



# INFORMATION RELEASE

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### **ARKANSAS FUEL TAX RATES AND HIGHWAY FUNDING – THE REST OF THE STORY**

**LITTLE ROCK (6-7)** – Recently, the *Arkansas Democrat-Gazette* newspaper published a map depicting fuel tax rates for Arkansas and all of its surrounding states. The map appeared in the paper’s Northwest Arkansas Edition on Tuesday, May 10, and more recently in the Central Arkansas Edition on Thursday, May 19. The May 19<sup>th</sup> graphic was accompanied by an editorial that noted Arkansas has the highest fuel tax rates of all surrounding states. The implication is that Arkansas generates more revenue per gallon of fuel sold for highway improvements than that of other states.

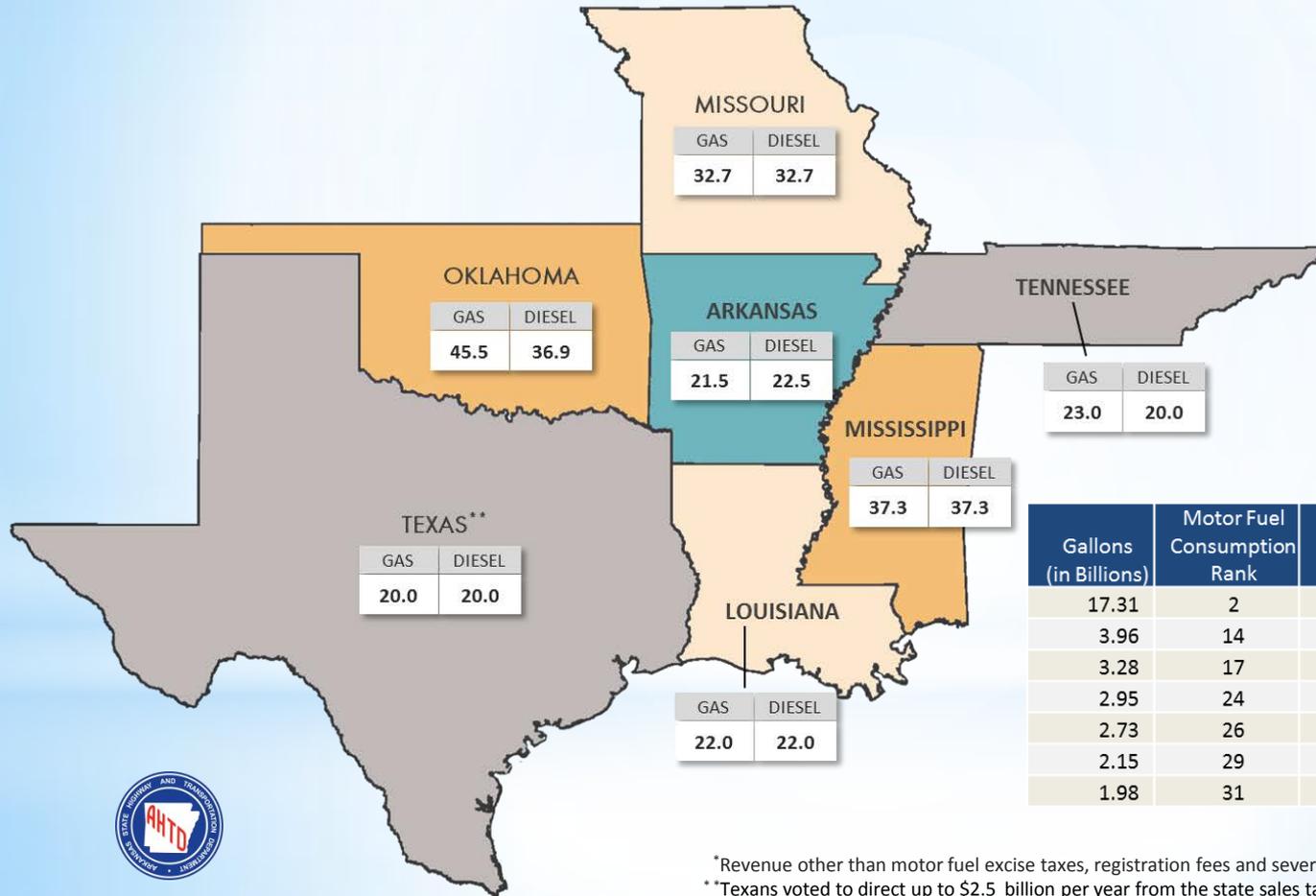
While the gasoline and diesel tax rates depicted on the publication’s graphic are correct, they only tell part of the story. The surrounding states have other revenue sources Arkansas doesn’t have, or they dedicate what Arkansas considers to be “general revenue” for their highway improvements.

Combine the motor fuel taxes with general revenue that goes to everyday highway operations for each of these surrounding states and a more complete and accurate per-gallon number for each state is realized. This is illustrated on the attached graphic and labeled as the “Effective Tax Rate.” While the per-gallon numbers for Arkansas don’t change, the data for all surrounding states except Texas shows an increase. However, Texas just adopted a plan that will provide an additional **\$2.5 BILLION** per year for its highways that will be derived from general sales and use tax as well as the motor vehicle sales and rental tax, starting in 2017.

The recently completed special legislative session focused on immediate highway funding needs for our state. The session was punctuated by a one-time infusion of \$40 million in “rainy day” funds into the highway fund for the current fiscal year. Funding levels for future years are uncertain. Factoring in those projected funds, though they are uncertain, would raise Arkansas’ effective tax rate by two-cents per gallon for both gas and diesel.

There are many factors that go into highway funding in each state. The fact that Arkansas’ fuel consumption levels are the lowest of all the states shown further diminishes our revenue. To accurately make comparisons, all of those factors must be considered, not just one part of the equation.

# Effective Tax Rate Considering General Revenue\* For Highways



Gallons (in Billions)	Motor Fuel Consumption Rank	State	Highway Miles	Gas Tax <sup>1</sup>	Diesel Tax <sup>1</sup>
17.31	2	Texas	80,423	20.0	20.0
3.96	14	Tennessee	13,897	20.0	17.0
3.28	17	Missouri	33,892	17.0	17.0
2.95	24	Louisiana	16,694	20.0	20.0
2.73	26	Oklahoma	12,264	16.0	13.0
2.15	29	Mississippi	10,908	18.0	18.0
1.98	31	Arkansas	16,418	21.5	22.5

<sup>1</sup>(cents per gallon)

\*Revenue other than motor fuel excise taxes, registration fees and severance tax. Does not include temporary 1/2c sales tax.  
 \*\*Texans voted to direct up to \$2.5 billion per year from the state sales tax to highways. (Begins FY 2018)

