

# Commissioner Dick Trammel

## Arkansas Highway Commission



**Chad Adams, PE**  
District Engineer, District 4

**Mena Rotary Club**  
Thursday, March 24, 2016

# Legislation & Funding



# Fixing America's Surface Transportation (FAST) Act

- Authorizes 5 Years of Funding
  - Federal Fiscal Years (FFYs) 2016-2020
- \$225.2 Billion for Highway Investment
- Over 5 Years:
  - \$20.2 Billion Increase from FFY 2015
  - \$250 Million Increase for Arkansas





# Funding Challenges

- **Additional State Highway Funds Needed to Match Federal Highway Funds**
  - ✓ Typically 80% Federal 20% State Funds
  - ✓ Use or Lose



# STATE FISCAL YEARS 2016-2020

## ESTIMATED STATE HIGHWAY REVENUE ANALYSIS

x \$1,000,000

	2016	2017	2018	2019	2020	AVG
<b>Sources and Revenues:</b>						
Motor Fuels and Registration Fees	\$ 356.4	\$ 358.2	\$ 360.0	\$ 361.8	\$ 363.6	
4¢ Diesel Tax - Committed to the Interstate Rehab. Program (IRP)	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
Natural Gas Severance Tax	\$ 29.0	\$ 29.7	\$ 30.4	\$ 31.2	\$ 32.0	
<b>TOTAL</b>	<b>\$ 401.9</b>	<b>\$ 404.4</b>	<b>\$ 406.9</b>	<b>\$ 409.5</b>	<b>\$ 412.1</b>	<b>\$ 407.0</b>
<b>Less Fixed Expenditures:</b>						
Maintenance	\$ 221.8	\$ 222.9	\$ 224.0	\$ 225.1	\$ 226.3	
Administration	\$ 21.8	\$ 21.9	\$ 22.0	\$ 22.1	\$ 22.2	
Operations	\$ 26.2	\$ 26.4	\$ 26.5	\$ 26.6	\$ 26.8	
Budgeted Construction w/o Right of Way	\$ 44.9	\$ 45.1	\$ 45.4	\$ 45.6	\$ 45.8	
IRP Debt Service	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
<b>TOTAL</b>	<b>\$ 331.3</b>	<b>\$ 332.8</b>	<b>\$ 334.4</b>	<b>\$ 336.0</b>	<b>\$ 337.6</b>	<b>\$ 334.5</b>
Total State Highway Funds Available for Highway Construction Program	\$ 70.6	\$ 71.6	\$ 72.5	\$ 73.5	\$ 74.5	\$ 72.5
Less Required State Highway Matching Funds for Federal Highway Funds	\$ 116.7	\$ 119.4	\$ 121.9	\$ 124.8	\$ 127.8	\$ 122.1
<b>Shortfall in State Highway Matching Funds Needed for Federal Highway Funds</b>	<b>(\$ 46.1)</b>	<b>(\$ 47.8)</b>	<b>(\$ 49.4)</b>	<b>(\$ 51.3)</b>	<b>(\$ 53.3)</b>	<b>(\$49.6)</b>





# Funding Challenges

- **Additional State Highway Funds Needed to Match Federal Highway Funds**

- ✓ Typically 80% Federal Hwy. Funds are Matched by 20% State Hwy. Funds
- ✓ Use or Lose

- **Reduction in Annual State Highway Revenue Available to Match Federal Highway Funds**

- ✓ Arkansas State Aid City Street Program - \$ 14 M
- ✓ Increased Maintenance Budget - \$ 18 M
- ✓ Declining Natural Gas Severance Tax Revenue - \$ 11 M

**Total Annual Reduction - \$ 43 M**



# Governor's Working Group on Highway Funding



<p><b>#1</b> <b>Increase Taxes</b> <b>Revenue Transfer</b></p>	<ul style="list-style-type: none"> <li>• Index Motor Fuel Tax</li> <li>• Increase the Diesel Fuel Tax</li> <li>• Phase-in Revenue Transfer Sales Tax on New and Used Vehicles</li> <li>• Dedicate 3/8¢ of the Remaining 1/2¢ Sales Tax to Highways</li> </ul>
<p><b>#2</b> <b>Revenue-Neutral</b> <b>Strategies</b></p>	<ul style="list-style-type: none"> <li>• Redirect General Revenue Diesel Tax</li> <li>• Rebate 1/2 ¢ Sales Tax Revenue from Constitutional and Fiscal Agencies</li> <li>• Rebate the Sales Taxes on Construction Materials</li> <li>• Offset School Desegregation Tax Reduction with a User Fee Increase</li> </ul>
<p><b>#3</b> <b>Increase Taxes</b> <b>Change User Fee</b> <b>Collection</b></p>	<ul style="list-style-type: none"> <li>• Inflation Adjustment and Indexing Motor Fuel Taxes</li> <li>• Increase Motor Fuel Taxes</li> <li>• 2017 – Consider Transition to Reportable Miles</li> </ul>
<p><b>#4</b> <b>Increase Taxes</b></p>	<ul style="list-style-type: none"> <li>• Eliminate the Sales Tax Exemption for Gasoline and Diesel</li> </ul>



# Governor's Working Group on Highway Funding

January 19, 2016  
Press Conference







# Highway Funding Option Presented by Governor Hutchinson 2016 Special Session

Item	Source	2017 (x \$1M)	2018 (x \$1M)	2019 (x \$1M)	2020 (x \$1M)	2021 (x \$1M)
Transfer 2015 Unobligated Funds	Surplus	\$20.0				
Transfer from Governor	Rainy Day Fund	\$20.0				
Transfer Sales Tax New & Used Vehicles	General Revenue	\$ 1.5	\$ 8.0	\$15.0	\$20.0	\$25.0
Redirect Diesel Tax	General Revenue		\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7
Eliminate Deduction - Temporary ½ cent Sales Tax	State Central Services	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4
<b>Total</b>		<b>\$46.9</b>	<b>\$16.1</b>	<b>\$23.1</b>	<b>\$28.1</b>	<b>\$33.1</b>

Estimate based on 10-Year Average

Allocate 25% of General Improvement Funding	Surplus		\$48.0	\$48.0	\$48.0	\$48.0
<b>Total</b>		<b>\$46.9</b>	<b>\$64.1</b>	<b>\$71.1</b>	<b>\$76.1</b>	<b>\$81.1</b>



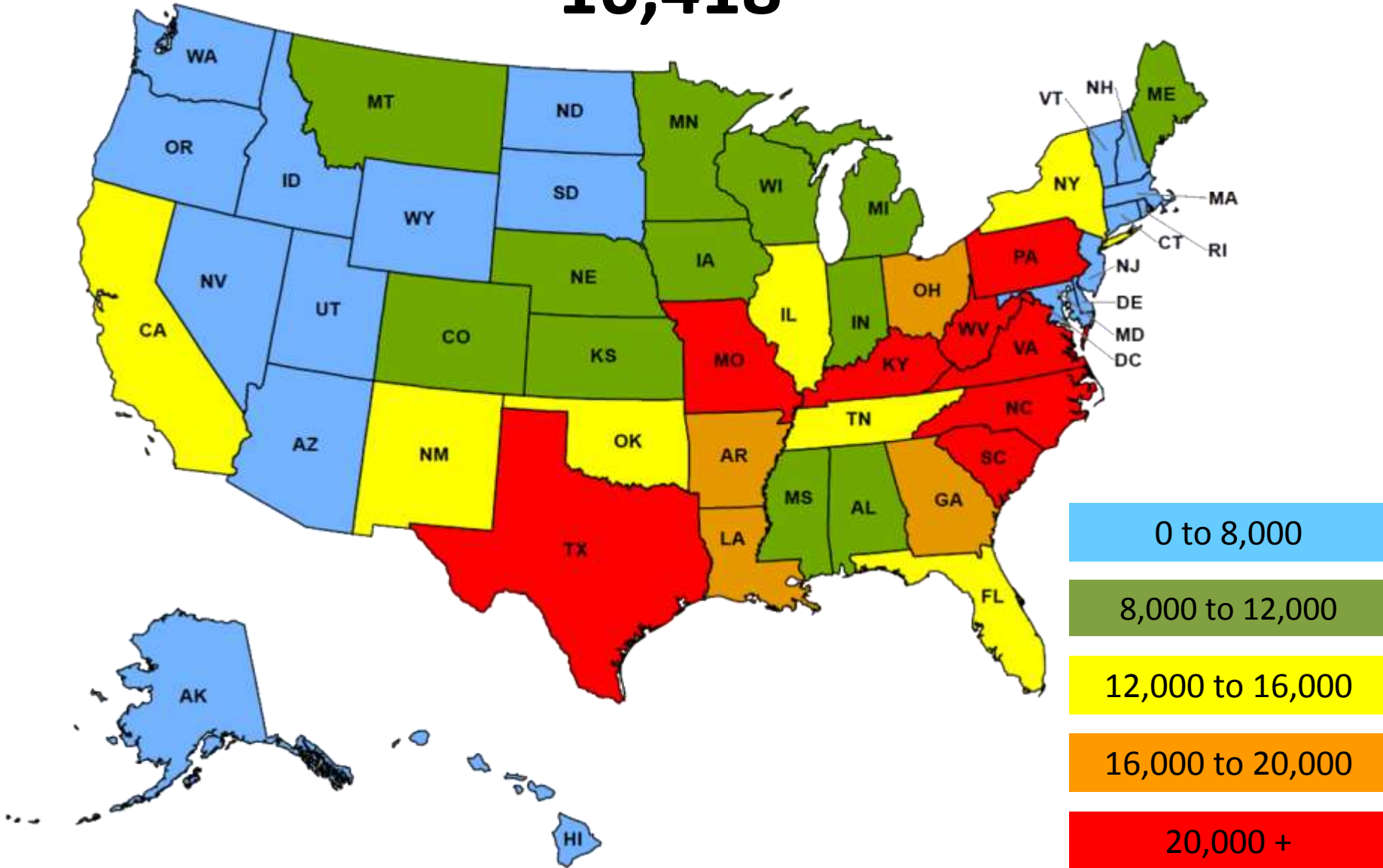
# Highway Funding Option Presented by Governor Hutchinson 2016 Special Session

- **Governor's plan through 2020:**
  - ✓ \$40 million from the General Revenue Surplus.
  - ✓ Redirect \$5.4 million from Central Services Fund collected from ½ cent sales tax.
  - ✓ Redirecting a portion of the sales tax on new and used vehicles.
    - Phased in over five (5) years with \$1.5 million immediately.
    - Capped at \$25 million.
- **To provide a longer-term, more sustainable source of revenue, the Governor is also proposing the following:**
  - Redirect \$2.7 million of diesel tax from the General Fund to the Highway Fund beginning in 2018.
  - Dedicate 25% of the unallocated general revenue surplus each year to the highway fund beginning in 2018.
  - It does not provide 'guaranteed' additional annual funding for highways, it at least provides a great 'opportunity'
  - The Governor stated that over the last ten years, had this been in place, it would have amounted to an average of \$48 million annually to the Highway Department.



# 12<sup>th</sup> in the Nation for Number of Highway Miles

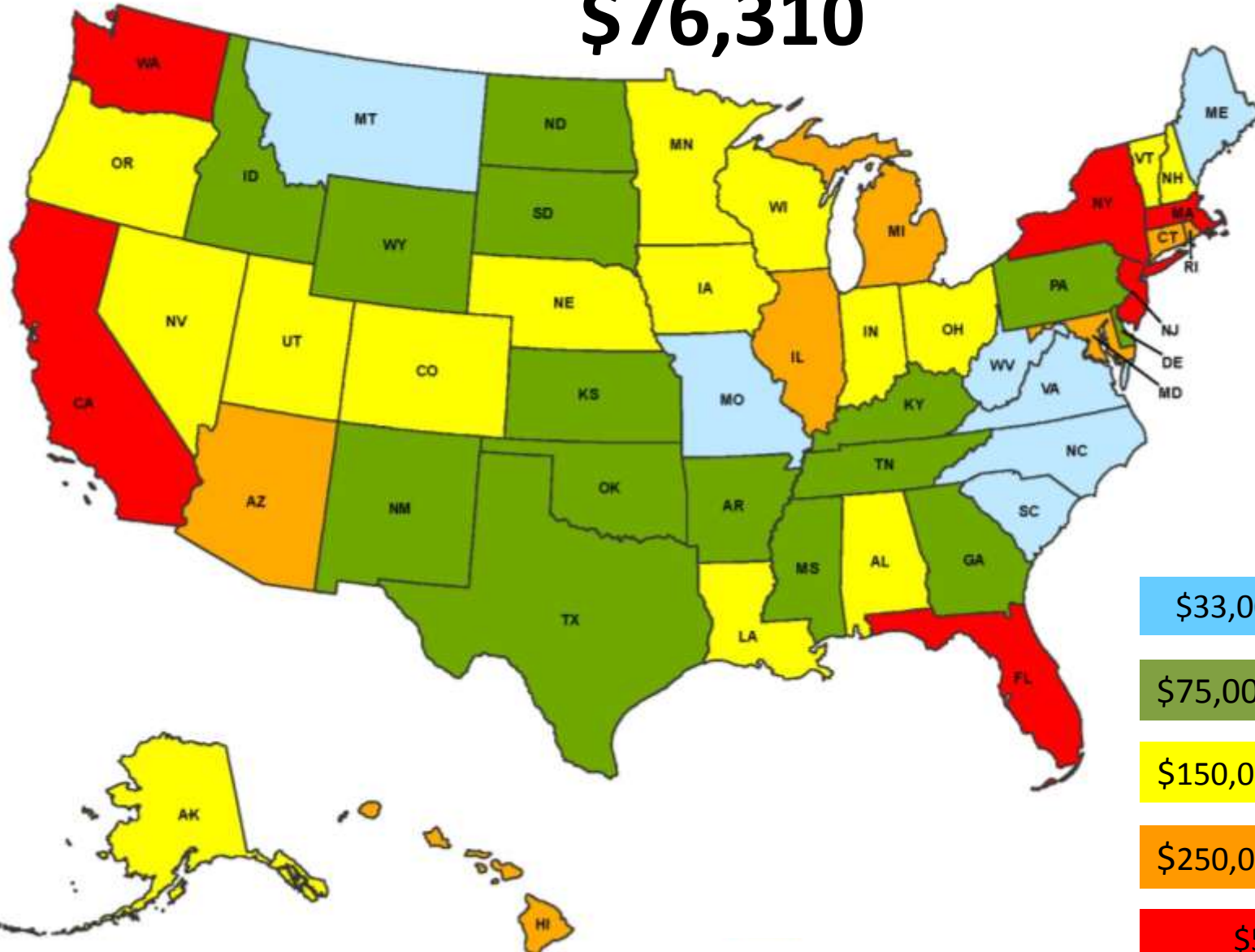
## 16,418





# 43<sup>rd</sup> in the Nation for Revenue per Mile

## \$76,310



\$33,000 to \$75,000

\$75,000 to \$150,000

\$150,000 to \$250,000

\$250,000 to \$500,000

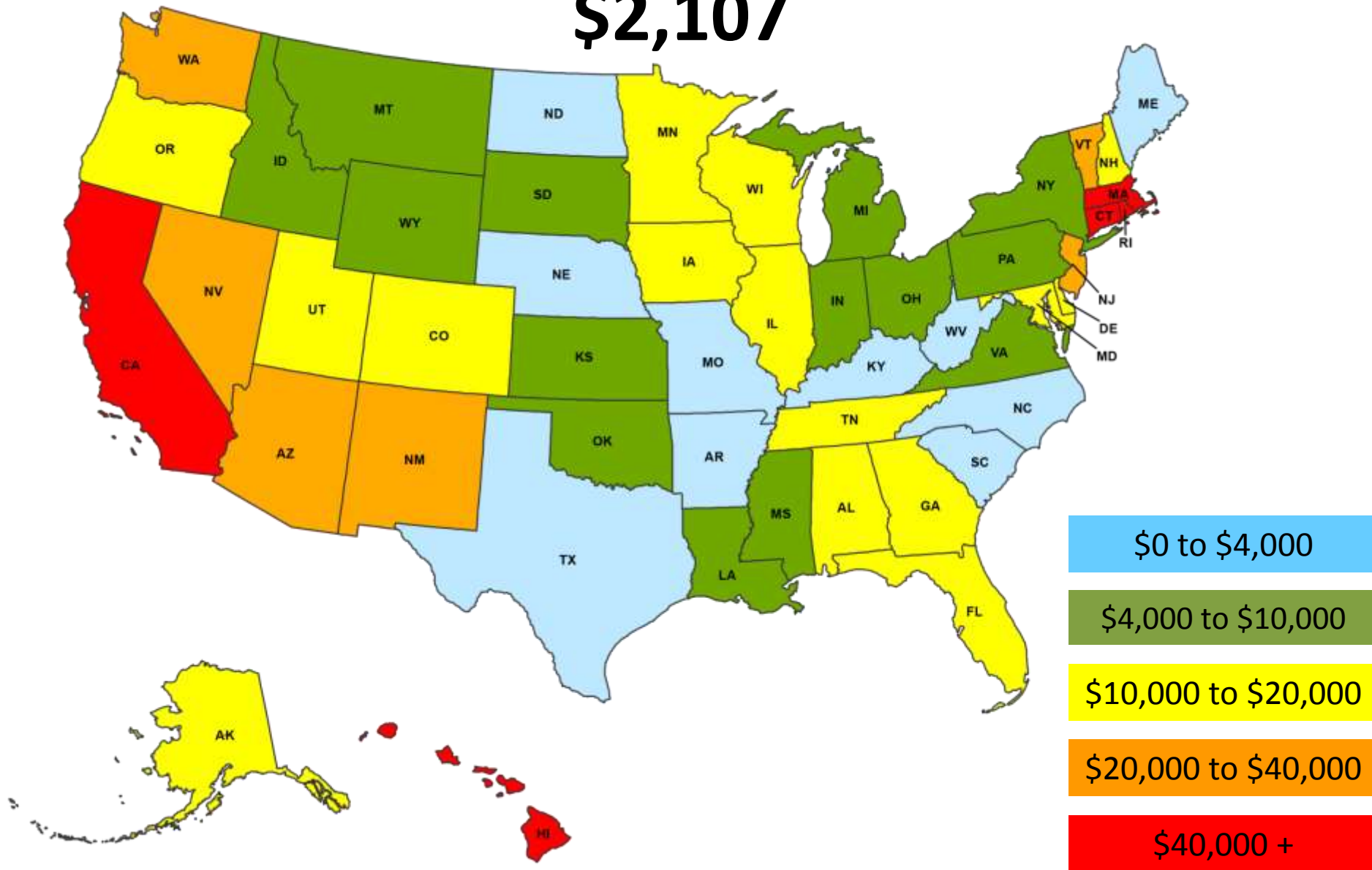
\$500,000 +





# 2<sup>nd</sup> Most Efficient in Administrative Costs

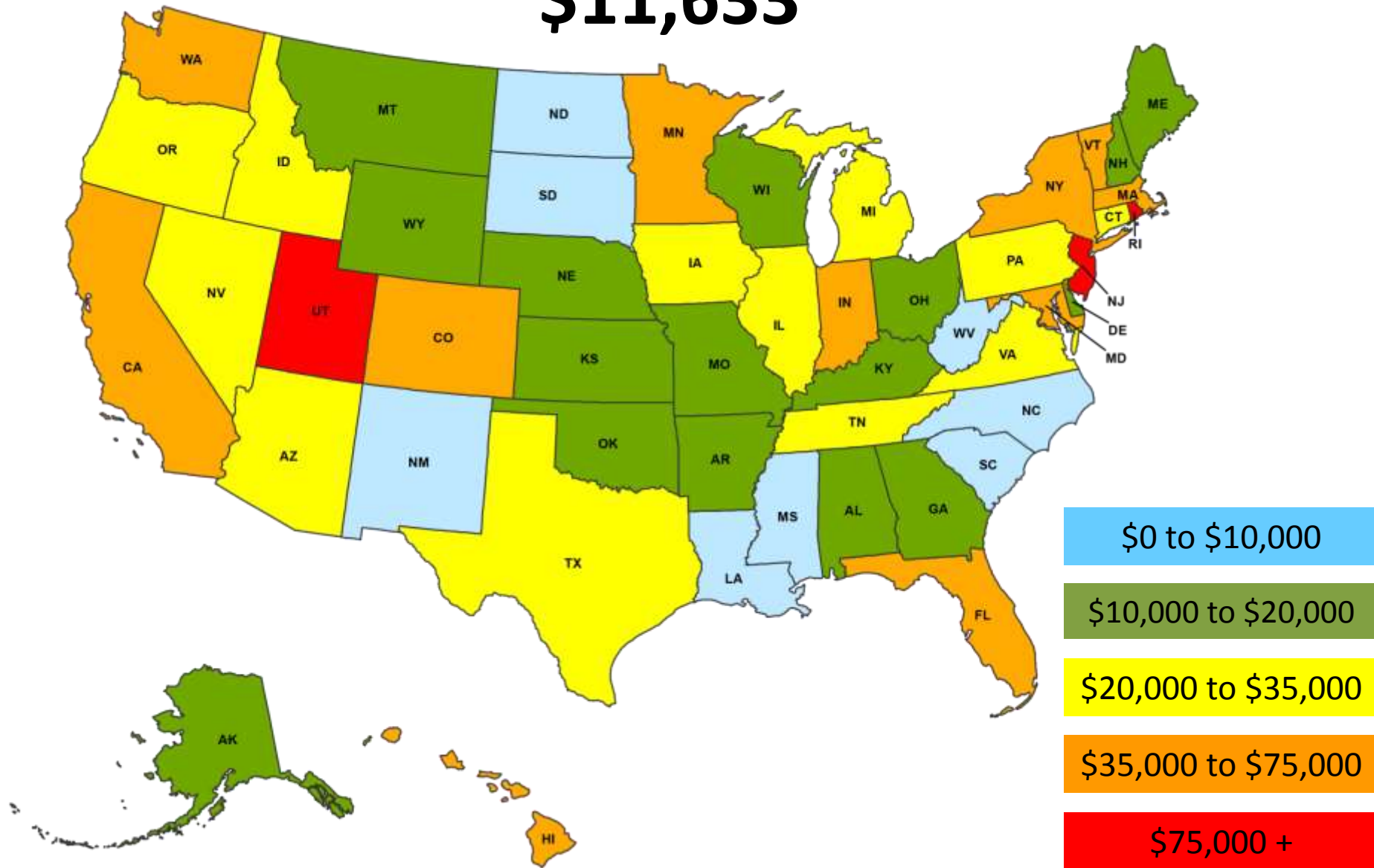
## \$2,107





# 39<sup>th</sup> in the Nation for Maintenance per Mile

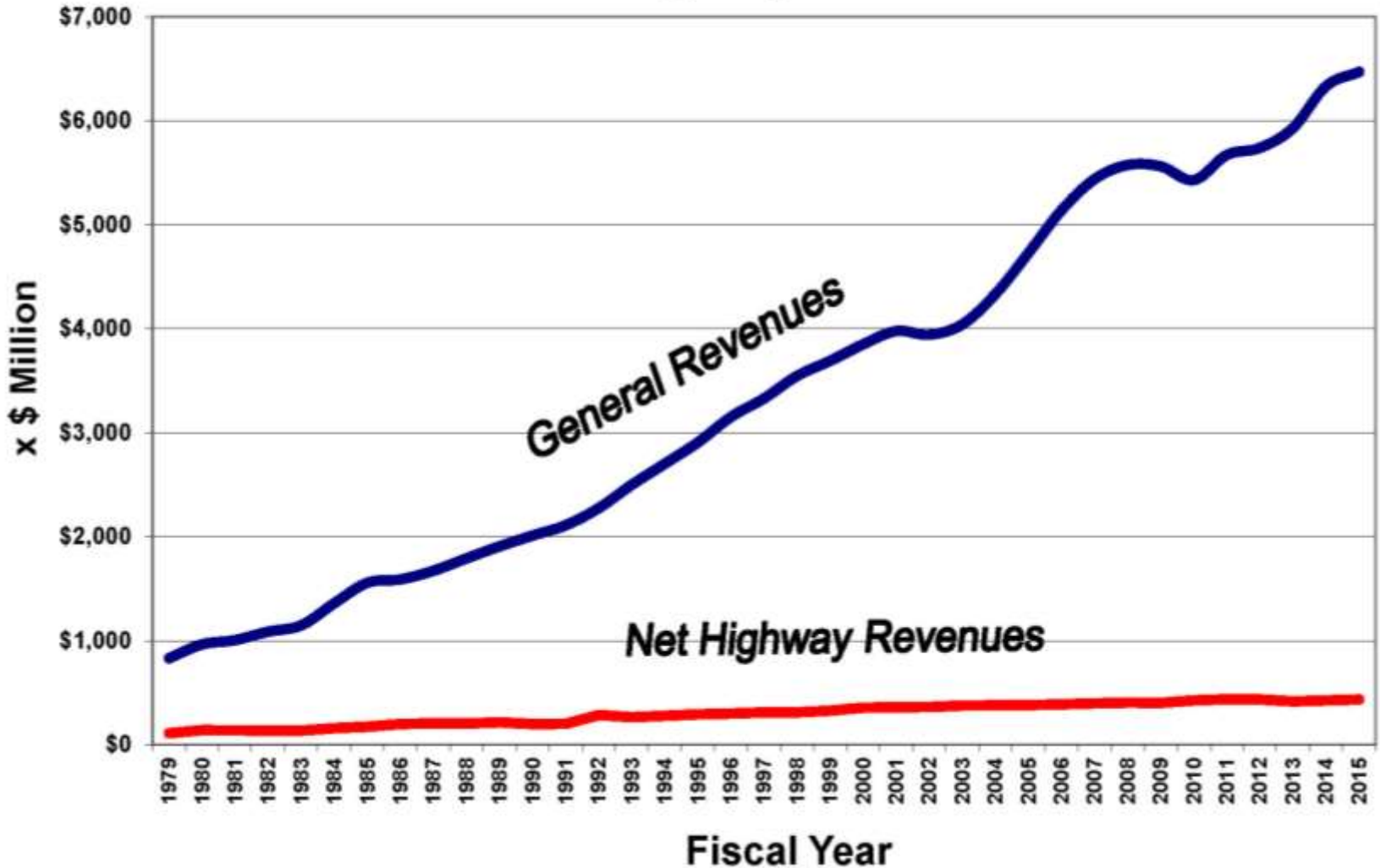
## \$11,633





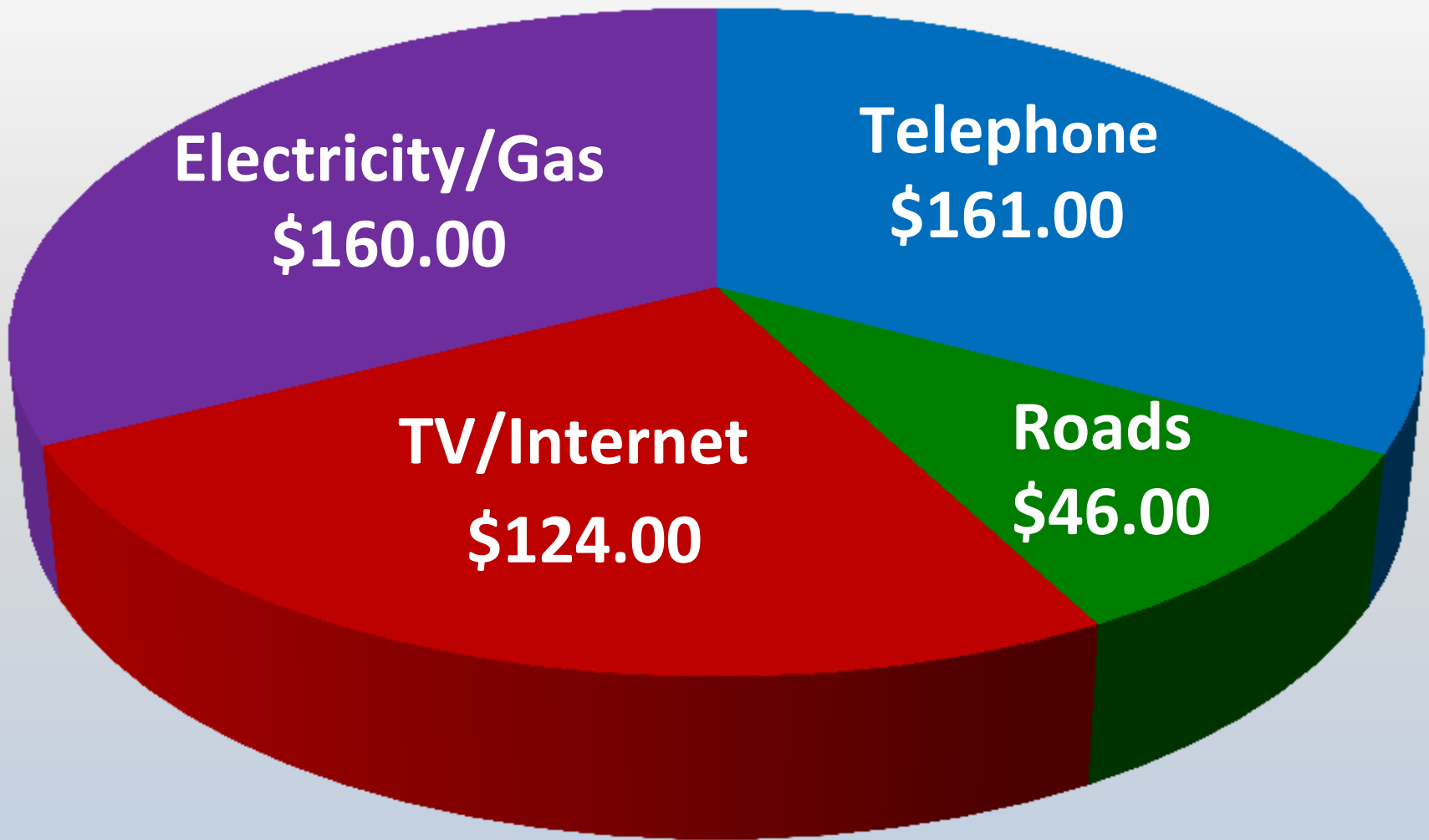
# AR State Revenues vs AHTD Revenues

Arkansas State General Revenues  
vs  
AHTD Net Highway Revenues





# Average Monthly Household Expenditures

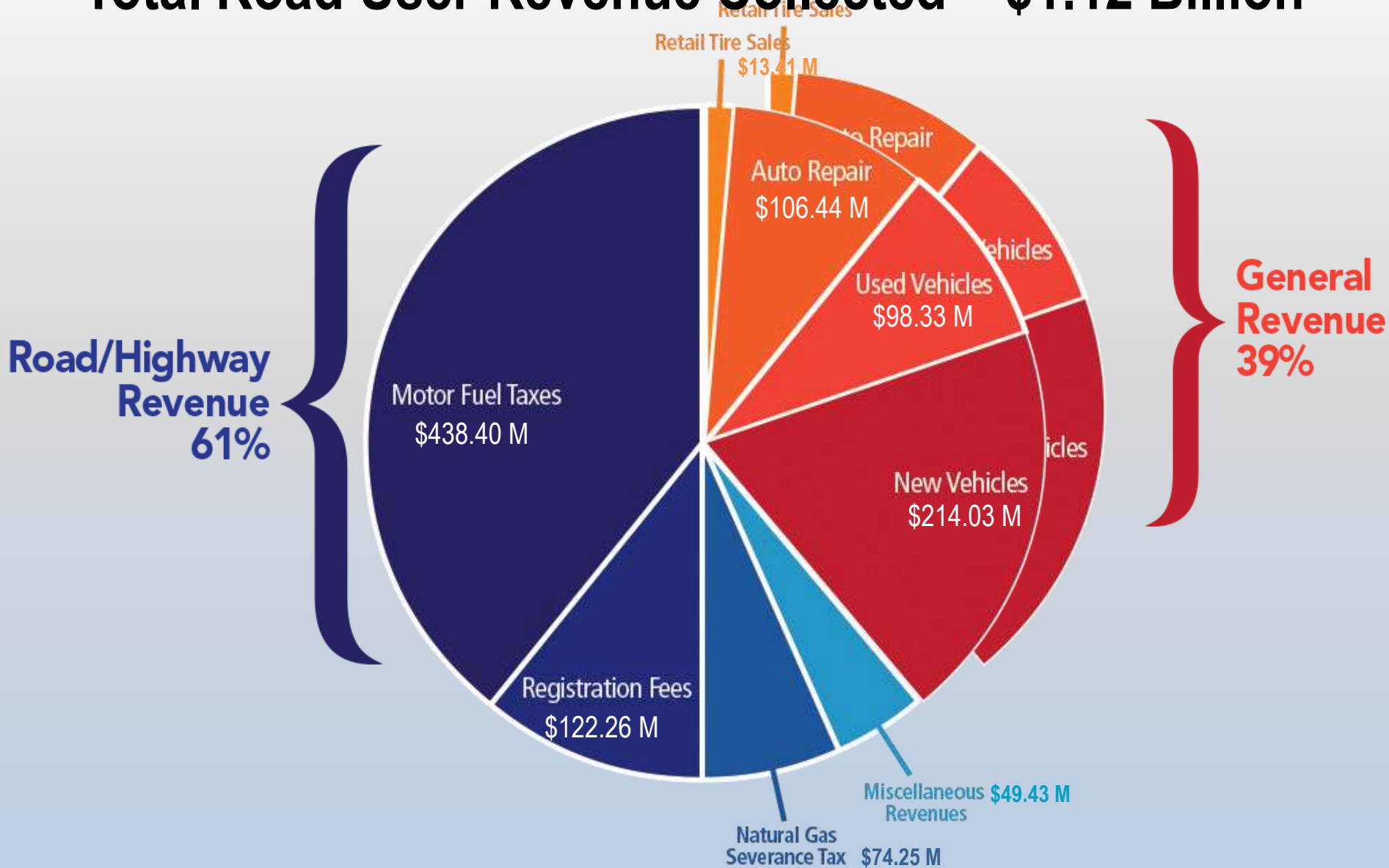






# 2015 Road User Related Tax Revenue

## Total Road User Revenue Collected = \$1.12 Billion



# Regional Projects



# Entire Interstate 49 Corridor in AR

## Arkansas I-49 Corridor

- Legend**
- Completed
  - Under Construction
  - Scheduled
  - Proposed





# Local Projects







# Polk County – Past 10 Years



## COMPLETED

33 Projects  
97.9 Miles  
\$27.3 Million

## UNDER CONSTRUCTION

3 Projects  
0 Miles  
\$0.5 Million

## PLANNED

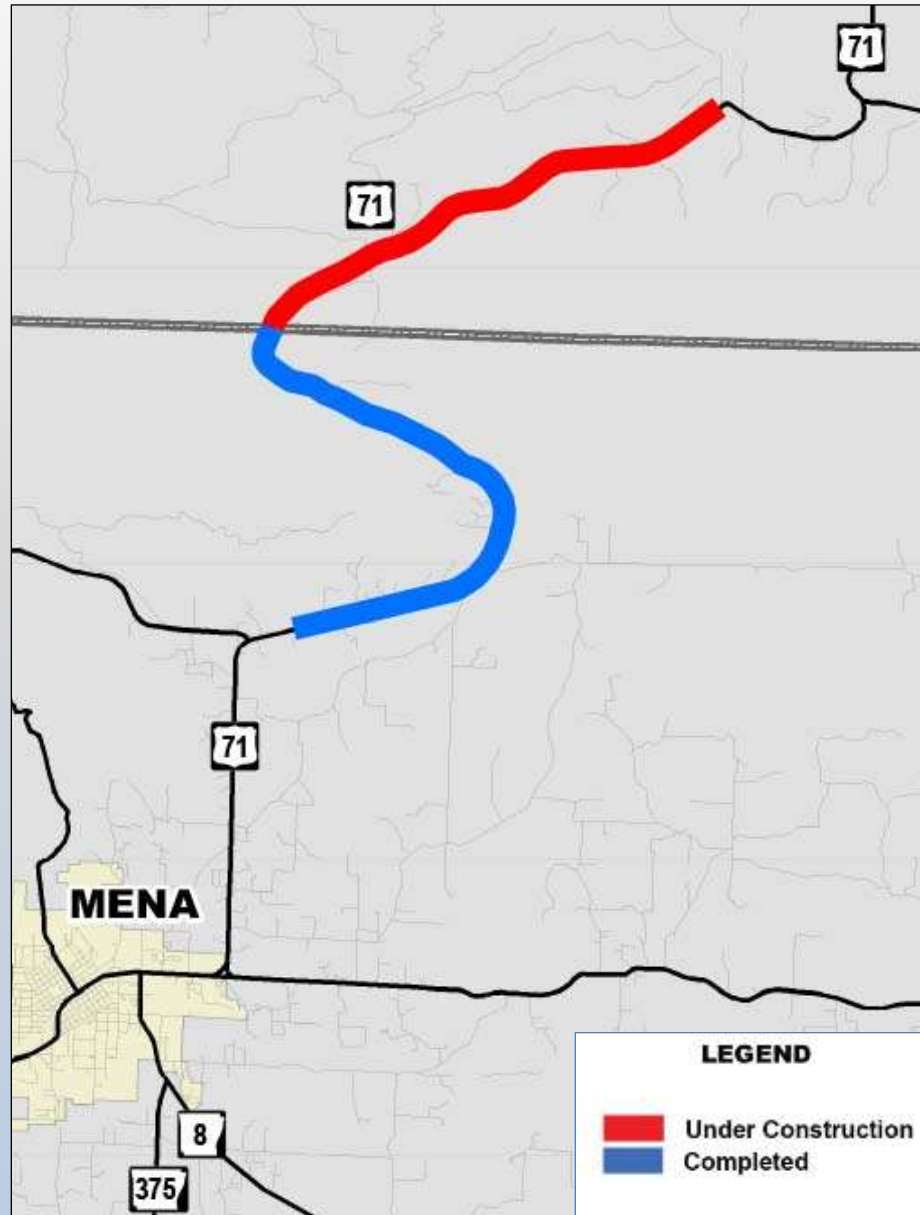
5 Projects  
5.2 Miles  
\$2.6 Million



# Highway 71

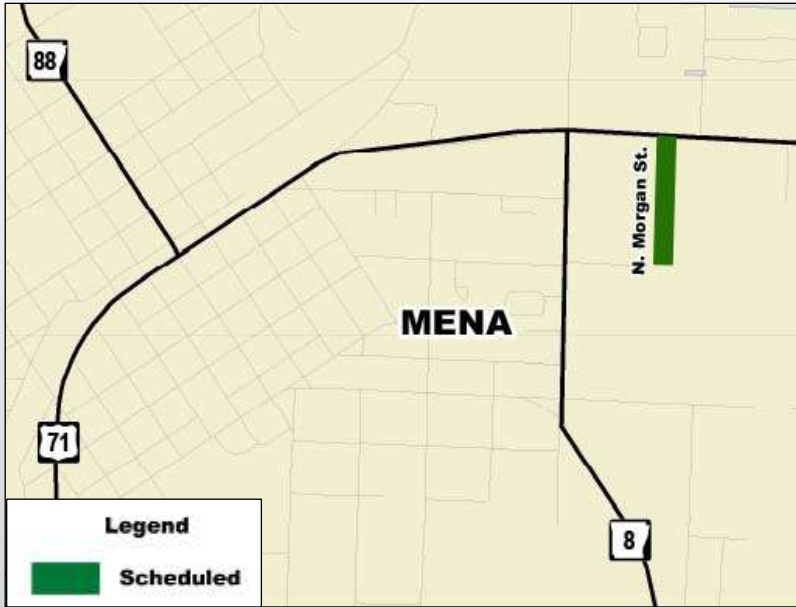
## Overlays

- **Completed:** 7 miles from Scott Co. line south
- **Under Construction:** 6 miles from Polk Co. line north





# N. Morgan Street



**Creating new roadway for N. Morgan St.  
for a quarter mile in Mena.**







# Highway 88

## Under Construction

- Streetscaping a small section of Highway 88 in Mena

## Planned

- Resurfacing 5 Miles starting at Mena and going east







# Highway 270

## Maintenance

- Chip sealed 7 miles for almost \$500,000 in the past 3 years





# Mena High School







- [ArkansasHighways.com](http://ArkansasHighways.com)
- [ConnectingArkansasProgram.com](http://ConnectingArkansasProgram.com)
- [Vimeo.com/AHTD](http://Vimeo.com/AHTD)
- [IDriveArkansas.com](http://IDriveArkansas.com)
- [Twitter.com @AHTD](https://twitter.com/AHTD)



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# Questions?

