Challenges

- 12\textsuperscript{th} largest system in the country
- 41\textsuperscript{st} in highway revenue per mile

Next 10 Years:

- $9.3$ billion in Needs
- $4.5$ billion in Revenue
Percent of Highway vs. General Revenue

- General Revenue
- Net Highway Revenue

1985 Fuel Tax Increase
- 1991 Fuel Tax Increase
- 1999 Fuel Tax Increase

1991 Fuel Tax Increase:
- 11.3% $202M

1999 Fuel Tax Increase:
- 8.7% $377M

1985 Fuel Tax Increase:
- 14.4% $139M

Fiscal Year:
- 1980
- 1985
- 1991
- 1999

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

1980 14.4% $139M
1988 14.4% $259M
1996 14.4% $455M
2004 14.4% $626M
2012 14.4% $829M
2016 14.4% $931M

14.4% $455M
14.4% $259M
14.4% $139M
14.4% $626M
14.4% $829M
14.4% $931M
In 1995, **200 miles** of highway could be overlaid with $10 million.

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

Pay a Little Now

Overlay
$100,000 per lane mile

Pay a Whole Lot Later

Reconstruction
$1,500,000 per lane mile
All State Highways – Including Interstates

- **Current Condition**
  - Poor: 24%
  - Fair: 58%
  - Good: 18%

- **2027 Condition**
  - Poor: 28%
  - Fair: 46%
  - Good: 26%

*Note: The bar chart visually represents the comparison between the current and projected condition of all state highways, including interstates, with a focus on the percentages of poor, fair, and good conditions.*
Average Monthly Household Expenditures

- **Electricity/Gas**: $160.00
- **TV/Internet**: $124.00
- **Cell Phone**: $161.00
- **Roads**: $46.00
“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>8,000,000</td>
<td></td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>3,000,000</td>
<td>2,000,000</td>
<td></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

Two Bills

Four Revenue Sources

$300 Million Per Year
## Funding Recap

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Funding Working Group</td>
<td>$400 Million</td>
</tr>
<tr>
<td>Arkansas State Legislative Audit</td>
<td>$478 Million</td>
</tr>
<tr>
<td>Governor’s Highway Funding Plan</td>
<td>$300 Million</td>
</tr>
</tbody>
</table>

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

– Governor Asa Hutchinson
Motor Fuel Tax: $58 Million
Electric and Hybrid Vehicle Registration Fees: $2 Million
Casino Revenue: $35 Million

Total to ARDOT: $95 Million
Proposed Constitutional Amendment

• To Be Voted On In General Election – November 2020
• 1/2-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  
Issue #1  
Total to ArDOT

$95 Million  
$205 Million  
$300 Million
Recipe for Success

• Consensus
• Unity
• Bipartisanship
  ✓ Governor
  ✓ Legislature
  ✓ Stakeholders
  ✓ ARDOT
Issue 1
Proposed Constitution Amendment
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
Governor’s Long Term Highway Funding Plan

Act 416 of 2019
(Immediate Funding dedicated to System Preservation)

$95 Million

Issue 1
(Funding for System Preservation plus Capital Projects beginning in SFY 2024)

$205 Million

Total for State Highways

$300 Million
Governor’s Long Term Highway Funding Plan

Benefits from Additional $300 Million Per Year

- Provide $8.2 Billion in Economic Activity over 10 Years
- Support 3,596 Jobs Each Year*
- Maintain Interstates in a State of Good Repair
- Increase Safety Improvements
- Implement a Second Connecting Arkansas Program (CAP-2)
- Repair or Replace Poor Condition and Posted Bridges over 10 Years
- Improve Approximately 7,000 Miles of Non-Interstate Highways over 10 Years

*Source: “The Economic Impacts of an Annual $478 Million Increase in Arkansas Highway, Street and Bridge Construction Investment,” prepared by the American Road & Transportation Builders Association (ARTBA), October 2018; data prorated for $300 million in additional annual revenue.
If Issue 1 Passes

Annual Revenue Expected to be Available in SFY 2024

Act 416 of 2019  $95 Million
Issue 1  $205 Million
Current Construction Program  $440 Million

Total  $740 Million
<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

Job Type
- Bridge
- Interchange
- Roadway
- New Location
Second Connecting Arkansas Program

**Job Type**

- **Bridge**
- **Interchange**
- **Roadway**
- **New Location**

**Projects**

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

**Map**
New Highway Program

Projects Let Last 10 Years
Remaining STIP
Act 416 & State Surplus Revenue
2024-2033 Draft Program of Preservation Projects
Second Connecting Arkansas Program

Job Type
- Bridge
- Interchange
- Roadway
- New Location

DRAFT
### If Issue 1 Fails

Annual Revenue Expected to be Available in SFY 2024

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act 416 of 2019</td>
<td>$95 Million</td>
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<tr>
<td>Proposed Amendment</td>
<td>$205 Million</td>
</tr>
<tr>
<td>Current Construction Program</td>
<td>$440 Million</td>
</tr>
<tr>
<td><strong>Total Available SFY 2024</strong></td>
<td><strong>$530 Million</strong></td>
</tr>
</tbody>
</table>

**Nearly 30% Less**
<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</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>
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<tr>
<td>Safety Improvements</td>
<td>$0.5 Billion</td>
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<tr>
<td>Capital and Congestion Relief (CAP-2)</td>
<td>$1.8 Billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7.35 Billion</strong></td>
</tr>
</tbody>
</table>
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

Washington & Benton Counties
2023 – $11.7 Million
2024 – $8.3 Million
Loss of Funding – $3,400,000 Per Year

City of Springdale
2023 – $5.6 Million
2024 – $4.0 Million
Loss of Funding – $1,600,000 Per Year
Promises

- Pave the Way
- Rebuilding Arkansas Interstates
- Interstate Rehabilitation Program (IRP)
- Connecting Arkansas Program (CAP)
- Voter Approved
2011 Interstate Rehabilitation Program

Total Program
Number of Projects: 54
Miles: 358
Amount (Millions): $1,331
2012 Connecting Arkansas Program

Scheduled
Number of Projects: 3
Miles: 10
Amount (Millions): $119

Total Program
Number of Projects: 31
Miles: 165
Amount (Millions): $1,985
Interstate 49 Corridor

Completed
21 Projects
69 Miles
$425 Million

Under Construction
4 Projects
14 Miles
$158 Million

Scheduled
2 Projects
Estimated $44 Million
Springdale Bypass/Highway 612

Projected
2 Projects
10 Miles
$15 Million for ROW
Highway 112 Widening

Scheduled
- 2 Projects
- 6 Miles
- Estimated $45 Million

Programmed
- 4 Projects
- 13 Miles
- Estimated $92 Million
Pavement Preservation

Completed
- 33 Projects
- 160 Miles
- $69 Million

Under Construction
- 4 Projects
- 31 Miles
- $9 Million

Scheduled
- 6 Projects
- 46 Miles
- Estimated $16 Million
Next Steps to November 2020 Election

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.
<table>
<thead>
<tr>
<th>State Highway System</th>
<th>Gross Replacement Value</th>
<th>Average Annual Investment to Maintain State of Good Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>$58.1 Billion</td>
<td>$387 Million (0.67%)</td>
</tr>
<tr>
<td>Bridges</td>
<td>$11.0 Billion</td>
<td>$117 Million (1.06%)</td>
</tr>
<tr>
<td>Total</td>
<td>$69.1 Billion</td>
<td>$504 Million (0.73%)</td>
</tr>
</tbody>
</table>

Based on Arkansas DOT Transportation Asset Management Plan and Legislative Audit Report
Issue 1 – Educate Voters

Economy / Jobs / Safety / State of Good Repair

November 3, 2020
Next Steps to November 2020 Election

ARDOT / Cities / Counties
Educate Public

Stakeholders
Educate Public Campaign
Arkansans Need to Decide How to Fund

Your Transportation System