



Chapter 4 – ARDOT Assoc. of Retired Employees

Wednesday, October 17, 2018



Statewide Programs



Completed

45 Projects
290 Miles
\$997 Million

Under Construction

6 Projects
33 Miles
\$264 Million

Scheduled

28 Projects
171 Miles
\$261 Million



Connecting Arkansas Program

Completed

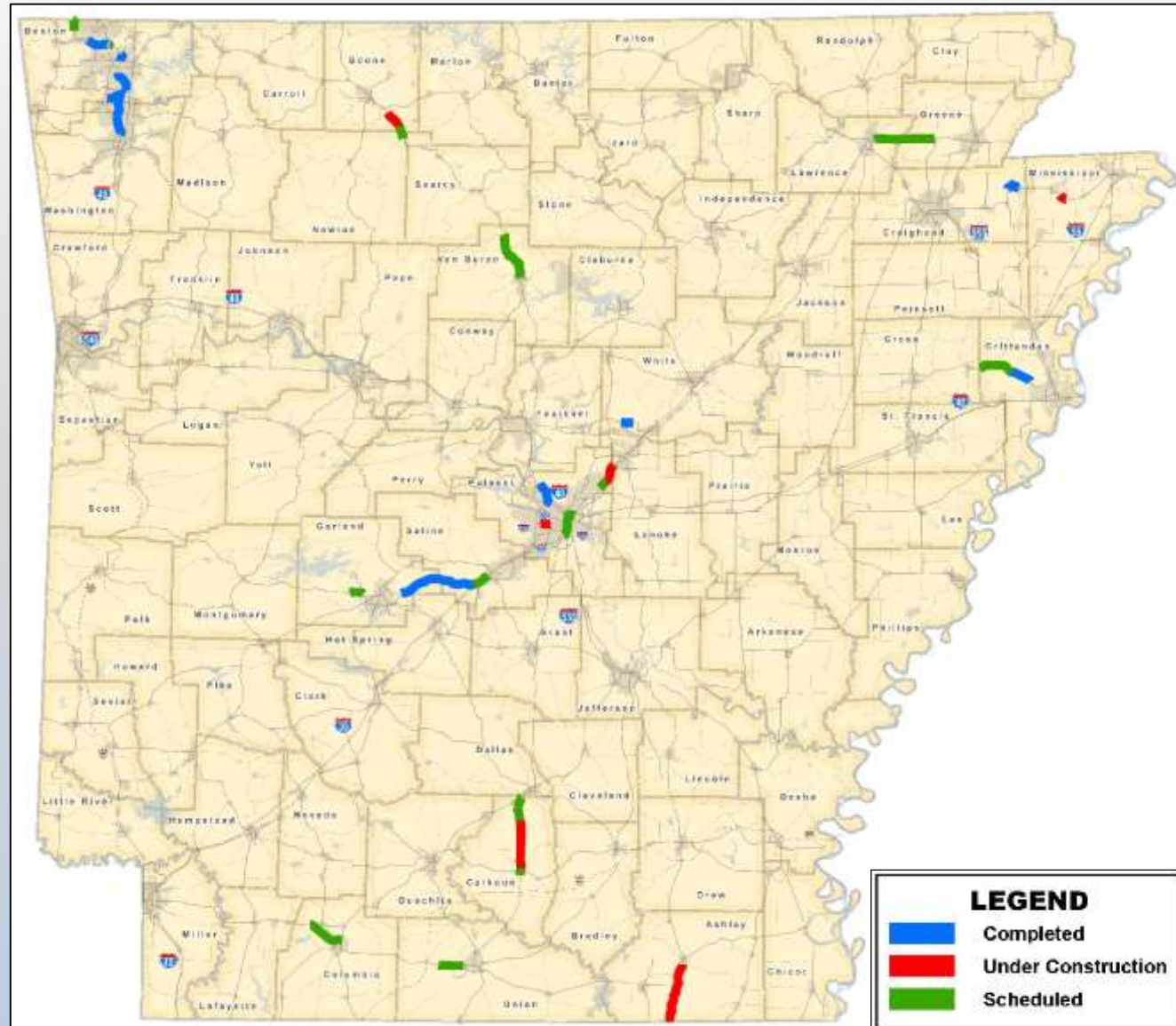
11 Projects
61 Miles
\$432 Million

Under Construction

8 Projects
40 Miles
\$347 Million

Scheduled

17 Projects
85 Miles
\$1.23 Billion

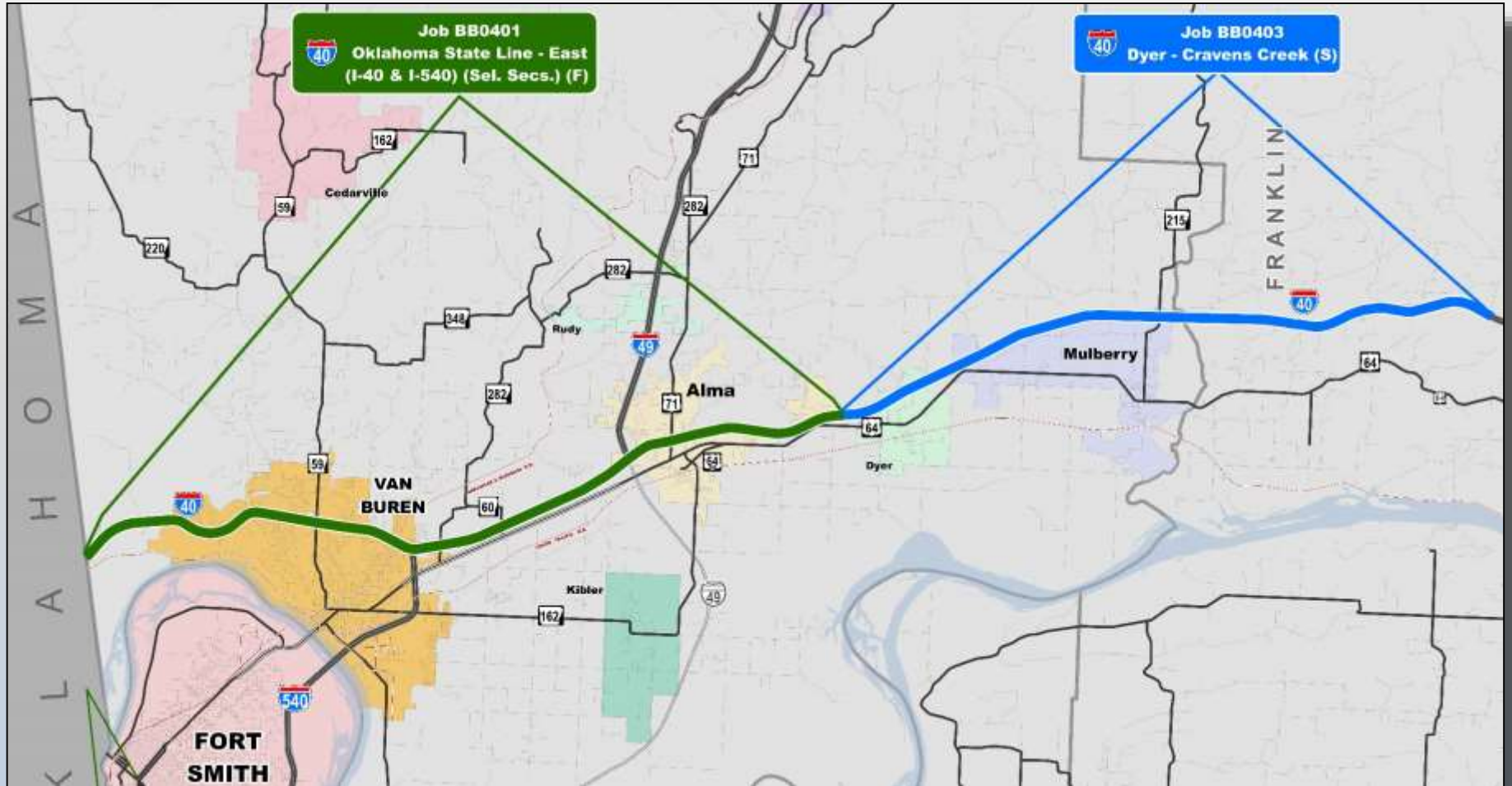




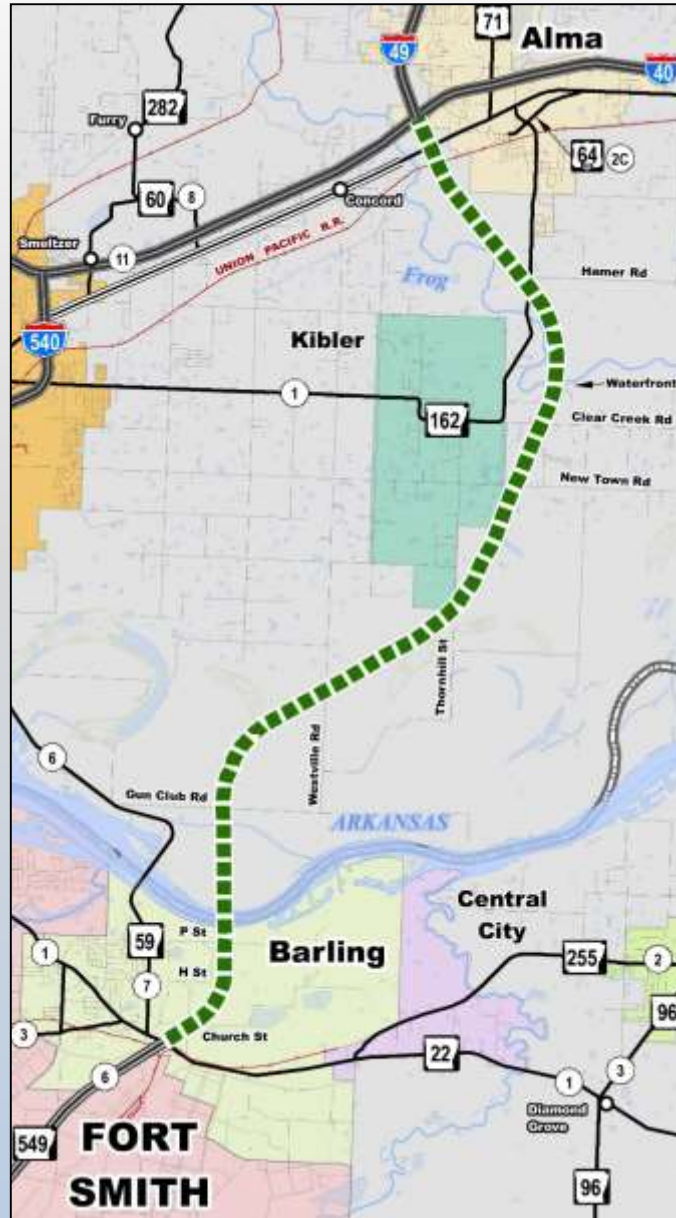
Local Projects



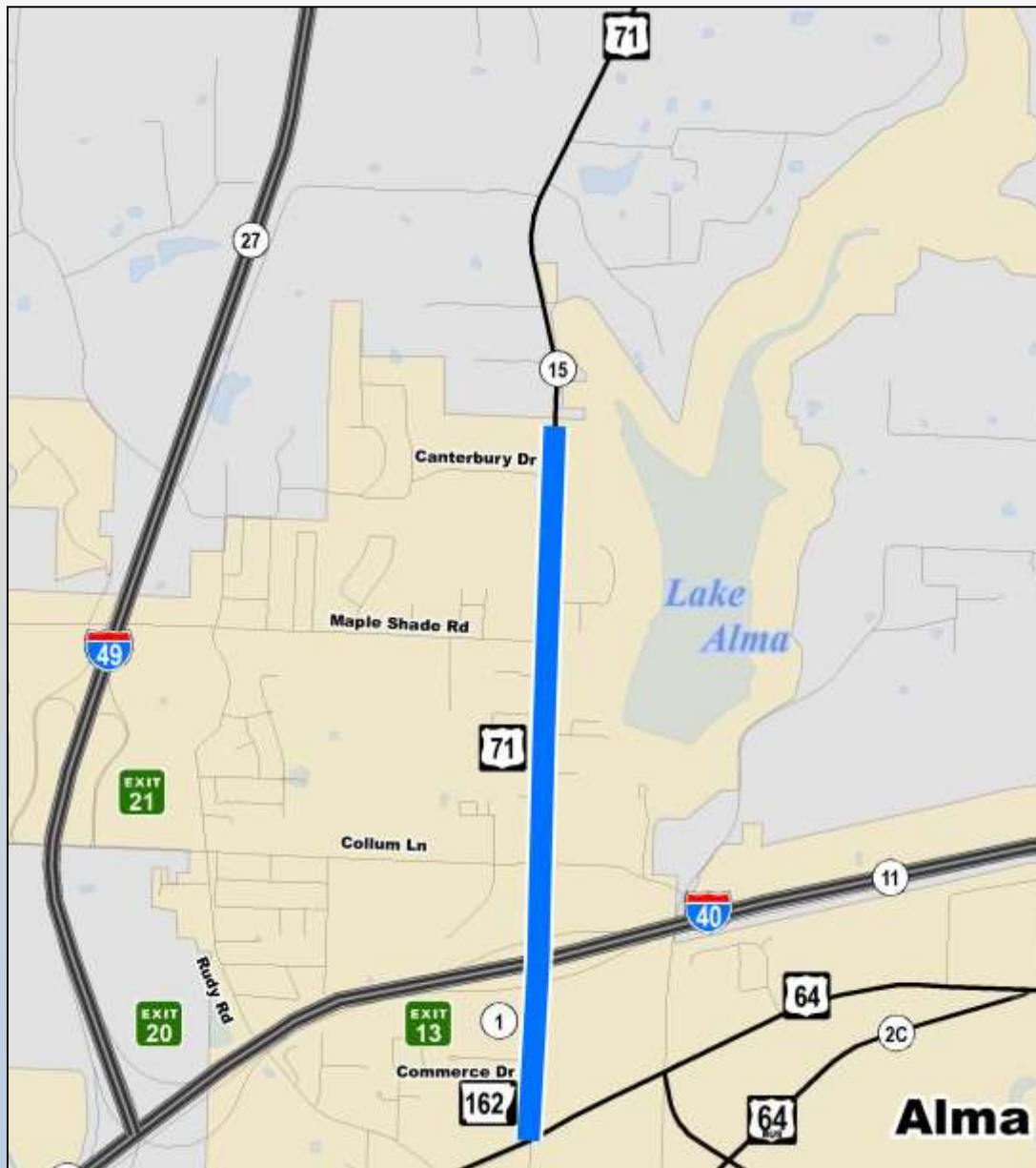
Interstate 40



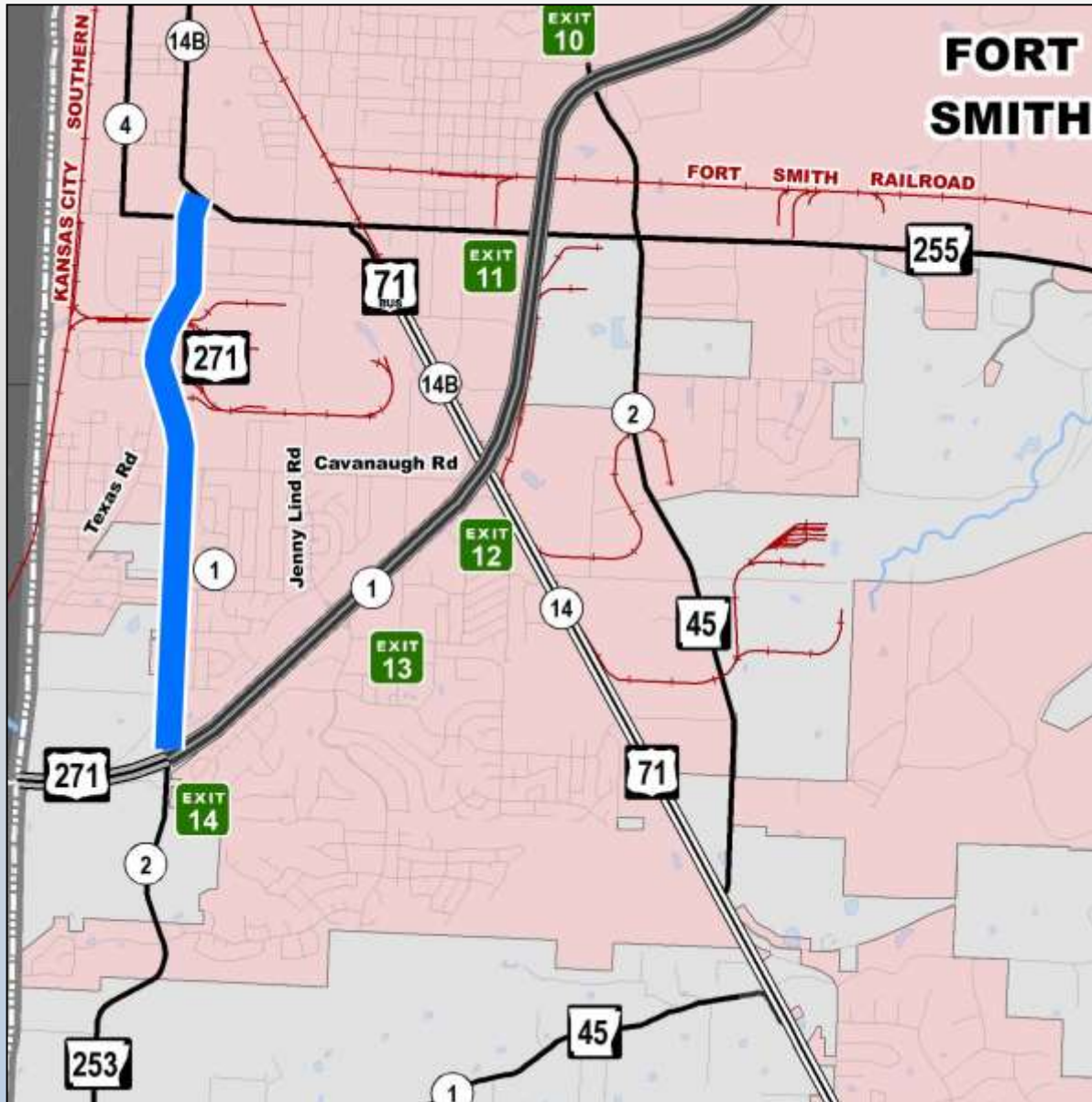
Future Interstate 49



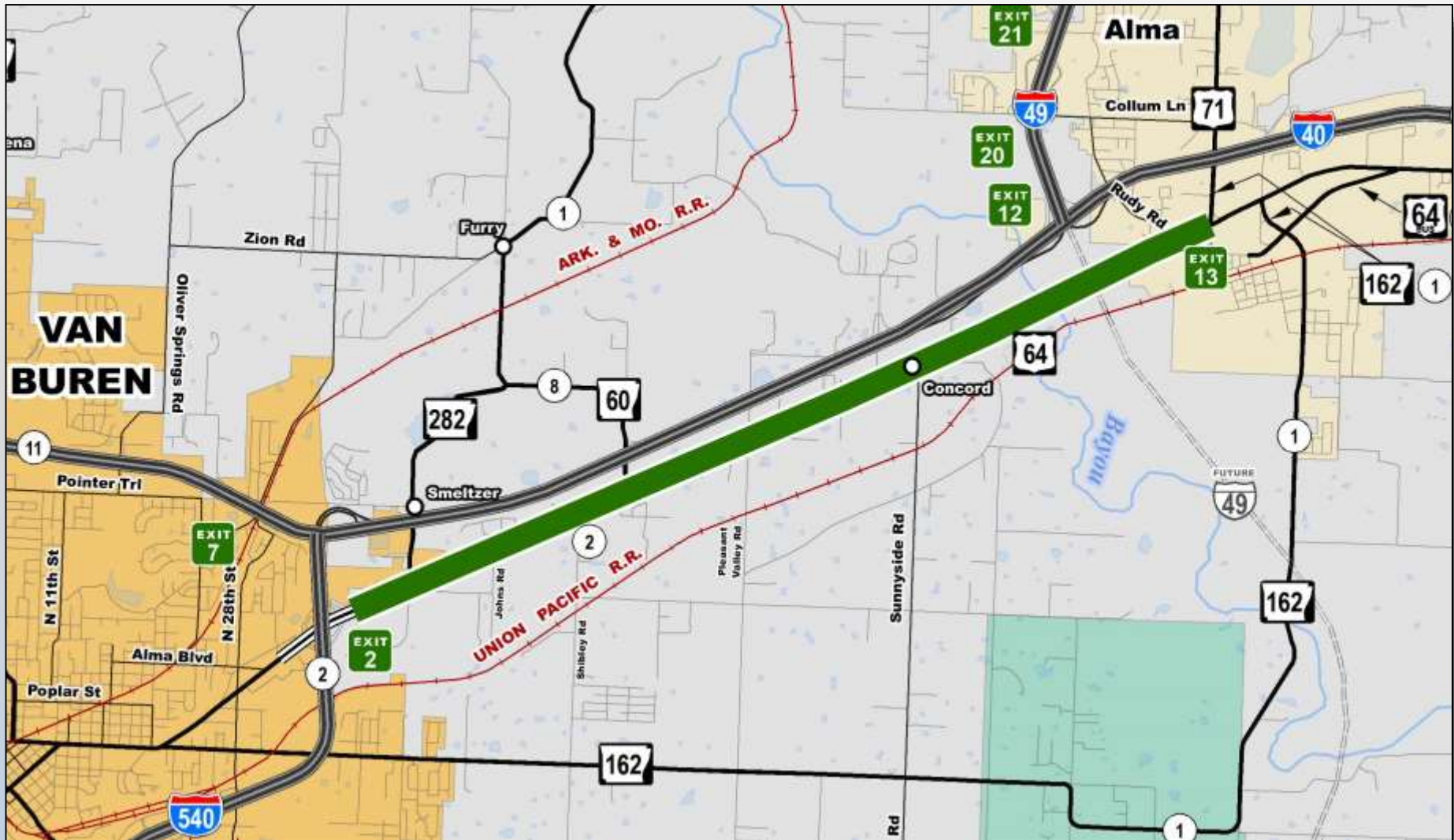
U.S. Highway 71



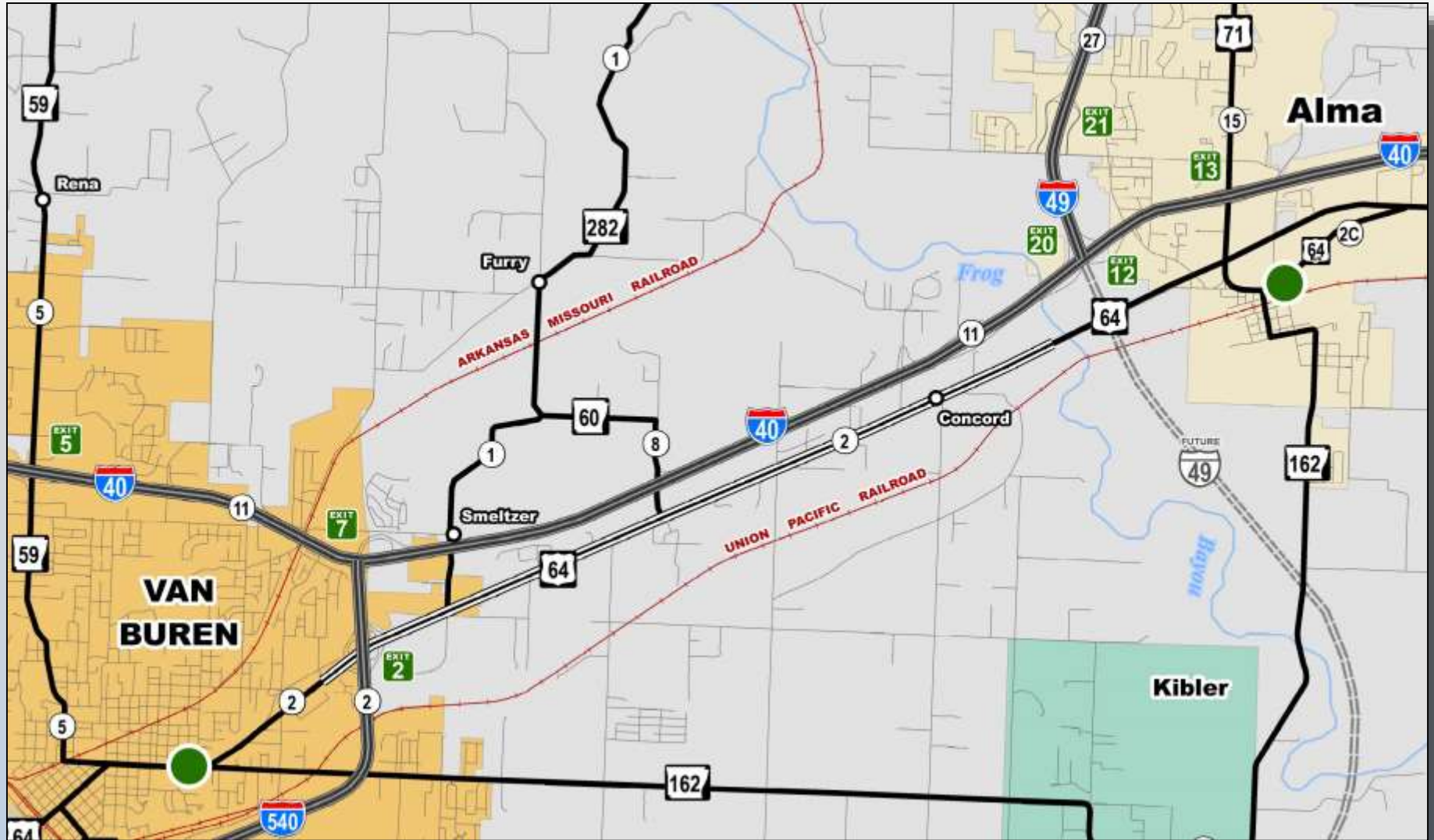
U.S. Highway 271



U.S. Highway 64



U.S. Highway 64



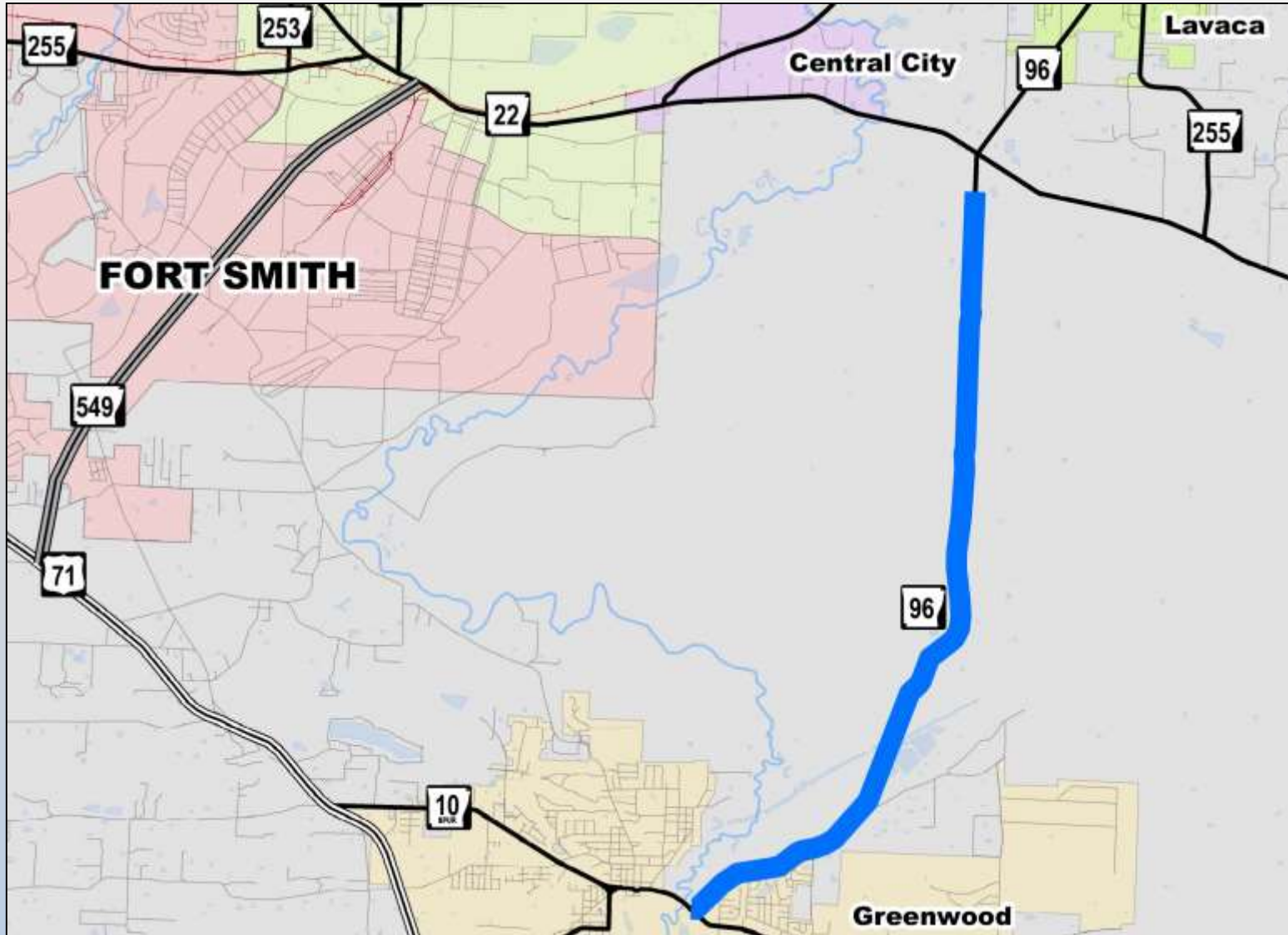
U.S. Highway 71



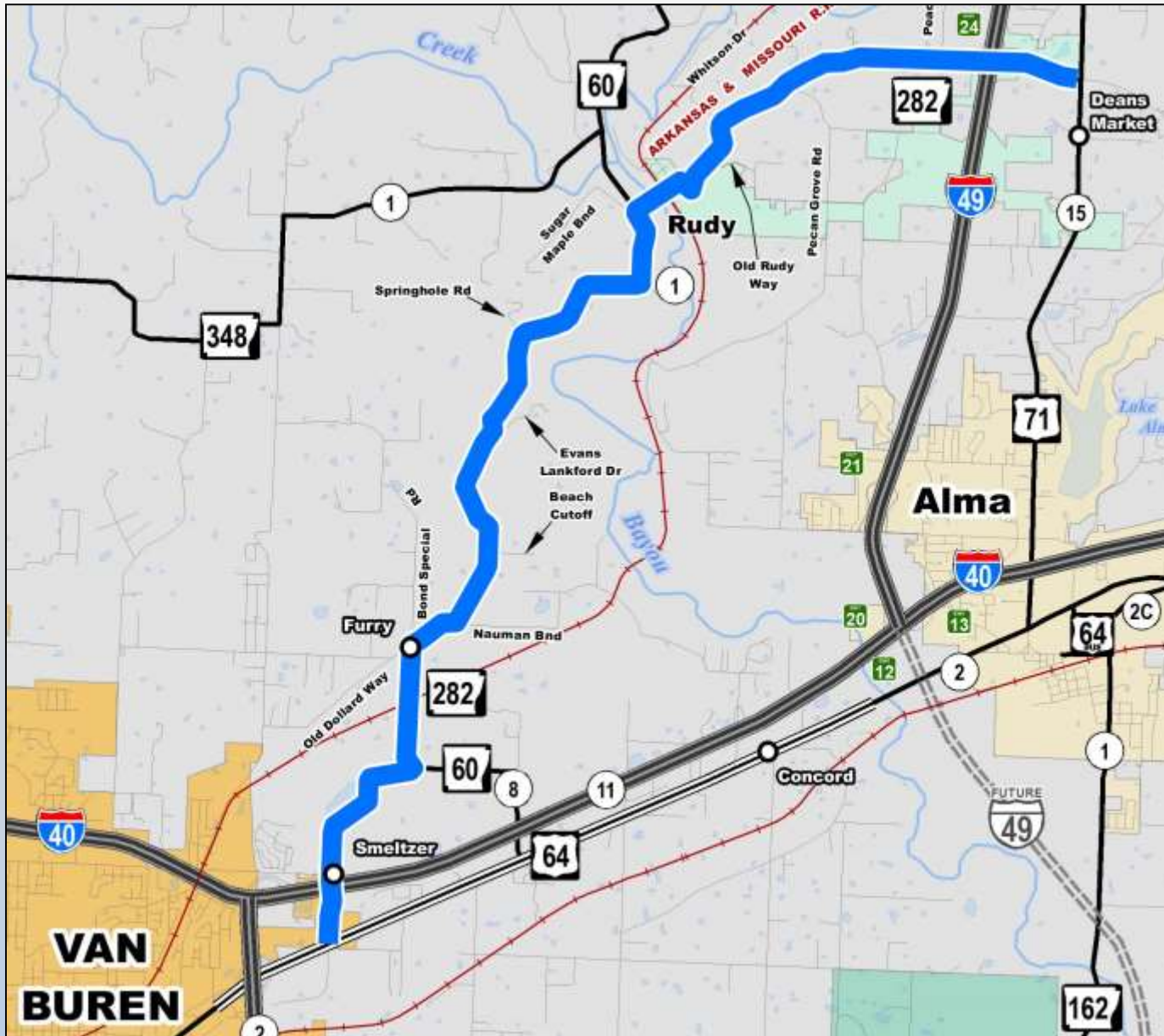
U.S. Highway 71B



State Highway 96



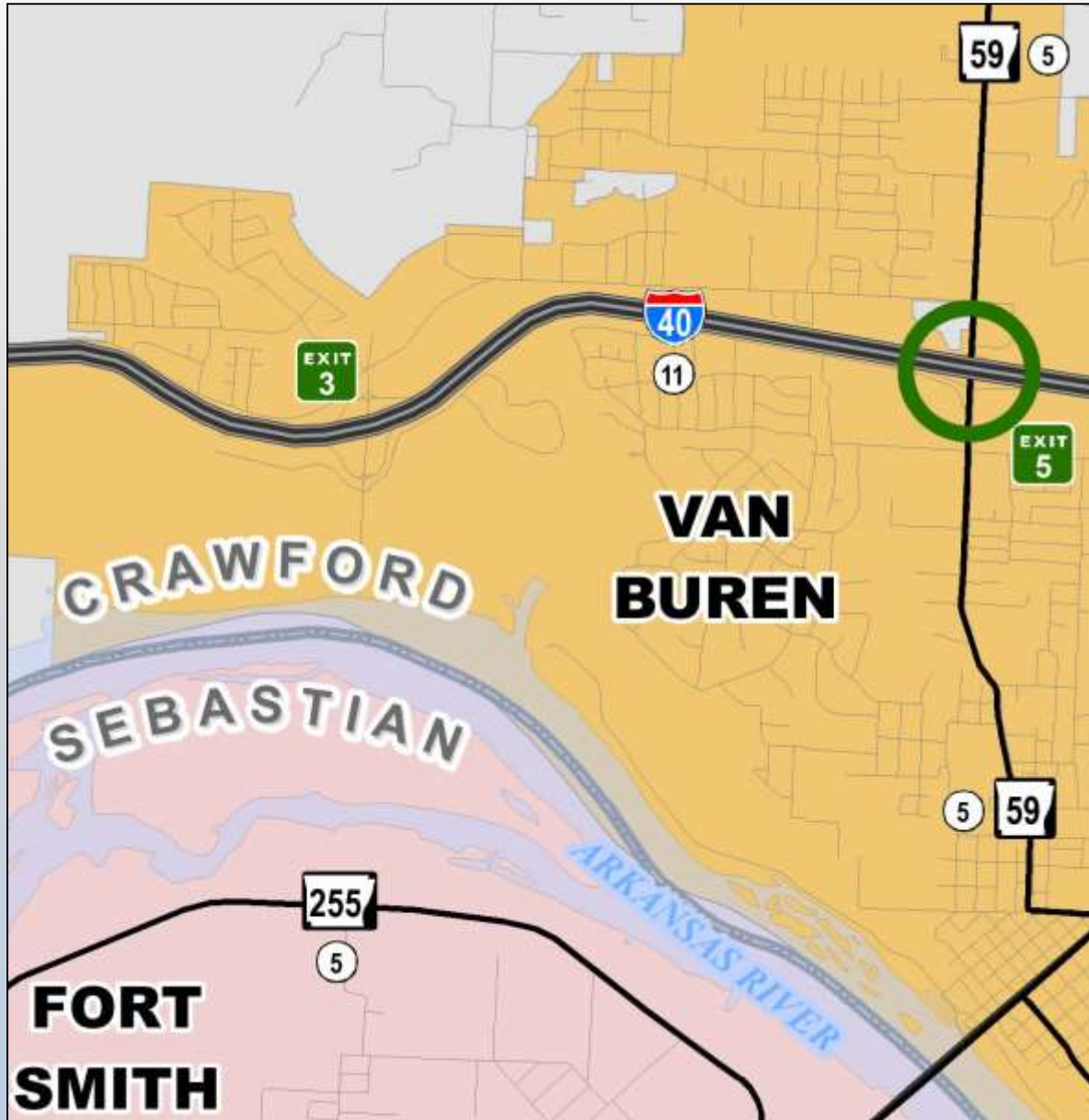
State Highway 282



State Highway 45



State Highway 45



State Highway 255



State Highway 255



State Highway 255



Legend

- Widen & Relocate
- Designate as Highway 255
- Overlay & Drop from Highway System

State Highway 22



State Highway 59



State Highway 59





Funding Challenges

Federal Highway Funding Issues

We Are Now in Federal Fiscal Year 2019

Congress Did Not Agree On A Spending Bill

**Congress Did Agree on A Continuing Resolution
Until December 7th**

Provides Funding Until After Mid-Term Elections



Federal vs. State Funding

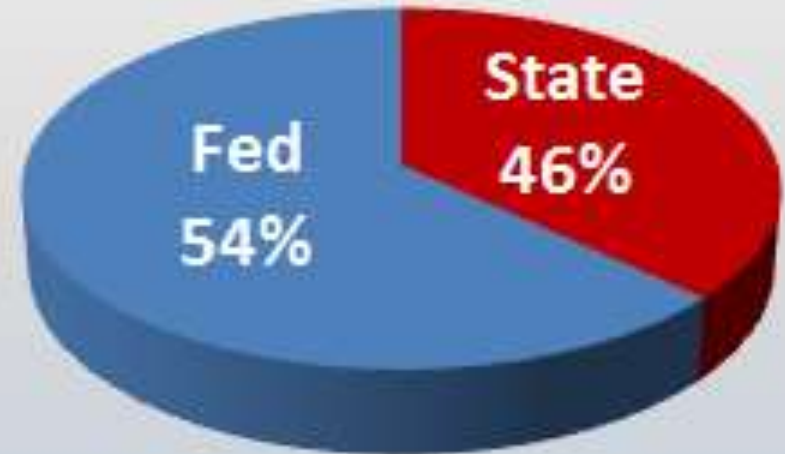
1993

Hwy. Funding Breakdown



2016

Hwy. Funding Breakdown





Current Hwy. Funding Sources

State

Per-Gallon Motor Fuel Taxes

Vehicle Registration Fees

License/Permit/Inspection Fees

Severance Taxes

Temporary Sales Tax Increase



Total Road User Revenue

\$1,076.5 Million

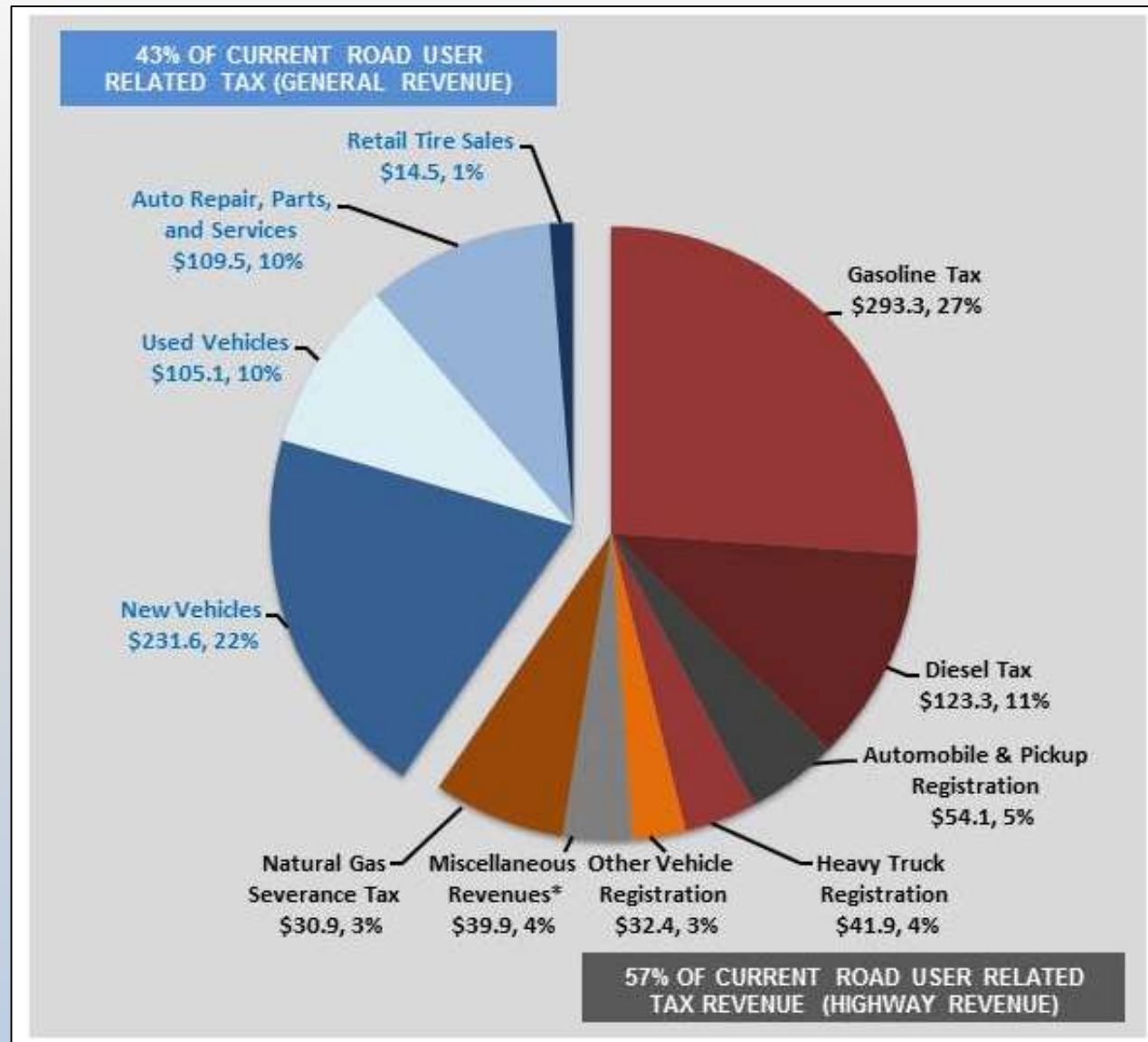
Distribution:

General Revenue

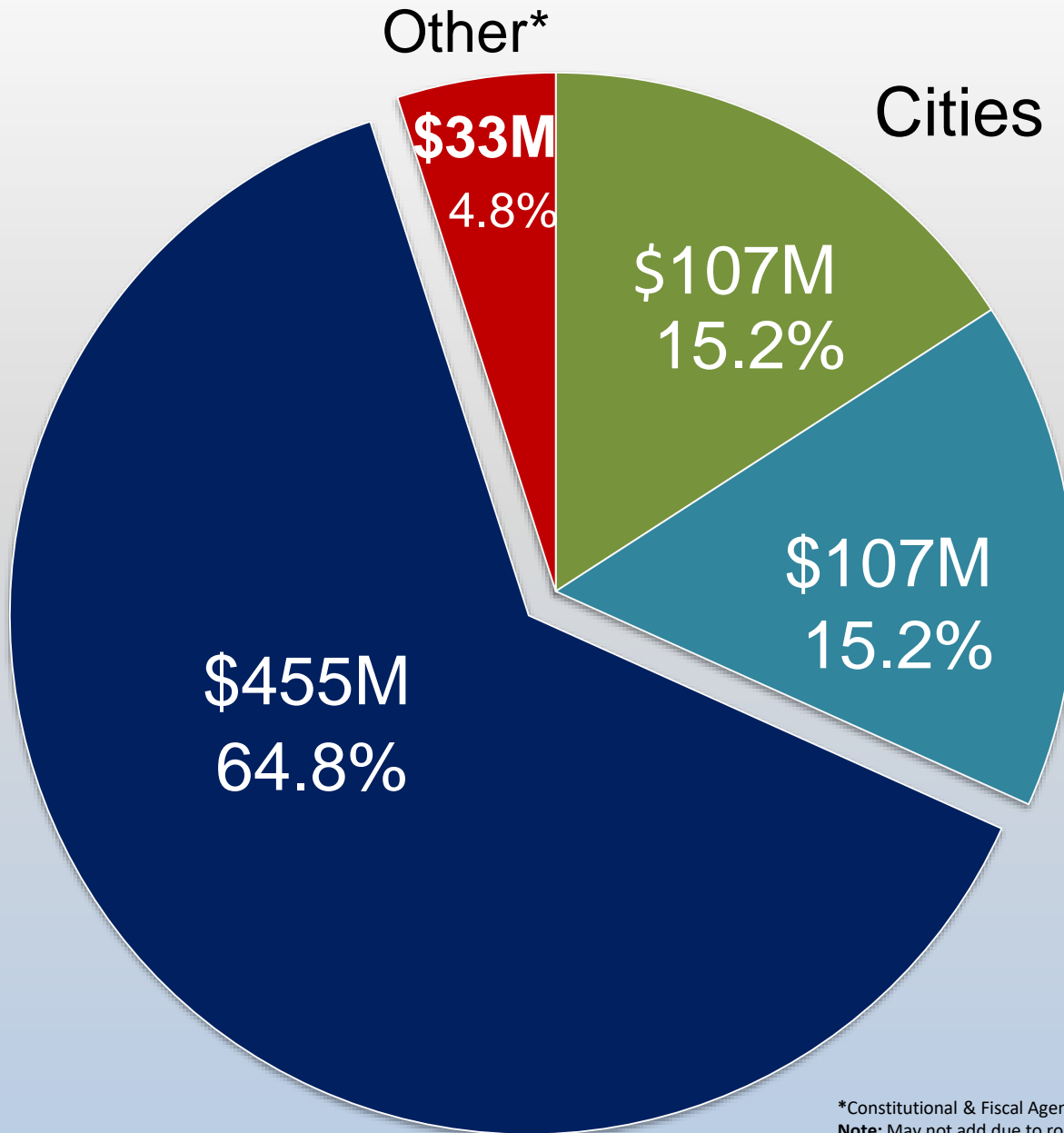
\$460.7 Million (43%)

Highway Revenue

\$615.9 Million (57%)



Average Annual Highway User Revenue Distribution



Counties

Cities

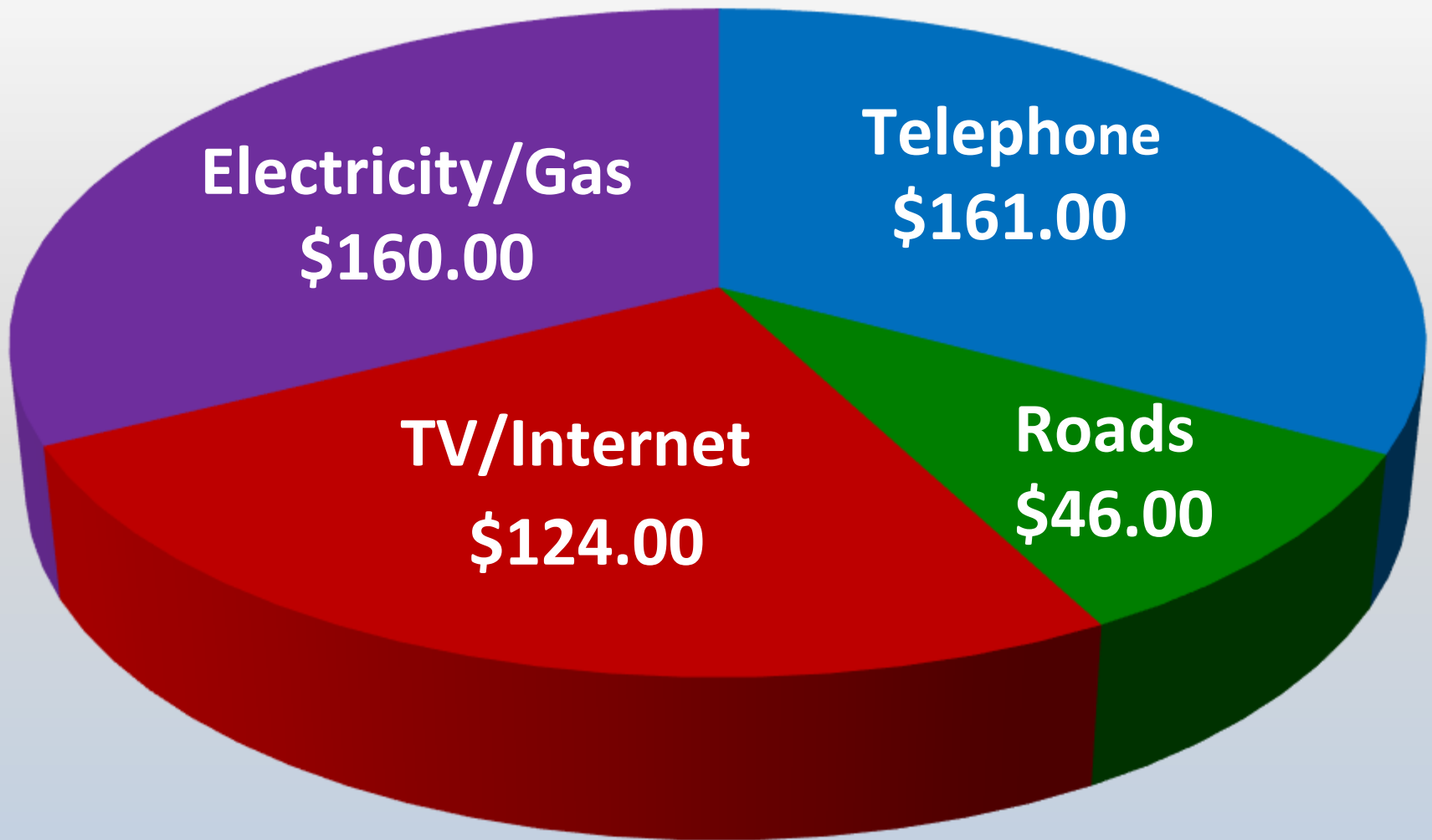
Other*



*Constitutional & Fiscal Agencies and Non-Highway Uses.

Note: May not add due to rounding

Average Monthly Household Expenditures



Challenges

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

➤ **42nd** in highway revenue per mile.

➤ **\$9.2 billion** in needs

➤ **\$4.4 billion** in available revenue



Exhibit III

Arkansas Department of Transportation (ARDOT) Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

Description	Annual Funds Needed for Highway Construction Plan	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
System Preservation			
Pavement	\$ 387,000,000	\$ 137,000,000	\$ 250,000,000
Bridges	117,000,000	90,000,000	27,000,000
Total System Preservation	504,000,000	227,000,000	277,000,000
Capacity Relief	305,000,000	157,000,000	148,000,000
Safety Improvements	86,000,000	44,000,000	42,000,000
Maintenance			
Equipment upgrades	19,000,000	19,000,000	
Facilities upgrades	8,000,000		8,000,000
Intelligent Transportation System (ITS)	3,000,000		3,000,000
Total Maintenance	30,000,000	19,000,000	11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

Note: Amounts shown are rounded.

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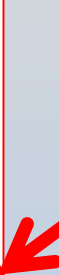
**Does Not Include
Capital Improvement
Projects**

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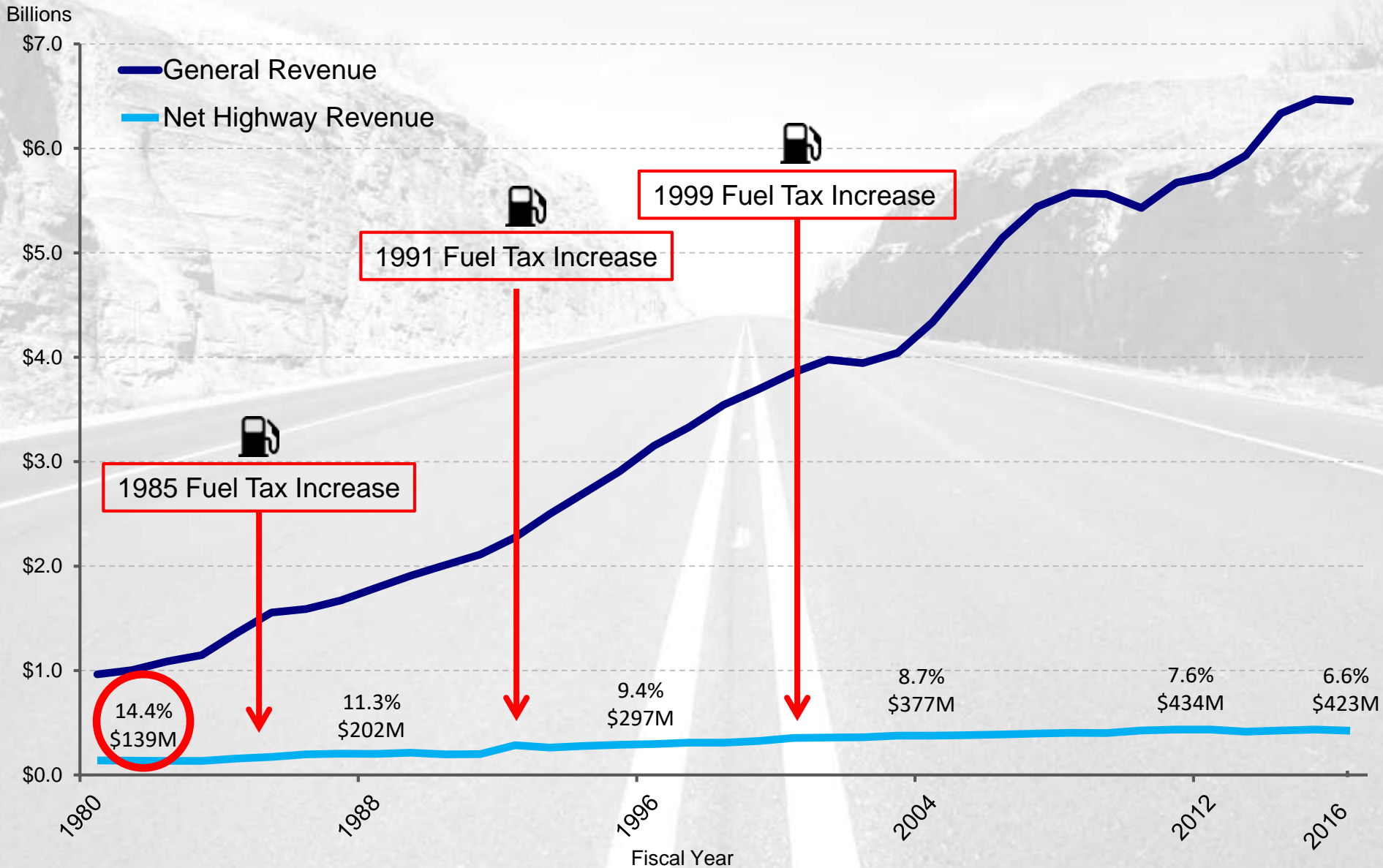
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\$ 478,000,000



Note: Amounts shown are rounded.

Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

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



THEN

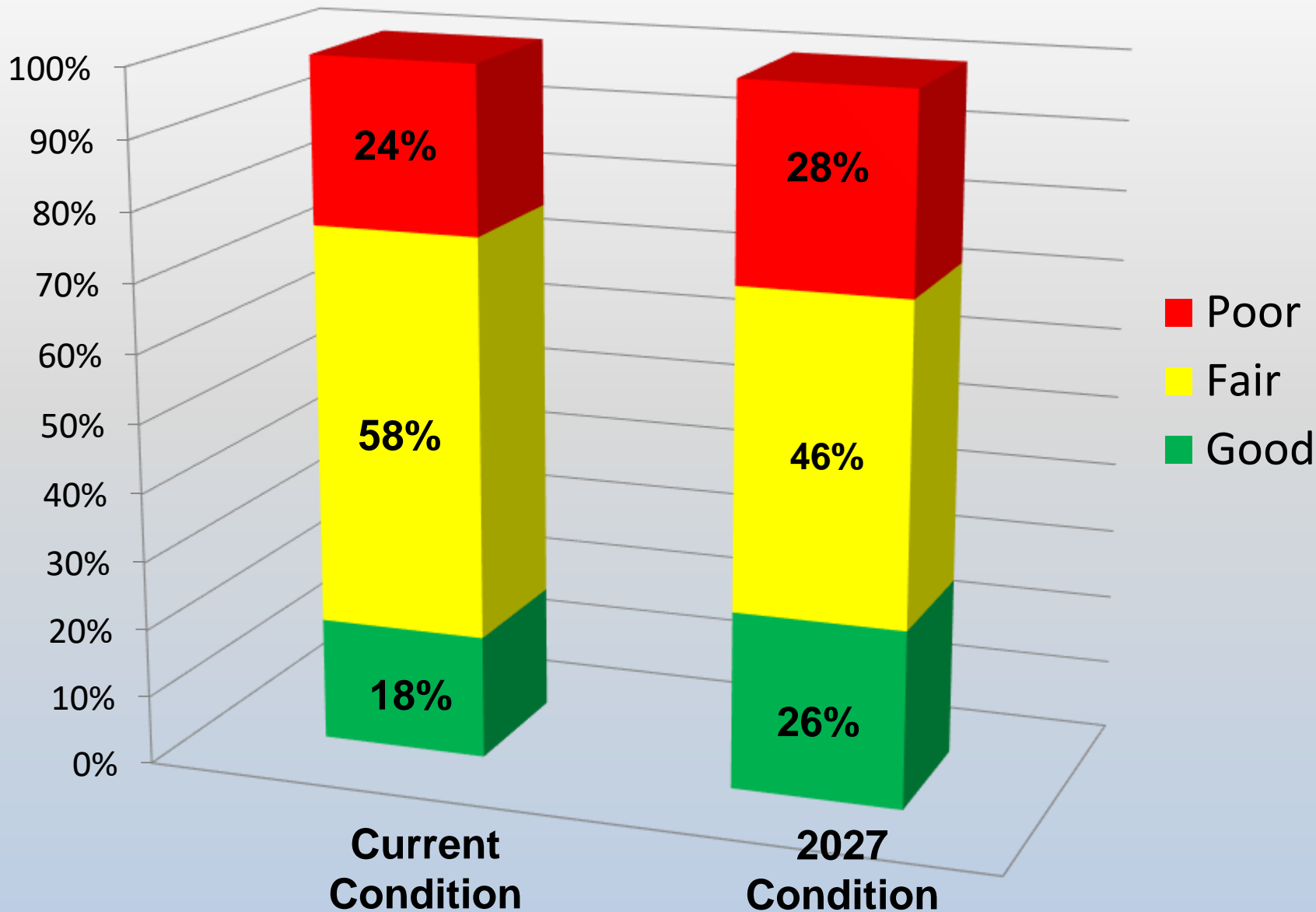
23 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

As of 2017, using the
same resources, only
54 miles of Highway
could be overlaid.



All State Highways – Including Interstates



Pay a **Little** Now



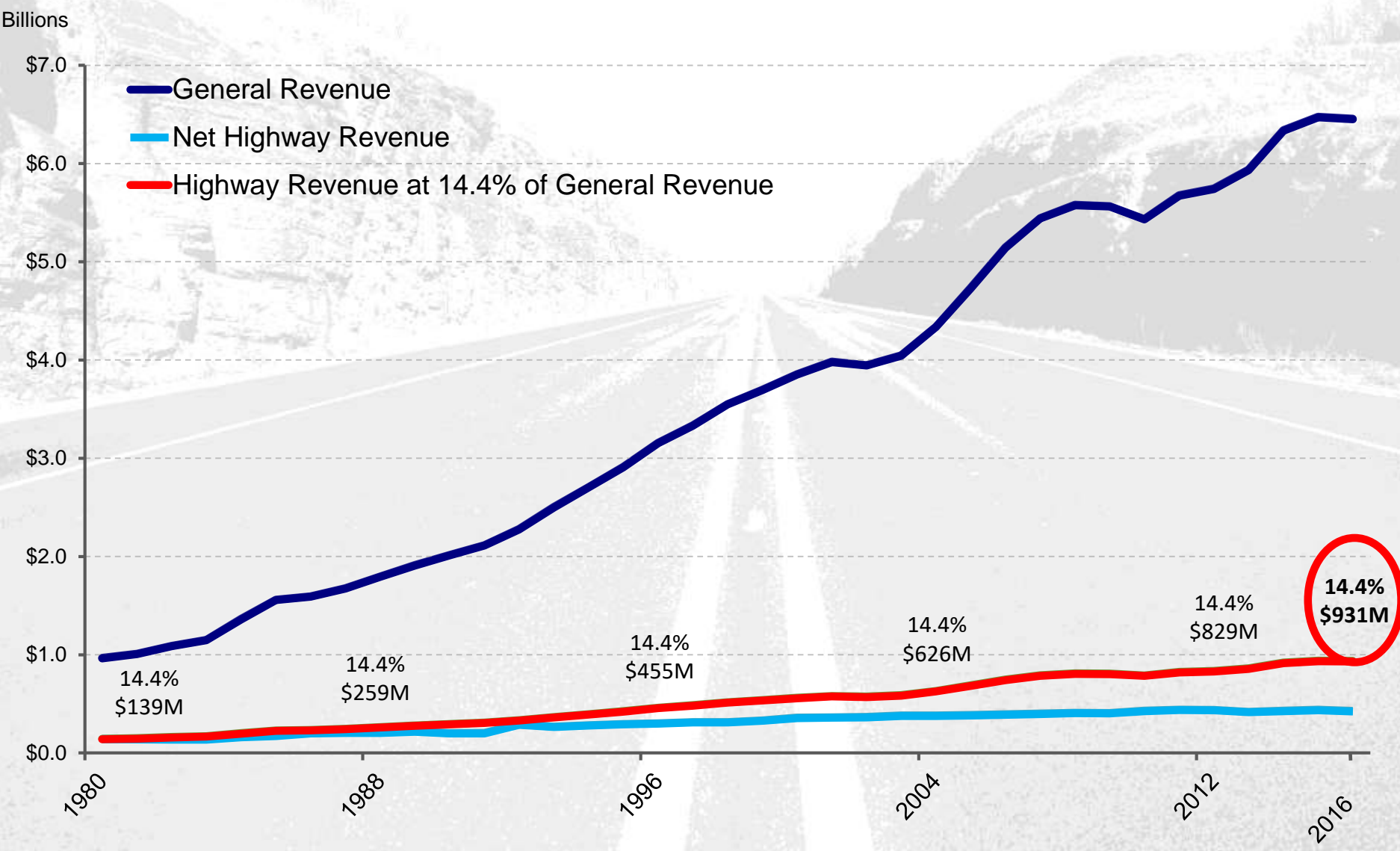
Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile

Highway Revenue at 14.4% of General Revenue

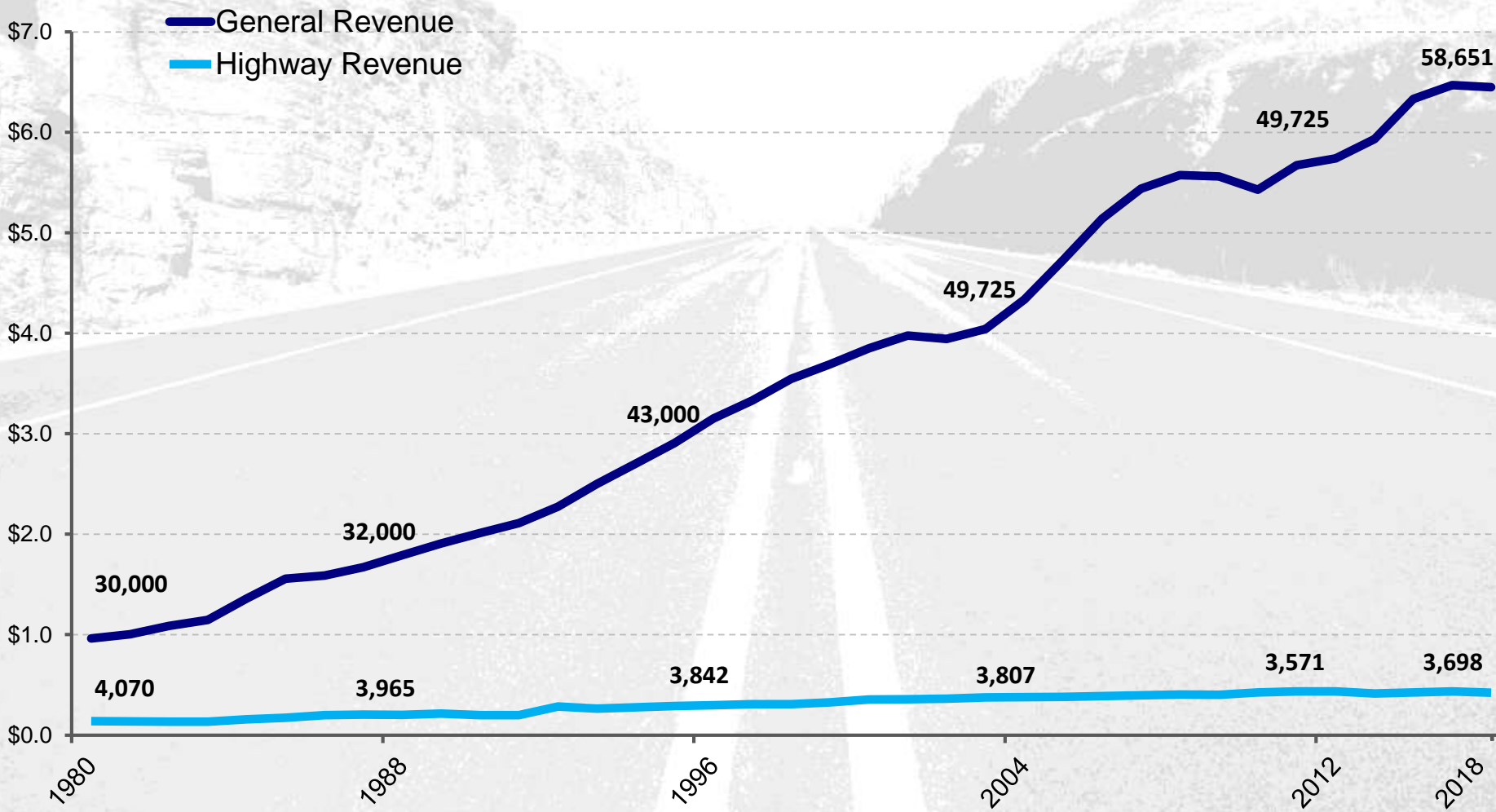


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Highway vs. General Revenue Compared to Employment Levels

Billions



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year



Possible Potential New Program Discussion



A vertical stack of US dollar bills, including \$100 and \$20 bills, is shown on the left side of the slide.

Possible Hwy. Funding Sources

State

Increase Motor Fuel Taxes

Increase Registration Fees

Sales Tax on Motor Fuels

Road User Revenue Transfer

Permanent Sales Tax Increase

Other???



Options for Generating Additional Revenue for Highways

Source	\$400 Million for Highways ⁽¹⁾
Fuel Tax	28.4¢
Sales Tax on Fuel (wholesale)	16.67%
Registration Fee	\$208
General Sales Tax ⁽²⁾	1.16%

¹ Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

² Transfer of 4.5% (“general” portion of statewide sales tax)

Other Considerations

The Shrinking Highway Dollar

Category	1997-2016 Percent Increase
Construction Cost Index	146 %
Overlays – Cost Per Lane Mile	145 %
Bridges Replacement – Cost Per Square Foot of Deck Area	131 %
Widening from 2 to 5 Lanes – Cost Per Mile	139 %

Indexing?

Blue Ribbon Committee Recommendation:

Indexing Current Per-Gallon Tax on Motor Fuels to Arkansas' Highway Construction Cost Index

Governor's Working Group on Highway Funding Recommendation:

Proposal #1 – Going forward, index the motor fuel tax. Limit any increase to 2 cents per gallon.

Proposal #3 – Adjust the existing motor fuel taxes to recoup the amount lost in recent years due to inflation and index to inflation in the future.

Other Considerations

Alternative Fuels

Definition

Methanol, Ethanol and other Alcohols

Blends of Alcohol with Gasoline

Compressed Natural Gas and Liquefied Natural Gas

Liquefied Petroleum Gas (Propane)

Hydrogen

Electricity

Pure Biodiesel

Promotion Versus Parity Issue

Complex

Annual Flat Fee?

Energy-Based Consumption?

Vehicle Miles Traveled ?

Tolls?



Other Considerations

Bond Financing Pros

- Funds immediately available

Bond Financing Cons

- Interest costs erode your buying power

	<u>Total Spent</u>	<u>Principal</u>	<u>Interest</u>
IRP	\$ 762.5 million	\$ 575.0 million	\$ 187.5 million
	Interest as a percentage of total cost		24.60%
	<u>Total Spent</u>	<u>Principal</u>	<u>Interest</u>
CAP	\$ 620.2 million	\$ 468.9 million	\$ 151.3 million
	Interest as a percentage of total cost		24.39%



Your
TRANSPORTATION SYSTEM

Citizens Opinion Survey

CITIZENS OPINION SURVEY ON HIGHWAYS IN ARKANSAS

MAIL OR EMAIL RESPONSES TO:
 ARDOT
 Public Information
 P.O. Box 2261
 Little Rock, AR 72203
info@ardot.ar.gov

Are you satisfied with the condition of the existing state highway system?

Yes No

What highways in your area need improvements, and what type of improvements do they need?

Priority 1: _____
 Priority 2: _____
 Priority 3: _____
 Priority 4: _____

If you want better highway conditions, the Arkansas State Highway and Transportation Department will need additional funds. Would you support a new highway program that would generate additional revenue?

Yes No

Which of the following sources do you recommend be utilized in obtaining additional funds (check all that apply):

- Increase in gas tax
- Increase in diesel tax
- Increase in sales tax (dedicated to highways)
- Increase in registration fees
- Add sales tax on wholesale price of motor fuels
- Transfer existing sales and use tax on motor vehicles and related parts and service (currently collected but not paid to highways)
- Other: _____

Would you be willing to sign a petition to put a highway revenue proposal on the 2018 general election ballot?

Yes No

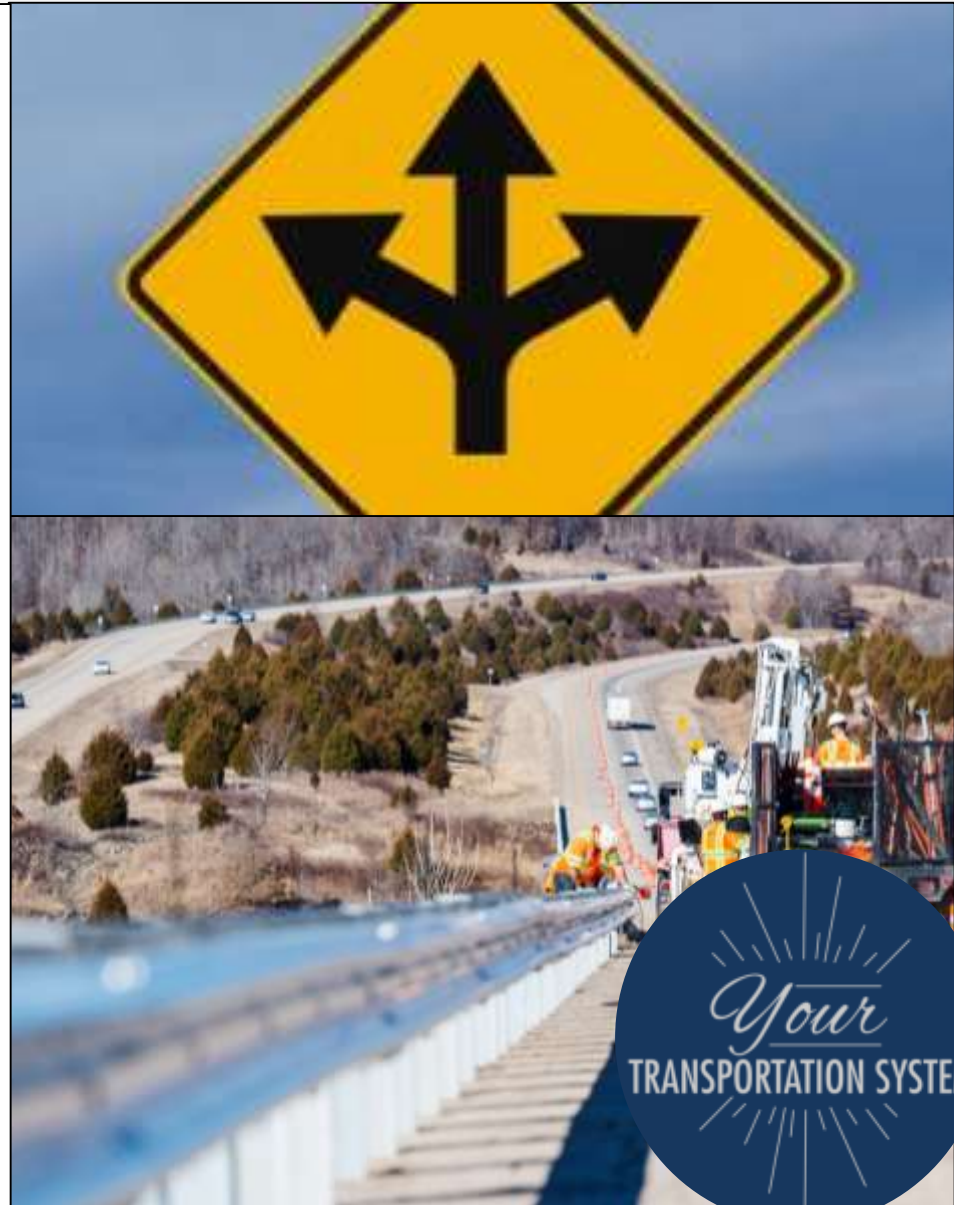
How did you hear about this survey?

- Presentation
- Social Media
- Other: _____
- TV/Radio/Print
- Family or Friend
- Website/Search Engine

Optional:

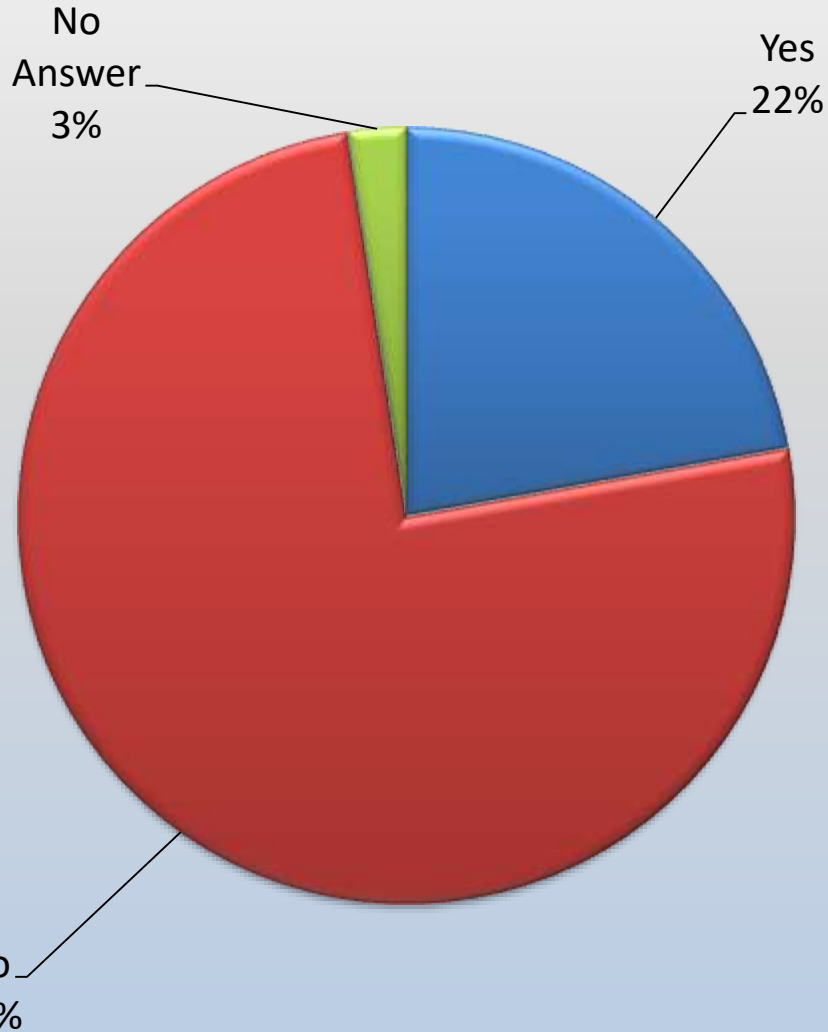
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

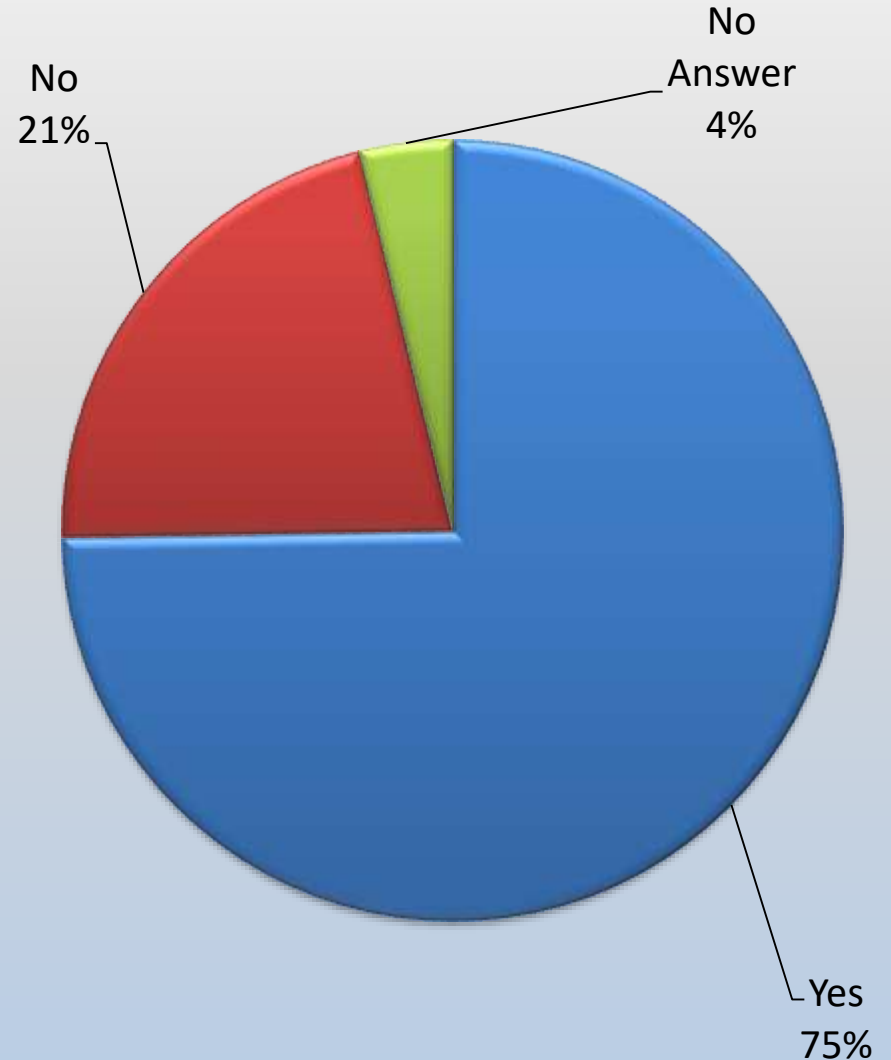


Survey Results

Are you satisfied with the condition of the existing highway system?

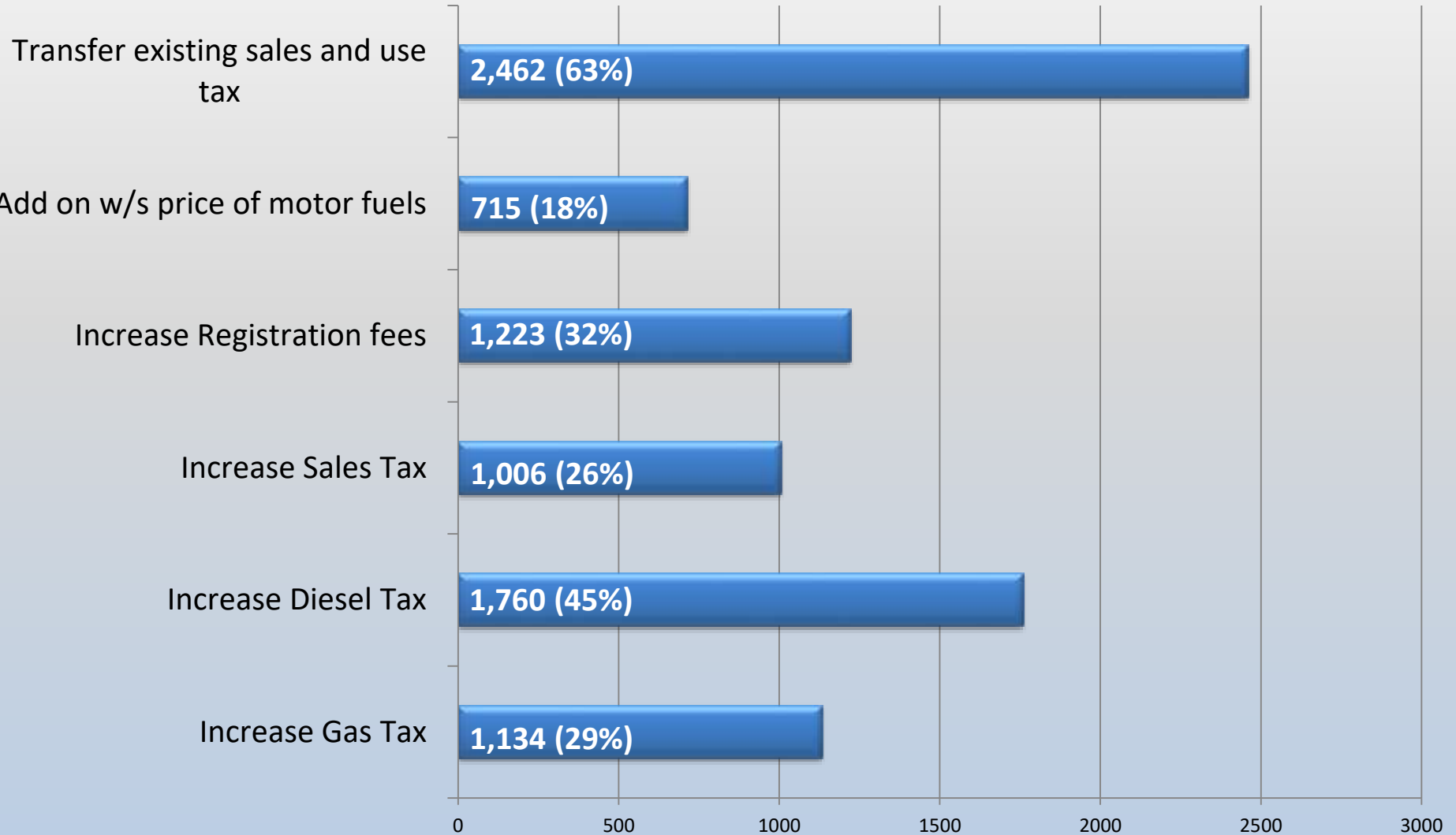


Would you support a new highway program that would generate additional revenue?



Survey Results

Which of the following sources do you recommend be utilized in obtaining additional funds?





Questions?

Arkansas Department of Transportation

- ARDOT.gov
- ConnectingArkansasProgram.com
- Vimeo.com/myARDOT
- IDriveArkansas.com
- Twitter.com @myARDOT



@myARDOT



AR DOT

ARKANSAS DEPARTMENT
OF TRANSPORTATION

