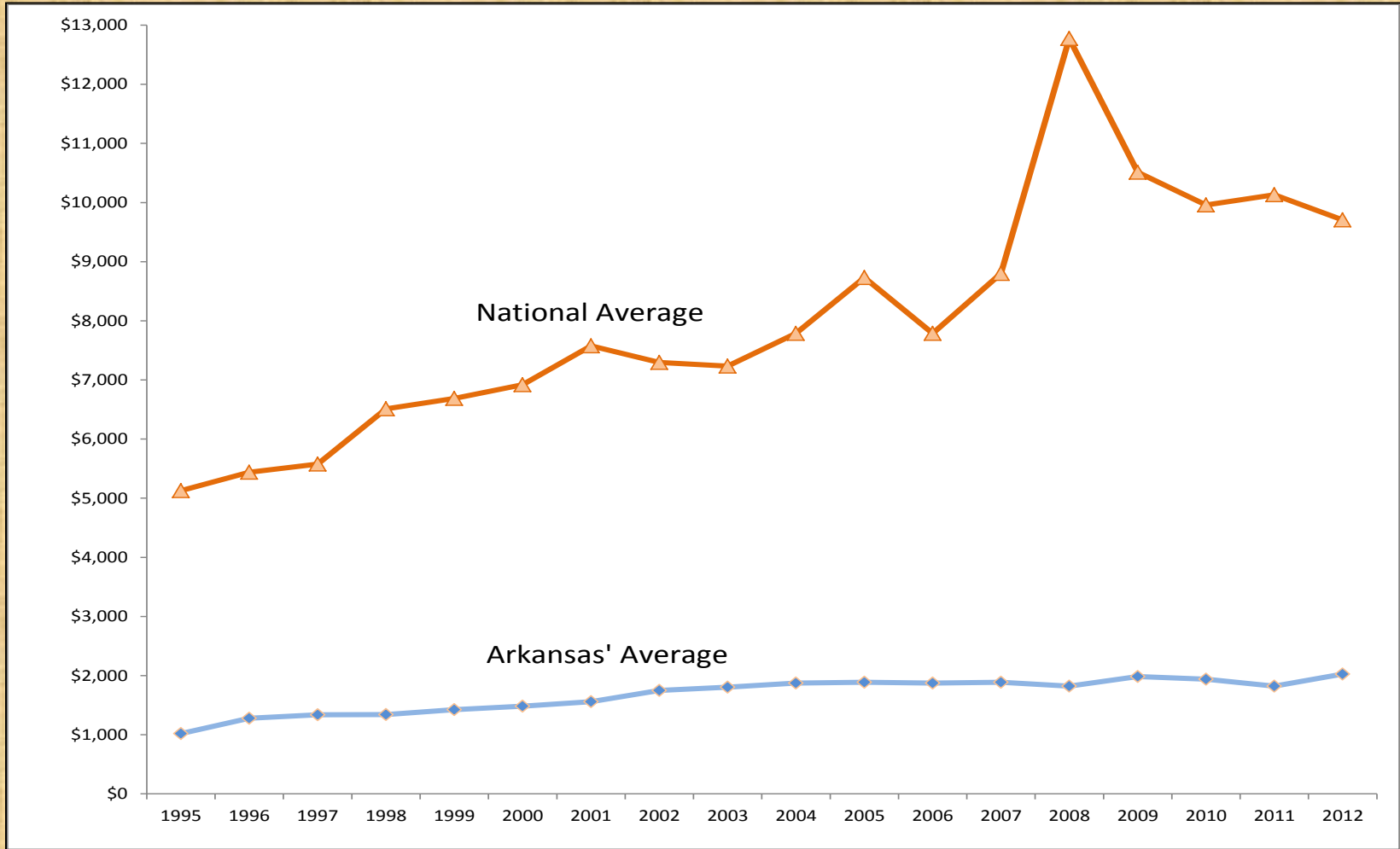


Arkansas State Highway and Transportation Department



**90th Arkansas General Assembly
House Public Transportation Committee
Thursday, January 29, 2015**

AHTD Administrative Costs Per Mile



National Average = \$9,705/mile

Surrounding States' Average = \$4,905/mile

Arkansas = \$2,024/mile

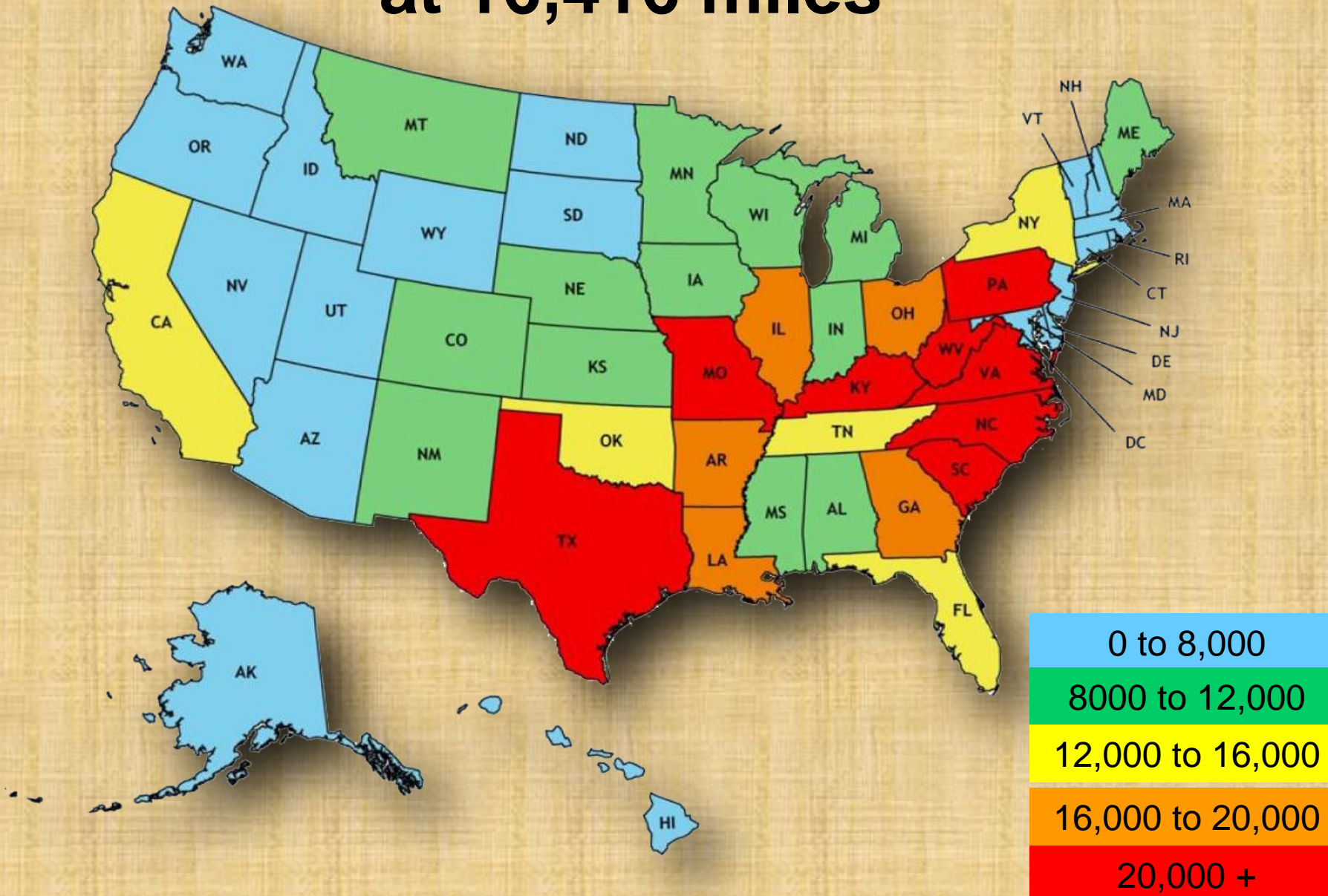
Arkansas' Rank = 48th

Employment Levels

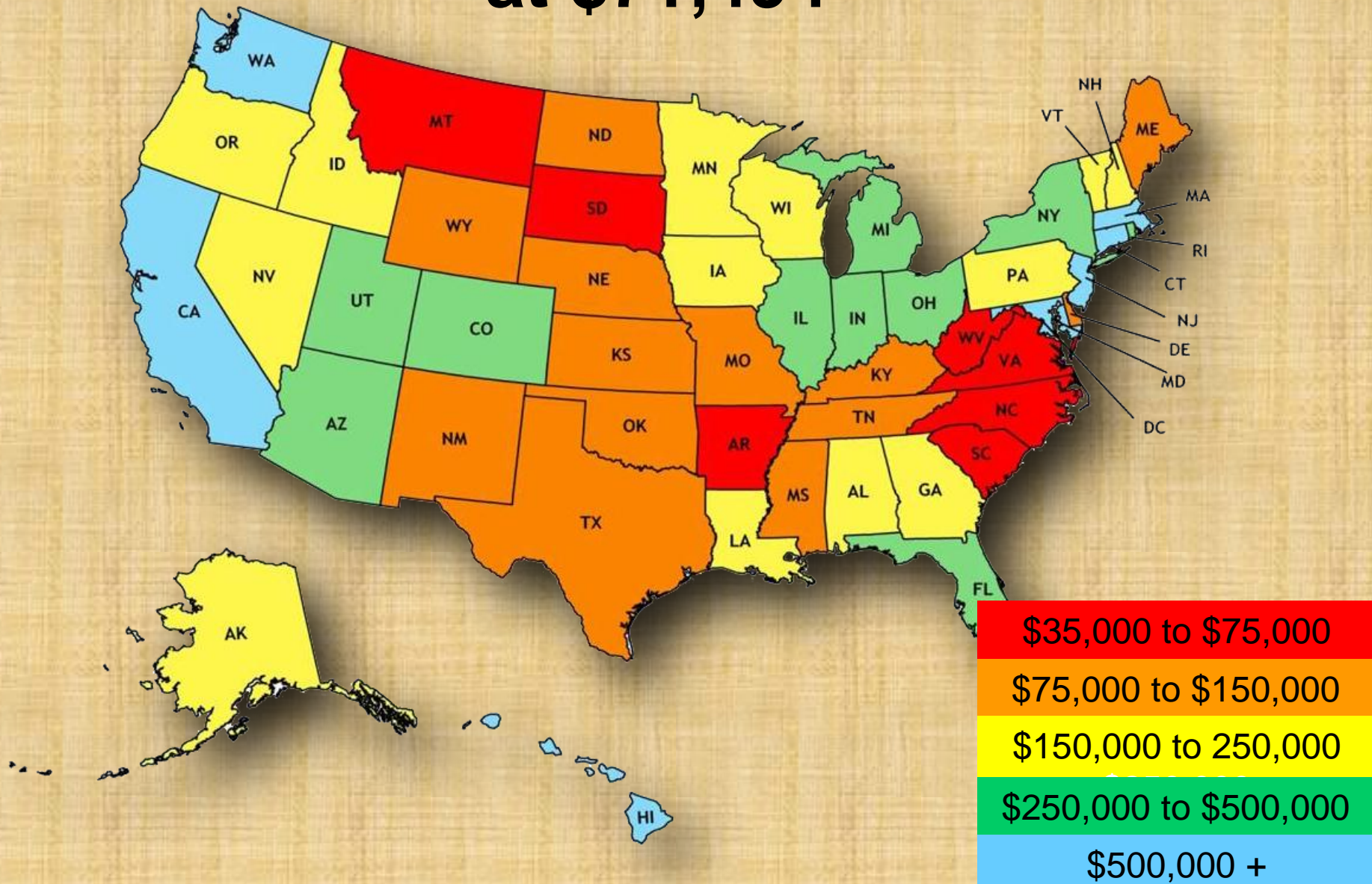
Year	Employees
2014	3,634
2002	3,801
1992	4,016
1982	3,770
1972	3,892
1965	3,620



Arkansas ranks 12th in number of miles at 16,416 miles



Arkansas ranks 44th in revenue per mile at \$71,494



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)



Challenges

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

➤ **44th** in highway revenue per mile.

➤ **\$20.4 billion** in needs

➤ **\$3.6 billion** in available revenue



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





“....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 backward.”



Revenue Proposals



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

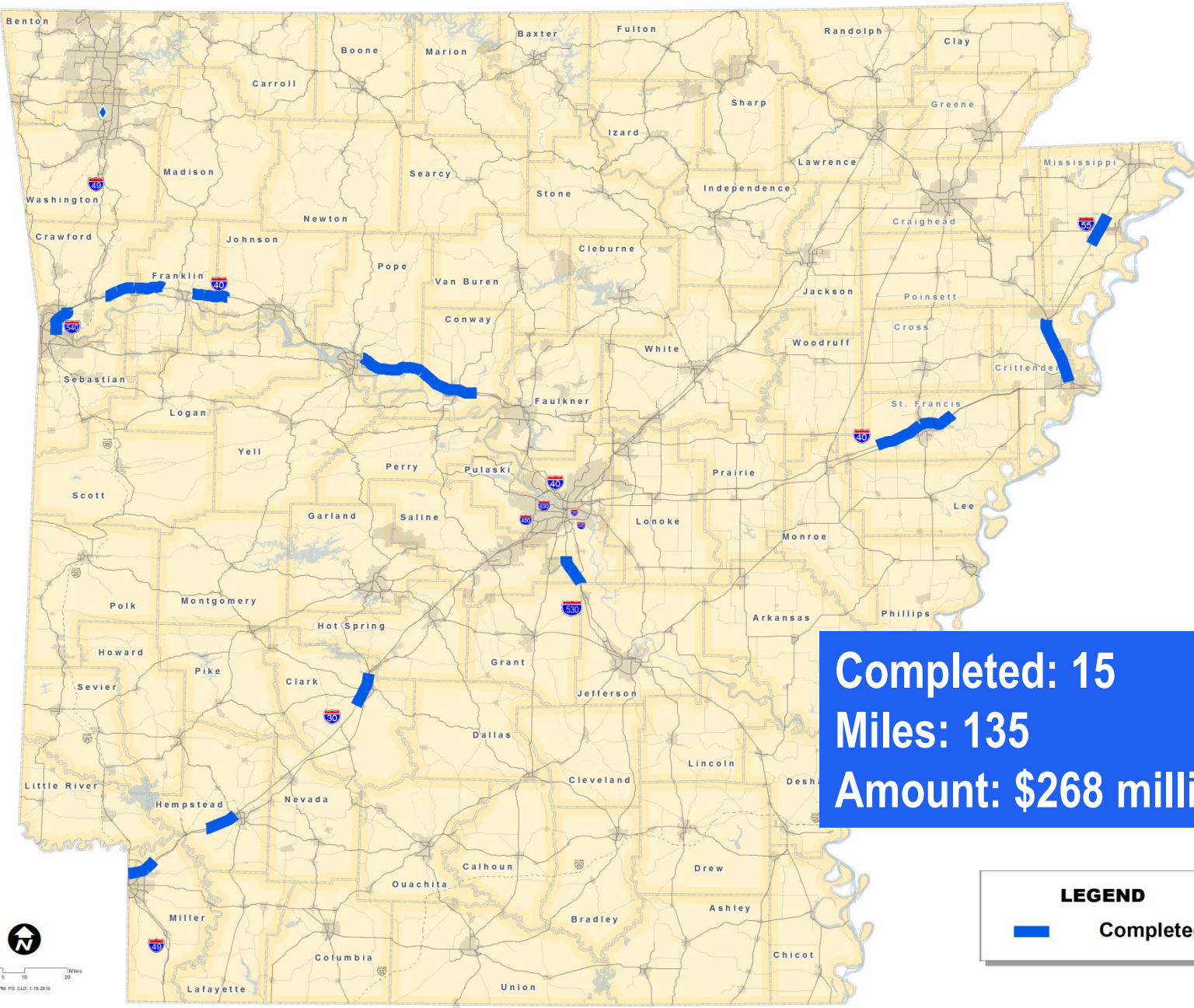


INTERSTATE
REHABILITATION
PROGRAM

IRP

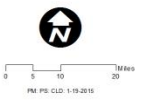


Interstate Rehabilitation Program Job Status



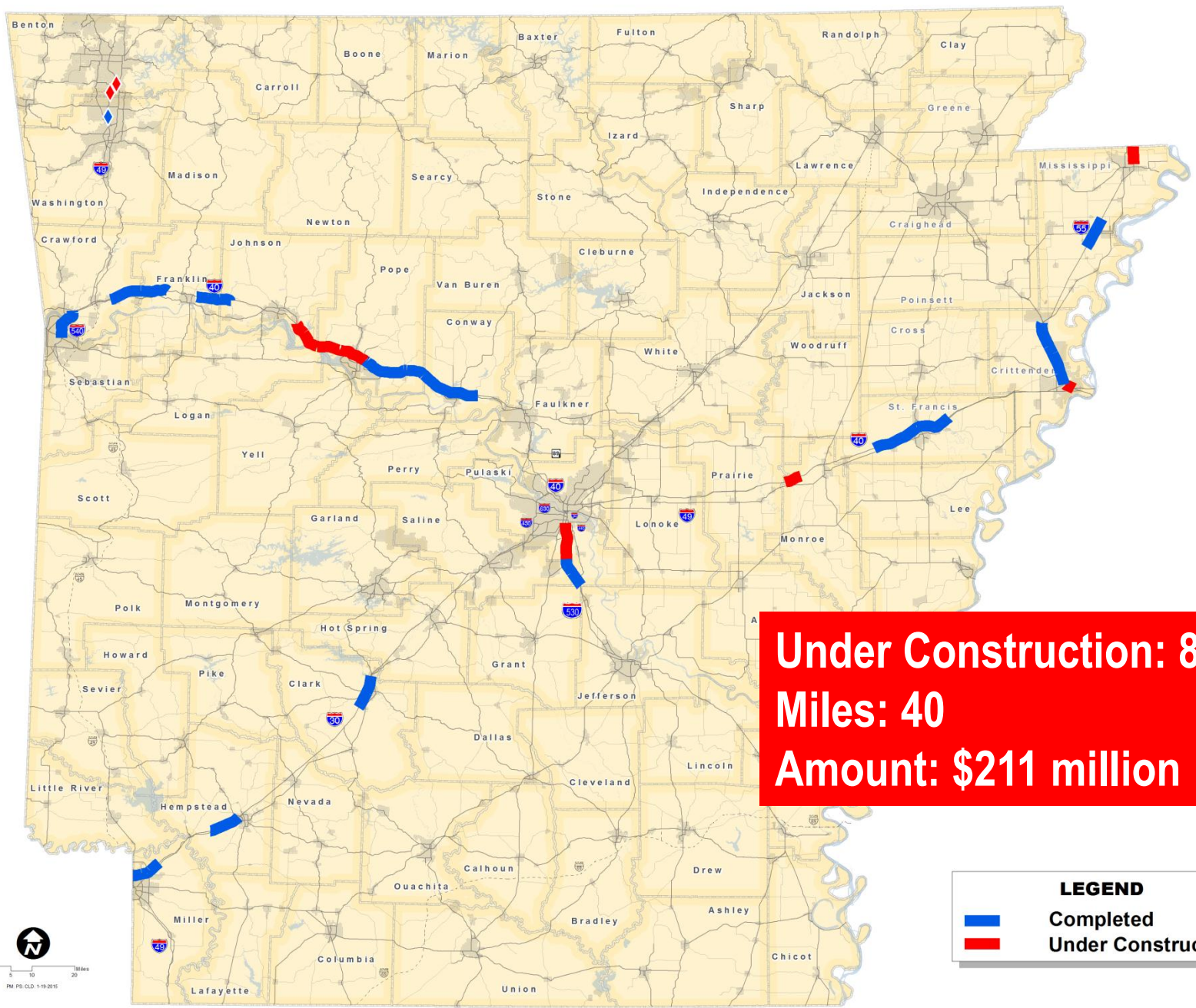
**Completed: 15
Miles: 135
Amount: \$268 million**

LEGEND
 Completed



MSR-PRJ-CDD-1-19-2016

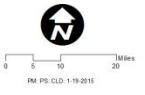
Interstate Rehabilitation Program Job Status



**Under Construction: 8
Miles: 40
Amount: \$211 million**

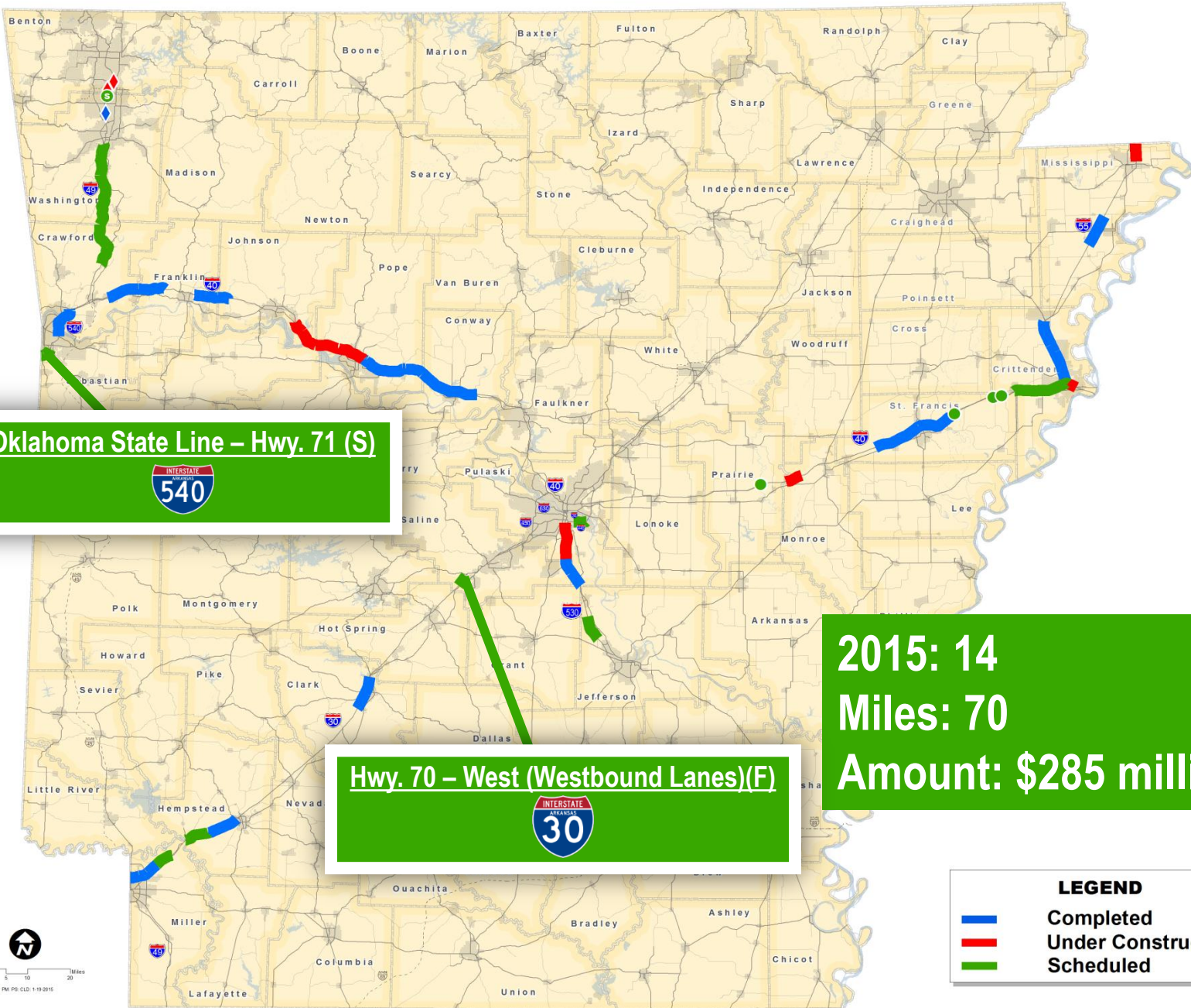
LEGEND

-  Completed
-  Under Construction



Interstate Rehabilitation Program

Job Status



Oklahoma State Line – Hwy. 71 (S)



2015: 14
Miles: 70
Amount: \$285 million

Hwy. 70 – West (Westbound Lanes)(F)



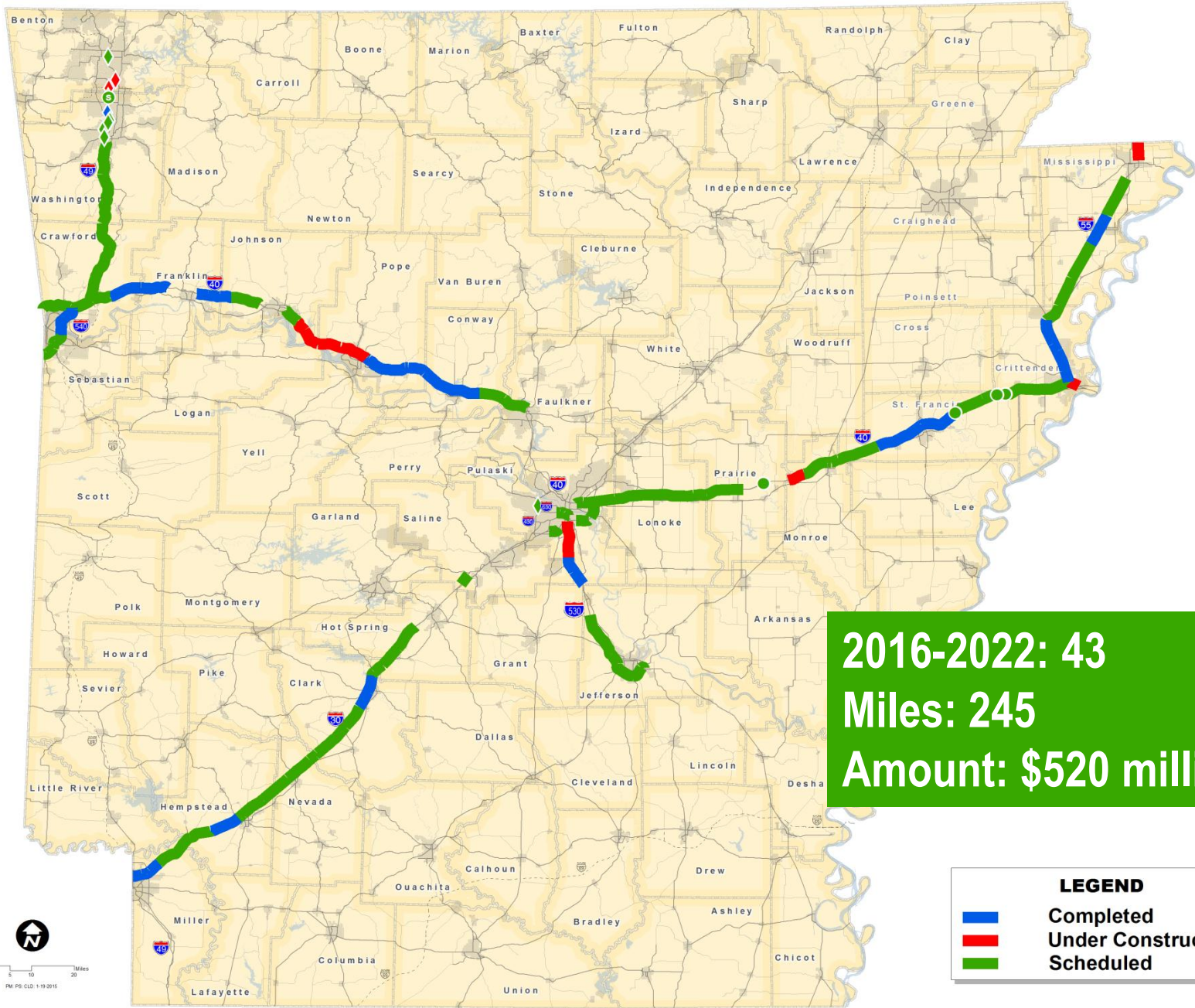
LEGEND

- █ Completed
- █ Under Construction
- █ Scheduled



0 5 10 20 Miles
PM PS CLD 1-19-2015

Interstate Rehabilitation Program Job Status



**2016-2022: 43
Miles: 245
Amount: \$520 million**

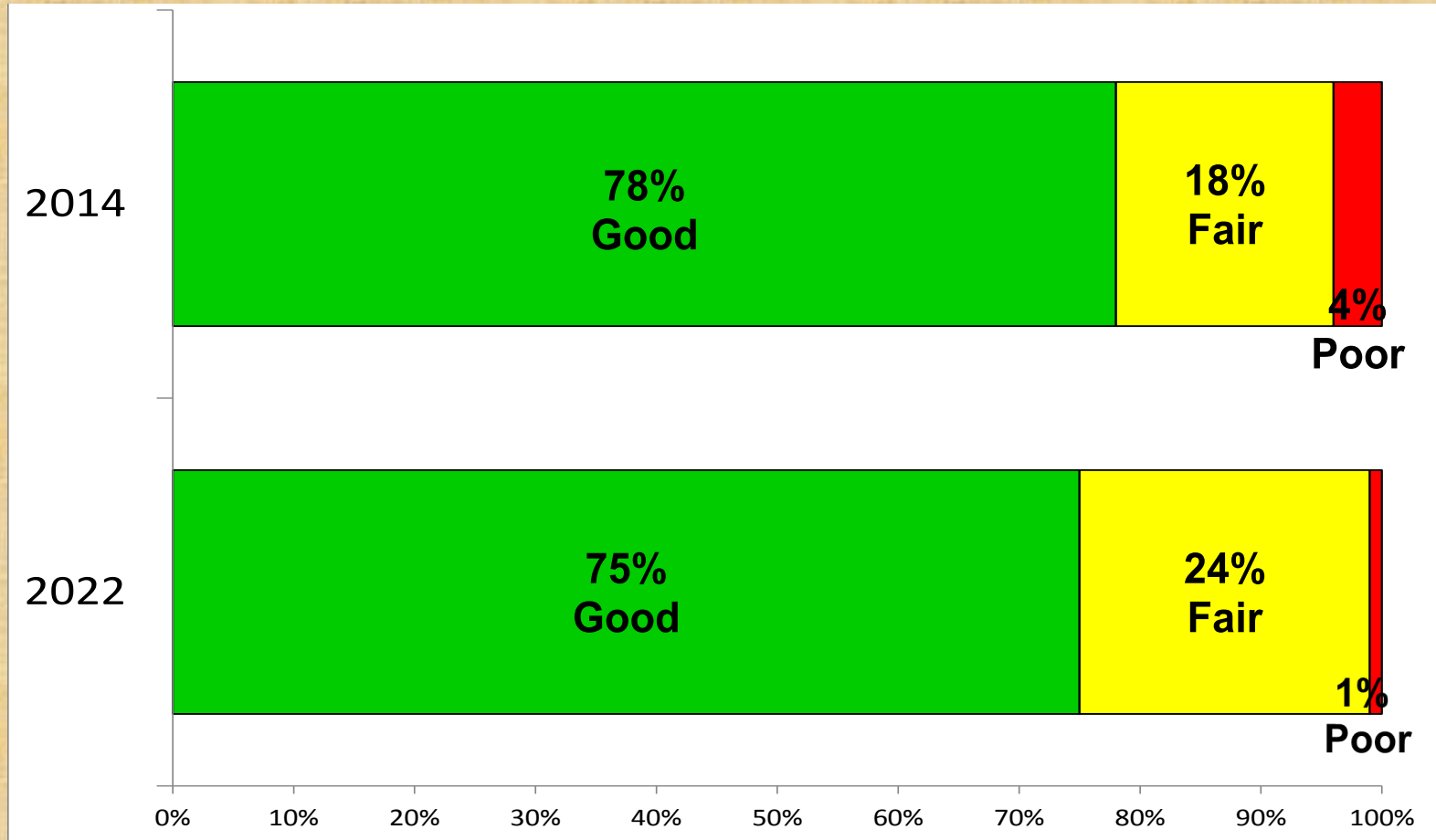
LEGEND

- Completed
- Under Construction
- Scheduled

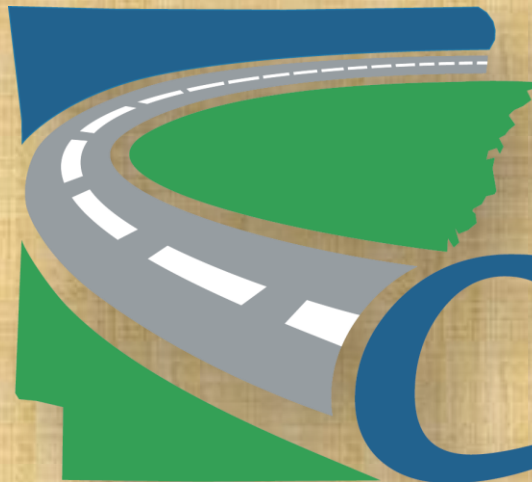


Highway Conditions in Arkansas

Interstate Highways - 2014



Assumes spending will continue at same level as historical spending for system preservation (including the 2011 Interstate Rehabilitation Program).



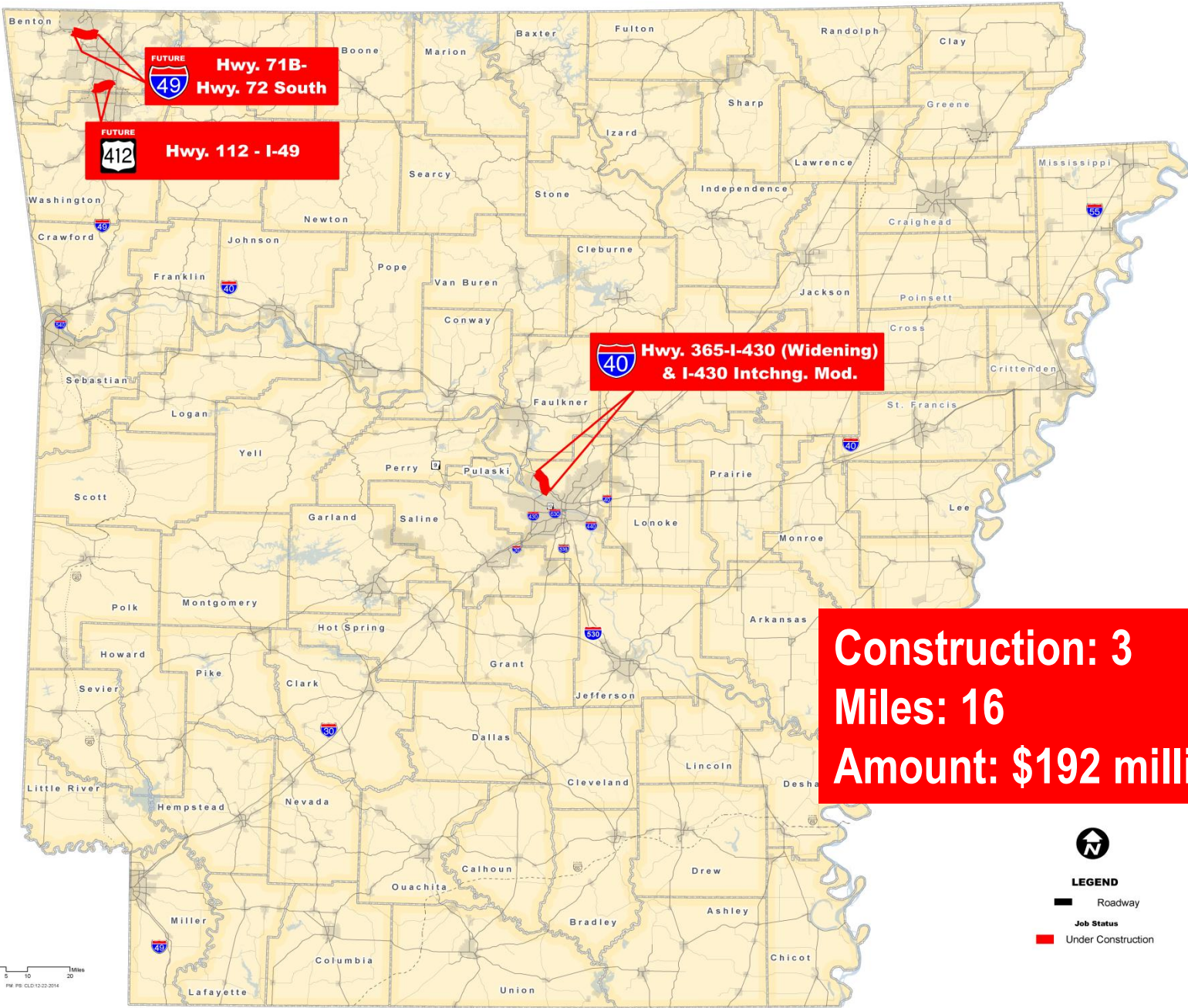
CONNECTING
ARKANSAS
PROGRAM

CAP



Connecting Arkansas Program

Under Construction



**Construction: 3
Miles: 16
Amount: \$192 million**

0 5 10 20 Miles
PRR PB: CLD/12-22-2014

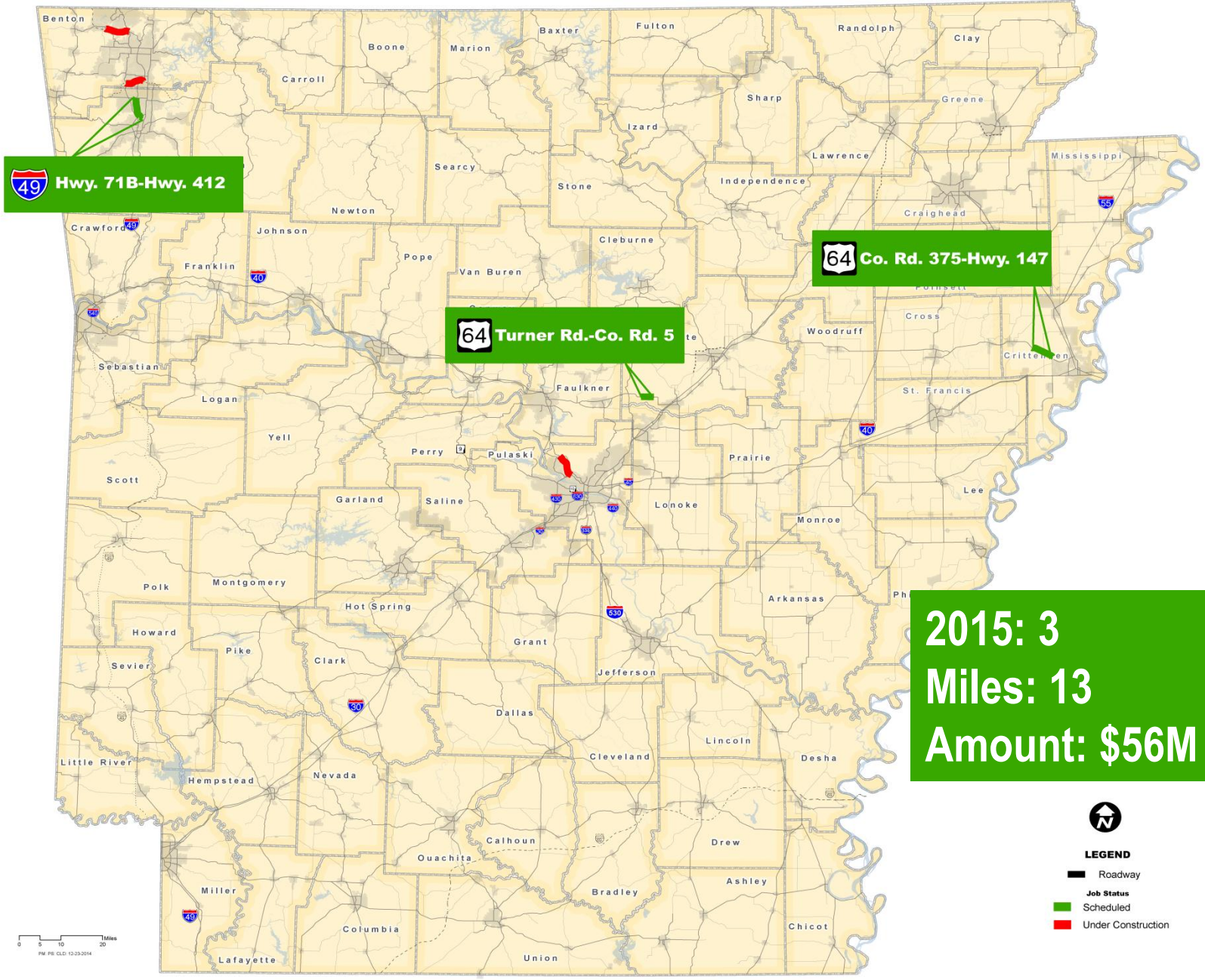


LEGEND

- Roadway
- Job Status**
- Under Construction

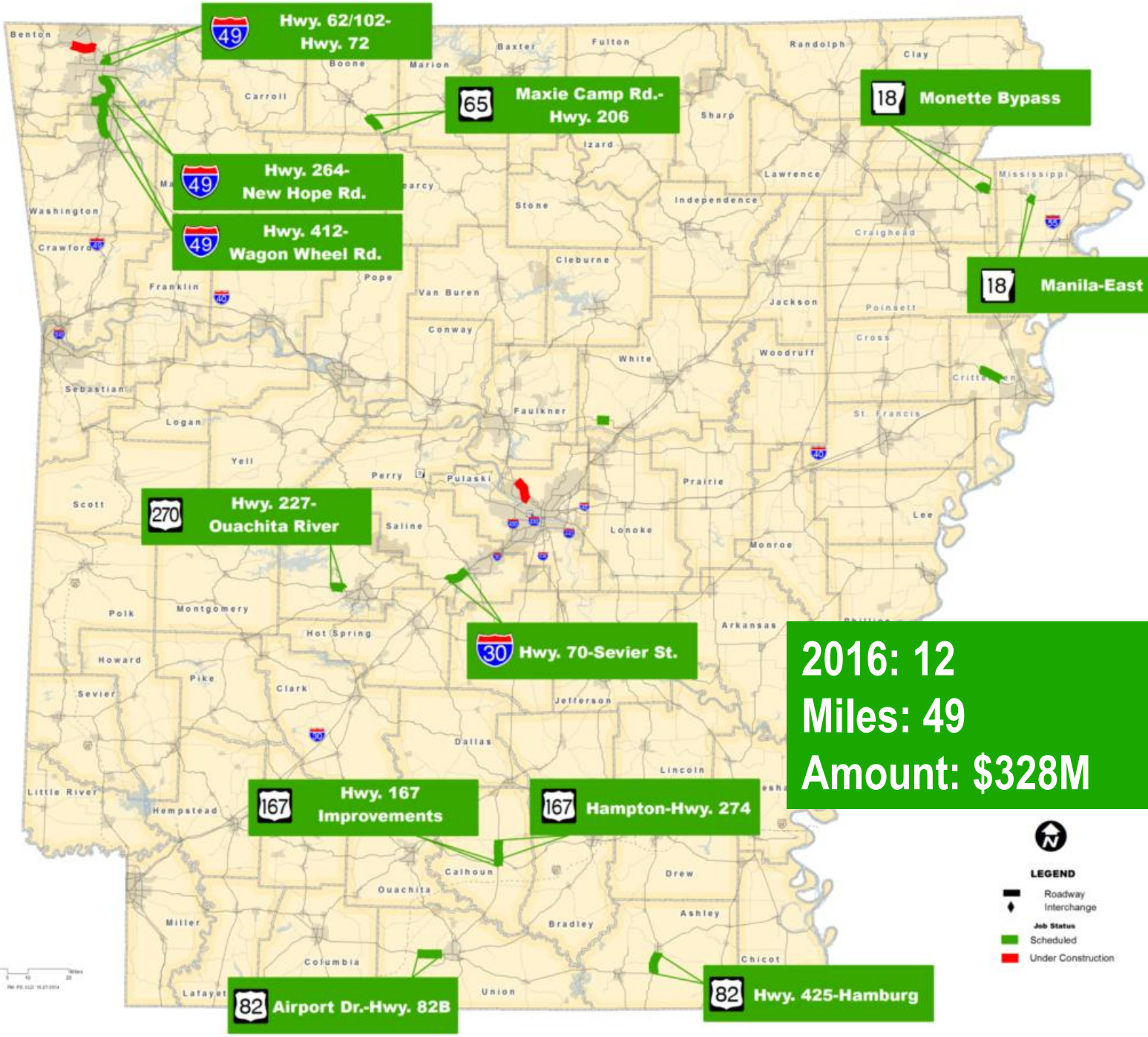


Connecting Arkansas Program 2015



Connecting Arkansas Program

2016



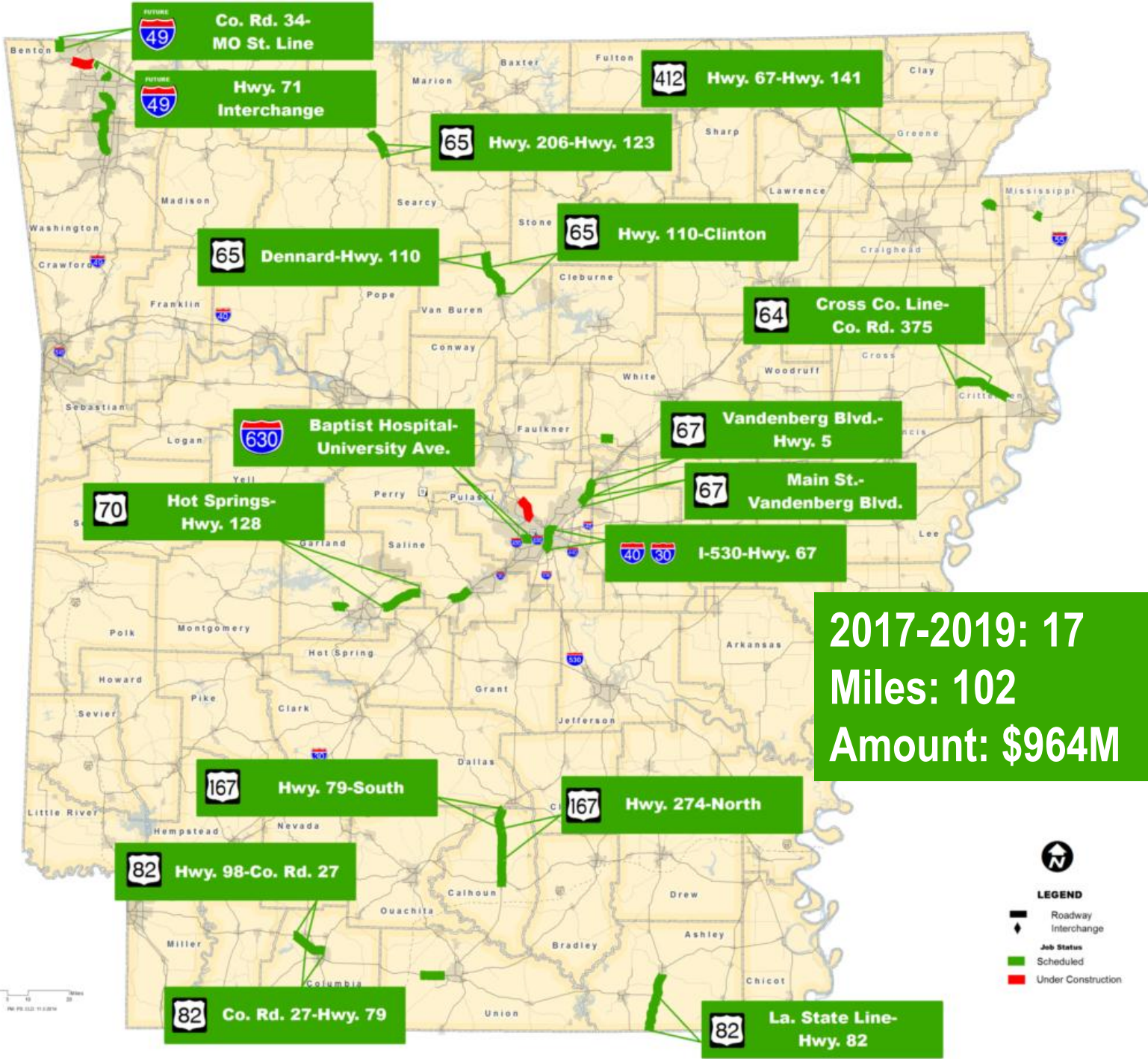
2016: 12
Miles: 49
Amount: \$328M

LEGEND

- North Arrow
- Roadway Interchange
- Job Status
 - Scheduled
 - Under Construction

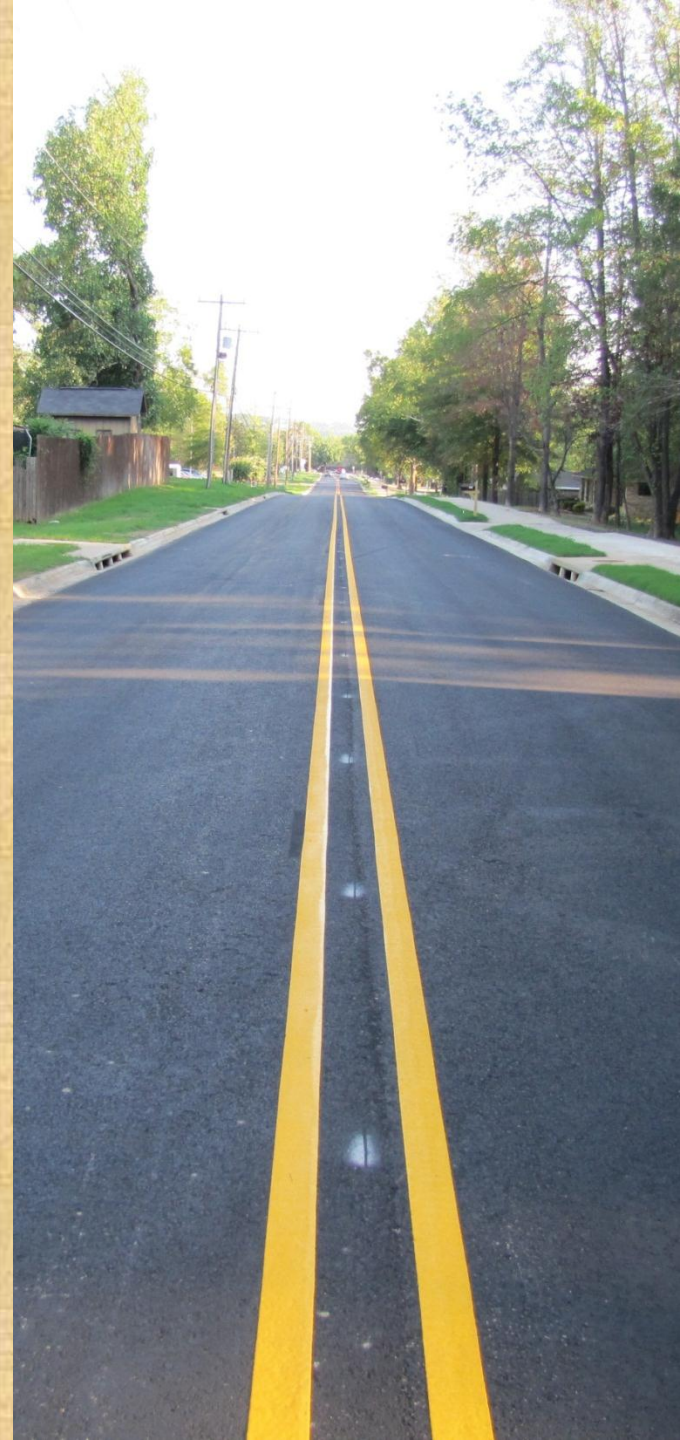


Connecting Arkansas Program 2017-2019

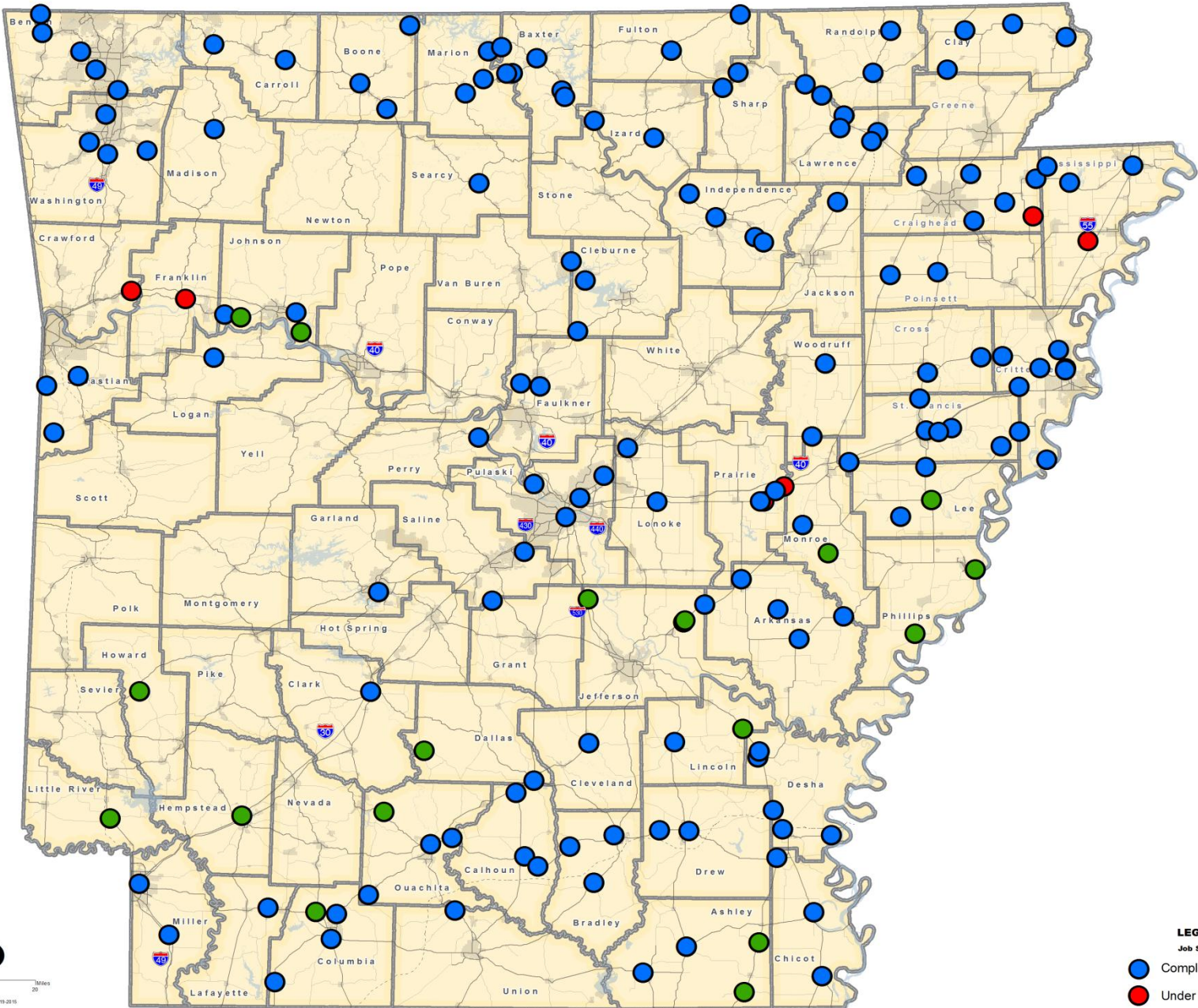




***State Aid
City Street Program***



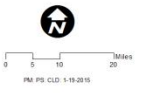
State-Aid Street Program



LEGEND

Job Status

- Completed
- Under Construction
- Scheduled

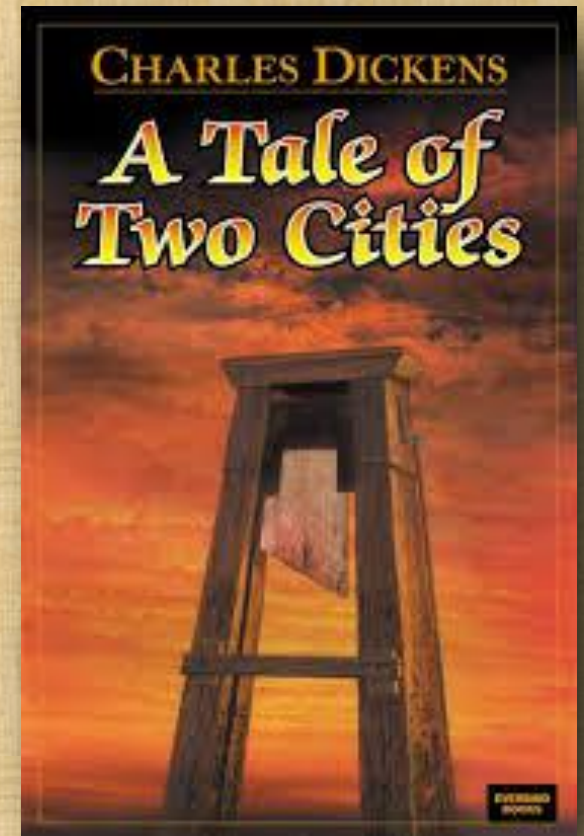




- ✓ Reissue **APPROVED** LE Bonds for a New Interstate Rehabilitation Program
- ✓ Temporary **APPROVED** One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
- ✓ State **APPROVED** Program for Cities
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries

***“It was the best of times,
it was the worst of times, . . .”***

-A Tale of Two Cities
Charles Dickens



Needs vs. *Revenue*



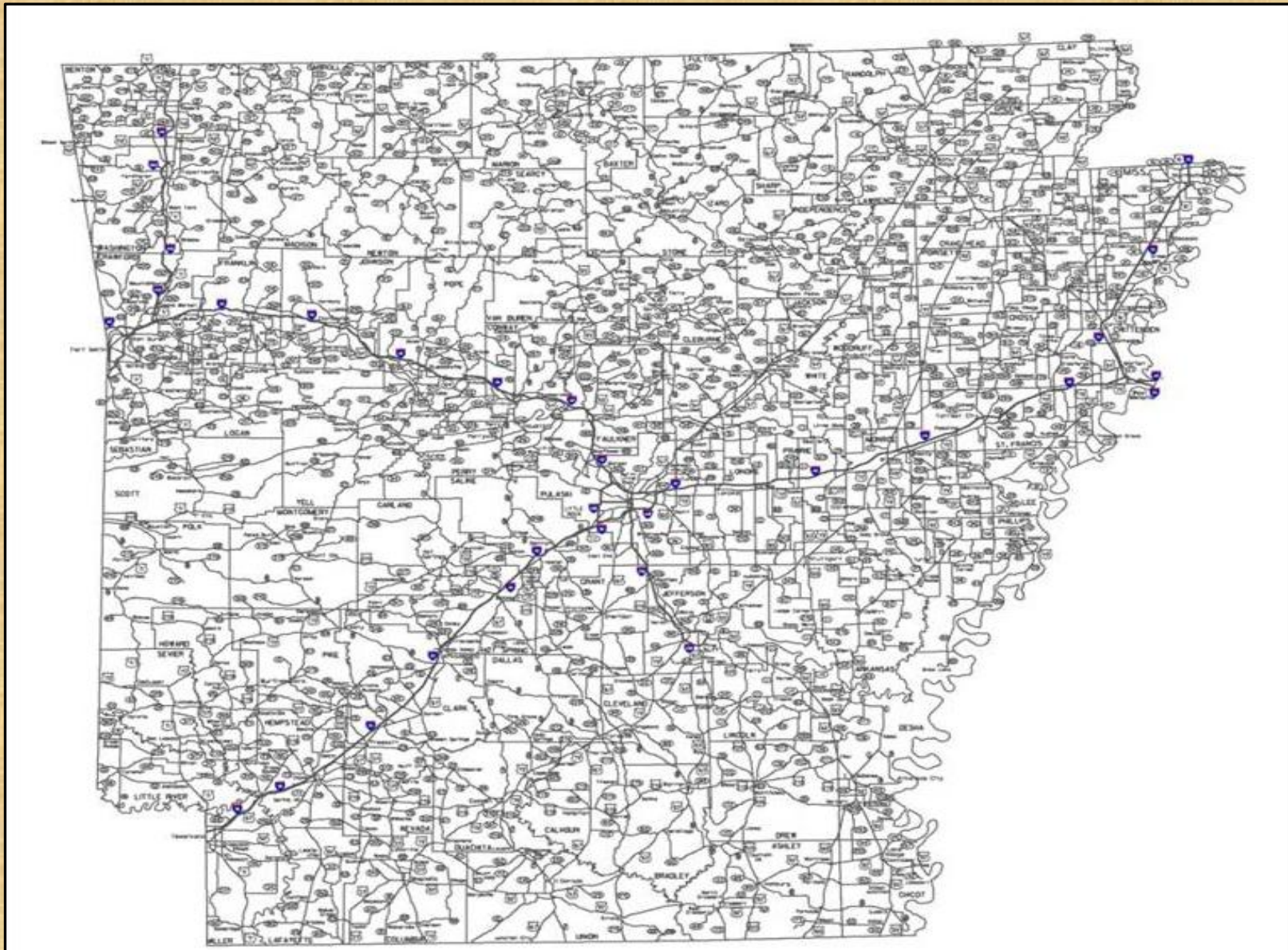
+



Total = 630 miles

3.8%

State Highway System





I DON'T UNDERSTAND... SHE HELD UP PERFECTLY WELL FOR THE LAST 53 YEARS.

AMERICAN ROADS

FEDERAL HIGHWAY TRUST FUND

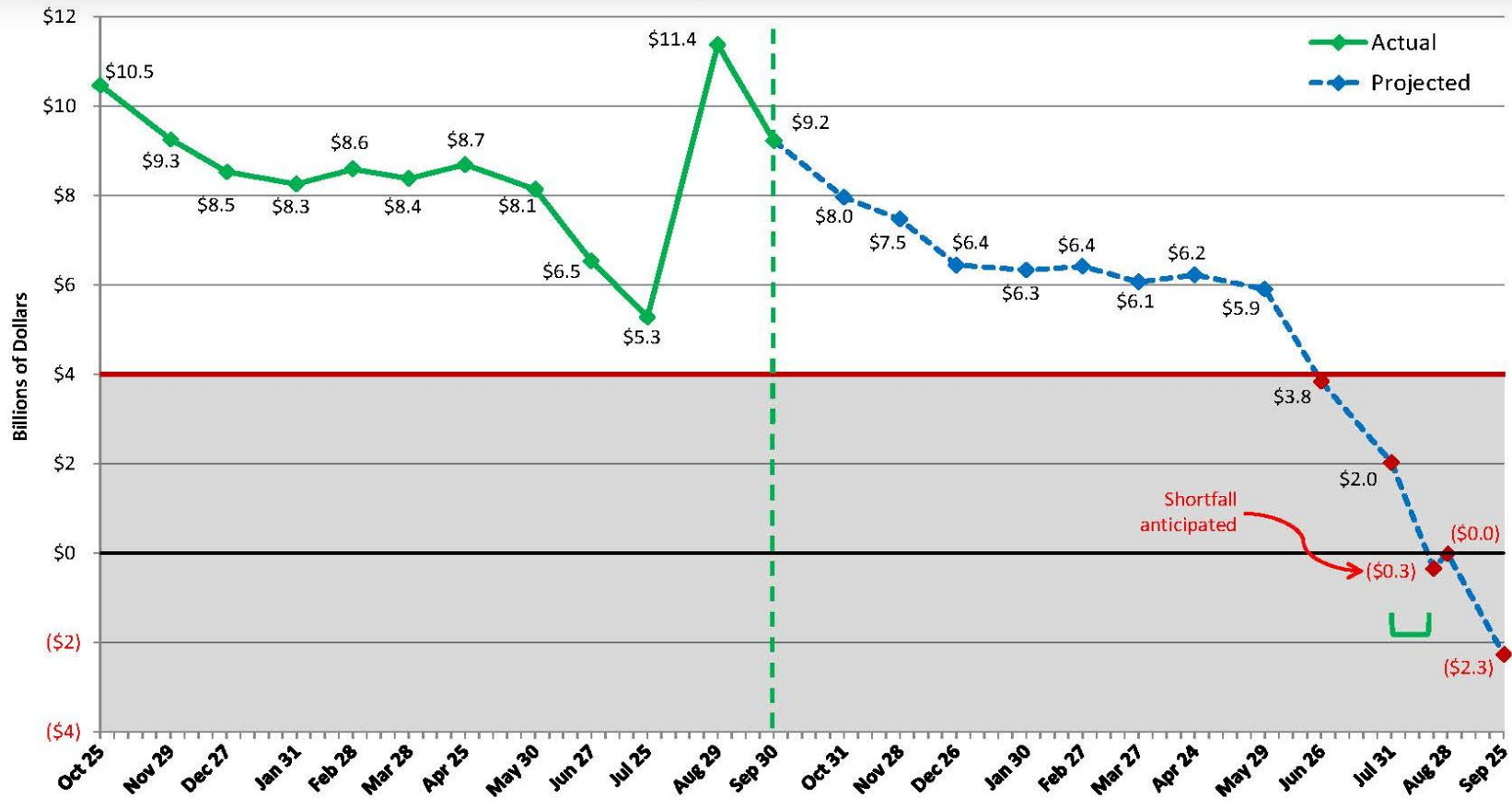
GAS TAX

GARY MCCOY © 11/2008
CAGLECARTOONS.COM

HIGHWAY TRUST FUND

FY 2014 & FY 2015 Projected Estimates for End-of-Month Cash Balances (as of 9/30/14)

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



1/ Graph reflects actual data through 9/30/14 and end-of-month projections for FY 2015.

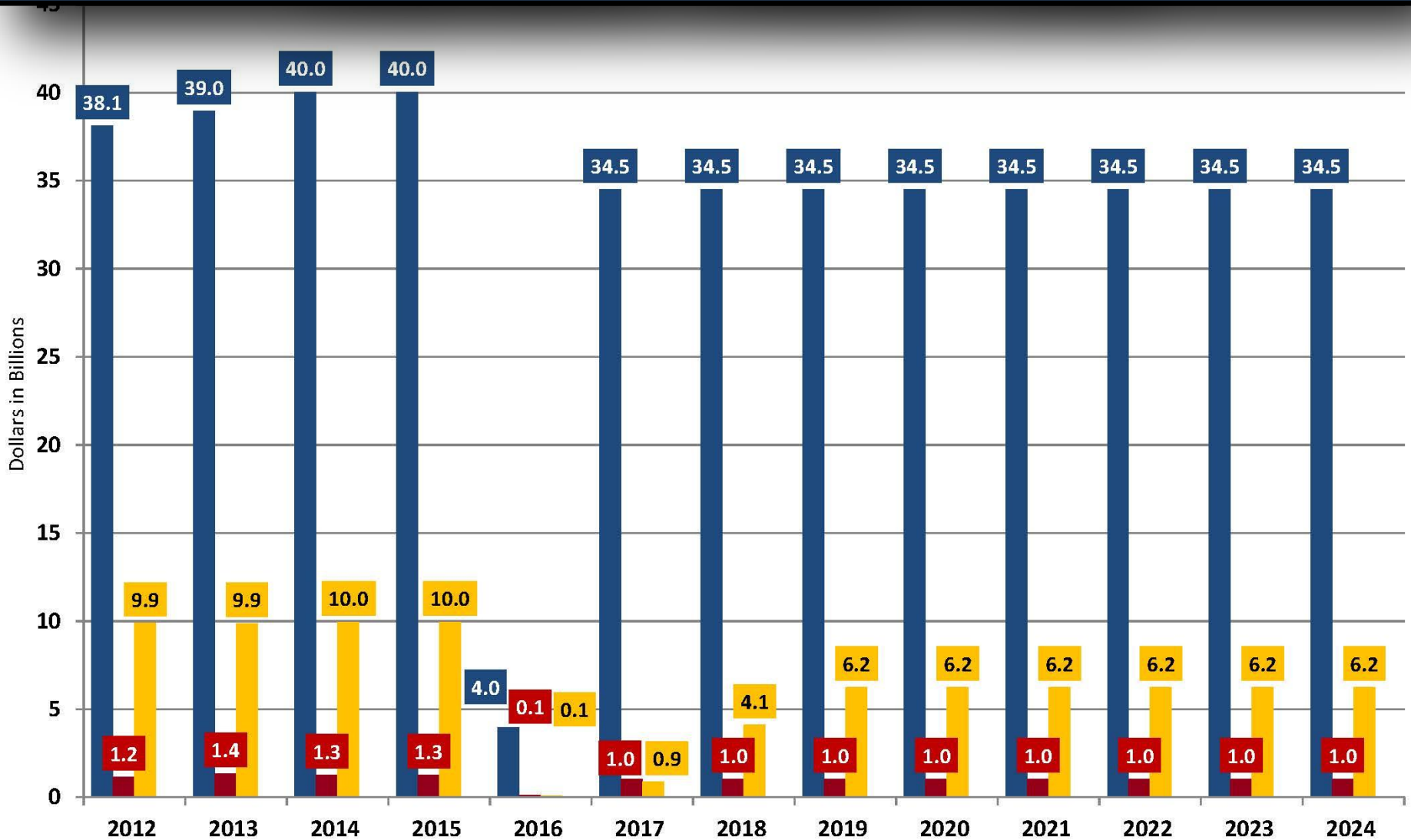
2/ Total receipt and outlay projections are based on FY 2015 Mid-Session Review assumptions. Projected monthly receipt and outlay rates are based on historic averages.

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

4/ The shaded area represents when the Highway Account balance drops below \$4 billion, at which point cash management procedures may become necessary.

Source: FHWA

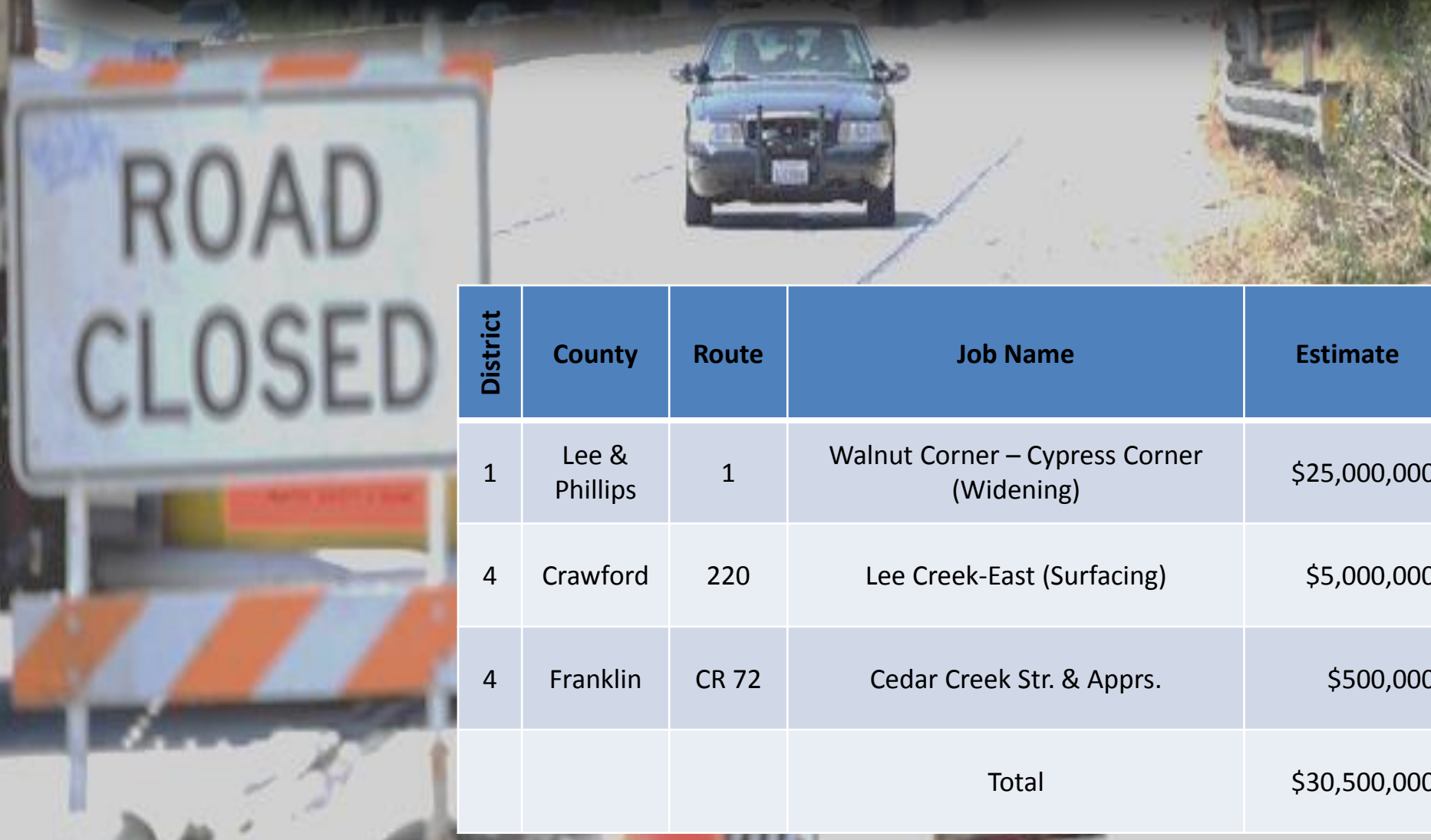
HIGHWAY TRUST FUND



This scenario assumes: 1. Additional deposit of \$6.429 billion into Highway Trust Fund in FY 2015 (\$5.414 billion to Highway Account; \$1.015 billion to Mass Transit Account); 2. Minimum prudence balance of \$4 billion for Highway Account and \$1 billion for Mass Transit Account maintained in all years, and; 3. Highway-to-Transit flex and highway safety obligations suspended in FY 2015.

HIGHWAY TRUST FUND

January “No Go” List



District	County	Route	Job Name	Estimate
1	Lee & Phillips	1	Walnut Corner – Cypress Corner (Widening)	\$25,000,000
4	Crawford	220	Lee Creek-East (Surfacing)	\$5,000,000
4	Franklin	CR 72	Cedar Creek Str. & Apprs.	\$500,000
			Total	\$30,500,000

HIGHWAY TRUST FUND

March “No Go” List



District	County	Route	Job Name	Estimate
2	Chicot	144	Hwy. 144 Strs. & Apprs.	\$2,000,000
4	Washington	112	Razorback Rd.-Garland Ave. (Widening)	\$2,500,000
5	Cleburne	25	Hwy. 25 Spur-Locust Grove (Passing Lanes)	\$5,000,000
9	Carroll	62	Co. Rd. 704-West of Hwy. 103 South (Widening)	\$17,000,000
7	Bradley	CR 2	Co. Rd. 4-Co. Rd. 134 (Surfacing)	\$1,000,000
			Total	\$27,500,000

Impacts to Arkansas

January Letting

3 Projects Removed

\$30.5 million

March Letting

5 Projects Removed

\$27.5 million



**POTENTIAL
RISK**

FFY 2015

120 Projects
\$490 Million

FFY 2016

130 Projects
\$520 Million

ON
SECOND THOUGHT,
PERHAPS THE
IDEA OF
A GAS TAX
INCREASE HAS
SOME
MERIT.



CAUTION
POTHOLES
AHEAD



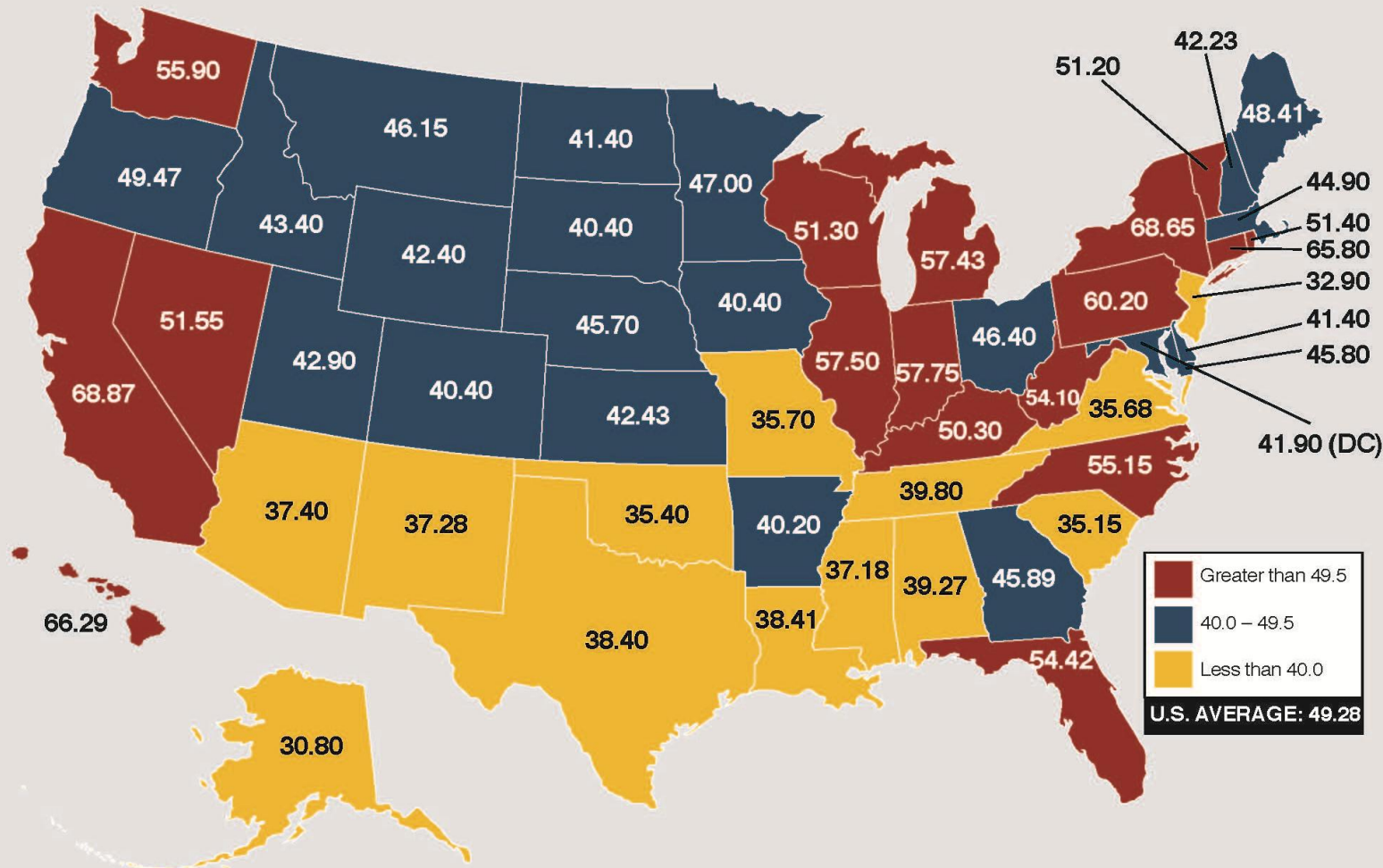
State and Federal Gasoline Taxes



AMERICAN PETROLEUM INSTITUTE

GASOLINE TAXES

COMBINED LOCAL, STATE AND FEDERAL (CENTS PER GALLON)
Rates Effective 10/01/2014



- Greater than 49.5
- 40.0 – 49.5
- Less than 40.0

U.S. AVERAGE: 49.28

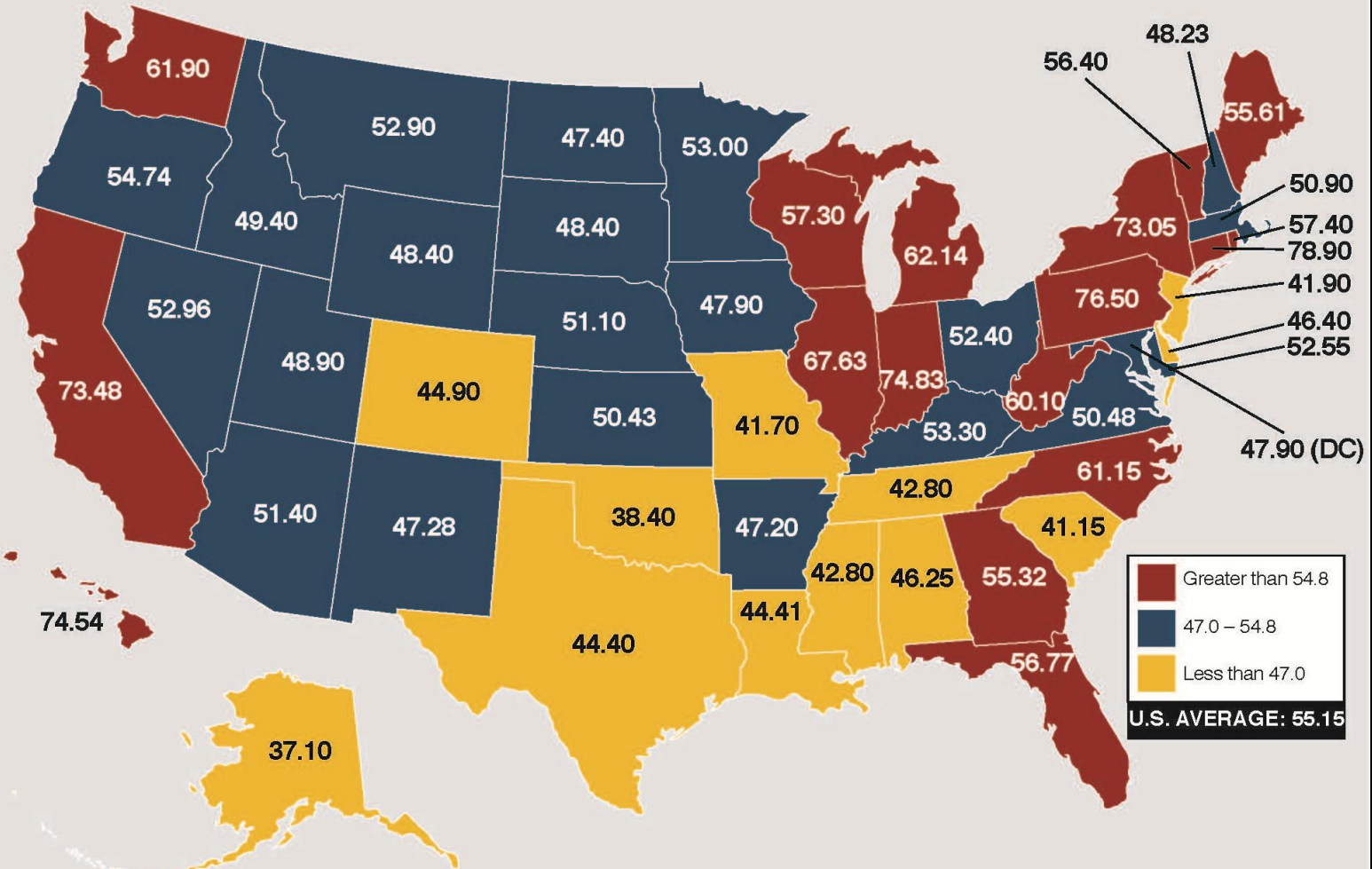
State and Federal Diesel Taxes



AMERICAN PETROLEUM INSTITUTE

DIESEL TAXES

COMBINED LOCAL, STATE AND FEDERAL (CENTS PER GALLON)
Rates Effective 10/01/2014



The Problem

Per-Gallon Tax is the **Primary Funding Source**
for Highways



Fuel Consumption is **Declining**



Highway Revenues From Fuel are **Declining**



ARKANSAS MOTOR FUEL CONSUMPTION

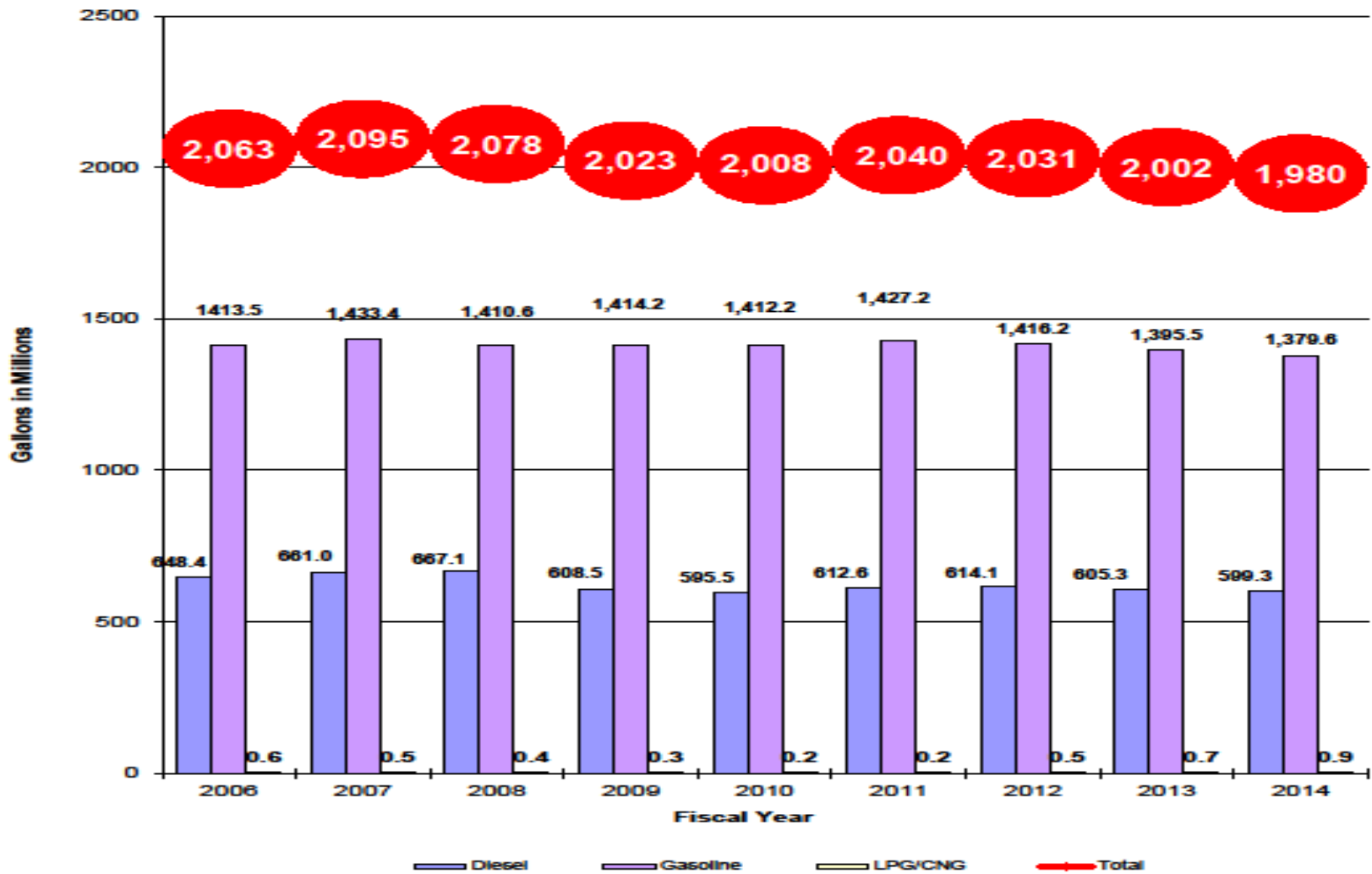





Chart prepared 12-10-14
 Transportation Planning & Policy/ Policy & Legislative Analysis



Arkansas Travel Trends

2007-2014

	2007	2014	Difference
Gas & diesel Consumption	2.095 billion	1.980 billion	 115 million
Gas & diesel Revenue	\$454 million	\$392 million	 \$62 million
Miles Traveled	32.4 billion	33.8 billion	 1.4 billion

SIGNIFICANT LOSS OF PURCHASING POWER

Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

ITEM	UNIT/DESCRIPTION	1993	2010	PERCENT CHANGE
College Tuition	Average Tuition and Required Fees	\$ 3,517	\$ 9,136	160%
Gas	Per Gallon	\$ 1.12	\$ 2.73	144%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 7.89	91%
House	Median Price	\$ 126,500	\$ 221,800	75%
Bread	Per Pound	\$ 1.08	\$ 1.76	62%
Income	Median Household	\$ 31,272	\$ 49,167	57%
Stamp	One First-class Stamp	\$ 0.29	\$ 0.44	52%
Beef	Per Pound of Ground Beef	\$ 1.57	\$ 2.28	46%
Car	Average New Car	\$ 19,200	\$ 26,850	40%
Federal Gas Tax	Per Gallon	\$ 0.184	\$ 0.184	0%

Sources: U.S. Census Bureau, U.S. Department of Transportation, U.S. Postal Service, U.S. Department of Commerce, U.S. Department of Education, National Association of Theater Owners



ILLUSTRATIVELY, SHORING UP HTF WOULD NOT PRESENT AN UNREASONABLE BURDEN

- Average household pays \$46 in federal and state gas tax per month. This is less than per monthly cost of:
 - Electricity and gas: \$160
 - Cell phone: \$161
 - Cable and internet access: \$124
- For example, a 10-cent increase in the federal gas tax translates to \$1.15 more for the average driver per week—an action that would fix the Highway Trust Fund shortfall



What is the Cost of No Action?

- Driving on inadequate roads in Arkansas costs drivers \$2 billion annually
- In central Arkansas, the cost is \$1700 per motorist

What is the Benefit of Action?

Spending



Economic Return



- Jobs, jobs, jobs!
 - ✓ 20,000 jobs supported for every \$1 billion spent in highway improvements

Costs of Preserving the System

Overlay



\$200,000/mile

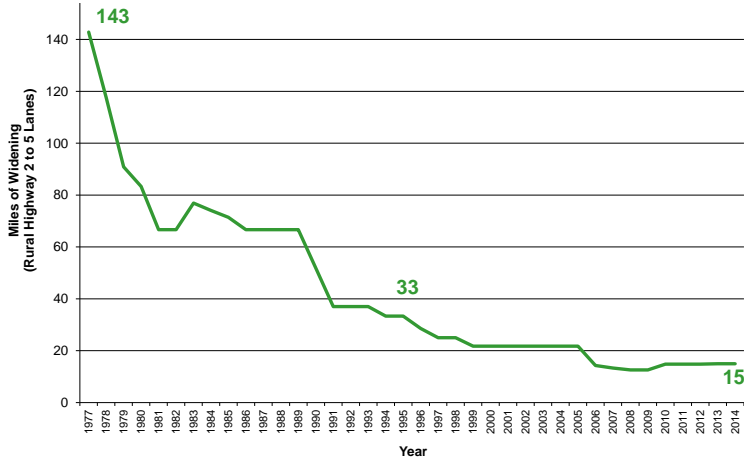
Reconstruction



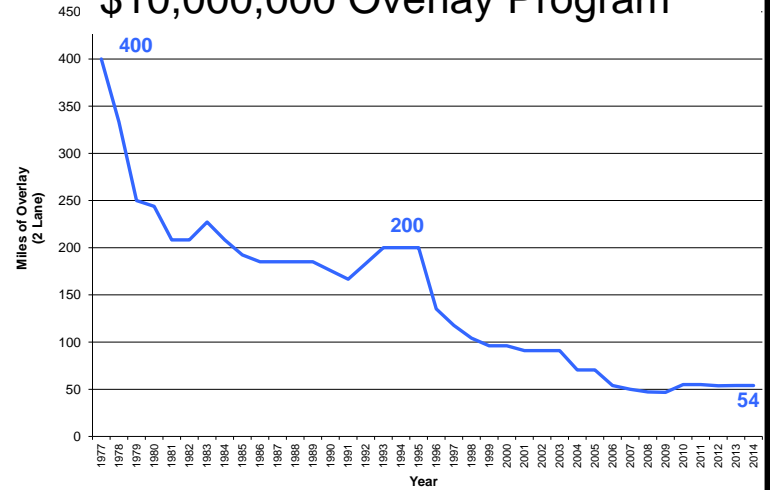
\$1,500,000/mile

Challenges

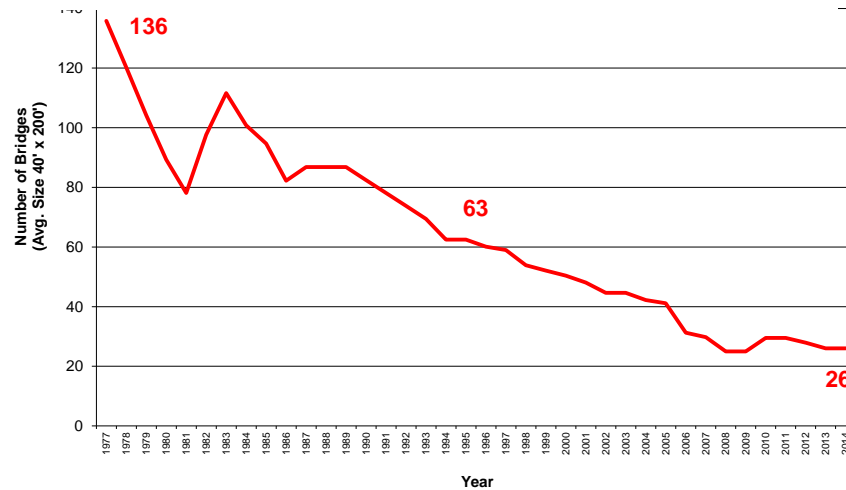
\$100,000,000 Widening Program



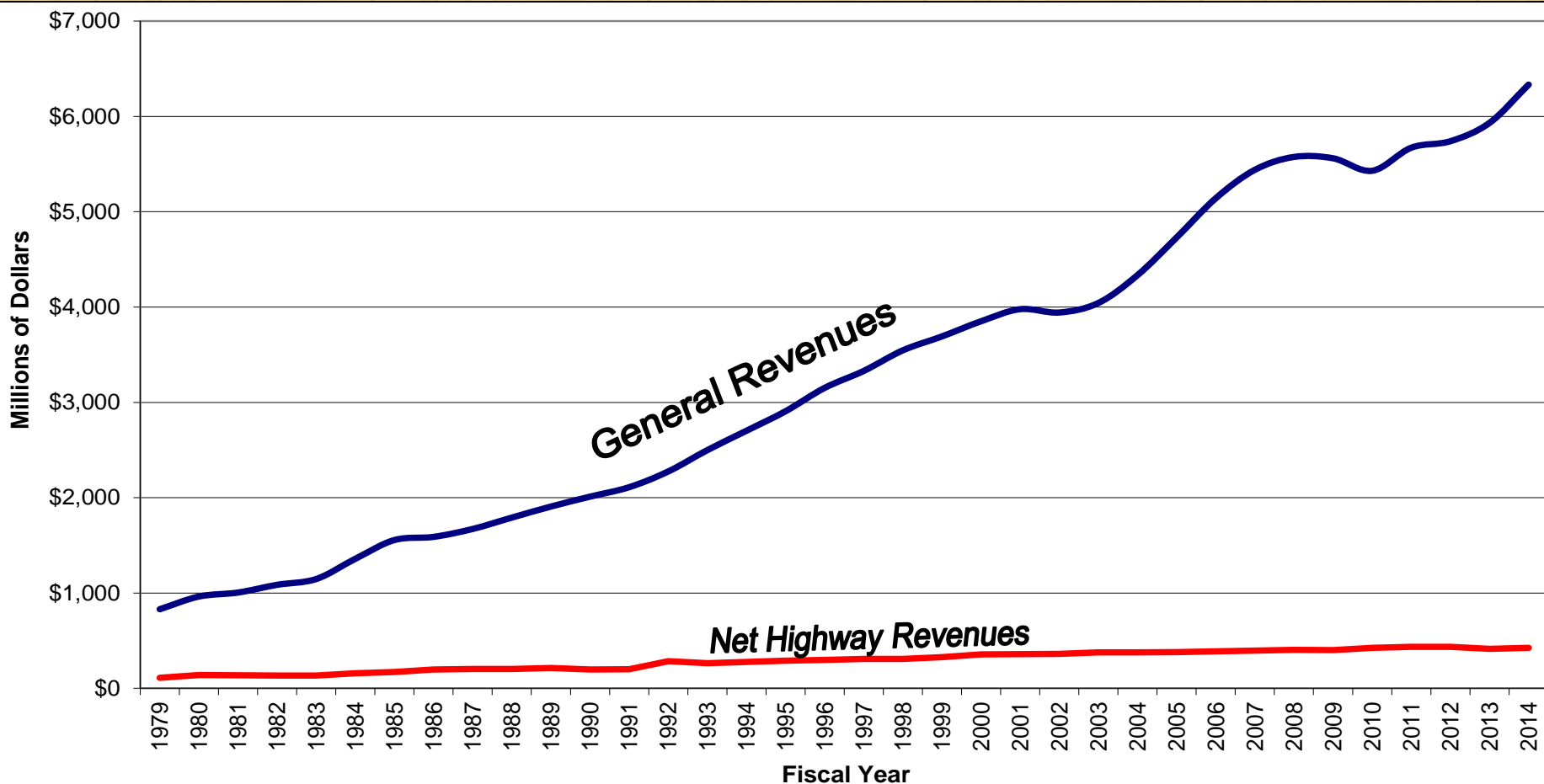
\$10,000,000 Overlay Program



\$25,000,000 Bridge Program



State General Revenues vs. AHTD Net Highway Revenues



ARKANSAS STATE GENERAL REVENUES AHTD NET HIGHWAY REVENUES

Excludes County & City aid funds

Prepared by: Transportation Planning and Policy, 8/15/2014



COST



REVENUE



COST

**How do you fill
the gap?**

REVENUE



COST

Only 2 Options:

-Raise Taxes

-Reallocate Existing Revenue



REVENUE

**Unless someone like
you cares a whole
awful lot,
nothing is
going to get
better.
It's not.**





ArkansasHighways.com
Litter Hotline 866-811-1222



@AHTD

