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Arkansas Highway Commissioner



El Dorado Kiwanis Club
Wednesday, April 17, 2019

Economic Growth



and Transportation

Highway Investment



How do highway investments in the state highway system translate into improvements in economic productivity?

An efficient transportation system allows companies to lower transportation costs, which lowers production costs and enhances productivity and profits.

A good highway system promotes tourism and other methods of stimulating the local economy.

Budget

Where to spend
money on a tight
budget?





Funding Challenges

Challenges

- **12th** largest system in the country
 - **41st** in highway revenue per mile.
-

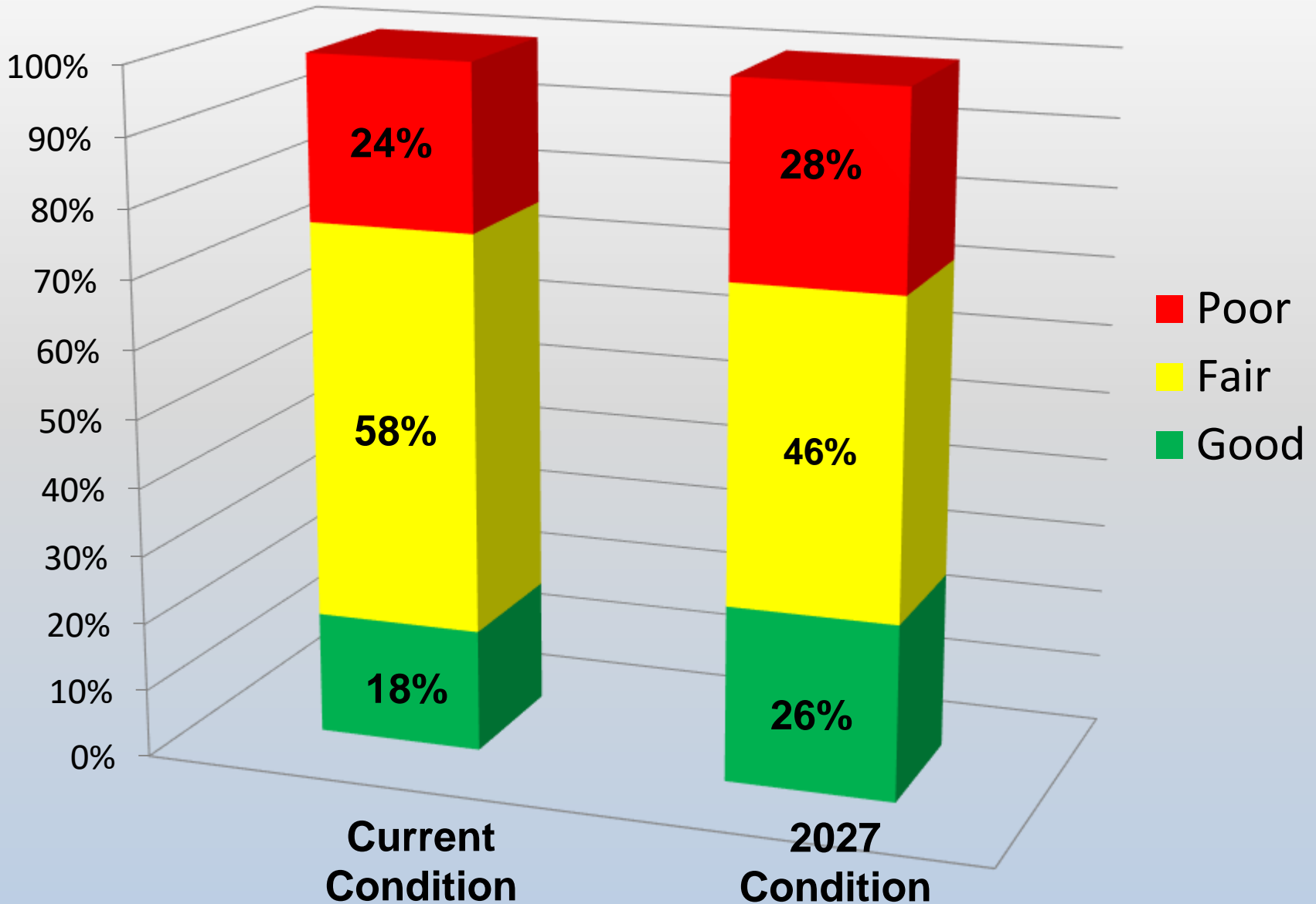
- **\$9.3 billion** in needs
- **\$4.5 billion** in available revenue

“This is a problem that we can’t leave for our children or grandchildren to solve.”

*~Arkansas Department of Transportation Director
Scott Bennett*



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

THEN

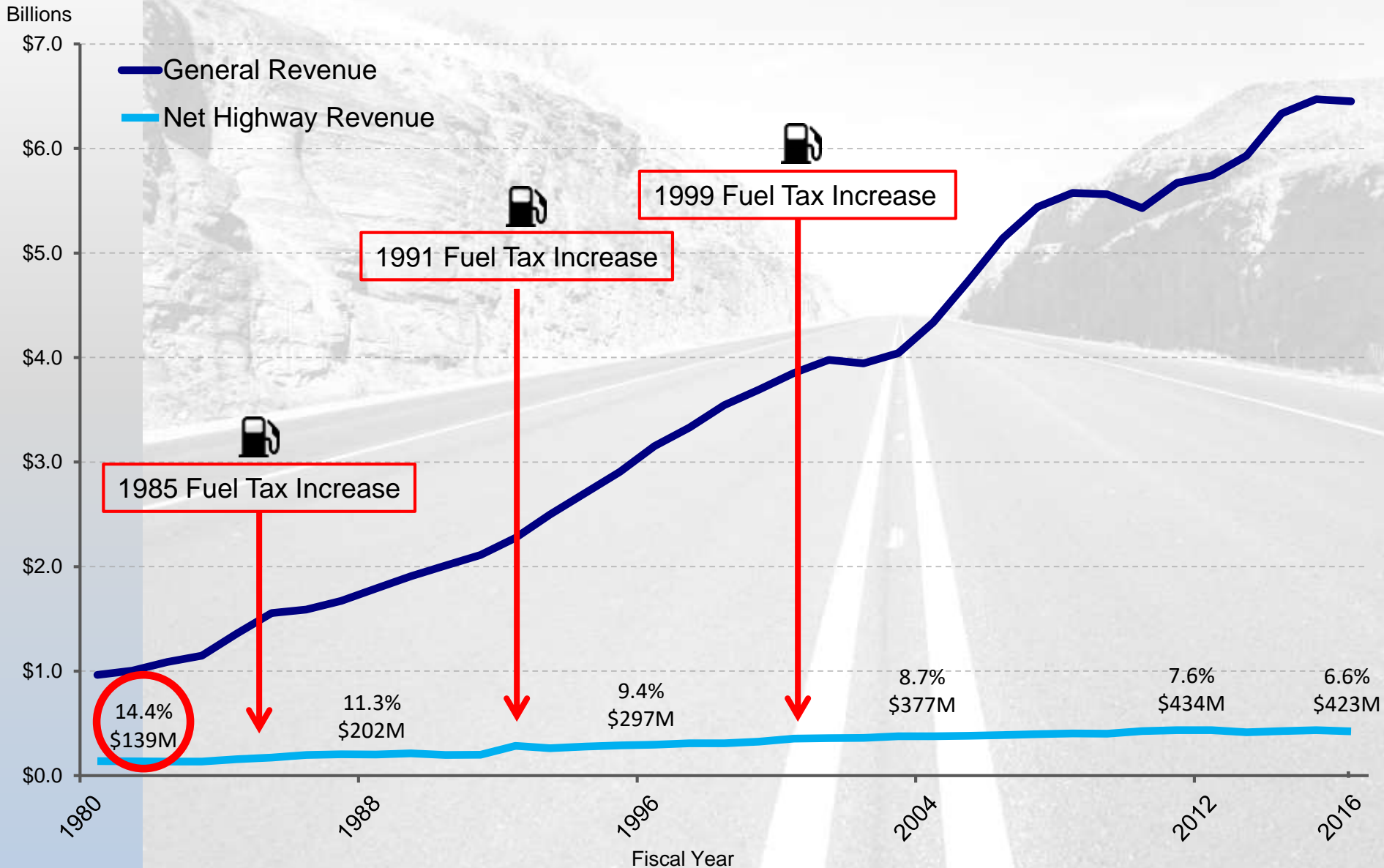
In 1995, **200 miles** of highway could be overlaid with \$10 million.

NOW

Using \$10 million today, only **54 miles** of highway can be overlaid.

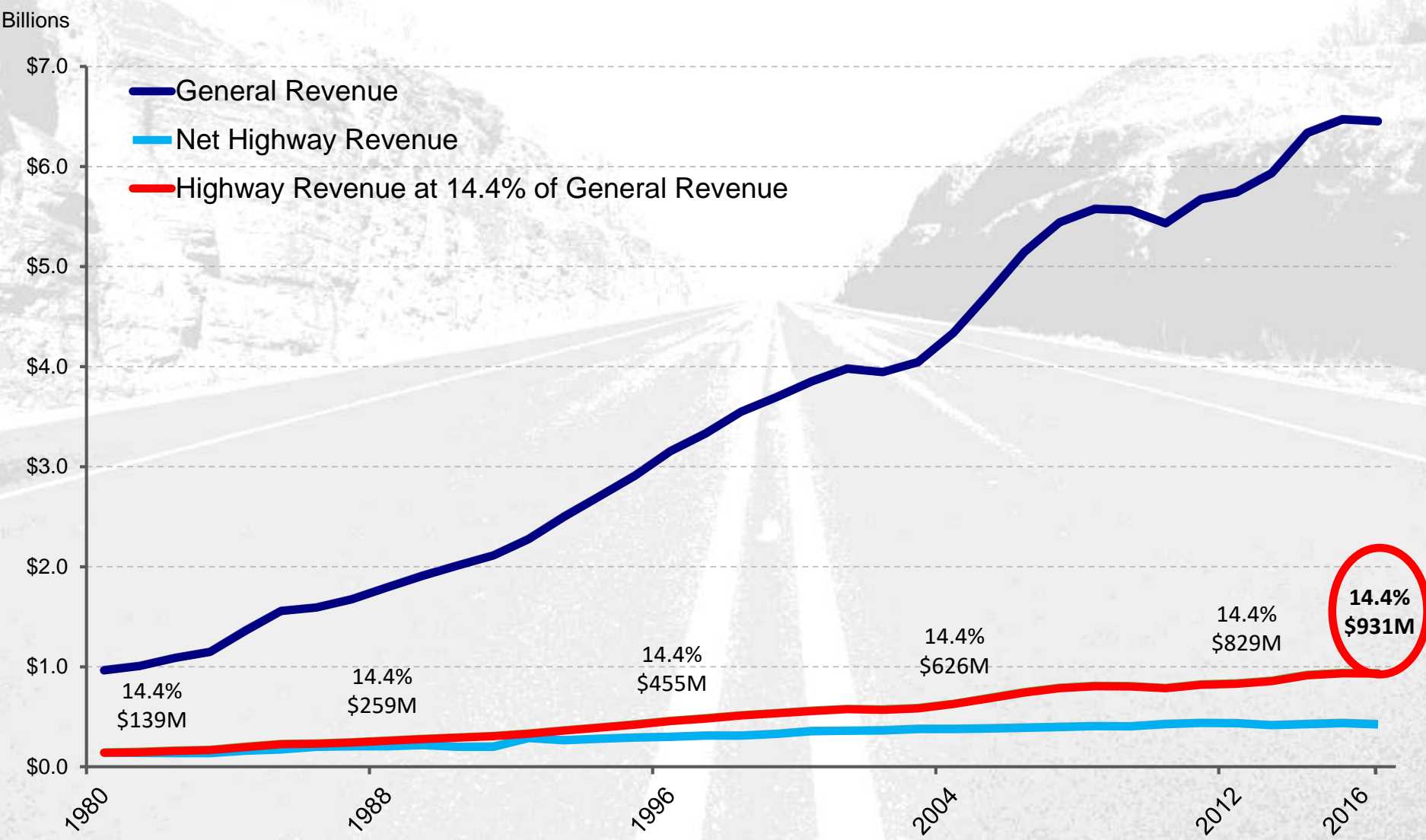


Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Highway Revenue at 14.4% of General Revenue

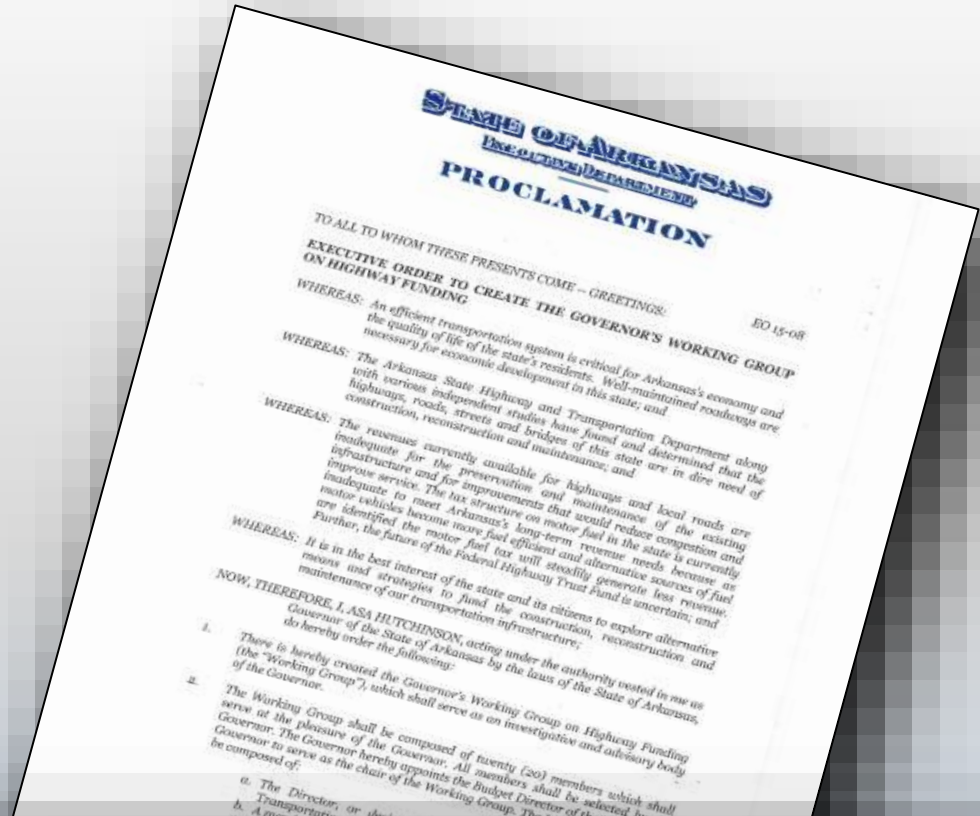


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Percent of Highway vs. General Revenue

- Highway revenue as a percentage of GR steadily drops from:
 - ✓ **14.4%** in **1980**
 - ✓ **11.3%** in **1988**
 - ✓ **9.4%** in **1996**
 - ✓ **8.7%** in **2004**
 - ✓ **7.6%** in **2012**
 - ✓ **6.6%** in **2016**
- And that includes three fuel tax increases – 1985, 1991, 1999.



“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”

□ Funding Targets

- ✓ Immediate: \$ 50 Million
- ✓ Short-term (0-3 years): \$110 Million
- ✓ Mid-term (3-5 years): \$250 Million
- ✓ Long-term (6-9 years): \$400 Million

All figures are annual amounts for state highways.

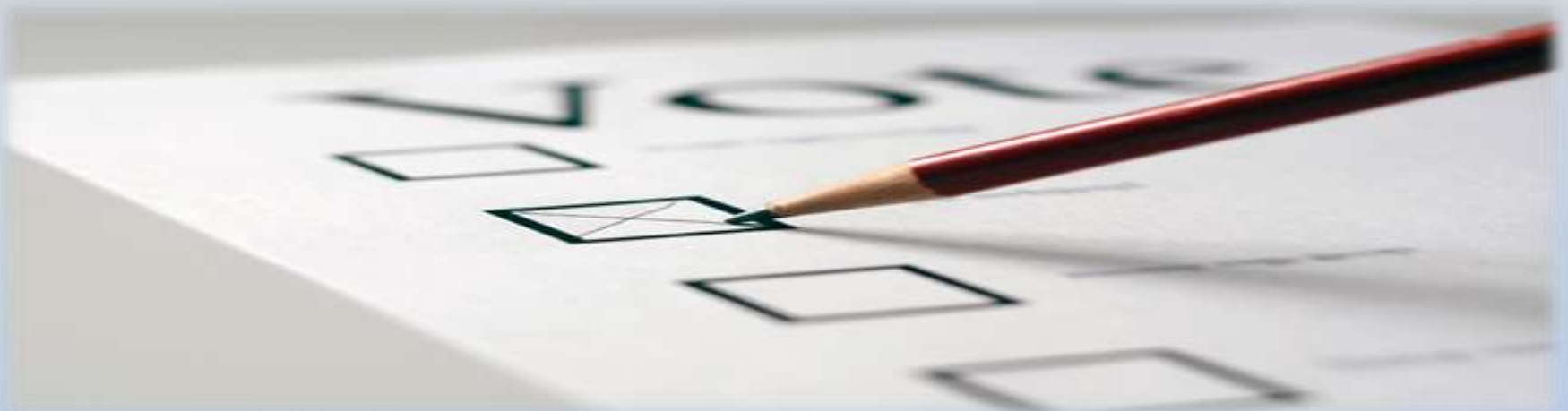
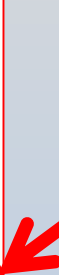


Exhibit III

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	<u>504,000,000</u>	<u>227,000,000</u>	<u>277,000,000</u>
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	<u>30,000,000</u>	<u>19,000,000</u>	<u>11,000,000</u>
Totals	<u>\$ 925,000,000</u>	<u>\$ 447,000,000</u>	<u>\$ 478,000,000</u>

\$ 478,000,000



Note: Amounts shown are rounded.

Promises Made



Promises Kept



Rebuilding Arkansas
Interstates



IRP



CAP



2011 Interstate Rehabilitation Program

Completed

46 Projects
290 Miles
\$1.00 Billion

Under Construction

6 Projects
54 Miles
\$314 Million

Scheduled

27 Projects
160 Miles
\$219 Million



Completed

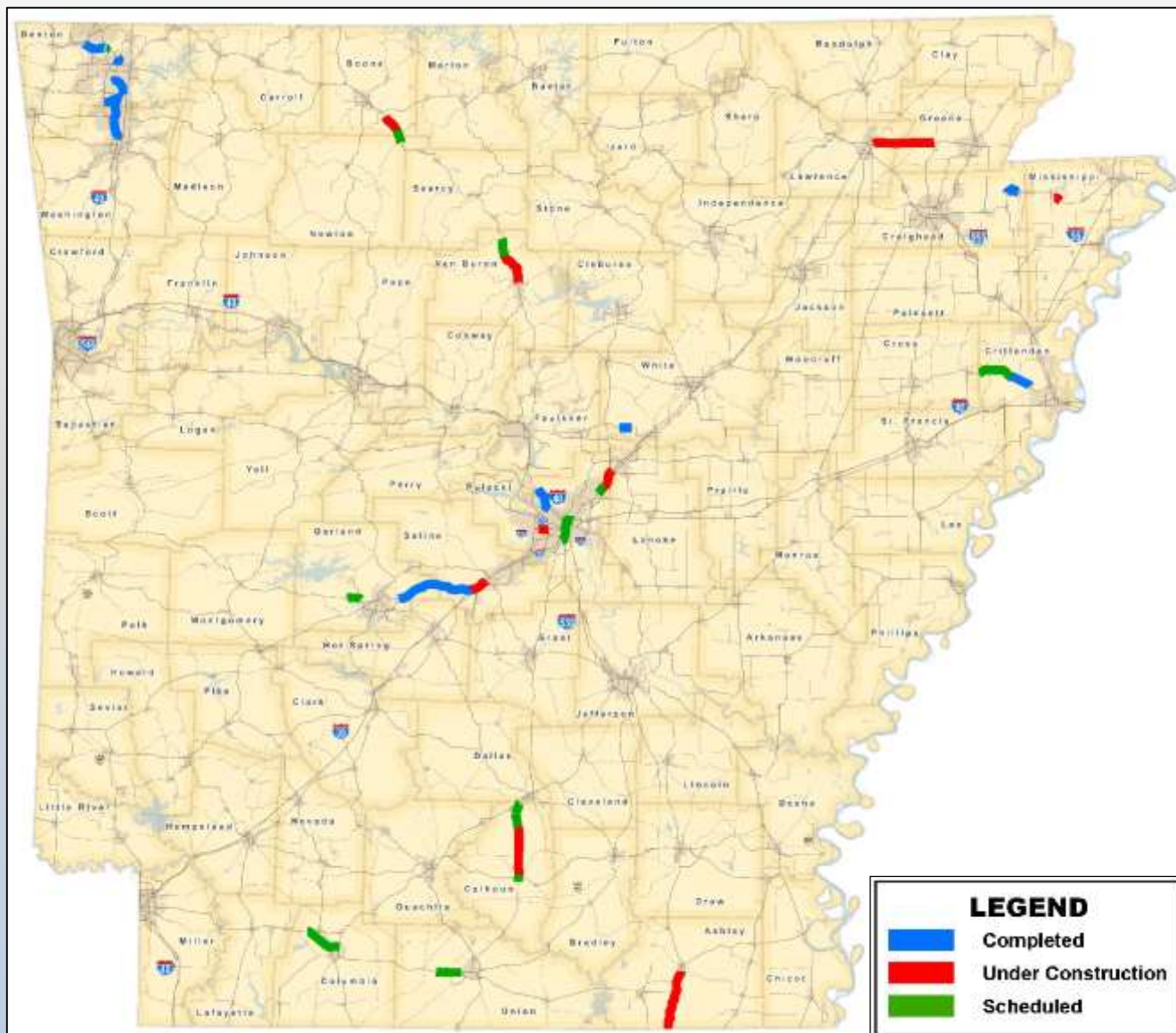
11 Projects
61 Miles
\$432 Million

Under Construction

11 Projects
68 Miles
\$627 Million

Scheduled

14 Projects
57 Miles
\$975 Million

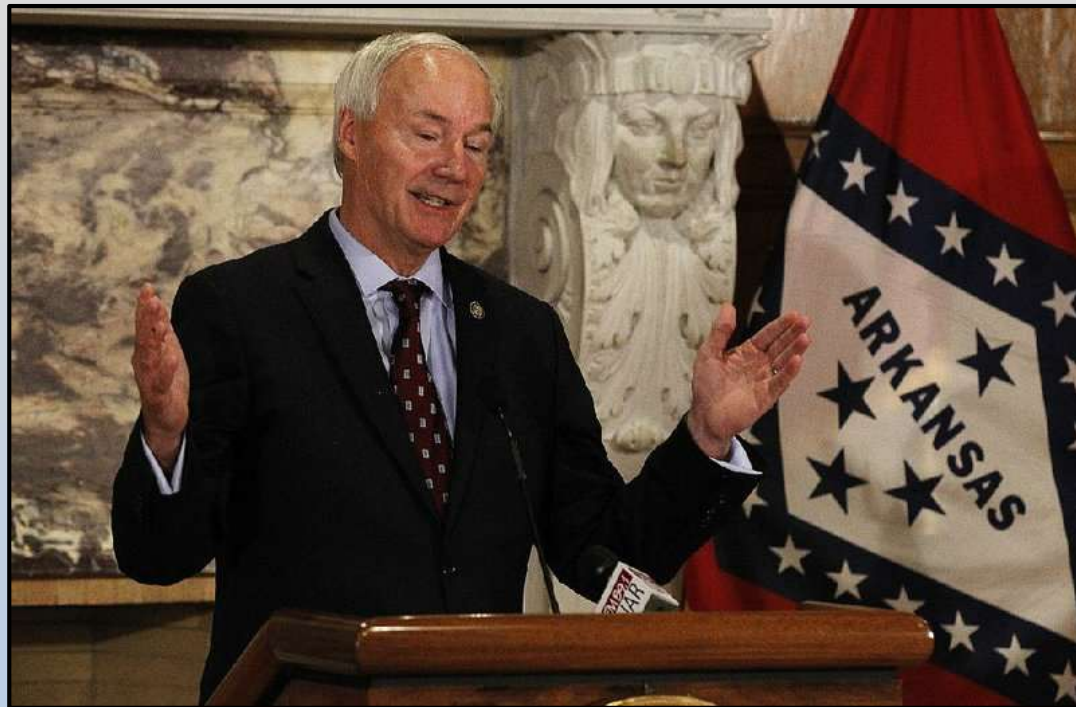




Recent Legislation

Governor Hutchinson's Four T's:

- Tax Cuts
- Transformation
- Teacher Pay
- Transportation



Governor Hutchinson's Highway Package

Two Bills

Four Revenue Sources

\$300 Million Per Year



Motor Fuel Taxes

1.6% Tax On Wholesale Price of Gas
(equals 3 cents per gallon)

2.9% Tax On Wholesale Price of Diesel
(equals 6 cents per gallon)



Motor Fuel Taxes

Results in **\$86 Million** in Additional Annual Revenue

\$58 Million to ARDOT

\$14 Million to Cities and Counties Each

“And we feel like we would like to invest and spend money to make the roads better so that they are safer, so that they are easier on the equipment, so that the volume of traffic can move more freely. The benefit of those things outweighs any increased costs.”

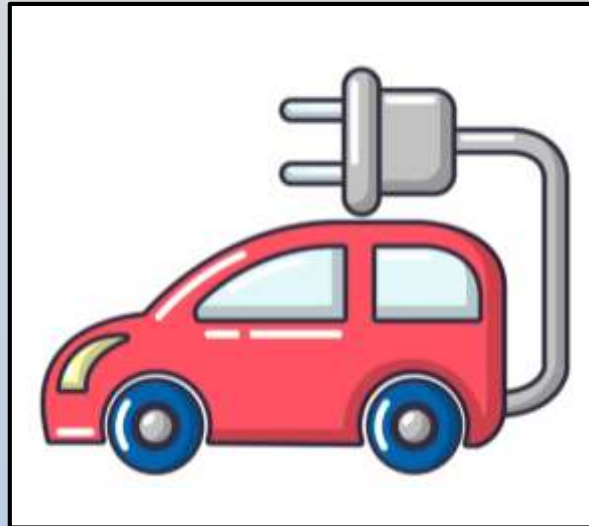
– Shannon Newton, Arkansas Trucking Association President

Electric and Hybrid Vehicle Registration Fees

Electric Vehicles - \$200 Registration Fee

Hybrid Vehicles - \$100 Registration Fee

\$2 Million to ARDOT



Casino Revenue

All New Casino Revenue

\$35 Million Annually to ARDOT



Act 416 Summary

Motor Fuel Tax	\$ 58 Million
Electric and Hybrid Vehicle Registration Fees	\$ 2 Million
Casino Revenue	<u>\$ 35 Million</u>
Total to ARDOT	\$ 95 Million

***All for System Preservation,
Pavements, Bridges, etc.***

Proposed Constitutional Amendment

- To Be Voted On In General Election – November 2020
- ½-Cent Sales Tax Permanent After 2023
- Continues To Provide **\$205 Million** To ARDOT Annually
- Continues To Provide **\$43 Million** To Cities Annually
- Continues To Provide **\$43 Million** To Counties Annually

Summary

Act 416

\$ 95 Million

House Joint Resolution 1018

\$205 Million

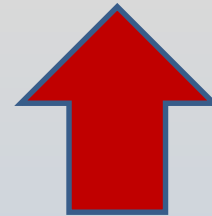
Total To ARDOT

\$300 Million





Costs



Revenue



Local Project



Updates

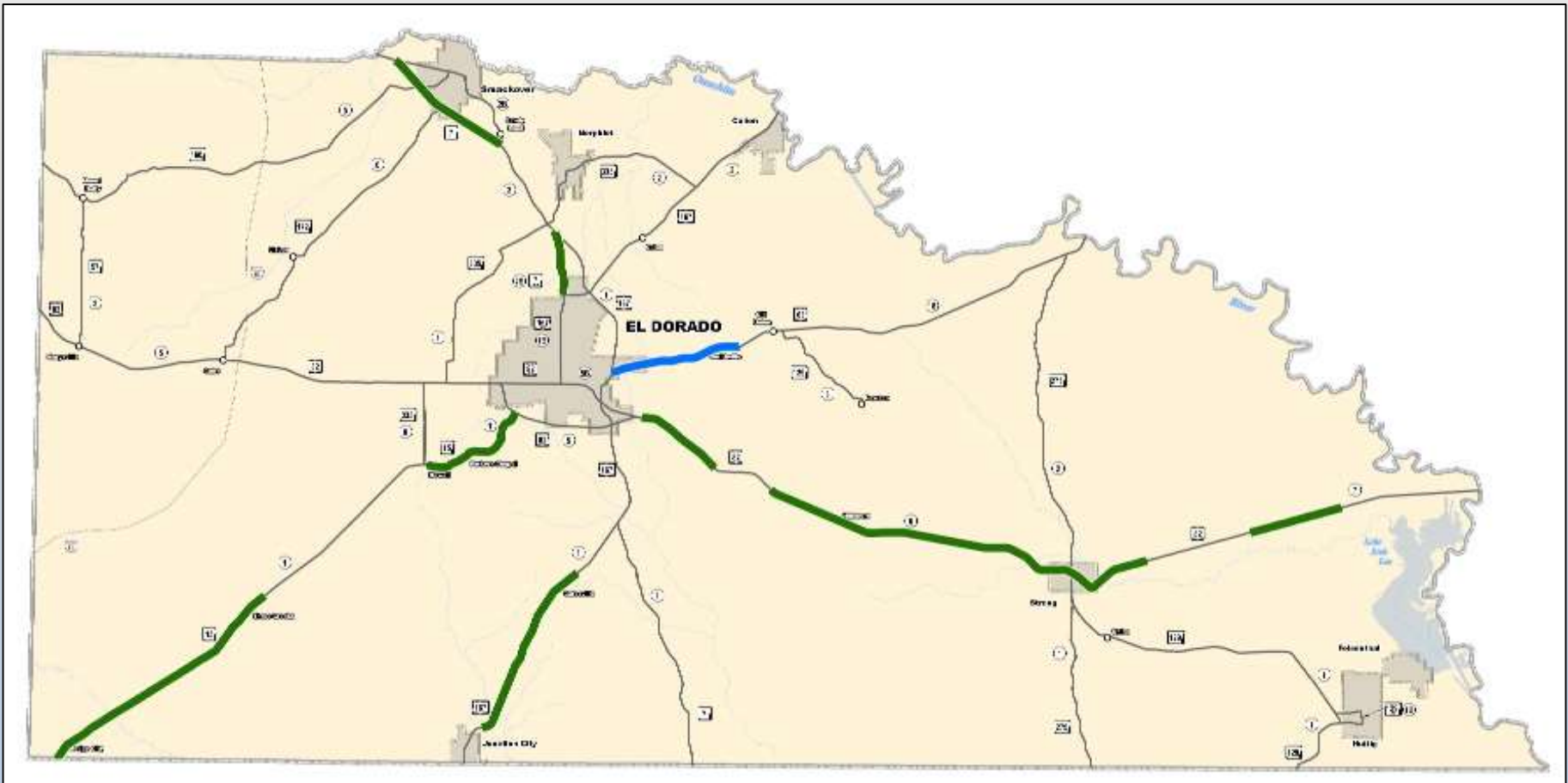
Pavement Preservation

Completed

1 Project
5 Miles
\$1 Million

Scheduled

7 Projects
55 Miles
Est. \$30 Million



Bridge Replacement

Completed

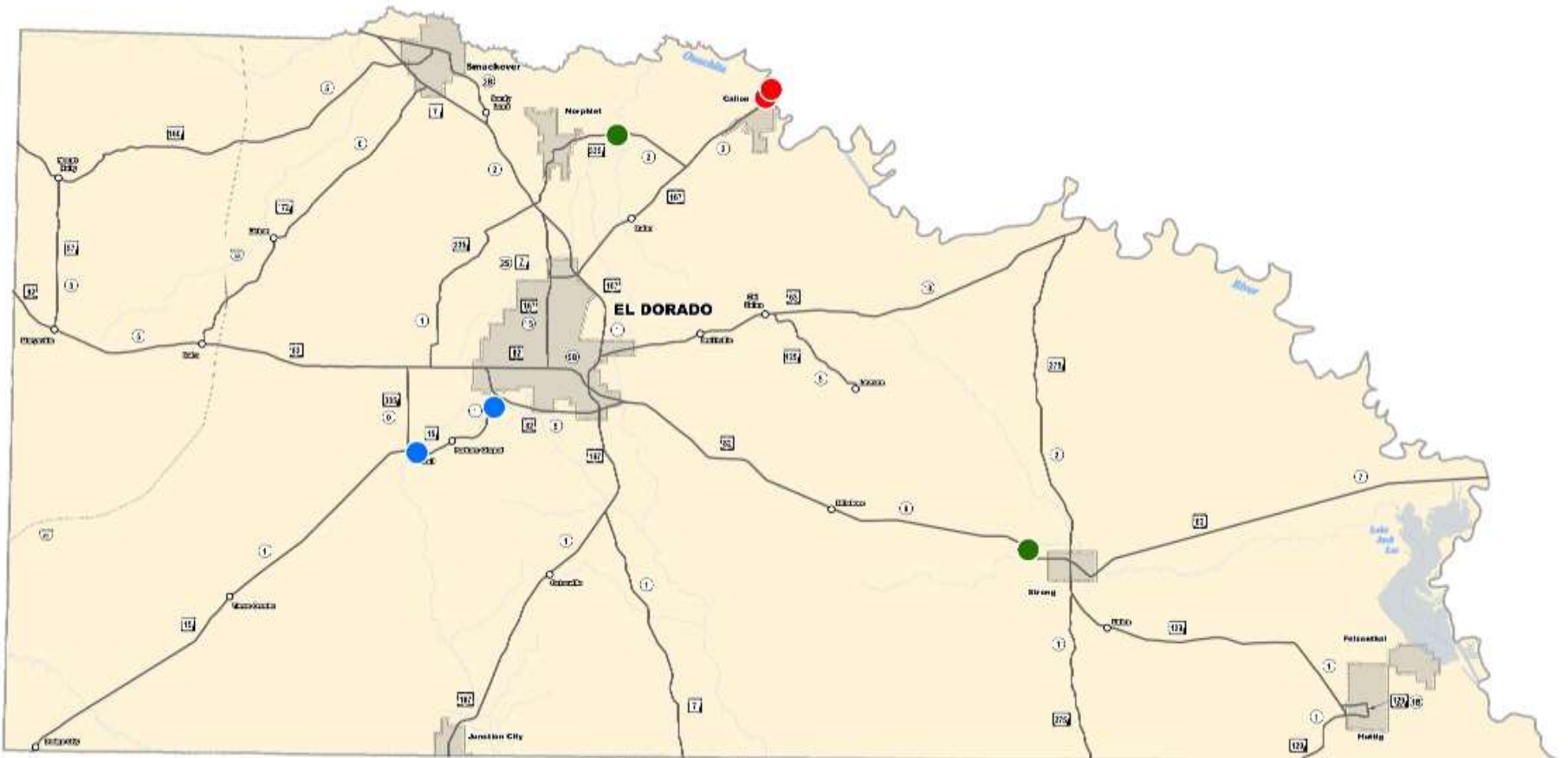
1 Project
 2 Bridges
 \$2 Million

Under Construction

1 Project
 2 Bridges
 \$29 Million

Scheduled

2 Projects
 2 Bridges
 Est. \$6 Million



U.S. Highway 82 Corridor



Completed
 21 Projects
 176 Miles
 \$84 Million

Under Construction
 2 Projects
 15 Miles
 \$74 Million

Scheduled
 9 Projects
 36 Miles
 Est. \$88 Million



State Highway 167 Corridor



Completed
 28 Projects
 122 Miles
 \$467 Million

Under Construction
 5 Projects
 20 Miles
 \$118 Million

Scheduled
 2 Projects
 7 Miles
 Est. \$30 Million

U.S. Highway 82

Scheduled
2 Miles
Est. \$10-15 Million



Partnering Projects

Scheduled
2 Projects
8 Miles
Est. \$20-35 Million





I-69 in Arkansas

- Preferred Alignment Identified
- 180 miles
- Estimated Cost to Complete - \$3.6 Billion
- 4 “Segments of Independent Utility” (SIUs)
- Federal Earmarked Funds - \$300 Million



Alternative Funding Scenario

Construct

Eastern Terminus of Monticello Bypass to
Highway 65
2-Lanes



Funding Summary

Selected by AHC in February 2018

Scheduled..... \$ 78 Million

✓ Monticello Bypass West

■ Right of Way (4-Lanes) \$ 9 M

✓ Monticello Bypass to McGehee

■ Design and Right of Way (4-Lanes) \$ 12 M

■ Construction (2-Lanes) \$ 57 M

Unfunded for 2-Lane Facility

✓ Monticello Bypass West

■ Construction **\$ 52 Million**

Funding Summary

Design Purchase

Right of Way for 4-Lanes





General Election November 2020

Turnback to Cities

2023 - \$156 million

2024 - \$113 million

Nearly a 30% Reduction



Turnback to Counties

2023 - \$156 million

2024 - \$113 million

Nearly a 30% Reduction

Funding to ARDOT

Act 416

\$ 95 Million

House Joint Resolution 1018

\$205 Million

Total to ARDOT

\$300 Million



Funding to ARDOT

House Joint Resolution 1018

\$205 Million

If passed, ARDOT will focus these funds on:

- System Preservation
 - Pavement
 - Bridges
 - Congestion Relief
- Capital Improvements





Your
TRANSPORTATION SYSTEM