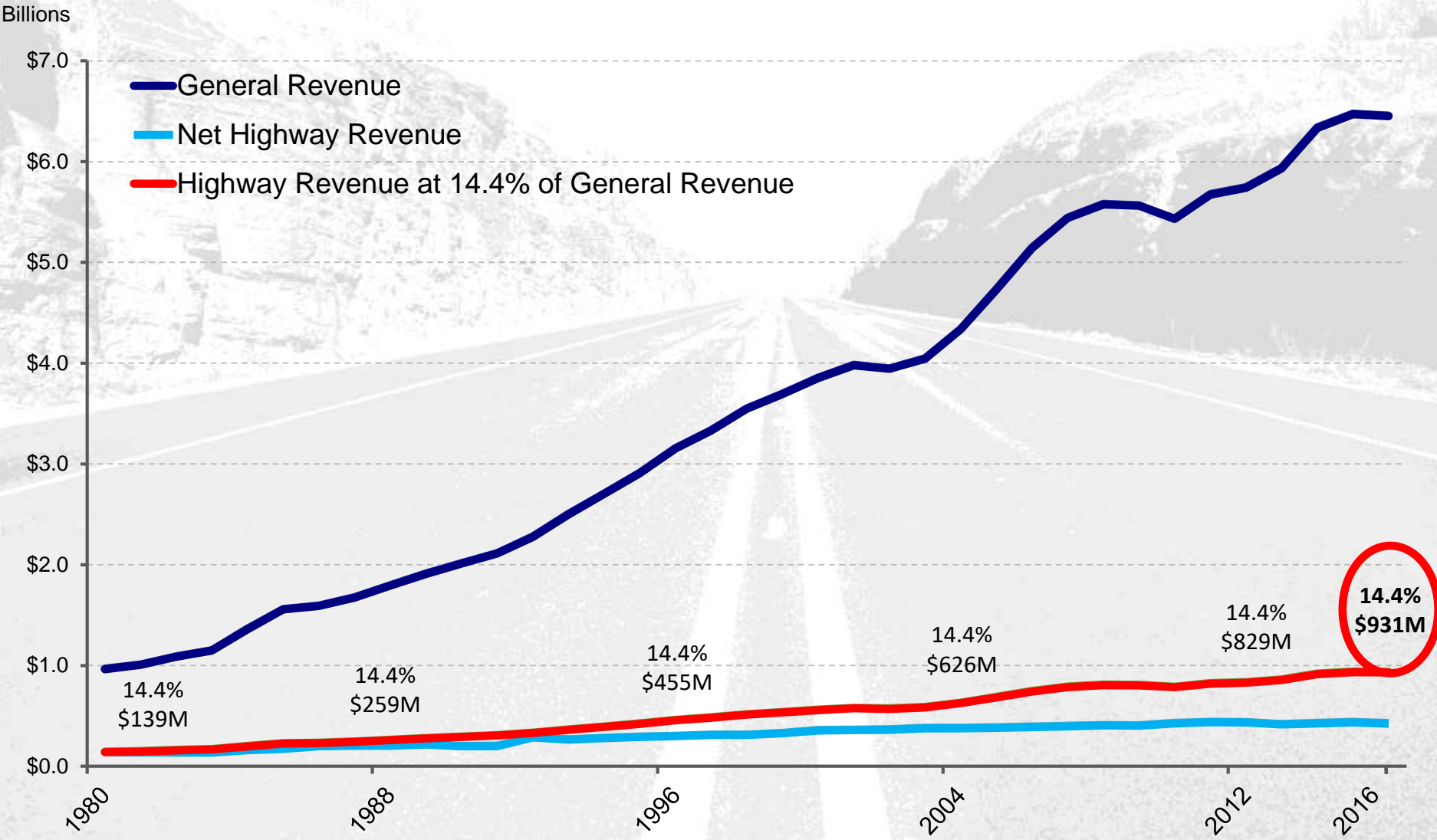


# Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

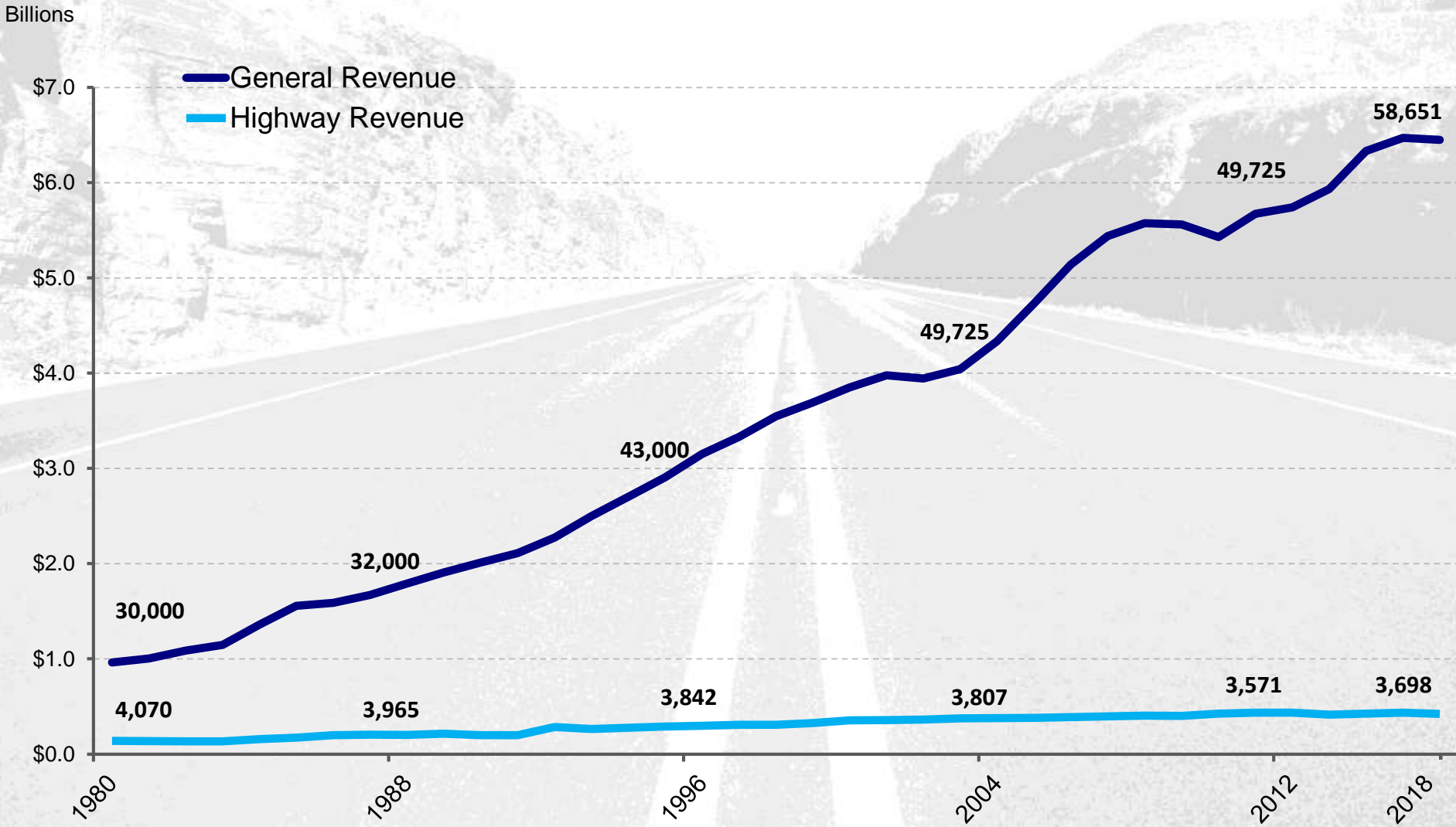
# Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

# Highway vs. General Revenue Compared to Employment Levels



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

## THEN

22 years ago, in 1995,  
**33 miles** of Highway  
could be widened.

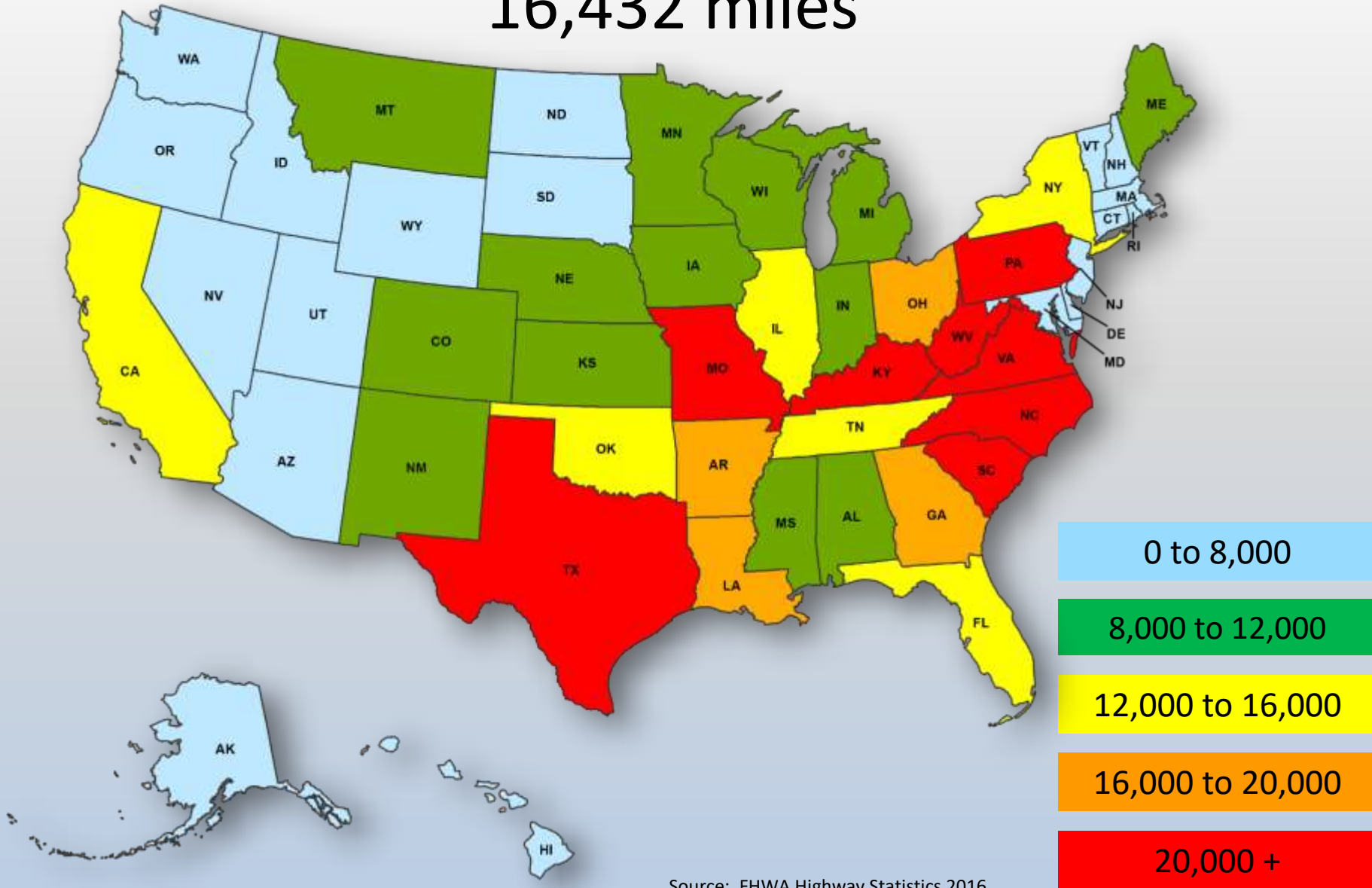
## NOW

As of 2015, using the  
same resources, only  
**15 miles** of Highway  
could be widened.



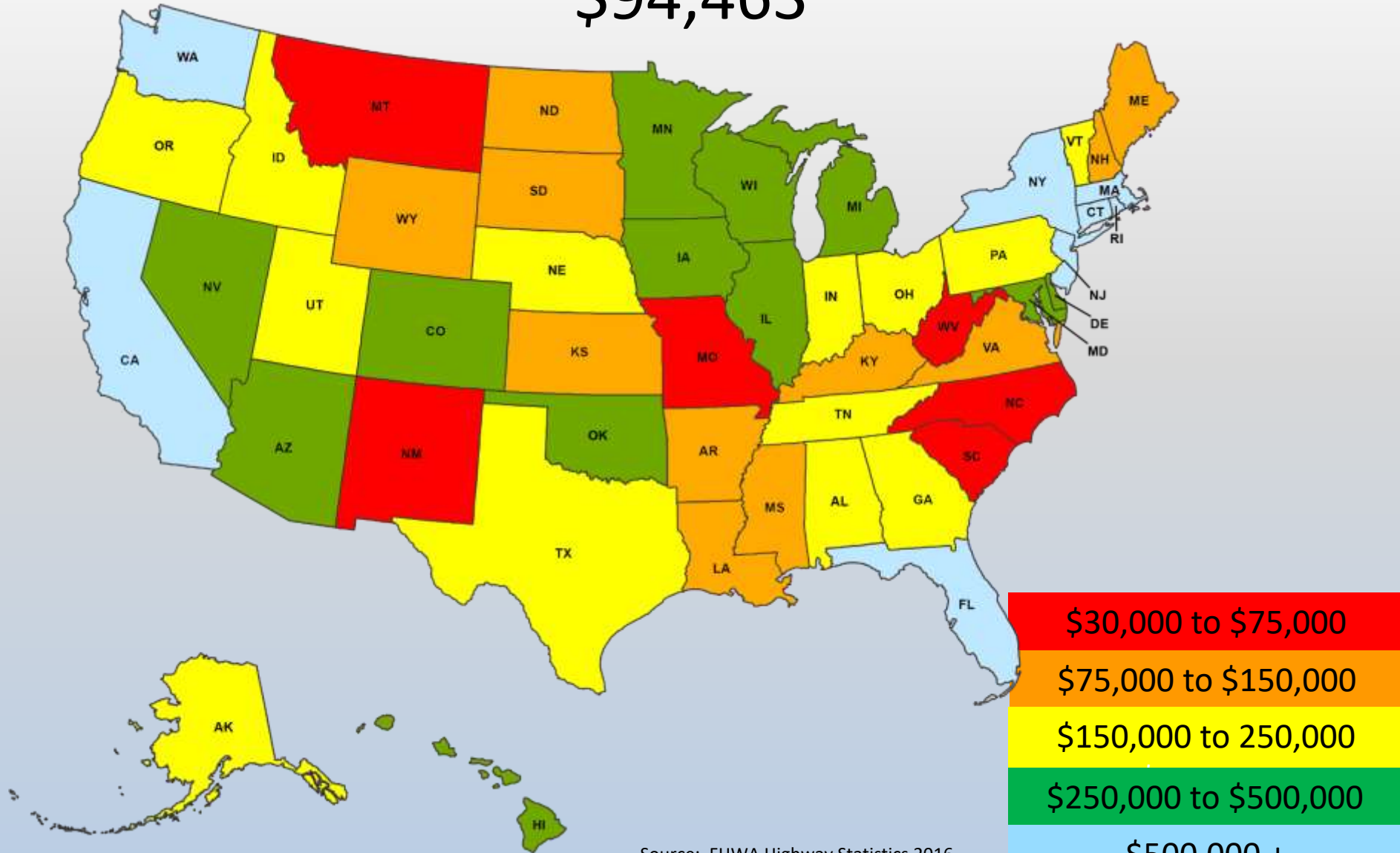
# 12<sup>th</sup> in Number of Miles

## 16,432 miles



# 41<sup>st</sup> in Revenue Per Mile

## \$94,463



Source: FHWA Highway Statistics 2016

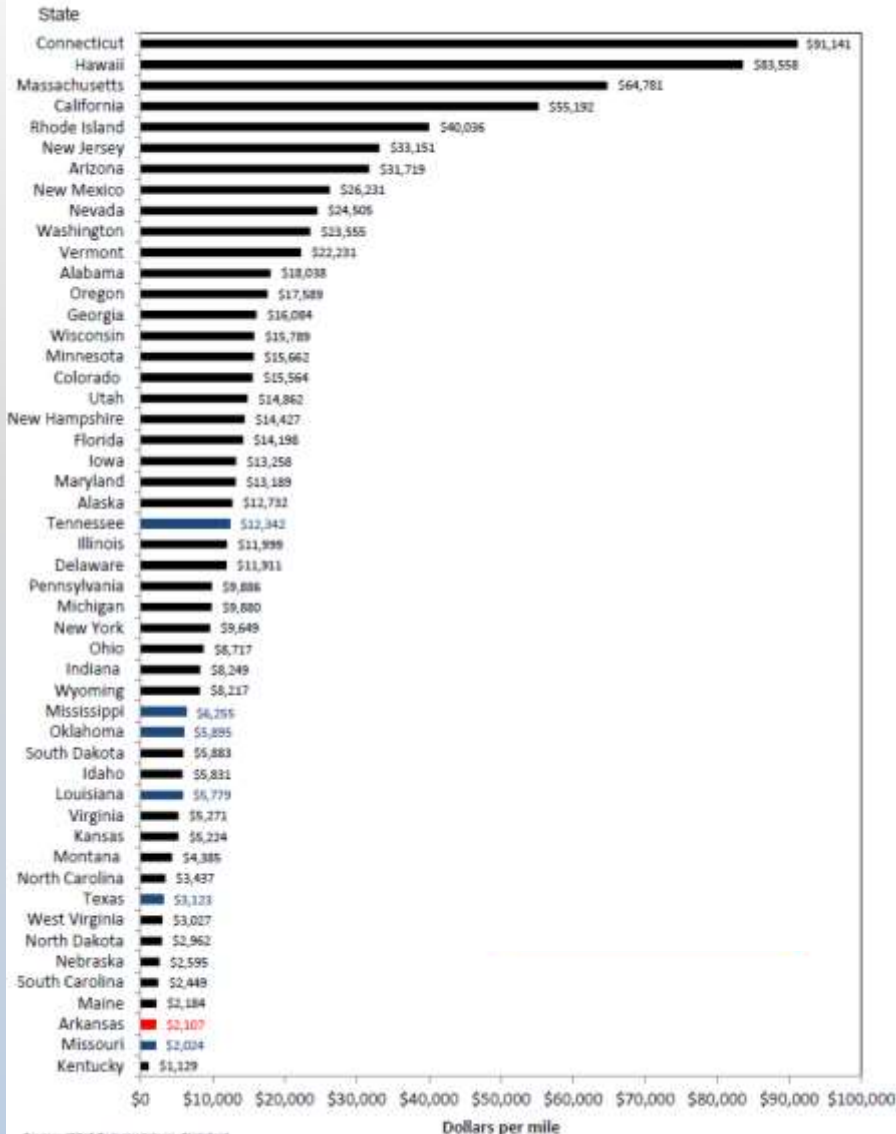
\$500,000 +

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

**Adopted June 7, 2017**



**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  
 3<sup>rd</sup> Lowest  
 Administrative Cost Per  
 Mile  
 in the Nation

# Promises Made



# Promises Kept

# Promises



**Rebuilding Arkansas  
Interstates**



INTERSTATE  
REHABILITATION  
PROGRAM

**IRP**



CONNECTING  
ARKANSAS  
PROGRAM

**CAP**





## Completed

11 Projects  
61 Miles  
\$432 Million

## Under Construction

9 Projects  
46 Miles  
\$534 Million

## Scheduled

16 Projects  
78 Miles  
\$1.06 Billion



# Highway Condition



# and Needs

## Pay a **Little** Now

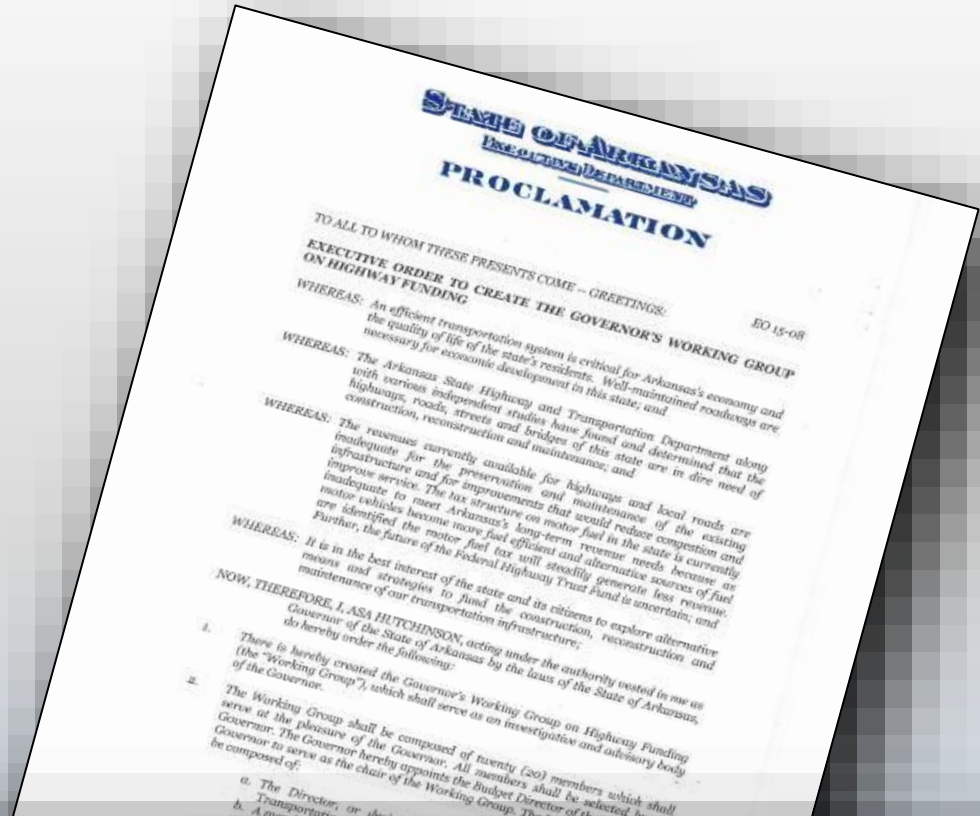


Overlay  
**\$100,000**  
per lane mile

## Pay a **Whole Lot** Later



Reconstruction  
**\$1,500,000**  
per lane mile



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



# Actual Compared to Projected

## Act 1 - Arkansas Highway Improvement Plan of 2016

	FFY16	FFY17	FFY18	FFY19	FFY20
	(x \$1 M)				
<b>2016 Special Session</b>					
Long Term Reserve Fund or Arkansas Rainy Day Fund	40.0	20.0	21.9		
Securities Reserve Fund	1.5	1.7	20.0	12.7	20.0
Redirect the \$4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split)		0	2.7	1.4	2.7
Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split)		5.4	5.8	3.0	5.4
Allocate up to 25% of Future GR Surplus to Highways		3.9	0	?	?
<b>Total Received</b>	<b>41.5</b>	<b>31.3</b>	<b>50.4</b>	<b>17.1</b>	<b>?</b>
<b>Total Projected</b>	<b>41.5</b>	<b>76.1</b>	<b>76.1</b>	<b>76.1</b>	<b>76.1</b>
<b>Difference</b>	<b>0</b>	<b>(44.8)</b>	<b>(25.7)</b>	<b>(59.0)</b>	<b>?</b>

## 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.

## 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.



- Arkansas Legislative Audit - Review of Highway Funding
- Purpose:
  - ✓ To review and verify ARDOT information, estimates and calculations related to highway funding
- Report Objectives:
  - ✓ History of funding sources
  - ✓ History of construction and maintenance costs
  - ✓ State match needed for Federal funds
  - ✓ Additional State revenue to meet system preservation needs
  - ✓ History of bond activities



## 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	<u>504,000,000</u>	<u>227,000,000</u>	<u>277,000,000</u>
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	<u>30,000,000</u>	<u>19,000,000</u>	<u>11,000,000</u>
<b>Totals</b>	<b><u>\$ 925,000,000</u></b>	<b><u>\$ 447,000,000</u></b>	<b><u>\$ 478,000,000</u></b>

**\$ 478,000,000**

Note: Amounts shown are rounded.

<b>NEEDS CATEGORY</b>	<b>COST (x \$1 M)</b>
<b>System Preservation</b>	
Pavement	\$ 3,438
Bridges	\$ 1,238
<b>Capacity</b>	\$ 3,236
<b>Safety</b>	\$ 787
<b>Maintenance</b>	
Equipment	\$ 202
Facilities	\$ 70
ITS	\$ 30
<b>TOTAL</b>	<b>\$ 9,001</b>

# Summary: Needs vs Revenue – 10 Years

2016 Dollars

	AMOUNT (x \$1 M)
<b>ESTIMATED REVENUE<sup>(1)</sup></b> Federal-aid + State	\$4,415
<b>TOTAL NEEDS<sup>(2)</sup></b> Pavement, Bridges, Capacity, Safety, Equipment, Facilities, ITS	\$9,001
<b>SHORTFALL</b>	<b>\$4,586</b>

(1) Revenue Not Currently Dedicated to Routine Maintenance, Administration and Operations

(2) Does Not Include Economic Development Connectors or Congressionally-Designated High Priority Corridors

# Challenges

➤ **12<sup>th</sup>** largest system in the country

➤ **42<sup>nd</sup>** in highway revenue per mile.

---

➤ **\$9.3 billion** in needs

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



"As to the long-term solutions, it emphasizes that it is difficult to get a referral of this General Assembly out to the voters, and that I hope the leadership of our state and the business community and others **will look at an initiated act that might go on the ballot for a highway program,**" he said. "Otherwise, we'll continue to debate the long-term solution in future sessions."

Governor Asa Hutchinson

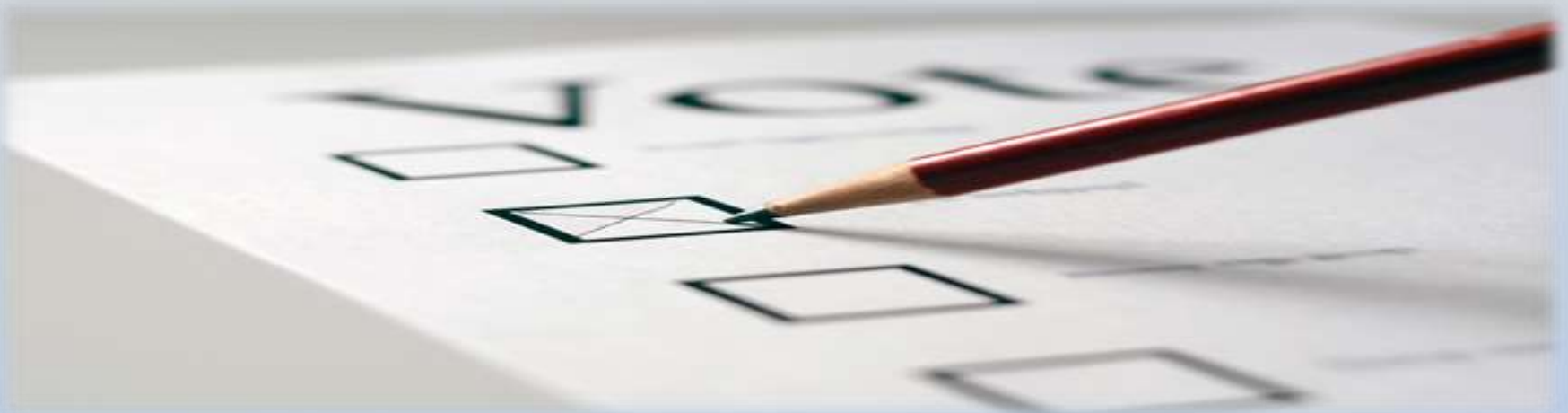




## □ Funding Targets

- ✓ 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 for state highways.



Source	Highway Revenue <sup>1</sup>
1 Cent Motor Fuel Tax Increase	\$ 14 M
Remove Sales Tax Exemption (Wholesale \$1.70 per Gallon) <sup>2</sup>	\$ 108 M
6.5% Sales Tax (Wholesale \$1.70 per Gallon)	\$ 156 M
\$10 Registration Fee Increase (Cars and Pickups)	\$ 19 M
Transfer Sales Tax on New and Used Vehicles <sup>2</sup>	\$ 228 M
Transfer Sales Tax on Auto Repair Parts, Services, etc. <sup>2</sup>	\$ 74 M
1% General Sales Tax	\$ 344 M

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

<sup>2</sup> Transfer of 4.5% (“general” portion of statewide sales tax)

## Total Road User Revenue

**\$1.219 Billion**

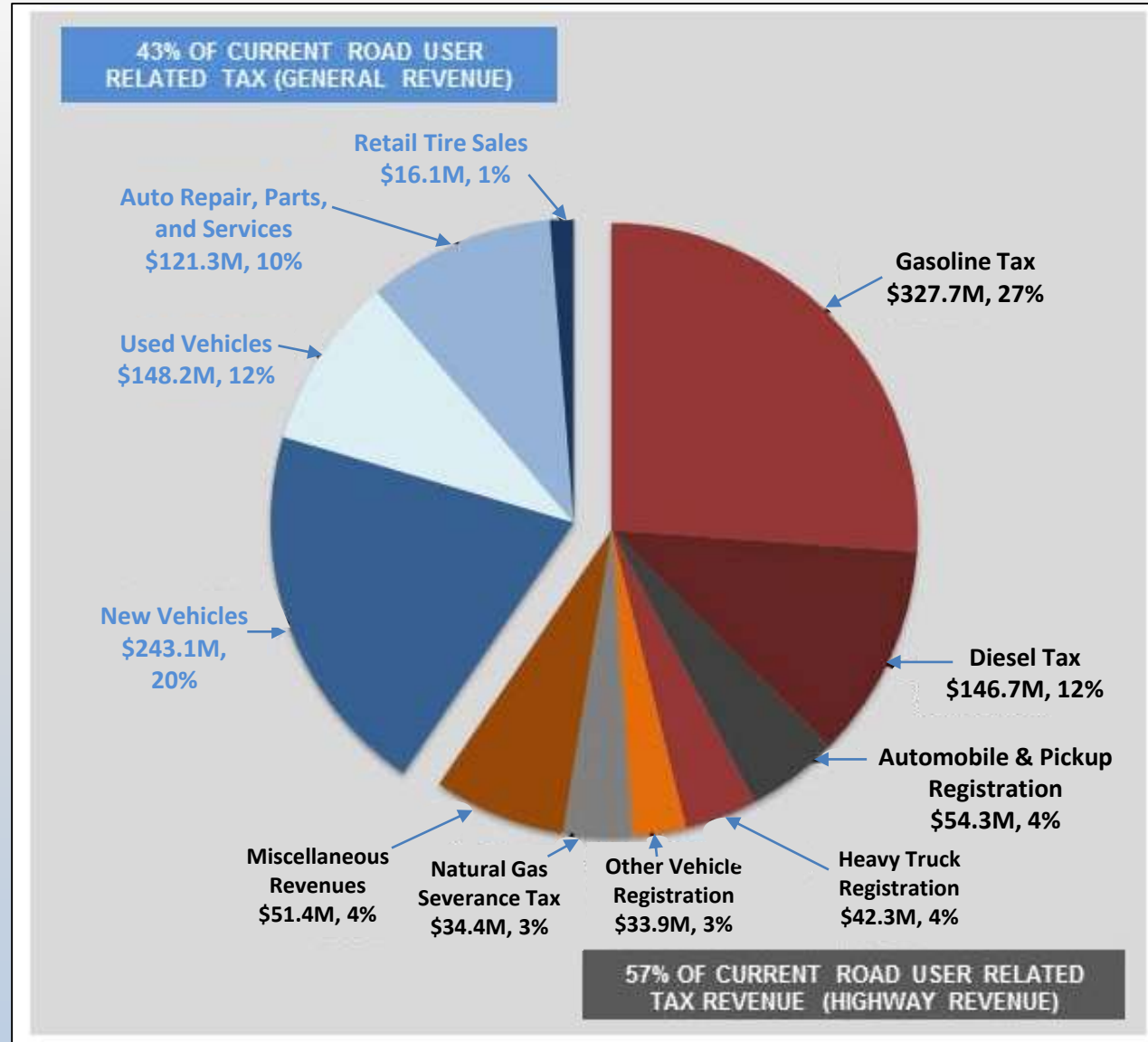
### Distribution:

#### General Revenue

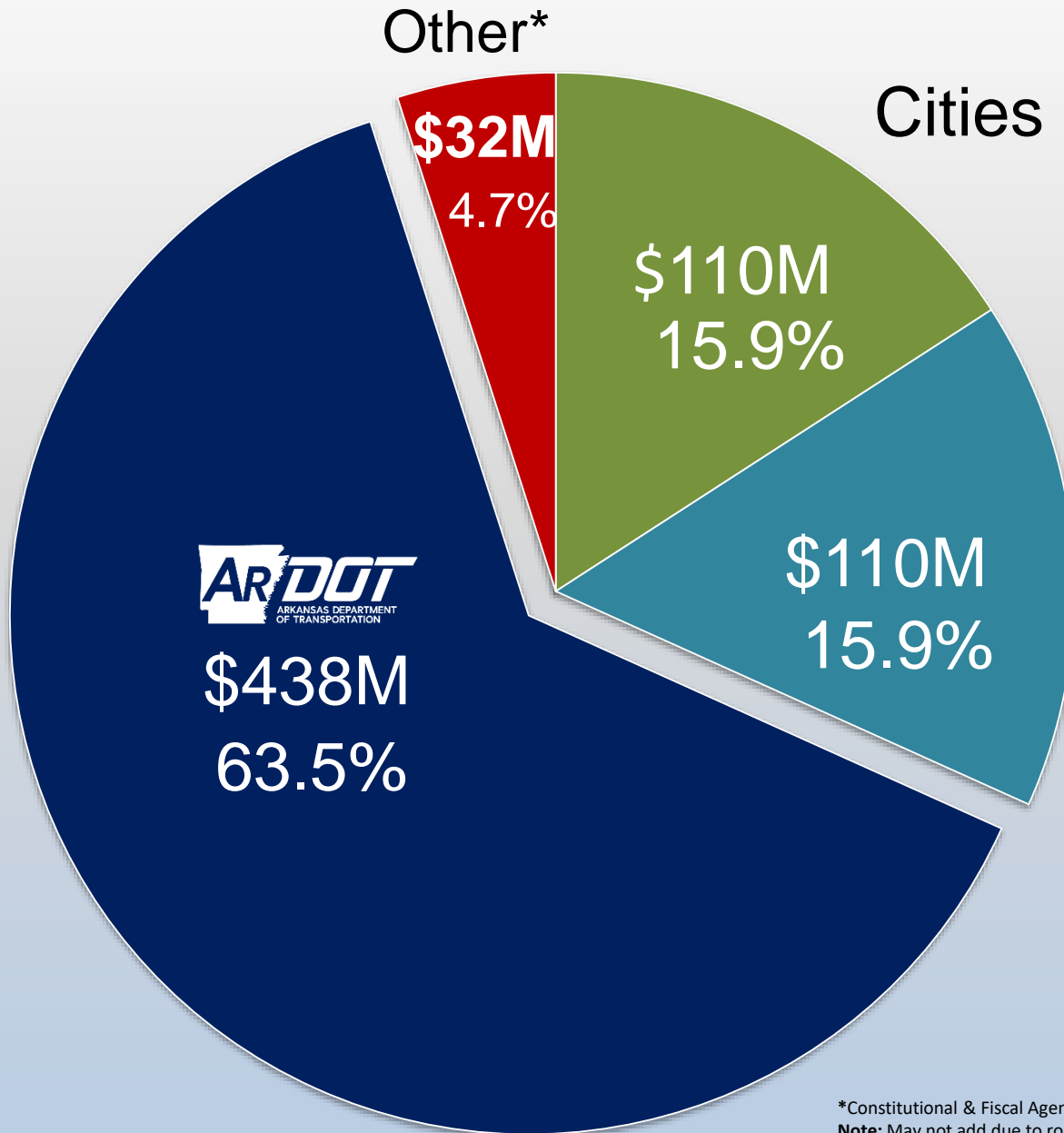
**\$528.7 Million (43%)**

#### Highway Revenue

**\$690.7 Million (57%)**



# Average Annual Highway User Revenue Distribution



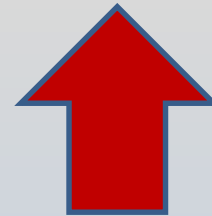
Counties



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



**Costs**



**Revenue**



# Local Project



# Updates

## Completed

93 Projects  
278 Miles  
\$77 Million

## Under Construction

1 Project  
5 Miles  
\$13 Million

## Scheduled

18 Projects  
143 Miles  
\$23 Million



# Bridge Replacement

## Completed

11 Projects  
4 Miles  
\$98 Million

## Under Construction

4 Projects  
0.5 Mile  
\$26 Million

## Scheduled

5 Projects  
6 Miles  
\$19 Million





# U.S. Highway 65



## Completed

8 Projects

45 Miles

\$23 Million



# U.S. Highway 278

Completed  
Pavement Preservation  
25 Miles  
\$5 Million



# U.S. Highway 82

## Completed

8 Projects  
29 Miles  
\$26 Million

## Under Construction

2 Projects  
11 Miles  
\$51 Million

## Programmed

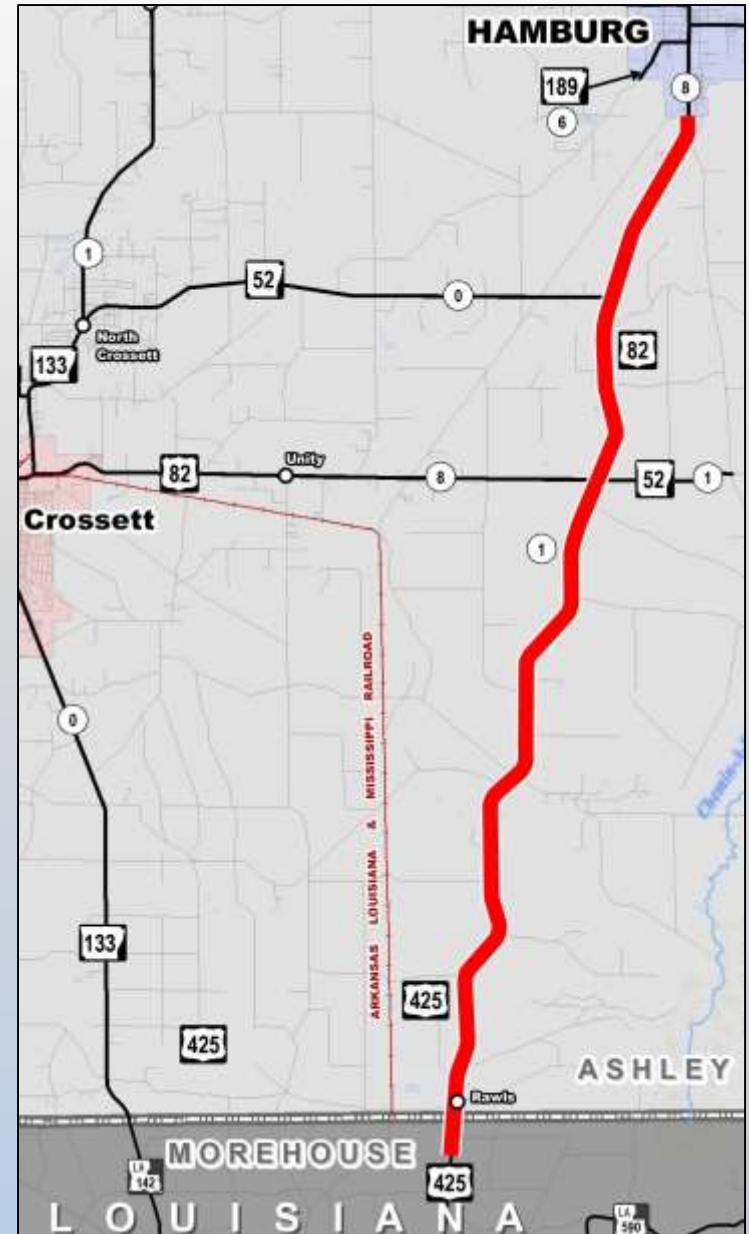
2 Projects  
27 Miles  
\$25 Million



# State Highway 425

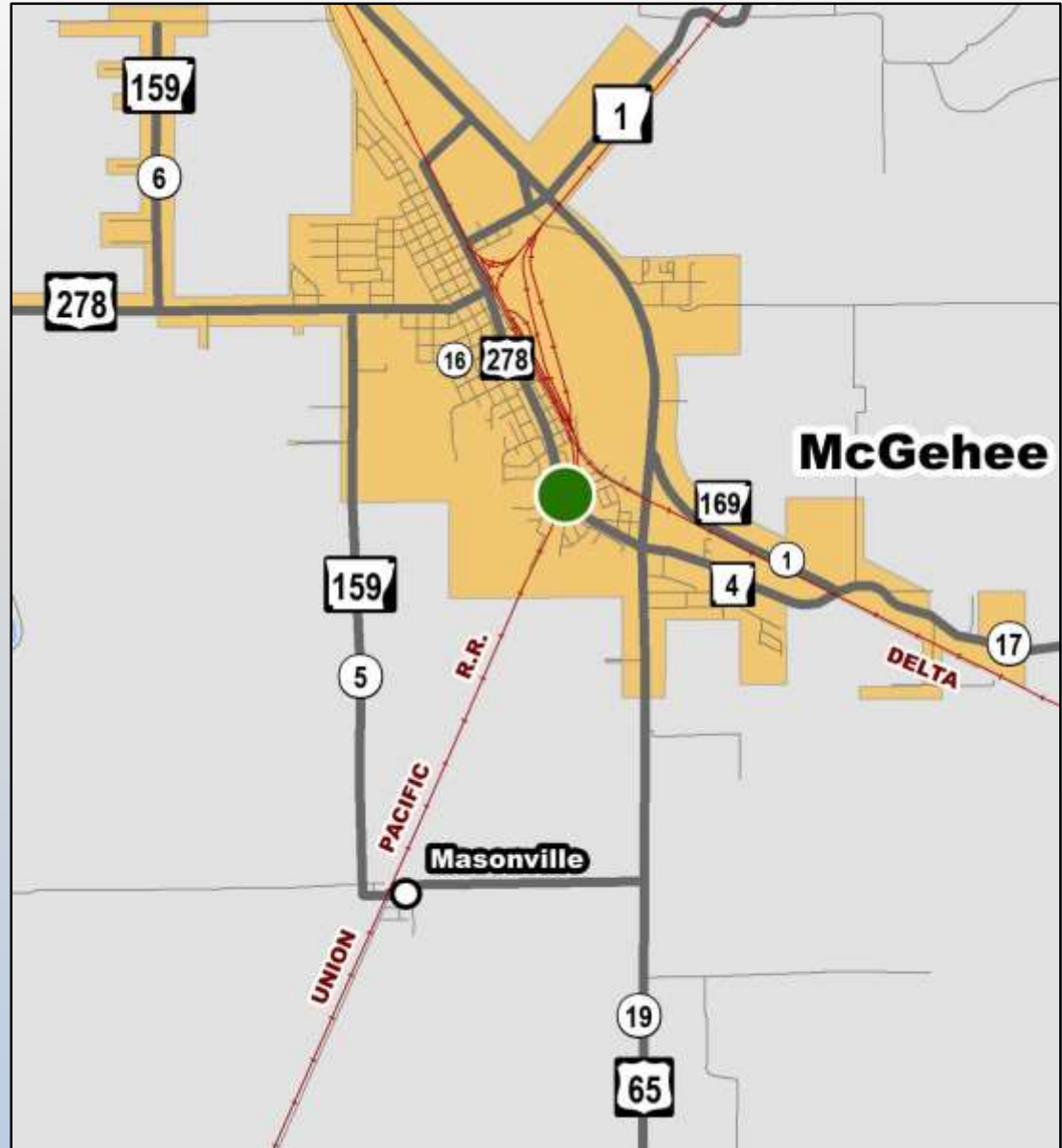
## Under Construction

2 Projects  
15 Miles  
\$71 Million





**Scheduled**  
Replace UPRR  
Overpass  
\$1-5 Million



# State Highway 208

Scheduled  
Resurfacing  
8 Miles  
\$<1 Million



# State Highway 35



**Scheduled**  
**Resurfacing**  
**6.1 Miles**  
**\$5-10 Million**



# Future Interstate 69

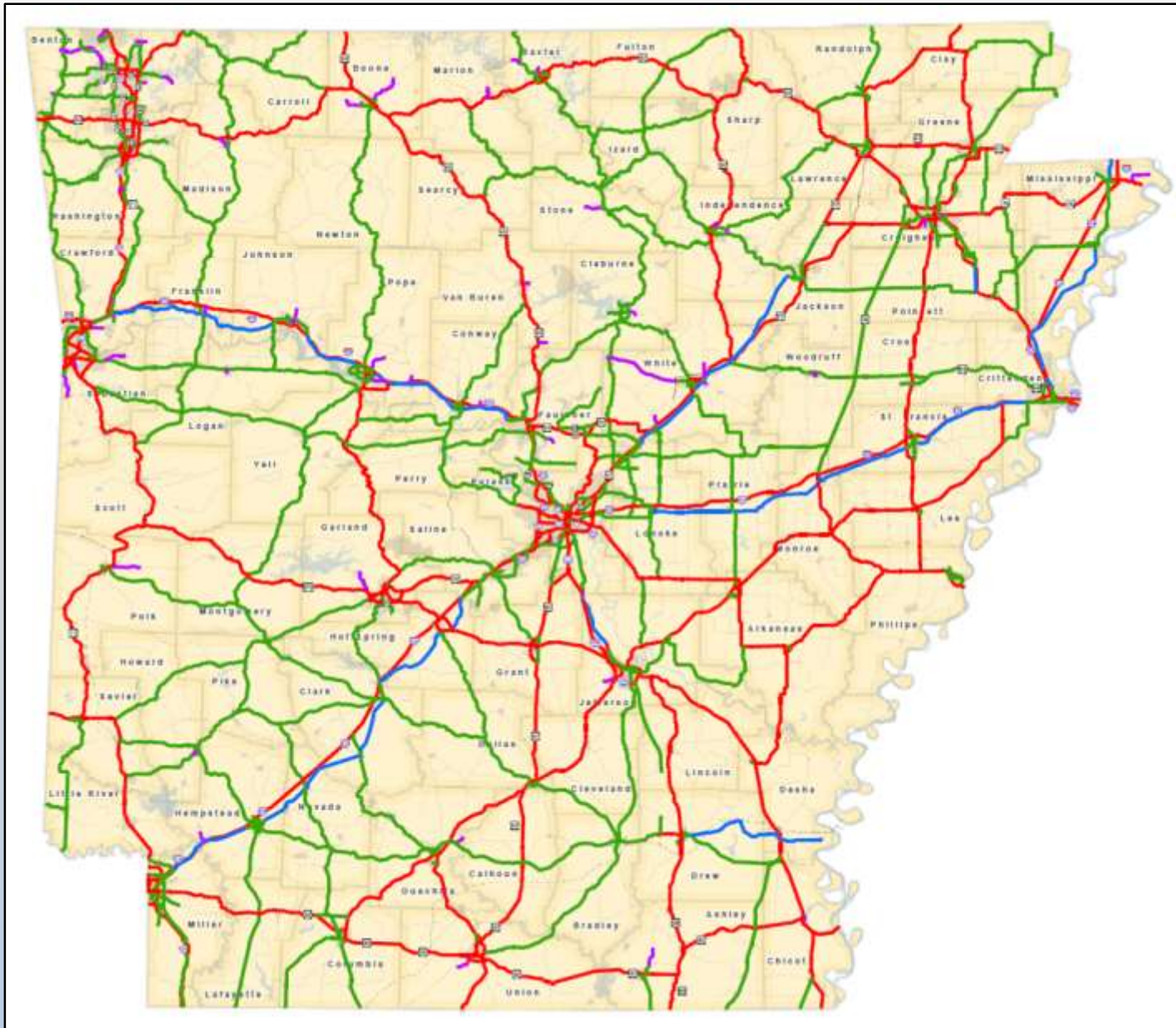


**Scheduled**  
**New Location**  
**1.8 Miles**  
**\$50-75 Million**





# Arkansas Primary Highway Network



# Under Construction

## Completed

2.9 Miles  
\$7.4 Million

## Under Construction

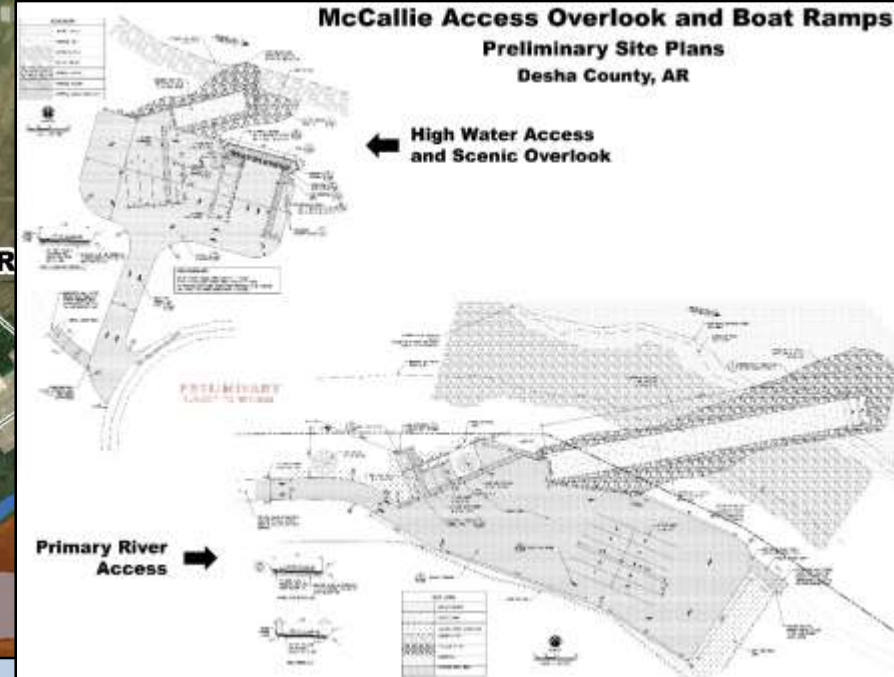
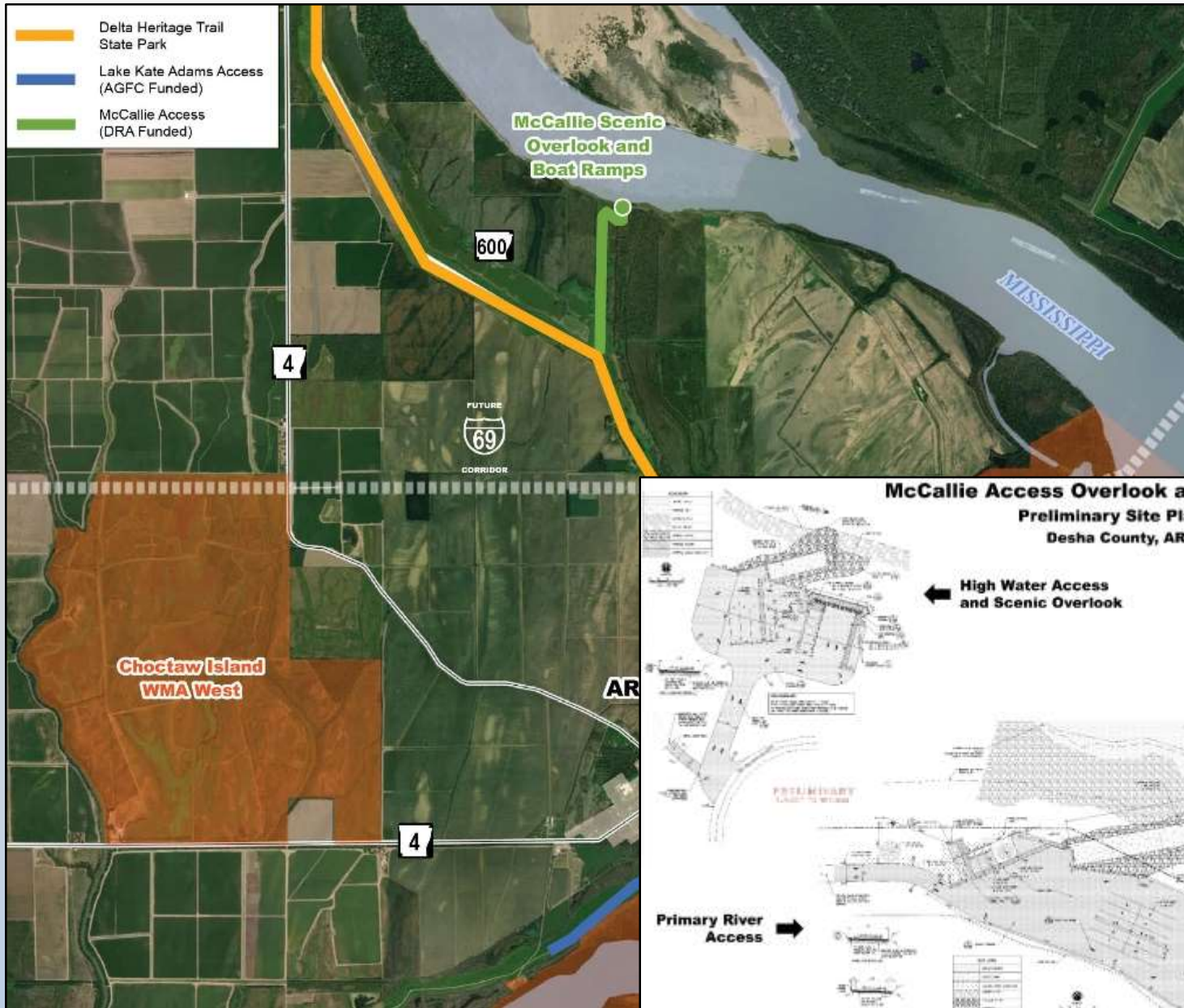
5.1 Miles  
\$12.9 Million



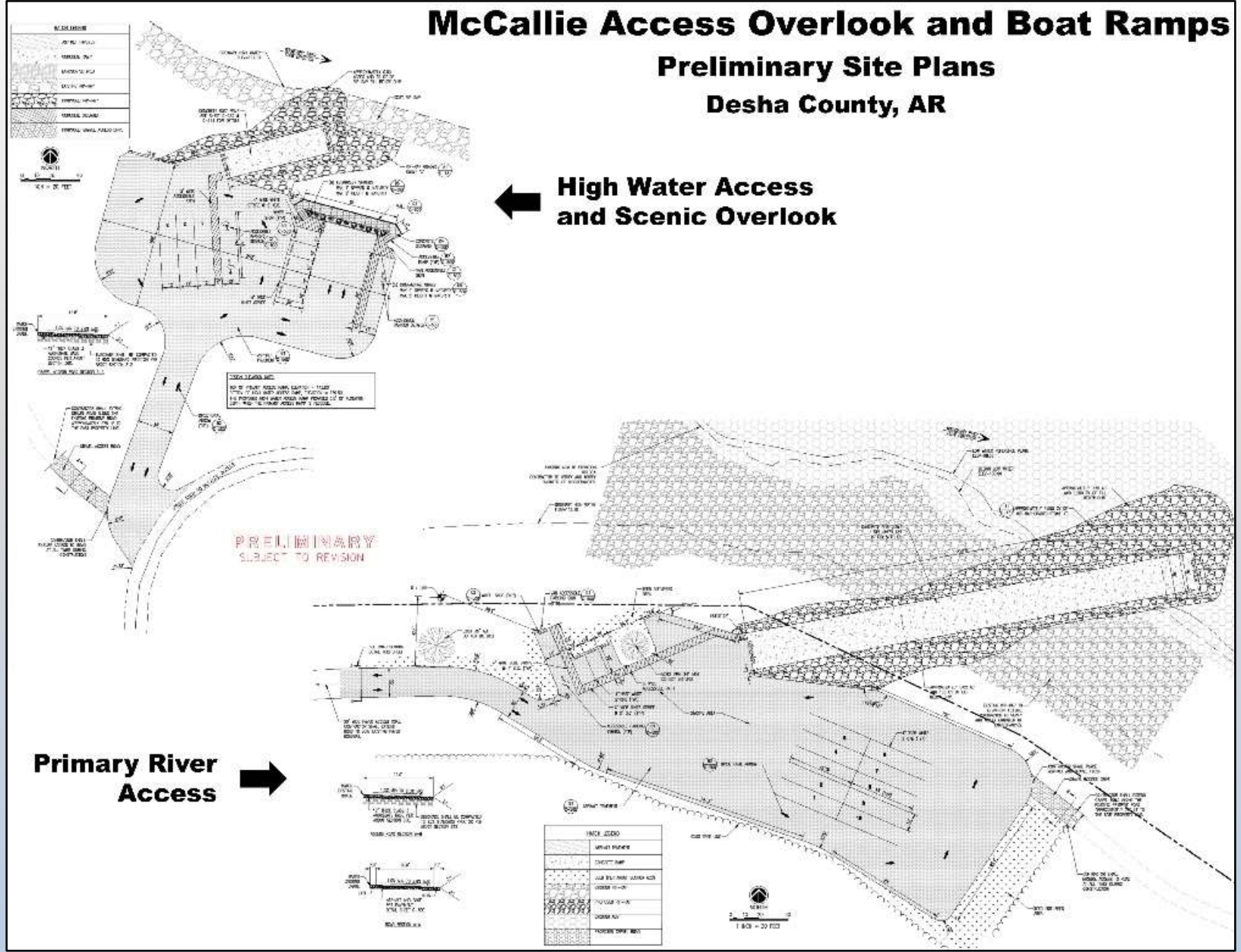
# Delta Trail Head Facility



# McCallie Access Overlook



## McCallie Access Overlook and Boat Ramps Preliminary Site Plans Desha County, AR



← High Water Access and Scenic Overlook

Primary River Access →

PRELIMINARY  
SUBJECT TO REVISION

Symbol	1/8" = 20'
[Pattern]	INLET CANALS
[Pattern]	BOAT RAMPS
[Pattern]	PARKING
[Pattern]	ACCESS DRIVE
[Pattern]	TRUCKS DRIVE

1/8" = 20'