



Arkansas State Highway Commission Meeting

Wednesday, September 17, 2014


The background features a large, faint, circular seal of the Arkansas State Highway Commission. The seal contains the text "ARKANSAS STATE HIGHWAY COMMISSION" around the perimeter and a central emblem with a shield and a star.

Item 1
Minutes
July 23, 2014 Meeting

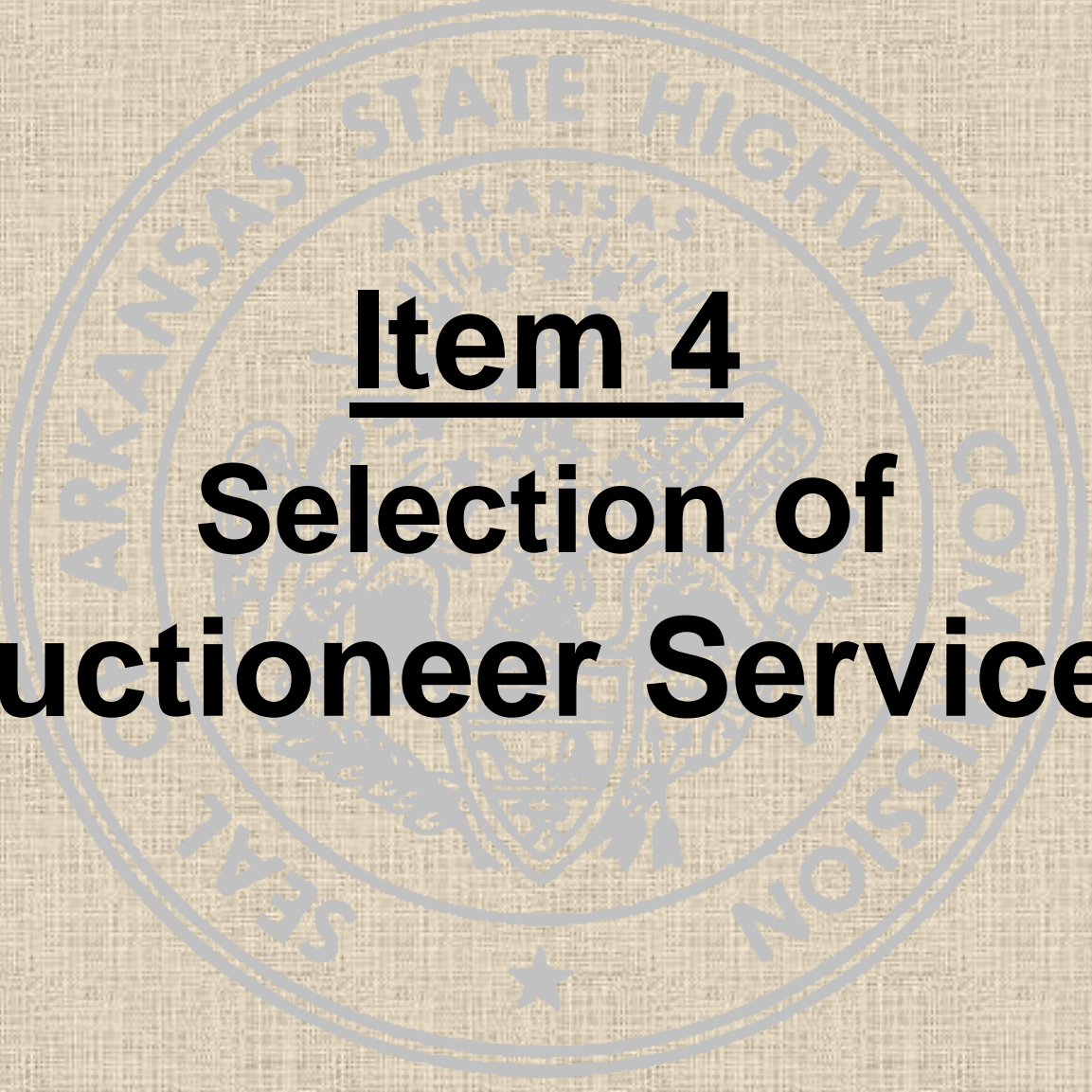
The background features a large, faint, circular seal of the Arkansas State Highway Department. The seal contains the text "ARKANSAS STATE HIGHWAY" at the top and "DEPARTMENT" at the bottom, with a central emblem and a star.

Item 2

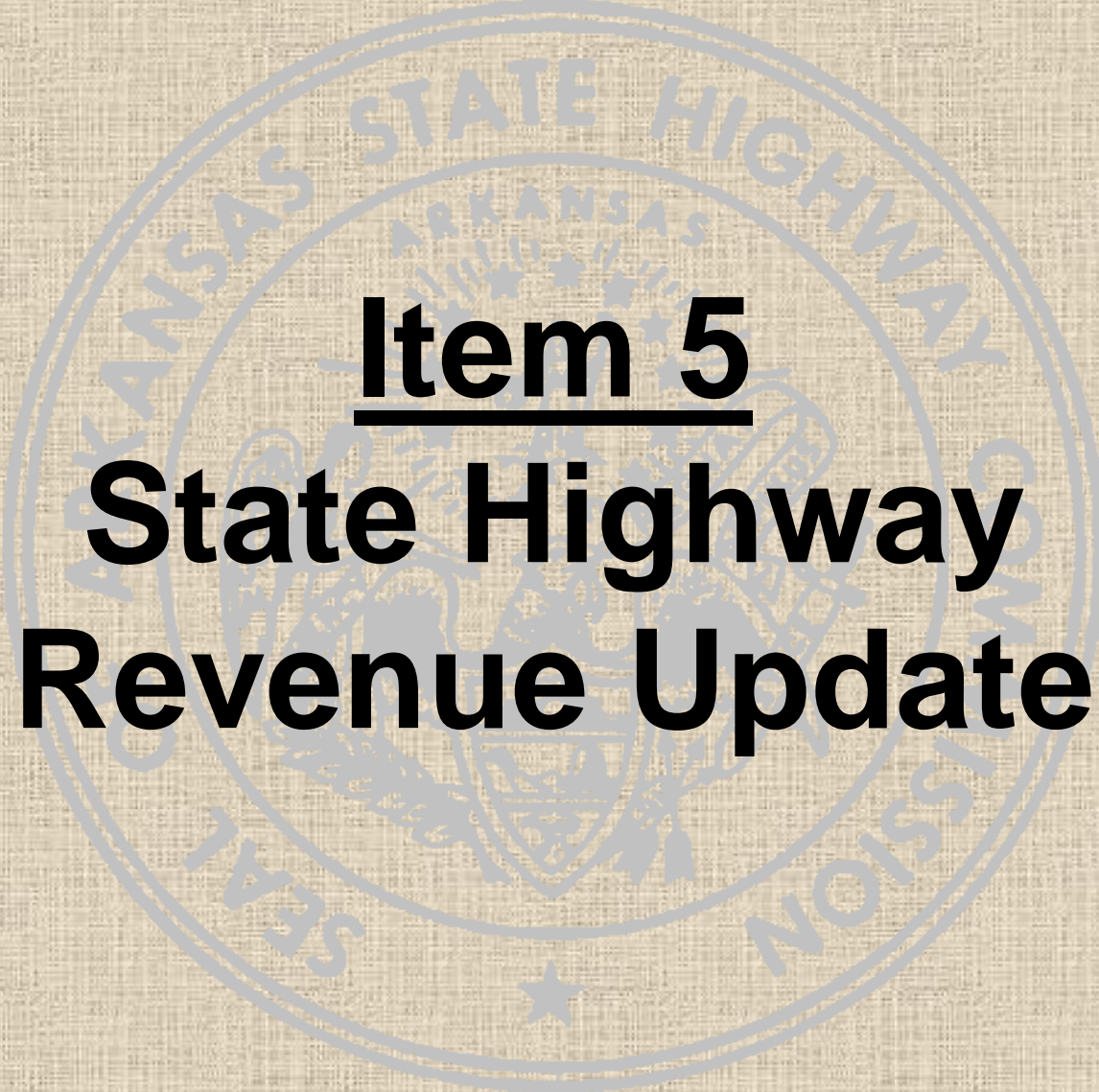
Presentation of IFTA AWARD & SASHTO Resolution

The background features a large, faint, circular seal of the Arkansas State Highway Commission. The seal contains the text "ARKANSAS STATE HIGHWAY COMMISSION" around the perimeter and "SEAL OF THE ARKANSAS STATE HIGHWAY COMMISSION" in the center. The seal also includes a central emblem with a star and a banner.

Item 3
**Consideration of Minute
Orders**

The background features a large, faint, circular seal of the Arkansas State Highway Commission. The seal contains the text "ARKANSAS STATE HIGHWAY COMMISSION" around the perimeter and a central emblem with a star and other symbols.

Item 4
Selection of
Auctioneer Services



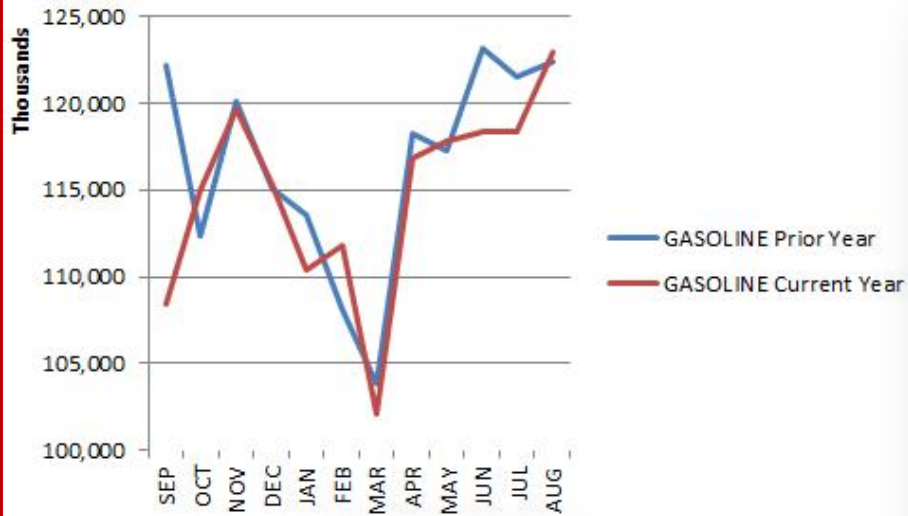
Item 5
**State Highway
Revenue Update**

August 2014 Revenues and Consumption

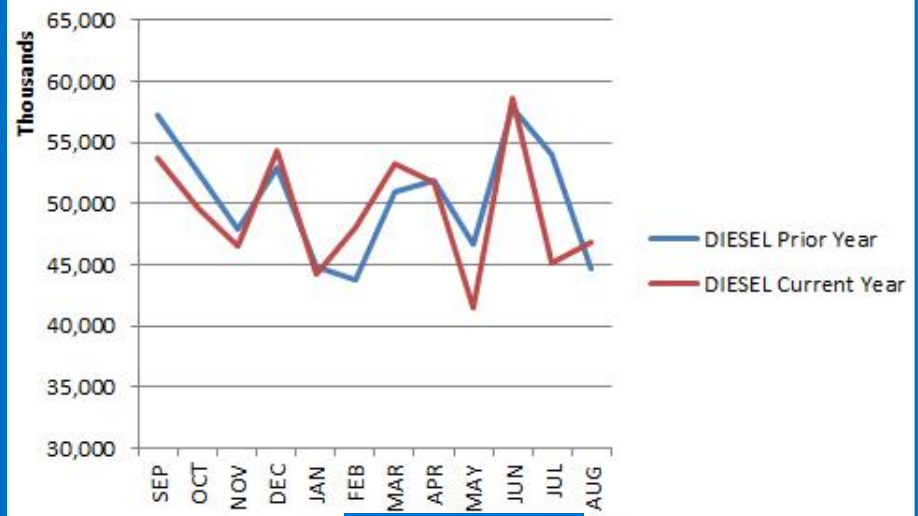
July - August	FY 2014	FY 2015	Variance	% Change
Motor Fuels Tax	\$44.4	\$43.7	(\$0.7)	-1.6
Registration Fees	\$15.3	\$15.0	(\$0.3)	-2.0%
Permits & Penalties	\$3.0	\$3.0	\$0.0	0.0%
Other	\$1.5	\$1.5	\$0.0	0.0%
Total User Revenues	\$64.2	\$63.2	(\$1.0)	-1.6%
Natural Gas Severance Tax	\$7.8	\$10.5	\$2.7	34.6%
RRA Interest	\$0.6	\$0.5	(\$0.1)	-16.7%
Less: Diesel Tax for Bonds	(\$2.6)	(\$2.5)	\$0.1	-3.9%
Total Revenues Available	\$70.0	\$71.7	\$1.7	2.4%
Fiscal 2015 Projected vs. Actual July - August	Budget (millions)	Actual (millions)	Variance (millions)	% Variance
Motor Fuels Tax	\$44.6	\$43.7	(\$0.9)	-2.0%
Registration Fees	\$15.3	\$15.0	(\$0.3)	-2.0%
Permits & Penalties	\$3.0	\$3.0	\$0.0	0.0%
Other	\$1.4	\$1.5	\$0.1	7.1%
Total User Revenues	\$64.3	\$63.2	(\$1.1)	-1.7%
Natural Gas Severance Tax	\$8.0	\$10.5	\$2.5	31.3%
RRA Interest	\$0.4	\$0.5	\$0.1	25.0%
Less: Diesel Tax for Bonds	(\$2.7)	(\$2.5)	\$0.2	-7.4%
Total Revenues Available	\$70.0	\$71.7	\$1.7	2.4%
Fuel Consumption in Gallons July – August	FY 2014 (millions)	FY 2015 (millions)	Difference (millions)	% Change
Gasoline	243.9	241.3	-0.1	0.0%
Diesel	97.8	92.0	-6.6	-6.7%
Total	341.7	333.3	-6.7	-2.0%

Fuel Consumption

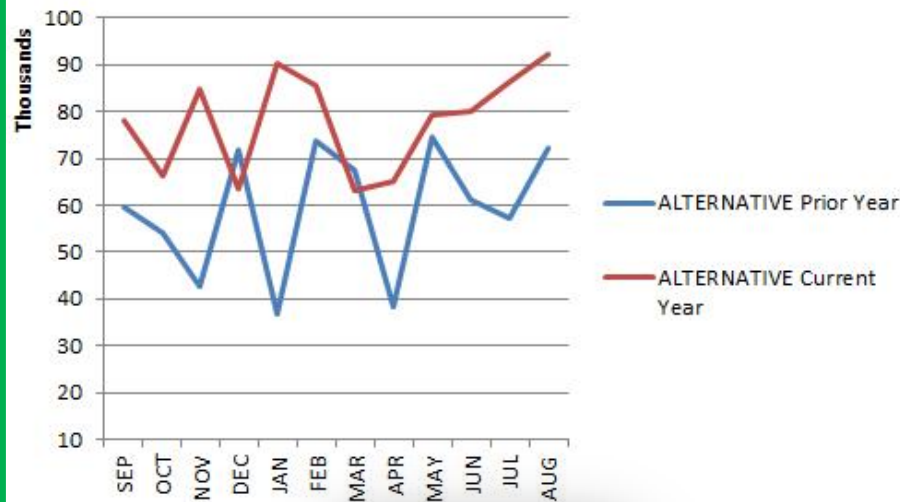
May 2013 – April 2014



Gasoline



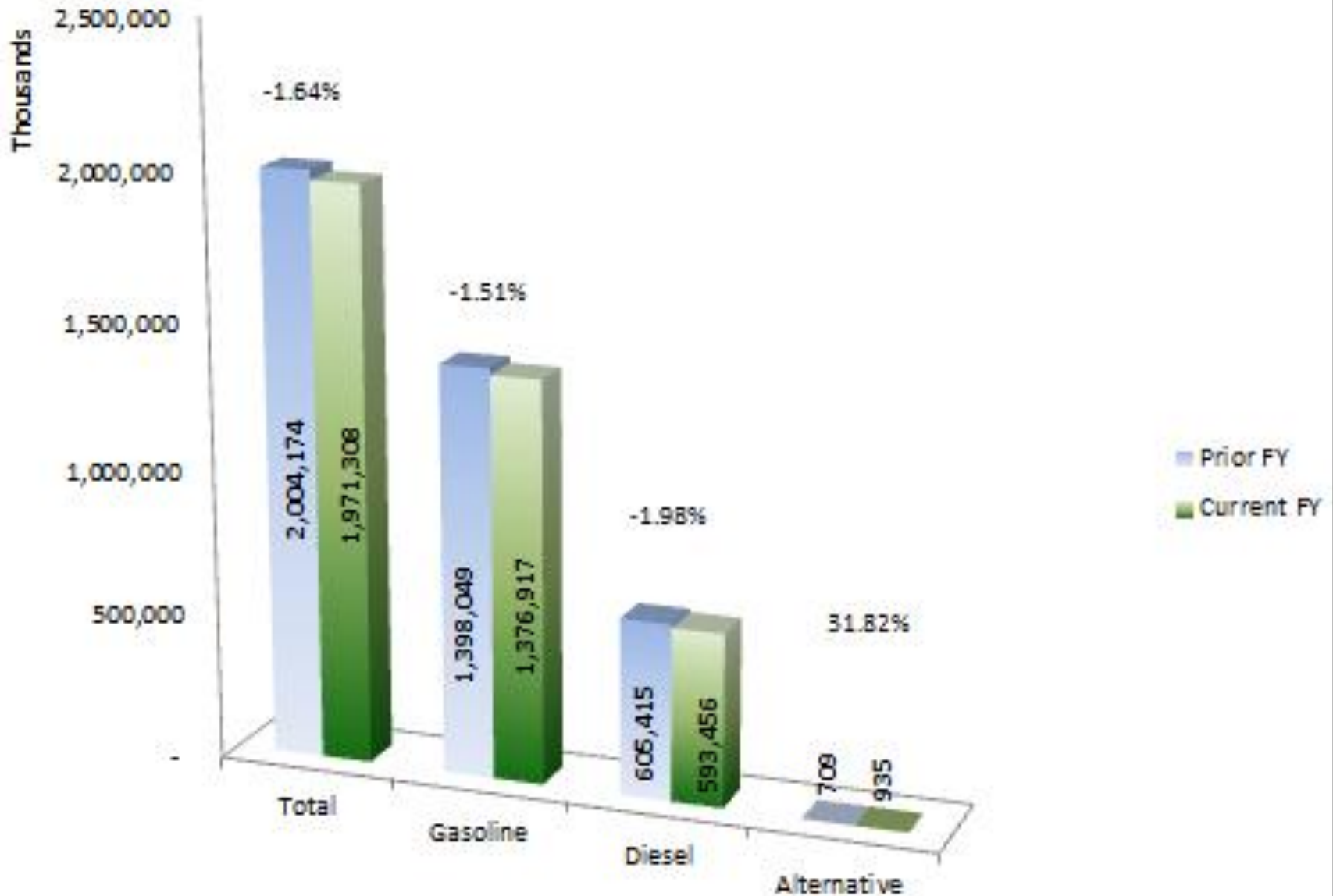
Diesel



Alternative

Total Fuel Consumption

Gallons



AHTD *Gasoline Consumption*



Month	Prior Year	Current Year
Sep	122,230,905	108,403,358
Oct	112,335,707	114,973,431
Nov	120,143,681	119,980,704
Dec	115,119,698	115,286,038
Jan	113,534,830	110,340,343
Feb	108,115,081	111,786,395
Mar	103,879,137	102,082,893
Apr	118,308,455	116,867,188
May	117,326,798	117,860,740
Jun	123,120,584	118,336,895
July	121,484,373	118,346,701
Aug	122,450,242	122,952,653
Total	1,398,049,491	1,376,917,339

AHTD *Fuel Consumption*



Fuel	Fiscal 2014	Current Year	Variance
Gasoline	1,398,049,491	1,376,917,339	-1.51%
Diesel	605,415,275	593,455,690	-1.98%
Alternative	709,385	935,133	31.8%
Total	2,004,174,151	1,971,308,162	-1.64%

Fiscal Year 2015 *Sales Tax*

Mon	Projected Net	Actual Receipts	Variance	Monthly Var.	Annual Var.
Jul	\$13,230,000.00	\$13,561,874.14	\$331,874.14	2.51%	2.51%
Aug	\$13,230,000.00	\$13,913,216.00	\$683,216.00	5.16%	3.84%
Sept	\$13,790,000.00				
Oct	\$12,880,000.00				
Nov	\$13,090,000.00				
Dec	\$14,140,000.00				
Jan	\$13,580,000.00				
Feb	\$12,530,000.00				
Mar	\$13,930,000.00				
Apr	\$13,930,000.00				
May	\$14,140,000.00				
Jun	\$14,210,000.00				
Total	\$162,680,000.00	\$27,475,090.14	\$1,015,090.14		

Actual Receipts

2 months ending in August

2014	2013	Difference
\$27,475,090.14	 \$19,129,368.76	\$8,345,721.38



July 2013: ½ normal monthly revenue due to start of tax collection

Projected Revenue vs. Actual

Since Inception

Projected net	Actual Receipts	Variance	Variance Percent
\$182,280,000.00	\$178,728,284.64	(\$3,551,715.36)	-1.95%

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**Constitutional Officers Fund
and
State Central Services Fund**

Constitutional Officers Fund & State Central Services Fund

- ✓ **Yearly Deduction from General and Special Revenues**
- ✓ **State Law Requirement**
- ✓ **Amount Determined by the Chief Fiscal Officer**
- ✓ **Constitutional Officers Fund – 1%**
- ✓ **State Central Services Fund – Between 2% and 3%**
- ✓ **On June 31, 2014 the Combined Amount was Reduced from 3.3% to 3.2%**

Constitutional Officers Fund

Maintenance, Operation, and Improvement Activities

- ✓ General Assembly
- ✓ Governor
- ✓ Lieutenant Governor
- ✓ Secretary of State
- ✓ Attorney General
- ✓ Treasurer of State
- ✓ Commissioner of State Lands
- ✓ Auditor of State
- ✓ Supreme Court
- ✓ Court of Appeals
- ✓ Circuit Courts and Prosecuting Attorneys

Central Services Fund

Maintenance, Operation, and Improvement Activities

- ✓ **Senate/House Interim Staff**
- ✓ **Bureau of Legislative Research**
- ✓ **Legislative Audit**
- ✓ **Department of Finance & Administration**
 - **Administrative Services**
 - **Revenue Division**
- ✓ **Administrative Office of the Courts**
- ✓ **Office of the Prosecutor Coordinator**
- ✓ **Governor's Mansion Commission**
- ✓ **State Claims Commission**

Constitutional Officers Fund & State Central Services Fund

State Fiscal Year 2014

<u>Fund Source</u>	<u>Amount Deducted</u>
Highway-User Revenue	\$ 21 Million
½ cent Sales Tax Revenue	\$ 5 Million
Total Deducted	\$ 26 Million

Other Revenue Reductions

State Fiscal Year 2014

<u>Fund Source</u>	<u>Amount Deducted</u>
State Aid County Road Program	\$ 19 Million
State Aid City Street Program	\$ 19 Million
County Aid Fund (Turnback)	\$ 87 Million
City Aid Fund (Turnback)	\$ 87 Million
Total Deducted	\$ 212 Million

Net Revenue



State Fiscal Year 2014

Gross Highway Revenue

\$ 670 Million

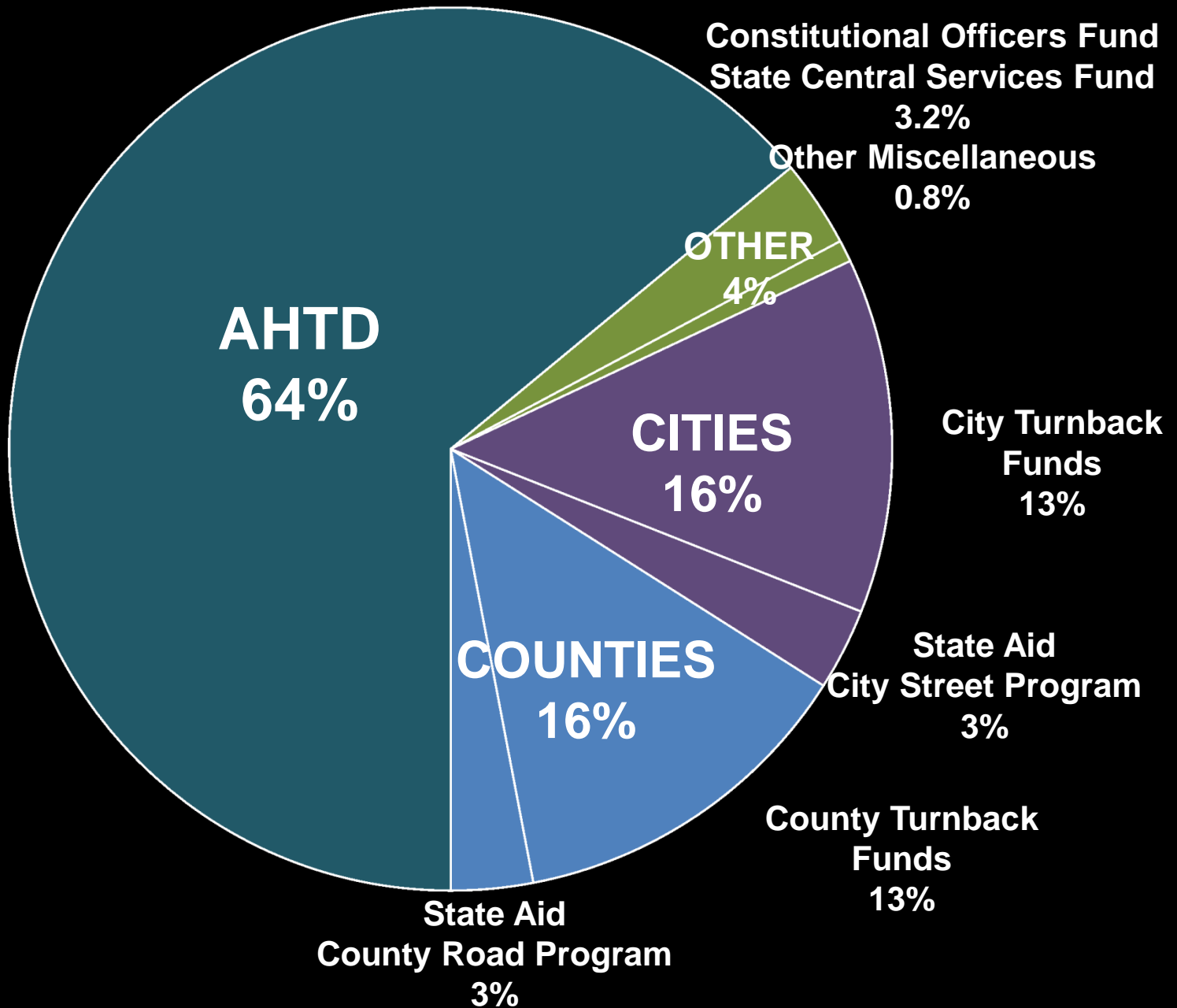
Department Received

\$ 426 Million

Total Deducted

\$ 244 Million

Highway User Revenue Distribution



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Item 6
**2015-2017 Biennium
Budget Request**

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Item 7

Federal Highway & Transit Funding Issues

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

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



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)

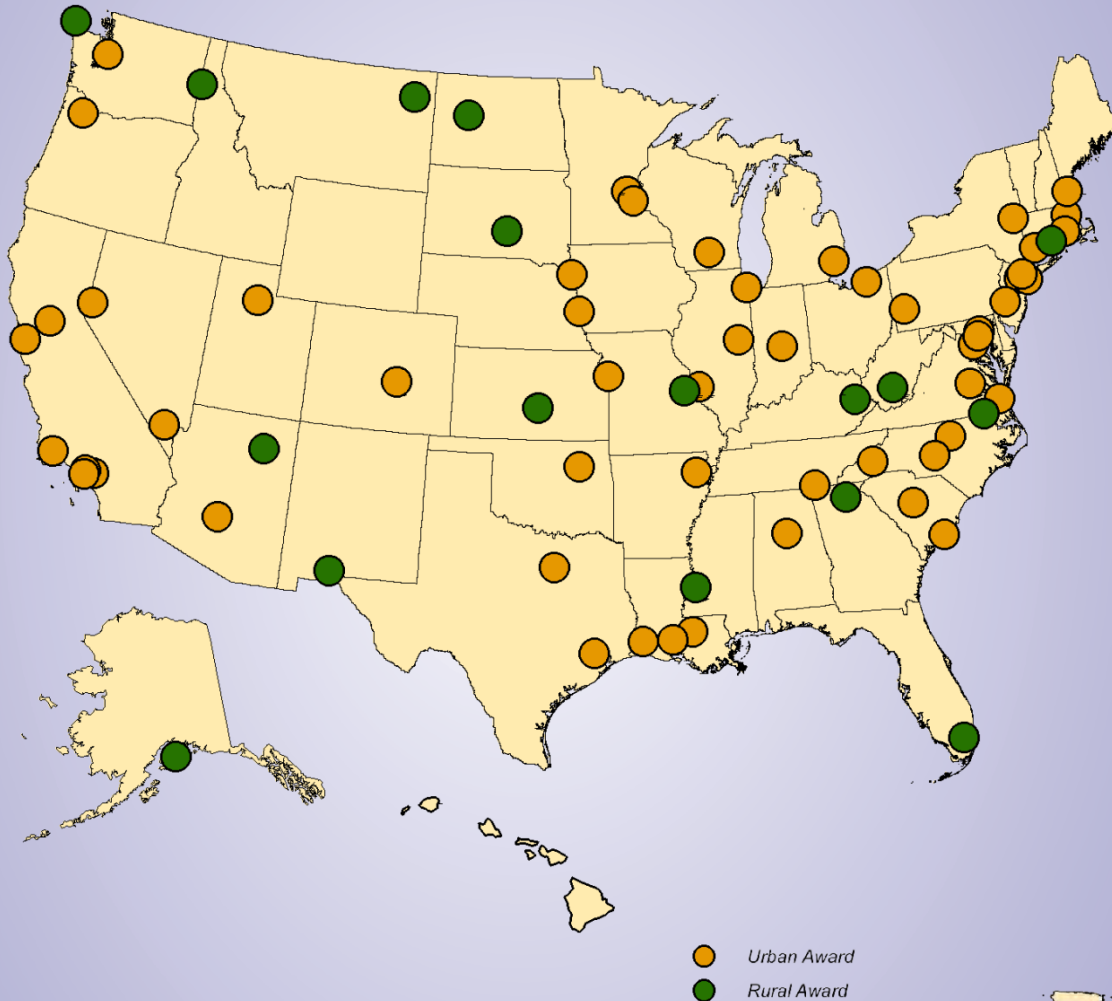
- ✓ **Extends Authorization of MAP-21 Federal Funding Programs through May 31, 2015**

Transportation Investment Generating Economic Recovery TIGER VI

- Call for Applications – March 3, 2014
- Deadline to Submit – April 28, 2014
- Awards Announced – September 12, 2014
- Funds Obligated – September 30, 2016

TIGER

2014 AWARDS



\$584 Million

**72
Transportation
Projects**

**16
DOT Projects**



U.S. Department
of Transportation

RAILROAD CORRIDOR HIGHWAY CROSSING PLAN

APPLICANT/SPONSOR: City of Jonesboro

TOTAL PROJECT COST: \$1,500,000

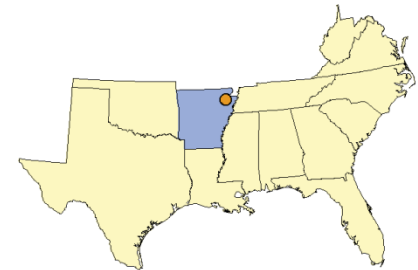
GRANT FUNDING: \$1,200,000

PROJECT DESCRIPTION

The City of Jonesboro will use this TIGER funding to conduct an environmental review and design plans for a railroad overpass on Highway 18. This planning project is part of a large comprehensive action plan to improve rail grade crossings within the City of Jonesboro, which handles approximately 60 trains per day through 44 rail grade crossings, contributing to significant delays for drivers and transit. The design plans will be for a single crossing at Highway 18 and the BNSF Railroad.

PROJECT HIGHLIGHTS

- » Plans overpass to reduce delays and improve safety at a railroad crossing that sees 14,000 automobiles a day. Data from the transit system show that transit vehicles face an average of a nine minute delay at this crossing over 200 times per year.
- » Designs connectivity improvements, including walkability and bikeability, for workers, emergency responders, and students at two local schools and the ASU-Newport Campus.
- » Creates opportunity to significantly decrease accidents. Due to 117 accidents at grade crossings over the last 40 years, the City has evaluated all crossings to determine what improvements need to be made at each crossing.



SOUTH

PROJECT BENEFITS

The project, once constructed, is expected to reduce traffic accidents and enhance safety for all users and first responders. An overpass at this intersection addresses multiple challenges, including increased timely access to employment, increased safety, and decreased environmental impacts. If left unimproved, this rail crossing will continue to be blocked an average of two hours per day, affecting many of the 14,000 cars that travel through it each day.



U.S. Department
of Transportation



TIGER

TIGER Grants Requested vs. Received

Project	Year Applied	Requested (x \$1 Million)	Received (x \$1 Million)
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AHTD Applications

Bella Vista Bypass	2009	145.40	10.00
Highway 71 - Bella Vista Bypass	2010	132.40	0.00
Highway 92 Bridge Replacement	2011	1.54	0.00
Highway 150 Resurfacing	2011	1.76	0.00
Highway 167 Improvements	2011	31.52	0.00
Highway 71 New Location (Future I-49)	2012	6.30	0.00
Highway 92 Bridge Replacement	2012	1.54	0.00
Highway 167 Improvements	2012	27.20	0.00
Rural Arkansas Small Water Association Utility Relocation	2013	1.20	0.00
Highway 92 Roadway Improvements and Bridge Replacements	2013	4.96	4.96
Interstate 40 Incident Management Plan	2014	0.40	0.00
Arkansas State Freight Plan	2014	0.40	0.00
Transportation Asset Management Plan	2014	0.60	0.00
Highway 67 Interchange (Cabot)	2014	11.50	0.00
Highway 265 Widening and Relocation (Randall Wobbe Lane to Highway 264)	2014	18.50	0.00
Interstate 530 Rehabilitation (Hwy. 65B to Hwy. 65 - Pine Bluff)	2014	36.80	0.00
Totals		422.0	14.96

Other Agency Applications

Razorback Regional Greenway (Benton and Washington Counties)	2010	24.8	15.0
Mississippi River Bridge ITS	2011	9.8	9.8
Sun Belt Regional Short Line Project	2011	21.2	0.0
Mainstreet to Mainstreet Multimodal Connector	2012	14.9	14.9
West Memphis International Rail Port	2012	11.0	11.0
Jonesboro Hwy. 18/BNSF Crossing - Planning for Environmental and Design	2014	1.2	1.2
East Arkansas Regional Transportation Plan	2014	1.9	0.0
Totals		84.8	50.7

Grand Totals	506.8	65.7
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Item 8

**Interstate Rehabilitation Program (IRP)
Connecting Arkansas Program (CAP)
State Aid City Street Program**

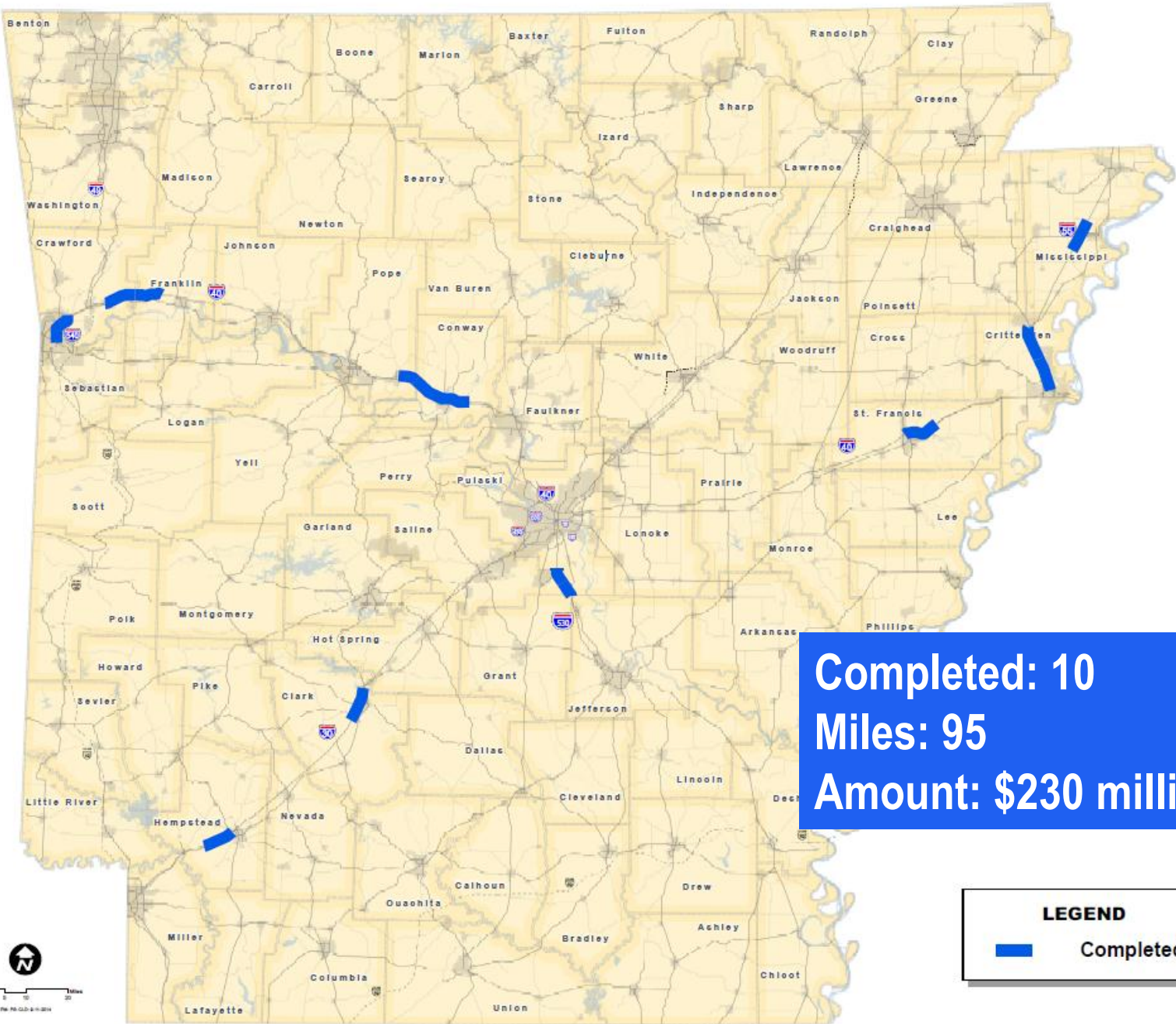


INTERSTATE
REHABILITATION
PROGRAM

IRP



Interstate Rehabilitation Program Job Status



LEGEND
■ Completed

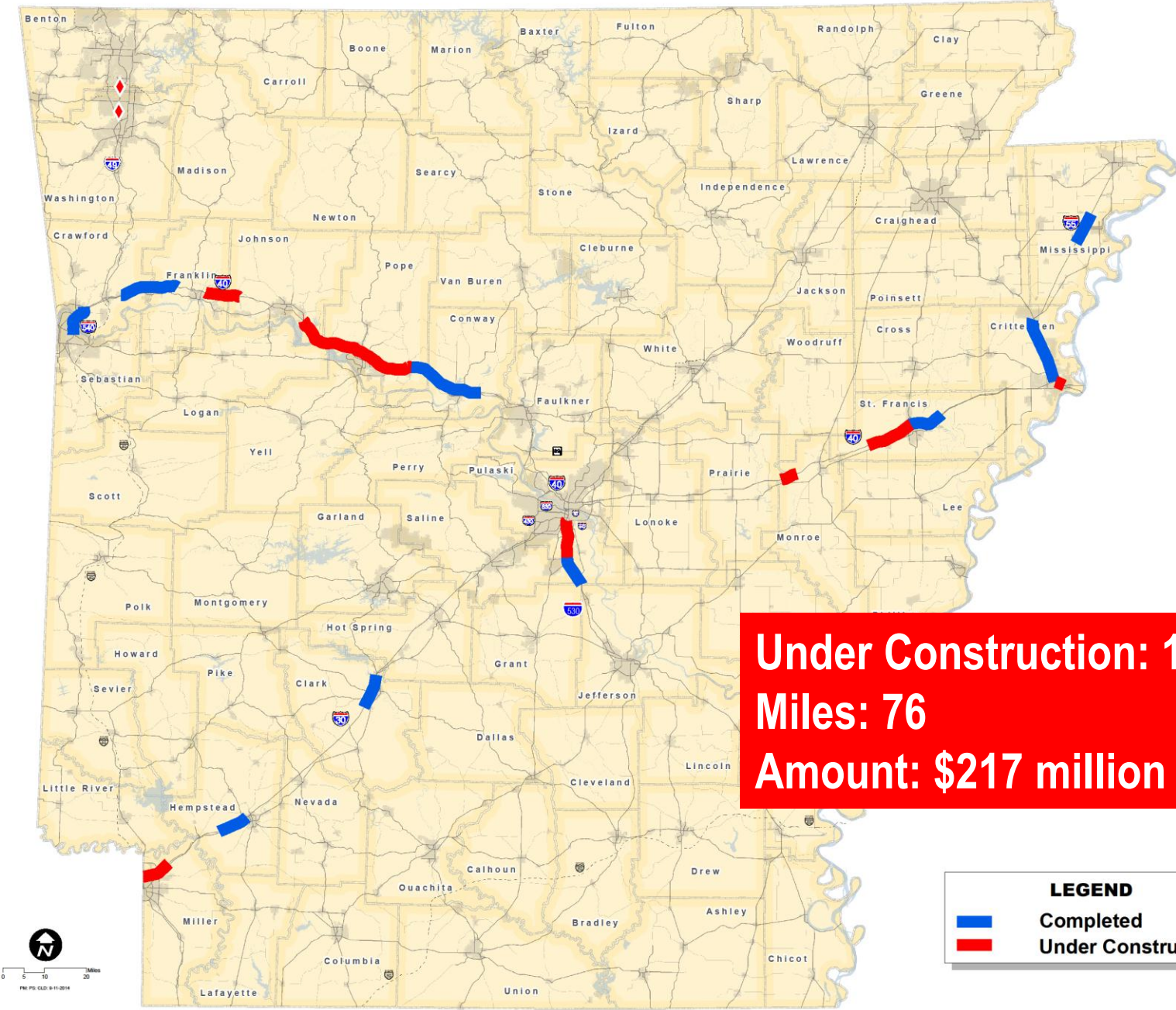


Interstate Rehabilitation Program Job Status

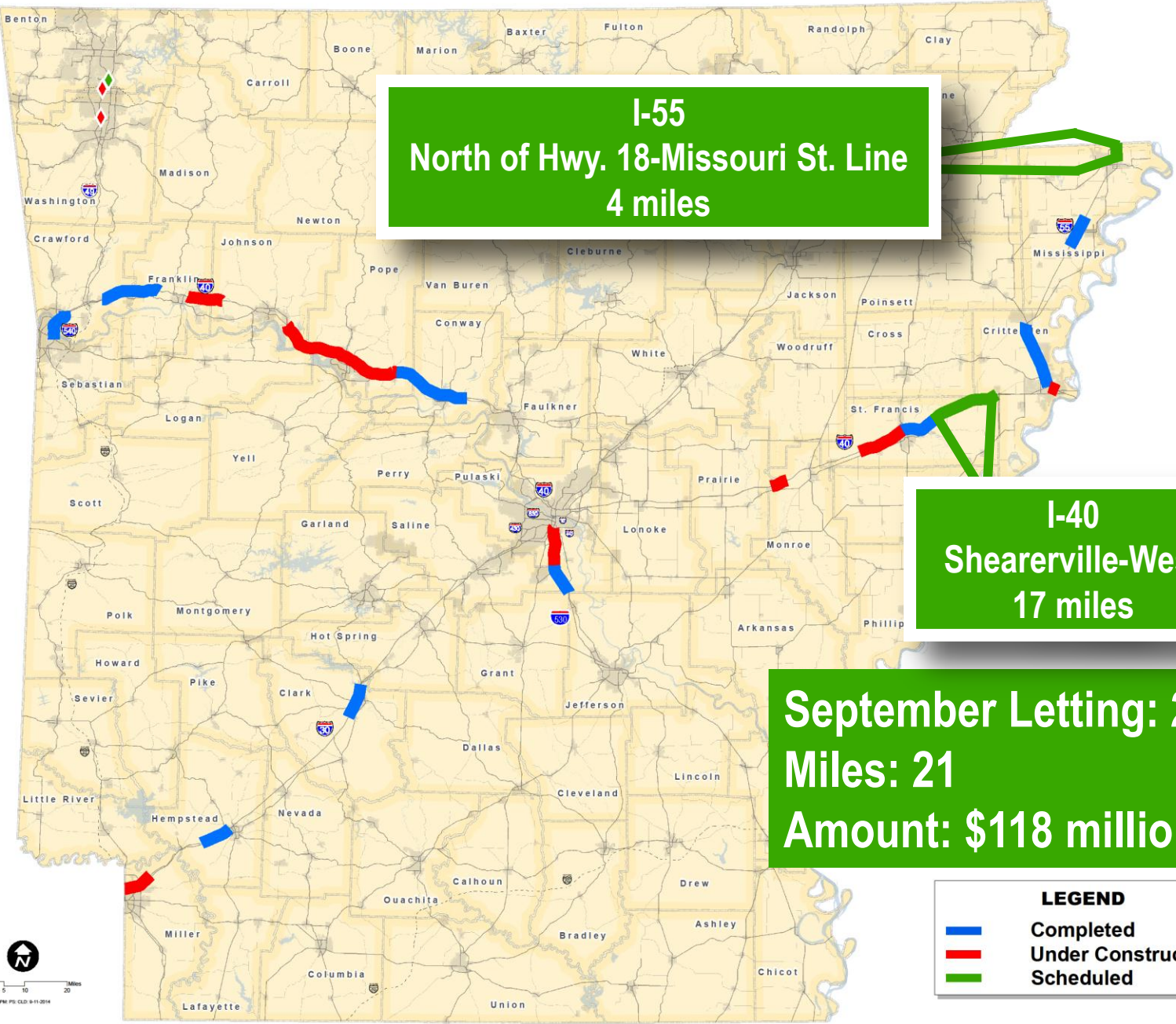
**Under Construction: 11
Miles: 76
Amount: \$217 million**

LEGEND

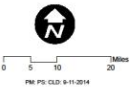
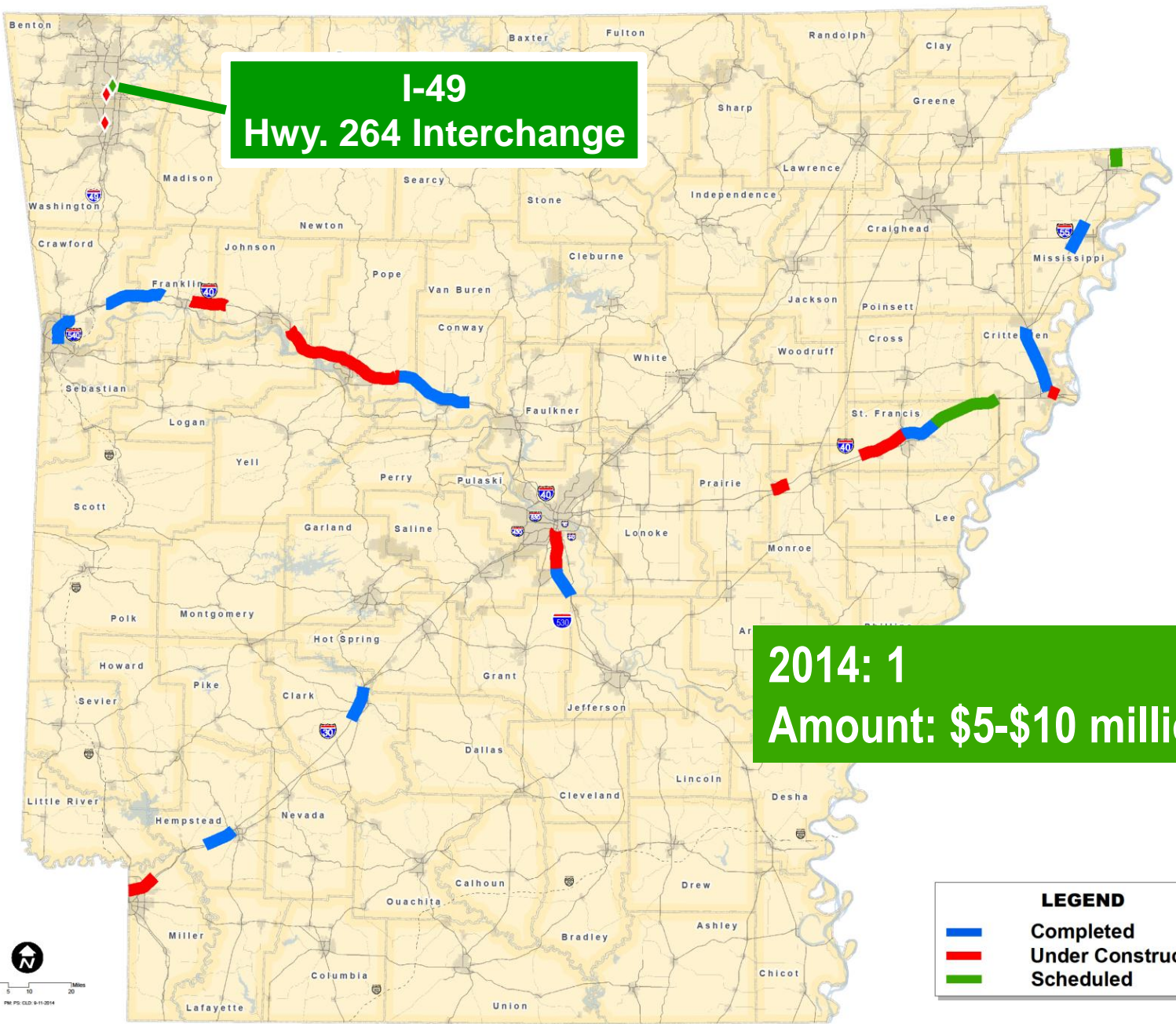
- Completed
- Under Construction



Interstate Rehabilitation Program
Job Status



Interstate Rehabilitation Program Job Status

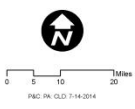
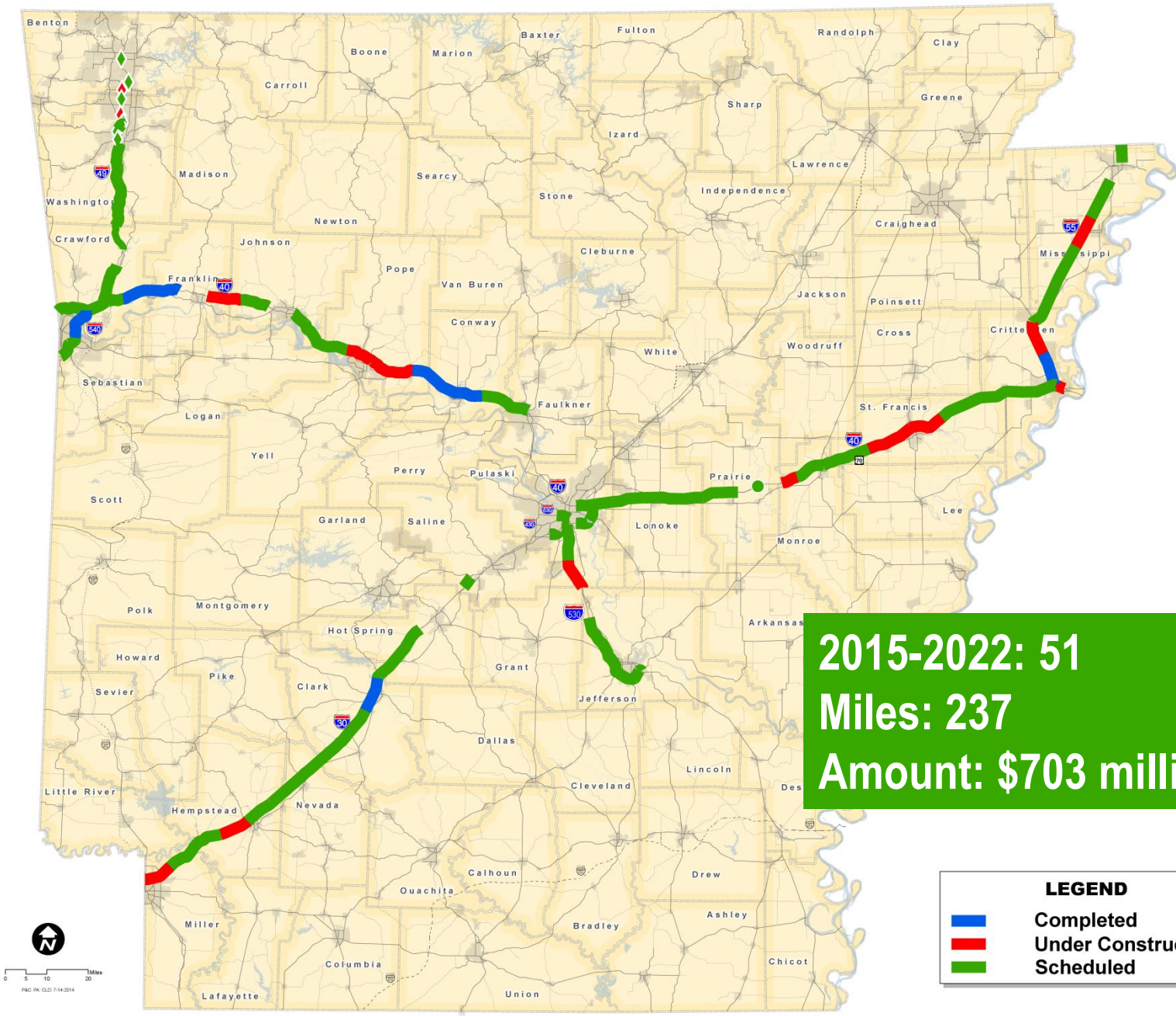


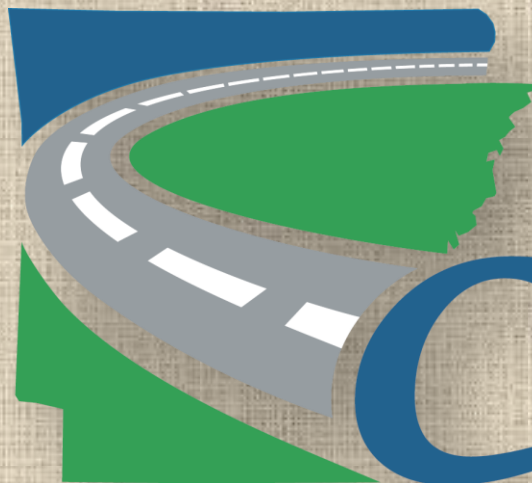
Interstate Rehabilitation Program Job Status

**2015-2022: 51
Miles: 237
Amount: \$703 million**

LEGEND

- Completed
- Under Construction
- Scheduled



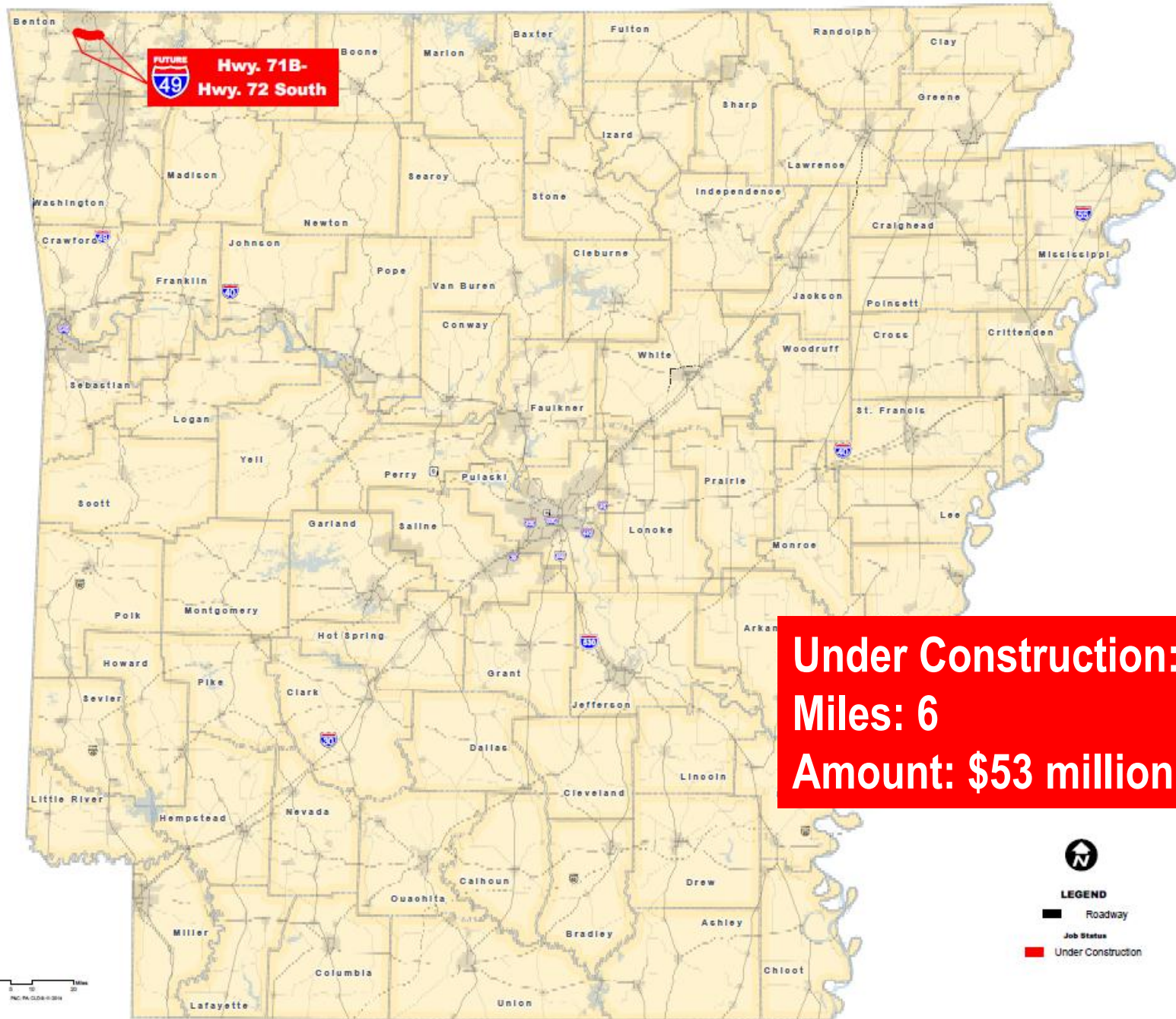


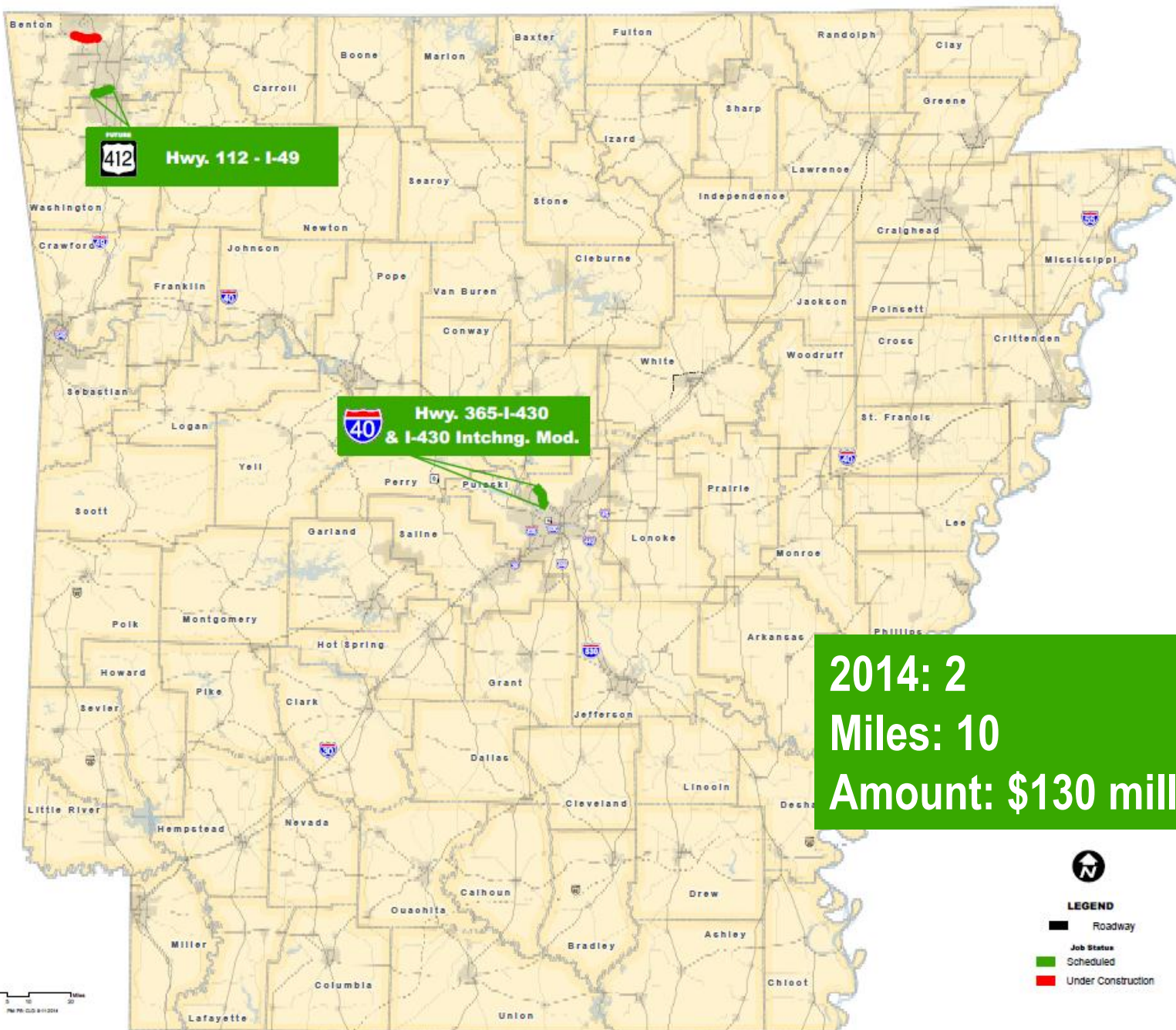
CONNECTING
ARKANSAS
PROGRAM

CAP



Connecting Arkansas Program Under Construction





Hwy. 112 - I-49

**Hwy. 365-I-430
& I-430 Intchng. Mod.**

**2014: 2
Miles: 10
Amount: \$130 million**

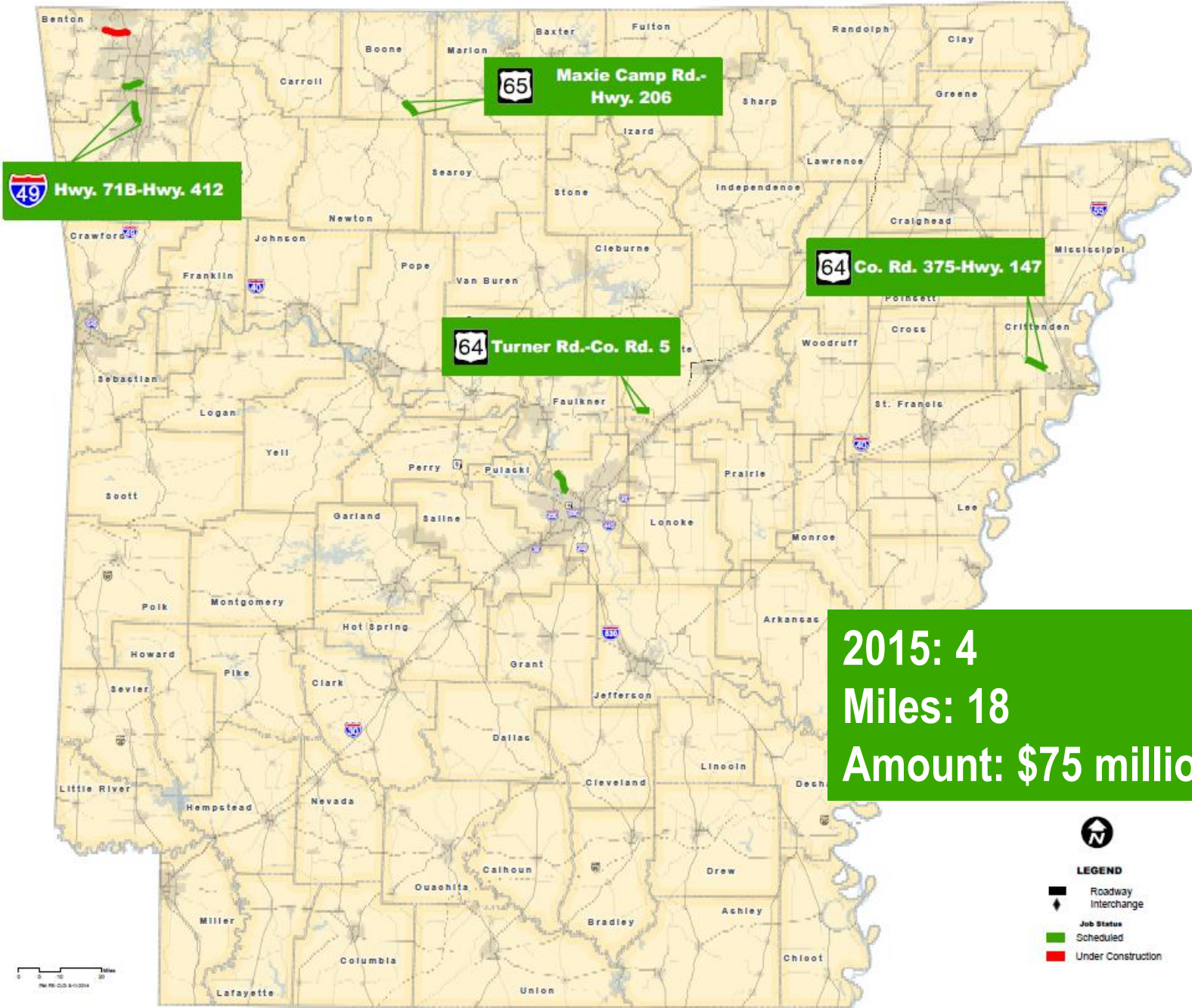


LEGEND

- Roadway
- Job Status
Scheduled
- Under Construction

0 5 10 Miles
PAF PR-02-011204

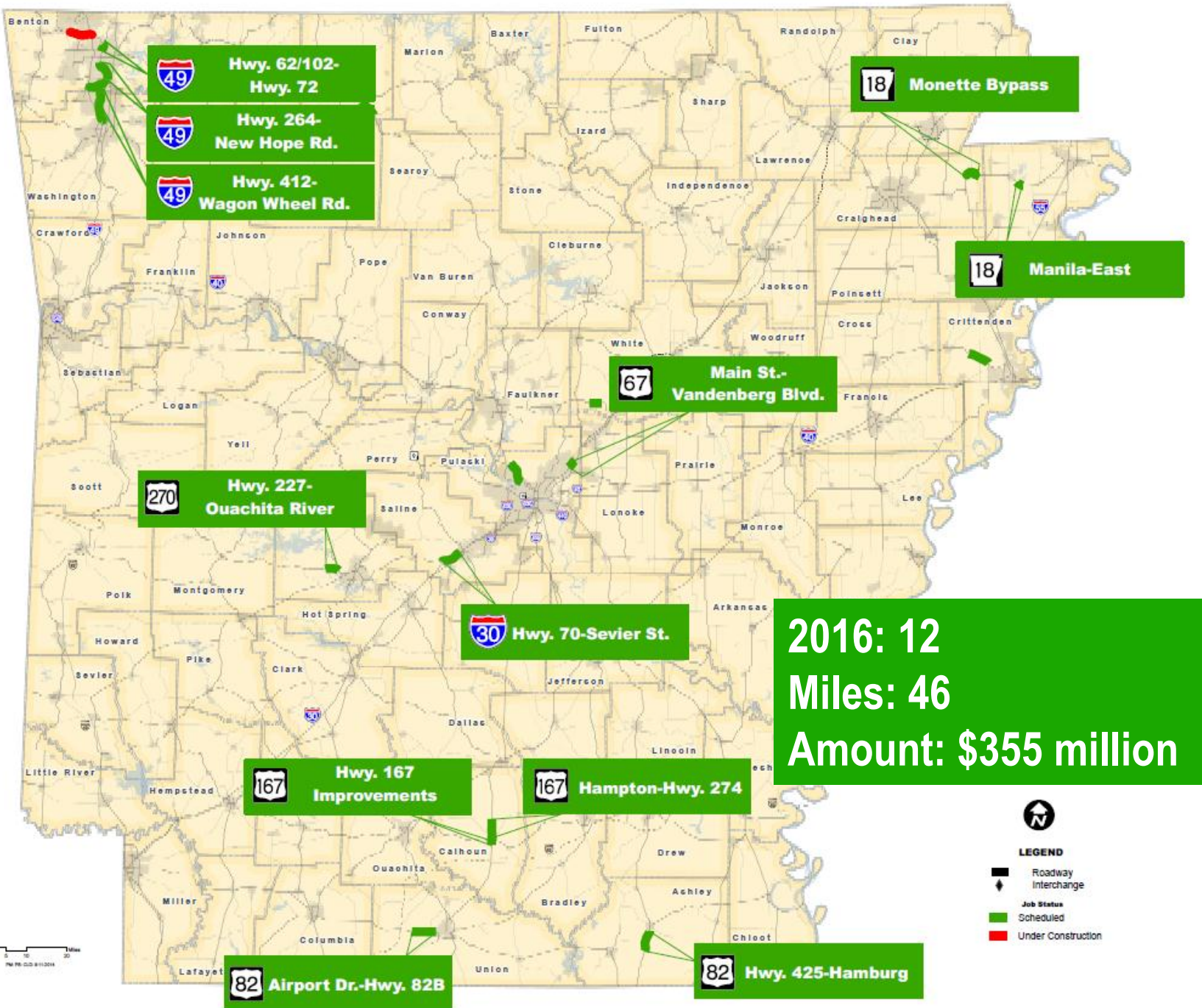




**2015: 4
Miles: 18
Amount: \$75 million**

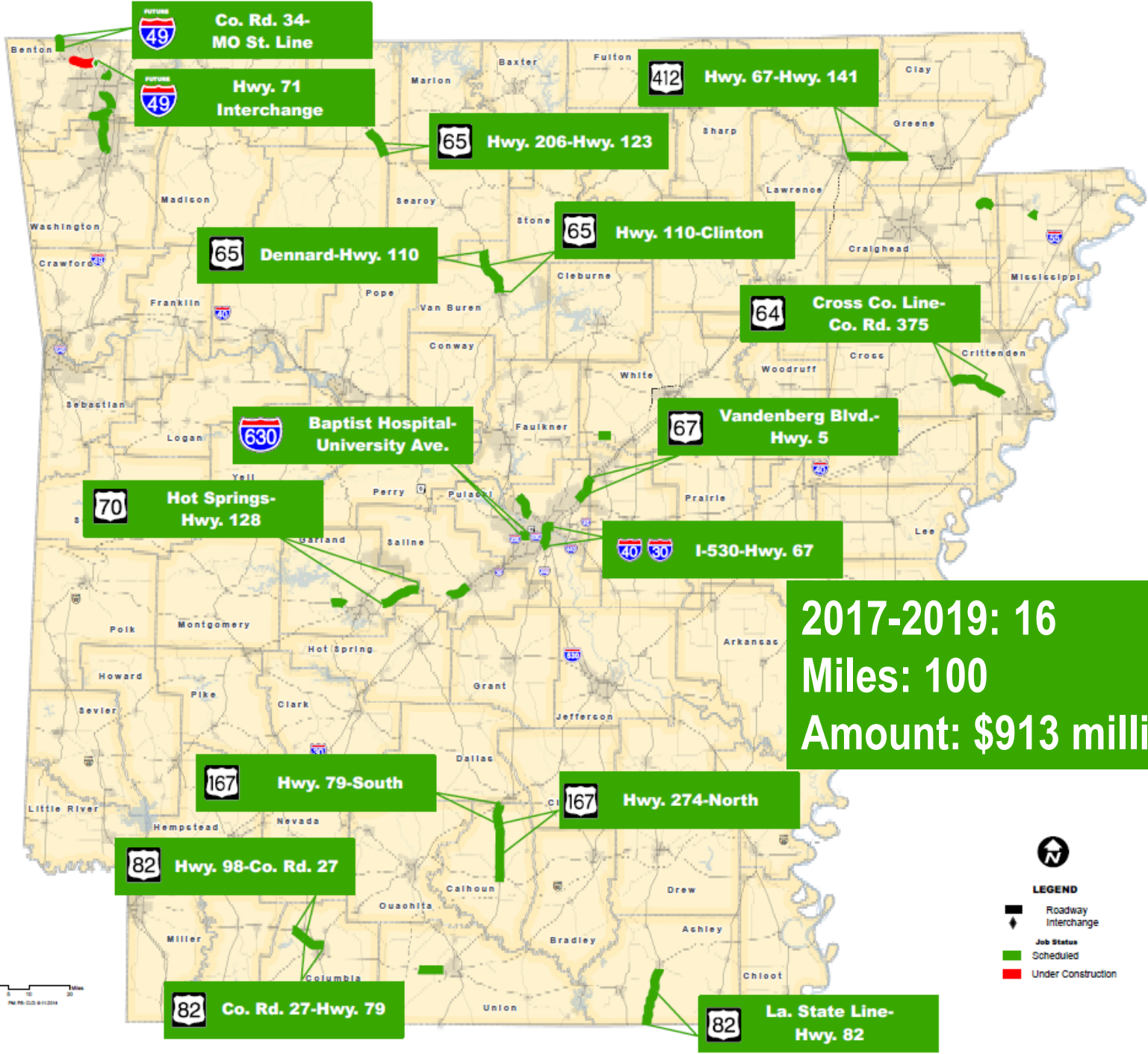


Connecting Arkansas Program 2016



Connecting Arkansas Program

2017-2019



2017-2019: 16
Miles: 100
Amount: \$913 million

LEGEND

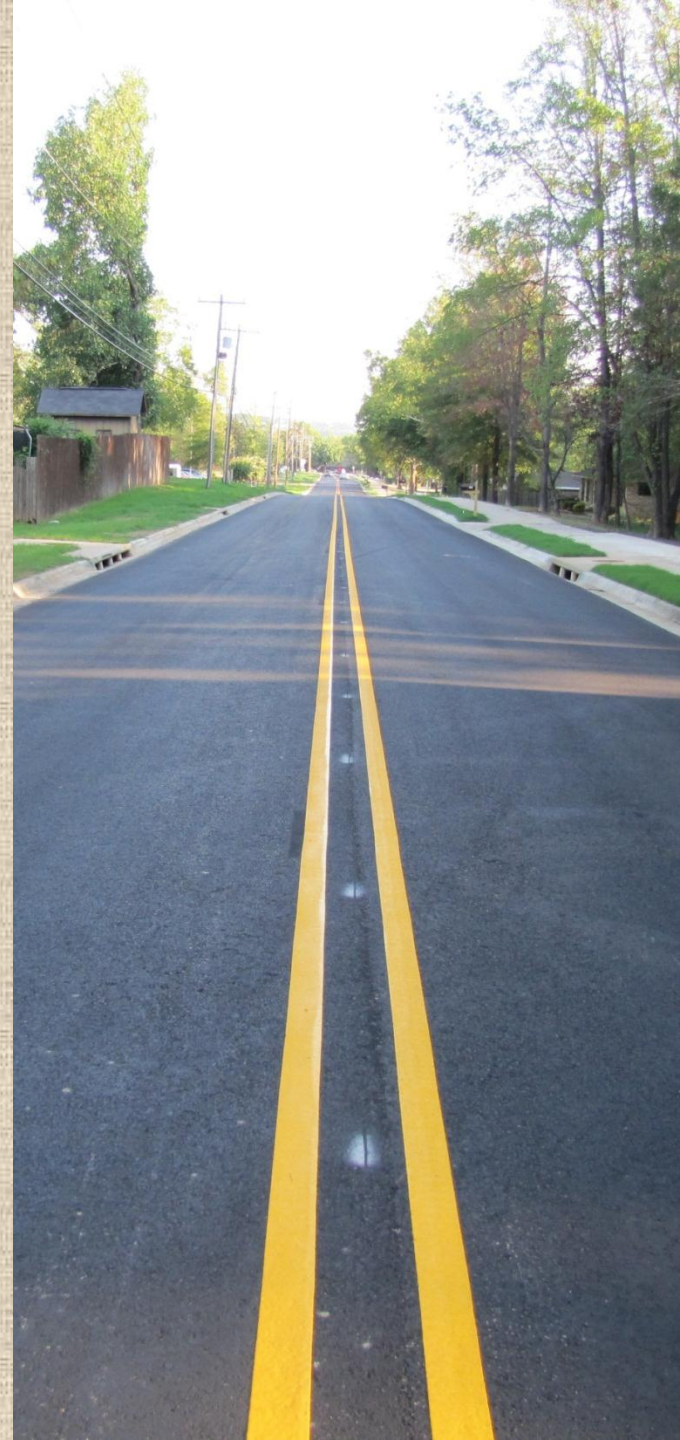
- ⬛ Roadway
- ⬛ Interchange
- ⬛ Job Status
- 🟢 Scheduled
- 🔴 Under Construction

Scale: 0 5 10 20 Miles
Ark. Dept. of Transportation

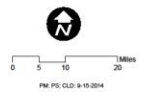
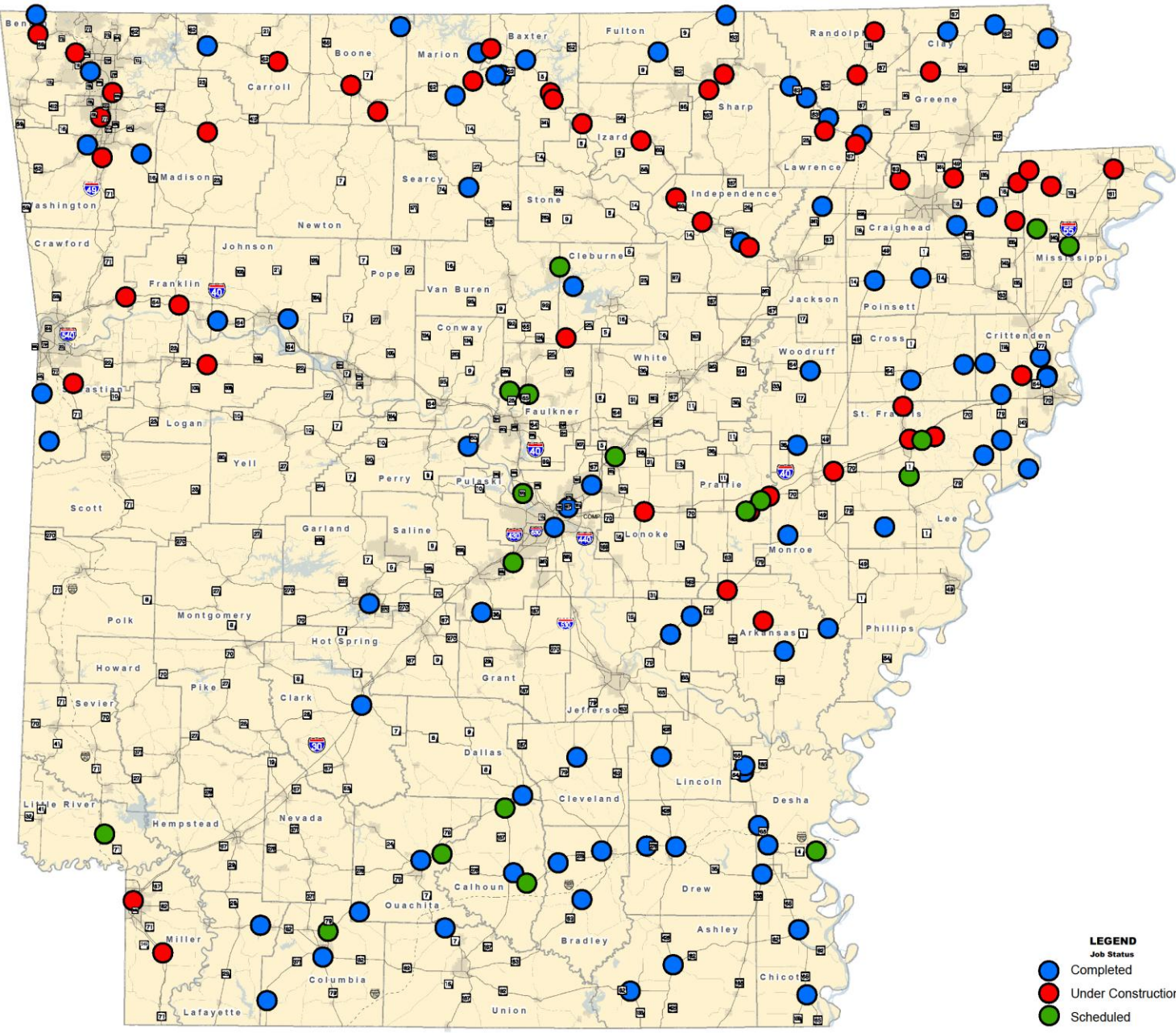




***State Aid
City Street Program***



State-Aid Street Program



LEGEND
Job Status

- Completed
- Under Construction
- Scheduled



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Item 9

2015

Proposed Legislation

2015 Proposed Legislation

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

2015 Proposed Legislation

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

2015 Proposed Legislation

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

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Item 10

**Additional Highway
Revenue Options**

Improvements vs. Revenues

10 Year Projection

(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)

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)	247.60 M	239.42 M	167.60 M	35.91 M	35.91 M
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)	55.02 M	53.21 M	37.24 M	7.98 M	7.98 M
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	12.84 M	12.41 M	8.69 M	1.86 M	1.86 M
<i>Add 1% Surcharge on:</i>					
<i>New Vehicles</i>	<i>34.42 M</i>	<i>33.28 M</i>	<i>23.30 M</i>	<i>4.99 M</i>	<i>4.99 M</i>
<i>Used Vehicles</i>	<i>20.81 M</i>	<i>20.13 M</i>	<i>14.09 M</i>	<i>3.02 M</i>	<i>3.02 M</i>
<i>Auto Repair, Parts, and Services</i>	<i>22.01 M</i>	<i>21.28 M</i>	<i>14.90 M</i>	<i>3.19 M</i>	<i>3.19 M</i>
<i>Retail Tire Sales</i>	<i>2.85 M</i>	<i>2.76 M</i>	<i>1.93 M</i>	<i>0.41 M</i>	<i>0.41 M</i>
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

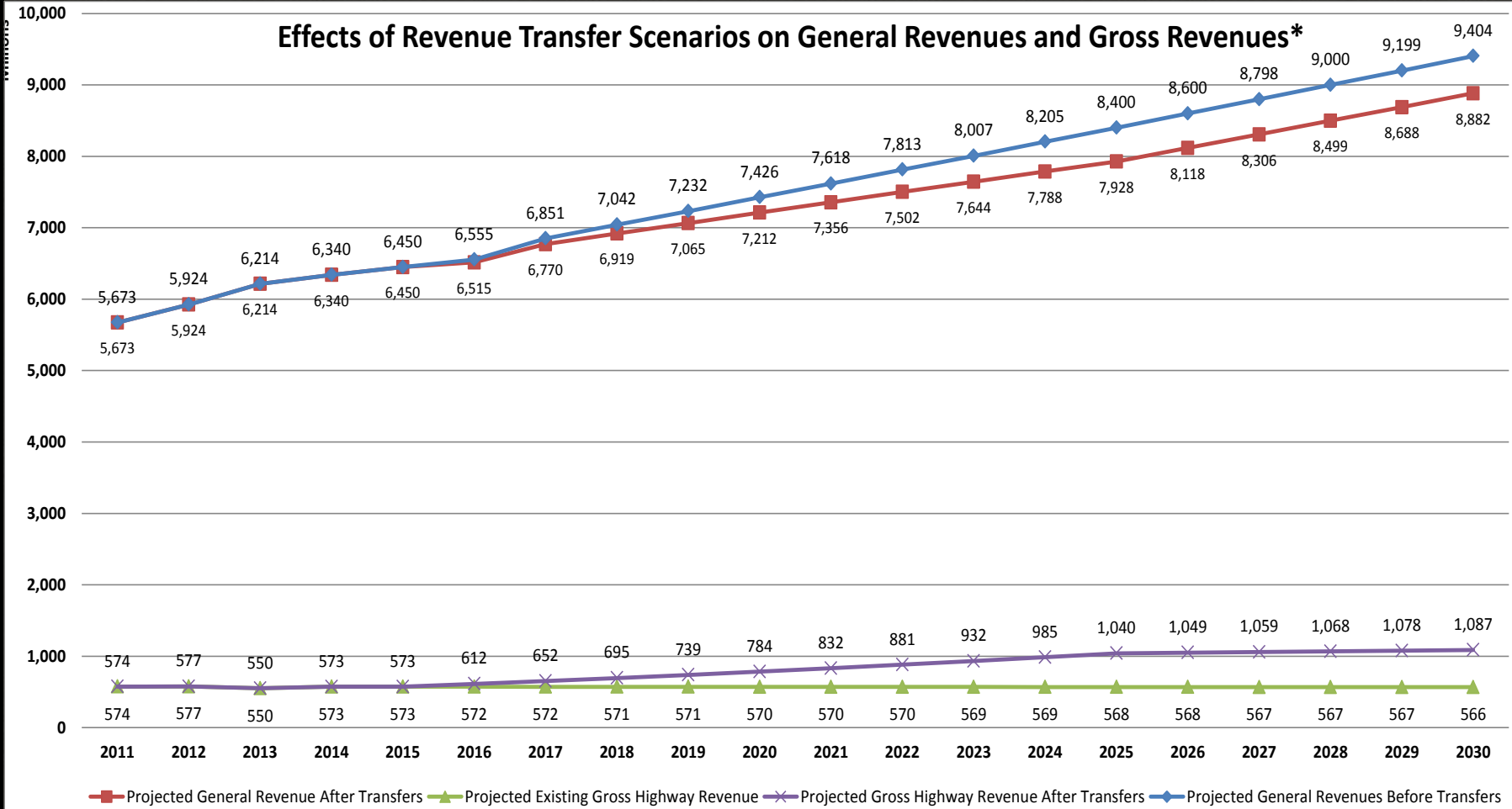
- Long Term Solution
 - Not a Tax Increase
 - Transfer of Revenue on “Road User” Items
- Progression of Transfer

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*



■ Projected General Revenue After Transfers
 ▲ Projected Existing Gross Highway Revenue
 × Projected Gross Highway Revenue After Transfers
 ◆ Projected General Revenues Before Transfers

*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**

Marketplace and Internet Fairness Act

- **Supreme Court 1992 Decision**
 - Only Congress has Authority to Regulate Interstate Commerce
 - States Cannot Require Remote Retailers to Collect Sales and Use Taxes



- **Marketplace and Internet Fairness Act**
 - Introduced in Senate on July 15, 2014
 - Allows Enforcement of State and Local Sales Tax Laws
 - Level the Playing Field with Main Street Businesses

Marketplace and Internet Fairness Act

– State Tax Revenue Increased

- \$11.4 Billion Annually Nationwide
- \$114 Million Annually to Arkansas



– Does **NOT** Create
New Taxes or
Increase Existing
Taxes

Marketplace and Internet Fairness Act



Sen. Mark Pryor
(D) Co-Sponsor

“Consumers today are just as likely to shop on line as they are on Main Street – this legislation strikes the right balance, providing fairness to consumers, small businesses and states, especially as Arkansas continues to expand Internet access to all parts of the state.”



2013 General Session



Bill Filed by:
Sen. Keith Ingram
(D) W. Memphis

To Dedicate The Sales And Use Tax Revenue Generated From Sellers That Do Not Have A Physical Presence In The State To The Arkansas State Highway & Transportation Department When Certain Conditions Are Met.

AHTD is Estimated to Receive \$73M

The background features a large, faint, circular seal of the Arkansas State Highway Commission. The seal contains the text "ARKANSAS STATE HIGHWAY COMMISSION" around the perimeter and "ARKANSAS" in the center. In the center of the seal is the state seal of Arkansas, which depicts a shield with a plow, a sheaf of wheat, and a cotton plant, with a star above it.

Item 11
**Other Business &
Discussion**

The background features a large, faint, circular seal of the Arkansas State Highway Commission. The seal contains the text "ARKANSAS STATE HIGHWAY COMMISSION" around the perimeter and a central emblem with a star and other symbols.

Arkansas State Highway Commission Meeting

Wednesday, September 17, 2014