

# INFORMATION RELEASE



## Office of the Director

ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT  
P. O. Box 2261 – Little Rock, Arkansas Telephone (501) 569-2227

Contact:  
Randy Ort

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### HIGHWAY COMMISSION REACTS TO LOSS OF REVENUE

**LITTLE ROCK (3-20)** -- The failure by the legislature to repeal the not-yet-implemented sales tax exemption for large trucks and trailers during the 2012 fiscal session will mean \$4 million less per year for the state's highways, county roads, and city streets, according to Arkansas Highway Commission Chairman Madison Murphy and State Highway and Transportation (AHTD) Director Scott Bennett. The well-chronicled exemption was envisioned as a 'quid pro quo' for a five-cent per gallon increase in the state's diesel tax that never materialized. Both the exemption and the diesel tax increase were proposed by the trucking industry.

"We're already operating under a systemically flawed and inadequate system for funding our highways, and now the State is going to lose an additional \$4 million in revenue every year," Murphy said, adding that \$4 million to the State translates into \$3 million less for the AHTD, and about \$1 million less for cities and counties annually. "The AHTD will suffer a \$12 million loss over our next four-year planning cycle," Murphy added. "The first draft of our Statewide Transportation Improvement Plan, or STIP, for the years 2013-2016, was recently circulated. We must now determine where to cut \$12 million from those proposed projects."

"\$4 million is not an estimate that may or may not happen, it is the amount printed in the law that we will see taken from our motor fuel tax revenues annually to pay for this exemption," said Bennett. "That's a \$4 million loss in roadway revenue to the AHTD, cities, and counties to allow the purchasers of large trucks and trailers to pay 'zero' in sales tax."

Finding a logical place for the AHTD to cut \$3 million every year won't be easy, said Bennett. "We currently rank second lowest in the country in terms of how much we spend on administration, or non-road related activities. In other words, we put more of our available money on the roads where it belongs than virtually any other highway department in the country. Plus, we've scaled back employment levels to approximately the same levels we had in the mid-1960's. Cutting an additional \$3 million will have an impact on our program," Bennett concluded.

"We will continue to do the best we can with the limited resources that we have – resources that are about to become even more limited," Murphy continued. "The end result is that we now have less money to spend on road improvements, and when you're talking about highway construction, you can't do more with less – you can only do less with less. We, as a Commission, have some tough decisions ahead of us."

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