Issue 1
Proposed Constitutional Amendment
November 3, 2020 General Election
Funding Challenges
Challenges

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

Next 10 Years:

- **$9.3 billion**
  ($930 million/year)
  in Needs
- **$4.5 billion**
  ($450 million/year)
  in Revenue
- **$4.8 billion**
  ($480 million/year)
  Shortfall
THEN

In 1998, **200 lane miles** of highway could be overlaid with $10 million.

NOW

In 2018, **90 lane miles** of highway could be overlaid with $10 million.
## Significant Loss of Purchasing Power

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>1993</th>
<th>2015</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Tuition</td>
<td>Average Tuition &amp; Fees at Public 4-year Universities</td>
<td>$1,908</td>
<td>$9,145</td>
<td>379%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>National Expenditure Per Capita</td>
<td>$3,402</td>
<td>$9,523</td>
<td>180%</td>
</tr>
<tr>
<td>House</td>
<td>Median New Home Price</td>
<td>$118,000</td>
<td>$292,000</td>
<td>147%</td>
</tr>
<tr>
<td>Gas</td>
<td>Per Gallon</td>
<td>$1.08</td>
<td>$2.56</td>
<td>137%</td>
</tr>
<tr>
<td>Beef</td>
<td>Per Pound of Ground Beef</td>
<td>$1.97</td>
<td>$4.38</td>
<td>122%</td>
</tr>
<tr>
<td>Movie Ticket</td>
<td>Average Ticket Price</td>
<td>$4.14</td>
<td>$8.43</td>
<td>104%</td>
</tr>
<tr>
<td>Bread</td>
<td>Per Pound of White Bread</td>
<td>$0.75</td>
<td>$1.48</td>
<td>98%</td>
</tr>
<tr>
<td>Income</td>
<td>National Median Household</td>
<td>$31,241</td>
<td>$56,516</td>
<td>81%</td>
</tr>
<tr>
<td>Stamp</td>
<td>One First-Class Stamp</td>
<td>$0.29</td>
<td>$0.49</td>
<td>51%</td>
</tr>
<tr>
<td>Car</td>
<td>Average New Car</td>
<td>$16,871</td>
<td>$25,487</td>
<td>51%</td>
</tr>
<tr>
<td>Federal Gas Tax</td>
<td>Per Gallon</td>
<td>$0.18</td>
<td>$0.18</td>
<td>0%</td>
</tr>
</tbody>
</table>

Average Monthly Household Expenditures

- Electricity/Gas: $160
- Cell Phone: $161
- TV/Internet: $124
- Roads: $46
“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

<table>
<thead>
<tr>
<th>Description</th>
<th>Annual Funds Needed for Highway Construction Plan</th>
<th>Annual Funds Available for Highway Construction</th>
<th>Additional Annual State Revenues Needed for Highway Construction Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement</td>
<td>$387,000,000</td>
<td>$137,000,000</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>Bridges</td>
<td>$117,000,000</td>
<td>$90,000,000</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>Total System Preservation</td>
<td>$504,000,000</td>
<td>$227,000,000</td>
<td>$277,000,000</td>
</tr>
<tr>
<td>Capacity Relief</td>
<td>$305,000,000</td>
<td>$157,000,000</td>
<td>$148,000,000</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>$86,000,000</td>
<td>$44,000,000</td>
<td>$42,000,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment upgrades</td>
<td>$19,000,000</td>
<td>$19,000,000</td>
<td></td>
</tr>
<tr>
<td>Facilities upgrades</td>
<td>$8,000,000</td>
<td></td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>$3,000,000</td>
<td></td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Total Maintenance</td>
<td>$30,000,000</td>
<td>$19,000,000</td>
<td>$11,000,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$925,000,000</strong></td>
<td><strong>$447,000,000</strong></td>
<td><strong>$478,000,000</strong></td>
</tr>
</tbody>
</table>

Note: Amounts shown are rounded.
Recent Legislation
Governor Hutchinson’s Highway Plan
Act 416 and Proposed Constitutional Amendment (Issue 1)

Four Revenue Sources

$300 Million Per Year
Governor’s Highway Funding Plan

State Highways

Act 416

Issue 1

Total to ARDOT

$ 95 Million

$205 Million

$300 Million
Issue 1
Proposed Constitutional Amendment
Current Connecting Arkansas Program

- Voter Approved in 2012
- Provides Temporary Half-Cent Sales Tax
- ARDOT Revenue Dedicated to CAP Projects
- County and City Revenue for Local Roads
- Expires June 2023
The Ballot Question: Issue 1

**YES**
Funding from current sales tax continues after June 2023

**NO**
Funding from current sales tax terminates after June 2023
If Issue 1 Passes

Annual Revenue in SFY 2024

Act 416 of 2019 $95 Million
Issue 1 $205 Million
Current Construction Program $440 Million
Total $740 Million
If Issue 1 Passes

10-Year *Renew Arkansas Highways* Program

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavement Preservation</td>
<td>$3.0 Billion</td>
</tr>
<tr>
<td>Bridge Improvements and Preservation</td>
<td>$1.1 Billion</td>
</tr>
<tr>
<td>Interstate Maintenance</td>
<td>$1.0 Billion</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>$0.5 Billion</td>
</tr>
<tr>
<td>Capital and Congestion Relief (CAP-2)</td>
<td>$1.8 Billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7.4 Billion</strong></td>
</tr>
</tbody>
</table>
Potential Projects

- Second Connecting Arkansas Program $ 3.0 Billion
- Economic Development, Partnering & Local Congestion Relief $ 0.5 Billion
- ROW Acquisition & Utility Relocation $ 0.1 Billion

20-Year Total $ 3.6 Billion
Second Connecting Arkansas Program

- **Highway 22 to Interstate 40 (Two Lanes)**: $270 Million
- **Greenwood Bypass**: $25 Million
- **Fort Smith to Charleston (Selected Sections)**: $25 Million
- **“Y” City to South of Greenwood (Two Lanes)**: $270 Million
- **XNA Connector**: $30 Million
- **Highway 412 West to Highway 112 (Springdale Bypass)**: $100 Million
- **Interstate 49 to Highway 265 (Springdale Bypass)**: $80 Million
- **Fayetteville to Bentonville (Selected Sections)**: $100 Million

*DRAFT*
If Issue 1 Fails

Annual Revenue Expected to be Available in SFY 2024

Act 416 of 2019: $95 Million
Proposed Amendment: $205 Million
Current Construction Program: $440 Million

Total Available SFY 2024: $536 Million

Nearly 30% Less
<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
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If Issue 1 Fails
If Issue 1 Fails

**Turnback to Cities**
- 2023 - $150 Million
- 2024 - $106 Million
- Nearly a 30% Reduction

**Turnback to Counties**
- 2023 - $150 Million
- 2024 - $106 Million
- Nearly a 30% Reduction
If Issue 1 Fails

Benton County
2023 – $6.1 Million
2024 – $4.3 Million
Loss of Funding – $1,800,000 Per Year

City of Bentonville
2023 – $2.8 Million
2024 – $2.0 Million
Loss of Funding – $800,000 Per Year
Looking Forward
Arkansas Professional ENGINEER

What is the road to good roads?

Governor Asa Hutchinson paves the way for a highway plan to be presented to voters in 2020. But the politics ahead could be bumpy.

ArDOT – Educate Voters
Roads and Bridges Coalition – Campaign

- The cost of the current 1/2 cent sales tax for the average family with a median income is about $8/month.
- If Issue 1 passes, the cost to the taxpayers will remain the same as it is now:
  - No Increase
  - No Decrease
- This tax does not apply to groceries and it can only be used for road improvements.
Arkansans Need to Decide How to Fund Your Transportation System
Issue 1
Proposed Constitutional Amendment
November 3, 2020 General Election

Lorie H Tudor, P.E
Director