

Arkansas Rural Development Conference

Highway Funding



How Do We Get Where We Are Going

Wednesday, May 25, 2016



Where Have We Come From?





Prior to 1913

“We are always yapping about the ‘Good Old Days’ and how we look away back and enjoy it, but I tell you there is a lot of hoey to it.”

– Will Rogers





The Teens

- ***First Commission Created***
 - ✓ ***No Hwy. Department***
 - ✓ ***No Hwy. System***
- ***3,600 Vehicles - \$72,000 Total Budget***
- ***36,000 Miles of Public Roads***

Highway 71 near Bella Vista



The Twenties



Repair Shop of State
Highway Department,
Little Rock, early 1930s



- **Highway System Created**

- **Highway Department Created**

- **First Gas Tax – 1 cent per gallon**

- **200,000 Vehicles/8,800 highway miles (1,400 Paved)**

- **Highway Commission Structure Changed Twice**

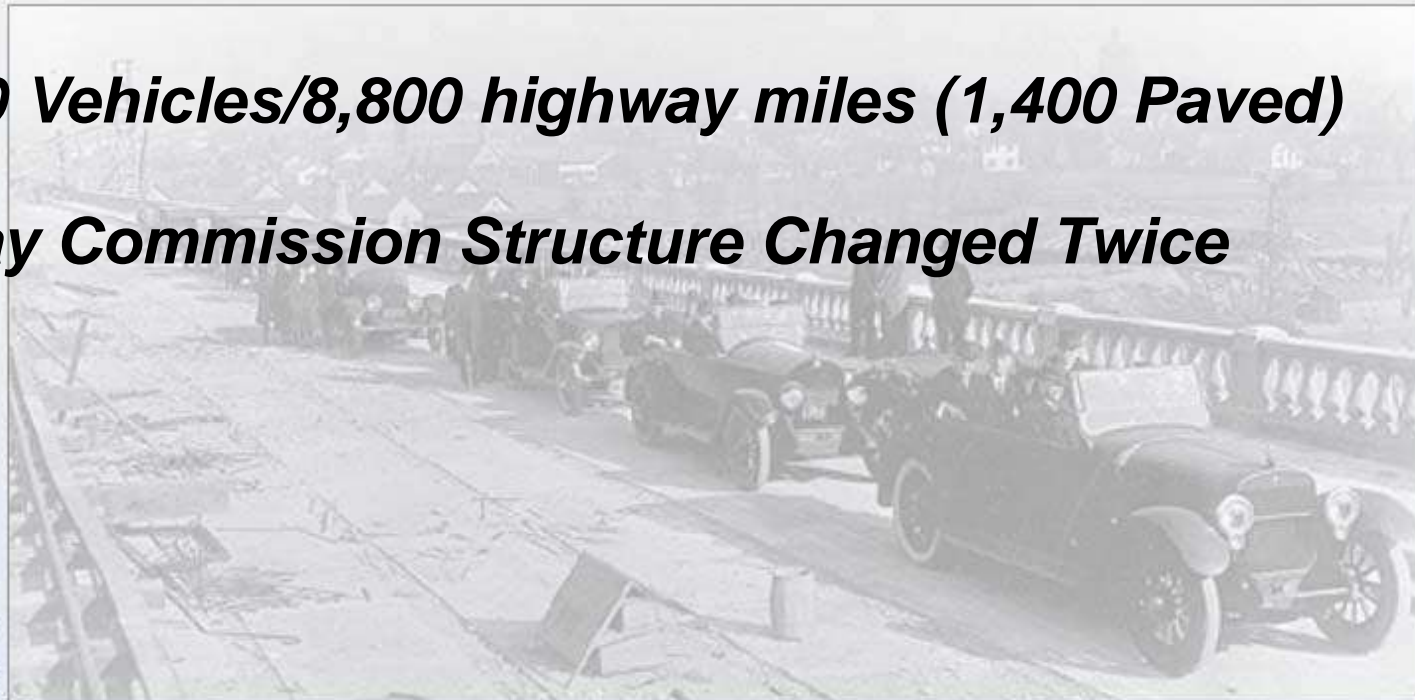
Highway Districts 1923



Highway Districts 1925

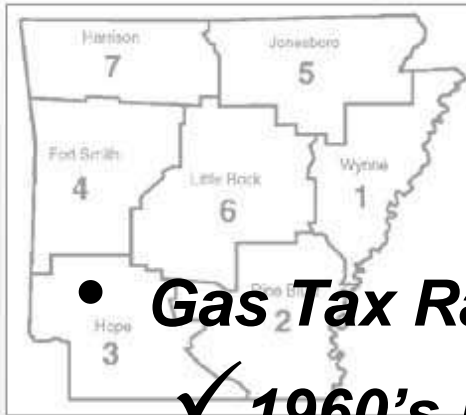


Broadway Bridge dedication,
1922. View is looking towards
North Little Rock





The Thirties



- **Gas Tax Raised to 6.5 cents per Gallon**
✓ **1960's Before Next Increase**



Magnet Truck. Picked up an average of 20 lbs of metal per mile

- **255,000 Vehicles; 9,300 Highway miles (3,000 Paved)**
- **Commission Structure Changed Two More Times**



State Highway Department HQ, 1939



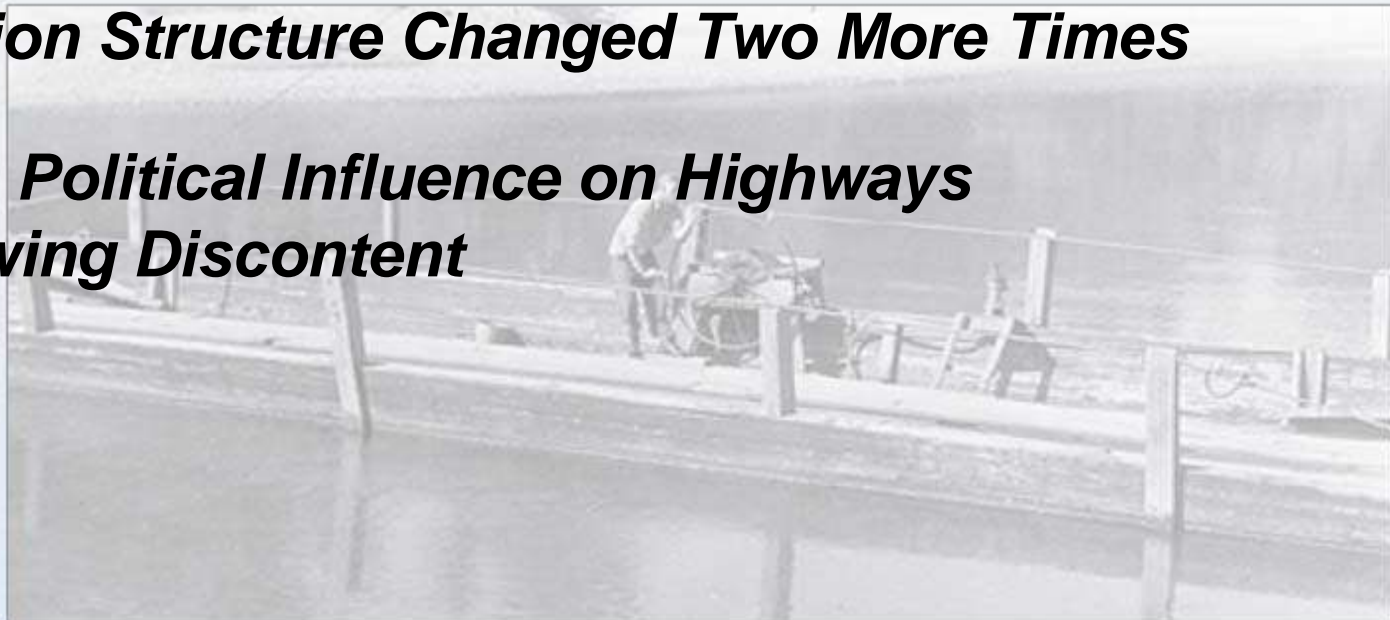


The Forties

- ***World War II – Major Influence***
- ***455,000 Vehicles; 9,700 Highway Miles (4,900 Paved)***
- ***Commission Structure Changed Two More Times***
- ***Too much Political Influence on Highways – Growing Discontent***

Operation of the Henderson Ferry at Norfolk Lake cost \$117,981 for 1947-48. During this period 189,856 vehicles were ferried over at an average cost of 62¢ per vehicle.

Dillard's Ferry, a hand-cranked operation, crossed the Buffalo River at Highway 14 from 1929-1958.





The Fifties



- **1951 - Highway Audit Commission Report**

- ✓ **“the advice, counsel and expert know-how which is available from the Department’s own technical and administrative staffs bear scant weight indeed when they are in conflict with the political pressures and political promises of the moment.”**
- **Interstate Era**
- **750,000 Vehicles**
- **11,000 Miles State Highways (8,800 Paved)**

- **9 Legislative Acts Restructured Commission since 1913**

- **1952 – Mack Blackwell Amendment**

Widening Hwy 67 near Malvern, 1956





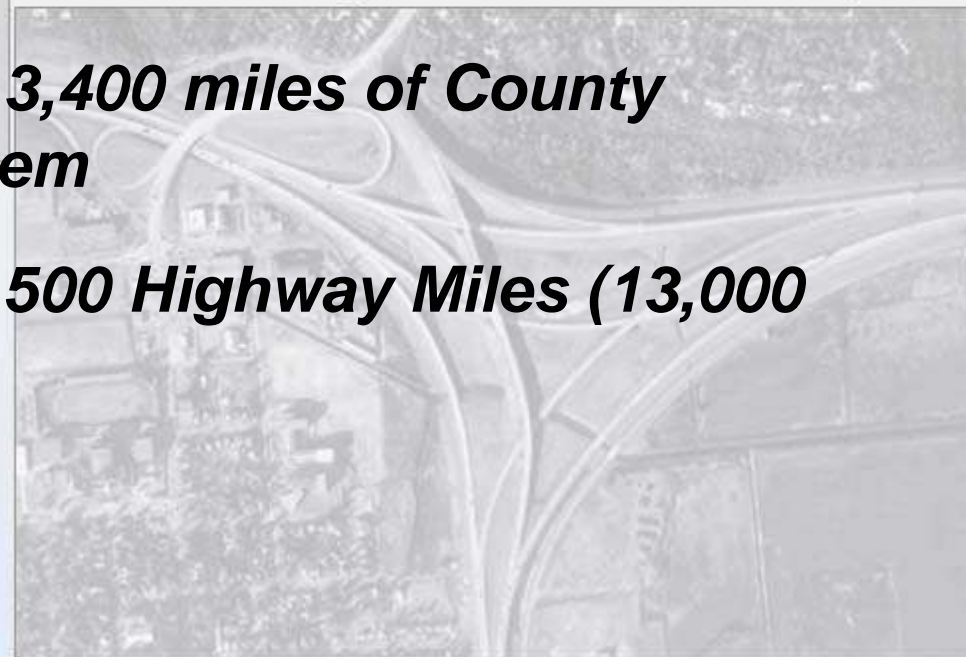
The Sixties

- **No changes to Commission Structure**
- **Arkansas - National Forefront in Interstate Construction/Completion**
- **Legislature transferred 3,400 miles of County Roads to Highway System**
- **1.1 million Vehicles; 14,500 Highway Miles (13,000 Paved)**

Highway
Department
Complex at I-30
/ Hwy 338, late
1960s



Weights & Standards Division, AHD



North Terminal Interchange, 1962

Highway 144, South of Lake Village



The Seventies

- **Department became Debt Free**
- **Legislature transferred nearly 1,000 more miles of County Roads to Highway System**



South Terminal Interchange



Ark. Lawrence Blackwell burning bonds at a ceremony in 1975.

- **Department adds “Transportation” to its name – Authority Expanded**

- **1.7 million Vehicles; 16,000 Highway Miles (15,000 Paved)**



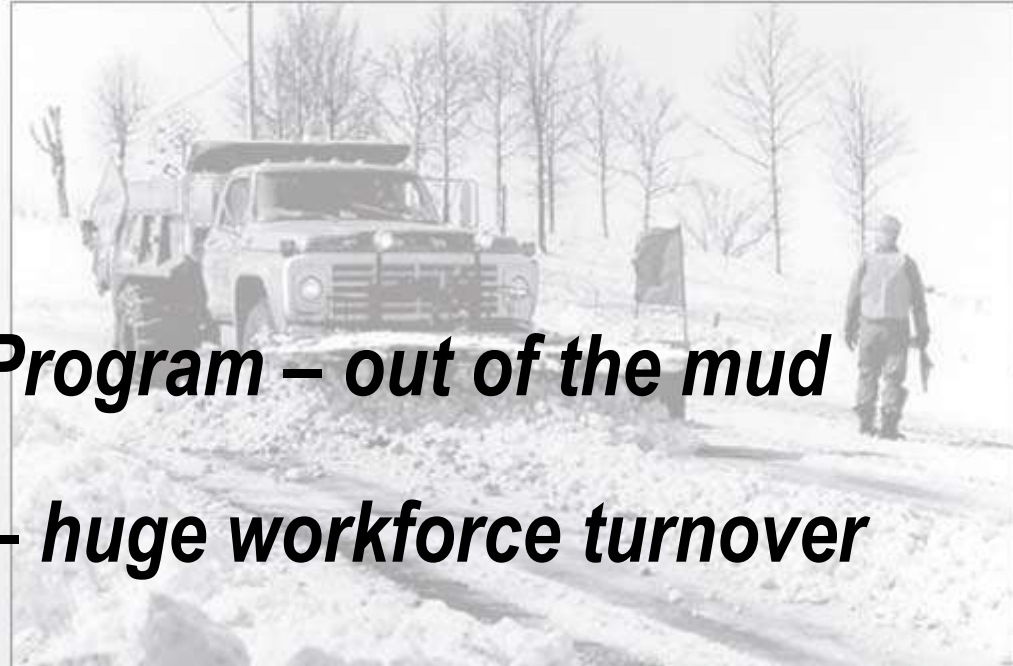
Toad Suck Ferry on Arkansas River at Highway 60, 1970



I-430 River Bridge, 1973

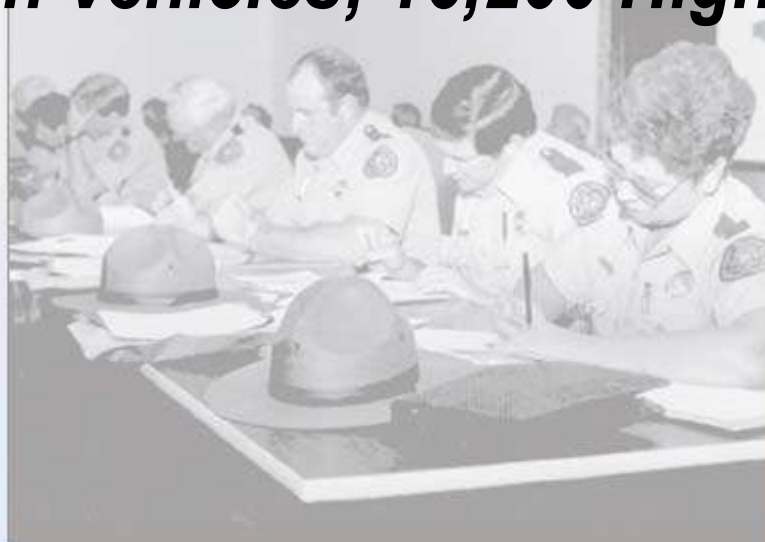


The Eighties



- **1985 - Rural Road Program – out of the mud**
- **Early Retirements – huge workforce turnover**
- **2.0 million Vehicles; 16,200 Highway Miles**

East-West Alignment linking Hwy 270 W and Hwy 70 W in Hot Springs.



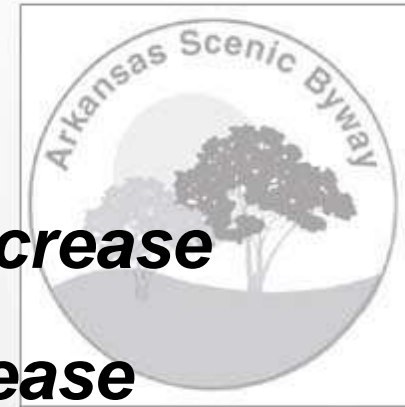
Removal costs reached \$4 M, 1984

Transportation Safety Agency, 1989



The Nineties

- **1993 – Last Federal Gas Tax Increase**
- **1999 – Last State Gas Tax Increase**
- **1999 – Interstate Rehabilitation Program –**
First highway bond issue in 50 years



Section of Hwy 7
Arkansas Scenic
Byway of Arkansas.

1991 Highway Improvement Program planned to improve or replace approximately 560 bridges.

- **I-540 (now I-49) and I-530 completed**
- **2.1 million Vehicles; 16,400 Highway Miles**

Dedication of I-540 and Bobby Hopper Tunnel, 1999





The New Millennium



- **2011 – 2nd Interstate Rehabilitation Program**
- **2012 – Connecting Arkansas Program**



Winter Weather in Dec 2000 and Jan 2001 cost almost \$40 M.

- **Governor's Working Group on Highway Funding**

- **3.0 million Vehicles; 16,400 miles State Highways**



New White River Bridge on Hwy 64 at Augusta opened in 2001.





Where Are We Now?





AHTD Quick Facts



3rd Largest State Agency
(approx. 3,700 Employees)

Maintains
16,418 miles of Highway
7,335 Bridges

Mission:
Provide a safe, efficient, aesthetically pleasing
and environmentally sound intermodal
transportation system for the user.

Central Offices in Little Rock

10 Districts Statewide



Projected Federal & State Revenue

Federal Funds

Est. Avg. Annual Revenue from the FAST Act

\$540 million

State Funds

Est. Avg. Annual Revenue from State sources

\$460 million

Total Gross Available

\$1 Billion





Governor's Plan – As Originally Proposed

	FY17	FY18	FY19	FY20	FY21
	(x \$1 M)				
Original January 2016					
Transfer funds from the FY15 Unobligated Surplus	20.0				
Provide Governor's Rainy Day Funds	20.0				
Special Revenue from sales tax on new and used vehicles	1.5	8.0	15.0	20.0	25.0
Redirect the \$4 M of the diesel tax that goes to GR to Highways (70/30 split)		2.7	2.7	2.7	2.7
Eliminate the State Central Services Deduction from 1/2 cent sales tax	5.4	5.4	5.4	5.4	5.4
Sub-Total 2016 Special Session	46.9	16.1	23.1	28.1	33.1
Potential in Future Years					
Allocate up to 25% of future GIF to Highways (Estimate based on 10 year avg)		48.0	48.0	48.0	48.0
Total 2016 Special Session and Future Years Potential	46.9	64.1	71.1	76.1	81.1



House Bill 1009 of 2016 – As Passed

	FY17	FY18	FY19	FY20	FY21
	(x \$1 M)				
2016 Session					
Transfer funds from the FY15 Unobligated Surplus	20.0				
* Provide Governor's Rainy Day Funds	40.0				
Special Revenue from sales tax on new and used vehicles	1.5	8.0	15.0	20.0	25.0
* Securities Reserve Fund	1.5	20.0	20.0	20.0	20.0
Redirect the \$4 M of the diesel tax that goes to GR to Highways (70/30 split)		2.7	2.7	2.7	2.7
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Panel Discussion: Q & A

QUESTION

EXIT ↙

ANSWER

EXIT ↗



Where Do We Go From Here?

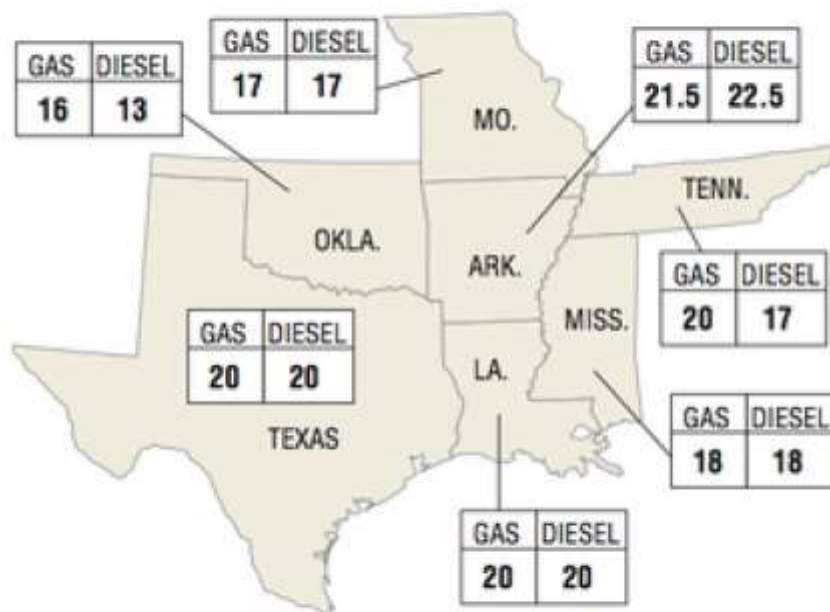




Where Do We Go From Here?

Fuel excise taxes

Highway programs are funded in part with revenue from per-gallon excise taxes on gasoline and diesel. Arkansas and surrounding states also use general revenue on highways. This map shows the gasoline and diesel excise taxes per gallon in Arkansas and surrounding states.



FEDERAL EXCISE TAX

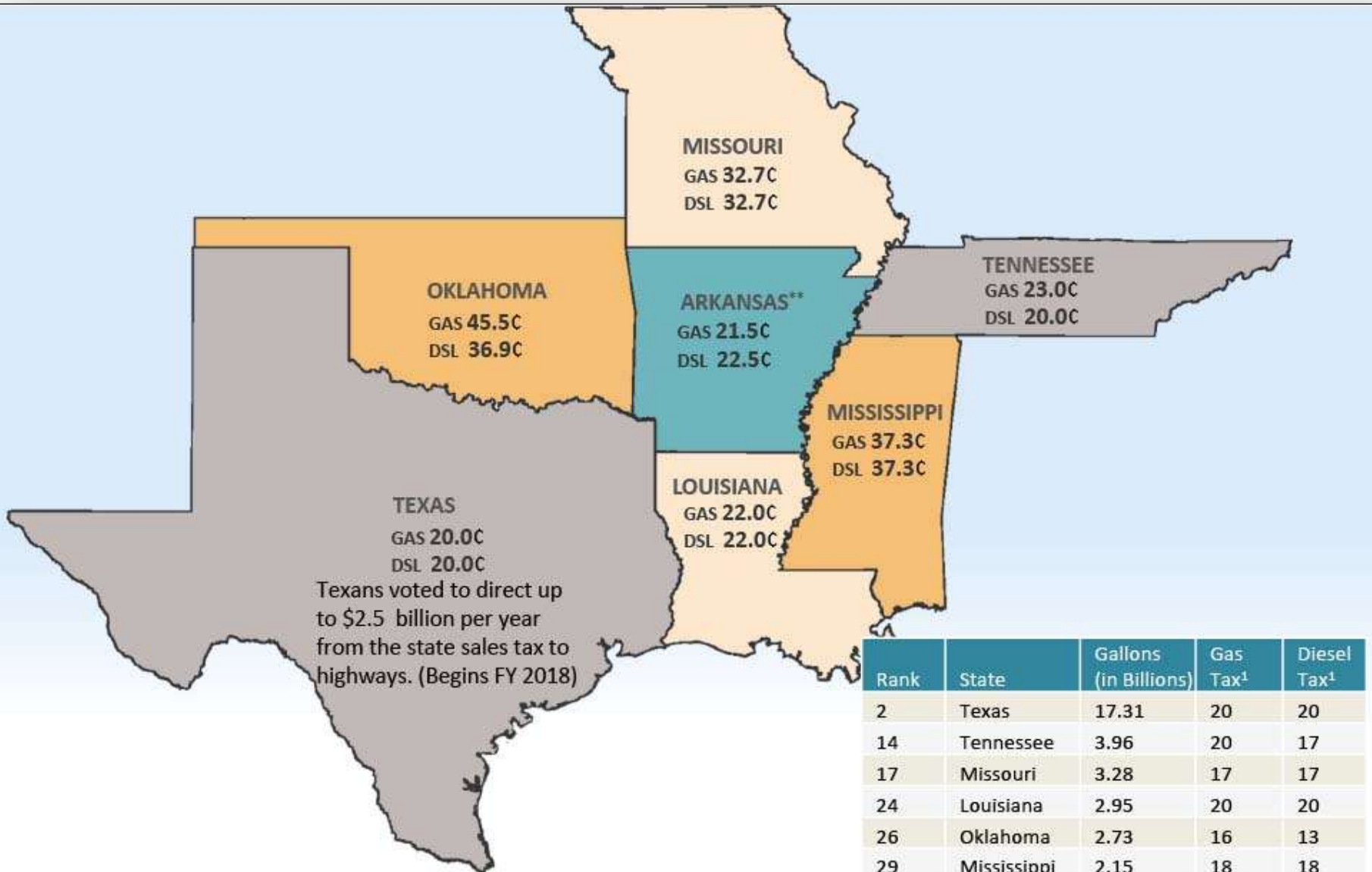
Gasoline: 18.4 cents per gallon
Diesel: 24.4 cents per gallon

NATIONAL AVERAGE EXCISE TAX

Gasoline: 23 cents per gallon
Diesel: 24 cents per gallon

SOURCES: Arkansas Highway and Transportation Department, U.S. Energy Information Administration

Where Do We Go From Here?



Rank	State	Gallons (in Billions)	Gas Tax ¹	Diesel Tax ¹
2	Texas	17.31	20	20
14	Tennessee	3.96	20	17
17	Missouri	3.28	17	17
24	Louisiana	2.95	20	20
26	Oklahoma	2.73	16	13
29	Mississippi	2.15	18	18
31	Arkansas	1.98	21.5	22.5

* Revenue other than motor fuel excise taxes and registration fees.
 ** Does not include Natural Gas Severance Tax or the temporary 1/2 cent sales tax.

¹cents per gallon



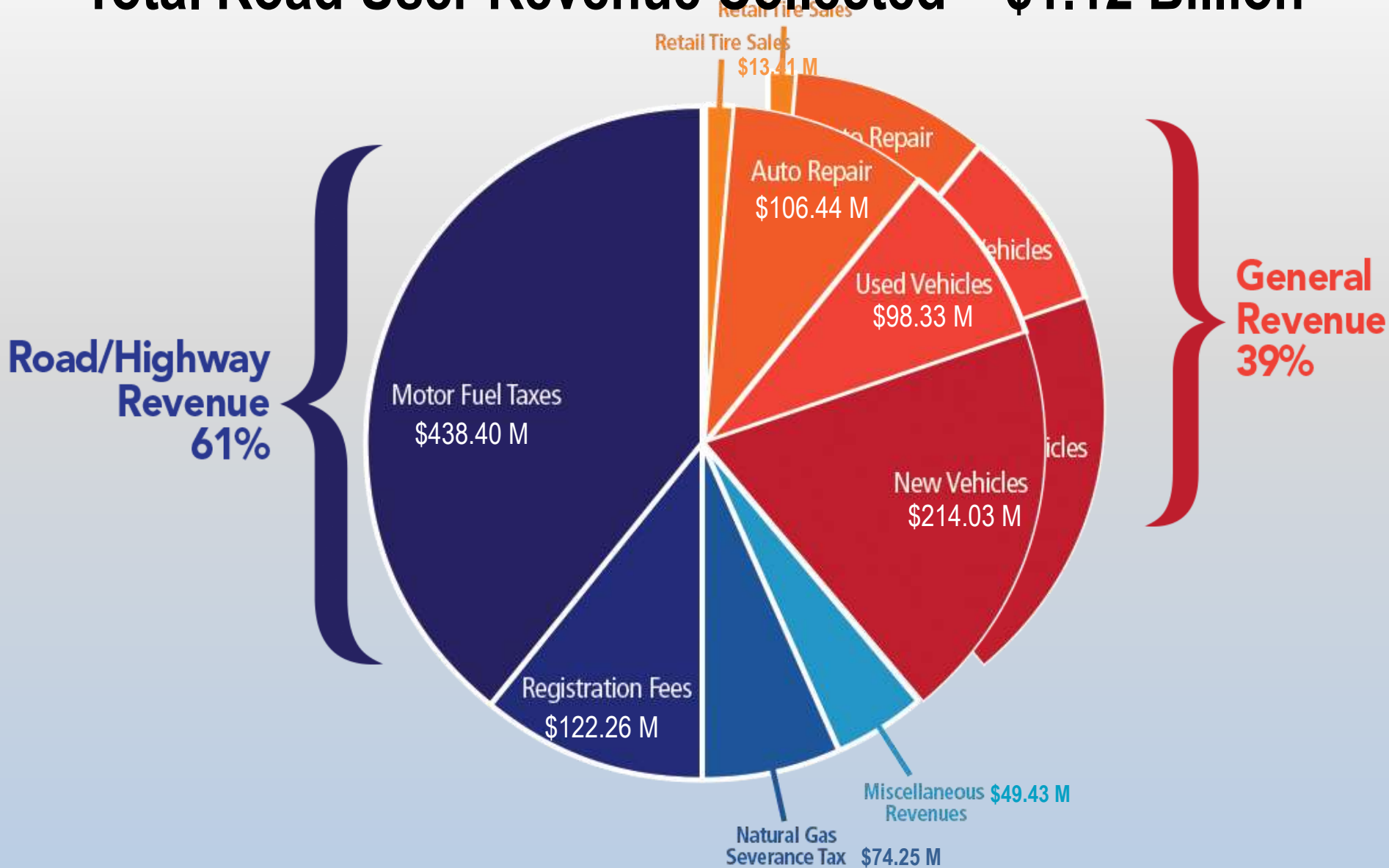
Where Do We Go From Here?

State	Total	General Revenue	Percent	Notes	Effective Tax Rate
Arkansas	\$670M	\$0.354M	0.05%	\$0.354M Miscellaneous Fund	Gasoline: 21.5¢ Diesel: 22.5¢
Louisiana	\$902M	\$76M	8.4%	\$50M Self-Generated \$26M Interagency Transfers	Gasoline: 22.0¢ Diesel: 22.0¢
Mississippi	\$596M	\$305M	51.2%	\$153M Interlock Proceeds \$ 80M Other Receipts \$ 67M Truck & Bus Tax \$ 4M Contractor's Tax \$ 1M Lubricating Oil Tax	Gasoline: 37.3¢ Diesel: 37.3¢
Missouri	\$1,215M	\$453M	37.3%	\$314M Motor Vehicle Sale Tax \$125M Cost Reimbursements \$ 14M General Revenue	Gasoline: 32.7¢ Diesel: 32.7¢
Oklahoma	\$615M	\$399M	64.8%	\$357M Income Tax \$ 42M Transfers	Gasoline: 45.5¢ Diesel: 36.9¢
Tennessee	\$800M	\$79M	10.0%	\$63M Sales and Use Tax \$ 8M Gross Receipts \$ 8M Beer Tax	Gasoline: 23.0¢ Diesel: 20.0¢



2015 Road User Related Tax Revenue

Total Road User Revenue Collected = \$1.12 Billion

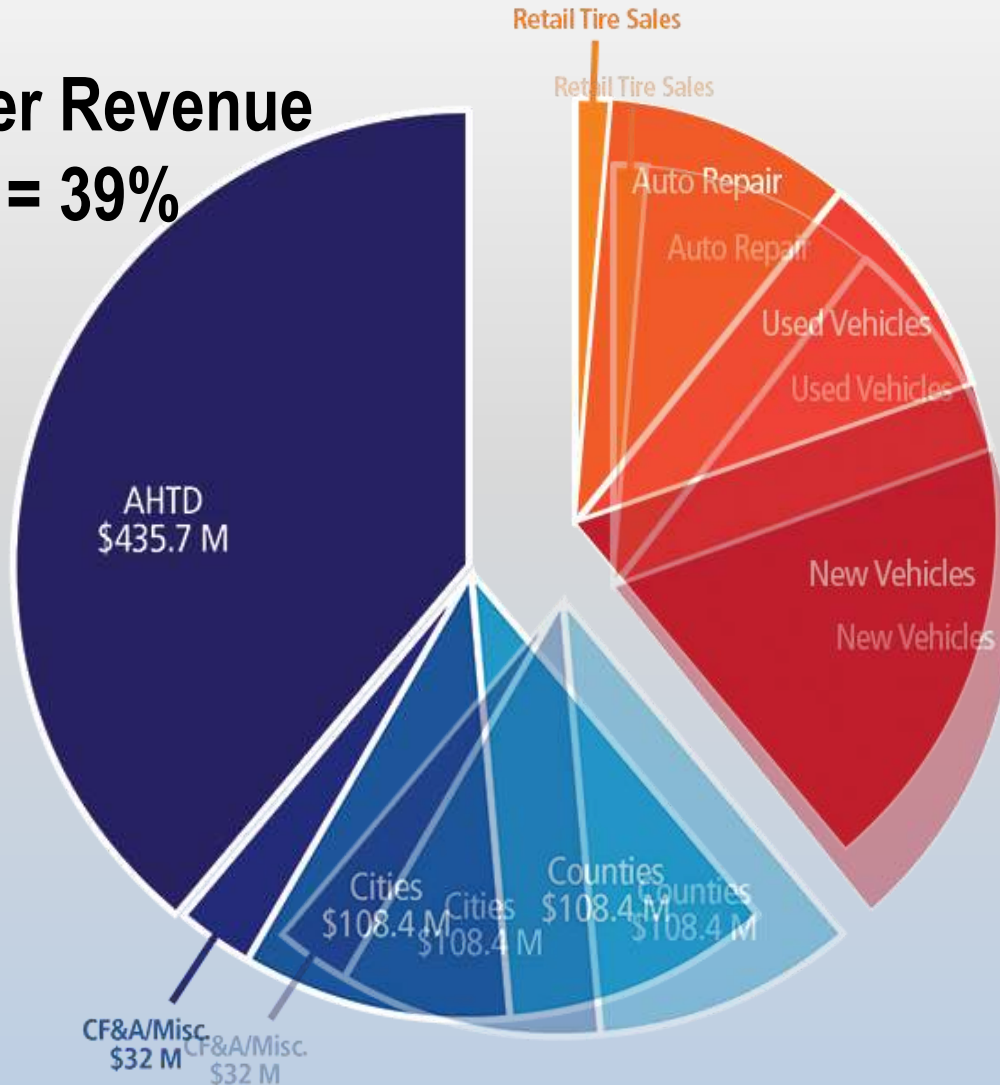




2015 Road User Related Tax Revenue

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**AHTD Road User Revenue
= \$435.7 M = 39%**





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QUESTION



ANSWER



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