



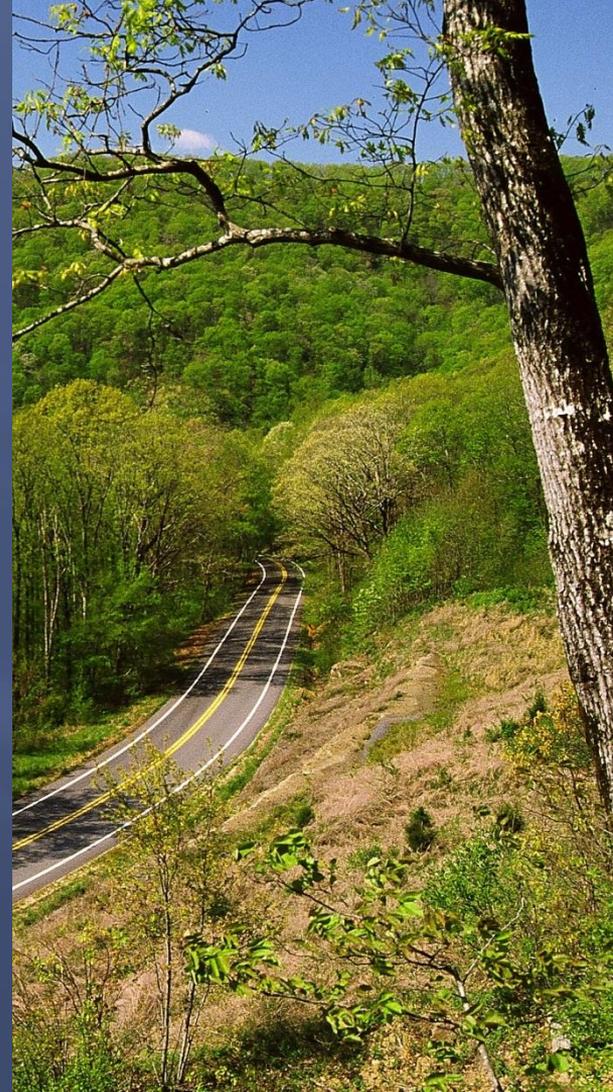
Governor's Working Group on Highway Funding

Tuesday, July 28, 2015

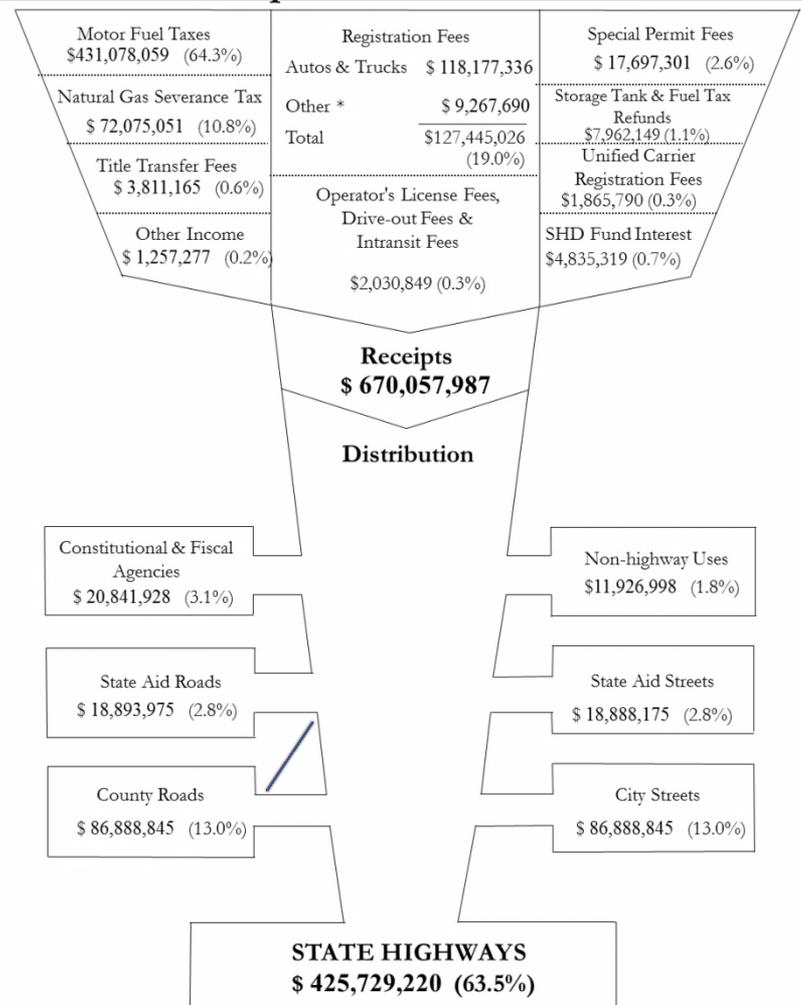




Sources and Distribution of Highway Revenue



Highway User Revenues Receipts & Distribution Fiscal Year 2014



* Includes driver search fees and motor carrier education.

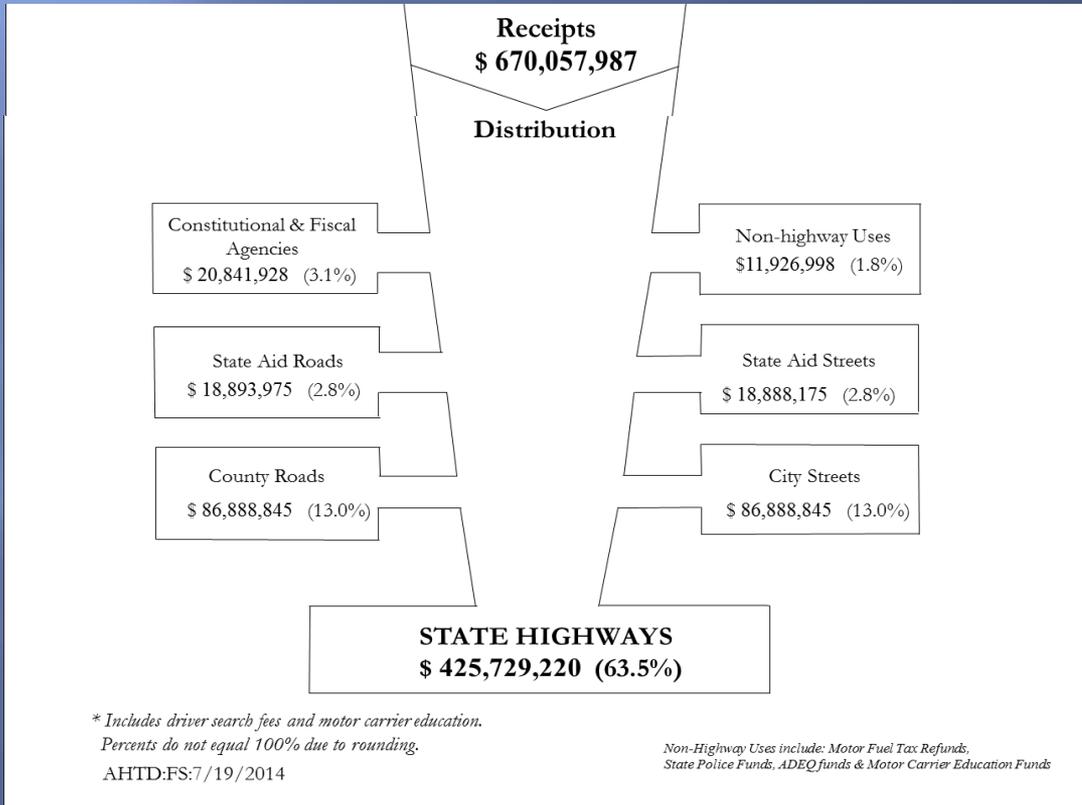
Highway User Revenues Receipts & Distribution Fiscal Year 2014

Revenue Sources

Motor Fuel Taxes \$431,078,059 (64.3%)	Registration Fees Autos & Trucks \$ 118,177,336	Special Permit Fees \$ 17,697,301 (2.6%)
Natural Gas Severance Tax \$ 72,075,051 (10.8%)	Other * \$ 9,267,690	Storage Tank & Fuel Tax Refunds \$7,962,149 (1.1%)
Title Transfer Fees \$ 3,811,165 (0.6%)	Total \$127,445,026 (19.0%)	Unified Carrier Registration Fees \$1,865,790 (0.3%)
Other Income \$ 1,257,277 (0.2%)	Operator's License Fees, Drive-out Fees & Intransit Fees \$2,030,849 (0.3%)	SHD Fund Interest \$4,835,319 (0.7%)
Receipts \$ 670,057,987		

Highway User Revenues Receipts & Distribution Fiscal Year 2014

Revenue Distribution





Project Selection Process



The cover of the report is tilted and features a green header and footer. The header contains the AHTD logo and the text "Arkansas State Highway and Transportation Department". The main body is white and contains a photograph of a modern building with a large stone relief sculpture on its facade. Below the photo, the title "Statewide Transportation Improvement Program (STIP)" is written in large white letters on a black background. Underneath the title, the years "2013-2016" and "Federal Fiscal Years" are displayed. The footer is green and contains the text "In compliance with Title 23-United States Code-Section 135", "Presented by the Arkansas State Highway Commission", and the date "August 15, 2012". A small circular seal is visible in the bottom right corner of the footer area.

Arkansas State Highway
and
Transportation Department



**Statewide
Transportation
Improvement Program
(STIP)**

2013-2016
Federal Fiscal Years

In compliance with
Title 23-United States Code-Section 135

Presented by the
Arkansas State Highway Commission
August 15, 2012

Projected Federal & State Revenue

Federal Funds Est. Avg. Annual Revenue from the HTF	\$490 million
State Funds Est. Avg. Annual Revenue 2017-2019	\$410 million
Total Gross Available	\$900 million

Funds Available for Construction

Less Federal Funds for the following

Fixed Budgeted Expenditures Maintenance, Admin., Operations	\$30 million
Non-AHTD Projects Trans. Alternatives, Counties, Cities, Urban Attributable, Metro Planning	\$45 million
Non-Construction Programs State Planning & Research	\$9.9 million
Obligation Limitation	\$49 million
Total Federal Reduction	(\$134) million

Funds Available for Construction

Less State Funds for the following

Fixed Budgeted Expenditures Maintenance, Admin., Operations	\$280 million
State Match for Non-Construction Programs State Planning & Research	\$2.5 million
Total State Reduction	(\$282) million

Funds Available for Construction

Less Federal & State Funds for IRP

Federal Interstate Maintenance Funds	\$58 million
4 cent Diesel Fuel Tax	\$16.1 million
Total IRP Reduction	(\$74) million

Available Construction Revenue

State & Federal Funds

\$410 million

Funds Available for Construction

Less Fed. & State Matching Funds
for the following

Bridges (Historical Funding Level)	\$90 million
Interstate Maintenance (Amt. Committed to IRP)	\$42 million
Federal-Aid Safety	\$47 million
Total Reductions	(\$179) million

Commission Discretion

Annual Funds for Construction

\$230 million



Federal Transportation Legislation Impacts





Best

Senate Bill

- *6-Year Authorization Bill*
- *Only have funding for 3 yrs.*
- *Enables 75 withdrawn projects to be let to contract*





Middle

House Bill

- *Provides reimbursements until end of year.*
- *Can let some of 75 withdrawn projects.*





Worst

Authorization Extended

- *No Trust Fund Money*
- *Can't restore 75 withdrawn projects.*
- *Can't let any federal contracts for 2016.*





Worse Worst

No Authorization Bill

- *No Additional Trust Fund Money*
- *AHTD Shuts Down Ongoing Federal Projects*





Potential Revenue Targets





Immediate/Short-Term Target

\$110 million annually (within 2 years)

- Critical needs
- Match federal aid apportionments.
- Estimated \$14 million to \$83 million used as matching funds (depends upon final transportation bill)
- The remaining (est. at \$27 million to \$96 million) used for overlays, etc.





Mid-Term Target

\$140 million annually (3-5 years)

- Would provide approximately \$250 million annually when combined with Short-Term solution.
- Match federal aid plus enhanced maintenance program.
- This funding level would allow AHTD to overlay, seal, rehabilitate approx. 50% of the system every 15-20 years.





Long-Term Target

\$150 million annually (6-10 years)

- Would provide approximately \$400 million annually when combined with Short-Term and Mid-Term solutions.
- Allows Dept. to match federal aid, maintain the existing system, and undertake economic development improvement program.





Ultimate Needs

\$1.68 billion (10 years +)

- Represents the gap that exists between AHTD's current funding levels and the identified functional and economic development needs over the next 10 years.





Ultimate Needs

\$1.68 billion (10 years +)

- \$1.68 billion in new revenue annually for 10 years would yield the following:
 - Completion of I-49 and I-69
 - Completion of the entire four-lane grid system, including all economic development corridors
 - No deficient or weight-restricted bridges or highways
 - Average age of AHTD equipment fleet at 8 years
 - Updated Department facilities statewide





Governor's Working Group

Arkansas Highway Funding

Tuesday, July 28, 2015



Highway Revenues Collected by the Arkansas Department of Finance and Administration



July 28, 2015

**Highway Revenues Collected by the Arkansas
Department of Finance and Administration**

Explanation

The Arkansas Department of Finance and Administration (DFA) collects various taxes and fees used to fund highway maintenance and construction. This document provides a brief explanation of those various taxes and fees, collection information, and legislative history.

Fuel taxes comprised the majority of the revenues collected by DFA. The term "motor fuel" is used in state law in reference to gasoline and the terms "special motor fuel" is used in state law to refer to diesel fuel. For many years Arkansas law has levied a tax on gasoline and diesel fuel consumed for use on the highways. This tax is imposed at a given tax rate per gallon. In addition, interstate trucks operating upon the highways of this state must also pay the fuel tax on diesel fuel consumed in this state regardless of whether any fuel is actually purchased within the state. The International Fuel Tax Agreement described in this document provides a mechanism for tracking fuel on which the state's tax is due. Other fuel taxes on liquefied gas and alternative fuels are described herein. Those taxes contribute a much smaller amount of revenue to total highway funding.

In addition to fuel taxes, state law also provides that a portion of severance tax collections on natural gas are to be distributed for highway use. This document provides information regarding those severance tax collections for recent years. Also, Amendment 91 of the Arkansas Constitution levied a sales and use tax for highway purposes. This report contains information regarding tax collections from that dedicated tax levy.

In addition to the various taxes levied for highway funding, a variety of motor vehicle and driver license fees are collected and used to fund highways. These fees include the annual registration fees for passenger vehicles, registration fees for commercial vehicles, title application fees and driver license record fees.

Commercial trucks traveling Arkansas highways must pay an apportioned registration fee to the state regardless of the state in which the vehicle is titled and registered. Information is contained in this document explaining the various fees paid by commercial vehicles traveling through Arkansas.

**Highway Revenues Collected by the Arkansas
Department of Finance and Administration**

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Excise Taxes Collected by DFA for Highways

1. Arkansas Motor Fuel Tax (Gasoline)
2. Arkansas Special Motor Fuel Tax (Diesel)
3. International Fuel Tax Agreement
4. Liquefied Gas Special Fuels (LPG)
5. Alternative Fuels (CNG - Compressed Natural Gas, LNG - Liquefied natural Gas)
6. Natural Gas Severance Tax
7. .5% Sales and Use Tax – Constitutional Amendment 91 – Effective July 1, 2013

Arkansas Fuels Consumption

Year	Gasoline Gallons	Diesel Gallons	LPG	CNG	LNG	Total Tax Receipts
2004 - 2005	1,436,176,985	606,111,266	727,204	9,773		\$ 455,813,418
2005 - 2006	1,417,445,520	652,761,988	554,375	6,703		\$ 462,074,464
2006 - 2007	1,433,438,207	675,373,694	522,695	7,476		\$ 468,901,398
2007 - 2008	1,410,634,890	667,149,173	417,395	12,079		\$ 463,888,694
2008 - 2009	1,417,780,931	595,042,692	289,386	9,546		\$ 448,811,939
2009 - 2010	1,446,994,832	565,543,908	205,719	27,442		\$ 449,958,022
2010 - 2011	1,432,064,780	573,683,605	170,717	56,915		\$ 446,998,056
2011 - 2012	1,418,102,193	570,105,715	142,058	354,243		\$ 445,616,855
2012 - 2013	1,396,892,895	559,934,198	67,125	619,910		\$ 435,963,164
2013 - 2014	1,381,734,019	553,696,100	75,219	820,755		\$ 435,717,048

Motor Fuels Taxation – Existing Rates and Neighboring State Comparison

The State of Arkansas levies a motor fuel tax of \$0.215 per gallon on gasoline and \$0.225 per gallon on diesel fuel. The tax is collected and remitted to the state by licensed wholesale fuel distributors and suppliers. When selling fuels to retailers, the state gallonage taxes are included within the total charges for the fuel by the wholesaler to the retailer.

Current Motor Fuels Tax Rates – Arkansas and Neighboring States

	Gasoline (rate per gallon)	Diesel (rate per gallon)
Arkansas	21½ ¢	22½ ¢
Louisiana	20 ¢	20 ¢
Mississippi	18 ¢	18 ¢
Missouri	17 ¢	17 ¢
Oklahoma	16 ¢	13 ¢
Tennessee	20 ¢	17 ¢
Texas	20 ¢	20 ¢

MOTOR FUEL - Gasoline

Motor fuel is subject to a gallonage tax levied on the importer or wholesale distributor who collects the tax from the retailer who passes it on to the user. The distributor remits the tax to DFA on a monthly basis.

Tax Rate: 21.5¢ per gallon (Last Tax Rate Increase – 2001)

Exemptions:

Sales of fuel exported from Arkansas
Sales to United States Government
Sales of Aviation Gasoline (Subject to Sales Tax)

Tax Rate History:

Year	Tax Per Gallon
1921	1¢
1923	3¢
1923	4¢
1927	5¢
1931	6¢
1965	7.5¢
1973	8.5¢
1979	9.5¢
1985	13.5¢
1991	18.5¢
1999	19.5¢
2000	20.5¢
2001	21.5¢

Distribution of Tax:

Highway Special Revenues - 15% to Cities; 15% to counties; 70% Highway Department Fund

Border Zones – Gasoline Taxation in Arkansas Border Areas with Neighboring States:

Reduced Arkansas tax rates apply to motor fuel (gasoline only – does not apply to diesel fuel) sold in cities, incorporated towns, or planned communities which border on a state line or sold within eight hundred feet (800') of the state line. The rate of tax on motor fuel sold in border zone areas is 1¢ more per gallon than the neighboring state's tax rate not to exceed the Arkansas rate.

Arkansas Border Zone Tax Rates (Gasoline Only)

Border State	Border State Tax Rate	Arkansas Border Zone Rate
Missouri	0.17	0.18
Oklahoma	0.16	0.17
Texas	0.20	0.21
Louisiana	0.20	0.21
Mississippi	0.18	0.19
Tennessee	0.20	0.21

Border Zone Tax Impact -- Data from most recent 12 months of tax reports

Border State	Arkansas Border Zone Tax Rate	Gasoline Gallons Sold in Border Zone Areas	Current Taxes Paid	Taxes Due at Full Arkansas Tax Rate	Border Zone Tax Reduction
Missouri	\$0.18	5,276,393	\$ 949,750.74	\$ 1,134,424.50	\$ (184,673.76)
Oklahoma	\$0.17	72,009,441	12,241,604.97	15,482,029.82	(3,240,424.85)
Texas	\$0.21	15,254,356	3,203,414.76	3,279,686.54	(76,271.78)
Louisiana	\$0.21	0	-	-	-
Mississippi	\$0.19	4,601,946	874,369.74	989,418.39	(115,048.65)
Tennessee	\$0.21	14,693,077	3,085,546.17	3,159,011.56	(73,465.39)
Totals		111,835,213	\$ 20,354,686.38	\$ 24,044,570.80	\$ (3,689,884.42)

Gasoline Discount / Shrinkage Allowance:

Gasoline distributors are allowed a three percent (3%) discount on the first one million gallons (1,000,000 gals.) sold per month to reflect the average amount of loss resulting from evaporation, shrinkage, and the losses resulting from unknown causes. The maximum Arkansas monthly allowance per distributor = \$6,450 with the maximum annual allowance per distributor = \$77,400. Total allowances claimed in 2014/2015 = \$4.99 million.

Seventeen (17) states do not provide allowances or discounts for payment of the tax due by the established due date or for losses resulting from evaporation, shrinkage, or other causes. For states that provide allowances, the rates range from a low of .001% to a high of 4% with some states establishing a monthly limit or cap to the amount of allowance available.

**Shrinkage Allowances -
Arkansas and
Neighboring States**

Allowance Amount

Arkansas	The tax amount on 3% of the first one million gallons sold each month - Monthly maximum = \$6,450
Louisiana	0.5%
Mississippi	2.0%
Missouri	3.0% + 0.1%
Oklahoma	0.1%
Tennessee	1.5415% + 0.1%
Texas	2.0%

DISTILLATE SPECIAL MOTOR FUELS (Diesel)

Distillate Special Fuels are subject to a gallonage tax levied on the importer or wholesale supplier who collects the tax from retail dealers or users. The supplier remits the tax to DFA on a monthly basis.

Tax Rate: 22.5¢ per gallon (Last Rate Increase – 2000)

Exemptions:

Sales of fuel exported from Arkansas
Sales to United States Government
Sales of Aviation Jet Fuel (Subject to Sales Tax)

Tax Rate History:

Year	Tax Per Gallon
1941	6.5¢
1965	8.5¢
1973	9.5¢
1979	10.5¢
1985	12.5¢
1991	18.5¢
1999	20.5¢
2000	22.5¢

Distribution of Tax:

Highway Special Revenues - 15% to Cities; 15% to Counties; 70% to Highway Department Fund.

Petroleum Environmental Assurance Fee – Applies to Gasoline and Diesel Gallons imported into Arkansas.

The fee is levied on each gallon of motor fuel (gasoline) or distillate special motor fuel (diesel) imported into the state. The fee is paid by the first distributor or supplier receiving fuel from a terminal in this state. The fee is collected in the same manner as Motor Fuel Tax and the Special Motor Fuel Tax and is credited to the Petroleum Storage Tank Trust Fund administered by the Department of Environmental Quality.

Rate and Base: .3¢ per gallon

INTERNATIONAL FUEL TAX AGREEMENT

The International Fuel Tax Agreement provides a mechanism for the reporting and payment of motor fuel taxes due on fuels used in interstate trucking. All states and the Canadian Provinces participate in the Agreement. On a quarterly basis, all interstate trucking firms file with their base state or Province a tax report reflecting: (1) the miles driven in each state and Province; (2) a calculated amount of the quantity of fuel consumed in each jurisdiction; (3) the amount of fuel purchased in each jurisdiction; and (4) a calculation to determine if the company over-purchased or under-purchased fuel in each state and Province. Using the state's or Province's cents per gallon tax rate, the company calculates amounts due or amounts to be refunded based on each jurisdiction's calculation. The states and Provinces forward all information to the IFTA clearinghouse where settlement occurs.

Some states levy motor fuel taxes (which may be similar to sales taxes) on motor fuels based on price as an alternative to the traditional fixed rate per gallon tax levy. In order to comply with the International Fuel Tax Agreement (IFTA) that applies to all interstate trucking companies operating in the United States and Canada, the states levying a price based fuel tax must convert their tax based on price to a cents-per-gallon tax rate. Using a state specific statutory method regarding the source and the time period to be used for recent pricing information, the amount of tax due per gallon is calculated and will apply to future tax reporting periods until the next required recalculation is made.

LIQUEFIED GAS SPECIAL FUELS (LPG)

Liquefied Gas Special Fuel is subject to a gallonage tax levied on the supplier who uses the fuel in the supplier's own delivery vehicles. All other users of LPG remit annual

permit fees ranging from \$64.00 to \$609.00 dependent on the type of motor vehicle in which the fuel is used.

LPG Suppliers reporting gallonage tax = 17 with gallonage taxes paid of \$11,283
Consumers licensed with LPG flat fees = 160 with fees paid of \$48,834

Tax Rate: 16.5¢ per gallon

Exemptions:

Sales to the United States Government

Distribution of Tax and Permit Fees:

15% County Aid Fund; 15% Municipal Aid Fund; 70% State Highway Department Fund

ALTERNATIVE FUELS TAX (CNG and LNG)

Alternative fuels are subject to a gallonage tax with the tax rate per gallon being determined by the number of motor vehicles registered in the state that use an alternative fuel type. Based on quantity and volume of a fuel type, a gallon equivalent to gasoline or diesel is calculated in order to convert the quantity into gallon equivalents onto which the tax is calculated and levied.

Current Tax Rate: 5¢ per gallon equivalent

The tax rate is based on the number of motor vehicles licensed utilizing each type of alternative fuel with the tax being reported at the following tax rates per gallon:

<u># of Vehicles</u>	<u>Tax Rate</u>
0 – 999	\$0.05
1,000 - 1,499	\$0.085
1,500 - 1,999	\$0.105
2,000 - 2,499	\$0.125
2,500 - 2,999	\$0.145
3000 & Over	\$0.165

Exemptions:

Sales to the United States Government.

History:

Established by Act 1119 of 1993.

Distribution of Tax:

Special Revenues: 15% to cities, 15% to counties, and 70% to the Highway Department Fund.

NATURAL GAS SEVERANCE TAX

The natural gas severance tax is levied on natural gas severed within Arkansas. The tax rate is dependent on the classification of the well type and is levied from a rate of 1.25% of the market value price for the gas to a maximum of 5% of market price with deductions allowed for cost recovery of certain expenses.

Tax Rate: From 1.25% of market price to 5% of market price dependent on classification by well type. (Last Tax Rate Increase – 2009)

Tax Rate History:

Year	Tax Rate
1923	2.5% of the gross cash market value
1927	2.6% of the gross cash market value
1947	All previous laws repealed and tax levied at three-twentieths of one cent (3/20 of 1¢) per MCF.
1957	Three-tenths of one cent (3/10 of 1¢) per 1,000 cubic feet
2009	1.5% to 5% of market price

Distribution of Tax:

Prior to January 1, 2009 – 75% State General Revenues; 25% County Aid

Beginning January 1, 2009 through June 30, 2015 – 5% State General Revenues; 95% Highway Special Revenues - 15% to Cities; 15% to counties; 70% Highway Department Fund

Effective July 1, 2015 – \$675,000 to State General Revenues; Balance to Highway Special Revenues – 15% to Cities; 15% to counties; 70% Highway Department Fund

Tax Collections:

Gross Natural Gas Severance Tax Revenue

Year Ending	Total Revenue	95% - Highway	5% - General
6/30/2010	\$ 44,879,056	\$ 42,635,103	\$ 2,243,953
6/30/2011	\$ 55,117,680	\$ 52,361,796	\$ 2,755,884
6/30/2012	\$ 51,859,010	\$ 49,266,059	\$ 2,592,950
6/30/2013	\$ 50,662,974	\$ 48,129,826	\$ 2,533,149
6/30/2014	\$ 77,345,031	\$ 73,477,779	\$ 3,867,252
6/30/2015	\$ 78,634,054	\$ 74,702,351	\$ 3,931,703

SALES and USE TAX - CONSTITUTIONAL AMENDMENT 91

Amendment 91 to the Arkansas Constitution levied additional state sales and use taxes at 0.5% for purposes of highway funding beginning July 1, 2013. The tax will expire after 10 years.

Sales and Use Taxes for Highways

Year Ending	Gross Revenues
6/30/2014	\$ 197.1 Million
6/30/2015	\$ 213.8 Million

Motor Vehicle Registration and Title Fees

Vehicle Title Fees	Fee Amount
Title Application Fee	\$8.00 - 50% of the \$8.00 fee is distributed for Highways

Passenger Cars and Truck Registration Fees	Fee Amount	Unladen Weight Range
Class 1 Passenger Car Registration	\$17.00	3,000 or less
Class 2 Passenger Car Registration	\$25.00	3,000 - 4,500
Class 3 Passenger Car Registration	\$30.00	4,501 and greater
Class 1 Trucks - 1/2 and 3/4 ton or less rating and 1 ton rating used for personal transportation.	\$21.00	Regardless of Weight

Commercial Truck Registration Fees	Gross Weight Range	Fee Range
Class 2 Trucks	6,001 - 20,000	\$39.00 - \$130.00
Class 3 Trucks	20,001 - 40,000	\$169.00 - \$388.00
Class 4 Trucks	40,001 - 56,000	\$442.00 - \$644.00
Class 5 Trucks	56,001 - 60,000	\$692.00 - \$741.00
Class 6 Trucks	60,001 - 68,000	\$819.00 - \$928.00
Class 7 Trucks	68,001 - 73,280	\$972.00 - \$1,048.00
Class 7 Trucks Non-IRP	73,281 - 80,000	\$1,350.00
Class 7 Trucks Registered Through IRP	73,281 - 80,000	\$1,553.00 (15% is for AHTD truck safety fund)
Class 8 Trucks (Farm and Natural Resources)	8,000 - 17,000	\$33.00 - \$65.00
Class 8 Trucks (Farm and Natural Resources)	3 Axle	\$97.50
Class 8 Trucks (Farm and Natural Resources)	4 Axle	\$130.00
Class 8 Trucks (Farm and Natural Resources)	5 Axle	\$163.00
Class 8 Farm Hauling Animal Feed Only	5 Axle	\$650.00

Farm Cotton Module Permit Fee		
(Module for hauling Compacted Seed Cotton)		\$487.00 (May be Prorated)

Trailer Registration Fee		
Permanent Pulled by Passenger Cars & Class 1 Trucks		\$36.00 Permanent Tag - Renewal Not Required
Permanent Pulled by Class 2 - 8 Trucks		\$65.00 Permanent Tag - Renewal Not Required
Annul Pulled by Class 2 - 8 Trucks		\$21.00 Renewed Annually

Dealer and Manufacturer License Plates		
Dealer Master and Manufacaturer Master		\$100.00
Dealer Extra and Manufacturer Extra		\$25.00

Unified Carrier Registration Fees	Number of Trucks	Fee
United Carrier Fees must be used for safety initiatives.	0 - 2	\$76.00
	3 - 5	\$227.00
	6 - 20	\$452.00
	21 - 100	\$1,576.00
	101 - 1,000	\$7,511.00
	1,001 or more	\$73,346.00

TOTALS FOR F/Y 15	
TOTAL NON-IRP REGISTRATION FEES	\$122,265,892.15
TOTAL IRP REGISTRATION FEES	\$48,442,432.75
TOTAL TITLE APPLICATION FEES	\$3,801,652.85
TOTAL UNIFIED CARRIER FEES	\$1,861,163.74
TOTAL FARM COTTON MODULE PERMIT FEES	\$49,110.00

In 1977, registration fees for Class 1 – Class 3 passenger cars and Class 1 trucks were as follows:

- Class 1 Automobiles 3,000 pounds or less - \$12.00
- Class 2 Automobiles 3,001 – 4,500 pounds - \$19.00
- Class Three Automobiles 4,501 and greater - \$26.00
- Class 1 Trucks ¾ ton or less - \$17.00

In 1979 a law was passed to increase fees as follows:

- Class 1 Automobiles 2,500 pounds or less - \$18.00
- Class 2 Automobiles 2,501 – 3,000 pounds - \$24.00
- Class 3 Automobiles 3,001 – 3,500 pounds - \$30.00
- Class 4 Automobiles 3,501 and over - \$36.00
- Class 1 Trucks ¾ ton and less - \$24.00

Fees were set at current levels in 1981.

In 1977, fees for the Class 7 trucks 68,001 – 73,280 were \$11.00 per thousand pounds and were raised to \$14.30 in 1979 with a fee range of \$972.00 - \$1,044.00, which is the current fee. In 1989, a new weight range of 73,281 – 80,000 was added to Class 7 Trucks, with a flat fee of \$1,044.00. In 1991 the fee for 73,281 – 80,000 weight range increased to \$1350.00, which is the current fee for non-IRP trucks of this range. In 2013, the fee for IRP trucks in the 73,281 – 80,000 range was increased to \$1,553.00 with 15% to be deposited for the AHTD truck safety fund.

DFA began collecting Unified Carrier Registration fees for the AHTD in 2007

Passenger car Fees of Surrounding States

Louisiana – Private passenger car - 2-year fee based on value of the vehicle with \$10.00 minimum of \$10.00 per year. Privately owned trucks fewer than 6,000 pounds – 4-years for \$40.00.

Mississippi – Base registration fee of \$10.00 for all vehicles plus a road and bridge privilege tax. Privilege tax for passenger car is \$15.00 and \$7.20 for pickup trucks.

Missouri – Passenger cars are based on taxable horsepower as follows: Under 12 HP \$18.25; 12 HP – 23 HP \$21.25; 24 HP – 35 HP \$24.25; 36 HP – 47 HP \$33.25; 48 HP 59 HP \$39.25; 60 HP – 71 HP \$45.25; 72 HP or more \$45.25.

Oklahoma - 1st through 4th year of registration \$91.00, 5th through 8th year of registration - \$81.00, 9th through 12th year of registration - \$61.00, 13th through 16th year of registration \$41.00 and 17th year and over \$21.00.

Tennessee - \$2.50 Clerk fee. Passenger Cars \$21.50.

Texas – Passenger cars and trucks with a gross weight of 6,000 pounds or less is \$50.75. Counties are given the option to collect a county road and bridge fee up to \$10.00.

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION	K Plate		J Plate		H Plate		
	73,281	80,000	68,001	73,000	60,001	67,000	
Arkansas	\$1,553.00	\$1,553.00	\$972.00	\$1,044.00	\$819.00	\$915.00	
Alabama	\$815.00	\$815.00	\$715.00	\$715.00	\$650.00	\$715.00	
Alberta	\$1,387.00	\$1,809.00	\$1,387.00	\$1,387.00	\$1,057.00	\$1,387.00	
Arizona							
	1979 & newer	\$3,531.00	\$3,957.00	\$2,682.00	\$3,531.00	\$2,486.00	\$2,682.00
	1978 & older	\$2,676.00	\$2,835.00	\$2,482.00	\$2,676.00	\$2,292.00	\$2,482.00
British Columbia		\$1,751.00	\$2,018.00	\$1,591.00	\$1,751.00	\$1,424.00	\$1,591.00
California							
	1) Gross vehicle weight fee	\$1,882.00	\$1,942.00	\$1,579.00	\$1,882.00	\$1,440.00	\$1,579.00
	2) CVRA	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00	\$122.00
	3) Registration fee	\$87.00	\$87.00	\$87.00	\$87.00	\$87.00	\$87.00
	4) CTIP fee (Cargo Theft Interdiction Program)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
	5) VLF (Vehicle license fee):	The purchase price rounded to the nearest odd hundred dollars is multiplied by an equivalent factor based on the purchase year and VLF percentage. If the digit in the hundredth column is even, round up; if odd, round down.					
		Current year (100%)		0.00650	6th year (40%)	0.002600	
		1st year (90%)		0.00585	7th year (30%)	0.001950	
		2nd year (80%)		0.00520	8th year (25%)	0.001625	
		3rd year (70%)		0.00455	9th year (20%)	0.001300	
		4th year (60%)		0.00390	10th year (15%)	0.000975	
		5th year (50%)		0.00325			
Colorado							
	1) Registration fee-private	\$1,975.00	\$1,975.00	\$1,850.00	\$1,850.00	\$1,570.00	\$1,850.00
	1) Registration fee-for hire	\$2,350.00	\$2,350.00	\$2,260.00	\$2,260.00	\$1,980.00	\$2,260.00
	2) Ownership tax:	[Taxable value X model year ownership tax %] X CO apportionment %					
		Model Year	Ownership tax %	Model Year	Ownership tax %		
		1st yr	2.10%	4th yr	0.90%		
		2nd yr	1.50%	5th yr - 9th yr	0.45% or \$10 whichever is greater		
		3rd yr	1.20%	10th yr & older	\$3.00		
	3) Road safety surcharge	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00
	4) Bridge safety surcharge	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION		K Plate		J Plate		H Plate	
		73,281	80,000	68,001	73,000	60,001	67,000
	5) Add'l registration fee	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
	6) Road and bridge fee	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
	7) Add'l registration fee 2nd	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
	8) Age fee: based on age of MV						
	<7 years	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
	7-10 years	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
	10 years & older	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Connecticut		\$1,430.80	\$1,546.00	\$1,231.30	\$1,302.10	\$1,089.70	\$1,195.90
District of Columbia		\$2,150.00	\$2,325.00	\$2,025.00	\$2,150.00	\$1,825.00	\$2,000.00
Delaware		\$1,282.00	\$1,390.00	\$1,192.00	\$1,264.00	\$1,048.00	\$1,156.00
Florida		\$1,322.00	\$1,322.00	\$1,080.00	\$1,322.00	\$916.00	\$1,080.00
Georgia	1) Private	\$400.00	\$400.00	\$400.00	\$400.00	\$300.00	\$400.00
	1) For hire	\$725.00	\$725.00	\$725.00	\$725.00	\$575.00	\$725.00
	2) Alternative Ad Valorem Tax	\$275.00	\$275.00	\$275.00	\$275.00	\$225.00	\$275.00
Idaho		\$2,760.00	\$3,360.00	\$2,360.00	\$2,760.00	\$1,560.00	\$2,160.00
Illinois		\$2,999.00	\$3,191.00	\$2,624.00	\$2,624.00	\$2,253.00	\$2,624.00
Indiana	1) Registration fees	\$1,050.00	\$1,350.00	\$975.00	\$1,050.00	\$865.00	\$975.00
	2) CVET (Commercial Vehicle Excise Tax)	\$440.00	\$565.00	\$408.00	\$440.00	\$362.00	\$408.00
Iowa		\$1,555.00	\$1,695.00	\$1,465.00	\$1,555.00	\$1,245.00	\$1,415.00
Kansas		\$1,670.00	\$1,870.00	\$1,670.00	\$1,670.00	\$1,345.00	\$1,670.00
Kentucky		\$1,410.00	\$1,410.00	\$1,250.00	\$1,250.00	\$1,007.00	\$1,250.00
Louisiana		\$466.20	\$504.00	\$441.00	\$466.20	\$390.60	\$428.40
Maine	1) Gross weight fee	\$821.00	\$877.00	\$762.00	\$821.00	\$699.00	\$762.00
	2) Ad valorem fee	Purchase price X tax rate according to tax year (Tax year = calendar year - vehicle model year + 1)					
		Tax year	Tax Rate				
		1st	2.40%				
		2nd	1.75%				
		3rd	1.35%				
		4th	1.00%				

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION		K Plate		J Plate		H Plate	
		73,281	80,000	68,001	73,000	60,001	67,000
		5th	0.65%				
		6th or later	0.40%				
Manitoba	1) Registration fee	\$1,787.00	\$2,003.00	\$1,609.00	\$1,761.00	\$1,316.00	\$1,538.00
	2) Prorate Vehicle Tax (PVT)	Purchase price X tax rate X prorate percent X time factor					
		Tax rate:					
	1.1 Vehicle age:	If the 4-digit year of the calculation year is greater than the 4-digit year of the vehicle value date, then subtract the 4-digit year of the vehicle value date from the 4-digit year of the calculation date and add 1. If the 4-digit year of the calculation year is less than or equal to the 4-digit year of vehicle value date then set to 1.					
	1.2 Table age	If vehicle age is greater than 10 years then set age to 10, otherwise, set age to vehicle age.					
	1.3 Tax rate	Select the tax rate table where the table effective date is less than or equal to the calculation effective date. From the chosen table, select the tax rate corresponding to the vehicle type on table age.					
		1 year		0.03765	6 years	0.01802	>10 years
		2 years		0.03024	7 years	0.01725	0.01752
		3 years		0.02488	8 years	0.01698	
		4 years		0.02101	9 years	0.01711	
		5 years		0.01825	10 years	0.01752	
Maryland		\$1,665.00	\$1,800.00	\$1,552.50	\$1,642.00	\$1,372.50	\$1,507.50
Massachusetts		\$1,480.00	\$1,600.00	\$1,380.00	\$1,460.00	\$1,220.00	\$1,340.00
Michigan		\$1,660.00	\$1,660.00	\$1,529.00	\$1,660.00	\$1,398.00	\$1,529.00
Minnesota	2015-2009 year model	\$1,595.00	\$1,760.00	\$1,185.00	\$1,325.00	\$1,015.00	\$1,185.00
	2008 year model & older	\$1,196.00	\$1,320.00	\$889.00	\$994.00	\$762.00	\$889.00
Mississippi	1) Privilege tax	\$1,128.00	\$1,512.00	\$972.00	\$1,128.00	\$828.00	\$936.00
	2) Additional privilege tax:						
	Current year	\$1,248.75	\$1,350.00	\$1,181.25	\$1,248.75	\$1,046.25	\$1,147.50
Missouri	Schedule 1	\$1,050.50	\$1,050.50	\$1,050.50	\$1,050.50	\$600.50	\$1,050.50
	Schedule 2	\$600.00	\$669.00	\$325.00	\$325.00	\$225.00	\$325.00

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION		K Plate		J Plate		H Plate	
		73,281	80,000	68,001	73,000	60,001	67,000
Montana	1) Registration fee	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75
	2) Fee in lieu of tax:						
	1 year or less		\$375.00	7 years	\$147.00	15-16 years	\$47.00
	Calculated by subtracting	2 years	\$300.00	8 years	\$125.00	17-18 years	\$36.00
	the model year of the	3 years	\$266.00	9 years	\$109.00	19-20 years	\$26.00
	vehicle from the calendar	4 years	\$242.00	10 years	\$92.00	21 yrs or more	\$20.00
	year in which the vehicle	5 years	\$195.00	11-12 years	\$76.00		
	is licensed.	6 years	\$167.00	13-14 years	\$61.00		
	3) Gross vehicle weight	\$607.50	\$750.00	\$522.50	\$607.50	\$440.00	\$522.50
Nebraska		\$1,184.00	\$1,280.00	\$1,120.00	\$1,184.00	\$992.00	\$1,088.00
Nevada	1) Weight fee	\$1,258.00	\$1,360.00	\$1,173.00	\$1,241.00	\$1,037.00	\$1,139.00
	2) BGST (Basic Governmental Services Tax)	Greater of the original purchase cost (OPC) or MSRP X depreciation factor					
		OPC Chart			MSRP Chart		
		Age of vehicle		Factor	Age of vehicle		Factor
		New	2016	0.01190	New	2016	0.01400
		New	2015	0.01190	New	2015	0.01400
		1 year	2014	0.01012	1 year	2014	0.01190
		2 years	2013	0.00821	2 years	2013	0.00966
		3 years	2012	0.00678	3 years	2012	0.00798
		4 years	2011	0.00559	4 years	2011	0.00658
		5 years	2010	0.00452	5 years	2010	0.00532
		6 years	2009	0.00393	6 years	2009	0.00462
		7 years	2008	0.00357	7 years	2008	0.00420
		8 years	2007	0.00321	8 years	2007	0.00378
		9 years	2006	0.00298	9 years	2006	0.00350
		10 or more	2005	0.00274	10 or more	2005	0.00322
New Brunswick		\$1,942.00	\$2,046.00	\$1,761.00	\$1,942.00	\$1,607.00	\$1,761.00
New Hampshire		\$703.68	\$800.16	\$653.76	\$700.80	\$576.96	\$643.20
New Jersey		\$1,130.00	\$1,223.00	\$1,052.50	\$1,114.50	\$928.50	\$1,021.50
New Mexico		\$172.00	\$172.00	\$172.00	\$172.00	\$172.00	\$172.00
New York	1) Base fee	\$887.00	\$968.00	\$822.75	\$883.25	\$726.00	\$810.75

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION		K Plate		J Plate		H Plate	
		73,281	80,000	68,001	73,000	60,001	67,000
	2) DHBTF (Dedicated Bridge Hwy & Bridge Trust Fund) fee	\$219.75	\$240.00	\$204.00	\$219.00	\$180.00	\$201.00
Newfoundland & Labrador		\$1,786.00	\$1,949.00	\$1,652.00	\$1,786.00	\$1,464.00	\$1,652.00
North Carolina		\$1,142.60	\$1,235.00	\$1,065.60	\$1,127.20	\$942.40	\$1,034.80
North Dakota	Current & 6 prior model years	\$937.00	\$1,059.00	\$876.00	\$937.00	\$755.00	\$876.00
	8 through 12 model years	\$760.00	\$858.00	\$711.00	\$760.00	\$614.00	\$711.00
	Older than 12 model years	\$671.00	\$757.00	\$628.00	\$671.00	\$543.00	\$628.00
Nova Scotia		\$2,165.35	\$2,356.00	\$1,974.75	\$2,165.35	\$1,783.00	\$1,974.75
Ohio		\$1,107.00	\$1,373.50	\$1,020.00	\$1,107.00	\$877.00	\$1,020.00
Oklahoma		\$870.00	\$948.00	\$778.00	\$857.00	\$713.00	\$778.00
Ontario		\$2,326.00	\$2,552.00	\$2,102.00	\$2,326.00	\$1,880.00	\$2,102.00
Oregon		\$921.00	\$998.00	\$874.00	\$921.00	\$780.00	\$857.00
Pennsylvania	Schedule 1	\$1,681.00	\$1,786.00	\$1,313.00	\$1,313.00	\$1,151.00	\$1,214.00
	Schedule 2	\$180.00	\$180.00	\$144.00	\$144.00	\$144.00	\$144.00
Quebec		\$3,220.00	\$3,220.00	\$3,220.00	\$3,220.00	\$3,220.00	\$3,220.00
Rhode Island		\$972.00	\$1,044.00	\$924.00	\$972.00	\$816.00	\$924.00
Saskatchewan	1) Registration fee	\$1,854.00	\$2,204.00	\$1,823.00	\$1,854.00	\$1,487.00	\$1,823.00
	2) PVT:	[Purchase price X PVT factor] X Saskatchewan's apportionment %					
			Purchase Year		PVT Factor		
			Current		0.02353		
			-1		0.01890		
			-2		0.01555		
			-3		0.01313		
			-4		0.01141		
			-5		0.01126		
			-6		0.01078		
			-7		0.01061		
			-8		0.01069		
			-9		0.01095		
South Carolina		\$687.00	\$800.00	\$600.00	\$677.00	\$460.00	\$583.00
South Dakota	< 10 years	\$1,330.00	\$1,457.00	\$1,250.00	\$1,330.00	\$1,090.00	\$1,210.00

IRP JURISDICTION APPORTIONED FEE COMPARISONS

JURISDICTION		K Plate		J Plate		H Plate														
		73,281	80,000	68,001	73,000	60,001	67,000													
Tennessee	10 years and older	\$1,197.00	\$1,311.30	\$1,125.00	\$1,197.00	\$981.00	\$1,089.00													
		\$1,208.00	\$1,366.00	\$1,208.00	\$1,208.00	\$1,024.00	\$1,208.00													
Texas		\$1,050.00	\$1,050.00	\$925.00	\$1,050.00	\$925.00	\$925.00													
Utah	1) Equalized Hwy Use Tax	\$600.00	\$600.00	\$600.00	\$600.00	\$450.00	\$600.00													
	2) Registration Fees	\$639.50	\$696.50	\$601.50	\$639.50	\$525.50	\$582.50													
Vermont		\$2,063.00	\$2,200.00	\$1,875.00	\$2,040.00	\$1,654.00	\$1,853.00													
Virginia		\$1,030.29	\$1,321.60	\$961.64	\$1,030.29	\$851.80	\$947.91													
Washington	1) Gross weight fee	\$1,458.00	\$1,832.00	\$1,267.00	\$1,458.00	\$1,011.00	\$1,183.00													
	2) VSIF fee: Vehicle Safety Inspection Fee	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00													
West Virginia	1) Registration weight fee	\$1,036.00	\$1,131.25	\$958.00	\$1,021.00	\$832.00	\$926.50													
	2) Ad valorem fee	Purchase Price of Vehicle X Ad Valorem Factor X West Virginia apportionment % X Time Factor Ad valorem factor: <table border="1"> <thead> <tr> <th>Year</th> <th>% of taxable value</th> </tr> </thead> <tbody> <tr> <td>1st or current year of acquisition</td> <td>1.1702%</td> </tr> <tr> <td>2nd year of acquisition</td> <td>0.9637%</td> </tr> <tr> <td>3rd year of acquisition</td> <td>0.7297%</td> </tr> <tr> <td>4th year of acquisition</td> <td>0.4956%</td> </tr> <tr> <td>5th year of acquisition</td> <td>0.3442%</td> </tr> <tr> <td>6th and subsequent year of acquisition</td> <td>0.2753%</td> </tr> </tbody> </table>						Year	% of taxable value	1st or current year of acquisition	1.1702%	2nd year of acquisition	0.9637%	3rd year of acquisition	0.7297%	4th year of acquisition	0.4956%	5th year of acquisition	0.3442%	6th and subsequent year of acquisition
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5th year of acquisition	0.3442%																			
6th and subsequent year of acquisition	0.2753%																			
Wisconsin		\$2,099.00	\$2,578.00	\$1,773.00	\$1,773.00	\$1,385.00	\$1,561.00													
Wyoming	1) Registration Fee	\$750.00	\$825.00	\$700.00	\$750.00	\$600.00	\$675.00													
	2) Equalized Hwy Use Tax	\$1,250.00	\$1,400.00	\$1,150.00	\$1,250.00	\$950.00	\$1,100.00													

Driver License Record Fees

- Arkansas law provides that the Department of Finance and Administration (DFA) shall furnish driving records in certain situations. These records are primarily provided for employment and insurance purposes.
- State law provides for a fee of \$7 for each non-commercial driver record furnished by DFA and \$10 for each commercial driver record furnished.
- A portion of the fees collected by DFA for the furnishing of a driver record is distributed to the Arkansas Highway and Transportation Department (AHTD).
- Total fees distributed to AHTD in FY 2015: \$8.4M
- The statutory fees for furnishing a driver record in Arkansas and surrounding states are:
 - Arkansas - \$7.00 non-commercial; \$10.00 commercial
 - Texas - \$10.00 commercial & non-commercial
 - Oklahoma - \$25.00 commercial & non-commercial
 - Missouri - \$5.88 commercial & non-commercial
 - Mississippi- \$11.00 commercial & non-commercial
 - Louisiana - \$15.00 commercial & non-commercial
 - Tennessee - \$5.00 commercial & non-commercial
- The Arkansas fee was adopted in 1989 and has not been increased since that date.

Bob Pitcher
Vice President, State Laws
American Trucking Associations, Inc

Comments on Mexico Carriers/IFTA:

The numbers of Mexican carriers, vehicles, and their trips into this country are negligible, and unlikely to increase significantly any time soon. Mexican carriers are very small, and their drivers don't like traveling up here anymore than our U.S. drivers like going down there.

To the extent they do come into the U.S. and go into more than one state, however, they are obliged to select one of the states as an IFTA base, and to report their fuel use in this country in the same way U.S. carriers do to their own base states. If a Mexican carrier only goes into one border state, and that state is either CA or TX (which covers nearly all the trips by Mexican carriers, not just the ones that have FMCSA authority nationwide, but all the drayage operations), they also have to report fuel use, outside of IFTA, to that one state, as a matter of CA or TX law.

Three provisions of IFTA that cover licensing for a carrier are pasted below. The first is the general rule: if the carrier travels in two or more states or provinces, it has to get an IFTA license. The second is the exception: a carrier may instead elect to operate interstate by getting fuel trip permits. And third, if a carrier travels in two or more states or provinces and is not itself based in an IFTA member - which covers Alaska, the Canadian territories such as the Yukon, and Mexico - it is to pick a state (or province) in which it operates, and base there until its own base joins IFTA. Initially, the plan for Mexicans was that they had to pick a border state, and in practice I believe they all do.

I anticipate Mexico coming into IRP eventually. And for right now, IRP works for the Mexicans much like IFTA does. I don't think that Mexico will join IFTA.

Relevant IFTA provisions on licensing for a carrier:

*R305 LICENSING REQUIREMENT - Any person based in a member jurisdiction operating a qualified motor vehicle(s) in two or more member jurisdictions is required to license under this Agreement, except as indicated in IFTA Articles of Agreement Sections R310 and R500.

*R310 TRIP PERMITS - In lieu of motor fuel tax licensing under this Agreement, persons may elect to satisfy motor fuels use tax obligations on a trip-by-trip basis.

*R325 BASE JURISDICTION DETERMINATION - An applicant not based in a member jurisdiction may make application for licensing to any member jurisdiction in which it operates. The jurisdiction receiving such application may accept or reject it. If licensed pursuant to this section, the licensee shall agree to make operational records available for audit in the base jurisdiction, or pay the reasonable per diem travel expenses for auditors to audit the records located outside of the base jurisdiction, at the discretion of the base jurisdiction. A person licensed under this section shall apply for an IFTA license to the jurisdiction in which it is based immediately upon notification that the jurisdiction has become an IFTA member jurisdiction. The license shall become effective the following license year.

From: John Theis

Date: Wed, Aug 19, 2015 at 11:57 AM -0700

Subject: Questions from July Meeting - Highway Funding Working Group

To: Duncan Baird

Cc: Larry Walther, Tim Leathers, Walter Anger, Tom Atchley, Roger Duren, Tonie Shields, Paul Gehring

Chairman Baird,

During the July, 2015 meeting of the Governor's Working Group on Highway Funding several questions were presented to DFA for which answers were not readily available. Since that time DFA has worked to gather the answers to those questions. Each question and the response to each question is presented below:

- **1. What amount of sales and use tax is collected each year for the sale of motor vehicles?**
 - FY2014 – General revenue collections - \$261.5M
- **2. What amount for vehicle repair parts and related items?**
 - FY2014 – General revenue collections - \$115.1M
- **3. What would the tax rate for gasoline and diesel be currently if the tax rate had been adjusted each year since those tax rates were established for subsequent increases in the construction price index?**
 - The 21.5¢ gasoline tax would be 29.1¢ per gallon.
 - The 22.5¢ diesel tax would be 31.5¢ per gallon.
- **4. How are trucks from Mexico allowed to validly travel in the state of Arkansas?.**

From 2011 to 2014 the Federal Motor Carrier Safety Administration (FMCSA) conducted a 3-year pilot program to determine if trucks from Mexico were safe to operate in the US. Thirteen Mexican trucking companies participated in this pilot program. The FMCSA ended this pilot program in October, 2014 and granted either normal or provisional US operating authority to each of the 13 participants. Consequently, these 13 Mexican trucking companies are authorized to operate in the US if they satisfy the following provisions:

- The owner of the truck bearing a Mexican license plate must provide a copy of documentation from the FMCSA authorizing the trucker to operate in the US when requested by Arkansas law enforcement;
- The operator must purchase a trip permit from the Arkansas Highway and Transportation Department for each trip through Arkansas;
- The operator must provide receipts indicating that the proper amount of fuel was purchased in Arkansas based on the miles driven within this state. If fuel receipts

cannot be provided, the owner will be assessed the appropriate amount of fuel tax at the Arkansas weight station;

- The Mexican truck operator may register under the IRP in the states of California, Arizona, New Mexico, or Texas as their base state if the trucker satisfies the registration requirements of one of those states.

A Mexican truck operator may not operate in the US unless they are one of the 13 that received operating authority from FMCSA.

- **5. What are the tax rates in surrounding states on Compressed Natural Gas and Liquefied Natural Gas?**

Please see Exhibit #1 attached.

- **6. How are electric vehicles taxed in other states?**

Only a few states have specifically addressed the taxation of electric vehicles based upon their use of the highways. Those states DFA has identified with specific provisions for electric vehicles are:

- Missouri: Passenger vehicles, commercial motor vehicles, and buses powered by LPG, CNG or electricity must display a special fuel decal. The annual decal rate depends on the type of vehicle and ranges from \$75-\$1,500. Average passenger vehicle is \$75.00.
- Georgia: \$200-\$300 annual fee for electric vehicles.
- Virginia: Alternative fuel vehicles and all-electric vehicles (excluding hybrids) must pay annual vehicle license tax of \$64. Electric vehicles also pay a \$50 annual license tax.
- North Carolina: Electric vehicle owners to pay an annual registration fee of \$100.
- Oregon: Pilot program that assesses a tax of 1.5 cents per mile on number of miles driven rather than amount of fuel consumed. Consumers still pay the fuel tax when they stop for gas. At the end of each month, depending on the type of car, the consumer receives either a credit or a bill for the difference in gas taxes paid at the pump. Private vendors provide drivers with small digital devices to track miles.

- **7. How are revenues from driver license fees and traffic violations currently used?**

- These driver license fees are generally deposited for use of the Department of Arkansas State Police Fund, the State Police Retirement Fund, to administer the driver's license program, and the Public Health Fund for the Blood Alcohol Program.
- Traffic violation fines generally are deposited for use by the courts.

- **8. How much revenue is generated from the 6¢ per gallon tax on dyed diesel fuel and how is that money distributed?**

- FY2015 – Total collections \$12.1M.
- 76.6% General Revenue- \$9.3M

- 14.9% Educational Adequacy Fund- \$1.8M
- 8.5% Property Tax Relief Fund- \$1M

I hope this information is helpful to you and your working group. Please contact me if I may provide further assistance.

John Theis
Assistant Revenue Commissioner
Arkansas Department of Finance and Administration
Telephone (501)682-7000

2015 3rd Quarter Individual Fuel Tax Rates

State / Province*	Gasoline	Special Diesel	LNG	CNG
ALBERTA (AB) #15	0.3994	0.3994		
BRITISH COLUMBIA (BC) #14	0.6504	0.6965		
MANITOBA (MB) #18	0.4301	0.4301	0.3072	0.3072
NEW BRUNSWICK (NB)	0.4762	0.6605	0.6605	0.6605
NEWFOUNDLAND (NL)	0.5069	0.5069		
NOVA SCOTIA (NS)	0.4762	0.4731	0.4762	0.4762
ONTARIO (ON) #5	0.4516	0.4393		
PRINCE EDWARD ISLAND (PE)	0.4024	0.6206		
QUEBEC (QC)	0.5898	0.6206		
SASKATCHEWAN (SK)	0.4608	0.4608		
ALABAMA (AL)	0.16	0.19		
ARIZONA (AZ) #8	0.18	0.26		
ARKANSAS (AR)	0.215	0.225	0.05	0.05
CALIFORNIA (CA) #1		0.447	0.1017	0.0887
COLORADO (CO)	0.22	0.205	0.05	0.06
CONNECTICUT (CT) #16	0.25	0.503	0.26	0.26
DELAWARE (DE)	0.23	0.22	0.22	0.22
FLORIDA (FL) #19	0.3159	0.3367		
GEORGIA (GA)	0.26	0.29	0.26	0.26
IDAHO (ID) #7		0.32	0.349	0.32
ILLINOIS (IL)	0.383	0.427	0.284	0.284
INDIANA (IN)	0.18	0.16	0.16	0.16
INDIANA (IN) (Surcharge)	0.11	0.11	0.11	0.11
IOWA (IA)	0.308	0.325	0.325	0.31
KANSAS (KS)	0.24	0.26	0.26	0.24
KENTUCKY (KY)	0.246	0.216	0.216	0.216
KENTUCKY (KY) (Surcharge)	0.044	0.102	0.102	0.102
LOUISIANA (LA)	0.2	0.2	0.16	0.16
MAINE (ME) #6		0.312	0.178	0.243
MARYLAND (MD) #21	0.321	0.3285	0.321	0.321
MASSACHUSETTS (MA)	0.24	0.24	0.18	0.18
MICHIGAN (MI)		0.296		
MINNESOTA (MN) #17	0.285	0.285	0.171	0.2474
MISSISSIPPI (MS) #2	0.18	0.18	0.18	0.228
MISSOURI (MO) #3	0.17	0.17		
MONTANA (MT) #10		0.2775		0.07
NEBRASKA (NE)	0.261	0.261	0.261	0.261
NEVADA (NV)	0.23	0.27	0.27	0.21
NEW HAMPSHIRE (NH)		0.222	0.222	0.222
NEW JERSEY (NJ)	0.145	0.175	0.0925	0.0925

State / Province*	Gasoline	Special Diesel	LNG	CNG
NEW MEXICO (NM)		0.21		
NEW YORK (NY) #12	0.405	0.4005		
NORTH CAROLINA (NC)	0.36	0.36	0.36	0.36
NORTH DAKOTA (ND)	0.23	0.23		0.23
OHIO (OH)	0.28	0.28	0.28	
OKLAHOMA (OK)	0.16	0.13	0.05	0.05
OREGON (OR)				
PENNSYLVANIA (PA) #4	0.505	0.642	0.335	0.505
RHODE ISLAND (RI)	0.33	0.33	0.33	
SOUTH CAROLINA (SC)	0.16	0.16	0.16	0.16
SOUTH DAKOTA (SD) #22		0.28		
TENNESSEE (TN) #9	0.2	0.17	0.2	0.13
TEXAS (TX) #13	0.2	0.2	0.15	0.15
TEXAS (TX) 09/01/2015 #13	0.2	0.2	0.15	0.15
UTAH (UT) #23	0.245	0.245	0.105	0.105
VERMONT (VT)		0.31		
VIRGINIA (VA) #20	0.162	0.202	0.162	0.162
VIRGINIA (VA) #20(Surcharge)	0.075	0.035	0.075	0.075
WASHINGTON (WA) #11	0.375	0.375		
WASHINGTON (WA) 08/01/2015 #11	0.445	0.445		
WEST VIRGINIA (WV)	0.346	0.346	0.155	0.24
WISCONSIN (WI)	0.329	0.329	0.197	0.247
WYOMING (WY)	0.24	0.24	0.24	0.24

* Footnotes begin on page 3

Footnotes to 2015 3rd Quarter Individual Tax Rates

1 – CALIFORNIA: CNG to be reported for each 100 cubic feet at standard pressure and temperature. A blend of Alcohol when containing not more than 15% Gasoline or Diesel should be reported as E-85 or M-85.

2 – MISSISSIPPI: LNG is taxed per Diesel Gallon Equivalent beginning July 1, 2015. The tax rate was set by the 2014 Legislative Session to be taxed at \$.18 per Diesel Gallon Equivalent. CNG is sold to consumers on the Gasoline Gallon Equivalent of 5.660 lbs. However, the tax rate is still on the measurement of \$.18 cents per hundred cubic foot. The above tax rate converts CCF to GGE.

3 – MISSOURI: Reporting is not required for propane &/or natural gas in the event that proper fuel decals have been obtained. If fuel decals have not been obtained, a fuel tax return must be completed using the \$0.17 fuel tax rate.

4 – PENNSYLVANIA: To convert CNG from standard cubic feet (scf) into Gasoline Gallon Equivalents (GGEs), divide CNG (scf) units by 126.67. Dyed diesel fuel or dyed kerosene consumed in PA operations, by qualified motor vehicles authorized by the IRS to use dyed fuel on highway, is not taxable.

5 – ONTARIO: Effective April 1, 2014, Biodiesel is a taxable product and taxed as diesel.

6 – MAINE: CNG rate is per 100 standard cubic feet.

7 – IDAHO: FUEL PURCHASED ON IDAHO INDIAN RESERVATIONS – As of November 1, 2007, diesel purchased from retail outlets on the Shoshone-Bannock Indian Reservation is Idaho tax-paid diesel for IFTA reporting and Idaho fuels tax refund purposes. However, diesel purchased from tribal-owned retail outlets on the Coeur d'Alene and Nez Perce Indian Reservations is not Idaho tax-paid diesel for IFTA reporting and refund purposes. Also, as of March 1, 2005 all gasoline purchased from tribal-owned retail outlets on all Idaho Indian reservations is not Idaho tax paid gasoline and is not eligible for fuels tax refunds. If you have questions, please call toll free 800-972-7660 ext. 7601 or 7685.

8 – ARIZONA: Vehicles less than 3 axles and with declared Gross Vehicle Weight under 26,001 lbs. are taxed at \$.18 per gallon.

9 – TENNESSEE: CNG is 5.66 lbs. per gallon. For the purpose of determining the tax on liquefied gas, a diesel gallon equivalent factor of six and six one-hundredths pounds (6.06 lbs.) per gallon shall be used.

10 – MONTANA: Montana no longer requires gasoline, gasohol and ethanol to be reported on the IFTA tax return.

11 – WASHINGTON: The state of Washington has entered into fuel tax agreements with several Washington Tribes regarding the taxation of motor vehicle fuel and special fuel sold at tribal fuel stations located on reservations or trust lands within Washington. Please see the "Exemptions" section for Washington located on the IFTA, Inc. website for further information.

12 - NEW YORK: For information on B20, see TSB-M-06(4)M, IFTA Reporting Requirements for the Consumption of B20 in New York State. For information on CNG and LNG, see TSB-M-13(1)M, Liquefied Natural Gas Treated the Same As Compressed Natural Gas. Both TSB-M's can be found at www.tax.ny.gov.

13 – TEXAS: Biodiesel, renewable diesel and blends containing biodiesel or renewable diesel purchased in Texas must be reported under the fuel type “DIESEL”. Instructions for reporting biodiesel, renewable diesel and blends are online at <http://window.state.tx.us/taxinfo/fuels/ifta.html> or call toll free 1-800-252-1383.

14 - BRITISH COLUMBIA: Effective January 1, 2010, ethanol and ethanol blends of gasoline must be reported as Gasoline and biodiesel and biodiesel blends must be reported as Diesel.

15 – ALBERTA: Effective 12:01 a.m. March 27, 2015, tax rates for gasoline, special diesel, gasohol, ethanol, methanol, E-85, M-85, A55 and biodiesel have increased from Canadian 9 cents per litre to 13 cents per litre. Tax rate for propane has increased from Canadian 6.5 cents per litre to 9.4 cents per litre. IFTA carriers may continue to use the Alberta IFTA quarterly tax return for the period January 1, 2015 to March 31, 2015, which reflects the old fuel tax rates. If the carriers pay tax at the new rates on fuel purchased between March 27, 2015 and March 31, 2015 and wish to make an adjustment to their return for the additional amount of tax paid, please make a request to Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA). TRA may ask for documentation to support the request and reserves the right to audit the adjustment.

16 – CONNECTICUT: See Special Notice SN 2014 (2) Changes to the Conversion Factors on Motor Vehicle Fuels Occurring In Gaseous Form for information about conversion factors for compressed natural gas and propane.

17 – MINNESOTA: CNG rate: 0.2474 per 100 cubic foot or 0.002474 per cubic foot.

18 – MANITOBA: Tax Rate for LNG and CNG is per cubic meter.

19 – FLORIDA: Effective January 1, 2014 through December 31, 2018, natural gas fuel is exempt from the taxes imposed by Chapters 206 and 212, F.S.

20 – VIRGINIA: Alternative fuels are taxed at the rates shown per Gasoline Gallon Equivalent (GGE). Visit <http://www.dmv.virginia.gov/commercial/#taxact/gge.html> for conversion instructions.

21 – MARYLAND: Rate changes effective for the 3rd Quarter of 2015. Input on 6/2/15.

22 - SOUTH DAKOTA: Gasoline tax correction.

23 – UTAH: For Utah tax purposes, LNG is measured in Diesel Gallon Equivalents, meaning of 6.06 pounds of liquefied natural gas CNG is measured in Gasoline Gallon Equivalents, meaning 5.660 pounds of compressed natural gas.

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<http://www.wsj.com/articles/nations-crumbling-roads-put-a-dent-in-drivers-wallets-1438365456>

U.S.

Nation's Crumbling Roads Put a Dent in Drivers' Wallets

Deteriorating highways are adding to auto maintenance costs in the U.S.



A pothole on Oakland Avenue in Highland Park, Mich. *PHOTO: CARLOS OSORIO/ASSOCIATED PRESS*

By **DAVID HARRISON**

Updated July 31, 2015 8:11 p.m. ET

On his way home recently, Oklahoma City mapmaker Alex Sherman felt the telltale jolt of his car hitting a pothole. The hole in the road didn't surprise him, but the \$560 price tag to replace his tire and alloy wheel did.

Potholes, he said, are “one constant we’ve got around here.”

As highways and streets age and deteriorate, drivers like Mr. Sherman are shelling out more on auto repairs.

A variety of studies point to rising maintenance costs that they attribute in large part to poor road conditions. The American Society of Civil Engineers, for example, pegged the

price at \$324 per driver in 2013, the most recent year available, up from \$275 in 2005. TRIP, a transportation research group, has determined that the average American driver spent \$516 in 2013 on repairs, depreciation, additional fuel and new tires, up from \$355 in 2010.

While “there’s been some improvement in overall bridge condition, overall pavement conditions are getting worse,” said Rocky Moretti, research director at TRIP, which receives funding from highway construction and manufacturing sources.

RELATED COVERAGE

Much
of the

- Potholes Hurt New York City Budget (<http://www.wsj.com/articles/potholes-put-a-dent-in-new-york-city-budget-1438303741>)

country’s road infrastructure dates from the 1950s and 1960s and is starting to show its age. Spending, however, hasn’t kept up with maintenance needs. That is partly because the price of construction materials rose rapidly in the early 2000s, outpacing government spending and making it more difficult to fill backlogs, according to the Congressional Budget Office.

The recession from 2007 to 2009 also led to a sharp drop in transportation spending at the state and local level that has yet to be made up.

Using an infrastructure-specific inflation measure, the CBO estimates that in real terms highway spending by federal, state and local governments —which totaled \$165 billion in 2014—has fallen by 19% from its peak in 2002. The American Association of State Highway and Transportation Officials says it would cost \$740 billion to meet current demand.

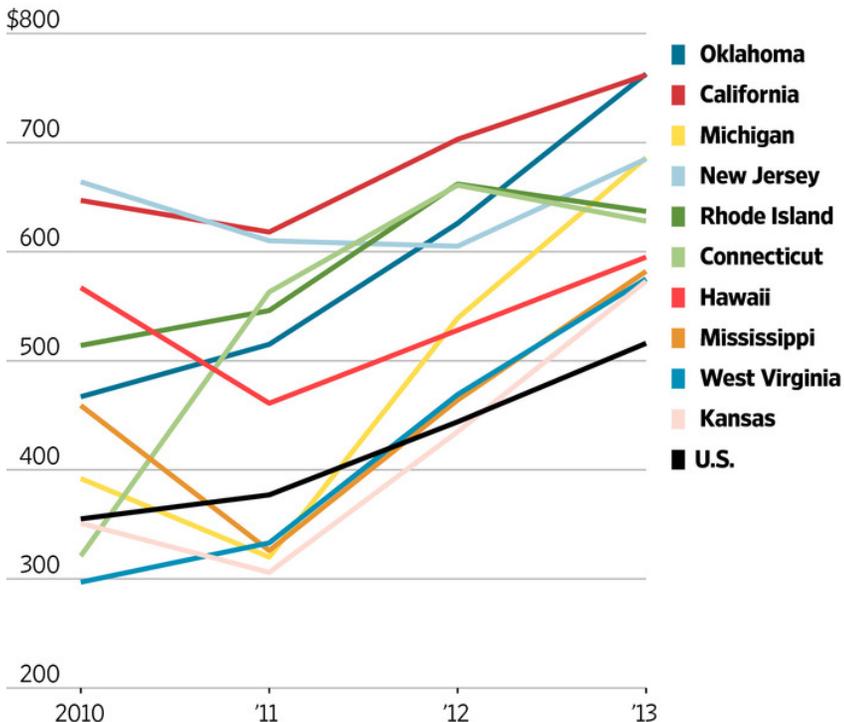
Much of the cost is being transferred to individuals and businesses in the form of added vehicle repairs. “The consequence is that we’re all paying more to maintain our cars,” said Genevieve Giuliano, a transportation policy expert at the University of Southern California.

In Congress, lawmakers have passed a series of short-term funding measuring, the latest this week, as they look for a way to direct more money to the federal Highway Trust Fund. The fund’s main revenue source, the gas tax, is no longer sufficient to cover its obligations. The federal government provides slightly more than a quarter of all highway funding, much of it from the highway fund.

Rough Ride

As highways and streets age and deteriorate, motorists are shelling out more on vehicle repairs.

Top 10 states ranked by extra vehicle operating costs per average driver as a result of driving on rough roads



Source: TRIP analysis based on Federal Highway Administration data

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Lawmakers will need to find an additional \$11 billion for 2016, rising to \$15 billion by 2020, to keep the fund solvent, according to CBO projections.

Recent driving trends suggest the costs to motorists are only going to increase. After stalling during the last recession, the number of miles Americans drove climbed 1.7% last year. Vehicle-miles driven are up 3.4% so far this year over last, according to the Transportation Department.

More cars on the road will put a greater strain on pavement and accelerate its deterioration, Mr. Moretti

said.

That is bad news for Tiffany Mitchell, manager of Boston's Top Cab and City Cab taxi companies. Over the years, increasingly crowded roads have added to the wear-and-tear on the pavement, making it more expensive for her company's drivers to maintain their vehicles, she said.

Last winter, a pothole opened up right outside the company's office and repair shop in Revere, Mass., wreaking havoc on taxis that had stopped by for a quick oil change.

"One week it was like six or seven cars hit the pothole," Ms. Mitchell said. "They all had to be towed back into my building."

Trucking companies also say they have seen road conditions hurt the bottom line. Duane Long, chairman of a small North Carolina-based trucking company called Longistics, said recently he had just received word that he would have to replace 27 tires costing \$500 each due in part to road conditions.



The rising cost of construction materials is outpacing government spending on infrastructure, according to the Congressional Budget Office. *PHOTO: VERNON OGRODNEK/THE PRESS OF ATLANTIC CITY/ASSOCIATED PRESS*

“That’s over 10 grand, and we’re a small company. And that was just today,” he said.

The costs can add up and have lasting economic consequences.

“The crumbling and decline of infrastructure does erode productivity,” said Susan Lund, an economic at the McKinsey Global Institute. “Over time, that really starts to build up.”

A 2013 McKinsey study recommended that the U.S. boost overall infrastructure spending from the current 2.6% of gross domestic product to 3.6%, an increase of between \$150 and \$180 billion a year. The short-term impact would add \$270 billion and \$320 billion to annual economic growth by 2020, the study found.

Those kinds of investments have been on the minds of Federal Reserve officials as well. Speaking to a Senate panel last month, Fed Chairwoman Janet Yellen cited increased capital investment “both public and private,” as a way to boost productivity and incomes.

That could help in places like Elbow Lake, Minn., home of Cosmos Enterprises, a small precision manufacturing company. Ordinarily, the company’s trucks would use a state road, Highway 79, to connect to Interstate 94. But the road needs resurfacing. In the spring, when the frost creates bumps and wide cracks on Highway 79, the company’s trucks must take a detour of up to 20 minutes on better-paved roads to protect fragile aluminum components from getting damaged, said Cosmos president Robert Grove, costing the company time and fuel.

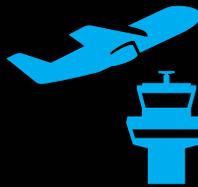
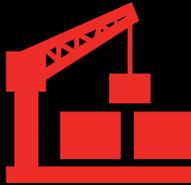
Highway 79 “is rougher than a cob in the spring,” Mr. Grove said.

Write to David Harrison at David.Harrison@wsj.com

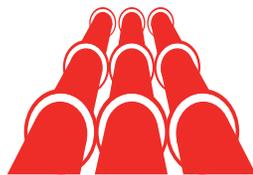
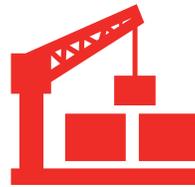
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Infrastructure Investment Creates American Jobs



Infrastructure Investment Creates American Jobs



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Stacey Frederick

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First published October 2014 by the Alliance for American Manufacturing

ISBN 978-0-9892574-2-8 (paperback)

Printed in the United States of America.

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The Alliance for American Manufacturing sponsored the research for this report. Errors of fact or interpretation remain the exclusive responsibility of the authors. The opinions expressed or conclusions made in this study are not endorsed by the project sponsor. We welcome comments and suggestions. The corresponding author may be contacted at lukas.brun@duke.edu.

About the Duke Center on Globalization, Governance & Competitiveness

The Center on Globalization, Governance & Competitiveness (CGGC), an affiliate of the Social Science Research Institute at Duke University, is built around the use of the Global Value Chain (GVC) methodology, developed by the Center's director, Gary Gereffi. The Center uses GVC analysis to study the effects of globalization on various topics of interest, including industrial upgrading, international competitiveness, the environment, global health, engineering and entrepreneurship, and innovation in the global knowledge economy. More information about CGGC is available at www.cggc.duke.edu.

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The Alliance for American Manufacturing (AAM) is a non-profit, non-partisan partnership formed in 2007 by some of America's leading manufacturers and the United Steelworkers. Our mission is to strengthen American manufacturing and create new private-sector jobs through smart public policies. We believe that an innovative and growing manufacturing base is vital to America's economic and national security, as well as to providing good jobs for future generations. AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America's manufacturers and workers. More information about AAM is available at www.americanmanufacturing.org.

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Acronyms

(AFA)	Airlines for America
(ASLRRA)	American Short Line and Regional Railroad Association
(APTA)	American Public Transportation Association
(ARA)	Association of American Railroads
(ARRA)	American Recovery and Reinvestment Act
(ASCE)	American Society of Civil Engineers
(DBE)	Disadvantaged Business Enterprises
(DOT)	Department of Transportation
(FAA)	Federal Aviation Administration
(FHWA)	Federal Highway Administration
(FRA)	Federal Railroad Administration
(FTA)	Federal Transit Administration
(GAO)	Government Accountability Office
(IMP)	Pipeline Integrity Management Program
(IRI)	International Roughness Index
(NBI)	National Bridge Institute
(NGO)	Non-Governmental Organization
(NHTSA)	National Highway Traffic Safety Administration
(NPIAS)	National Plan of Integrated Airport Systems
(NTS)	National Transportation Statistics
(NYSTA)	New York State Thruway Authority
(OECD)	Organization for Economic Cooperation and Development
(PHMSA)	Pipeline and Hazardous Materials Safety Administration
(PSR)	Present Serviceability Rating
(RITA)	Research and Innovative Technology Administration
(TZC)	Tappan Zee Constructors LLC
(VMT)	Vehicle Miles Traveled
(WEF)	World Economic Forum

Infrastructure Investment Creates American Jobs – Executive Summary

Federal investment in transportation infrastructure can drive employment and boost our national competitiveness. Increased investment in transportation infrastructure will provide jobs in many sectors, including in construction and manufacturing, while addressing the long-term deficiencies in the state of U.S. infrastructure. Businesses depend on a state-of-the-art transportation infrastructure to efficiently transport necessary components and final goods to their destinations. A safe, world-class transportation infrastructure can create new jobs through greater efficiency, increased competitiveness, and more overall demand.

However, Congress and the President continue to delay making long-term, meaningful decisions about investing in our critical infrastructure. In July 2014, Congress approved an \$11 billion “patch” to the Highway Trust Fund, effectively postponing any meaningful decisions until May 31, 2015. Unfortunately, this is not a new approach for Congress. After enacting SAFETEA-LU in 2005 (the previous bill authorizing transportation spending), Congress passed nine short-term extensions before finally authorizing MAP-21 in 2012, which budgeted \$105 billion for surface transportation investment. That authorization expired in 2014, creating uncertainty for transportation planners and states looking to tackle major projects.

A paucity of new investment and a piecemeal policy approach have led to severe consequences. Our decaying infrastructure is creating a significant drag on the economy: 156,000 deficient bridges, an investment backlog of \$85.9 billion for our nation’s roads, and \$200 billion annually in lost economic activity from inefficient rail transportation.

This report evaluates the cost of inaction through the lenses of international competitiveness and job creation. This report finds:

- Old and broken transportation infrastructure makes the United States less competitive than 15 of our major trading partners and makes manufacturers less efficient in getting goods to market.
- Underinvestment costs the United States over 900,000 jobs, including more than 97,000 American manufacturing jobs.
- Maximizing American-made materials when rebuilding infrastructure has the potential to create even more jobs. Relying on American-made inputs can also mitigate safety concerns related to large-scale outsourcing.

A six-year transportation bill of at least \$100 billion annually would support upwards of 2.18 million American jobs and rebuild our underperforming infrastructure. It would also make America more competitive, supporting the basic needs of U.S. businesses and their workers.

Competitiveness

This report compares U.S. transportation infrastructure quality to that of its major trading partners. The United States is well-positioned when it comes to the sheer quantity and complexity of its transportation infrastructure. However, the quality of this infrastructure is inferior to that of its major trading partners.

- The United States boasts the world's largest stock of transportation infrastructure as measured by combined bridges, airports, seaports, and miles of road, rail, pipeline, and inland waterways.
- The United States is not well-positioned compared to its major trading partners in terms of quality of transportation infrastructure. Global assessments of transportation infrastructure place the United States in 16th place out of 144 nations.
- The quality of transportation infrastructure affects the competitiveness of U.S. businesses. In particular, road and bridge quality have affected companies relying on “just-in-time” inventory management.

Job Creation

This report quantifies the number of jobs created by transportation infrastructure investment through an analysis of three investment scenarios: 1) status quo funding; 2) funding consistent with the President's 2015 budget request; 3) expanded infrastructure investment consistent with the U.S. Department of Transportation needs assessment.

- Each \$1 billion dollars invested in transportation infrastructure creates 21,671 jobs.
- Every dollar invested in transportation infrastructure returns \$3.54 in economic impact.

- Expanding federal funding consistent with U.S. DOT's request to improve conditions and performance of transportation infrastructure (\$114.2 billion per year) would result in over 2.47 million jobs, or 58% more jobs than current funding levels, and over \$404 billion in total economic impact.

Procurement

This report seeks to understand how preferences for the use of American-made iron, steel, and manufactured goods affect the construction of U.S. transportation infrastructure. Through a case-study of two large-scale infrastructure projects—the San Francisco-Oakland Bay Bridge in California and the Tappan Zee Bridge in New York—the report finds that projects subject to federal Buy America preferences mitigate the safety risks of using potentially inferior-quality foreign inputs while delivering more economic benefits to the U.S. economy than outsourced projects.

- Avoiding Buy America coverage resulted in the outsourcing of 27% of the funds used to build the San Francisco-Oakland Bay Bridge. By contrast, the Tappan Zee Bridge will be 100% American-made, including all of the steel used in its construction.
- Significant unanticipated risks to bridge safety and massive project delays may result from outsourcing large sections of steel fabrication abroad, especially when contractors are not able to execute proper governance.
- The U.S. steel industry and workers have the capacity and capability to competitively deliver on large infrastructure products needing high quality steel and iron.

Introduction

The Center on Globalization, Governance & Competitiveness at Duke University was engaged by the Alliance for American Manufacturing (AAM) to conduct an assessment of three major issues related to federal investment in transportation infrastructure. The first issue investigated in this report is the state of U.S. infrastructure in comparison to its major trading partners. As a basic component of a competitive economy, transportation infrastructure moves people and goods to their destinations as efficiently as possible. Underinvestment in transportation infrastructure increases the backlog of infrastructure construction and repair projects and reduces the ability of companies to meet the basic requirements of a “just-in-time” inventory system essential to lean manufacturing in a modern economy.¹

The second issue examined in this report is the effect of Buy America preferences on the construction of transportation infrastructure. We profile the construction of two recent bridge projects in the United States—the San Francisco-Oakland Bay Bridge in California and the Tappan Zee Bridge in New York—as an entryway to the ongoing discussion about the effects of domestic content preferences on jobs, the economy, and national competitiveness. Our profile of these two bridges illustrates the many ways in which strong Buy America preferences can improve the quality of U.S. transportation infrastructure.

The third issue investigated in this report is the employment impact of transportation infrastructure investment. Investment in infrastructure is not only a requirement for a functioning economy, but it is also beneficial for stimulating employment. This report explores the employment impacts of three different funding scenarios. The first scenario, or base case, is the current infrastructure spending in FY 2014. A second case investigates the employment impact of increased transportation spending proposed for FY 2015 in the President’s budget message to Congress. The third case investigates the employment impact of expanded transportation infrastructure investment proposed by the U.S. Department of Transportation (U.S. DOT) in its 2013 *Status of the Nation’s Highways, Bridges, and Transit*:

Underinvestment in transportation infrastructure increases the backlog of infrastructure construction and repair projects and reduces the ability of companies to meet the basic requirements of a “just-in-time” inventory system essential to lean manufacturing in a modern economy.

Conditions & Performance (“Conditions & Performance 2013”). We find that for each \$1 billion of federal transportation infrastructure investment, the employment effect is 21,761 jobs. This estimate is in close alignment with previous estimates.²

1.1 Methodology and Data Sources

Our methodology for the descriptive analysis of U.S. transportation infrastructure uses data from existing U.S. Government publications and from widely-recognized and reputable third party publications. The fourth section of the report, where job impact estimations are included, relied on formal input-output modeling software, specifically IMPLAN (Impact Analysis for Planners 3.0). IMPLAN is a well-known and widely accepted approach to estimating the economic impact of proposed investments, including transportation infrastructure investments. The modeling software captures three types of effects: direct, indirect, and induced, as described below.

- **Direct impacts** are the changes in spending in a given industry that result from the increase in final demand for the products of that industry. Investment in transportation infrastructure affects direct employment impact in construction and maintenance services and manufacturers of vehicles used in mass transit, among others.
- **Indirect impacts** include the impacts created by inter-industry spending. For example, for capital spending, these impacts account for the relationship between transit vehicle manufacturers and steel producers. Indirect impacts are sensitive to the percent of inputs imported from outside the defined geographic area. The greater percentage of imports, the lower the indirect impacts.

- **Induced impacts** are the variations in spending by household consumers resulting from changes in income and population due to new direct and indirect economic activity. Induced impacts model the changes in household spending—typically in retail trade and services—resulting from changes in income.

The output of the investment scenario analysis provides the direct, indirect, and induced jobs for each scenario and geographic region modeled.

Data sources: We relied on official U.S. statistics and reports to the extent possible for our analysis and results, except where noted. The employment impact analysis used IMPLAN data at the national and state level to calculate employment impacts for the funding and Buy America scenarios. The basis for IMPLAN is the U.S. BEA RIMS II model, estimating inter-industry purchasing at the national level.

1.2 Comparison with Previous Studies

This study reviewed the three major economic impact studies previously conducted on transportation infrastructure spending. These studies are the American Public Transportation Association’s (APTA) 2014 “Economic Impact of Public Transportation Investment”; the University of Massachusetts – Amherst 2009 (sponsored by AAM) “How Infrastructure Investments Support the U.S. Economy”; and the American Society of Civil Engineers (ASCE) 2011 “Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation Infrastructure.”

The 2014 APTA study examined the economic impact of public transportation investment and estimated that, depending on specific modeling decisions, the jobs impact (direct, indirect, and induced) per \$1 billion spent was between 18,983 and 21,830 jobs. The University of Massachusetts–Amherst study investigated the jobs impact of two transportation investment scenarios, and found that a baseline program of \$87 billion per year would increase employment by 1.6 million jobs (18,391 per \$1 billion), while a high-end program of \$148 billion per year would increase employment by 2.6 million jobs (17,568 per \$1 billion). The ASCE report cites a 2007 Federal Highway Administration study estimating that for every \$1 billion invested in highway construction, the employment effect would be approximately 30,000 jobs, while transit projects generate between 24,000 and 41,000 jobs, depending on the geography and mix of spending between construction, maintenance, and vehicle replacement. Our study finds that for each \$1 billion of federal transportation infrastructure investment, the employment effect is 21,761 jobs, which is quite close to previous estimates. As a result, we feel confident that our basic modeling approach and the methodology behind our results is sound.

1.3 Report Organization

The report is organized into four sections:

- **Introduction:** This section includes an overview, methods, and overall results of the report.
- **Comparative analysis of U.S. transportation infrastructure:** This section provides our analysis of the current stock of transportation infrastructure for the United States and top trading partners (Canada, Mexico, Europe,

Our study finds that for each \$1 billion of federal transportation infrastructure investment, the employment effect is 21,761 jobs, which is quite close to previous estimates.

China). Transportation infrastructure measured includes roads, rail, waterborne shipping, and pipelines (as data availability permitted). We provide examples of how the current stock of transportation infrastructure affects the competitiveness of the U.S. economy, examine how the current underinvestment in transportation infrastructure leads to inefficiencies in the U.S. supply chain, and explain how improvements could be an economic boost to the competitiveness of U.S. manufacturers.

- **Comparative analysis of Buy America provisions in the construction of two bridges:** In this section, we describe two bridge construction projects, one constructed with Buy America preferences and the other without. We describe how Buy America preferences affected budgetary and sourcing decisions for the steel and iron used in each bridge, and draw implications for other large U.S. transportation infrastructure projects.
- **Job creation potential of transportation infrastructure investment:** This section provides our estimates of the job creation potential of three transportation infrastructure investment scenarios: a) current FY 2014 funding (“low scenario”); b) proposed FY 2015 funding (“mid scenario”); and c) funding requested by U.S. DOT to improve the conditions and performance of U.S. transportation infrastructure.

Comparative Analysis of U.S. Transportation Infrastructure



Transportation infrastructure is critical to a well-functioning economy because it is inherently connected to virtually all other segments of the economy. In the United States, geographic disparity and population size generate an extremely high demand for a multifaceted, purposefully linked, and efficient transportation infrastructure to service the numerous needs of U.S. consumers, businesses, and government. The United States has amassed an impressive amount of infrastructure, boasting the largest national stock in the world of transportation infrastructure by measure of combined roads, rails, pipelines, and inland waterway miles, in addition to its number of bridges, airports, and seaports (Table 8, Section 2.2).

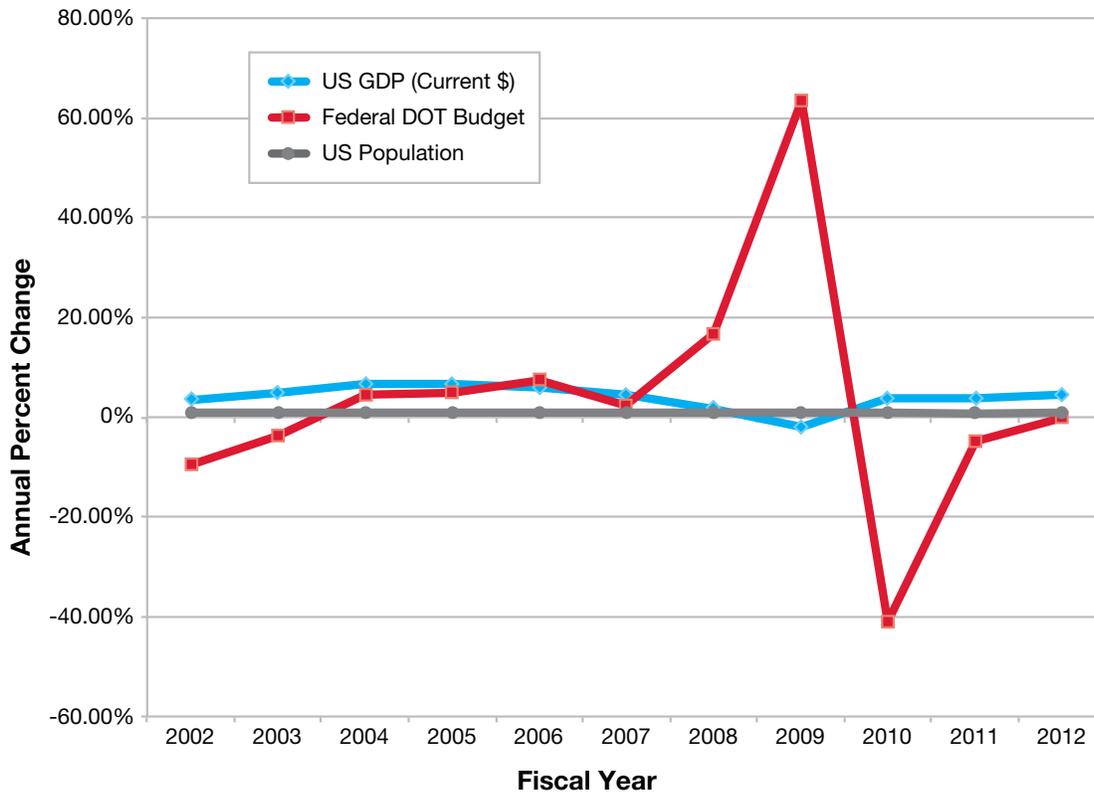
However, while stock size may speak to the complexity of the U.S. transportation infrastructure portfolio, it does little to reveal its condition, reliability, and sustainability (OECD 2007). A broad examination of available literatures (including publications from government, non-governmental organizations (NGOs), and academics) reveals a consensus that the U.S. government is vastly underperforming in its ability to effectively and efficiently provide, maintain, and expand its transportation infrastructure (ASCE 2013a; Baum-Snow 2011; Miller 2010; Duranton and Turner 2011; Levinson 2013; U.S. Chamber of Commerce 2011). Such underperformance is routinely associated

with negative economic impacts on jobs, productivity, and government deficits—all of which diminishes U.S. global competitiveness.

There are many factors that contribute to underperformance when it comes to U.S. transportation infrastructure, including insufficient investments by the federal government; deterioration levels exceeding maintenance and repairs; severe congestion problems, especially in high traffic arteries; too few transit options for both passengers and freight; and outdated communications technologies. The root cause of these issues is largely suboptimal investments.

As a benchmark, between 2002 and 2012 annual federal funding to the Department of Transportation (DOT)—the primary federal agency responsible for transportation infrastructure—has not kept pace with annual GDP growth (Figure 1). Accounting for population growth over the same period, federal transportation investments per person has only slightly increased, from \$202.98 per person in 2002 to \$231.18 in 2012. However, when factoring in the current investment backlog of nearly \$900 billion for maintenance and repair—\$808.2 billion from the Federal Highway Administration (FHWA) (DOT 2013), \$86 billion from the Federal Transit Administration (FTA) (DOT 2013), and \$4.6 billion from the Federal Aviation Administration (FAA) (GAO 2013a)—actual annual federal

Figure 1. Comparing Annual Percentage Change in DOT Budget, GDP and Population



Sources: World Bank Development 2014a; DOT 2014.
 Note: The spike in 2009 funding is attributed to the “American Recovery and Reinvestment Act of 2009.”

investments fall far short of the funds needed to rectify the underperforming U.S. transportation infrastructure. The reality behind the investment backlog in the United States is that without addressing current needs, backlogs only serve to “kick the can” of fiscal responsibility further down the road, escalating the national financial burden in years to come.

A critical part of transportation infrastructure performance in the United States is rooted in planning for and addressing fluctuating stress levels placed on each mode. Increased stress levels accelerate deterioration of infrastructure and increase the likelihood of congestion, creating delays and reducing operational efficiencies in the system (GAO 2013b).³

The amount of stress placed on the U.S. transportation infrastructure is inextricably linked to changes in freight and passenger volumes, both of which have grown steadily over the last three decades (ASCE 2013b).³ The DOT projects that both freight and passenger volumes will continue to increase over the next three decades for all modes of travel (roads, rail, air, water, and pipelines). For example, the FHWA anticipates road stress volumes will increase substantially, with a combined tonnage increase of 1.4% for freight shipments and an almost 2% increase in passenger vehicle miles traveled (VMT) annually until 2040 (DOT 2013). Since both of these projected growth rates are above projected population growth rates

“From our company’s perspective, a real transportation and infrastructure bill needs to be passed to adequately address all of the bridges, roads, and waterways. These improvements not only would help the United States with adequate and safe transportation but would create more demand for steel.”

— Bill Lowe, Nucor–Yamato Steel

(World Bank 2014a), this means that the U.S. economy is placing greater stress on its road infrastructure as current users increase their per annum consumption. To maintain—and

ultimately improve—its transportation infrastructure, a balanced mix of increased investments combined with effective and efficiency-enabling policies is crucial (Winston 2010; Winston 2013).

In an effort to comprehensively assess how the performance of U.S. transportation infrastructure performance impacts its economic competitiveness, the remainder of Section 2 will explore the following: Section 2.1 will dissect the status of transportation infrastructure by mode, identifying key dynamics and explaining how backlogs are critically symptomatic across all modes; Section 2.2 compares the transportation infrastructure in the United States with its top 15 trading partners; and Section 2.3 will assess overall competitiveness by examining the key detriments contributing to lackluster performance in the United States.

Table 1. DOT Budgetary Resources, 2015

DOT Division	2013 Actual		2014 Estimated		2015 Requested	
	\$ Millions	Percent Total	\$ Millions	Percent Total	\$ Millions	Percent Total
Federal Aviation Administration	\$15,236	21.59%	\$15,760	21.82%	\$15,411	16.95%
Federal Highway Administration	\$40,321	57.14%	\$40,942	56.67%	\$48,562	53.41%
Federal Motor Carrier Safety Administration	\$560	0.79%	\$585	0.81%	\$669	0.74%
Federal Railroad Administration	\$1,546	2.19%	\$1,610	2.23%	\$4,995	5.50%
Federal Transit Administration	\$10,597	15.02%	\$10,842	15.01%	\$17,649	19.41%
Inspector General	\$76	0.11%	\$86	0.12%	\$86	0.09%
Maritime Administration	\$327	0.46%	\$337	0.47%	\$658	0.72%
National Highway Traffic Safety Administration	\$801	1.14%	\$819	1.13%	\$851	0.94%
Office of the Secretary	\$855	1.21%	\$1,021	1.41%	\$1,715	1.89%
Pipeline and Hazardous Materials Safety Administration	\$191	0.27%	\$210	0.29%	\$261	0.29%
St. Lawrence Seaway Development Corp	\$31	0.04%	\$31	0.04%	\$32	0.04%
Surface Transportation Board	\$28	0.04%	\$31	0.04%	\$32	0.04%
TOTAL	\$70,568	100%	\$72,316	100%	\$90,920	100%

Source: Author’s recreation of DOT 2015 Budget Highlights (DOT 2014) with own calculations for percent total.

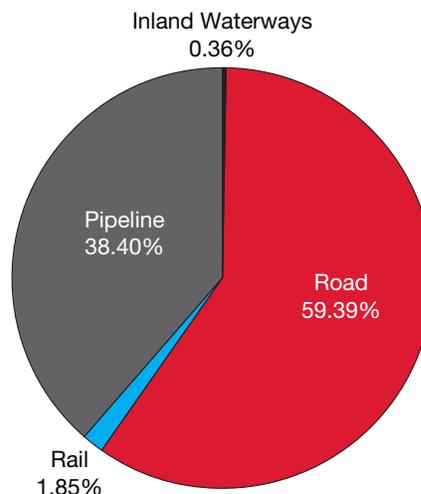
2.1 Status of Transportation Infrastructure in the United States by Mode

To gain a better understanding of how and why the U.S. transportation infrastructure is underperforming, it is instructive to examine the existing stock, current conditions, and investment backlogs of each mode. Section 2.2 looks at roads, bridges, transit, rail, air, and pipelines, which provide the basis this report uses to assess both the overall state of transportation infrastructure in the United States and for competitive comparison to its largest trading partners. To help provide funding context, Table 1 provides DOT funding levels and the percent of total funding for each of DOT's 12 divisions for fiscal years 2013 to 2015.

Roads

By far, roads in the United States comprise the largest number of infrastructure miles and the highest amount of freight tons and value. According to the most current available data, the total stock of U.S. road infrastructure amounts to 4,092,730 miles, or 59.4% of total

Figure 2. Percentage Total: U.S. Infrastructure Mileage



Source: Author's own calculations based on NTS 2013.

U.S. infrastructure miles (Figure 2), and over 67% of total tonnage and total value⁴ (Table 2). As such, the largest portion of all money invested in U.S. transportation infrastructure is made in roads. In 2013, \$40.3 billion—or 57.1% of the entire DOT budget—was allocated to FHWA to support its mission

Table 2. Movement of Goods by Mode, 2007

Mode	Tons (Millions)	Percent	Value (Billions of Dollars)	Percent
Truck	12,778	67.75%	10,780	64.7%
Rail	1,900	10.1%	512	3.1%
Water	941	5.0%	339	2.0%
Air, Air & Truck	13	<0.1%	1,077	6.5%
Multiple Modes & Mail	1,424	7.5%	2,879	17.3%
Pipeline	1,507	8.0%	723	4.3%
Other & Unknown	316	1.7%	341	2.0%
TOTAL	18,879	100%	16,651	100%

Source: (DOT 2013)

of maintaining and investing in U.S. road infrastructure (DOT 2014).

The relative or weighted importance of different roads across the United States, and the ultimate responsibility for maintaining and expanding each road, is determined by its usage and its ownership level—federal, state, or local. The FHWA broadly categorizes different roads by area of function: rural, small urban, and urbanized. In 2012, rural areas contained 72.7% of total road miles, but equated to only 32.9% of VMT; small urban areas, on the other hand, contained 5.2% of total miles and 7.4% of VMT; and urbanized areas contained 22.1% of total miles, commanding the largest amount of VMT traveled at 59.8% (DOT 2012b). In 2012, 3.4% of all U.S. roads were federally owned, 19.1% were owned at the state level, and 77.5% were owned at the local level. Interestingly, federal funding for U.S. roads as channeled through FHWA are, in most cases, required to be applied to federal-aid highways⁵ (DOT 2013). The 1,007,777 miles that make up all federal-aid highways amount to roughly 25% of all mileage and over 85% of all VMT (DOT 2013). Thus, federal-aid highways are some of the most crucial roads in the United States when it comes to their effect on national road performance.

To help monitor the performance of federal-aid highways, FHWA employs two rating systems: a quantitative test that indicates smoothness in inches per mile known as the International Roughness Index (IRI), and a subjective test based on a qualitative assessment of a road's general condition known as the Present Serviceability Rating (PSR). Combined, these two measurements provide indicators for managing current operations and making decisions as to which roads require rehabilitation, expansion, or enhancement based on ratings of “good” and “acceptable” (good being above poor, but lower than acceptable) (GAO 2012a; GAO 2012b). As Table A1 in Appendix A shows, between 2000 and 2010, the percent of roads with an “acceptable” rating based on a VMT

weighted average decreased from 85% to 82%, meaning that 18% of all roads in the United States remained in poor condition, necessitating some form of rehabilitation. It is worth noting that the percentage of roads in “good” condition (46% lower in IRI score than the needed score for “acceptable”) increased from 42.8% to 50.6% during the same period. However, this increase actually reflects a very minor change in the overall number of roads in poor condition; as Table A1 demonstrates, roughly 3% of the 8% increase in roads rated as “good” is actually attributed to a fall from “acceptable” to “good,” rather than an improvement from being in poor condition.

Due primarily to insufficient funding (and, to a lesser extent, improper management of funds by all levels of government for road maintenance and rehabilitation, the rate of road deterioration has long exceeded rates of repair, creating a tremendous backlog of needed rehabilitation, expansion, and enhancement (ASCE 2013a; U.S. Chamber of Commerce 2011; Winston 2013). In 2013, the backlog was \$541.7 billion for federal-aid highways alone, and another \$160.2 billion for all other roads (DOT 2013). The obvious concern with the backlog is that under current investment levels, it will be self-perpetuating and future rehabilitation costs will be compounded, which will have negative economic impacts on consumers, businesses, and government.

Bridges

Bridges are critical to a well-functioning transportation infrastructure. Unfortunately, the 600,000 bridges in the United States are among the nation's oldest and most underperforming infrastructure elements. The average year of construction for all U.S. bridges in 2010 was 1971 and the average bridge is 39 years old—an increase from the 2000 average of 37 years old (DOT 2013). In addition, in 2000 roughly 67.2% of all bridges were more than 25 years old and 26.2% were more than 50 years. By 2010, these numbers had increased to 68.5%

Table 3. Bridge Deficiencies by Age, 2010

Age Range of All Bridges	Bridge Count	Structurally Deficient		Functionally Obsolete		All Deficient	
		Count	Percent	Count	Percent	Count	Percent
0-10 Years	66,877	450	0.7%	6,096	9.1%	6,546	9.8%
11-25 Years	123,231	3,055	2.5%	11,059	9.0%	14,114	11.5%
26-50 Years	228,103	21,508	9.4%	30,671	13.4%	52,179	22.9%
51-75 Years	125,274	25,883	20.7%	24,289	19.4%	50,172	40.0%
76-100	50,525	15,430	30.5%	11,078	21.9%	26,508	52.5%
>100 Years	10,181	4,079	40.1%	2,574	25.3%	6,653	65.3%
Null	294	26	8.8%	90	30.6%	116	39.5%
TOTAL	604,485	70,431	11.7%	85,857	14.2%	156,288	25.9%

Age Range of NHS Bridges	Bridge Count	Structurally Deficient		Functionally Obsolete		All Deficient	
		Count	Percent	Count	Percent	Count	Percent
0-10 Years	11,824	57	0.5%	1,366	11.6%	1,423	12.0%
11-25 Years	18,957	148	0.8%	1,853	9.8%	2,001	10.6%
26-50 Years	61,515	3,221	5.2%	10,019	16.3%	13,240	21.5%
51-75 Years	19,610	1,839	9.4%	4,824	24.6%	6,663	34.0%
76-100	4,506	581	12.9%	910	20.2%	1,491	33.1%
>100 Years	212	54	25.5%	63	29.7%	117	55.2%
Null	45	2	4.4%	26	57.8%	28	62.2%
TOTAL	116,669	5,902	5.1%	19,061	16.3%	24,963	21.4%

Age Range of Interstate Bridges	Bridge Count	Structurally Deficient		Functionally Obsolete		All Deficient	
		Count	Percent	Count	Percent	Count	Percent
0-10 Years	3,637	35	1.0%	654	18.0%	689	18.9%
11-25 Years	5,831	61	1.0%	805	13.8%	866	14.9%
26-50 Years	37,830	2,019	5.3%	6,312	16.7%	8,331	22.0%
51-75 Years	7,810	640	8.2%	2,052	26.3%	2,692	34.5%
76-100	186	19	10.2%	21	11.3%	40	21.5%
>100 Years	6	1	16.7%	1	16.7%	2	33.3%
Null	35	0	0.0%	22	62.9%	22	62.9%
TOTAL	55,335	2,775	5.0%	9,867	17.8%	12,642	22.8%

Source: (DOT 2013)

of bridges more than 25 years old and 30.8% more than 50 years old (DOT 2013). While age is not necessarily indicative of quality, basic correlations can be inferred from actual quality ratings by the FHWA. Table 3 demonstrates that when taking age

into consideration, there is a consecutive increase in the rate of deficiency. Not surprisingly, this implies that as bridges age they become both more costly and more difficult to repair. Supporting evidence is the 2012 data from the National Bridge

Bridges are critical to a well-functioning transportation infrastructure. Unfortunately, the 600,000 bridges in the United States are among the nation's oldest and most underperforming infrastructure elements.

Inventory, which finds that on average across all U.S. states, costs for bridge replacement for deficient bridges were 32% higher than costs for rehabilitation (National Bridge Institute 2012). In 2010, when the average age for U.S. bridges was 39 years, the overall rate of bridge deficiency was more than 22% (Table 3).

The FHWA utilizes two primary negative rating classifications for bridges: structurally deficient and functionally obsolete. Structurally deficient implies that, “significant load-carrying elements are found to be in poor or worse condition due to deterioration and or damage,” or that the bridge is susceptible to flooding, causing “intolerable traffic delays” (DOT 2013: ES-4). Functionally obsolete implies that bridge design standards do not conform in significant ways with conventional standards (generally related to total width and number of lanes). While symptomatic of the need for rehabilitation, expansion, or enhancement, neither classification implies that a bridge is in imminent danger of collapse. According to the National Bridge Inventory, roughly 12%

Due to funding gaps, policymakers are required to make tough decisions about where to apply available funds—roads versus bridges.

of all bridges are inspected every 12 months, 83% are inspected every 24 months, and 5% are inspected only every 48 months (DOT 2013). Routine inspections are important to maintaining U.S. bridge infrastructure, but if the funds are not available to repair a bridge in need, then inspection becomes a less effective management tool.

Similar to road ownership, all bridges in the United States are associated primarily with federal, state, and local ownership, and responsibility for maintaining a state of good repair is the responsibility of each owner. In 2010, federal ownership was limited to 1.3% of all bridges (mainly for defense purposes), states owned 48.2% of all bridges, and local ownership subsumed 50.2%. Importantly, the share of state bridges also carried 87.5% of all traffic (freight and passenger) (DOT 2013), implying that the greatest amount of performance responsibility falls in the hands of states.

Federal funding for bridges is allocated to states and local entities as part of the FHWA's annual budget, and therefore there is no separate budgetary allocation for bridges alone. This means that, due to funding gaps, policymakers are required to make tough decisions about where to apply available funds—roads versus bridges. A major reason for the funding gap is the outstanding backlog of investments in bridges for rehabilitation, expansion, and enhancement. In 2010, the most recent year on record, the total bridge backlog equaled \$106.4 billion, \$86.8 billion of which corresponded to bridges eligible for federal funding (DOT 2013). As a result of the maintenance backlog, the rate of deterioration continues to outpace new funding, meaning that even when new funding is allocated to address outstanding needs, the number of existing problems that require even more funding will grow.

Transit

Transit infrastructure is the most complex entity in the U.S. overall transportation infrastructure, as it is comprised of the widest variety of forms of infrastructure, including heavy, light, and commuter rail, busses, vans, trollies, and ferries, and the facilities, stations, and hubs that are the points of call for each. Rail and busses make up the majority share of all transit assets. For example, in 2010 there were 21,062 total rail vehicles, while the stock of busses was 105,579. From 2000 to 2010, vehicle productivity (calculated by annual miles traveled per vehicle) across all transit vehicles steadily increased, while at the same time there was a 14% reduction in the average number of miles between breakdowns (DOT 2013). This implies that over this time period, non-rail transit vehicles were able to capture 14% more usage out of the same fleet while factoring for the addition of new vehicles.

Table 4 provides the annual change in per-vehicle revenue miles for each primary transit mode. Measurement here is important because it is an indicator for growth in demand for transit services by mode. Total rail vehicle revenue miles increased by 22.2% between 2000 and 2010, and total non-rail

revenue increased by 20.7%. Supporting the case for increasing demand between these years is the fact that on average, vehicle occupancy rates have not decreased across all modes, meaning that as new services have been offered, occupancy increases have kept pace (FTA 2011; DOT 2013). However, this is not meant to imply that occupancy rates are at full capacity, or that fleet management is necessarily being run efficiently. Section 2.3 addresses in more detail how inefficient service provision creates excessive operational costs and lowers competitiveness.

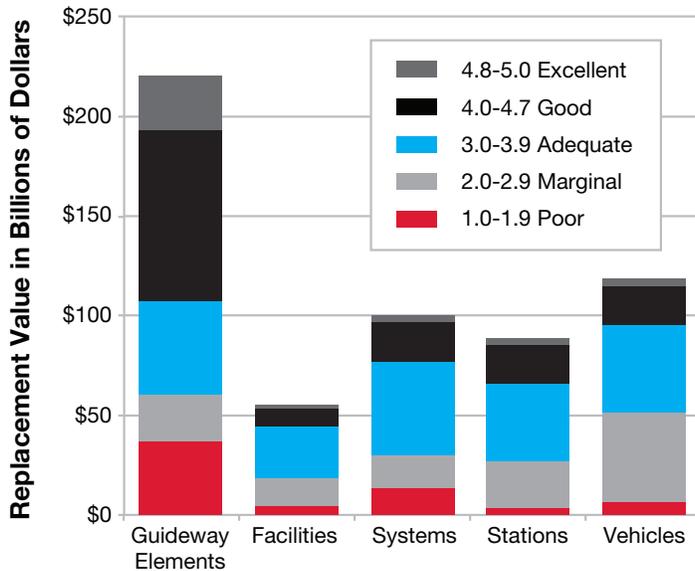
The FTA utilizes a ranking scale from 1 to 5 to assess the quality and condition of all its assets, ordered from “excellent” (4.8-5.0), meaning new or absent of any defects, to “poor” (1.0-1.9), signifying that the asset is in need of immediate repair and cannot reliably handle transit operations (DOT 2013). The FTA uses a rating of 2.5 as a benchmark for a “state of good repair” (a score that implies an asset does not require maintenance or replacement). Figure 3 assesses the stock of all assets managed by the FTA and demonstrates that a significant portion of the entire portfolio falls at or below a 2.5 score. Figure 3 also provides the associated

Table 4. Vehicle Revenue Miles per Active Vehicle by Mode, 2000-2010

Mode	Thousands of Revenue Vehicle Miles						Average Annual Rate of Change
	2000	2002	2004	2006	2008	2010	
Rail							
Heavy Rail	55.6	55.1	57.0	57.2	57.7	56.6	0.2%
Commuter Rail	42.1	43.9	41.1	43.0	45.5	45.1	0.7%
Light Rail	32.5	41.1	39.9	39.9	44.1	42.5	2.7%
Nonrail							
Motor Bus	28.0	29.9	30.2	30.2	30.3	29.7	0.6%
Demand Response	17.9	21.1	20.1	21.7	21.3	20.0	1.1%
Ferryboat	24.1	24.4	24.9	24.8	21.9	24.9	0.3%
Vanpool	12.9	13.6	14.1	13.7	14.3	15.5	1.8%
Trolleybus	18.9	20.3	21.1	19.1	18.7	20.4	0.8%

Source: (DOT 2013)

Figure 3. Asset Physical Condition by FTA Mode



Source: (DOT 2013)

Year-over-year investment shortages will only serve to exacerbate total investment backlogs, which in 2010 the FTA projected would increase to \$120.4 billion if federal investment rates were not increased.

weighted value of each asset (for example, rail cars are more valuable than vans) and shows that the estimated replacement costs for all assets rated “marginal” or below are estimated at \$160 billion. More crucially, in 2010 the FTA asserted that its backlog of assets requiring rehabilitation, expansion, or enhancement (assets rated “poor”) was valued at \$85.9 billion. As is true with other transportation infrastructure assets, year-over-year investment shortages will only serve to exacerbate total investment backlogs, which

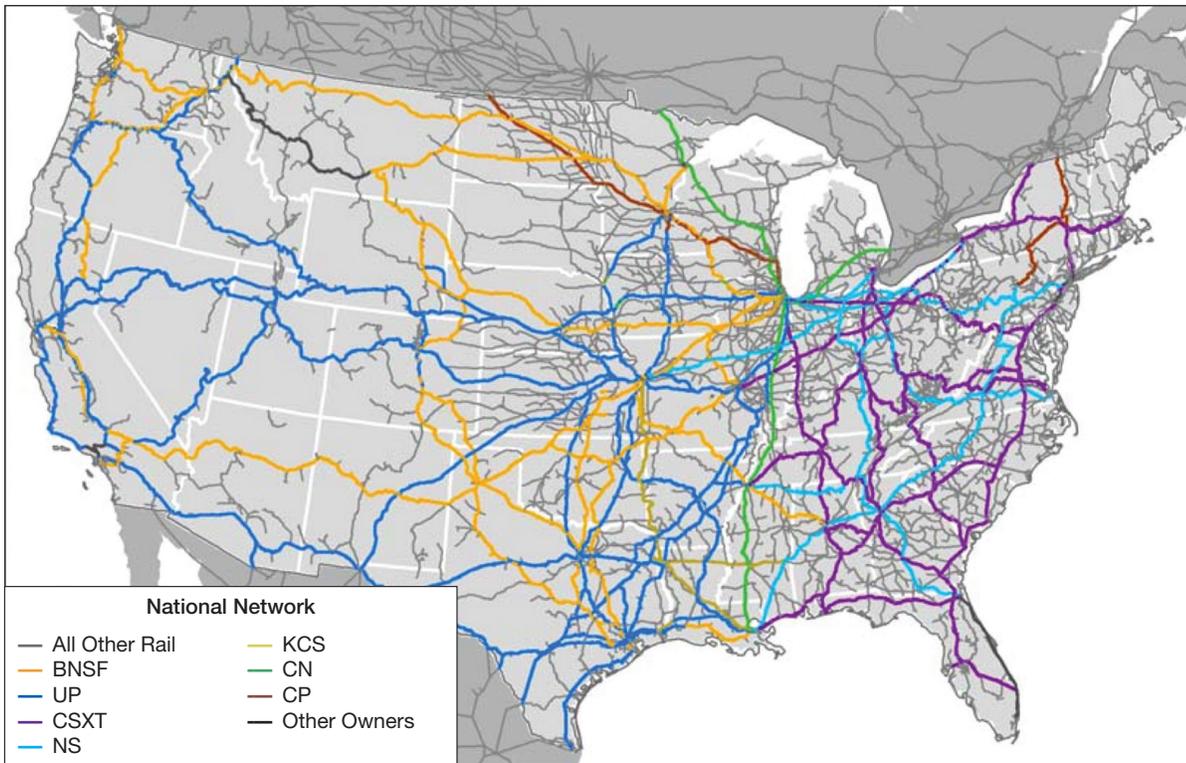
in 2010 the FTA projected would increase to \$120.4 billion if federal investment rates were not increased.

Rail

The U.S. rail infrastructure—both freight and intercity passenger—is one of the most important links in the nation’s overall transportation infrastructure portfolio. Crucially, it also possesses some of the greatest potential for expansion, routinely attracting high volumes of both freight and passengers away from highways and airports. An average of 36% modal change to rail (freight and passenger) occurred between 2008 and 2013 (Mongelluzzo 2014). Constituting more than 140,000 miles in total length, 76,000 rail bridges, and 800 rail tunnels (ASCE 2013a), U.S. national rail infrastructure is geographically expansive and is the largest national system in world. U.S. rail infrastructure is primarily structured to support freight rail; indeed the United States moves more freight-tons of goods by rail than any other country (measured in billion ton-miles). By comparison: 86% more than the EU-27; 83% more than India; 27% more than Russia; and 22% more than China (FRA 2010; EU Transport Scoreboard 2014). In addition to freight, U.S. rail infrastructure also supports more than 23,000 miles of intercity passenger lines; however, nearly all of these 23,000 miles share the same track as freight and are not to be considered separate. The United States is far less internationally competitive in its passenger rail miles traveled, with only 6.6 billion total miles in 2011. To put U.S. annual passenger-miles into perspective, Japan boasted over 159 billion-passenger miles in 2011; the EU-27, 233 billion; 429 billion in China; and 432 billion passenger miles in India (FRA 2010; RITA 2014).

Similar to pipeline infrastructure, freight rail is essentially entirely owned and operated by private businesses that are fundamentally responsible for investing in, maintaining, and expanding their respective assets (see Figure 4 for U.S. Freight Rail Map). Ownership

Figure 4. U.S. Freight Rail Map with Key Railroad Operators, 2011



Source: (AAR 2011: 4-1)

structures of freight rail can be divided into three primary associations: Class I⁶, Regional, and Local (Short Lines)⁷. As Table 5 shows, these classifications are distinguished by the total number of operators, annual revenue, and total number of employees. Class I

railroads (RRs) are by far the largest in size, accounting for 95,387 miles (or 69% of total U.S. rail miles) (RITA 2014). Class I RRs are also the most profitable of the three, commanding roughly 94% of the more than \$65 billion in total combined 2012 revenue

Table 5. Freight Rail Changes in Operators, Employment, and Miles, 1990-2011

Mode	Class I Railroads Over \$433M Revenue		Regional Railroads \$40M to \$433M Revenue		Local Railroads Under \$40M Revenue	
	1990	2011	1990	2011	1990	2011
Number of Operators (RRs)	14	7	30	21	486	539
Employment	209,708	158,623	11,578	5,443	14,257	11,874
Miles	97,817*	95,387*				

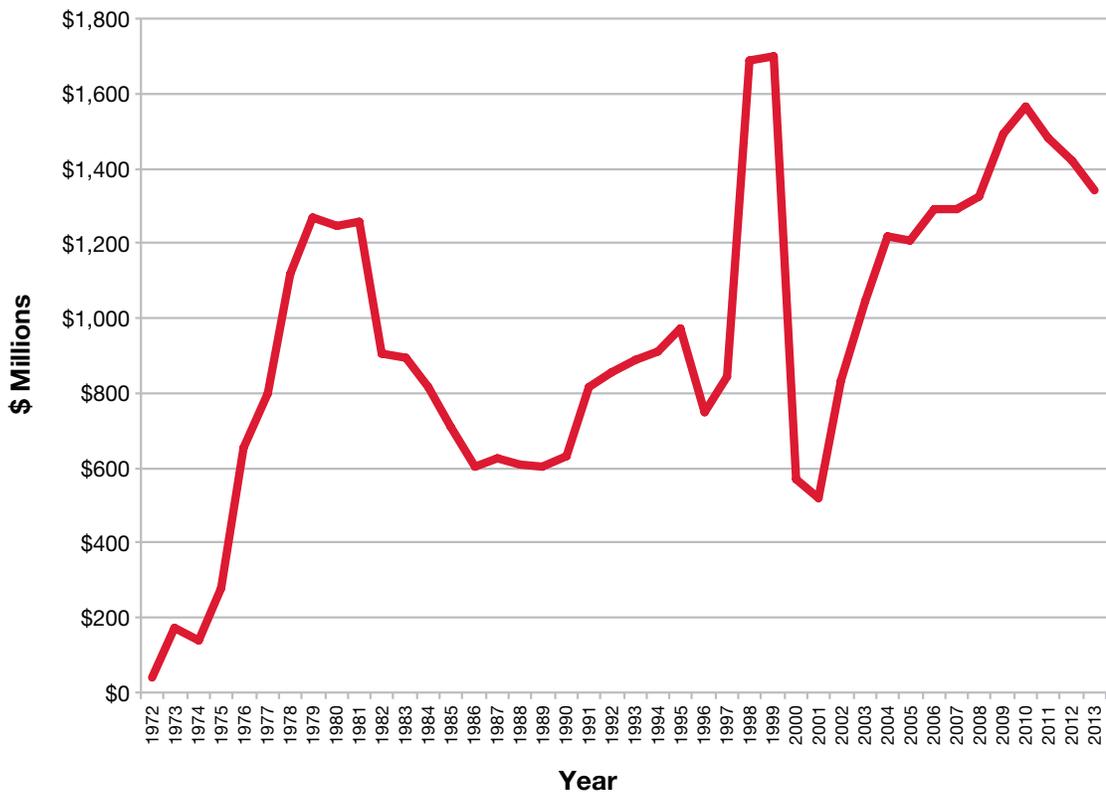
Source: (Palley 2013, RITA 2014*)

generated by all U.S. freight rail operators (AAR 2014a; Palley 2013). Interestingly, between 1990 and 2011, Class I RRs consolidated their numbers of operators from 14 to 7 due to mergers and acquisitions and decreased total employment by more than 24% due to technological advancements (Table 5) (Palley 2013). Operational costs declined while annual freight volumes increased—averaging an 8% return on investment between 1990 and 2011 (Palley 2013). Falling employment has also been a long-term trend for Regional and Local RRs over the same time period, while only Local RRs have increased their number of RR operators (Table 5)—an increase attributable to Local absorption of Class I and Regional RRs decommissioned tracks (FRA 2014a).

Over the last decade, freight rail companies have invested an average of 17% of total revenue on capital expenditures; by comparison, all manufacturing industries only averaged 3% (AAR 2014b). Such investments have principally been made in the procurement of new locomotives. For example, Class I RRs increased their total stock of locomotives from 19,745 in 2001 to 24,250 in 2011 (RITA 2014). However, over the same time period, Class I RRs have reduced their share of freight cars from nearly 500,000 in 2001 to 380,699 in 2011 (RITA 2014). Freight shippers own the majority of all freight cars—806,544 out of a total 1,283,225 (Palley 2013).

An inherent driver for increasing year-over-year investment in new infrastructure by

Figure 5. Annual Federal Funding to Amtrak



Source: Compiled by authors based on (FRA 2014c; DOT 2014)

freight rail companies is the fundamental need to accommodate expected growth rates. DOT and FRA have projected that the expected rates of freight rail increases (measured in ton-miles) over the next two to four decades is likely to be 22% by 2035 and up to 35% by 2050 (FRA 2014a). A key 2011 study conducted shortly after these DOT projections were released demonstrated that in spite of the fact that infrastructure-specific investments averaged roughly \$1.5 billion per year over the five previous years, the freight rail industry would need to invest at least \$4.8 billion per year into infrastructure expansion to meet expected 2035 demand—a \$3.3 billion per year shortfall (ARA 2011). Support for the projected growth rate can easily be drawn from the already over-congested, high-traffic intermodal rail yards like Chicago, Houston, and the North East Corridor (NEC). ASCE estimates that efficiency losses due to underinvestment at these key rail yards costs the economy approximately \$200 billion per year. To stem lost economic opportunity, and indeed prepare for the future, sizeable infrastructure investments will be essential.

Operation of the U.S. intercity passenger rail network is run almost entirely by the National Passenger Railroad Corporation Amtrak. As a for profit company, Amtrak provides fee-based rail services to the public across 46 states, Washington, and three Canadian provinces. In addition to managing its main operations, Amtrak also acts as a contractor for numerous smaller local lines that have less access to equipment and service capacity (FRA 2014b).

Amtrak services have expanded over the last decade, and in 2013 Amtrak posted a new record for annual ridership—31.6 million passengers (AMTRAK 2013b). Despite this achievement, Amtrak has never reached financial solvency in its more than 30 years of operation. For example, in 2013 Amtrak was only able to cover 89% of total expenses from internally generated revenue, and in 2012 total expenses (\$4.04 billion) exceeded total revenue (\$2.88) by \$1.16 billion (Amtrak 2014). The FRA is the primary agency responsible for issuing grants and other funding mechanisms to Amtrak. Figure 5 charts the annual changes in federal funding levels from FRA since Amtrak’s inception in the early 1970s. Important to the FRA-Amtrak relationship is that with continued funding, the FRA retains great influence in the governance and decision-making processes of Amtrak’s operations and management. This relationship demonstrates a vested interest by the federal government in the successful development of the U.S. intercity passenger rail infrastructure; however, as Amtrak is technically not part of the government, it also relieves the federal government of direct accountability for actual performance.

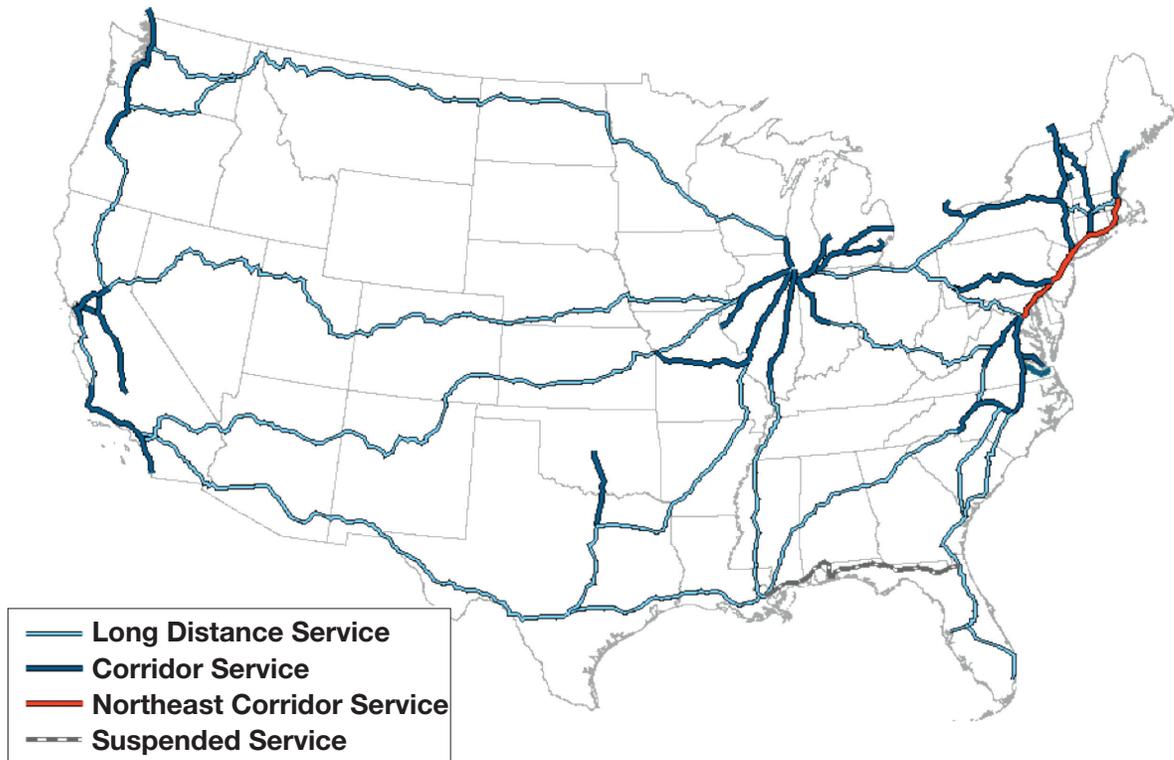
Amtrak currently maintains 517 passenger rail stations across the country (RITA 2014), and over the last decade it has improved its relative levels of operational efficiency, as ridership has increased while large reductions have been made in Amtrak’s locomotive and car assets. For example, Table 6 shows how Amtrak lowered combined vehicle inventory by more than

Table 6. Amtrak Changes in Assets and Miles Operated, 2001–2011

	2001	2011	Percent Change
Locomotives	401	287	-28.2%
Cars	2,084	1,301	-37.6%
Vehicle Miles	378 Million	296 Million	-21.7%
Passenger Miles	5.56 Billion	6.67 Billion	20.0%

Source: (RITA 2014)

Figure 6. Map of Amtrak Serviced Track Lines, 2013



Source: (Amtrak 2014)

30%, and as a result, total vehicle miles traveled also fell by over 21%. What makes this data interesting is that while there are fewer trains in operation traveling fewer total miles, the number of passenger miles has increased by 20%. Amtrak's efficiency can also be measured by way of train "on time" performance, whereby Amtrak trains arriving within a predetermined timetable of acceptable variance are considered on time and those exceeding are considered delayed. Figure A4 in Appendix A depicts on time performance for short-distance trains (< 400 miles) and long-distance trains (> 400 miles). Unsurprisingly, short-distance trains—which accounted for roughly 85% of all 2013 ridership—maintain consistently better on time performance than long distance trains (Amtrak 2014).

Since more than 70% of Amtrak's business is serviced on rail lines owned and operated by freight rail companies, Amtrak has to share and coordinate limited track lines with freight trains (see Figure 6, 2013 Map of Amtrak Serviced Lines). While sharing tracks complicates overall operational complexity for both freight and passenger lines, rail bylaws prioritize passenger trains over freight trains, giving Amtrak trains the default right of way (Amtrak 2013a). Of the track lines that Amtrak actually owns and is solely responsible for maintaining, the 363 miles of track in the northeast corridor (NEC) between Washington, New York, and Boston is the most complex and highest-trafficked passenger network in North America (Amtrak 2013a; OIG 2013). These are also arguably Amtrak's most important lines, carrying 11.4 million

passengers in 2013—more than one-third of total annual Amtrak passengers (Amtrak 2013a). Crucially, though, due to insufficient funding and management of funds, Amtrak’s 2013 backlog for maintaining a state of good repair in NEC exceeds \$5.8 billion (Amtrak 2013a). To achieve a state of good repair would require at least \$760 million per year for 15 years—\$380 million for asset replacement and \$380 million for maintenance (Amtrak 2013a; OIG 2013). Additional complications for maintaining a state of good repair beyond financial shortcomings are the average 2,200 trains traveling on NEC lines daily. With such high volumes it is nearly impossible to engage in maintenance activities without adding to congestion and creating traffic bottlenecks. Nevertheless, because current growth projections expect passenger rail traffic to increase by 50% through 2030 and to double by 2050, it is essential that Amtrak maintain this very important network of infrastructure (Amtrak 2013a).

Airports

The aviation industry is an important pillar of the U.S. economy, contributing over \$1.3 trillion to GDP, more than 10.2 million jobs, and more than \$53 billion revenue ton-miles of air cargo in 2011 (FAA 2011). Upholding the aviation industry is the country’s airport infrastructure, which—at more than 19,000 airports—is the single largest national network in the world. Of these 19,000 airports, approximately 3,400 are designated as part of the “national airport system,” and are overseen by FAA policies and regulations (GAO 2014a). Within the national airport system, there are 389 primary airports that have corresponding large, medium, or small hubs; within this primary network, 62 airports support more than 88% of both freight and passenger traffic (GAO 2014a).

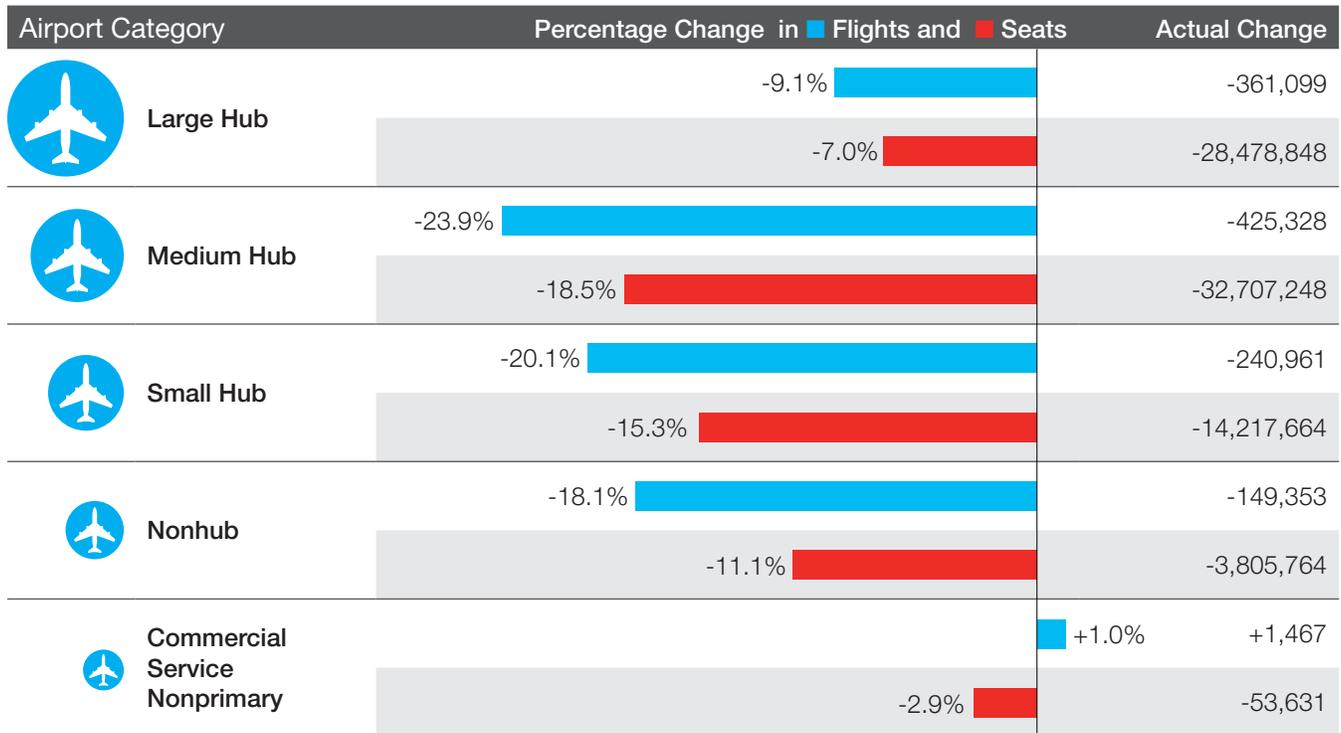
Due to the recent recession and spikes in gas prices, total airport traffic measured by flights, freight, passengers, and size of planes was down between 2007 and 2013 (GAO 2014a). Figure 7 depicts the average

In 2014, the Government Accountability Office warned of the imminent and growing backlog for U.S. airport infrastructure due to unsustainable federal investment shortages in the coming years.

decline in passenger traffic for all sizes of airports in the national airport system from 2007 to 2013. It’s important to note that much of the federal, state, and local revenue for airport development is tied to the taxes and fees applied on a per flight basis (GAO 2013a; GAO 2014a). Therefore, as airport traffic declined, so too has funding for infrastructure development. This has created a substantial funding problem that exacerbates the estimated \$4.6 billion in investment backlog in 2013 for the rehabilitation, expansion, and enhancement needs of all national airport system airports (GAO 2013a; GAO 2014a).

Federal funds for airports are largely reserved for the 3,400 airports in the national airport system and are awarded according to national priorities as outlined by the FAA’s National Plan of Integrated Airport Systems (NPIAS) (FAA 2012). Figures A1 and A2 in Appendix A depict the NPIAS’s most recent prioritization of development funds based on type of project and type of airport, offering insight into how federal funding is spent on airport infrastructure. On the one hand, 63% of all project funds are reserved for runway/physical rehabilitation and maintaining FAA standards, while 37% of funds are used to accommodate for growth in traffic and travelers (Figure A1, Appendix A). On the other hand, at the airport level, commercial airports equate to 16% of the total airport portfolio and receive 70% of all NPIAS directed funds, with non-commercial airports making up the remaining 84% of all airports and 30% of NPIAS funds (Figure A2, Appendix A) (FAA 2012).

Figure 7. Percent Change in Flights and Seats for Commercial Airlines, 2007-2013



Source: (GAO 2014a)

Other than military and national defense related airports, nearly all airports are owned by state, local, or private entities that are each responsible for managing their own rehabilitation, expansion, and enhancement activities (FAA 2013). Projecting total development needs for 2013 to 2017, NPIAS calculated that \$8.5 billion in federal funding would be required per year, totaling \$42.5 billion for all five years (FAA 2012). However, the \$8.5 billion needed far exceeds the 2013 actual funding to the FAA for “Grants-in-Aid for airports”⁸ of only \$3.34 billion, the 2014 expected funding of \$3.35 billion, and the 2015 requested funding of only \$2.9 billion. In 2014, the Government Accountability Office warned of the imminent and growing backlog for U.S. airport infrastructure due to unsustainable federal investment shortages in the coming years (GAO 2014a).

Pipelines

The United States has the longest pipeline infrastructure in the world. With more than 2.4 million miles of pipelines consisting of two main types—gas and hazardous materials (mainly oil)—its built infrastructure could circle the world roughly 100 times (PHMSA 2014a). With virtually no direct federal ownership of pipelines, the U.S. pipeline networks are operated and managed by close to 3,000 private companies ranging from large national players to small regional firms. Based on data collected from these private operators, the Pipeline & Hazardous Materials Safety Administration (PHMSA)—the division of the DOT that is responsible for collecting data and the primary federal authority for setting regulations on operational use, conditions, and safety—recorded the total stock of

pipelines and related transmission facilities to be the following⁹:

- 185,637 miles of hazardous liquid and carbon dioxide pipelines;
- 325,000 miles of onshore and offshore gas transmission and gathering systems pipelines;
- 2,145,000 miles of gas distribution mains and services pipelines; and
- 129 liquid natural gas facilities connected to our gas transmission and distribution systems and propane distribution system pipelines.

Relative to the DOT’s annual budget, the \$190.8 million given to PHMSA in 2013—and even the \$260.5 million requested for 2015—is quite small. Aside from operational costs of \$19.3 million in 2013, nearly all of the remaining \$171.5 million was used to improve operational standards, implement various safety programs, and conduct nationwide inspections (DOT 2014). For example, in 2011 PHMSA paid for more than 72% of all state pipeline safety programs. In addition, in 2013 alone, PHMSA conducted 2,955 inspections for both gas and hazardous materials pipelines and facilities, issued 484 violations (which generated \$9 million in non-compliance fines), and awarded 212 grants across all 50 states (DOT 2014; GAO 2014b). The 36.5% requested increase in the PHMSA’s 2015 budget over 2013 levels is directly tied to PHMSA’s intent of scaling-out these ongoing initiatives.

The role of PHMSA in championing and promoting improved operations and safety practices is particularly important because over half of the U.S. stock of pipeline infrastructure for both gas and hazardous materials was installed before 1970 when the vast majority of materials used were made of wrought iron and/or bare steel. As outlined in multiple PHMSA “Call to Action Papers” (PHMSA 2011), wrought iron and bare steel are considered the most at-risk materials for corrosion and leakage that could cause an unexpected fault in pipelines, generating a need for policies prioritizing the mitigation of such risks and creating opportunity for businesses capable of replacing old pipelines. The Pipeline Integrity Management Program (IMP), which requires pipeline owners and operators to continuously monitor and evaluate their stock and repair or replace any damaged assets, has been PHMSA’s primary means of risk reduction and the main way they hold pipeline companies accountable for public safety (Kishawy and Gabbar 2010). Modern pipelines are usually made of internally and externally coated steel which is designed to better withstand and prevent natural processes of corrosion (Wang, Shan, and Yang 2009). As Table 7 demonstrates, replacement efforts between 2005 and 2012 have reduced the risks from outdated pipelines; however, there is still much more replacement to be completed. Tables A2 and A3 in Appendix A provide the state-level breakdown for number of miles by type of pipeline in service in 2013 that were installed pre-1970.

Table 7. Phase Out of Pre-1970 Pipelines, 2005-2012 and Remaining Pre-1970 Pipelines, 2012

Pipeline Type	Reductions in Pre-1970 Pipelines	Share of Pipelines Installed Pre-1970
Gas Distribution Main Miles	8.4%	38.5%
Gas Distribution Service Count	19.6%	30.1%
Gas Transmission Miles	8.1%	58.5%
Hazardous Liquid Miles	2.0%	52.4%

Source: (PHMSA 2014c)

Interestingly, though perhaps not surprisingly, high concentration in ownership exists for pre-1970 pipelines. For example, the 10 companies in 2013 operating the highest number of pre-1970 gas distribution pipelines owned over 57% of all such pipelines nationally; for gas service lines, concentration of the top 10 companies was 43% (PHMSA 2014b). Similarly, in 2013 the top 10 states with the highest levels of pre-1970 pipelines for gas distribution and gas service lines were responsible for 83% and 98.5% respectively. As the Government Accountability Office (GAO) warns (2013; 2014) and as the “Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011” signed into law by President Obama in 2012 mandates, replacing the outstanding pre-1970 pipelines is a matter of national importance to ensure the safety and the operational efficiency of the U.S. national pipeline infrastructure.

2.2 U.S. Transportation Infrastructure Compared to Top Trading Partners

As reliable and efficient transportation infrastructure is essential for global economic competitiveness in a modern world (OECD 2007), it is instructive to compare the U.S. transportation infrastructure capacities and performance or underperformance with that of its largest trading partners. Meaningful assessments can be drawn from examining the effects the U.S. transportation infrastructure has on its global competitiveness. While this report is not intended to provide a fully comprehensive comparison, this section will use major international indices as well as other comparative measures of levels of infrastructure stock and annual investment levels as the basis for a broad assessment.

To facilitate comparison, the top 15 trading partners based on total average trade levels (combined exports and imports) between 2011 and 2014 were selected from the U.S. Census Bureau’s Foreign Trade database.¹⁰ In 2013, these 15 countries accounted for 72.5% of all U.S. combined trade. For these 15 countries, we compiled an overview of the stock size and overall capacity of their national infrastructure profiles in contrast to the size and capacity found in the United States. Table 8 illustrates the magnitude of the U.S. transportation infrastructure in comparison to its 15 largest trading partners. It demonstrates that the United States has the largest transportation infrastructure in all categories, except total inland waterways (held by China).

There are two primary international rating indices for measuring the competitiveness of national transportation infrastructure systems: the World Economic Forum’s (WEF) Global Competitiveness Index and the World Bank’s Logistics Performance Index. The more established and widely cited of the two is the Global Competitiveness Index. However, the Logistics Performance Index is much more specific because it focuses on transportation infrastructure capacities and logistics industry performance.

The WEF Global Competitiveness Index maintains a transportation infrastructure-specific index that ranks countries by their overall infrastructure rating, which is calculated through a weighted average score of eight infrastructure metrics. For the fields related to this report, Table 9 displays the U.S. ranking according to its comparable ranking with its top 15 trading partners for road, rail, port, and air. These rankings are determined through a survey of more than 15,000 business leaders from 144 countries around the world; answers are ranked on a scale of 1 to 7 (“1 = extremely underdeveloped—among the worst in the world; 7 = extensive and efficient—among the best in the world”) (WEF 2014). As the figure demonstrates, the United States falls roughly in the top 40th percentile

Table 8. Transportation Infrastructure Stock in Miles: United States and Top 15 Trading Partners, 2012

Country	Total Roads	Total Rail	Total Bridges	Inland Waterways	Total Airports	Total Hazardous Material Pipelines	Total Gas Pipelines
United States	4,092,730	140,000	607,380	25,000	19,782	185,637*	2,470,000*
Canada	647,655	29,826	8,929	395	1,889	23,232	48,312
China	2,551,591	41,195	—	112,052	463	26,453	32,000
Mexico	232,555	16,593	—	—	243	3,101	7,400
Japan	210,669	12,514	—	—	142	173	2,768
Germany	143,402	20,864	—	4,802	318	9,694	296,395
Korea, South	65,823	2,269	—	—	71	<200	2,213
United Kingdom	260,745	10,026	—	658	271	6,276	177,464
France	652,513	19,191	—	3,176	294	11,247	143,927
Brazil	982,501	18,527	—	—	698	3,976	8,450
Saudi Arabia	137,555	878	—	—	82	7,789	3,028
India	2,914,444	40,054	—	—	253	14,803	17,782
Taiwan	25,772	981	—	—	35	< 200	< 200
Netherlands	85,558	1,875	—	3,793	23	3,418	84,028
Switzerland	44,399	2,221	—	—	40	125	11,871
Italy	158,702	10,592	—	971	98	6,214	178,136

Source: Compiled by authors from: (RITA 2013; World Bank 2014b; European Commission 2014; Eurostat 2012; Eurogas 2013; ASCE 2013a; CMR-THS 2013; Transport Canada 2014)

Note: Dashes indicate statistics that were not able to be located with reliable results.

* 2013 Data.

compared to its top 15 trading partners. While certainly not uncompetitive, the U.S. overall average is far from what would reasonably be considered world-leading.

The Logistics Performance Index, on the other hand, provides an international benchmark to measure logistics performance based on efficiency and reliability, which are directly correlated to the capabilities and sophistication of each country's transportation infrastructure. The Logistics Performance Index is built around a survey designed by the World Bank, academics, and logistics professionals, and is calculated through a weighted average of responses

from over 1,500 logistics service providers operating in nearly every country in the world (World Bank 2014c). Responses for each question are ranked from 1 (low) to 5 (high). Table 10 compares the U.S. ranking to that of its top 15 trading partners. As is evident, the U.S. competitive ranking improves over its ranking in WEF Global Competitiveness Index; however, both Germany and the Netherlands remain more competitive across both indices than the United States. Because the technological and institutional requirements for even minimal levels of transportation efficiency in global logistics are inherently complex, there is a certain bias for more developed countries to

Table 9. WEF Global Competitiveness Index, 2014-2015

Country	Overall	Road	Rail	Port	Air
Switzerland	1	9	2	44	8
Netherlands	6	5	9	1	4
Japan	9	10	1	26	27
France	10	4	6	32	17
Germany	11	13	8	14	13
United States	16	16	15	12	9
Canada	19	23	18	21	16
Korea, Rep.	23	18	10	27	31
Taiwan	24	12	7	25	36
United Kingdom	27	30	16	16	28
Saudi Arabia	29	26	50	40	41
Italy	56	57	29	55	70
China	64	49	17	53	58
Mexico	69	52	64	62	63
India	90	76	27	76	71
Brazil	120	122	95	122	113

Source: Compiled by authors from WEF 2014.

outperform comparatively less developed countries. While the U.S. position of ninth globally is far from uncompetitive, for the country with the largest transportation infrastructure in the world this ranking suggests evident underperformance when compared to reasonable expectations for U.S. competitiveness.

Of the many factors that contribute to the development of these two transportation infrastructure-related performance indices (and indeed, a principle factor for the actual development of national transportation infrastructure), a country's annual investments in transportation infrastructure is one of the most important. Therefore, it is useful to compare investment differences in transportation infrastructure of the United States and some of its more competitive trading partners. For example, in 2011 the U.S. spending on transportation infrastructure

for all levels of government was approximately \$264.07 billion, equaling roughly 1.7% of total GDP (\$15.53 trillion), and corresponding to an average \$847.5 per person investment (DOT 2013; World Bank 2014a). Compare that to 2011 investments in transportation infrastructure for all EU-27 countries, which amounted to \$1.3 trillion, equaling roughly 7.2% of combined GDP (\$17.63 trillion), and corresponding to an average per person investment of \$2,589 (Eurostat 2012; EU Transport Scoreboard 2014). Thus, the EU-27 invested over three times more per person than the United States. Table 11 shows a similar breakdown for the EU-27 countries specifically included in this section as top 15 trading partners.¹¹

As shown in Table 11, the differences in annual transportation investment levels between the United States and its EU trading partners in both percentage of GDP and

Table 10. World Bank Logistics Performance Index, 2014

Country	Overall Rank	Infrastructure Rank	International Shipments Rank	Logistics Quality and Competence Rank	Timeliness Rank
Germany	1	1	4	3	4
Netherlands	2	3	11	2	6
United Kingdom	4	6	12	5	7
United States	9	5	26	7	14
Japan	10	7	19	11	10
Canada	12	10	23	10	11
France	13	13	7	15	13
Switzerland	14	11	15	16	21
Taiwan	19	4	5	25	25
Italy	20	19	17	23	22
Korea, South	21	18	28	21	28
China	28	23	22	35	36
Saudi Arabia	49	34	70	48	47
Mexico	50	50	46	47	46
India	54	58	44	52	51
Brazil	65	54	81	50	61

Source: (World Bank 2014c)

Note: Overall Rank also includes the following measures not reported here, and thus does not equate to an average of the metrics presented; however overall is still included to give the reader perspective. Excluded metrics are customs; and tracking and tracing.

Table 11. Annual Transportation Investments: Selected EU-27 Countries, 2011

Country	Total Investment	% GDP	Per Person Investment
United States	\$264,070,000	1.7%	\$848
EU-27 Combined	\$1,308,424,937,696	7.2%	\$2,589
United Kingdom	\$234,358,466,116	8.9%	\$3,669
Netherlands	\$45,601,736,402	5.6%	\$2,717
Italy	\$162,151,233,565	7.6%	\$2,717
Germany	\$267,374,503,644	7.4%	\$3,260
France	\$207,730,609,827	7.5%	\$3,260

Source: (European Commission 2014)

“I believe our nation’s infrastructure is actually declining; we are not even maintaining the status quo. Long term, the United States will become less competitive and our products will be too expensive to get into emerging consumer markets such as China and India. If we do not reverse course soon, we will be disadvantaged in labor, transportation, and energy costs as a nation.”

— Dino Kondos, High Company LLC

on a per person basis are dramatic. When factoring in the fact that similar transportation infrastructure investment disparities between EU countries and the United States have remained more or less consistent over the last 50 years (The Economist 2011), the U.S. comparative competitive positioning further pales in comparison. This is not meant to suggest that investment shortages and subsequent investment backlogs for needed rehabilitation, expansion, and enhancement are not an issue in EU countries. In the case of Germany—which, by all measures presented in this section, is more competitive than the United States in its transportation infrastructure performance—national investment backlogs for all modes of transportation infrastructure amounted to \$10.33 billion in 2013 (RolandBerger 2013). While not insignificant, when compared to the approximately \$900 billion U.S. investment backlog for 2013, Germany’s transportation infrastructure portfolio clearly seems more competitive. Similarly, in 2013, the UK government assessed that its investment backlog for roads amounted to slightly more than \$17 billion (Office of Chief Secretary to the Treasury 2013)—again, an amount substantially lower than the \$808 billion backlog in the United States.

2.3 U.S. Transportation Infrastructure Competitiveness

Transportation infrastructure competitiveness can best be evaluated by the system’s ability to maximize its contribution to economic growth (OECD, 2007; Lakshmanan, 2011; Winston, 2014). Likewise, it is essential that a country’s transportation infrastructure positively contributes to national economic competitiveness. Indeed the U.S. DOT recognizes this by upholding economic competitiveness as an organizational goal, which aims to “Promote transportation policies and investments that bring lasting and equitable economic benefits to the Nation and its citizens” (DOT 2012a). In light of the fact that the United States possesses the largest stock of infrastructure in the world, a critical component of assessing the U.S. transportation competitiveness is to examine its performance levels.

Two primary concerns emerge from such an examination. The first concern relates to congestion rates across virtually all modes of the U.S. transportation infrastructure, which collectively reduces productivity rates for individuals, businesses, and government and undermines the efficient performance of the country’s transportation infrastructure. The second concern is about the effect the U.S. investment backlog has on overall transportation infrastructure performance, especially when considering that addressing the backlog will result in increased congestion due to construction. Additionally, other related concerns are rooted in ongoing operational and managerial issues related to performance management of various infrastructure modes, as well as the ability to effectively and reliably assess when assets need repair.

Congestion is a significant problem across the U.S. transportation infrastructure, affecting the performance of nearly every mode of transport. In 2007, the DOT calculated that congestion across all modes of transport resulted in approximately \$200 billion in direct losses to the country's economy (DOT 2007). By many measurements (including the DOT's Urban Congestion Report), congestion across the United States is worsening. In January 2014, U.S. Transportation Secretary Anthony Foxx said, "If you aggregated it, every year Americans spend roughly 600,000 years stuck in traffic" (Foxx 2014).

Congestion negatively affects the U.S. transportation infrastructure in many ways, including through productivity loss, reduced reliability, increased pollution, and excessive wear-and-tear on assets, to name a few. Each of these acts as a deterrent to competitiveness because they decrease efficiency, increase costs, and unnecessarily prevent other forms of economic activity (Sweet 2011; Lakshmanan 2011; Rodrigue, Comtois, and Slack 2013) The impacts can be seen as threefold: first-ordered impacts are on the infrastructure system and on users; second-ordered impacts are on businesses and residential locations; and third-ordered impacts are on public transportation infrastructure policies (Sweet 2011).

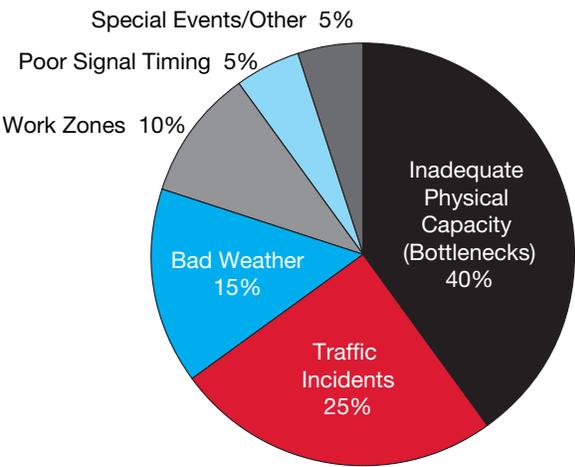
In 2013, the DOT broadly measures congestion by its severity (magnitude of problem), extent (geographic area), and duration (length of time). A look at the Urban Congestion Reports from 2008 through 2013 shows that year-over-year congestion is increasing in its severity, extent, and duration (Table A4, Appendix A). For example, the FHWA, FTA, and FAA have all reported in recent years that they anticipate congestion rates to increase over the next decade. Figure 8 shows the most common sources of congestion for road infrastructure. For transit and air, congestion is commonly measured by wait times, and for each mode average wait times reflect high congestion levels. For example, 26.8% of transit passengers

If you aggregated it, every year Americans spend roughly 600,000 years stuck in traffic.
 —U.S. Transportation Secretary Anthony Foxx

wait on average more than 11 minutes per use, with 8% waiting more than 21 minutes per use (NHTS 2009). At airports, wait times have been increasing drastically, and in 2013 passengers collectively waited more than 200 years. Wasted and inefficient time accounts for roughly \$8.1 billion in annual losses to the airline industry; broken down to a per-minute cost, every wasted minute costs airline companies \$76.22.

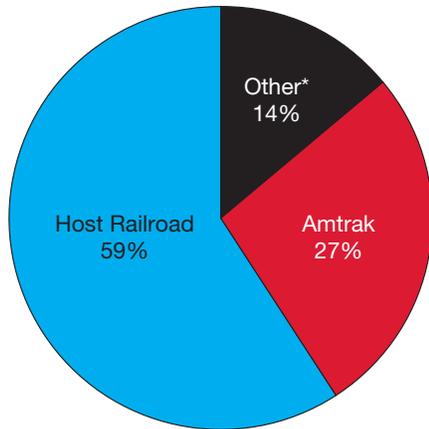
Freight rail is also particularly prone to congestion because operational capacity constraints continue to exceed new track development, which generates routine equipment shortages at key depots and on/off loading delays (Schlake, Barkan, and Edwards 2011). In addition, since freight

Figure 8. Sources of Congestion



Source: (FHWA 2012)

Figure 9. Amtrak Delays by Cause: 2012



Source: (RITA 2014)

*Other represents non-Amtrak delays such as customs and immigration, law enforcement, weather, etc.

railcars and passenger railcars often share the same tracks, and because passenger railcars usually command the right of way, freight train congestion increases with expanding passenger services (Cacchiani and Toth 2012). At the same time, delays in freight rail also exacerbate delays and congestion for passenger trains (Figure 9). In 2011 the Association of American Railroads (ARA) issued a study projecting congestion levels in 2035 compared to conditions in 2005, assuming no substantial changes in capacity growth rates (Figure 10). Similarly,

“[Rail] definitely is a delay, and we do have to build that into the overall supply timing for incoming materials. Sometimes we add 4+ weeks...[but] it is getting worse.”

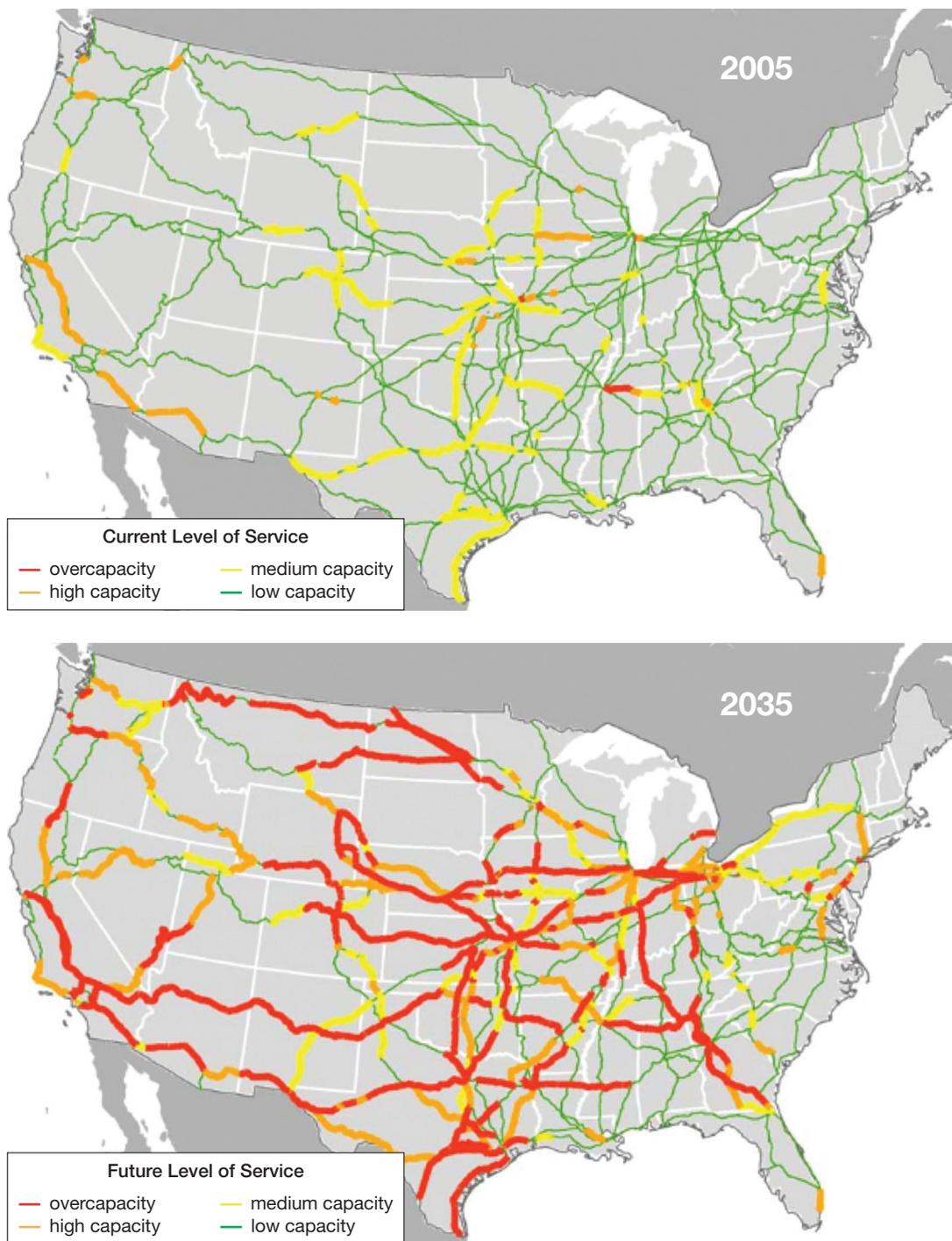
— Brian LaBorde, High Steel Structures

Figure A3 in Appendix A offers a visualization for expected highway congestion for truck freight as projected by the FHWA and DOT.

In light of how vital the U.S. transportation infrastructure is to the nation’s economic performance, it is extremely problematic there are approximately \$900 billion in backlogs for rehabilitation, expansion, and enhancement needs across every major mode of transportation. Moreover, backlogs are increasing because federal investments are not keeping pace with year-over-year operational demands for maintaining systems in a “state of good repair” (APTA 2012; DOT 2013; ASCE 2013b). The average cost of maintaining assets versus replacing them is often substantially lower. For example, for roads more than 25 years old, the cost of replacement is more than three times the cost of routine maintenance (DOT 2013). In 2013, the American Society of Civil Engineers (ASCE) estimated that the annual collective cost to U.S. automobiles resulting from unrepaired or poor road infrastructure was more than \$67 billion (roughly \$324 per driver), and that by 2020 poor road infrastructure will create a cost drag to business sales of \$1.7 trillion, with a loss of 877,000 jobs (ASCE 2013b). Extrapolating further to include air transportation, by 2020 projected sales losses due to poor airport infrastructure are \$580 billion, with a loss of approximately 350,000 jobs (Table 12). For transit, in 2010 the FTA projected that replacement of its assets would cost approximately \$678.9 billion. However, the average cost of maintaining, rather than replacing, these assets would be approximately five times less and would extend the expected useful lifespan of each (DOT 2013; NSGR 2011).

The result of the escalating investment backlog in the United States is that it only serves to “kick the can” of fiscal responsibility further down the road, escalating the national financial burden in years to come. In addition, future costs are further exacerbated when factoring in the expected added congestion associated with work required to reduce

Figure 10. Changes in Railroad Congestion and Capacity Levels, 2005-2035



Source: (ARA 2011)

Table 12. Estimated Impacts to National Economy due to Escalating Backlog, 2013

Country	Surface Transportation	Airports	Inland Waterways & Marine Ports
Business Sales			
Through 2020	\$1,700	\$590	\$1,335
2021-2040	\$7,062	\$2,682	\$6,496
GDP			
Through 2020	\$897	\$313	\$697
2021-2040	\$1,765	\$1,209	\$3,278
Jobs			
2020	877,000	350,000	738,000
2040	410,000	358,000	1,384,000
Disposable Income			
Through 2020	\$930	\$361	\$872
2021-2040	\$2,205	\$1,128	\$3,662
Value of Exports			
Through 2020	\$114	\$54	\$270
2021-2040	\$1,093	\$708	\$1,712

Source: (ASCE 2013b)

the backlog. Therefore, the costs are compounded in both dollars and expected performance by an “order of magnitude” for every dollar of backlog left unaddressed, which negatively affects virtually every sector of the U.S. economy (ASCE 2013a; Winston 2010; Winston 2013).

Lastly, another element worth addressing when evaluating competitiveness based on performance—and one that ties into both the congestion and backlog problems in the United States—is the current inability to reliably assess how and when assets are in need of repair. A look at almost any Government Accountability Office (GAO) report from the last five years for each mode covered in this report makes it clear that improving performance management is both complex and a top priority (GAO 2010; GAO 2011; GAO 2012a; GAO 2013b; GAO 2014a; GAO 2014b). While each DOT administration faces its own challenges to creating accurate and reliable performance assessment systems, a fundamental problem is that there is no agreed upon national or government-wide definition for a “state of good repair” (DOT 2013). Since no government standards exist, each administration is left to subjectively determine which assets are in need of

The average cost of maintaining assets versus replacing them is often substantially lower. For example, for roads more than 25 years old, the cost of replacement is more than three times the cost of routine maintenance.

repair and when. Concluding evidence from GAO reports routinely raise concerns that because state of good repair standards are not uniform, the actual conditions of assets could be even worse than is being reported by each administration, which would mean a higher backlog cost. A 2014 report on the FAA highlights this point explicitly (GAO 2014a).

While it is clear that rectifying the challenges of congestion, investment backlogs, and standards for a “state of good repair” are far from simple, until they are adequately addressed the U.S. transportation infrastructure will continue to underperform, resulting in significantly increased costs to U.S. consumers, businesses, and government, and a substantial reduction in U.S. competitiveness.

3

A Tale of Two Bridges

To explore the value of federal funding for transportation infrastructure, we examined two projects of similar scale—the \$6.5 billion San Francisco-Oakland Bay Bridge and the \$3.1 billion (budgeted) Tappan Zee Bridge. One of the primary differences between these two projects is that Tappan Zee received a portion of its funds through the federal government, and was therefore covered by long-standing Buy America preferences for the iron and steel used in the project. Conversely, California authorities avoided federal funding for the San Francisco-Oakland Bay Bridge, resulting in a project unbound by federal Buy America preferences.

We find that more than a quarter of Bay Bridge expenditures were spent outside of the United States. Awarding the most lucrative section of the bridge in dollar value, jobs, and fabricated steel to a Chinese contractor resulted in a significant loss of potential U.S. economic activity.

Our analysis of these two projects attempts to measure the costs and benefits of each approach. We find that more than a quarter of Bay Bridge expenditures were spent outside of the United States. Awarding the most lucrative section of the bridge in dollar value, jobs, and fabricated steel to a Chinese contractor resulted in a significant loss of potential U.S. economic activity. Although a bidding system was used to determine the contract winner, the bid process was found to be biased toward foreign competitors, and the process did not seriously consider U.S. bids. In the end, the production quality in China was low and riddled with faulty welding, cost overruns, and corruption, creating serious safety concerns for the structural integrity of the bridge (which is an issue of ongoing legal hearings).

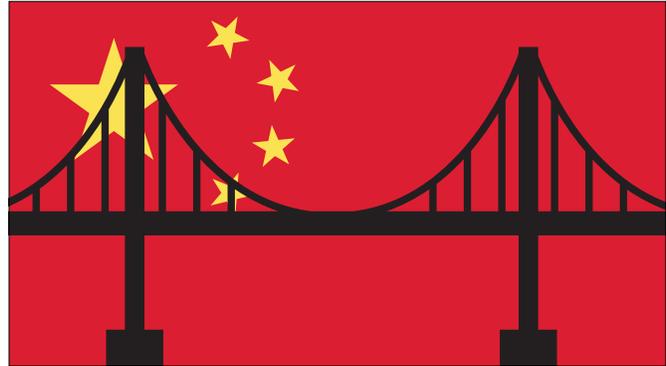
On the other hand, 100% of the Tappan Zee Bridge is being constructed in the United States, including 100% of its steel. Through a bidding process, U.S. firms were found to be the most competitive, and as a result of an innovative “design-build” contract for the bridge, the risk of cost overruns solely rests on the contractor and not on taxpayers. Although construction is still ongoing, the Tappan Zee Bridge is expected to generate 7,728 American jobs, \$3.2 billion in economic activity, and \$3.7 billion in income. We begin our narrative with the San Francisco-Oakland Bay Bridge.

3.1 San Francisco-Oakland Bay Bridge: Bypassing American Workers

In the late 1990s, state DOT officials in California began taking seriously the need to reconstruct and rebuild the San Francisco-Oakland Bay Bridge. Originally constructed in 1936, the structural integrity of the Bay Bridge was jeopardized after the 1989 Loma Prieta earthquake, which dislodged a 250 ton piece of the bridge's upper deck (Cohn 2012; MacDonald and Nadel 2013). In addition to structural concerns about the bridge's integrity in future earthquakes, the bridge was also in need of significant rehabilitation to restore it to a state of good repair, since the more than 270,000 vehicles that crossed the bridge daily caused a large backlog of maintenance issues (Transportation & Housing Committee 2014). In 1997, the cost of the rehabilitation and reconstruction of 2.2 miles of the Bay Bridge was estimated at \$1.7 billion over a five-year timeline (Vorderbrueggen 2013).

No small investment, the Bay Bridge project presented a great infrastructure need and the opportunity to demonstrate, if not rekindle, U.S. prowess in big infrastructure capabilities. However, 17 years and \$6.5 billion in expenses later, thousands of potential U.S. manufacturing jobs were offshored and the poor quality of workmanship has caused concern about the structural integrity of the new bridge (Piller 2014a). Although the new Bay Bridge boasts the world's largest single self-suspension mechanism, controversy continues to surround how and where the Bay Bridge was constructed. At the core of much of this controversy lies the issue of state politicians and state transportation officials in California dodging Buy America provisions in order to pursue the lowest cost construction option in China rather than sourcing from producers in the United States (Cohn 2012). As a recent and well-reported-on case (but hardly the

The San Francisco-Oakland Bay Bridge



- Built with Chinese steel.
- \$3.9 billion over budget, 12 years late.
- 3,000 Chinese workers hired.
- Under a government safety investigation due to faulty construction.

only U.S. infrastructure project to bypass Buy America provisions), assessment of the new Bay Bridge project provides important guidance for future U.S. infrastructure investments.

The bidding process for the new Bay Bridge began in the early 2000s and ended in 2006. The process was rife with delays, indecisiveness, and unnecessary complications. While many of the project

17 years and \$6.5 billion in expenses later, thousands of potential U.S. manufacturing jobs were offshored and the poor quality of workmanship has caused concern about the structural integrity of the new bridge.

In total, over 250,000 tons of steel were used in the construction of the new Bay Bridge; as much as 80% of that steel is said to have come from China.

details were unclear during the bidding process (e.g. bridge design, required materials, expected seismic resiliency, level of environmental impact, etc.) the underlying project goals were clear: to build an iconic, highly-fortified bridge that would safely withstand the largest anticipated earthquake and the natural wear-and-tear of high-traffic usage for 150 years (Barboza 2011; Decker and Porterfield 2009). Ultimately, the iconic piece of the new Bay Bridge was to be its central 525-foot tower, supported by a large steel-wire cable, as well as two 1,500 foot steel road decks positioned below the middle of the tower (Barboza 2011; Cohn 2012).

The central tower and the corresponding steel road decks subsequently became the single highest value contract within the entire project and the element that most influenced the decision to turn down federal funding, since it was determined that it would be \$400 million cheaper to build this section of the bridge in China rather than in the United States (Cohn 2012).¹² However, considering the fact that total costs for this central section were ultimately more than \$1.75 billion (approximately 27% of total budget) and ended up being more than \$300 million over budget, the anticipated \$400 million in savings over the only U.S. bid received for this section of the project was not a valid reason in choosing to outsource (Cohn 2012). In theory the most important factor in awarding the contract for the project should have been quality and safety, which likely would have warranted predominantly U.S.-based construction. Instead, a survey

of available records and interviews with state and transportation officials suggests that the most important factor to the project's bidding process was finding the lowest cost option (Barboza 2011; Cohn 2012; Transportation & Housing Committee 2014; Woodruff 2011).

The deliberate decision to avoid Buy America preferences was made during the bidding process of the Bay Bridge—a decision that U.S. steel professionals claim may have been made long before any bids were even submitted. For example, throughout the entire bidding process only one U.S. steel manufacturer—Oregon Ironworks—was asked by Bay Bridge officials to submit a bid (Barlett and Steele 2011). On the other hand, several East Asian firms were encouraged to submit their bids through formal trips to China by California state officials, including by then-Governor Schwarzenegger (Barboza 2011; Barlett and Steele 2011; Decker and Porterfield 2009). In addition, Bay Bridge officials stated in multiple public announcements, including in congressional testimonies, that the United States simply did not possess the required technical capabilities and that the U.S. steel industry especially did not have the facilities or the manpower to compete with the vast resources of Chinese steel companies (Cohn 2012).

Ironically, Bay Bridge officials said that one of the main deterrents to working with U.S. steel firms was that a new production facility would have to be built before construction could begin. However, as it turned out, the first thing the Chinese manufacturer that was ultimately awarded the contract did was construct a new facility, which delayed the project by nearly a year (Decker and Porterfield 2009; Vorderbrueggen 2013). Furthermore, many accounts of public statements made throughout the bidding process by Bay Bridge officials suggested an almost innate assumption that production would be cheaper in China (Piller 2014a). While indeed the cost difference between Oregon Ironworks' bid and the winning bid was originally \$400 million,¹² by 2011 the cost overruns of the project had totaled

\$350 million, closing the gap significantly. In addition, the difference between the bids did not account for the additional revenue the state of California would have received from state income taxes by workers employed on the project, as well as the direct, indirect, and induced economic activity that could have been generated by hundreds, if not thousands, of new jobs in the state (Flyvbjerg 2014; Barlett and Steele 2011; Little 2011).

By the time the bidding process was complete, the California Department of Transportation (CalTrans) had issued a total of 16 contracts for various processes and elements related to full bridge construction. From those contracts, the Chinese manufacturer Zhenhua was responsible for constructing a vast majority of the new Bay Bridges' steel components, including the central tower, the steel cable, and 28 bridge decks (large triangular structures that underpin the roadway platform) (Piller 2014b; Cohn 2012; Barboza 2011). In total, over 250,000 tons of steel were used in the construction of the new Bay Bridge; as much as 80% of that steel is said to have come from China (Vorderbrueggen 2013).

The choice of Zhenhua as the manufacturer perplexed some U.S. industry analysts, since prior to being awarded this contract the company specialized in building cranes, and had no prior experience in bridge building (Cohn 2012; Decker and Porterfield 2009). Moreover, Zhenhua had to develop a consortium of partners and subcontractors to deliver their scope of work, while those involved in the Oregon Ironworks bid were discouraged by Bay Bridge officials from developing a similar consortium of U.S. producers (Barlett and Steele 2011; Cohn 2012). After constructing the new facility where most steel parts would be fabricated, Zhenhua hired as many as 3,000 workers (the majority of which were paid between \$9 and \$12 per day and worked shifts as long as 16 hours) to construct the massive steel sections of the bridge that would be shipped to California for final assembly (Barboza 2011).

From this perspective, one could argue that if the prime contract for the Bay Bridge main tower and associated steel components was subject to a Buy America preference (and therefore sourced and fabricated in the United States), then the end result may have been less expensive and the quality of the steel components more structurally sound.

Perhaps the most important job—and certainly the role that generated the most controversy—was that of the Zhenhua welder. As part of CalTrans' agreement with Zhenhua, welds had to pass independent auditing during the entire construction phase to ensure the quality and integrity of the welds would be able to withstand even the strongest of earthquakes (Piller 2014c). During such audits it became clear that welds were not being produced to code, and hundreds of hairline cracks were discovered on multiple occasions. Numerous reports document that CalTrans responded by firing more than one auditing company, reduced welding standards, and sent as many as 250 U.S. contractors to Zhenhua to oversee production (Piller 2014a; Piller 2014b; Piller 2014c; Piller 2014d). Several reports note that welding quality did ultimately improve over the lifecycle of Zhenhua's work (Transportation and Housing Committee 2014); however, many still raised strong concerns about CalTrans officials' decision to knowingly allow imperfect steel components to pass inspection. As the bridge stands today, thousands of cracks or other imperfections have been identified throughout the various sections built by Zhenhua (Barlett and Steele 2011; Piller 2014a; Piller 2014b; Piller 2014c; Piller 2014d).

These findings resulted in serious accusations of foul play and incompetence against CalTrans official. Indeed, California State Senator Mark DeSaulnier called for a full criminal investigation of CalTrans on July 27, 2014. Senator DeSaulnier, who chairs the California Transportation and Housing Committee, has claimed that in the Committee's forthcoming report, there is evidence that CalTrans exhibited gross negligence by knowingly accepting substandard and potentially dangerous work at the expense of California taxpayers (Piller 2014a). With cost overruns of \$5 billion and years in delays, Senator DeSaulnier's report argues that the new Bay Bridge's quality and ability to withstand future earthquakes is extremely uncertain, and that substantial repair costs should be expected (Piller 2014a).

While it is not possible to definitively say that these outcomes would have been different if the Bay Bridge was produced with U.S. steel, it is well-known that production quality standards in the U.S. steel fabrication industry are more stringent than in China (Baddoo 2008; Gedge 2008; Davenport 2005). U.S. steel industry analyst Michelle Applebaum has suggested that large U.S. infrastructure projects maintain a better record of avoiding cost overruns and project delays than similarly-sized Chinese projects (Cohn 2012). From this perspective, one could argue that if the prime contract for the Bay Bridge main tower and associated steel components was subject to a Buy America preference (and therefore sourced and fabricated in the United States), then the end result may have been less expensive and the quality of the steel components more structurally sound. Moreover, although no known studies have been conducted on the potential economic impact that Buy America provisions would have had on the state of California, and more broadly across the United States, the impact would certainly have been higher with the provisions than without.

3.2 The Tappan Zee Bridge: A Competitive Case for American-Made Infrastructure Projects

As one of only three infrastructure projects fast-tracked¹³ by President Obama in 2011, construction of the new Tappan Zee Bridge in New York state has been identified as both a national and state infrastructure priority (Foxy 2014). Indeed, since 2011 when initial bidding and solicitation for the project formally began, there has been much anticipation about the numerous and expansive economic and social benefits expected for commuters, workers, and state and national DOT authorities (ESD and NYS DOL 2013; DOT/TIFIA 2012). One of the central reasons behind this excitement is that, unlike other recent U.S. bridge projects (such as the Verrazano Bridge in New York and the San Francisco-Oakland Bay Bridge in California) where Buy America preferences were bypassed to import large amounts of steel (Piller 2014; Star-Ledger 2014), the new Tappan Zee Bridge officials found it cost competitive to fabricate all of their required steel inside the United States, bucking the assumption by some policymakers that U.S. steel production is less competitive in cost and capacity than foreign production, particularly in China (Barboza 2011; Barlett and Steele 2011).

What makes the choice to follow Buy America policies even more interesting as a case study is that the U.S. producers selected for the job, Tappan Zee Constructors LLC (TZC), saved more than \$1.5 billion and more than two years in construction time from the original NY DOT official estimates for expected costs and time (Berger 2014; FHWA/TIFIA 2014a; Novelli 2013). Moreover, the winning bid also presented the most environmentally innovative designs and the

most socially inclusive labor subcontracting schemes (Foxx 2014; Novelli 2013).

Located approximately 20 miles north of New York City along the Hudson River (FHWA/TIFIA 2014a), the Tappan Zee Bridge is the only commuter bridge within 50 miles north and is an essential piece of road infrastructure for the state, servicing an average of 138,000 vehicles per day (Berger 2014; Pete 2014). During the mid-2000s, NY DOT officials concluded that reconstruction of the bridge, rather than rehabilitation or repairs, would be required since the bridge surpassed its expected 50-year lifespan in 2005 (DOT/TIFIA 2012; FHWA/TIFIA 2014a). Besides being old, the bridge was also routinely costing the state more than \$700 million annually in repair costs above normal functioning maintenance costs (DOT/TIFIA 2012). In addition, with 40% more daily traffic volume than it was originally designed to handle, the bridge had too few lanes, insufficient width per lane, and minimal shoulders for emergency vehicles. As a result, the old Tappan Zee was rife with accidents and congestion bottlenecks (Novelli 2013; DOT/TIFIA 2012).

To address these constraints, the new bridge designed by TZC, which broke ground in spring 2013, will boast two parallel four-lane cable-styled bridges with two extra-wide emergency shoulders and an extended pedestrian and bike path (FHWA/TIFIA 2014b). During its five year expected construction period, TZC anticipates the use of 110,000 tons of U.S.-made steel and more than 550,000 tons of U.S.-made concrete in the new 3.1-mile long bridge (Novelli 2013). The new Tappan Zee Bridge boasts vastly improved function and design elements and is expected to last 100 years (FHWA/TIFIA 2014b). Additionally, successful delivery of the new bridge relies on innovative public-private funding scheme and large yet nimble consortium of companies that ensures the project will comply that applicable Buy America preferences (DOT/TIFIA 2012; Novelli 2013; NYSTA 2014).

The New York Tappan Zee Bridge



- Built with U.S. steel.
- \$3.9 billion total projected cost.
- 7,728 American workers hired.
- Designed to last 100 years without major structural maintenance.

After a well-vetted and competitive bid process, in January 2013 the New York State Thruway Authority (NYSTA) (the primary state body overseeing the project) approved a \$3.142 billion design-build contract with TZC. This contract type is growing in popularity for use in public-private infrastructure projects as a way to reduce financial risk and control construction delays; the Tappan Zee Bridge is the first project in the state of New York to utilize such a contract (Berger 2014; NYSTA

During its five year expected construction period, TZC anticipates the use of 110,000 tons of U.S.-made steel and more than 550,000 tons of U.S.-made concrete in the new 3.1-mile long bridge.

2014). In essence, the design-build contract means TZC is committed to their final agreed upon price (\$3.142 billion) and project completion time without the possibility for overrun costs for NYSTA, making TZC directly liable for setbacks or financial complications (DOT/TIFIA 2012; Novelli 2013; NYSTA 2014). Tappan Zee officials have mitigated significant cost risks to NY state tax payers, where projects like the San Francisco-Oakland Bay Bridge resulted in hundreds of millions of dollars in additional cost to taxpayers.

In addition to the new design-build contracting mechanism with TZC, another innovative component of the project was the fact that NYSTA secured a \$1.6 billion loan from U.S. DOT Transportation Infrastructure Finance and Innovation Act (TIFIA) program—the largest TIFIA funding amount ever granted to a single project to date (FHWA/TIFIA 2014b). TIFIA loans are issued on behalf of U.S. DOT and help provide a firm financial foundation to entice private sector participation in funding transportation projects. The use of TIFIA loans to fund the project triggered federal programmatic requirements to apply Buy America preferences for the iron and steel used throughout the Tappan Zee bridge. These preferences can be waived for undue cost, availability, or public interest (FHWA/TIFIA 2014b). Since the \$1.6 billion of federal funding covers only approximately 41% of the total \$3.9 billion cost of the new bridge when accounting for non-construction costs such as environmental testing, NYSTA has issued five-year bonds to pay for the \$2.3 billion difference. Many questions have been raised about how the state of New York will pay off the \$3.9 billion of financed money they are borrowing for this project; however, NYSTA officials insist that state toll fees and the increased toll fees generated from the new Tappan Zee Bridge will ultimately cover the cost (Berger 2014).

TZC is a consortium of core companies working on the Tappan Zee Bridge comprised of Fluor Enterprises, American Bridge Company, Granite Construction Northeast,

and Traylor Brothers. This core group of companies specifically partnered together during the bidding process in an effort to leverage their respective complimentary skills and expertise. This enabled the group to provide a more competitive and complete suite of construction services, from design conception to the various component manufacturing and through final assembly (Fluor Enterprises 2014; FHWA/TIFIA 2014a). Of these companies, Fluor Enterprises is the primary entity responsible for fabricating and installing the bridge's various steel components, which were divided into two primary sections: the main approach steel, requiring 100,000 tons of steel, and the main span steel cable, weighing 10,000 tons (ArcelorMittal USA 2014; AISC 2013; Fluor Enterprises 2014). Fluor has subcontracted with ArcelorMittal, Highsteel Structures Inc., and Hirschfield Industries, LP, for the bulk of the needed fabrication; ArcelorMittal will provide all the plate steel that will be process-finished by Highsteel and Hirschfield, respectively (ArcelorMittal USA 2014; AISC 2013). Not only do these companies have the expertise and ability to fulfill the project's requirements, but their manufacturing plants are located near the site of the new Tappan Zee Bridge, which means they are able to quickly and cost-effectively deliver their finished components. Moreover, since all of the steel will be sourced and fabricated within the United States, the project will be Buy America compliant.

In addition to the core group of companies and steel providers working on the Tappan Zee Bridge, as part of their bid to NYSTA TZC committed to a novel subcontracting plan with disadvantaged business enterprises (DBE) (NYSTA 2014). TZC agreed to make a good faith effort to subcontract out 10% of their total contract value (approximately \$314 million) to locally-registered DBEs. As of June 2014, 75 DBE-certified firms (most of which were registered locally in New York state or the Hudson Valley) have worked on the Tappan Zee Bridge, with \$64.8 million total spent on these DBEs (TZC 2014). While

such a plan does not explicitly fall under any Buy America policies, it demonstrates both a concerted effort to promote and develop the skills and the know-how of infrastructure construction in the United States.

As part of the request for financial and construction approval from both the New York state government and the U.S. DOT, an economic impact study was conducted to estimate the project's expected effect on employment, value of goods, GDP growth, and income levels. With calculations for the study based on \$3.9 billion in project spending over five years, the primary expected economic effects were found to be the following (when combining their direct, indirect, and induced effects) (ESD & NYS DOL 2013):

- 7,728 unique full time jobs created (or 38,644 job-years);¹⁴
- \$3.2 billion in newly generated GDP;
- \$5.6 billion in total value of all goods produced;
- \$3.7 billion in new personal income generated; and
- \$2.0 billion in real disposable personal income.

While it is too early to confirm whether or not the Tappan Zee project will deliver (or possibly exceed) these projected economic impacts, it is certain that if the Tappan Zee Bridge project was not subject to a Buy America preference, each one of these potential impacts would be considerably lower.

Employment Impact of Federal Transportation Investment

4

The previous sections of the report discussed the performance and condition of U.S. transportation infrastructure and the role of Buy America preferences in the development of a competitive transportation infrastructure in the United States. In this section, we examine the economic effects of transportation infrastructure investments on jobs and the U.S. economy. Our economic impact analysis demonstrates that federally-funded transportation infrastructure investment returns 21,671 jobs for every \$1 billion spent and \$3.54 for every dollar spent on the U.S. Department of Transportation (DOT) budget.

Our analysis is organized into eight parts:

- Section 4.1 provides an overview of the economic impact study and definitions.
- Section 4.2 discusses the data sources for the economic impact models.
- Section 4.3 provides the funding levels and the mix of capital, administration, and maintenance for each scenario.
- Section 4.4 presents modeling approach and procedure.
- Section 4.5 provides the results of the economic impact analyses at the national level.

- Section 4.6 illustrates the employment impact per \$1 billion in spending by industry.
- Section 4.7 presents the results of the economic impact analysis at the state level.
- Section 4.8 concludes.

The discussion in these sections is supplemented by a detailed exploration of additional modeling considerations in Appendix B.

4.1 Modeling Overview and Definitions

The economic impact analysis of federal transportation spending analysis was conducted using IMPLAN 3.0 software and data for the United States. IMPLAN is an industry standard input-output model that can be used to measure broad economic impacts that result for a change in final demand in any given industry sector or household income group.

The primary outcome measures of the analysis are direct, indirect, and induced impacts.

- **Direct impacts** are the changes in spending in a given industry that result from the increase in final demand for the products of that industry. Investment in transportation infrastructure affects direct employment impact in construction and maintenance services and manufacturers of vehicles used in mass transit, among others.
- **Indirect impacts** include the impacts created by inter-industry spending. These impacts account for the capital spending relationship between transit vehicle manufacturers and steel producers. Indirect impacts are sensitive to the percent of inputs imported from outside the geographic area being modeled. A greater percentage of imports, the lower the indirect impacts.
- **Induced impacts** are the changes in spending by consumers as a result of changes in income and population due to the new direct and indirect economic activity. Induced impacts model the changes in household spending—typically in retail trade and services—as a result of changes in income.

The output of the investment scenario analysis provides the direct, indirect, and induced jobs for each scenario and geographic region modeled.

The findings show the estimated change in demand (i.e. spending) that could result from the different infrastructure and labor costs associated with the various U.S. DOT spending levels. These demand changes stimulate activity that is captured in a regional economic multiplier. The basic concept of an economic multiplier is to predict how many additional jobs or dollars will be added to the economy as a result of the jobs or dollars created by the initial event. Note that multipliers do not indicate causation. Rather,

the multiplier captures the magnitude of inter-industrial linkages. The multiplier, calculated from the average amount of local spending, represents the ratio between total impacts and direct impacts. The multiplier will be different for each activity. The modeling results include employment figures, labor income, and output (the value of increased economic activity in one year).

4.2 Data Sources

To estimate the economic impact of the funding scenarios, Duke CGGC analysts used a variety of federal budget sources. Three scenarios were modeled at the national level: low, mid, and high. The low scenario utilized the U.S. Department of Transportation's Budget Highlights, FY2015 to model the fiscal year 2014 U.S. DOT expenditures at the federal level. This scenario represents the current level of transportation spending. The mid scenario utilized the same document and modeled the fiscal year 2015 budgetary request, which represented a nearly 26% increase in the transportation budget for the 2015 fiscal year.¹⁵ The high scenario was generated from a U.S. DOT report on the annual fiscal costs of improving the conditions and performance of U.S. transportation infrastructure, the 2013 *Status of the Nation's Highways, Bridges, and Transit: Conditions & Performance*. The low scenario was proportionally increased by roughly 58% to reach the high scenario funding level.

Low, mid, and high scenarios were also modeled for each of the 50 states. The low scenario included 2014 fiscal year obligations to states for Federal Aviation Administration (FAA), Federal Transit Authority (FTA), and Federal Highway Administration (FHWA) documented by the Office of Management and Budget (OMB). The mid scenario included the proposed fiscal year 2015 obligations. The high scenario represents a roughly 58% increase over the low scenario for each state.

Table 13. Data Sources for Transportation Investment Scenarios

Pipeline Type	Low	Mid	High
National level	FY 2014 Budgetary Resources. Source: U.S. Department of Transportation, <i>Budget Highlights, FY 2015</i>	FY 2015 Budgetary Resources Request. Source: U.S. Department of Transportation, <i>Budget Highlights, FY 2015</i>	“Improve Conditions and Performance” Scenario. Source: U.S. Department of Transportation, <i>Conditions & Performance, 2013</i>
U.S. State Level	Estimated FY 2014 obligations to states for Federal Aviation Administration, Federal Transit Authority, and Federal Highway Administration. Source: Office of Management and Budget, <i>Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015</i>	Proposed FY 2015 spending for Federal Aviation Administration, Federal Transit Authority, and Federal Highway Administration Source: Office of Management and Budget, <i>Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015</i>	Allocation of “Improve Conditions and Performance Scenario” across Federal Aviation Administration, Federal Transit Authority, and Federal Highway Administration. Source: imputed by Duke CGGC, based on FY2014 distribution in U.S. Department of Transportation, <i>Conditions & Performance, 2013</i>

4.3 Funding Levels and Spending Mix

The following funding levels were used at the national level. The source of the funding levels for each scenario is described in detail in the previous section (Section 4.2). Additional information about funding levels and spending mix is provided in Appendix B.

Each funding level was modeled using three broad spending categories based on an estimate of the proportion of spending in the U.S. DOT budget: capital expenditures (i.e. construction), administration, and maintenance.

U.S. Funding Level per Scenario	
Low Scenario	\$72,316,000,000
Mid Scenario	\$90,920,000,000
High Scenario	\$114,238,380,907

Budget Breakdown	
Capital Expenditure	49%
Administration	22%
Maintenance	29%

4.4 Modeling Approach and Procedure

We chose to model the effect of transportation infrastructure spending by using an analysis-by-parts technique because it better specifies the spending patterns and more accurately accounts for impacts at the national level (rather than the industry change approach). Under the analysis-by-parts technique, direct impacts are modeled separately from indirect and induced effects. See Appendix B for details on analysis-by-parts results.

Several steps are required to model construction spending using analysis-by-parts. First, the commodity spending pattern for new nonresidential construction was imported into the model. This sector has a factor of 0.59, which means that only 59% of the spending in this industry is comprised of commodity purchases. The remaining 41% is value-added primarily in the form of labor and proprietor income (Day, n.d. p. 206). As such, labor and proprietor income were modeled separately. This commodity purchase model yields only indirect and induced spending effects, since direct effects are modeled separately.¹⁶

Second, the direct employment and labor income was calculated using IMPLAN Sector 36: Construction of Other New Nonresidential Construction to determine direct employment effects (as suggested by Day, n.d. p. 205). Next, labor income and proprietor income must be calculated separately. IMPLAN Sector 36 demonstrates that of the 40% value added not captured in the commodity purchases, 29% can be attributed to labor income and 8.75% can be attributed to proprietor income. Given the large amount of contractors and subcontractors, it is anticipated that proprietor income is higher during construction modeling.

The same approach was used for maintenance using IMPLAN Sector 39: Maintenance and Repair of New Nonresidential Structures. In this category, the commodity purchases account for 54% of the spending in this area, labor accounts for 34%, and proprietor income nearly 9%. Administration spending was modeled as federal government employee income using IMPLAN Sector 439: Nondefense Federal Employees.

Seven models were required for each funding scenario:

1. **Construction commodity purchases:** Construction commodity purchases represent the 59% of construction or capital expenditure spending that goes toward the purchase of construction commodities. Therefore, only indirect and induced effects are reported.
2. **Construction direct employment and labor income:** Direct employment and labor income from construction work are captured separately, and therefore only direct effects are reported.
3. **Construction labor and proprietor income:** Construction labor and proprietor income represents the 40% of construction spending not captured in the construction commodity purchases, of which 29% can be attributed to labor income and 8.75% can be attributed to proprietor income. Since this only represents income spending, only induced effects are generated. Categories 1, 2, and 3 outlined above are aggregated to generate the total effects of construction or capital expenditure spending by U.S. DOT.
4. **Administration:** Administration spending is modeled as federal government employment income. This generates direct employment (estimate of federal employment) as well as induced employment as federal government workers spend their labor income. Indirect employment is not generated, as there

Our economic impact analysis demonstrates that federally-funded transportation infrastructure investment returns 21,671 jobs for every \$1 billion spent on the U.S. Department of Transportation (DOT) budget.

is no supply chain or market relationship with government employment.

5. **Maintenance commodity purchases:** Maintenance commodity purchases represent the 54% of maintenance expenditure spending that goes toward the purchase of maintenance commodities. Therefore, only indirect and induced effects are reported.
6. **Maintenance direct employment and labor income:** Direct employment and labor income from maintenance work is reported separately, therefore only direct effects are reported.
7. **Maintenance labor and proprietor income:** Maintenance labor and proprietor income represents the 46% of maintenance spending not captured in the maintenance commodity purchases, of which labor accounts for 34%, and proprietor income nearly 9%. As this only represents income spending, only induced effects are generated. Categories 5, 6, and 7 outlined above are aggregated to generate the total effects of maintenance spending by U.S. DOT.

In total, 21 models were utilized to construct the impact of U.S. DOT transportation spending at the three funding scenario levels.¹⁷ The construction and maintenance commodity purchases represented the items or bundle of goods purchased in the Other New Nonresidential Construction category. For every dollar spent on construction, roughly 59 cents went toward the purchase of construction related goods (including manufactured goods) and services; for every dollar spent on maintenance, roughly 54 cents went toward the purchase of maintenance related goods (including manufactured goods) and services. Construction and maintenance labor and proprietor income includes the modeling of how proprietors or firm owners and workers spent income from these activities in the broader economy. For example, for every dollar spent on construction, roughly 29 cents went to labor income for construction and related workers and nearly 9 cents as income to proprietors. For every dollar spent on maintenance, roughly 34 cents went to labor income for construction and related workers and nearly 9 cents as income to proprietors. Since construction and maintenance work is often represented by small firms and multiple subcontractors, proprietor income accounts for a larger percentage of spending than in many other industries. Direct labor in construction and maintenance represented the direct employment effects of construction and maintenance workers. Lastly, administration represented the direct employment and labor income spending of federal government workers in the transportation industry.

Table 14. Spending Breakdown for Economic Modeling

	Capital Expenditures	Administration	Maintenance
FAA	39.5%	1%	59.5%
FTA	79.5%	1%	19.5%
FHWA	40%	1%	59%

State Modeling

The state modeling utilized a capital expenditure, administration, and maintenance breakdown for FAA, FTA, and FHWA allocations to the states. These allocations were applied to each type of U.S. DOT funding to generate state-level lump spending in capital expenditures, administration, and maintenance (Table 14). The three broad categories were modeled at the low, mid, and high funding scenarios for each state. For state level modeling, we elected to utilize the existing construction, maintenance, and administration sectors in IMPLAN rather than utilize an analysis-by-parts approach due to time and budget constraints. (For example, utilizing an analysis-by-parts approach for state level funding scenarios would have required 21 models for each state or 1,050 total models.) Using the broad sectors allowed us to reduce the modeling to nine models per state (450 models total). Furthermore, we conducted a test with four sample states to see if utilizing the existing IMPLAN sectors would yield substantially different results from an analysis-by-parts approach. The results were not substantially different; therefore, we elected to use the simpler, more time- and cost-effective approach.

4.5 National Level Results

The low scenario (Table 15) modeled a total of \$72 billion in U.S. DOT spending under the existing 2014 budget. This \$72 billion in spending yielded an economic output of

\$255 billion in the U.S. economy—a multiplier of 3.54. For every dollar spent by U.S. DOT, an additional \$2.54 in economic output was created in the U.S. economy. The 446,023 direct jobs resulting from U.S. DOT spending created 232,718 jobs in the supply chain (indirect jobs) and 888,429 induced jobs as a result of labor income spending by direct and indirect employees. This employment multiplier of 3.51 indicates that for every direct job created as a result of U.S. DOT spending, an additional 2.51 jobs were created. For every \$1 billion spent by U.S. DOT, a total of 21,671 jobs were created.

The mid scenario (Table 16) modeled a total of \$91B in U.S. DOT spending under the 2015 budget request. This \$91 billion in spending yielded an economic output of \$321 billion in the U.S. economy, a multiplier of 3.54. For every dollar spent by U.S. DOT and additional \$2.54 in economic output was created in the U.S. economy. The 560,767 direct jobs resulting from U.S. DOT spending created 292,587 jobs in the supply chain (indirect jobs) and 1,116,986 induced jobs as a result of labor income spending by direct and indirect employees. This employment multiplier of 3.51 indicates that for every direct job created via U.S. DOT spending, an additional 2.51 jobs were created. For every \$1 billion spent by U.S. DOT a total of 21,671 jobs were created. Fully funding U.S. DOT at the requested levels in the 2015 budget would yield an increase in employment of 403,170 when compared to the low scenario.

The high scenario (Table 17) modeled a total of \$114 billion in U.S. DOT spending under the funding levels suggested in the “Improve Conditions and Performance” report. This

\$114 billion in spending yielded an economic output of \$404 billion in the U.S. economy, a multiplier of 3.54. For every dollar spent by U.S. DOT, an additional \$2.54 in economic output was created in the U.S. economy. The 704,588 direct jobs resulting from U.S. DOT spending created 364,627 jobs in the supply chain (indirect jobs) and 1,403,461 induced jobs as a result of labor income spending by direct and indirect employees.

This employment multiplier of 3.51 indicates that for every direct job created as a result of U.S. DOT spending, an additional 2.51 jobs were created. For every \$1 billion spent by U.S. DOT a total of 21,671 jobs were created, which is consistent across all three scenarios modeled. Fully funding U.S. DOT at the high scenario would yield an increase in employment of 908,506 when compared to the low scenario.

Table 15. National Economic Impact: Low Scenario

Impact Type	Employment ¹⁸	Labor Income ¹⁹	Value Added ²⁰	Output ²¹
Direct Effect	446,023	\$34,264,630,532	\$40,567,938,006	\$72,315,997,093
Indirect Effect	232,718	\$15,502,331,440	\$25,172,483,607	\$49,376,456,406
Induced Effect	888,429	\$47,597,971,360	\$80,531,984,523	\$134,223,700,375
Total Effect	1,567,170	\$97,364,933,332	\$146,272,406,136	\$255,916,153,875

Source: Calculated from IMPLAN 3.0.

Table 16. National Economic Impact: Mid Scenario

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	560,767	\$43,079,542,674	\$51,004,437,795	\$90,919,996,347
Indirect Effect	292,587	\$19,490,458,358	\$31,648,352,108	\$62,079,034,491
Induced Effect	1,116,986	\$59,843,016,351	\$101,249,627,424	\$168,754,063,801
Total Effect	1,970,340	\$122,413,017,382	\$183,902,417,327	\$321,753,094,636

Source: Calculated from IMPLAN 3.0.

Table 17. National Economic Impact: High Scenario

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	704,588	\$54,128,213,873	\$64,085,618,046	\$114,238,376,315
Indirect Effect	367,627	\$24,489,202,335	\$39,765,247,377	\$78,000,527,644
Induced Effect	1,403,461	\$75,191,037,750	\$127,217,259,818	\$212,034,652,648
Total Effect	2,475,676	\$153,808,453,959	\$231,068,125,240	\$404,273,556,607

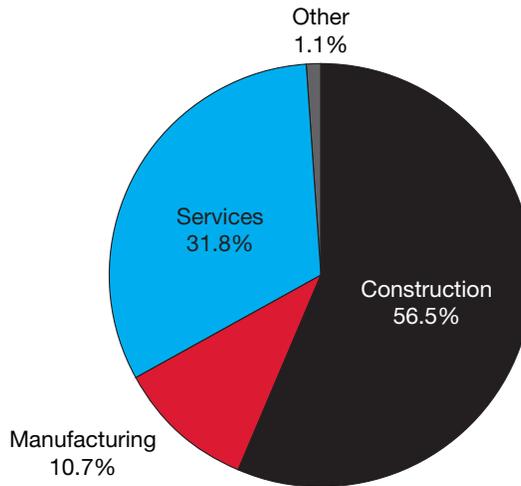
Source: Calculated from IMPLAN 3.0.

4.6 U.S. Results by Sector

We sought to better understand how the employment impacts are divided among the major sectors of the economy. The following chart captures the direct and indirect employment effects on major sectors of the economy per \$1 billion invested in transportation infrastructure according to a 2009 study conducted by the University of Massachusetts – Amherst. U.S. transportation spending has the largest impact in the construction sector, accounting for almost 57% of employment. Services account for 32% of the employment associated with transportation spending. Manufacturing accounts for around 11% of the employment associated with transportation spending. Utilities, agriculture, and extractive industries constitute the remaining 1% of employment according to the study (Figure 11).

Applying the share of jobs created per \$1 billion for each sector in Table 18, we identified the sector-by-sector employment effect of each funding scenario we modeled. The low scenario would result in over 72,000 manufacturing jobs. The mid scenario would result in over 91,000 jobs. The high scenario would result in over 114,000 manufacturing jobs.

Figure 11: Jobs per \$1 Billion of Transportation Infrastructure Investment by Industry



Source: (University of Massachusetts-Amherst 2009)
Note: Direct and indirect employment effects only.

Table 18. Direct and Indirect Employment Impact by Major Sector and Scenario

Scenario	Construction	Manufacturing	Services	Other
Low Scenario	383,193	72,437	215,847	7,265
Mid Scenario	481,773	91,072	271,375	9,133
High Scenario	605,335	114,429	340,975	11,476

Note: Direct and indirect employment effects only.

4.7 State Results

We modeled the economic impact of transportation funding at the state level using OMB's aid to state and local governments found in its *FY 2015 Analytical Perspectives: Budget of the United States*. For the Department of Transportation, the document provides information for the FAA, FTA, and FHWA for each state.

The low scenario (Table 19) by state reveals significant variation in the employment impact of federal transportation obligations, from a low of 2,511 jobs in Hawaii to a high of 82,115 jobs in California. It is important to note that these numbers represent only the effect of federal spending in these states. This spending is likely to be leveraged by states and matched with local and state funding to generate larger impacts. The total employment effect for all states is 698,638 jobs. As a share of 2013 annual employment, this ranges from a low of .35% in Kansas to a high of 2.26% in Alaska.

The mid scenario (Table 20) by state reveals a similar pattern of variation in the employment impact of federal transportation obligations, from a low of 2,642 jobs in Delaware to a high of 77,843 jobs in California. The mid scenario did yield lower employment and economic impact effects for some states since the fiscal year 2015 obligations were lower for some

states. The total employment effect for all states is 805,353 jobs. As a share of 2013 annual employment, this ranges from a low of .41% in Kansas to a high of 2.54% in Alaska.

The high scenario (Table 21) by state reveals a similar pattern of variation in the employment impact of federal transportation obligations, from a low of 3,967 jobs in Hawaii to a high of 129,741 jobs in California. The total employment effect for all states is 1,103,848 jobs. As a share of 2013 annual employment, this ranges from a low of .56% in Kansas to a high of 3.57% in Alaska.

4.8 Conclusion

At the current fiscal year 2014 funding levels, U.S. DOT transportation spending has a significant employment effect, accounting for over 1.5 million jobs in the U.S. economy. Fully funding U.S. DOT at the fiscal year 2015 budget request would add another 403,170 jobs to the U.S. economy, while funding at the high-scenario level would add 908,506 new jobs. Additionally, increasing U.S. DOT funding has the potential to reduce the unemployment rate. In June 2014, the U.S. Bureau of Labor Statistics reported nearly 9.5 million Americans were unemployed, with an unemployment rate of 6.1%. Funding U.S. DOT at the fiscal year 2015 budget request would lower the number of unemployed Americans to 9,070,830 and reduce the unemployment rate to 5.8%. The high scenario funding level would reduce the number of unemployed Americans to 8,565,494 and reduce the unemployment rate to 5.5%.²²

Funding U.S. DOT at the fiscal year 2015 budget request would lower the number of unemployed Americans to 9,070,830 and reduce the unemployment rate to 5.8%. The high scenario funding level would reduce the number of unemployed Americans to 8,565,494 and reduce the unemployment rate to 5.5%.

Table 19. State Economic Impact: Low Scenario

State	Total Employment	Labor Income	Value Added	Output	Share of 2013 Employment*
Alabama	11,235	\$567,970,929	\$766,072,044	\$1,499,781,619	0.61%
Alaska	7,435	\$553,566,300	\$685,995,562	\$1,201,818,779	2.26%
Arizona	13,395	\$747,350,716	\$1,156,821,585	\$1,980,816,083	0.54%
Arkansas	6,709	\$307,909,697	\$434,428,774	\$879,293,400	0.59%
California	82,115	\$5,423,237,167	\$7,625,044,229	\$13,477,747,493	0.53%
Colorado	14,312	\$823,678,233	\$1,058,800,987	\$1,987,263,584	0.61%
Connecticut	11,212	\$751,394,109	\$920,658,705	\$1,641,059,608	0.68%
Delaware	2,569	\$149,863,673	\$201,350,804	\$375,311,237	0.62%
D.C.	3,024	\$253,375,139	\$293,883,388	\$525,168,992	0.42%
Florida	38,029	\$1,919,964,116	\$2,985,928,057	\$5,389,833,827	0.51%
Georgia	22,012	\$1,129,959,872	\$1,643,204,461	\$3,062,845,731	0.56%
Hawaii	2,511	\$165,418,816	\$241,750,700	\$413,130,772	0.41%
Idaho	4,521	\$202,447,248	\$276,883,207	\$569,012,992	0.72%
Illinois	25,917	\$1,631,279,084	\$2,290,119,908	\$4,004,456,922	0.46%
Indiana	14,693	\$790,583,480	\$1,061,463,291	\$2,008,919,587	0.52%
Iowa	7,658	\$393,528,704	\$500,818,469	\$1,032,306,352	0.51%
Kansas	4,701	\$247,532,098	\$317,374,075	\$626,849,807	0.35%
Kentucky	9,200	\$438,978,149	\$593,152,543	\$1,217,272,032	0.52%
Louisiana	10,453	\$576,742,958	\$785,932,525	\$1,491,384,649	0.55%
Maine	3,699	\$166,249,737	\$215,091,009	\$447,786,577	0.63%
Maryland	10,944	\$730,253,237	\$930,109,918	\$1,630,582,728	0.43%
Massachusetts	14,760	\$987,748,543	\$1,231,424,903	\$2,183,815,078	0.45%
Michigan	17,825	\$923,945,327	\$1,235,045,369	\$2,391,087,258	0.44%
Minnesota	11,593	\$657,834,600	\$961,926,954	\$1,724,113,942	0.43%
Mississippi	6,564	\$308,298,330	\$453,003,690	\$886,468,986	0.60%
Missouri	16,265	\$874,396,683	\$1,107,805,120	\$2,143,537,419	0.62%
Montana	6,645	\$301,003,248	\$405,874,246	\$824,333,688	1.52%
Nebraska	4,740	\$257,804,131	\$325,410,908	\$626,584,004	0.51%
Nevada	5,171	\$316,233,378	\$447,082,908	\$776,502,025	0.45%
New Hampshire	3,108	\$167,868,769	\$195,379,600	\$393,634,278	0.50%
New Jersey	17,697	\$1,228,174,874	\$1,616,632,427	\$2,800,443,108	0.46%
New Mexico	4,558	\$226,553,247	\$313,664,295	\$611,188,786	0.58%
New York	45,004	\$3,187,539,746	\$4,306,810,277	\$7,230,473,013	0.52%
North Carolina	17,377	\$843,862,092	\$1,202,387,754	\$2,347,019,684	0.44%
North Dakota	3,359	\$203,500,417	\$250,573,553	\$469,539,532	0.79%
Ohio	22,728	\$1,197,952,965	\$1,623,248,919	\$3,098,301,788	0.44%
Oklahoma	7,182	\$356,890,628	\$482,371,096	\$970,449,329	0.46%
Oregon	9,466	\$514,266,590	\$704,871,213	\$1,313,309,663	0.56%
Pennsylvania	30,732	\$1,818,573,912	\$2,356,670,224	\$4,394,027,801	0.55%
Rhode Island	2,832	\$164,813,358	\$236,349,363	\$416,793,185	0.62%
South Carolina	10,109	\$481,103,301	\$671,183,356	\$1,303,979,610	0.55%
South Dakota	4,259	\$195,001,501	\$252,328,277	\$533,122,848	1.05%
Tennessee	14,692	\$775,452,936	\$994,277,974	\$1,947,069,340	0.55%
Texas	55,923	\$3,373,497,562	\$4,785,723,580	\$8,641,088,126	0.51%
Utah	6,570	\$343,653,976	\$490,113,268	\$913,343,265	0.52%
Vermont	3,545	\$160,625,912	\$188,505,005	\$417,115,287	1.18%
Virginia	15,834	\$911,960,651	\$1,229,426,416	\$2,262,626,002	0.43%
Washington	12,776	\$798,546,586	\$1,113,460,202	\$2,013,345,611	0.43%
West Virginia	4,726	\$253,153,634	\$325,736,004	\$630,027,014	0.67%
Wisconsin	13,163	\$699,231,722	\$916,430,542	\$1,752,981,838	0.48%
Wyoming	3,094	\$178,173,110	\$219,299,919	\$424,186,705	1.11%
Total	698,638	\$40,678,945,191	\$55,627,901,603	\$101,903,150,984	0.51%

Source: Calculated from IMPLAN 3.0.

Note: Share of 2013 employment calculated from U.S. Bureau of Labor Statistics, Census of Employment and Wages.

Table 20. State Economic Impact: Mid Scenario

State	Total Employment	Labor Income	Value Added	Output	Share of 2013 Employment*
Alabama	12,150	\$614,169,799	\$828,407,622	\$1,620,826,221	0.66%
Alaska	8,363	\$622,686,640	\$771,789,591	\$1,353,610,983	2.54%
Arizona	14,126	\$788,126,039	\$1,220,007,452	\$2,088,409,091	0.57%
Arkansas	7,969	\$365,748,102	\$516,053,305	\$1,045,122,326	0.70%
California	77,853	\$5,140,919,148	\$7,226,780,808	\$12,746,359,903	0.51%
Colorado	15,813	\$910,339,402	\$1,170,263,052	\$2,199,894,469	0.68%
Connecticut	12,454	\$834,506,109	\$1,022,477,695	\$1,821,589,061	0.76%
Delaware	2,642	\$154,089,206	\$206,957,642	\$384,841,710	0.64%
D.C.	2,934	\$245,913,857	\$285,229,114	\$509,136,092	0.41%
Florida	41,025	\$2,071,061,624	\$3,221,241,098	\$5,809,632,350	0.55%
Georgia	25,741	\$1,321,504,391	\$1,921,732,001	\$3,583,385,669	0.66%
Hawaii	2,910	\$191,700,123	\$280,150,234	\$479,158,711	0.47%
Idaho	5,086	\$227,735,453	\$311,472,838	\$639,961,712	0.81%
Illinois	36,975	\$2,327,106,640	\$3,267,038,695	\$5,730,965,503	0.65%
Indiana	17,462	\$939,472,853	\$1,261,406,068	\$2,389,275,063	0.61%
Iowa	8,952	\$460,036,310	\$585,458,387	\$1,206,769,416	0.60%
Kansas	5,484	\$288,762,917	\$370,236,747	\$731,730,097	0.41%
Kentucky	11,124	\$530,773,516	\$717,181,666	\$1,473,974,453	0.63%
Louisiana	11,704	\$645,788,972	\$879,995,832	\$1,669,315,878	0.62%
Maine	4,070	\$182,922,355	\$236,666,060	\$492,451,164	0.69%
Maryland	14,340	\$956,945,671	\$1,218,959,331	\$2,140,499,477	0.57%
Massachusetts	16,621	\$1,112,271,757	\$1,386,672,445	\$2,459,251,509	0.50%
Michigan	21,050	\$1,091,186,742	\$1,458,635,984	\$2,825,620,197	0.52%
Minnesota	14,274	\$809,940,251	\$1,184,421,537	\$2,125,207,014	0.53%
Mississippi	7,243	\$340,150,739	\$499,838,661	\$977,142,588	0.66%
Missouri	19,506	\$1,048,687,330	\$1,328,672,385	\$2,572,935,441	0.74%
Montana	7,680	\$347,897,063	\$469,115,756	\$953,226,743	1.76%
Nebraska	5,263	\$286,242,513	\$361,298,687	\$695,455,781	0.56%
Nevada	6,024	\$368,385,018	\$520,812,655	\$905,028,500	0.52%
New Hampshire	3,483	\$188,095,167	\$218,915,914	\$440,927,843	0.56%
New Jersey	27,990	\$1,943,376,012	\$2,559,221,972	\$4,448,581,643	0.73%
New Mexico	5,642	\$280,406,591	\$388,231,949	\$757,121,655	0.71%
New York	48,821	\$3,457,814,268	\$4,671,998,640	\$7,840,242,416	0.56%
North Carolina	19,679	\$955,676,320	\$1,361,701,762	\$2,657,845,386	0.50%
North Dakota	3,875	\$234,742,885	\$289,046,415	\$541,729,627	0.91%
Ohio	27,500	\$1,449,504,774	\$1,964,200,461	\$3,753,499,203	0.54%
Oklahoma	8,112	\$403,108,068	\$544,831,120	\$1,095,778,474	0.52%
Oregon	12,355	\$671,095,456	\$919,930,563	\$1,718,318,746	0.74%
Pennsylvania	38,403	\$2,272,769,627	\$2,945,337,425	\$5,498,988,892	0.69%
Rhode Island	3,488	\$202,969,132	\$291,021,217	\$513,837,070	0.76%
South Carolina	11,309	\$538,160,272	\$750,815,306	\$1,458,033,121	0.61%
South Dakota	4,964	\$227,321,503	\$294,160,097	\$621,873,036	1.23%
Tennessee	17,321	\$914,289,629	\$1,172,326,559	\$2,296,829,357	0.64%
Texas	64,322	\$3,880,223,416	\$5,504,610,553	\$9,940,083,944	0.58%
Utah	7,461	\$390,237,300	\$556,549,293	\$1,037,381,390	0.59%
Vermont	4,485	\$203,318,986	\$238,571,312	\$529,352,782	1.49%
Virginia	18,187	\$1,047,494,038	\$1,412,138,752	\$2,598,782,742	0.50%
Washington	16,114	\$1,007,131,192	\$1,404,544,001	\$2,544,352,997	0.54%
West Virginia	5,365	\$287,397,544	\$369,797,251	\$715,066,759	0.76%
Wisconsin	16,148	\$857,770,467	\$1,124,284,380	\$2,154,756,472	0.59%
Wyoming	3,493	\$201,054,309	\$247,467,015	\$479,234,984	1.25%
Total	805,353	\$46,839,027,496	\$63,958,675,305	\$117,273,395,661	0.60%

Source: Calculated from IMPLAN 3.0.

Note: Share of 2013 employment calculated from U.S. Bureau of Labor Statistics, Census of Employment and Wages.

Table 21. State Economic Impact: High Scenario

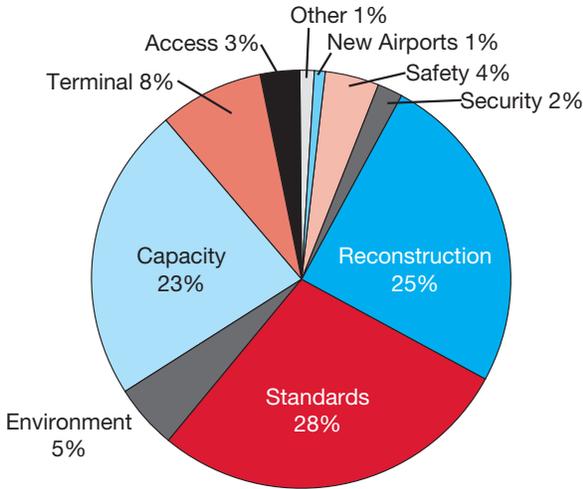
State	Total Employment	Labor Income	Value Added	Output	Share of 2013 Employment*
Alabama	17,752	\$897,394,069	\$1,210,393,831	\$2,369,654,960	0.96%
Alaska	11,747	\$874,634,754	\$1,083,872,988	\$1,898,873,671	3.57%
Arizona	21,164	\$1,180,814,132	\$1,827,778,105	\$3,129,689,412	0.85%
Arkansas	10,600	\$486,497,322	\$686,397,464	\$1,389,283,572	0.92%
California	129,741	\$8,568,714,725	\$12,047,569,884	\$21,294,841,042	0.84%
Colorado	22,613	\$1,301,411,608	\$1,672,905,559	\$3,139,876,462	0.97%
Connecticut	17,714	\$1,187,202,693	\$1,454,640,756	\$2,592,874,183	1.08%
Delaware	4,060	\$236,784,604	\$318,134,271	\$592,991,755	0.98%
D.C.	4,778	\$400,332,719	\$464,335,753	\$829,767,008	0.66%
Florida	60,085	\$3,033,543,302	\$4,717,766,329	\$8,515,937,444	0.80%
Georgia	34,778	\$1,785,336,599	\$2,596,263,049	\$4,839,296,257	0.89%
Hawaii	3,967	\$261,361,730	\$381,966,106	\$652,746,620	0.64%
Idaho	7,144	\$319,866,652	\$437,475,467	\$899,040,528	1.13%
Illinois	40,949	\$2,577,420,953	\$3,618,389,455	\$6,327,041,937	0.72%
Indiana	23,215	\$1,249,121,899	\$1,677,112,000	\$3,174,092,948	0.81%
Iowa	12,099	\$621,775,353	\$791,293,181	\$1,631,044,036	0.81%
Kansas	7,427	\$391,100,715	\$501,451,039	\$990,422,695	0.56%
Kentucky	14,536	\$693,585,476	\$937,181,019	\$1,923,289,811	0.82%
Louisiana	16,515	\$911,253,873	\$1,241,773,389	\$2,356,387,746	0.87%
Maine	5,844	\$262,674,584	\$339,843,794	\$707,502,792	1.00%
Maryland	17,292	\$1,153,800,116	\$1,469,573,671	\$2,576,320,711	0.68%
Massachusetts	23,321	\$1,560,642,699	\$1,945,651,346	\$3,450,427,823	0.71%
Michigan	28,163	\$1,459,833,617	\$1,951,371,683	\$3,777,917,867	0.70%
Minnesota	18,317	\$1,039,378,669	\$1,519,844,588	\$2,724,100,029	0.68%
Mississippi	10,372	\$487,111,362	\$715,745,830	\$1,400,620,998	0.95%
Missouri	25,699	\$1,381,546,760	\$1,750,332,089	\$3,386,789,122	0.97%
Montana	10,498	\$475,585,130	\$641,281,308	\$1,302,447,224	2.40%
Nebraska	7,490	\$407,330,527	\$514,149,234	\$990,002,727	0.80%
Nevada	8,170	\$499,648,737	\$706,390,993	\$1,226,873,198	0.70%
New Hampshire	4,911	\$265,232,655	\$308,699,768	\$621,942,159	0.79%
New Jersey	27,962	\$1,940,516,301	\$2,554,279,235	\$4,424,700,110	0.73%
New Mexico	7,201	\$357,954,130	\$495,589,586	\$965,678,280	0.91%
New York	71,106	\$5,036,312,798	\$6,804,760,237	\$11,424,147,361	0.82%
North Carolina	27,455	\$1,333,302,104	\$1,899,772,650	\$3,708,291,100	0.69%
North Dakota	5,307	\$321,530,659	\$395,906,213	\$741,872,461	1.24%
Ohio	35,910	\$1,892,765,685	\$2,564,733,292	\$4,895,316,825	0.70%
Oklahoma	11,347	\$563,887,193	\$762,146,333	\$1,533,309,939	0.73%
Oregon	14,956	\$812,541,213	\$1,113,696,517	\$2,075,029,267	0.89%
Pennsylvania	48,556	\$2,873,346,781	\$3,723,538,954	\$6,942,563,925	0.87%
Rhode Island	4,474	\$260,405,107	\$373,431,994	\$658,533,235	0.98%
South Carolina	15,973	\$760,143,216	\$1,060,469,702	\$2,060,287,785	0.87%
South Dakota	6,729	\$308,102,372	\$398,678,678	\$842,334,101	1.66%
Tennessee	23,214	\$1,225,215,638	\$1,570,959,200	\$3,076,369,557	0.86%
Texas	88,359	\$5,330,126,148	\$7,561,443,256	\$13,652,919,240	0.80%
Utah	10,381	\$542,973,283	\$774,378,964	\$1,443,082,360	0.83%
Vermont	5,601	\$253,788,941	\$297,837,908	\$659,042,154	1.86%
Virginia	25,018	\$1,440,897,829	\$1,942,493,737	\$3,574,949,082	0.69%
Washington	20,186	\$1,261,703,605	\$1,759,267,119	\$3,181,086,065	0.68%
West Virginia	7,467	\$399,982,742	\$514,662,887	\$995,442,682	1.06%
Wisconsin	20,798	\$1,104,786,121	\$1,447,960,256	\$2,769,711,304	0.76%
Wyoming	4,889	\$281,513,514	\$346,493,873	\$670,214,996	1.75%
Total	1,103,848	\$64,272,733,414	\$87,892,084,540	\$161,006,978,566	0.81%

Source: Calculated from IMPLAN 3.0

Note: Share of 2013 employment calculated from U.S. Bureau of Labor Statistics, Census of Employment and Wages.

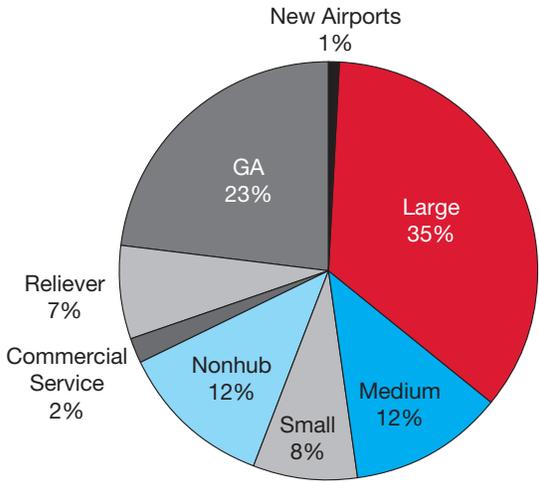
Appendix A: Figures & Tables

Figure A1. NPIAS Priority Funding by Project Type



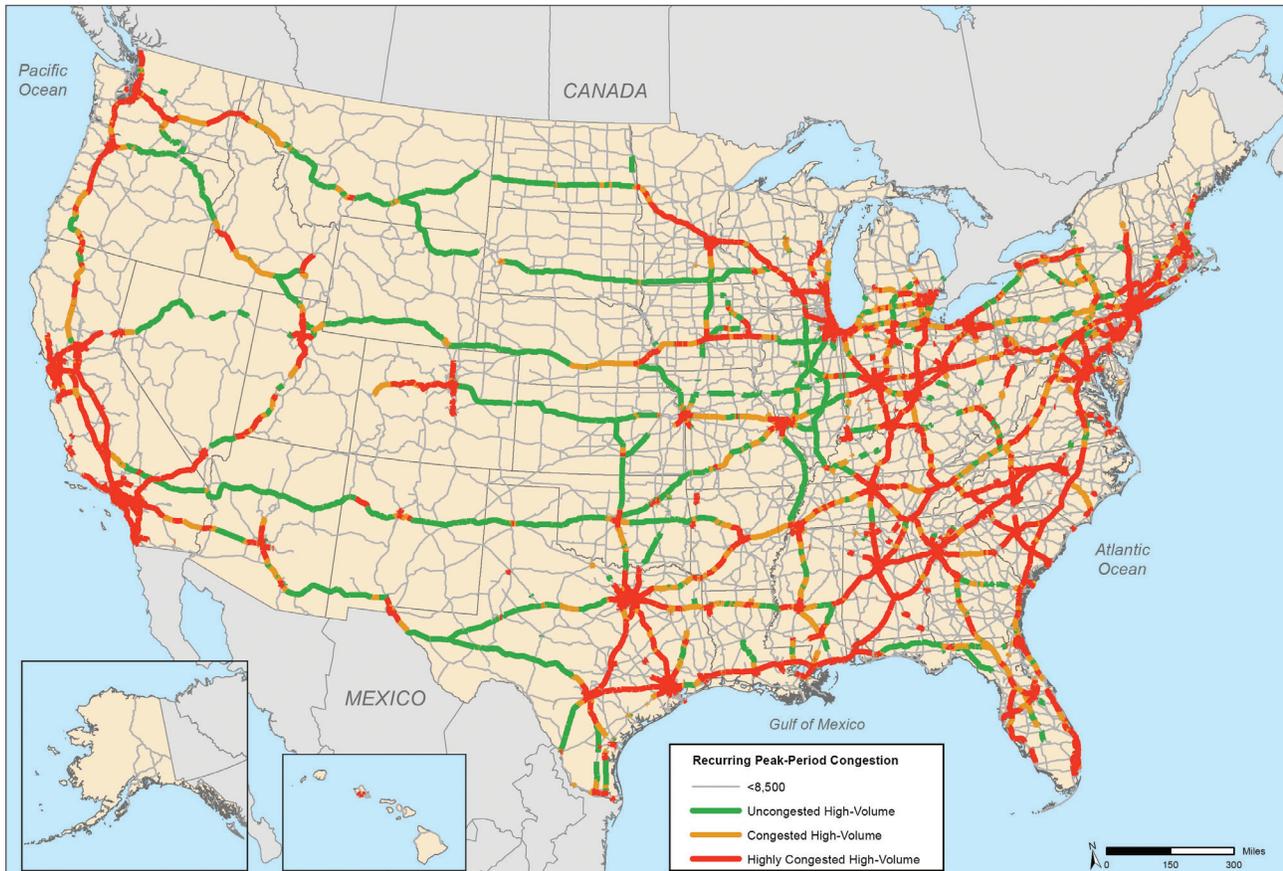
Source: (FAA 2012)

Figure A2. NPIAS Priority Funding by Airport Type



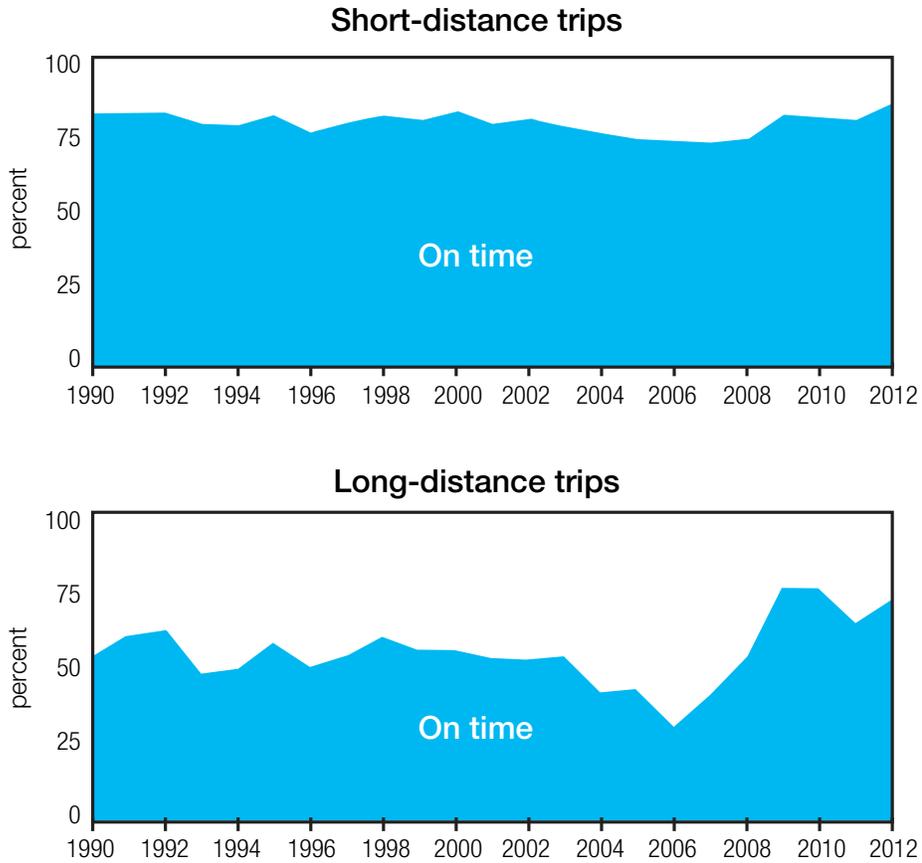
Source: (FAA 2012)

Figure A3. Peak Period Congestion on High-Volume Truck Portions of the National Highway System, 2040



Source: (DOT 2013)

Figure A4. On Time Performance of Amtrak Trains, 2012

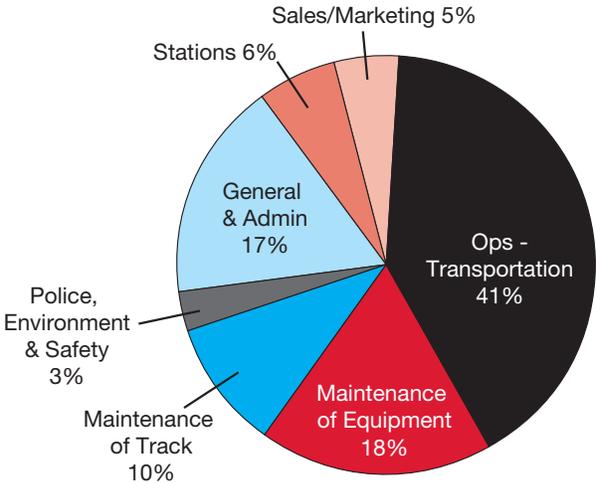


Amtrak Train On-Time Definition

Trip length	Train arrives at endpoint within
0–250 miles	10 minutes
251–350 miles	15 minutes
351–450 miles	20 minutes
451–550 miles	25 minutes
>551 miles	30 minutes

Source: (RITA 2014)

Figure A5. Amtrak Expenses, 2012



Source : (Amtrak 2013a; OIG 2013)

Table A1. Percentage of Roads with Good and Acceptable Ride Quality, 2000-2010

	2000	2002	2004	2006	2008	2010 ¹
Functional System	Percent GOOD					
Rural Interstate	69.6%	72.2%	73.7%	78.6%	79.0%	79.1%
Rural Other Freeway & Expressway ²	—	—	—	—	—	74.3%
Rural Other Principal Arterial ²	—	—	—	—	—	72.9%
Rural Other Principal Arterial ²	56.8%	60.2%	61.0%	66.8%	68.4%	—
Rural Minor Arterial	48.9%	51.0%	51.5%	56.3%	56.2%	60.9%
Rural Major Collector	39.9%	42.4%	40.3%	39.8%	39.0%	41.4%
Subtotal Rural	55.2%	58.0%	58.3%	62.2%	62.5%	64.6%
Urban Interstate	43.6%	45.0%	49.4%	54.0%	55.7%	64.6%
Urban Other Freeway & Expressway ²	32.4%	33.6%	38.8%	45.3%	44.4%	53.3%
Urban Other Principal Arterial	26.9%	25.7%	26.5%	28.8%	26.9%	39.7%
Urban Minor Arterial	34.4%	34.1%	32.3%	33.6%	32.5%	28.8%
Urban Collector ²	37.9%	35.5%	35.7%	34.1%	31.5%	—
Urban Major Collector ²	—	—	—	—	—	25.7%
Urban Minor Collector ²	—	—	—	—	—	8.6%
Subtotal Urban	35.0%	34.9%	36.6%	39.5%	38.9%	44.0%
Total GOOD³	42.8%	43.8%	44.2%	47.0%	46.4%	50.6%
Functional System	Percent ACCEPTABLE					
Rural Interstate	97.4%	97.3%	97.8%	98.2%	97.3%	91.1%
Rural Other Freeway & Expressway ²	—	—	—	—	—	93.7%
Rural Other Principal Arterial ²	—	—	—	—	—	93.0%
Rural Other Principal Arterial ²	96.0%	96.2%	96.1%	97.0%	97.6%	—
Rural Minor Arterial	93.1%	93.8%	94.3%	95.1%	94.5%	87.3%
Rural Major Collector	86.9%	87.6%	88.5%	87.8%	88.3%	81.2%
Subtotal Rural	93.8%	94.1%	94.5%	94.9%	94.8%	87.8%
Urban Interstate	91.2%	89.6%	90.3%	92.7%	91.9%	89.8%
Urban Other Freeway & Expressway ²	87.2%	87.8%	87.7%	92.1%	91.4%	89.2%
Urban Other Principal Arterial	71.0%	71.0%	72.6%	73.8%	72.4%	76.4%
Urban Minor Arterial	76.5%	76.3%	73.8%	75.6%	75.5%	70.6%
Urban Collector ²	76.1%	74.6%	72.6%	72.6%	72.0%	—
Urban Major Collector ²	—	—	—	—	—	67.0%
Urban Minor Collector ²	—	—	—	—	—	26.2%
Subtotal Urban	80.3%	79.8%	79.7%	81.7%	81.0%	79.4%
Total ACCEPTABLE³	85.5%	85.3%	84.9%	86.0%	85.4%	82.0%

¹ HMPS pavement reporting requirements were modified in 2009 to include bridges; features such as open grated bridge decks or expansion joints can greatly increase the IRI for a given section.

² 2010 data reflects revised HPMS functional classification. Rural Other Freeways and Expressways have been split out of the Rural Other Principal Arterial category, and Urban Collector has been split into Urban Major Collector and Urban Minor Collector.

³ Totals shown reflect Federal-aid highways only and exclude roads classified as rural minor collector, rural local, or urban local, for which pavement data are not reported in HPMS.

Source: (DOT 2013)

Table A2. Gas Distribution and Transmission Pre-1970 and Unknown Decades, 2013

State	Gas Distribution Main Miles	% Gas Distribution Main Miles	Gas Distribution Number of Services	% Gas Distribution Number of Services	Gas Transmission Miles	% Gas Transmission Miles
Alabama	11205	36.9%	427737	39.8%	3306	45.5%
Alaska	287	9.3%	8015	6.4%	230	29.6%
Arizona	5722	23.6%	159791	12.6%	4776	71.2%
Arkansas	10831	53.2%	393792	58.2%	4680	63.0%
California	40902	38.9%	2800196	32.2%	6638	56.7%
Colorado	20409	58.0%	475481	28.9%	3273	41.8%
Connecticut	3587	45.9%	109801	25.5%	415	70.6%
Delaware	686	23.0%	42500	24.5%	137	40.7%
District of Columbia	737	61.5%	36755	29.8%	8	61.8%
Florida	8358	30.7%	218938	24.9%	2220	41.2%
Georgia	11626	26.6%	512651	25.4%	2513	55.1%
Hawaii	243	40.0%	12495	35.8%	0	0.0%
Idaho	2179	26.9%	60351	14.3%	774	51.5%
Illinois	25719	42.1%	1075700	29.1%	6728	71.3%
Indiana	13050	32.5%	360613	18.2%	3614	65.7%
Iowa	6953	39.0%	278834	29.7%	5910	71.0%
Kansas	8318	37.4%	165186	17.4%	10265	72.7%
Kentucky	7936	44.5%	226721	26.8%	4993	70.8%
Louisiana	12498	47.0%	483103	43.2%	15431	58.2%
Maine	267	28.5%	609	2.2%	45	9.9%
Maryland	5432	37.2%	291820	28.8%	537	54.9%
Massachusetts	9694	45.3%	403673	31.5%	676	59.8%
Michigan	24343	42.8%	1056862	32.7%	5858	64.6%
Minnesota	9899	32.5%	303432	20.5%	3492	63.3%
Mississippi	8169	50.3%	277999	46.5%	7272	69.3%
Missouri	10694	39.4%	275857	18.2%	3083	66.8%
Montana	1975	28.1%	102307	34.8%	2171	54.2%
Nebraska	6275	49.6%	224686	38.5%	3826	64.6%
Nevada	689	7.0%	26579	3.6%	769	38.0%
New Hampshire	475	25.1%	14896	16.6%	53	21.3%
New Jersey	13196	38.7%	845722	36.4%	770	50.4%
New Mexico	3743	27.9%	276824	44.1%	4562	69.8%
New York	22133	46.1%	877068	27.6%	2609	55.9%
North Carolina	8966	30.4%	338626	24.3%	1704	40.4%
North Dakota	1352	41.0%	37278	24.9%	492	20.0%
OCS					258	15.4%
Ohio	26522	46.5%	1353313	38.2%	7037	67.7%
Oklahoma	9152	35.4%	423673	32.5%	4918	40.1%
Oregon	4149	26.8%	161519	24.7%	1152	46.3%
Pennsylvania	19902	41.8%	683241	24.2%	5093	51.5%
Puerto Rico	0	0.0%	0	0.0%	0	0.0%
Rhode Island	1702	53.6%	51696	26.8%	49	51.8%
South Carolina	6337	30.2%	214052	27.8%	1640	59.0%
South Dakota	935	19.9%	33094	16.7%	894	56.9%
Tennessee	9628	25.3%	302635	22.9%	3815	76.4%
Texas	48045	46.9%	1704600	34.4%	24933	51.3%
Utah	2867	17.0%	129410	15.1%	645	20.4%
Vermont	53	7.2%	1657	4.6%	46	64.6%
Virginia	5808	27.7%	369069	30.0%	1841	59.6%
Washington	5241	23.7%	186152	15.2%	1069	56.4%
West Virginia	4998	46.7%	303597	71.6%	1898	47.3%
Wisconsin	9408	24.7%	283045	17.4%	3093	68.9%
Wyoming	2179	42.7%	70818	38.9%	2186	31.4%

Source: (PHMSA 2013)

Table A3. Hazardous Liquid Pre-1970 and Unknown Decades, 2013

State	CRUDE OIL		HVL FLAMM TOXIC		REFINED PP	
	Miles	% Total Miles	Miles	% Total Miles	Miles	% Total Miles
Alabama	68	15.5%	250	70.1%	640	58.1%
Alaska	116	10.4%	0	0.0%	152	26.5%
Arizona			0	0.0%	152	26.5%
Arkansas	518	89.7%	300	52.9%	220	34.4%
California	1,798	56.5%	0	0.0%	1,745	53.4%
Colorado	167	40.6%	245	15.3%	264	25.5%
Connecticut					72	77.7%
Delaware			1	100.0%	17	41.6%
District of Columbia					4	100.0%
Florida	8	18.1%	0	0.0%	36	10.6%
Georgia			355	98.2%	932	52.9%
Hawaii					53	55.3%
Idaho					598	96.7%
Illinois	1,647	73.7%	555	38.7%	2,932	72.8%
Indiana	295	65.8%	365	49.2%	2,074	76.9%
Iowa	16	6.9%	1,233	52.4%	1,457	86.9%
Kansas	2,108	69.2%	2,207	49.1%	2,083	58.9%
Kentucky	283	51.4%	39	42.2%	141	51.5%
Louisiana	2,294	61.8%	3,189	46.5%	838	46.0%
Maine	143	99.3%			99	78.8%
Maryland					248	77.7%
Massachusetts					91	97.7%
Michigan	805	57.8%	218	39.9%	991	73.9%
Minnesota	904	37.5%	344	42.8%	1,375	79.9%
Mississippi	975	75.8%	121	44.3%	812	52.9%
Missouri	1,111	67.7%	525	40.5%	1,333	68.0%
Montana	1,106	49.0%	0	0.0%	591	67.9%
Nebraska	412	62.5%	514	75.7%	1,246	80.4%
Nevada					124	45.2%
New Hampshire	71	100.0%				
New Jersey			12	100.0%	422	76.0%
New Mexico	853	65.4%	434	23.4%	833	38.4%
New York	25	27.8%	190	94.9%	795	92.7%
North Carolina			75	84.2%	598	57.2%
North Dakota	872	33.9%	0	0.0%	503	64.7%
OCS	212	6.1%				
Ohio	328	59.5%	557	55.9%	1,784	73.1%
Oklahoma	3,264	68.1%	1,085	23.6%	1,071	49.2%
Oregon					316	92.2%
Pennsylvania	14	51.1%	484	66.5%	1,759	84.9%
Puerto Rico					9	89.5%
Rhode Island					13	100.0%
South Carolina			162	71.3%	397	67.9%
South Dakota	0	0.0%			430	86.6%
Tennessee	263	94.8%	8	56.5%	458	52.9%
Texas	10,068	6545.0%	10,004	35.7%	4,575	44.2%
Utah	360	77.3%	0	0.0%	430	51.3%
Vermont	117	100.0%				
Virginia					822	71.7%
Washington	64	92.8%	0	0.8%	588	82.9%
West Virginia	3	60.9%	35	12.8%	4	7.9%
Wisconsin	463	39.3%	235	98.9%	311	29.9%
Wyoming	2,098	61.2%	7	0.5%	908	68.4%

Source: (PHMSA 2013)

Table A4. Urban Congestion Report, March 2013

City	Congested Hours		Travel Time Index		Planning Time Index		% Change in VMT	% Usable Data
	2013	Change from 2012	2013	Change from 2012	2013	Change from 2012		
Atlanta, GA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Boston, MA	4:59	1:20	1.25	7	1.73	25	-6%	99%
Chicago, IL	4:31	1:32	1.2	-6	1.52	-16	-45%	96%
Detroit, MI	3:19	0:45	1.12	4	1.45	17	-4%	99%
Houston, TX	4:21	0:06	1.35	3	1.79	2	0%	92%
Los Angeles, CA	6:01	0:37	1.29	3	1.59	7	0%	100%
Minneapolis - St. Paul, MN	4:13	1:18	1.2	8	1.69	30	-3%	100%
Oklahoma City, OK	1:58	0:01	1.08	2	1.25	6	-1%	99%
Orange County, CA	3:47	0:23	1.22	2	1.46	3	1%	100%
Philadelphia, PA	5:14	1:14	1.28	8	1.66	17	-3%	99%
Phoenix, AZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Pittsburgh, PA	5:46	0:23	1.22	0	1.45	-4	-5%	99%
Portland, OR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Providence, RI	3:31	0:37	1.13	4	1.39	13	-1%	99%
Riverside - SanBernardino, CA	2:48	0:10	1.11	1	1.27	1	-1%	100%
Sacramento, CA	1:49	0:03	1.09	1	1.25	0	0%	100%
St. Louis, MO	6:36	0:40	1.06	0	1.23	0	-1%	97%
Salt Lake City, UT	2:37	0:43	1.07	3	1.27	12	0%	85%
San Antonio, TX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
San Diego, CA	2:21	0:03	1.12	1	1.32	1	-2%	100%
San Francisco, CA	3:17	0:11	1.17	2	1.36	2	0%	100%
Seattle, WA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tampa, FL	3:39	0:05	1.17	1	1.38	1	-3%	99%

Notes: Green bolded values indicate improving conditions; red italics indicate worsening conditions. Comparison of 2013 to 2012 is for the same three-month Period (January - March)

Source: (FHWA 2013)

Appendix B: IMPLAN Analysis

This appendix provides detailed information on the modeling for each analysis-by-parts component for each funding scenario.

For each funding scenario, the seven models are reported as follows.

- **Construction commodity purchases:** Construction commodity purchases represent the 59% of construction or capital expenditure spending that goes toward the purchase of construction commodities. Therefore, only indirect and induced effects are reported.
- **Construction direct employment and labor income:** Direct employment and labor income from construction work are captured separately, and therefore only direct effects are reported.
- **Construction labor and proprietor income:** Construction labor and proprietor income represents the 40% of construction spending not captured in the construction commodity purchases, of which 29% can be attributed to labor income and 8.75% can be attributed to proprietor income. As this represents just income spending, only induced effects are generated. Categories 1, 2, and 3 outlined above are aggregated to generate the total effects of construction or capital expenditure spending by U.S. DOT.
- **Administration:** Administration spending is modeled as federal government employment income. This generates direct employment (estimate of federal employment) as well as induced employment as federal government workers spend their labor income. Indirect employment is not generated, as there is no supply chain or market relationship with government employment.
- **Maintenance commodity purchases:** Maintenance commodity purchases represent the 54% of maintenance expenditure spending that goes toward the purchase of maintenance commodities. Therefore, only indirect and induced effects are reported.
- **Maintenance direct employment and labor income:** Direct employment and labor income from maintenance work is reported separately, and therefore only direct effects are reported.
- **Maintenance labor and proprietor income:** Maintenance labor and proprietor income represents the 46% of maintenance spending not captured in the maintenance commodity purchases, of which labor accounts for 34%, and proprietor income nearly 9%. As this represents just income spending, only induced effects are generated. Categories 5, 6, and 7 outlined above are aggregated to generate the total effects of maintenance spending by U.S. DOT.

Analysis-By-Parts: Low Scenario

Construction Commodity Purchases (59%): Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	151,170	\$10,190,098,394	\$16,361,780,453	\$32,127,872,657
Induced Effect	207,954	\$11,186,352,333	\$18,780,783,632	\$31,179,793,423
Total Effect	359,124	\$21,376,450,727	\$35,142,564,085	\$63,307,666,081

Construction Direct Labor: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	216,119	\$13,584,450,301	\$14,692,255,009	\$35,366,359,652
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	0	\$0	\$0	\$0
Total Effect	216,119	\$13,584,450,301	\$14,692,255,009	\$35,366,359,652

Construction Labor and Proprietor Income: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	217,175	\$11,597,717,991	\$19,722,981,471	\$32,958,764,090
Total Effect	217,175	\$11,597,717,991	\$19,722,981,471	\$32,958,764,090

Total All Construction Impacts: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	216,119	\$13,584,450,301	\$14,692,255,009	\$35,366,359,652
Indirect Effect	151,170	\$10,190,098,394	\$16,361,780,453	\$32,127,872,657
Induced Effect	425,129	\$22,784,070,324	\$38,503,765,103	\$64,138,557,513
Total Effect	792,418	\$46,558,619,019	\$69,557,800,565	\$131,632,789,823

Administration: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	87,817	\$11,668,247,222	\$16,100,839,930	\$16,147,846,313
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	207,975	\$11,130,087,160	\$18,903,244,033	\$31,564,413,729
Total Effect	295,792	\$22,798,334,382	\$35,004,083,963	\$47,712,260,042

Maintenance Commodity Purchases (54%): Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	81,548	\$5,312,233,046	\$8,810,703,154	\$17,248,583,749
Induced Effect	111,066	\$5,979,309,182	\$10,022,311,146	\$16,625,164,524
Total Effect	192,613	\$11,291,542,228	\$18,833,014,300	\$33,873,748,273

Maintenance Direct Labor: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	142,087	\$9,011,933,009	\$9,774,843,067	\$20,801,791,128
Indirect Effect	-	\$0	\$0	\$0
Induced Effect	-	\$0	\$0	\$0
Total Effect	142,087	\$9,011,933,009	\$9,774,843,067	\$20,801,791,128

Maintenance Labor and Proprietor Income: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	144,260	\$7,704,504,694	\$13,102,664,241	\$21,895,564,609
Total Effect	144,260	\$7,704,504,694	\$13,102,664,241	\$21,895,564,609

Total All Maintenance Impacts: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	142,087	\$9,011,933,009	\$9,774,843,067	\$20,801,791,128
Indirect Effect	81,548	\$5,312,233,046	\$8,810,703,154	\$17,248,583,749
Induced Effect	255,325	\$13,683,813,876	\$23,124,975,387	\$38,520,729,133
Total Effect	478,960	\$28,007,979,931	\$41,710,521,608	\$76,571,104,010

Total Construction, Administration, & Maintenance: Low Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	446,023	\$34,264,630,532	\$40,567,938,006	\$72,315,997,093
Indirect Effect	232,718	\$15,502,331,440	\$25,172,483,607	\$49,376,456,406
Induced Effect	888,429	\$47,597,971,360	\$80,531,984,523	\$134,223,700,375
Total Effect	1,567,170	\$97,364,933,332	\$146,272,406,136	\$255,916,153,875

Analysis-By-Parts: Mid Scenario

Construction Commodity Purchases (59%): Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	190,060	\$12,811,600,750	\$20,571,008,308	\$40,393,081,746
Induced Effect	261,452	\$14,064,150,747	\$23,612,323,685	\$39,201,099,868
Total Effect	451,512	\$26,875,751,496	\$44,183,331,993	\$79,594,181,613

Construction Direct Labor: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	271,718	\$17,079,183,325	\$18,471,981,656	\$44,464,702,411
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	0	\$0	\$0	\$0
Total Effect	271,718	\$17,079,183,325	\$18,471,981,656	\$44,464,702,411

Construction Labor and Proprietor Income: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	273,045	\$14,581,344,650	\$24,796,911,822	\$41,437,729,285
Total Effect	273,045	\$14,581,344,650	\$24,796,911,822	\$41,437,729,285

Total All Construction Impacts: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	271,718	\$17,079,183,325	\$18,471,981,656	\$44,464,702,411
Indirect Effect	190,060	\$12,811,600,750	\$20,571,008,308	\$40,393,081,746
Induced Effect	534,497	\$28,645,495,397	\$48,409,235,507	\$80,638,829,153
Total Effect	996,275	\$58,536,279,471	\$87,452,225,471	\$165,496,613,309

Administration: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	110,408	\$14,670,018,218	\$20,242,938,859	\$20,302,038,094
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	261,478	\$13,993,411,204	\$23,766,288,892	\$39,684,668,626
Total Effect	371,887	\$28,663,429,422	\$44,009,227,751	\$59,986,706,719

Maintenance Commodity Purchases (54%): Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	102,526	\$6,678,857,608	\$11,077,343,800	\$21,685,952,745
Induced Effect	139,638	\$7,517,545,687	\$12,600,649,947	\$20,902,152,750
Total Effect	242,165	\$14,196,403,295	\$23,677,993,747	\$42,588,105,494

Maintenance Direct Labor: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	178,640	\$11,330,341,131	\$12,289,517,280	\$26,153,255,842
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	0	\$0	\$0	\$0
Total Effect	178,640	\$11,330,341,131	\$12,289,517,280	\$26,153,255,842

Maintenance Labor and Proprietor Income: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	181,372	\$9,686,564,063	\$16,473,453,078	\$27,528,413,272
Total Effect	181,372	\$9,686,564,063	\$16,473,453,078	\$27,528,413,272

Total All Maintenance Impacts: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	178,640	\$11,330,341,131	\$12,289,517,280	\$26,153,255,842
Indirect Effect	102,527	\$6,678,857,608	\$11,077,343,800	\$21,685,952,745
Induced Effect	321,010	\$17,204,109,750	\$29,074,103,025	\$48,430,566,022
Total Effect	602,177	\$35,213,308,489	\$52,440,964,105	\$96,269,774,608

Total Construction, Administration, & Maintenance: Mid Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	560,767	\$43,079,542,674	\$51,004,437,795	\$90,919,996,347
Indirect Effect	292,587	\$19,490,458,358	\$31,648,352,108	\$62,079,034,491
Induced Effect	1,116,986	\$59,843,016,351	\$101,249,627,424	\$168,754,063,801
Total Effect	1,970,340	\$122,413,017,382	\$183,902,417,327	\$321,753,094,636

Analysis-By-Parts: High Scenario

Construction Commodity Purchases (59%): High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	238,805	\$16,097,409,405	\$25,846,882,765	\$50,752,750,315
Induced Effect	328,507	\$17,671,202,602	\$29,668,208,430	\$49,255,059,225
Total Effect	567,312	\$33,768,612,007	\$55,515,091,194	\$100,007,809,540

Construction Direct Labor: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	341,406	\$21,459,505,613	\$23,209,516,900	\$55,868,627,485
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	0	\$0	\$0	\$0
Total Effect	341,406	\$21,459,505,613	\$23,209,516,900	\$55,868,627,485

Construction Labor and Proprietor Income: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	343,073	\$18,321,042,722	\$31,156,610,845	\$52,065,322,283
Total Effect	343,073	\$18,321,042,722	\$31,156,610,845	\$52,065,322,283

Total All Construction Impacts: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	341,406	\$21,459,505,613	\$23,209,516,900	\$55,868,627,485
Indirect Effect	238,805	\$16,097,409,405	\$25,846,882,765	\$50,752,750,315
Induced Effect	671,580	\$35,992,245,324	\$60,824,819,275	\$101,320,381,508
Total Effect	1,251,792	\$73,549,160,342	\$109,881,218,939	\$207,941,759,308

Administration: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	138,726	\$18,432,458,525	\$25,434,673,999	\$25,508,930,498
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	328,541	\$17,582,321,153	\$29,861,662,596	\$49,862,651,679
Total Effect	467,266	\$36,014,779,679	\$55,296,336,595	\$75,371,582,177

Maintenance Commodity Purchases (54%): High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	128,822	\$8,391,792,930	\$13,918,364,612	\$27,247,777,329
Induced Effect	175,452	\$9,445,580,434	\$15,832,355,073	\$26,262,955,127
Total Effect	304,274	\$17,837,373,364	\$29,750,719,685	\$53,510,732,456

Maintenance Direct Labor: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	224,456	\$14,236,249,735	\$15,441,427,147	\$32,860,818,332
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	0	\$0	\$0	\$0
Total Effect	224,456	\$14,236,249,735	\$15,441,427,147	\$32,860,818,332

Maintenance Labor and Proprietor Income: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	0	\$0	\$0	\$0
Indirect Effect	0	\$0	\$0	\$0
Induced Effect	227,888	\$12,170,890,839	\$20,698,422,874	\$34,588,664,334
Total Effect	227,888	\$12,170,890,839	\$20,698,422,874	\$34,588,664,334

Total All Maintenance Impacts: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	224,456	\$14,236,249,735	\$15,441,427,147	\$32,860,818,332
Indirect Effect	128,822	\$8,391,792,930	\$13,918,364,612	\$27,247,777,329
Induced Effect	403,340	\$21,616,471,273	\$36,530,777,947	\$60,851,619,461
Total Effect	756,618	\$44,244,513,938	\$65,890,569,706	\$120,960,215,122

Total Construction, Administration, & Maintenance: High Scenario				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	704,588	\$54,128,213,873	\$64,085,618,046	\$114,238,376,315
Indirect Effect	367,627	\$24,489,202,335	\$39,765,247,377	\$78,000,527,644
Induced Effect	1,403,461	\$75,191,037,750	\$127,217,259,818	\$212,034,652,648
Total Effect	2,475,676	\$153,808,453,959	\$231,068,125,240	\$404,273,556,607

Endnotes

- 1 Just-in-time inventory systems receive goods and inputs only as they are needed, thus minimizing the value of goods held in inventory in an effort to decrease waste and cost.
- 2 See, for example, American Public Transportation Association (2014) “Economic Impact of Public Transportation Investment”; University of Massachusetts – Amherst (2009) “How Infrastructure Investments Support the U.S. Economy”; and Federal Highway Administration 2007, as cited in American Society of Civil Engineers (2011) “Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation Infrastructure.”
- 3 Over the 2008-2012 period there has been a decrease in overall VMT traveled, which is largely seen as a reaction to the recession and fluctuating gas prices, but most predict that this is not a long-lasting trend (ASCE 2013a; DOT 2013; Winston 2013).
- 4 The data for total infrastructure miles is from 2012; tonnage value is from 2007. This is the most up-to-date data containing all available modes as presented in the 2013 “Status of the Nation’s Highways, Bridges, and Transit: Conditions and Performance.”
- 5 It is worth noting that in some federal programs—of which there are many different types—federal funds can be used on non-federal-aid highways (see www.fhwa.gov/accelerating/grants).
- 6 The seven Class I Rail Roads consist of: BNSF Railway Co.; CN; Canadian Pacific; CSX Corp.; Kansas City Southern; Norfolk Southern Railway’s; and Union Pacific Corp.
- 7 Regional RRs/Local/Short Lines are generally represented by the American Short Line and Regional Railroad Association (ASLRRA).
- 8 The Grants-in-Aid for airports is channeled to states and local entities through the Airport Improvement Program (<http://www.faa.gov/airports/aip/>)
- 9 Data available on: <http://primis.phmsa.dot.gov/comm/PipelineBasics.htm>
- 10 <http://www.census.gov/foreign-trade/index.html>
- 11 As Switzerland is not part of the EU-27 and the dataset containing this information only covers EU-27, it is excluded.
- 12 A 2013 report by Sacramento Bee (Piller 2014b) states that the difference was actually \$250 million and not \$400 million.
- 13 Wherein certain permit concessions were granted to streamline the time it would normally have taken to get from conception to breaking-ground; for example in the case of Tappan Zee Bridge the average time was cut to 1.5 years down from the average 5 years (Foxx 2014).
- 14 A job-year is a standard measure of the employment impact of a project used by industry and government agencies and is defined as one job held for one year (ESD and NYS DOL 2013).
- 15 The low and mid- transportation investment scenarios are the “budgetary resources” of the USDOT, which are the funds available to be used in a given fiscal year, including new budget authority, unobligated balances of budget authority, direct spending authority, and obligation limitations (Source: CBO). Budgetary resources rely on appropriations and other revenue sources, including the Highway Trust Fund and user fees, to reach funding levels. Reductions in Highway Trust Fund monies would require an increase in other funding sources or result in a reduction in the budgetary resources available to the USDOT.
- 16 IMPLAN currently has 440 sectors based on the Bureau of Economic Analysis’ Benchmarking Tables. One challenge with the recent benchmarking scheme is the consolidation of construction activities into a larger IMPLAN sector 36: New Nonresidential Construction. This limits the specificity of modeling construction related activities. Yet, it remains the best option for modeling construction related activities such as highway, bridges, roads, passenger rail, freight rail, and other modes of transportation, especially when conducting aggregate level modeling of transportation spending. IMPLAN 3.0 does allow users to import the spending pattern from the IMPLAN 2.0 model for construction and maintenance of highways, bridges, and tunnels. This spending pattern is based on the 2002 BEA benchmark input-output tables. Unfortunately, the commodity spending purchases for these categories are less than those for the existing construction and maintenance category in the model. For example, the construction commodity purchase utilized in the model accounts for nearly 60 cents of each dollar spent, while

highway, bridge, and tunnel construction only accounts for 47 cents of each dollar spent. Several sensitivity analyses were conducted, and the construction and maintenance categories used yielded higher employment and output numbers than the highway, bridges, and tunnels sector, and more accurately captured the employment impact of spending consistent with prior studies. Additionally, the mix of industries stimulated by spending (for example manufacturing, retail trade, service, etc.) was largely consistent across both approaches.

- 17 As modeled here, manufacturing employment is derived from the indirect and induced effects of construction and maintenance activities stimulated by transportation infrastructure investments.
- 18 "Employment" is the average total annual jobs and includes all full-time, part-time, seasonal jobs, and self-employed. Full-time/part-time jobs have been averaged over twelve months (Day, n.d., 62).

19 "Labor income" is the total value paid to local workers within a region (Day, n.d., 62).

20 "Value added" is comprised of labor income, indirect business taxes, and other property-type income. This category measures an industry's value of production over the cost of purchasing the goods and services required to make products. Value added is often referred to as Gross Regional Product (GRP) (Day, n.d., 62).

21 "Output" is the total value of an industry's production, comprised of the intermediate inputs and value added. In IMPLAN, Output is the value of a change in sales or the value of increased production (Day, n.d., 62).

22 This assumes that the unemployed would have the requisite skill set to fill the new jobs created from U.S. DOT spending or jobs opened up as currently-employed individuals moved from existing jobs to newly created jobs.

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1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

SENATE BILL 916

5 By: Senators B. Sample, K. Ingram
6 By: Representative Hickerson
7

For An Act To Be Entitled

9 AN ACT CONCERNING THE DISPOSITION OF SALES AND USE
10 TAXES COLLECTED FROM SELLERS THAT DO NOT HAVE A
11 PHYSICAL PRESENCE IN THE STATE; TO DEDICATE A PORTION
12 OF THE SALES AND USE TAX REVENUE GENERATED FROM
13 SELLERS THAT DO NOT HAVE A PHYSICAL PRESENCE IN THE
14 STATE TO THE ARKANSAS STATE HIGHWAY AND
15 TRANSPORTATION DEPARTMENT WHEN CERTAIN CONDITIONS ARE
16 MET; AND FOR OTHER PURPOSES.
17

Subtitle

18
19
20 TO DEDICATE THE SALES AND USE TAX REVENUE
21 GENERATED FROM SELLERS THAT DO NOT HAVE A
22 PHYSICAL PRESENCE IN THE STATE TO THE
23 ARKANSAS STATE HIGHWAY AND TRANSPORTATION
24 DEPARTMENT WHEN CERTAIN CONDITIONS ARE
25 MET.
26

27
28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
29

30 SECTION 1. Arkansas Code § 26-52-107 is amended to read as follows:
31 26-52-107. Disposition of taxes, interest, and penalties.

32 (a)(1) All Except as provided under subsection (b) of this section,
33 the taxes, interest, penalties, and costs received by the Director of the
34 Department of Finance and Administration under ~~the provisions of~~ this chapter
35 shall be general revenues and shall be deposited into the State Treasury to
36 the credit of the State Apportionment Fund.



1 (2) The Treasurer of State shall allocate and transfer the same
2 general revenues deposited under this subsection to the various State
3 Treasury funds participating in general revenues in the respective
4 proportions to each as provided by, and to be used for the respective
5 purposes ~~set forth~~ stated in, the Revenue Stabilization Law, § 19-5-101 et
6 seq.

7 (b)(1) The director shall determine the following conditions:

8 (A) That federal law authorizes the state to collect sales
9 and use tax from sellers that do not have a physical presence in the state;
10 and

11 (B) That some or all of the sellers that do not have a
12 physical presence in the state make sales of taxable goods and services to
13 purchasers in the state.

14 (2) When the director determines that the conditions in
15 subdivision (b)(1) of this section have been met, then:

16 (A) Each month thereafter, the Chief Fiscal Officer of the
17 State shall certify to the Treasurer of State the amount of net general
18 revenues enumerated in § 19-6-201(1) and (2) attributable to the collection
19 of sales and use taxes from sellers that do not have a physical presence in
20 the state; and

21 (B) If food and food ingredients are taxed at a rate:

22 (i) Of zero percent (0%) under §§ 26-52-317 and 26-
23 53-145 at the time the director determines that the conditions in subdivision
24 (b)(1) of this section have been met, then after making the deductions
25 required under 19-5-202(b)(2)(B)(i), the Treasurer of State shall deposit
26 into the State Highway and Transportation Department Fund the amount of net
27 general revenues determined under subdivision (b)(2)(A) of this section; or

28 (ii) Higher than zero percent (0%) under §§ 26-52-
29 317 and 26-53-145 at the time the director determines that the conditions in
30 subdivision (b)(1) of this section have been met, then after making the
31 deductions required under 19-5-202(b)(2)(B)(i) and depositing seventy million
32 dollars (\$70,000,000) of net general revenues determined under subdivision
33 (b)(2)(A) of this section each fiscal year as general revenues, the Treasurer
34 of State shall deposit the remainder into the State Highway and
35 Transportation Department Fund.

36

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015

A Bill

HOUSE BILL 1909

4
5 By: Representative Wallace

For An Act To Be Entitled

8 AN ACT TO CREATE ADDITIONAL REGISTRATION AND
9 LICENSING FEES FOR ELECTRIC AND HYBRID MOTOR
10 VEHICLES; AND FOR OTHER PURPOSES.

Subtitle

14 TO CREATE ADDITIONAL REGISTRATION AND
15 LICENSING FEES FOR ELECTRIC AND HYBRID
16 MOTOR VEHICLES.

17
18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20
21 SECTION 1. Arkansas Code § 27-14-207, concerning the definitions under
22 the Uniform Motor Vehicle Administration, Certificate of Title, and Anti-
23 Theft Act, is amended to add additional subdivisions to read as follows:

24 (9) "Electric vehicle" means a motor vehicle that is powered by
25 an electric motor drawing current from rechargeable storage batteries, fuel
26 cells, or other portable sources of electrical current, including without
27 limitation a nonelectrical source of power designed to charge batteries and
28 components; and

29 (10) "Hybrid vehicle" means a motor vehicle propelled by a
30 combination of an electric motor and an internal combustion engine or other
31 power source and components.

32
33 SECTION 2. The introductory language of Arkansas Code § 27-14-601(a),
34 concerning motor vehicle registration and licensing fees, is amended to add
35 an additional subdivision to read as follows:

36 (a) Fees Generally. ~~The~~ Except as provided in subdivision (a)(7) of



1 this section, the fee for the registration and licensing of all motor
2 vehicles shall be as follows:

3
4 SECTION 3. Arkansas Code § 27-14-601(a), concerning motor vehicle
5 registration and licensing fees, is amended to add an additional subdivision
6 to read as follows:

7 (7) Electric and Hybrid Motor Vehicles. For a motor vehicle
8 described in subdivision (a)(1) or (a)(2) or subdivision (a)(3)(A) of this
9 section, an additional registration and licensing fee shall be charged in the
10 amount of:

11 (A) Eighty dollars (\$80.00), if the motor vehicle is an
12 electric vehicle; or

13 (B) Forty dollars (\$40.00), if the motor vehicle is a
14 hybrid vehicle.

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/17/15

A Bill

HOUSE BILL 1781

5 By: Representative Hickerson
6

For An Act To Be Entitled

8 AN ACT TO REDUCE THE SIZE OF THE STATE HIGHWAY
9 SYSTEM; AND FOR OTHER PURPOSES.
10

Subtitle

11 TO REDUCE THE SIZE OF THE STATE HIGHWAY
12 SYSTEM.
13

14
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16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

19 *Section 1. Arkansas Code § 27-67-201 is amended to read as follows:*
20 *27-67-201. Designation generally.*

21 *(a)(1) State highways are declared to be those primary roads and*
22 *secondary roads and connecting roads heretofore designated by the State*
23 *Highway Commission, as shown by a map on file in the office of the*
24 *commission, entitled "Map of the State of Arkansas Showing State Highway*
25 *System", and marked "Revised March 1, 1929", including those portions of*
26 *roads extending into or through incorporated towns and cities.*

27 *(2) The commission ~~is required to~~ shall preserve the map as a*
28 *permanent record.*

29 *(b)(1)(A) The commission ~~is empowered~~ may, with any necessary consent*
30 *of the proper federal authorities, ~~to make, from time to time,~~ necessary*
31 *changes and additions to the roads designated as state highways that it ~~may~~*
32 *~~deem~~ deems proper.*

33 *(B) ~~and~~ The changes or additions shall become effective*
34 *immediately upon the filing of a new map as a permanent and official record*
35 *in the office of the commission.*

36 *(2) However, except as provided in subsection (c) of this*



1 section, the commission shall not ~~have authority to~~ eliminate any part of the
2 highway system.

3 (c) The commission may eliminate from the state highway system those
4 state highways that:

5 (1) Terminate on one end without connection to another state
6 highway; or

7 (2) As determined by the commission:

8 (A) Have an average daily traffic count of less than two
9 thousand (2,000) motor vehicles; and

10 (B) Are used primarily for local traffic.

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/s/Hickerson

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/17/15 H3/20/15

A Bill

HOUSE BILL 1716

5 By: Representative Pitsch
6 By: Senator B. Sample
7

For An Act To Be Entitled

9 AN ACT CONCERNING THE CREATION OF A VEHICLE MILES
10 TRAVELED TAX; TO PROVIDE FOR THE CONSIDERATION OF A
11 VEHICLE MILES TRAVELED TAX TO ADDRESS DECLINING FUEL
12 TAX REVENUES; AND FOR OTHER PURPOSES.
13
14

Subtitle

15
16 TO PROVIDE FOR THE CONSIDERATION OF A
17 VEHICLE MILES TRAVELED TAX TO ADDRESS
18 DECLINING FUEL TAX REVENUES.
19
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 *SECTION 1. DO NOT CODIFY. Legislative findings.*

24 *The General Assembly finds that:*

25 *(1) An efficient transportation system is critical for*
26 *Arkansas's economy and the quality of life of the state's residents;*

27 *(2) The revenues currently available for highways and local*
28 *roads are inadequate to preserve and maintain existing infrastructure and to*
29 *provide funds for improvements that would reduce congestion and improve*
30 *service;*

31 *(3) The tax levied on motor fuel in the state is an ineffective*
32 *mechanism for meeting Arkansas's long-term revenue needs because the motor*
33 *fuel tax will steadily generate less revenue as motor vehicles become more*
34 *fuel efficient and alternative sources of fuel are identified;*

35 *(4) By 2030, as much as one-half (1/2) of the revenue that could*
36 *have been generated by the motor fuel tax will be lost as the result of the*



1 increased fuel efficiency of motor vehicles;

2 (5) Bundling fees for roads and highways into the motor fuel tax
3 makes it difficult for users to understand the amount they are paying for
4 roads and highways;

5 (6) Other states have begun to explore the potential for a road
6 usage charge to replace traditional motor fuel taxes, including the State of
7 Oregon, which established the first permanent road-user charge program in the
8 nation;

9 (7) A road-user charge program requires motorists to pay for the
10 use of the roadway network based on the distance they travel, and motorists
11 pay the same rate per mile driven, regardless of which part of the roadway
12 network the motorists use;

13 (8) A road-user charge program has the potential to distribute
14 the motor fuel tax burden across all vehicles regardless of fuel source and
15 to minimize the impact of the current regressive motor fuel tax structure;

16 (9) The experience of other states across the nation
17 demonstrates that mileage-based charges can be implemented in a way that
18 ensures data security and maximum privacy protection for motorists;

19 (10) It is important that this state begin to explore
20 alternative revenue sources that may be implemented in lieu of the antiquated
21 motor fuel tax structure now in place; and

22 (11) Any exploration of alternative revenue sources shall:

23 (A) Take in account the privacy of the taxpayers,
24 especially with regard to location data;

25 (B) Not report travel locations or patterns; and

26 (C) Use legal and technical safeguards to protect personal
27 information.

28
29 SECTION 2. Arkansas Code Title 27, Subtitle 5, is amended to add an
30 additional chapter to read as follows:

31 CHAPTER 77

32 ARKANSAS ROAD-USER TAX PILOT PROGRAM

33
34 27-77-101. Title.

35 This chapter shall be known and may be cited as the "Arkansas Road-User
36 Tax Pilot Program".

1
2 27-77-102. Definitions.

3 As used in this chapter:

4 (1) "Certified service provider" means:

5 (A) An entity that has entered into an agreement with the
6 Arkansas State Highway and Transportation Department for reporting use by a
7 subject vehicle on Arkansas highways or for administrative services related
8 to the collection of a per-mile road-user tax; and

9 (B) An authorized employee of an entity described in
10 subdivision (1)(A) of this section;

11 (2) "Highway" means the entire width between boundary lines of
12 every way publicly maintained when any part is open to the use of the public
13 for purposes of vehicular travel;

14 (3) "Lessee" means a person who leases a motor vehicle that is
15 required to be registered in Arkansas;

16 (4)(A) "Motor vehicle" means a self-propelled vehicle in, upon,
17 or by which a person or property is or may be transported upon a street or
18 highway.

19 (B) "Motor vehicle" does not include a motorcycle, motor-
20 driven cycle, or truck with an unladen weight of ten thousand pounds (10,000
21 lbs.) or more;

22 (5) "Open system" means an integrated system based on common
23 standards and an operating system that has been made public so that
24 components performing the same function can be readily substituted or
25 provided by multiple providers;

26 (6) "Personally identifiable information" means information that
27 identifies or describes a person, including without limitation the person's:

28 (A) Travel pattern data;

29 (B) Per-mile road-user tax account number;

30 (C) Address;

31 (D) Telephone number;

32 (E) Electronic mail address;

33 (F) Driver license or identification card number;

34 (G) Registration plate number;

35 (H) Photograph;

36 (I) Recorded images;

1 (J) Bank account information; and

2 (K) Credit card number;

3 (7) "Registered owner" means a person who is required to
4 register a motor vehicle in Arkansas;

5 (8) "Subject vehicle" means a motor vehicle that is the subject
6 of an application approved under this chapter; and

7 (9) "VIN summary report" means a monthly report by the
8 department or a certified service provider that includes a summary of all
9 vehicle identification numbers of subject vehicles and associated total use
10 on Arkansas highways during the month but does not include location
11 information.

12
13 27-77-102. Arkansas Road-User Tax Pilot Program – Creation.

14 (a) The State Highway Commission may develop an Arkansas Road-User Tax
15 Pilot Program to evaluate the creation and implementation of a road-user tax
16 system under this chapter.

17 (b) State funds shall not be used to develop or implement the program
18 under this chapter.

19 (c) The commission may promulgate rules necessary for the
20 implementation of this chapter.

21 (d) A program established under this chapter shall terminate no later
22 than June 30, 2020.

23
24 27-77-103. Application.

25 (a) If the State Highway Commission develops an Arkansas Road-User Tax
26 Pilot Program under this chapter, a person may apply to the Arkansas State
27 Highway and Transportation Department to participate in the program, using
28 the form prescribed by the department.

29 (b) The department shall approve a completed application submitted
30 under this section if:

31 (1) The applicant is the registered owner or lessee of the
32 subject vehicle;

33 (2) The subject vehicle:

34 (A) Is equipped with a method established under § 27-77-
35 105 for collecting and reporting the use by the subject vehicle of the
36 highways in Arkansas; and

1 (B) Has a gross vehicle weight rating of ten thousand
2 pounds (10,000 lbs.) or less; and

3 (3) Approval of the application would not result in the number
4 of motor vehicles in the program exceeding the limit stated in subsection (d)
5 of this section.

6 (c) After an application is approved, the person applying for
7 participation in the program is subject to the requirements of this chapter
8 until the person ends his or her participation by:

9 (1) Notifying the department in writing, using the form
10 prescribed by the department; and

11 (2) Paying any outstanding road user taxes.

12 (d)(1) The department shall not approve:

13 (A) More than five thousand (5,000) total applications
14 under the program;

15 (B) More than one thousand five hundred (1,500)
16 applications in which the subject vehicle has a rating of less than seventeen
17 miles per gallon (17 mpg); or

18 (C) More than one thousand five hundred (1,500)
19 applications in which the subject vehicle has a rating of at least seventeen
20 miles per gallon (17 mpg) and less than twenty-two miles per gallon (22 mpg).

21 (2) The department shall establish a method for determining the
22 rating of subject vehicles under this subsection.

23
24 27-77-104. Road-user tax.

25 (a) A person participating in the Arkansas Road-User Tax Pilot Program
26 shall pay a road-user tax of one and five-tenths cents (1.5¢) for each mile
27 the subject vehicle travels on Arkansas highways.

28 (b) The tax imposed under this section applies as long as the person
29 is participating in the program and:

30 (1) Owns the subject vehicle, if the person is the owner; or

31 (2) Leases the subject vehicle, if the person is a lessee.

32
33 27-77-105. Methods of determining road use.

34 (a) The Arkansas State Highway and Transportation Department shall
35 establish by rule at least two (2) methods of recording and reporting the
36 number of miles that a subject vehicle travels on Arkansas highways.

1 (b) In establishing a method of recording and reporting the number of
2 miles that a subject vehicle travels on Arkansas highways, the department
3 shall consider:

4 (1) The accuracy of the data collected and reported;

5 (2) The privacy afforded the data collected during participation
6 in the Arkansas Road-User Tax Pilot Program;

7 (3) The security of the technology used;

8 (4) The resistance of the technology to tampering and fraud;

9 (5) The ability of the department to audit a participant's
10 compliance with this chapter using each method; and

11 (6) Any other factors determined by the department to be
12 important.

13 (c) The department shall establish at least one (1) method of
14 recording and reporting the number of miles that a subject vehicle travels on
15 Arkansas highways that does not use vehicle location technology.

16 (d) The department shall adopt standards for open-system technology
17 used in each method established under this section.

18 (e) The person participating in the program shall select which of the
19 available methods he or she will use to collect and report the number of
20 miles the subject vehicle traveled on Arkansas highways.

21 (f) The department is responsible for the costs associated with the
22 procurement and installation of any technology required for a method selected
23 under this section.

24
25 27-77-106. Collection and reporting of road-user taxes.

26 (a)(1) The Arkansas State Highway and Transportation Department shall
27 establish by rule a procedure for collecting the road-user taxes imposed
28 under this chapter.

29 (2) The department may impose a penalty of up to ten percent
30 (10%) of the road-user taxes due for the late payment of road-user taxes.

31 (b)(1) The department shall establish by rule the reporting
32 requirements for persons participating in the Arkansas Road-User Tax Pilot
33 Program.

34 (2) In establishing reporting requirements under this
35 subsection, the department shall consider the following:

36 (A) The effort required by persons participating in the

1 program to report metered use and pay the road-user tax;

2 (B) The amount of the road-user taxes owed;

3 (C) The cost to persons participating in the program to
4 report the subject vehicle's use and pay the road-user tax;

5 (D) The administrative costs to the department; and

6 (E) Any other factors determined by the department to be
7 important.

8
9 27-77-107. Disposition of revenues.

10 (a) The revenues generated under this chapter shall be deposited into
11 the State Treasury and credited to the State Highway and Transportation
12 Department Fund to be used for the administration of this chapter.

13 (b)(1) However, at the conclusion of the first full fiscal year that
14 the Arkansas Road-User Tax Pilot Program exists, the Director of State
15 Highways and Transportation shall certify to the Treasurer of State the
16 amount of revenue necessary for the administration of the program.

17 (2) Following the certification in subdivision (b)(1) of this
18 section, the revenues generated under this chapter shall be deposited into
19 the State Treasury, and the Treasurer of State shall:

20 (A) First deposit the amount certified under subdivision
21 (b)(1) of this section to the fund to be used for the administration of this
22 chapter; and

23 (B) Distribute the remainder under § 27-70-206.

24
25 27-77-108. Privacy.

26 (a) Personally identifiable information used in the collection and
27 reporting of the number of miles a subject vehicle travels on Arkansas
28 highways is exempt from the Freedom of Information Act of 1967, § 25-19-101
29 et seq.

30 (b)(1) The Arkansas State Highway and Transportation Department, a
31 certified service provider of the department, and a contractor of a certified
32 service provider of the department shall not disclose personally identifiable
33 information used in the collection and reporting of the number of miles a
34 subject vehicle travels on Arkansas highways or in the collection of road-
35 user taxes under this chapter to any person except:

36 (A) The participant in the Arkansas Road-User Tax Program;

1 (B) A financial institution for the purpose of collecting
2 road-user taxes;

3 (C) An employee of the department;

4 (D) A certified service provider of the department;

5 (E) A contractor of a certified service provider of the
6 department to the extent that the contractor provides services directly
7 related to the certified service provider's agreement with the department;

8 (F) An entity expressly approved to receive the
9 information by the registered owner or lessee of the subject vehicle; or

10 (G) A police officer or other authorized official pursuant
11 to a valid court order or subpoena.

12 (2) Disclosure under subdivision (b)(1) of this section shall be
13 provided only to the extent necessary for the recipient of the information to
14 perform his or her function.

15 (c)(1) Within thirty (30) days after the department has completed
16 payment processing, dispute resolution, or a noncompliance investigation,
17 whichever is latest, the department and any certified service providers shall
18 destroy all records of the location and use of subject vehicles.

19 (2) However:

20 (A) The department and certified service providers, for
21 purposes of traffic management and research, may retain, aggregate, and use
22 information obtained under this chapter after all personally identifiable
23 information has been removed;

24 (B) A participant in the program may consent to a
25 certified service provider's retaining records obtained under this chapter;
26 and

27 (C) The department and certified service providers may
28 retain monthly summaries of the use of subject vehicles in VIN summary
29 reports.

30 (d) In each agreement with a certified service provider, the
31 department shall provide penalties for a certified service provider's
32 violation of this section.

33
34 27-77-109. Rules.

35 If an Arkansas Road-User Tax Pilot Program is created, the State
36 Highway Commission may and the Arkansas State Department of Highway and

1 Transportation shall promulgate rules to implement and administer this
2 chapter.

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/s/Pitsch

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/18/15

A Bill

HOUSE BILL 1703

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE ALTERNATIVE FUELS TAX LAW; TO
9 AMEND THE EXCISE TAX LEVIED ON ALTERNATIVE FUELS; TO
10 CREATE A FAIR AND EQUITABLE METHOD OF MAINTAINING THE
11 ROADS IN THE STATE; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.
13
14

Subtitle

15 TO AMEND THE ALTERNATIVE FUELS TAX LAW;
16 TO AMEND THE EXCISE TAX LEVIED ON
17 ALTERNATIVE FUELS; TO CREATE A FAIR AND
18 EQUITABLE METHOD OF MAINTAINING THE ROADS
19 IN THE STATE; AND TO DECLARE AN
20 EMERGENCY.
21
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code § 26-62-102(1)(A) and (B), concerning the
27 definitions to be used under the Alternative Fuels Tax Law, are amended to
28 read as follows:

29 (1)(A) "Alternative fuels" means ~~and includes~~ all liquids or
30 combustion gases used or suitable for use in an internal combustion engine or
31 motor for the generation of power for motor vehicles, ~~including, but not~~
32 ~~limited to, natural gas fuels as defined in subdivision (9) of this section.~~

33 (B) "Alternative fuels" ~~also means and includes~~ without
34 limitation:

- 35 (i) Methanol, denatured ethanol, and other alcohols;
36 (ii) Mixtures containing eighty-five percent (85%)



1 or more or such percentage, but not less than seventy percent (70%), as
 2 determined by the United States Secretary of Energy by rule to provide for
 3 requirements relating to cold start, safety, or vehicle functions, by volume
 4 of methanol, denatured ethanol, and other alcohols with gasoline or other
 5 fuels;

6 (iii) Hydrogen;

7 (iv) Coal-derived liquid fuels;

8 (v) Fuels, other than alcohol, derived from
 9 biological materials;

10 (vi) Electricity, including electricity from solar
 11 energy; ~~and~~

12 (vii) Natural gas fuels;

13 (viii) Compressed natural gas;

14 (ix) Liquefied natural gas; and

15 ~~(vii)~~ (x) Any other fuel the United States Secretary
 16 of Energy determines by rule is substantially not petroleum and would yield
 17 substantial energy security benefits and substantial environmental benefits.
 18

19 SECTION 2. Arkansas Code § 26-62-102(5), concerning the definitions to
 20 be used under the Alternative Fuels Tax Law, is amended to read as follows:

21 (5) "Gallon equivalent" or "equivalent gallon" means a quantity
 22 of alternative fuels ~~which~~ that is the equivalent of one United States gallon
 23 (1 U.S. gal.) of gasoline as determined by the director based on United
 24 States standards or industry standards, provided that ~~one~~:

25 (A) One United States gallon (1 U.S. gal.) of gasoline
 26 shall be is the equivalent of one hundred cubic feet (100 c.f.) one hundred
 27 twenty-six and sixty-seven hundredths cubic feet (126.67 c.f.) of natural gas
 28 fuels compressed natural gas; and

29 (B) One United States gallon (1 U.S. gal.) of distillate
 30 special fuel is the equivalent of six and six hundredths pounds (6.06 lbs.)
 31 of liquefied natural gas;
 32

33 SECTION 3. Arkansas Code § 26-62-102, concerning the definitions to be
 34 used under the Alternative Fuels Tax Law, is amended to add two additional
 35 subdivisions to read as follows:

36 (15) "Compressed natural gas" means natural gas that is

1 compressed to a point at which five and sixty-six hundredths pounds (5.66
2 lbs.) of natural gas equals the energy contained in one United States gallon
3 (1 U.S. gal.) of gasoline;

4 (16) "Distillate special fuel" means the same as in § 26-56-102;
5 and

6 (17) "Liquefied natural gas" means natural gas, primarily
7 methane, that has been liquefied by reducing its temperature to negative two
8 hundred sixty degrees Fahrenheit (-260° F) at atmospheric pressure.

9
10 SECTION 4. Arkansas Code § 26-62-201 is amended to read as follows:

11 26-62-201. Imposition of tax – Exemptions.

12 (a)~~(1)~~ There is hereby levied and imposed an excise tax per gallon
13 equivalent at the ~~rate set forth in subsection (b) of this section~~ following
14 rates on each type of alternative fuels sold or used in this state for the
15 purpose of propelling a motor vehicle or motor vehicles in this state or
16 purchased for sale or use in this state for the purpose of propelling a motor
17 vehicle or motor vehicles in this state~~;~~:

18 (1) Beginning July 1, 2015, five cents (5¢);

19 (2) Beginning July 1, 2016, eight cents (8¢);

20 (3) Beginning July 1, 2017, eleven cents (11¢);

21 (4) Beginning July 1, 2018, seventeen cents (17¢); and

22 (5) Beginning July 1, 2019, and thereafter:

23 (A) On compressed natural gas, twenty-one and five-tenths
24 cents (21.5¢);

25 (B) On liquefied natural gas, twenty-two and five-tenths
26 cents (22.5¢); and

27 (C) On other alternative fuels, twenty-one and five-tenths
28 cents (21.5¢).

29 ~~(2) The Director of the Department of Finance and Administration~~
30 ~~shall determine the various types of alternative fuels being utilized in this~~
31 ~~state and the applicable rates to be imposed for each type fuel in accordance~~
32 ~~with the following provisions of this section, provided that the Director of~~
33 ~~the Department of Finance and Administration in his or her initial~~
34 ~~determination at a minimum shall find at least one (1) type of alternative~~
35 ~~fuels, specifically, natural gas fuels.~~

36 ~~(b) The tax rate for each equivalent gallon for each type of~~

1 ~~alternative fuels shall be in accordance with the following table:~~

Number of Motor Vehicles Licensed in Arkansas Utilizing Alternative Fuels (for each type of alternative fuels)	Tax Rate Per Equivalent Gallon (for each type of alternative fuels)
0—999	\$0.050
1,000—1,499	\$0.085
1,500—1,999	\$0.105
2,000—2,499	\$0.125
2,500—2,999	\$0.145
3,000 & over	\$0.165

13 ~~(c)(1)(A)(i) The tax rate set forth in subsection (b) of this section~~
 14 ~~for each type of alternative fuels from July 1, 1993, through March 31, 1994,~~
 15 ~~shall be determined and published by the Director of the Department of~~
 16 ~~Finance and Administration prior to June 1, 1993, and such rates shall be~~
 17 ~~effective for each type of alternative fuels through March 31, 1994.~~

18 ~~(ii) The tax rate set forth in subsection (b) of~~
 19 ~~this section for each type of alternative fuels shall be adjusted if~~
 20 ~~necessary by the Director of the Department of Finance and Administration to~~
 21 ~~be effective on April 1, 1994, and on April 1 of each year thereafter based~~
 22 ~~upon the number of vehicles utilizing alternative fuels, by each type of~~
 23 ~~alternative fuels, licensed in this state, as determined by the Director of~~
 24 ~~the Department of Finance and Administration, as of December 31 of the~~
 25 ~~preceding calendar year.~~

26 ~~(B) If a change in the tax rate in accordance with~~
 27 ~~subsection (b) of this section for any type of alternative fuels is required,~~
 28 ~~the Director of the Department of Finance and Administration shall include~~
 29 ~~this in the report required by this section, and the Director of the~~
 30 ~~Department of Finance and Administration shall also notify each alternative~~
 31 ~~fuels supplier of the new tax rate not later than thirty (30) days prior to~~
 32 ~~the effective date of such change.~~

33 ~~(2) Notwithstanding any other provision of this chapter, in~~
 34 ~~determining the number of alternative fuels vehicles licensed in this state~~
 35 ~~by each type of alternative fuels in order to determine the tax rate per~~
 36 ~~equivalent gallon, there shall not be taken into account any alternative~~

1 ~~fuels vehicles owned, licensed, or used by the United States Government, or~~
2 ~~any agency or instrumentality thereof.~~

3 ~~(d) It is the intent of the tax levy set forth in this section to tax~~
4 ~~each particular type of alternative fuels depending upon the number of~~
5 ~~alternative fuels vehicles using the particular type of alternative fuels~~
6 ~~licensed in Arkansas.~~

7 ~~(e)(1) The Director of the Department of Finance and Administration~~
8 ~~may develop a procedure in which the type of alternative fuels or other type~~
9 ~~of fuel is noted on the certificate of title or certificate of registration~~
10 ~~of an alternative fuels vehicle.~~

11 ~~(2) It is the intention of this subsection to develop a system~~
12 ~~for the Director of the Department of Finance and Administration and other~~
13 ~~officials of the State of Arkansas to know the precise number of vehicles~~
14 ~~using alternative fuels and other fuels licensed in this state, both in the~~
15 ~~aggregate and by the type of fuel propelling the vehicles.~~

16 ~~(f) Not later than February 15 each year, the Director of the~~
17 ~~Department of Finance and Administration shall file a written report with the~~
18 ~~Director of State Highways and Transportation setting forth the number of~~
19 ~~vehicles using alternative fuels and other types of fuels licensed in this~~
20 ~~state as of the end of the preceding calendar year, both in the aggregate and~~
21 ~~by each type of fuel, and the amount of tax revenue received by the State of~~
22 ~~Arkansas on the tax levied by this chapter. The Director of the Department of~~
23 ~~Finance and Administration shall also state the tax rate for the next twelve~~
24 ~~(12) months, beginning as of the first day of April of each year for each~~
25 ~~type of alternative fuel.~~

26 ~~(g) (b) Sales to the United States Government are exempt from the tax~~
27 ~~levied by under subsection (a) of this section.~~

28 ~~(h) (c) The tax levied herein shall under subsection (a) of this~~
29 ~~section does not apply to alternative fuels imported into this state in the~~
30 ~~fuel supply tanks, including any additional containers, of motor vehicles~~
31 ~~being used solely for noncommercial purposes if the aggregate capacity of the~~
32 ~~fuel supply tanks, including any additional containers, does not exceed~~
33 ~~thirty (30) equivalent gallons.~~

34
35 SECTION 5. Arkansas Code § 26-62-206(a)(2), concerning alternative
36 fuels suppliers' and users' reports and the computation and remittance of

1 tax, is amended to read as follows:

2 (2) The alternative fuels supplier shall file supporting
3 documents necessary to assure accurate reporting. The reports shall include
4 the following:

5 (A) An itemized statement of the number of equivalent
6 gallons of alternative fuels sold and delivered into the fuel supply tanks of
7 motor vehicles during the next preceding calendar month by the alternative
8 fuels supplier;

9 (B) An itemized statement of the number of gallons
10 equivalent of alternative fuels delivered into the fuel supply tanks of motor
11 vehicles owned, leased, or operated by the alternative fuels supplier during
12 the next preceding calendar month by the alternative fuels supplier;

13 (C) An itemized statement of the number of gallons
14 equivalent of alternative fuels sold through separate meter to a user for the
15 fueling of motor vehicles during the next preceding calendar month by the
16 supplier; ~~and~~

17 (D) An itemized statement of the number of equivalent
18 gallons of alternative fuels sold and delivered to an alternative fuels
19 dealer that sells or delivers alternative fuels to a user at retail for use
20 in a motor vehicle; and

21 ~~(D)~~ (E) Such other documents as the director requires.
22

23 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
24 General Assembly of the State of Arkansas that the alternative fuels tax laws
25 are outdated in that they fail to address the recent increase in the use of
26 alternative fuels to power motor vehicles; that the alternative fuels tax
27 laws do not provide sufficient revenue for the highways of the state; that
28 this act addresses these issues by amending the alternative fuel tax laws to
29 improve the collection and administration of the alternative fuels tax; and
30 that this act is necessary to create a fair and equitable method of
31 maintaining the roads in the state. Therefore, an emergency is declared to
32 exist, and this act being necessary for the preservation of the public peace,
33 health, and safety shall become effective on July 1, 2015.

34

35

/s/D. Douglas

36

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/4/15

A Bill

HOUSE BILL 1436

5 By: Representative G. Hodges
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE DISTRIBUTION AND USE OF SEVERANCE
9 TAXES; TO CREATE THE ROAD AND BRIDGE REPAIR,
10 MAINTENANCE, AND GRANTS FUND; TO DECLARE AN
11 EMERGENCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

14 TO AMEND THE DISTRIBUTION AND USE OF
15 SEVERANCE TAXES; TO CREATE THE ROAD AND
16 BRIDGE REPAIR, MAINTENANCE, AND GRANTS
17 FUND; AND TO DECLARE AN EMERGENCY.
18
19
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 19-6-201(57), concerning the enumeration of
24 general revenues, is amended to read as follows:

25 (57) ~~Five~~ The first six hundred seventy-five thousand dollars
26 (\$675,000) of the five percent (5%) of the severance tax collected on natural
27 gas at the rates enacted by § 26-58-111(5);
28

29 SECTION 2. Arkansas Code § 19-6-301(238), concerning the enumeration
30 of special revenues, is amended to read as follows:

31 (238) Ninety-five percent (95%) of the severance tax collected
32 on natural gas at the rates enacted by § 26-58-111(5) and the remainder of
33 the five percent (5%) of the severance tax collected on natural gas under §
34 26-58-124(c)(1)(B);
35

36 SECTION 3. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended



1 to add an additional section to read as follows:

2 19-6-829. Road and Bridge Repair, Maintenance, and Grants Fund.

3 (a) There is created on the books of the Treasurer of State, the
4 Auditor of State, and the Chief Fiscal Officer of the State a special revenue
5 fund to be known as the "Road and Bridge Repair, Maintenance, and Grants
6 Fund".

7 (b) The fund shall consist of:

8 (1) Moneys collected under § 26-58-124, as designated under §
9 26-58-124(c)(1)(B); and

10 (2) Any other revenues authorized by law.

11 (c) The fund shall be used for the maintenance, operation, and
12 improvement required by the Arkansas State Highway and Transportation
13 Department in carrying out the functions, powers, and duties stated in
14 Arkansas Constitution, Amendment 42, and §§ 27-65-102 – 27-65-107, 27-65-110,
15 27-65-122, and 27-65-124, and the other laws of this state prescribing the
16 powers and duties of the department and the State Highway Commission.

17
18 SECTION 4. Arkansas Code § 26-58-124(c), concerning the distribution
19 of severance taxes, is amended to read as follows:

20 (c) All taxes, penalties, and costs collected by the director on
21 natural gas shall be deposited into the State Treasury as follows:

22 (1) ~~Five~~ In accordance with the Severance Tax Agreement of 2008,
23 five percent (5%) of the funds shall be deposited as ~~general revenues~~
24 follows:

25 (A) The first six hundred seventy-five thousand dollars
26 (\$675,000) collected each fiscal year shall be deposited as general revenues;
27 and

28 (B)(i) The remainder shall be deposited as special
29 revenues into the Road and Bridge Repair, Maintenance, and Grants Fund to be
30 used exclusively for grants to counties for damages resulting from trucks and
31 other heavy machinery used in the extraction of natural gas.

32 (ii) The grants awarded under subdivision
33 (c)(1)(B)(i) of this section shall be distributed to counties on a pro-rata
34 basis based on the number of active unconventional natural gas wells located
35 within each county; and

36 (2) Ninety-five percent (95%) of the funds shall be classified

1 as special revenues and shall be distributed as set forth in the Arkansas
2 Highway Revenue Distribution Law, § 27-70-201 et seq.

3
4 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
5 General Assembly of the State of Arkansas that Arkansas bridges and roads are
6 in need of repair and proper maintenance; that the repair and proper
7 maintenance of Arkansas bridges and roads are necessary for the preservation
8 of the public peace, health, and safety; that increased funding is essential
9 to the repair and proper maintenance of Arkansas bridges and roads; and that
10 this act is necessary because without this increased funding, the repair and
11 proper maintenance of Arkansas bridges and roads may not be performed.
12 Therefore, an emergency is declared to exist, and this act being necessary
13 for the preservation of the public peace, health, and safety shall become
14 effective on July 1, 2015.

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16 */s/G. Hodges*
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1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

HOUSE BILL 1346

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT TO PROVIDE FOR THE DISTRIBUTION OF CERTAIN TAX
9 REVENUES; TO PROVIDE FUNDING FOR THE ARKANSAS STATE
10 HIGHWAY AND TRANSPORTATION DEPARTMENT, THE STATE
11 HIGHWAY COMMISSION, AND RELATED PROGRAMS; TO DEDICATE
12 CERTAIN REVENUES FOR USE BY THE ARKANSAS STATE
13 HIGHWAY AND TRANSPORTATION DEPARTMENT AND THE STATE
14 HIGHWAY COMMISSION; TO DEDICATE THE SALES AND USE TAX
15 REVENUE DERIVED FROM THE SALES OF NEW AND USED
16 VEHICLES AND ROAD-USER ITEMS AND SERVICES FOR THE
17 MAINTENANCE, CONSTRUCTION, AND RECONSTRUCTION OF
18 HIGHWAYS, ROADS, STREETS, BRIDGES, AND THEIR
19 EXTENSIONS LOCATED WITHIN THE STATE; TO DEDICATE
20 CERTAIN SEVERANCE TAX REVENUES TO INSTITUTIONS OF
21 HIGHER EDUCATION; TO DEDICATE CERTAIN SEVERANCE TAX
22 REVENUES FOR A WORKFORCE TRAINING GRANT PROGRAM TO BE
23 ADMINISTERED BY THE DEPARTMENT OF CAREER EDUCATION;
24 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
25

Subtitle

26
27
28 TO DEDICATE CERTAIN REVENUES FOR USE BY
29 THE ARKANSAS STATE HIGHWAY AND
30 TRANSPORTATION DEPARTMENT AND THE STATE
31 HIGHWAY COMMISSION; TO DEDICATE CERTAIN
32 SEVERANCE TAX REVENUES FOR TRAINING AND
33 EDUCATION; AND TO DECLARE AN EMERGENCY.
34

35
36 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:



SECTION 1. Arkansas Code § 26-52-107 is amended to read as follows:

26-52-107. Disposition of taxes, interest, and penalties.

All (a) Except as otherwise stated in this chapter, all taxes, interest, penalties, and costs received by the Director of the Department of Finance and Administration under ~~the provisions of~~ this chapter shall be general revenues and shall be deposited into the State Treasury to the credit of the State Apportionment Fund. The Treasurer of State shall allocate and transfer the ~~same~~ deposited taxes, interest, penalties, and costs to the various State Treasury funds participating in general revenues in the respective proportions to each as provided by, and to be used for the respective purposes ~~set forth~~ stated in, the Revenue Stabilization Law, § 19-5-101 et seq.

(b)(1) Beginning the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion two hundred million dollars (\$2,200,000,000), the Chief Fiscal Officer of the State shall determine as a monthly allocation an amount equivalent to the percentages stated in subsection (c) of this section of the total net general revenues enumerated in § 19-6-201(1) and (2) that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a), 26-52-302(b)(1), 26-52-303, 26-52-317(c)(1)(A), 26-52-319(a)(2)(A), 26-52-319(c)(2) as distributed under § 26-52-319(a)(2)(A), 26-52-607, 26-53-106, 26-53-107(a), 26-53-107(b)(1), 26-53-145(c)(1)(A), 26-53-148(a)(2)(A), and 26-53-148(c)(2) as distributed under § 26-53-148(a)(2)(A).

(2) After making the deductions required under 19-5-202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of the State shall certify the allocation determined under subdivision (b)(1) of this section to the Treasurer of State, who shall transfer the certified allocation as follows:

(A) Seventy percent (70%) credited to the State Highway and Transportation Department Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the state;

(B) Fifteen percent (15%) credited to the County Aid Fund, which shall be used for the construction, reconstruction, and maintenance of

1 highways, roads, streets, bridges, and extensions of highways, roads,
 2 streets, and bridges located within the county; and

3 (C) Fifteen percent (15%) credited to the Municipal Aid
 4 Fund, which shall be used for the construction, reconstruction, and
 5 maintenance of highways, roads, streets, bridges, and extensions of highways,
 6 roads, streets, and bridges located within the municipality.

7 (c) In making a determination under subsection (b) of this section,
 8 the Chief Fiscal Officer of the State shall use the following percentages:

9 (1) Beginning September 1 of the first year, six-tenths of one
 10 percent (0.6%);

11 (2) Beginning July 1 of the second year, one and two-tenths
 12 percent (1.2%);

13 (3) Beginning July 1 of the third year, one and eight-tenths
 14 percent (1.8%);

15 (4) Beginning July 1 of the fourth year, two and four-tenths
 16 percent (2.4%);

17 (5) Beginning July 1 of the fifth year, three percent (3%);

18 (6) Beginning July 1 of the sixth year, three and six-tenths
 19 percent (3.6%);

20 (7) Beginning July 1 of the seventh year, four and two-tenths
 21 percent (4.2%);

22 (8) Beginning July 1 of the eighth year, four and eight-tenths
 23 percent (4.8%);

24 (9) Beginning July 1 of the ninth year, five and four-tenths
 25 percent (5.4%); and

26 (10) Beginning July 1 of the tenth year and thereafter, six
 27 percent (6%).

28
 29 SECTION 2. Arkansas Code § 26-52-510, concerning the payment of sales
 30 tax on a motor vehicle, is amended to add additional subsections to read as
 31 follows:

32 (h)(1) Beginning the first day of September following the issuance of
 33 an annual report certified to the Chief Fiscal Officer of the State by the
 34 Treasurer of State in which the gross collection of general revenue for sales
 35 and use tax exceeds two billion two hundred million dollars (\$2,200,000,000),
 36 the Chief Fiscal Officer of the State shall determine as a monthly allocation

1 an amount equivalent to the percentages stated in subsection (i) of this
 2 section of the total net general revenues enumerated in § 19-6-201(1) and (2)
 3 that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a),
 4 26-52-302(b)(1), 26-52-303, 26-52-607, 26-53-106, 26-53-107(a), and 26-53-
 5 107(b)(1) on the sale of new or used motor vehicles, trailers, or
 6 semitrailers required to be licensed in this state.

7 (2) After making the deductions required under § 19-5-
 8 202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of
 9 the State shall certify the allocation determined under subdivision (h)(1) of
 10 this section to the Treasurer of State, who shall transfer the certified
 11 allocation as follows:

12 (A) Seventy percent (70%) credited to the State Highway
 13 and Transportation Department Fund, which shall be used for the construction,
 14 reconstruction, and maintenance of highways, roads, streets, bridges, and
 15 extensions of highways, roads, streets, and bridges located within the state;

16 (B) Fifteen percent (15%) credited to the County Aid Fund,
 17 which shall be used for the construction, reconstruction, and maintenance of
 18 highways, roads, streets, bridges, and extensions of highways, roads,
 19 streets, and bridges located within the county; and

20 (C) Fifteen percent (15%) credited to the Municipal Aid
 21 Fund, which shall be used for the construction, reconstruction, and
 22 maintenance of highways, roads, streets, bridges, and extensions of highways,
 23 roads, streets, and bridges located within the municipality.

24 (i) In making a determination under subsection (h) of this section,
 25 the Chief Fiscal Officer of the State shall use the following percentages:

- 26 (1) Beginning September 1 of the first year, ten percent (10%);
- 27 (2) Beginning July 1 of the second year, twenty percent (20%);
- 28 (3) Beginning July 1 of the third year, thirty percent (30%);
- 29 (4) Beginning July 1 of the fourth year, forty percent (40%);
- 30 (5) Beginning July 1 of the fifth year, fifty percent (50%);
- 31 (6) Beginning July 1 of the sixth year, sixty percent (60%);
- 32 (7) Beginning July 1 of the seventh year, seventy percent (70%);
- 33 (8) Beginning July 1 of the eighth year, eighty percent (80%);
- 34 (9) Beginning July 1 of the ninth year, ninety percent (90%);

35 and

- 36 (10) Beginning July 1 of the tenth year and thereafter, one

1 hundred percent (100%).

2
3 SECTION 3. Arkansas Code § 26-53-126, concerning the payment of use
4 tax on motor vehicles, is amended to add additional subsections to read as
5 follows:

6 (g)(1) Beginning the first day of September following the issuance of
7 an annual report certified to the Chief Fiscal Officer of the State by the
8 Treasurer of State in which the gross collection of general revenue for sales
9 and use tax exceeds two billion two hundred million dollars (\$2,200,000,000),
10 the Chief Fiscal Officer of the State shall determine as a monthly allocation
11 an amount equivalent to the percentages stated in subsection (h) of this
12 section of the total net general revenues enumerated in § 19-6-201(1) and (2)
13 that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a),
14 26-52-302(b)(1), 26-52-303, 26-52-607, 26-53-106, 26-53-107(a), and 26-53-
15 107(b)(1) on the sale of new or used motor vehicles, trailers, or
16 semitrailers required to be licensed in this state.

17 (2) After making the deductions required under § 19-5-
18 202(b)(2)(B)(i), on the last day of each month, the Chief Fiscal Officer of
19 the State shall certify the allocation determined under subdivision (h)(1) of
20 this section to the Treasurer of State, who shall transfer the certified
21 allocation as follows:

22 (A) Seventy percent (70%) credited to the State Highway
23 and Transportation Department Fund, which shall be used for the construction,
24 reconstruction, and maintenance of highways, roads, streets, bridges, and
25 extensions of highways, roads, streets, and bridges located within the state;

26 (B) Fifteen percent (15%) credited to the County Aid Fund,
27 which shall be used for the construction, reconstruction, and maintenance of
28 highways, roads, streets, bridges, and extensions of highways, roads,
29 streets, and bridges located within the county; and

30 (C) Fifteen percent (15%) credited to the Municipal Aid
31 Fund, which shall be used for the construction, reconstruction, and
32 maintenance of highways, roads, streets, bridges, and extensions of highways,
33 roads, streets, and bridges located within the municipality.

34 (h) In making a determination under subsection (g) of this section,
35 the Chief Fiscal Officer of the State shall use the following percentages:

36 (1) Beginning September 1 of the first year, ten percent (10%);

- (2) Beginning July 1 of the second year, twenty percent (20%);
- (3) Beginning July 1 of the third year, thirty percent (30%);
- (4) Beginning July 1 of the fourth year, forty percent (40%);
- (5) Beginning July 1 of the fifth year, fifty percent (50%);
- (6) Beginning July 1 of the sixth year, sixty percent (60%);
- (7) Beginning July 1 of the seventh year, seventy percent (70%);
- (8) Beginning July 1 of the eighth year, eighty percent (80%);
- (9) Beginning July 1 of the ninth year, ninety percent (90%);

and

- (10) Beginning July 1 of the tenth year and thereafter, one hundred percent (100%).

SECTION 4. Arkansas Code § 26-58-124(c), concerning the distribution of severance taxes, is amended to read as follows:

(c) All taxes, penalties, and costs collected by the director on natural gas shall be deposited into the State Treasury as follows:

(1) Five percent (5%) of the funds shall be deposited as general revenues; and

~~(2)(A) Ninety-five~~ Except as otherwise stated in this subdivision (c)(2), ninety-five percent (95%) of the funds shall be classified as special revenues and shall be distributed as ~~set forth~~ stated in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

(B) Beginning the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion two hundred million dollars (\$2,200,000,000), a portion of the total taxes, penalties, and costs collected by the director on natural gas shall be special revenues distributed in the manner stated in subdivision (c)(2)(C) of this section in the following percentages:

(i) Beginning September 1 of the first year, twenty percent (20%);

(ii) Beginning July 1 of the second year, forty percent (40%);

(iii) Beginning July 1 of the third year, sixty percent (60%);

1 (iv) Beginning July 1 of the fourth year, eighty
 2 percent (80%); and

3 (v) Beginning July 1 of the fifth year and
 4 thereafter, one hundred percent (100%).

5 (C) The special revenues described in subdivision
 6 (c)(2)(B) of this section shall be distributed as follows:

7 (i)(a) Before any other distribution is made under
 8 this subdivision (c)(2)(C), the revenues shall be distributed to two-year
 9 colleges that are not funded at the minimum standard of equity of seventy-
 10 five percent (75%) of needed state funding according to the funding formula
 11 model for two-year colleges in the amounts necessary to bring each two-year
 12 college up to the minimum standard of equity.

13 (b) If the special revenues described in
 14 subdivision (c)(2)(B) of this section are insufficient to adequately fund all
 15 two-year colleges as described in subdivision (c)(2)(C)(i)(a) of this
 16 section, then the special revenues shall be distributed to the two-year
 17 colleges described in subdivision (c)(2)(C)(i)(a) of this section in amounts
 18 that are inversely proportional to the amount each two-year college received
 19 in general revenue under the Revenue Stabilization Law, § 19-5-101 et seq.,
 20 the previous fiscal year;

21 (ii) The following amounts shall be credited to the
 22 Highway Industry Workforce Development Program Fund:

23 (a) The first year, five hundred thousand
 24 dollars (\$500,000);

25 (b) The second year, one million dollars
 26 (\$1,000,000);

27 (c) The third year, one million five hundred
 28 thousand dollars (\$1,500,000);

29 (d) The fourth year, two million dollars
 30 (\$2,000,000); and

31 (e) The fifth year and each year thereafter,
 32 two million five hundred thousand dollars (\$2,500,000); and

33 (iii) The remainder shall be credited to the
 34 Workforce Training Development Fund.

35
 36 SECTION 5. Arkansas Code Title 19, Chapter 5, Subchapter 12, is

1 amended to add an additional section to read as follows:

2 19-5-1255. Highway Industry Workforce Development Program Fund.

3 (a) There is created on the books of the Treasurer of State, the
 4 Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous
 5 fund to be known as the "Highway Industry Workforce Development Program
 6 Fund".

7 (b) The fund shall consist of:

8 (1) Grants made by any person or federal government agency;

9 (2) Revenues distributed to the fund under § 26-58-124(c)(2)(C);

10 (3) Any remaining fund balances carried forward from year to
 11 year; and

12 (4) Any other funds authorized or provided by law.

13 (c) The fund shall be used by the State Highway Commission to
 14 cooperate with technical colleges, two-year colleges, and industry
 15 representatives to provide funding for career and technical education
 16 programs related to highway construction, highway maintenance, and the
 17 operation of highway construction vehicles and equipment.

18 (d) Moneys remaining in the fund at the end of each fiscal year shall
 19 carry forward and be made available for the purposes stated in this section
 20 in the next fiscal year.

21
 22 SECTION 6. Arkansas Code § 19-6-405 is amended to read as follows:

23 19-6-405. State Highway and Transportation Department Fund.

24 The State Highway and Transportation Department Fund shall consist of:

25 (1) That part of the special revenues as specified in § 19-6-
 26 301(2)-(4), (22), (81), (105)-(107), and (182), known as "highway revenue",
 27 as distributed under the Arkansas Highway Revenue Distribution Law, § 27-70-
 28 201 et seq., and § 27-70-103 and § 27-72-301 et seq.;

29 (2) Those special revenues specified in § 19-6-301(10), (152),
 30 (187), (239), and (241);

31 (3) Fifty percent (50%) of § 19-6-301(26);

32 (4) That portion of § 19-6-301(2) as set out in § 27-14-
 33 601(a)(3)(H)(ii)(f);

34 (5) That portion of § 19-6-301(222);

35 (6) Those designated revenues as set out in § 26-56-201(e)(1),
 36 which consist of the additional total of four cents (4¢) distillate special

1 fuel taxes to be distributed as provided in the Arkansas Highway Financing
 2 Act of 1999, § 27-64-201 et seq.;

3 (7) Federal revenue sharing funds as set out in § 19-5-1005; ~~and~~

4 (8) The sales and use tax revenues distributed to the fund under
 5 §§ 26-52-107(b), 26-52-510(h), and 26-53-126(g); and

6 ~~(8) (9)~~ Any federal funds ~~which that~~ may become available,
 7 there to be used for the maintenance, operation, and improvement required by
 8 the Arkansas State Highway and Transportation Department in carrying out the
 9 functions, powers, and duties as set out in Arkansas Constitution, Amendment
 10 42, and §§ 27-65-102 – 27-65-107, 27-65-110, 27-65-122, and 27-65-124, and
 11 the other laws of this state prescribing the powers and duties of the
 12 department and the State Highway Commission.

13
 14 SECTION 7. Arkansas Code Title 25, Chapter 30, Subchapter 1, is
 15 amended to add an additional section to read as follows:

16 25-30-110. Workforce Training Grant Program.

17 (a) The Department of Career Education shall develop a program to
 18 award grants to public and private organizations for the development and
 19 implementation of workforce training programs using the funds available in
 20 the Skills Development Fund.

21 (b) In developing a grant program under this section, the Department
 22 of Career Education shall:

23 (1) Design procedures and criteria for awarding grants under the
 24 program;

25 (2) Prescribe the form, nature, and extent of the information
 26 required for an application for a grant;

27 (3) Monitor and inspect the records of grant recipients; and

28 (4) Consult with the Arkansas Economic Development Commission in
 29 reviewing applications for grants.

30
 31 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
 32 General Assembly of the State of Arkansas that the highways, roads, streets,
 33 and bridges of this state are in dire need of construction, reconstruction,
 34 and maintenance; that well-maintained roadways are necessary for economic
 35 development in this state; that dedicating a portion of the general revenue
 36 that represents the sales and use tax on motor vehicle repair and the retail

1 sale of motor vehicle tires is necessary to help pay for the construction,
2 reconstruction, and maintenance of our roadways; that dedicating the sales
3 and use tax from the sale of new and used motor vehicles will be needed in
4 order to construct, reconstruct, and repair those roadways; that dedicating
5 certain other revenues to education and training will enable the state to
6 continue to efficiently and effectively construct and maintain its roadways;
7 and that in order to lessen the loss of this money from general revenue, the
8 transfer of these taxes will be phased in over a ten-year period. Therefore,
9 an emergency is declared to exist, and this act being necessary for the
10 preservation of the public peace, health, and safety shall become effective
11 on July 1, 2015.

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1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

HOUSE BILL 1048

5 By: Representative K. Hendren
6

For An Act To Be Entitled

8 AN ACT CONCERNING MOTOR FUEL, DISTILLATE SPECIAL
9 FUEL, AND LIQUEFIED GAS SPECIAL FUEL TAXES AND
10 REVENUES; TO CONVERT THE MOTOR FUEL, DISTILLATE
11 SPECIAL FUEL, AND LIQUEFIED GAS SPECIAL FUEL TAXES TO
12 A PERCENTAGE OF THE SALES PRICE; TO DEDICATE EXCESS
13 REVENUES TO THE REPAYMENT OF AMENDMENT 91 BONDS; TO
14 MAKE RELATED CHANGES TO THE FUEL TAX AND HIGHWAY
15 REVENUE AND FINANCING LAWS; TO DECLARE AN EMERGENCY;
16 AND FOR OTHER PURPOSES.
17
18

Subtitle

19 TO CONVERT THE MOTOR FUEL, DISTILLATE
20 SPECIAL FUEL, AND LIQUEFIED GAS SPECIAL
21 FUEL TAXES TO A PERCENTAGE OF THE SALES
22 PRICE; TO DEDICATE EXCESS REVENUES TO THE
23 REPAYMENT OF AMENDMENT 91 BONDS; AND TO
24 DECLARE AN EMERGENCY.
25
26
27

28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
29

30 SECTION 1. Arkansas Code § 26-55-205 is amended to read as follows:
31 26-55-205. Levy of tax.

32 ~~(a) There is levied a privilege or excise tax of eight and one-half~~
33 ~~cents (8 1/2%)~~ ten and three-fourths percent (10 3/4%) on ~~each gallon of~~ motor
34 ~~fuel as defined in this subchapter,~~ sold or used in this state, or purchased
35 for sale or use in this state, ~~to be computed in the manner hereinafter set~~
36 ~~forth.~~



~~(b) In addition to the tax levied in subsection (a) of this section, there is levied an excise tax of one cent (1¢) on each gallon of motor fuel as defined in this subchapter, sold or used in this state, or purchased for sale or use in this state, to be computed in the manner hereinafter set forth.~~

SECTION 2. Arkansas Code § 26-55-206(b), concerning the allocation of taxes collected under the Motor Fuel Tax Law, is amended to read as follows:

~~(b)(1) The funds collected by this subchapter shall be allocated and distributed only in the manner now established by existing laws relating to motor fuel taxes.~~

~~(2) One cent (1¢) of the tax levied on each gallon of motor fuel under this subchapter shall be remitted to the Treasurer of State separate and apart from other motor fuel and distillate special fuel taxes, and the gross amount thereof, without making any deduction therefrom for credit to the Constitutional Officers Fund and the State Central Services Fund, shall be distributed as provided by the Arkansas Highway Revenue Distribution Law, §§ 27-70-201 — 27-70-203, 27-70-206, and 27-70-207.~~

(b) The funds collected under this subchapter shall be distributed as follows:

(1) The first two hundred ninety-eight million dollars (\$298,000,000) shall be distributed as follows:

(A)(i) Ninety percent (90%) shall be distributed under the Arkansas Highway Revenue Distribution Law, §§ 27-70-201 – 27-70-203, 27-70-206, and 27-70-207.

(ii) The distribution of taxes under subdivision (b)(1)(A)(i) of this section is subject to any requirements for the repayment of bonds issued under the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq., the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et seq., and the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.;

(B) Five percent (5%) shall be remitted to the Treasurer of State separate and apart from other motor fuel taxes, and the gross amount, without making any deduction for credit to the Constitutional Officers Fund and the State Central Services Fund, shall be distributed as provided by the Arkansas Highway Revenue Distribution Law, §§ 27-70-201 – 27-

1 70-203, 27-70-206, and 27-70-207; and

2 (C) Five percent (5%) shall be credited to the State
3 Highway Special Construction Account; and

4 (2)(A) The remainder shall be used to pay off bonds issued under
5 Arkansas Constitution, Amendment 91.

6 (B) After any bonds issued under Arkansas Constitution,
7 Amendment 91 have been repaid, the remainder shall be distributed as stated
8 in subdivision (b)(1) of this section.

9
10 SECTION 3. Arkansas Code § 26-56-109 is amended to read as follows:

11 26-56-109. Distribution of revenues.

12 Except as provided in § 26-56-224(b)-(f), all taxes, penalties, and
13 other amounts collected under ~~the provisions of this chapter shall be~~
14 ~~classified as special revenues, and the net amount shall be distributed as~~
15 ~~provided by the Arkansas Highway Revenue Distribution Law, §§ 27-70-201—27-~~
16 ~~70-203, 27-70-206, and 27-70-207.~~ distributed as follows:

17 (1)(A) On or before June 30 of each fiscal year, the first four
18 million dollars (\$4,000,000) of the taxes collected under this chapter as
19 general revenues shall be distributed as follows:

20 (i) Seventy-five percent (75%) to be deposited into
21 the General Revenue Fund Account of the State Apportionment Fund;

22 (ii) Fourteen and six-tenths percent (14.6%) to be
23 deposited into the Educational Adequacy Fund;

24 (iii) Eight and three-tenths percent (8.3%) to be
25 deposited into the Property Tax Relief Trust Fund; and

26 (iv) Two and one-tenth percent (2.1%) to be
27 deposited into the Conservation Tax Fund.

28 (B) The distribution of taxes under subdivision (1)(A) of
29 this section is subject to any requirements for the repayment of bonds issued
30 under the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., the
31 Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq., the
32 Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et seq., and
33 the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.;

34 (2) The next one hundred twenty-five million dollars
35 (\$125,000,000) shall be distributed as follows:

36 (A)(i) Ninety-five percent (95%) as provided by the

1 Arkansas Highway Revenue Distribution Law, §§ 27-70-201 – 27-70-203, 27-70-
 2 206, and 27-70-207.

3 (ii) The distribution of taxes under subdivision
 4 (2)(A)(i) of this section is subject to any requirements for the repayment of
 5 bonds issued under the Arkansas Highway Financing Act of 1999, § 27-64-201 et
 6 seq., the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et
 7 seq., the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et
 8 seq., and the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.;
 9 and

10 (B) Five percent (5%) to the State Highway Special
 11 Construction Account; and

12 (3)(A) The remainder shall be used to pay off bonds issued under
 13 Arkansas Constitution, Amendment 91.

14 (B) After any bonds issued under Arkansas Constitution,
 15 Amendment 91 have been repaid, the remainder shall be distributed under
 16 subdivision (2) of this section.

17
 18 SECTION 4. Arkansas Code § 26-56-201(a), concerning the imposition of
 19 tax on distillate special fuel, is amended to read as follows:

20 ~~(a)(1)(A)(i) There is levied an excise tax at the rate of eight and~~
 21 ~~one-half cents (8 1/2¢) per gallon~~ eleven and one-quarter percent (11 1/4%)
 22 on all distillate special fuel sold or used in this state or purchased for
 23 sale or use in this state.

24 ~~(ii) In addition to the tax levied in subdivision~~
 25 ~~(a)(1)(A)(i) of this section, there is levied an excise tax at the rate of~~
 26 ~~one cent (1¢) per gallon on all distillate special fuel sold or used in this~~
 27 ~~state or purchased for sale or use in this state.~~

28 ~~(B) The additional levies provided in subdivision (a)(2) of~~
 29 ~~this section and § 26-56-502 are specifically intended to apply to the taxes~~
 30 ~~levied by this section and shall remain effective.~~

31 ~~(2) In addition to the tax levied in subdivision (a)(1) of this~~
 32 ~~section, there is levied an excise tax of one cent (1¢) for each gallon of~~
 33 ~~distillate special fuel, as defined in § 26-56-102, sold or used in this~~
 34 ~~state, or purchased for sale or use in this state, to be computed in the~~
 35 ~~manner set forth in this section.~~

36

1 SECTION 5. Arkansas Code § 26-56-201(d)-(g), concerning the imposition
2 and distribution of tax on distillate special fuel, are repealed.

3 ~~(d)(1) In addition to the taxes levied on distillate special fuel in~~
4 ~~this section and § 26-56-502, there is levied an additional excise tax of~~
5 ~~four cents (4¢) per gallon upon all distillate special fuel subject to the~~
6 ~~taxes levied in this section and § 26-56-502.~~

7 ~~(2) This additional excise tax shall be levied, collected,~~
8 ~~reported, and paid in the same manner and at the same time as is prescribed~~
9 ~~by law for the levying, collection, reporting, and payment of the other~~
10 ~~distillate special fuel taxes under Arkansas law.~~

11 ~~(e)(1)(A) In addition to the taxes levied on distillate special fuel in~~
12 ~~this section and §§ 26-56-502 and 26-56-601, there is levied an excise tax of~~
13 ~~two cents (2¢) per gallon upon all distillate special fuel subject to the~~
14 ~~taxes levied in this section and §§ 26-56-502 and 26-56-601.~~

15 ~~(B) Effective one (1) year after April 1, 1999, the~~
16 ~~additional tax levied by this subsection shall be increased by an additional~~
17 ~~two cents (2¢) per gallon.~~

18 ~~(2) This additional excise tax shall be levied, collected,~~
19 ~~reported, and paid in the same manner and at the same time as is prescribed~~
20 ~~by law for the levying, collection, reporting, and payment of the other~~
21 ~~distillate special fuel taxes under Arkansas law.~~

22 ~~(3) The additional tax levied by this subsection shall be taken~~
23 ~~into consideration and used when calculating tax credits or additional tax~~
24 ~~due under § 26-56-214.~~

25 ~~(f) Except as provided in subsection (g) of this section, the~~
26 ~~additional taxes collected under this section are special revenues and shall~~
27 ~~be distributed as set forth in the Arkansas Highway Revenue Distribution Law,~~
28 ~~§ 27-70-201 et seq., subject to any requirements for the repayment of bonds~~
29 ~~issued under the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,~~
30 ~~the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et seq.,~~
31 ~~and the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.~~

32 ~~(g)(1) In order to offset the general revenues lost by the tax~~
33 ~~exemption contained in § 26-52-436(c) and (d) and § 26-53-144(c) and (d), the~~
34 ~~Chief Fiscal Officer of the State shall, on or before June 30, 2013, and on~~
35 ~~or before June 30 of each fiscal year thereafter, deposit the first four~~
36 ~~million dollars (\$4,000,000) of the taxes collected under subdivision~~

1 ~~(a)(1)(A)(i) of this section as general revenues, to be distributed as~~
 2 ~~follows:~~

3 ~~(A) Seventy five percent (75%) to be deposited into the~~
 4 ~~General Revenue Fund Account of the State Apportionment Fund;~~

5 ~~(B) Fourteen and six tenths percent (14.6%) to be deposited~~
 6 ~~into the Educational Adequacy Fund;~~

7 ~~(C) Eight and three tenths percent (8.3%) to be deposited~~
 8 ~~into the Property Tax Relief Trust Fund; and~~

9 ~~(D) Two and one tenth percent (2.1%) to be deposited into~~
 10 ~~the Conservation Tax Fund.~~

11 ~~(2) The balance of the taxes collected under subdivision~~
 12 ~~(a)(1)(A)(i) of this section shall be deposited as special revenues and~~
 13 ~~distributed in the manner required by law.~~

14 ~~(3) The classification and distribution of taxes under~~
 15 ~~subdivision (g)(1) of this section is subject to any requirements for the~~
 16 ~~repayment of bonds issued under the Arkansas Highway Financing Act of 1999, §~~
 17 ~~27-64-201 et seq., and the Arkansas Interstate Highway Financing Act of 2007,~~
 18 ~~§ 27-64-401 et seq.~~

19 ~~(4) The taxes collected under subdivision (a)(1)(A)(ii) of this~~
 20 ~~section shall be distributed as provided in § 26-56-221.~~

21
 22 SECTION 6. Arkansas Code § 26-56-224(b)(1), concerning the tax imposed
 23 on dyed distillate special fuel, is amended to read as follows:

24 (b)(1) There is levied an excise tax at the rate of ~~six cents (6¢) per~~
 25 ~~gallon~~ three percent (3%) on all dyed distillate special fuel sold, used, or
 26 utilized in this state.

27
 28 SECTION 7. Arkansas Code § 26-56-301 is amended to read as follows:

29 26-56-301. Levy and imposition of tax – Alternative payment of fees =
 30 Distribution.

31 (a) There is levied and imposed an excise tax of ~~seven and one half~~
 32 ~~cents (7 1/2¢) per gallon~~ eight and one-quarter percent (8 1/4%) upon the
 33 use, as defined in § 26-56-102(22), of all liquefied gas special fuels within
 34 this state. Such use of liquefied gas special fuels ~~shall constitute~~
 35 constitutes and is declared to be the taxable incident of this levy.

36 (b) However, in lieu of the ~~gallonage~~ tax levied in this section with

1 respect to liquefied gas special fuels used under this subchapter, except as
 2 otherwise provided herein the Director of the Department of Finance and
 3 Administration shall require the payment of the fees prescribed in § 26-56-
 4 304 in the case of all vehicles required to obtain liquefied gas special
 5 fuels user's permits under this subchapter, except licensed liquefied gas
 6 special fuels suppliers.

7 (c) The funds collected under this subchapter shall be distributed
 8 under the Arkansas Highway Revenue Distribution Law, §§ 27-70-201 – 27-70-
 9 203, 27-70-206, and 27-70-207.

10
 11 SECTION 8. Arkansas Code § 19-5-1103, concerning the Property Tax
 12 Relief Trust Fund, is amended to read as follows:

13 (b) The fund shall consist of such revenues as generated by §§ 26-52-
 14 302(c), § 26-52-317(c)(1)(B), § 26-52-319(a)(2)(B), § 26-53-107(c), § 26-53-
 15 145(c)(1)(B), § 26-53-148(a)(2)(B), ~~26-56-201(g)(1)(G)~~ § 26-56-
 16 109(1)(A)(iii), and § 26-56-224(c)(2) and shall be used for such purposes as
 17 set out in § 26-26-310.

18
 19 SECTION 9. Arkansas Code § 19-5-1227(b), concerning the revenues
 20 included in the Educational Adequacy Fund, is amended to read as follows:

21 (b) After the Treasurer of State has made deductions from the revenues
 22 under § 19-5-203(b)(2)(A), the Educational Adequacy Fund shall consist of:

23 (1) All net revenues collected due to enactments of the Eighty-
 24 Fourth General Assembly meeting in Second Extraordinary Session, unless a
 25 different distribution of those additional net revenues is otherwise provided
 26 in the act creating those additional net revenues;

27 (2) The revenues credited to the Educational Adequacy Fund under
 28 § 26-54-113(b)(2);

29 (3) The revenues generated by §§ 26-52-302(d), § 26-52-316, §
 30 26-52-317(c)(1)(C), § 26-52-319(a)(2)(C), § 26-53-107(d), § 26-53-
 31 145(c)(1)(C), § 26-53-148(a)(2)(C), ~~26-56-201(g)(1)(B)~~ § 26-56-109(1)(A)(ii),
 32 § 26-56-224(c)(3), and § 26-57-1002(d)(1)(A)(ii); and

33 (4) Other revenues as provided by law.

34
 35 SECTION 10. Arkansas Code § 19-6-201(68), concerning the enumeration
 36 of general revenues, is amended to read as follows:

1 (68) The first four million dollars (\$4,000,000) of the ~~eight~~
2 ~~and one-half cent (8 1/2¢)~~ tax on distillate special fuels levied each fiscal
3 year under § 26-56-201(a)(1)(A)(i);
4

5 SECTION 11. Arkansas Code § 19-6-301(3) and (4), concerning the
6 enumeration of special revenues, are amended to read as follows:

7 (3) Distillate special motor fuels taxes and liquefied gas
8 special motor fuels taxes and license and permit fees, as enacted by § 26-56-
9 101 et seq., known as the "Special Motor Fuels Tax Law", ~~and all laws~~
10 ~~amendatory thereto, including the:~~

11 ~~(A) Eight and one-half cent (8.5¢) tax on distillate~~
12 ~~special motor fuels levied by § 26-56-201(a)(1)(A)(i), after the deduction of~~
13 ~~the first four million dollars (\$4,000,000) each fiscal year under § 26-56-~~
14 ~~201(g)(1) and one cent (1¢) tax on distillate special motor fuels levied by §~~
15 ~~26-56-201(a)(1)(A)(ii);~~

16 ~~(B) Seven and one-half cent (7.5¢) tax on liquefied gas~~
17 ~~special motor fuels levied by § 26-56-301(a);~~

18 ~~(C) Additional one cent (1¢) tax on distillate special~~
19 ~~motor fuels levied by § 26-56-201(a)(2);~~

20 ~~(D) Additional four cent (4¢) tax on liquefied gas special~~
21 ~~motor fuels and the additional two cent (2¢) tax on distillate special motor~~
22 ~~fuels levied by § 26-56-502(a);~~

23 ~~(E) Additional four cent (4¢) tax on distillate special~~
24 ~~motor fuels levied by § 26-56-201(d)(1);~~

25 ~~(F) Additional five cent (5¢) tax on liquefied gas special~~
26 ~~motor fuels and the additional two cent (2¢) tax on distillate special motor~~
27 ~~fuels levied by § 26-55-1201(a) and § 26-56-601; and~~

28 ~~(G) Additional liquefied gas special motor fuels user~~
29 ~~permit fees levied in § 26-55-1002;~~

30 (4) Gasoline taxes, as enacted by the Motor Fuel Tax Law, § 26-
31 55-201 et seq., ~~including the:~~

32 ~~(A) Eight and one-half cent (8.5¢) tax on motor fuels~~
33 ~~levied by § 26-55-205(a);~~

34 ~~(B) Additional one cent (1¢) tax on motor fuels levied by~~
35 ~~§ 26-55-205(b);~~

36 ~~(C) Additional four cent (4¢) tax on motor fuels levied by~~

1 ~~§ 26-55-1002(a);~~

2 ~~(D) Additional five cent (5¢) tax on motor fuels levied by~~
 3 ~~§ 26-55-1201(a) and § 26-56-601; and~~

4 ~~(E) Additional total of three cents (3¢) tax on motor~~
 5 ~~fuels levied by § 26-55-1006;~~

6
 7 SECTION 12. Arkansas Code § 19-6-405(6), concerning the revenues
 8 included in the State Highway and Transportation Department Fund, is amended
 9 to read as follows:

10 (6) ~~Those designated revenues as set out in § 26-56-201(e)(1),~~
 11 ~~which consist of the additional total of four cents (4¢) distillate special~~
 12 ~~fuel taxes~~ Revenues equal to four cents (4¢) per gallon of distillate special
 13 fuel sold or used in the state or purchased for sale or use in the state to
 14 be distributed as provided in the Arkansas Highway Financing Act of 1999, §
 15 27-64-201 et seq.;

16
 17 SECTION 13. The introductory language of Arkansas Code § 19-6-484,
 18 concerning the Conservation Tax Fund, is amended to read as follows:

19 The Conservation Tax Fund shall consist of those general revenues as
 20 specified in ~~§ 26-56-201(g)(1)(D)~~ § 26-56-109(1)(A)(iv) and those special
 21 revenues as specified in § 19-6-301(193) there to be distributed to the fund
 22 accounts as set out below, which are created by this section unless
 23 specifically created in other provisions of the Arkansas Code, and under the
 24 following procedures:

25
 26 SECTION 14. Arkansas Code § 26-18-303(b)(22)-(24), concerning
 27 exceptions to the confidentiality rules applicable to tax records, are
 28 amended to read as follows:

29 (22) Disclosure of information, including disclosure as required
 30 under § 26-55-232, regarding delinquent motor fuel excise tax levied by the
 31 Motor Fuel Tax Law, § 26-55-201 et seq., ~~and by § 26-56-601 et seq.,~~ to a
 32 bonding company that provides the surety bond required by § 26-55-222 for the
 33 taxpayer that owes the delinquent tax;

34 (23) Disclosure of information regarding delinquent distillate
 35 special fuel tax levied by § 26-56-201 et seq., ~~and by § 26-56-601 et seq.,~~
 36 to a bonding company that provides the surety bond required by § 26-56-204

1 for the taxpayer that owes the delinquent tax;

2 (24) Disclosure of information regarding delinquent liquefied
3 gas special fuel tax levied by § 26-56-301 et seq. ~~and by § 26-56-601 et seq.~~
4 to a bonding company that provides the surety bond required by § 26-56-303
5 for the taxpayer that owes the delinquent tax; and

6
7 SECTION 15. Arkansas Code § 26-55-229(c)(3), concerning the
8 information required in tax reports under the Motor Fuel Tax Law, is amended
9 to read as follows:

10 (3) An itemized statement of the number of gallons of motor fuel
11 ~~deducted in accordance with the provisions of § 26-55-230(a)(1)(C) or § 26-~~
12 ~~55-230(a)(1)(D) in making any previous monthly report with respect to which~~
13 ~~motor fuel so deducted the tax payable under the terms of this subchapter~~
14 ~~have not theretofore been paid~~ received during the next-preceding calendar
15 month, within the meaning of § 26-55-202(13)(A), by being placed in a tank,
16 which was thereafter delivered by the person receiving it to a common carrier
17 pipeline for shipment or delivery to a point in Arkansas, but had not been,
18 at the close of the next-preceding calendar month, delivered by the pipeline
19 at its destination, even though because of being mingled in the common
20 carrier pipeline system with other motor fuel, the motor fuel to be delivered
21 to the point of destination is not the identical motor fuel delivered by the
22 shipper to the common carrier pipeline;

23
24 SECTION 16. Arkansas Code § 26-55-230 is amended to read as follows:

25 26-55-230. ~~Computation and payment~~ Payment of tax.

26 (a) At the time of filing of each monthly report with the Director of
27 the Department of Finance and Administration, each distributor shall pay to
28 the director the full amount of the motor fuel tax ~~for~~ collected during the
29 next-preceding calendar month, ~~which shall be computed as follows:~~

30 (1) ~~From the sum of the total number of gallons of motor fuel~~
31 ~~received, reduced by the total number of gallons received upon which the tax~~
32 ~~has been paid as evidenced by the itemized statement filed pursuant to § 26-~~
33 ~~55-229(c)(8) by the distributor within the State of Arkansas during the next-~~
34 ~~preceding calendar month, plus the total number of gallons of motor fuel~~
35 ~~deducted on any previous monthly report of the distributor under the~~
36 ~~provisions of subdivisions (a)(1)(C) and (D) of this section with respect to~~

1 which the tax payable under this subchapter remains unpaid, shall be made the
2 following deductions:

3 (A) ~~The total number of gallons of motor fuel received by~~
4 ~~the distributor within the State of Arkansas and sold or otherwise disposed~~
5 ~~of during the next preceding calendar month as set forth in § 26-55-207;~~

6 (B) ~~The total number of gallons of motor fuel received by~~
7 ~~the distributor within the State of Arkansas and sold or otherwise disposed~~
8 ~~of during the next preceding calendar month as set forth in § 26-55-210;~~

9 (C) ~~The total number of gallons of motor fuel which,~~
10 ~~during any previous calendar month, was received, within the meaning of § 26-~~
11 ~~55-202(13)(A) or § 26-55-202(13)(B), by being placed in a tank but had not~~
12 ~~been withdrawn therefrom at the close of the next preceding calendar month;~~

13 (D) ~~The total number of gallons of motor fuel received~~
14 ~~during any previous calendar month, within the meaning of § 26-55-202(13)(A),~~
15 ~~by being placed in a tank, which was thereafter delivered by the person~~
16 ~~receiving it to a common carrier pipeline for shipment or delivery to a point~~
17 ~~in Arkansas, but had not been, at the close of the next preceding calendar~~
18 ~~month, delivered by the pipeline at its destination, even though because of~~
19 ~~being mingled in the common carrier pipeline system with other motor fuel,~~
20 ~~the motor fuel to be delivered to the point of destination is not the~~
21 ~~identical motor fuel delivered by the shipper to the common carrier pipeline;~~

22 ~~(E)(i) That number of gallons of motor fuel lost due to~~
23 ~~fire, flood, storm, theft, or other cause beyond the distributor's control,~~
24 ~~other than through evaporation.~~

25 ~~(ii) The deduction for the loss may be included in~~
26 ~~the report filed for the month in which the loss occurred or in any~~
27 ~~subsequent report filed within a period of one (1) year; and~~

28 ~~(F)(i) That number of gallons of motor fuel which shall~~
29 ~~be equal to three percent (3%) of the first one million gallons (1,000,000~~
30 ~~gals.), and no allowance for the remaining gallons of the total number of~~
31 ~~gallons of motor fuel received by the distributor during the next preceding~~
32 ~~calendar month, less the total number of gallons deducted under subdivisions~~
33 ~~(a)(1)(A)-(E) of this section.~~

34 ~~(ii) It is determined by the General Assembly that~~
35 ~~three percent (3%) of the first one million gallons (1,000,000 gals.) and no~~
36 ~~allowance for the remaining gallons so received is the actual and average~~

1 amount of loss resulting from evaporation, shrinkage, and the losses
 2 resulting from unknown causes irrespective of the amount thereof, and the
 3 cost of collection;

4 ~~(2) The number of gallons remaining after the deductions set~~
 5 ~~forth in subdivision (a)(1) of this section have been made shall be~~
 6 ~~multiplied by the rate of tax under § 26-55-205; and~~

7 ~~(3) The remaining number of gallons computed on a volumetric~~
 8 ~~basis shall be multiplied by the rate provided by law in the adjoining state,~~
 9 ~~the rate not to exceed the rate provided by § 26-55-205, and the resulting~~
 10 ~~figure, together with the figure obtained in subdivision (a)(2) of this~~
 11 ~~section, shall be the total amount of motor fuel tax due for the next-~~
 12 ~~preceding calendar month.~~

13 ~~(b) In reporting and computing this tax, distributors shall adjust all~~
 14 ~~volume measurements of motor fuel to a temperature of sixty degrees~~
 15 ~~Fahrenheit (60° F).~~

16 ~~(e) (b) The director by regulation shall provide for the payment and~~
 17 ~~collection of the motor fuel tax when it is due but which under the terms of~~
 18 ~~this subchapter is not required to be remitted by a distributor.~~

19
 20 SECTION 17. Arkansas Code § 26-55-702 is amended to read as follows:

21 26-55-702. Liability for tax.

22 ~~Any~~ A person, firm, or corporation that operates on the highways of
 23 this state a motor carrier, bus, truck, transport, or other motor vehicle,
 24 having a gross loaded weight of twenty-six thousand one pounds (26,001 lbs.)
 25 or more and having motor fuel commonly or commercially sold and used as
 26 gasoline as defined in § 26-55-202 in its fuel tank or tanks upon which the
 27 Arkansas motor fuel tax has not been paid is liable for a tax at the rate ~~per~~
 28 ~~gallon under~~ stated in § 26-55-205 on the gasoline used or consumed in the
 29 State of Arkansas, subject to § 26-55-710.

30
 31 SECTION 18. Arkansas Code Title 26, Chapter 55, Subchapter 10, is
 32 repealed.

33 ~~Subchapter 10 — Additional Taxes and Fees~~

34 ~~26-55-1001. Applicability.~~

35 ~~The additional taxes and fees levied in this subchapter on motor fuel,~~
 36 ~~distillate special fuels, liquefied petroleum gas special fuel, and vehicles~~

1 ~~using liquefied petroleum gas special fuel shall be applicable to motor fuel~~
2 ~~and distillate special motor fuels sold and to liquefied petroleum gas~~
3 ~~vehicles which are registered or for which registration is renewed on and~~
4 ~~after April 1, 1985.~~

5
6 ~~26-55-1002. Additional tax levied on motor fuel.~~

7 ~~(a) In addition to the tax levied upon motor fuel in § 26-55-205, there~~
8 ~~is levied an excise tax of four cents (4¢) per gallon upon all motor fuel~~
9 ~~subject to the tax levied in that section.~~

10 ~~(b) The tax shall be collected, reported, and paid in the same manner~~
11 ~~and at the same time as is prescribed by law for the collection, reporting,~~
12 ~~and payment of other motor fuel taxes.~~

13
14 ~~26-55-1004. Disposition of revenues.~~

15 ~~(a)(1) All taxes, interest, penalties, and costs received by the~~
16 ~~Director of the Department of Finance and Administration from the additional~~
17 ~~taxes and fees levied by this subchapter shall be classified as special~~
18 ~~revenues and shall be deposited into the State Treasury.~~

19 ~~(2) The net amount thereof shall be transferred by the Treasurer~~
20 ~~of State on the last business day of each month, as follows:~~

21 ~~(A) Fifteen percent (15%) of the amount to the County Aid~~
22 ~~Fund;~~

23 ~~(B) Fifteen percent (15%) of the amount to the Municipal~~
24 ~~Aid Fund; and~~

25 ~~(C) Seventy percent (70%) of the amount to the State~~
26 ~~Highway and Transportation Department Fund.~~

27 ~~(b)(1) All such funds credited to the State Highway and Transportation~~
28 ~~Department Fund shall be used for construction, reconstruction, and~~
29 ~~maintenance of the rural state highways of the state and their extensions~~
30 ~~into municipalities and industrial access roads.~~

31 ~~(2) The State Highway Commission shall provide to each member of~~
32 ~~the General Assembly on January 1, 1986, and annually thereafter, a report~~
33 ~~indicating how the money provided by this subchapter was spent, which roads~~
34 ~~were worked on, and what other progress was made regarding the plan outlined~~
35 ~~to the General Assembly by the commission during the debate on this~~
36 ~~subchapter.~~

1
2 ~~26-55-1005. Motor fuel excise tax.~~

3 ~~This act may be referred to and cited as the "Arkansas Distillate~~
4 ~~Special Fuel Excise Tax Act of 1999" and the "Motor Fuel Excise Tax Act of~~
5 ~~1999".~~

6
7 ~~26-55-1006. Excise tax rates.~~

8 ~~(a) In addition to the taxes levied on motor fuel in §§ 26-55-205, 26-~~
9 ~~55-1002, and 26-55-1201, there is levied an additional excise tax of three~~
10 ~~cents (3¢) per gallon on all motor fuels subject to the taxes levied in §§~~
11 ~~26-55-205, 26-55-1002, and 26-55-1201.~~

12 ~~(b) The tax shall be collected, reported, and paid in the same manner~~
13 ~~and at the same time as is prescribed by law for the collection, reporting,~~
14 ~~and payment of the other motor fuel taxes under Arkansas law.~~

15 ~~(c) The additional tax levied by this section shall be taken into~~
16 ~~consideration and used when calculating tax credits or additional tax due~~
17 ~~under § 26-55-710.~~

18 ~~(d) The additional taxes collected pursuant to this section shall be~~
19 ~~considered special revenues and shall be distributed as set forth in the~~
20 ~~Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.~~

21
22 SECTION 19. Arkansas Code Title 26, Chapter 55, Subchapter 12, is
23 repealed.

24 ~~Subchapter 12—Additional Taxes on Motor Fuel, Distillate Special Fuels, and~~
25 ~~Liquefied Gas Special Fuels~~

26 ~~26-55-1201. Additional taxes on motor fuel, distillate special fuels,~~
27 ~~and liquefied gas special fuels.~~

28 ~~(a) On and after March 6, 1991, in addition to the taxes levied upon~~
29 ~~motor fuel in §§ 26-55-205 and 26-55-1002 and upon distillate special fuels~~
30 ~~in §§ 26-56-201 and 26-56-502 and upon liquefied gas special fuels in §§ 26-~~
31 ~~56-301 and 26-56-502, and in addition to any other taxes levied on the fuel~~
32 ~~or fuels during the Seventy-Eighth Regular Session of the General Assembly,~~
33 ~~there is hereby levied an excise tax of five cents (5¢) per gallon upon all~~
34 ~~motor fuel and liquefied gas special fuels and an excise tax of two cents~~
35 ~~(2¢) per gallon upon all distillate special fuels subject to the taxes levied~~
36 ~~in §§ 26-55-205, 26-55-1002, 26-56-201, 26-56-502, 26-56-301, and 26-56-502.~~

1 ~~(b) Such additional taxes shall be collected, reported, and paid in the~~
 2 ~~same manner and at the same time as is prescribed by law for the collection,~~
 3 ~~reporting, and payment of other motor fuel taxes, distillate special fuels~~
 4 ~~taxes, and liquefied gas special fuels taxes.~~

5
 6 ~~26-55-1202. Additional funds deposited into State Treasury.~~

7 ~~(a) All of the additional taxes, fees, penalties, and interest~~
 8 ~~collected under the provisions of this subchapter and §§ 26-55-710, 26-56-~~
 9 ~~214, and 26-56-304 shall be classified as special revenues and shall be~~
 10 ~~deposited into the State Treasury. After deducting therefrom the amount to be~~
 11 ~~credited to the Constitutional Officers Fund and the State Central Services~~
 12 ~~Fund as provided in the Revenue Stabilization Law, § 19-5-101 et seq., the~~
 13 ~~Treasurer of State shall transfer on the last business day of each month:~~

14 ~~(1) Fifteen percent (15%) of the amount thereof to the County Aid~~
 15 ~~Fund;~~

16 ~~(2) Fifteen percent (15%) of the amount thereof to the Municipal~~
 17 ~~Aid Fund; and~~

18 ~~(3) Seventy percent (70%) of the amount thereof to a special~~
 19 ~~account in the State Highway and Transportation Department Fund to be~~
 20 ~~designated the "1991 Highway Construction and Maintenance Account".~~

21 ~~(b) The funds in the 1991 Highway Construction and Maintenance Account~~
 22 ~~shall be held, managed, and used in the same manner and for the same purposes~~
 23 ~~as set out in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et~~
 24 ~~seq., excluding however, § 27-70-206.~~

25 ~~(c) Provided that, in keeping with the spirit of Pub. L. No. 97-424, §~~
 26 ~~105, and the State Highway Commission's goals for encouraging the~~
 27 ~~participation of disadvantaged business enterprises in entering into and~~
 28 ~~performing contracts with the commission, including the purchasing of~~
 29 ~~supplies and equipment by the commission and for the construction,~~
 30 ~~reconstruction, and maintenance of highways and bridges in the state highway~~
 31 ~~system, the commission is authorized to expend up to ten percent (10%) of the~~
 32 ~~total funds and revenues available and disbursed to the commission pursuant~~
 33 ~~to this act for the purposes of achieving those goals.~~

34
 35 SECTION 20. Arkansas Code § 26-55-1305(c)(2), concerning refunds paid
 36 from the Gasoline Tax Refund Fund, is amended to read as follows:

1 (2) The refund for purchases of distillate special fuel tax shall does not
 2 include the moneys ~~which~~ that have been pledged to the repayment of highway
 3 bonds under ~~§ 26-56-201~~ the Arkansas Highway Financing Act of 1999, § 27-64-
 4 201 et seq., the Arkansas Interstate Highway Financing Act of 2005, § 27-64-
 5 301 et seq., the Arkansas Interstate Highway Financing Act of 2007, § 27-64-
 6 401 et seq., and the Arkansas Highway Financing Act of 2011, § 27-64-501 et
 7 seq.

8
 9 SECTION 21. Arkansas Code §§ 26-56-221 and 26-56-222 are repealed.

10 ~~26-56-221. Distribution of taxes.~~

11 ~~(a) Taxes from the additional one-cent tax levied on distillate special~~
 12 ~~fuel in § 26-56-201(a)(1)(A) shall be remitted to the Treasurer of State~~
 13 ~~separate from other distillate special fuel taxes.~~

14 ~~(b) The gross amount of the taxes described in subsection (a) of this~~
 15 ~~section shall be distributed under the Arkansas Highway Revenue Distribution~~
 16 ~~Law, §§ 27-70-201—27-70-203, 27-70-206, and 27-70-207, without making any~~
 17 ~~deduction for credit to the Constitutional Officers Fund and the State~~
 18 ~~Central Services Fund.~~

19
 20 ~~26-56-222. Disposition of funds collected under §§ 26-56-201, 26-56-~~
 21 ~~214, and 27-14-601.~~

22 ~~(a) All of the additional taxes, fees, penalties, and interest~~
 23 ~~collected under §§ 26-56-201, 26-56-214, and 27-14-601 shall be classified as~~
 24 ~~special revenues and shall be deposited into the State Treasury.~~

25 ~~(b) After deducting the amount to be credited to the Constitutional~~
 26 ~~Officers Fund and the State Central Services Fund as provided under the~~
 27 ~~Revenue Stabilization Law, § 19-5-101 et seq., the Treasurer of State shall~~
 28 ~~transfer on the last business day of each month:~~

29 ~~(1) Fifteen percent (15%) of the amount thereof to the County Aid~~
 30 ~~Fund;~~

31 ~~(2) Fifteen percent (15%) of the amount thereof to the Municipal~~
 32 ~~Aid Fund; and~~

33 ~~(3) Seventy percent (70%) of the amount thereof to the State~~
 34 ~~Highway and Transportation Department Fund.~~

35 ~~(c) The funds shall be further disbursed in the same manner and used~~
 36 ~~for the same purposes as set out in the Arkansas Highway Revenue Distribution~~

1 ~~Law, § 27-70-201 et seq.~~

2
 3 SECTION 22. Arkansas Code § 26-56-227(b)(1), concerning the penalty
 4 for mixed dyed and undyed distillate special fuel, is amended to read as
 5 follows:

6 (b)(1) The Director of the Department of Finance and Administration
 7 upon finding any fuel supply tank of a motor vehicle, fuel storage tank, or
 8 fuel storage facility outside of the terminal containing mixed dyed and
 9 undyed distillate special fuel, which fuel is being used or utilized in a
 10 motor vehicle or is being stored for ultimate usage or utilization in a motor
 11 vehicle not excepted in § 26-56-225 shall:

12 (A) Assess for taxation purposes the entire number of
 13 gallons of the fuel that could be contained in those fuel supply tanks, fuel
 14 storage tanks, or fuel storage facilities, if the tanks or facilities were
 15 filled to capacity, as taxable gallons at the ~~total per-gallon tax rates set~~
 16 ~~out~~ rate stated in this chapter; and

17 (B) Assess a penalty of ten dollars (\$10.00) per gallon on
 18 all the fuel.

19
 20 SECTION 23. Arkansas Code § 26-56-228(b)(1), concerning the authority
 21 of the Director of the Department of Finance and Administration, is amended
 22 to read as follows:

23 (b)(1)(A) ~~Any~~ A person who ~~shall refuse~~ refuses to allow the director
 24 to sample, test, and measure the fuel that could be contained in ~~any~~ a fuel
 25 supply tank of a motor vehicle, ~~or in any~~ a fuel storage tank, or ~~in any~~ a
 26 fuel storage facility outside of the terminal shall be assessed taxes at the
 27 ~~total per-gallon tax rates set out~~ rate stated in this chapter upon all fuels
 28 as determined by the director that could be contained in the fuel supply
 29 tank, fuel storage tank, or fuel storage facility, if filled to capacity.

30 (B) Additionally, a penalty of ten dollars (\$10.00) per
 31 gallon on all the fuel shall be assessed.

32
 33 SECTION 24. Arkansas Code § 26-56-230 is repealed.

34 ~~26-56-230. Disposition of taxes, fees, and other revenues.~~

35 ~~Except as provided in § 26-56-224(b)-(f), all taxes, fees, penalties,~~
 36 ~~and other amounts collected under the provisions of §§ 26-56-223—26-56-231~~

1 ~~shall be classified as special revenues, and the net amount shall be~~
2 ~~distributed as provided by the Arkansas Highway Revenue Distribution Law, §§~~
3 ~~27-70-201, 27-70-203, 27-70-206, and 27-70-207.~~

4
5 SECTION 25. Arkansas Code § 26-56-231(a), concerning the authority to
6 promulgate rules to implement a portion of the laws regarding distillate
7 special fuels, is amended to read as follows:

8 (a) The Director of the Department of Finance and Administration, in
9 consultation with the Director of State Highways and Transportation, shall
10 have the authority to make and promulgate rules and regulations to fully
11 implement and enforce the provisions of §§ 26-56-223 – ~~26-56-230~~ 26-56-229.

12
13 SECTION 26. Arkansas Code § 26-56-304(d)(1) and (2), concerning user
14 permits for liquefied gas special fuels, are amended to read as follows:

15 (d)(1) At the time of applying for the permit and prior to the
16 registration and issuance of a motor vehicle license for the vehicle, each
17 applicant except licensed liquefied gas special fuels suppliers shall remit
18 to the director, in addition to the regular fee prescribed by law for the
19 registration and licensing of the vehicle, an additional fee in an amount
20 which is determined by the General Assembly, based upon information available
21 from statistical studies of the motor vehicular use of liquefied gas special
22 fuels by various classes of users, as follows:

23 NONFARM VEHICLES

	Annual Additional Fee
24 Passenger cars and motor homes	\$ 164.00
25 Pickup trucks, one-half (½) and three-quarter (¾) ton	195.00
26 Pickup trucks, one (1) ton	251.00
27 Trucks, maximum gross loaded weight in excess of one (1)	
28 ton but not exceeding 22,500 pounds	520.00
29 Passenger buses except school buses manufactured and	
30 licensed as such	520.00
31 School buses manufactured and licensed as such	260.00
32 Trucks, maximum gross loaded weight in excess of 22,500	
33 pounds	609.00

34 FARM VEHICLES

35 In order to aid in the production of farm products and to eliminate
36

1 apparent inequities in liquefied gas special fuels fees which are in lieu of
2 the ~~gallona~~ge tax on the fuel used in vehicles operated primarily on
3 farms and not on the main highway system of this state, a special
4 classification is created for farm vehicles using liquefied gas special fuels
5 and entitled to be registered and licensed as natural resources farm
6 vehicles. The flat fee in lieu of the ~~gallona~~ge tax on the fuel used in the
7 vehicle shall be as follows:

- 8 Pickup trucks, one-half ($\frac{1}{2}$) and three-quarter ($\frac{3}{4}$) ton \$ 130.00
- 9 Pickup trucks, one (1) ton 156.00
- 10 Trucks, maximum gross loaded weight in excess of one (1)
- 11 ton but not exceeding 22,500 pounds 178.00
- 12 Trucks, maximum gross loaded weight in excess of 22,500
- 13 pounds 260.00

14 (2) If the director determines that the flat fee provided herein
15 in lieu of the ~~gallona~~ge tax on liquefied gas special fuels is, in the case
16 of common or contract carriers or other vehicles for hire, inadequate to
17 compensate for the ~~gallona~~ge tax, the director may require the common or
18 contract carriers or owners of other vehicles for hire to pay a fee based
19 upon the actual mileage of the common or contract carrier or vehicle for hire
20 for the previous year, the current year, or any other reasonable basis.

21
22 SECTION 27. Arkansas Code § 26-56-306(b) and (c), concerning window
23 decals for the purchase of liquefied gas special fuels, are amended to read
24 as follows:

25 (b) Each motor vehicle bearing the special and distinctive window
26 decals shall entitle the owner or user of the motor vehicle to purchase
27 liquefied gas special fuels from licensed liquefied gas special fuels
28 suppliers only without the necessity of paying the ~~gallona~~ge tax levied
29 thereon under § 26-56-301, it being the intent of that section that the
30 payment of the special fee levied by § 26-56-304 shall be in lieu of and in
31 full satisfaction of the liquefied gas special fuels ~~gallona~~ge taxes that
32 would have otherwise been due on liquefied gas special fuels used in the
33 motor vehicle during the period for which the license and permit is issued.

34 (c) When a motor vehicle bearing a special and distinctive liquefied
35 gas special fuels window decal is transferred, the liquefied gas special
36 fuels window decal shall remain with the motor vehicle, and, when the

1 registration of the motor vehicle is transferred to the new owner, the new
2 owner shall be entitled to purchase liquefied gas special fuels for the motor
3 vehicle without payment of the ~~gallone~~ tax thereon the same as the former
4 owner.

5
6 SECTION 28. Arkansas Code § 26-56-307(d), concerning the computation
7 of tax due on liquefied gas special fuels by suppliers or interstate users,
8 is amended to read as follows:

9 (d) When calculating the ~~number of gallons of liquefied gas special~~
10 ~~fuels on which the gallone~~ tax levied by due under § 26-56-301 ~~is due~~, the
11 suppliers and users shall be allowed a credit equal to the amount of the tax
12 paid on ~~each gallon of~~ the liquefied gas special fuels purchased or received
13 in this state when each credit is supported by a copy of the purchase invoice
14 showing the amount of tax paid, signed by the supplier or dealer from which
15 the liquefied gas special fuels ~~was~~ were purchased or delivered.

16
17 SECTION 29. Arkansas Code § 26-56-312(b), concerning the importation
18 or use of liquefied gas special fuels by unlicensed persons, is amended to
19 read as follows:

20 (b) For the purposes of determining the number of gallons of liquefied
21 gas special fuels consumed in operating on the highways of this state, the
22 liquefied gas special fuels user shall ~~be required to~~ pay to the Director of
23 the Department of Finance and Administration the tax levied by this
24 subchapter on ~~each gallon~~ the total amount of liquefied gas special fuels
25 contained in the supply tank of the motor vehicle at the time of entry into
26 the state and upon all liquefied gas special fuels used in this state upon
27 which the tax levied in this subchapter has not been paid.

28
29 SECTION 30. Arkansas Code § 26-56-313(a), concerning the purchase of
30 liquefied gas special fuels by unlicensed persons, is amended to read as
31 follows:

32 (a) Any person purchasing liquefied gas special fuels for delivery
33 into the supply tanks of the motor vehicle of the person, if the person does
34 not have a liquefied gas special fuels user's permit as evidenced by the
35 appropriate license issued therefor as provided in this subchapter or if the
36 person is not a bonded licensed liquefied gas special fuels supplier, shall

1 pay to the supplier or dealer at the time of purchase of liquefied gas
 2 special fuels the ~~gallonage~~ tax levied in § 26-56-301 on ~~each gallon~~ the
 3 total amount of liquefied gas special fuels so delivered into the supply
 4 tanks of the motor vehicle.

5
 6 SECTION 31. Arkansas Code Title 26, Chapter 56, Subchapter 5, is
 7 repealed.

8 ~~Subchapter 5—Additional Taxes and Fees~~

9 ~~26-56-501.—Applicability.~~

10 ~~The additional taxes and fees levied in this subchapter on motor fuel,~~
 11 ~~distillate special fuel, liquefied gas special fuels, and vehicles using~~
 12 ~~liquefied gas special fuels shall be applicable to motor fuel and distillate~~
 13 ~~special fuel sold and liquefied gas special fuels vehicles which are~~
 14 ~~registered or for which registration is renewed on and after April 1, 1985.~~

15
 16 ~~26-56-502.—Additional tax levied.~~

17 ~~(a) In addition to the tax levied upon distillate special fuel in § 26-~~
 18 ~~56-201 and upon liquefied gas special fuels in § 26-56-301, there is levied~~
 19 ~~an excise tax of four cents (4¢) per gallon upon all liquefied gas special~~
 20 ~~fuels and two cents (2¢) per gallon upon all distillate special fuel subject~~
 21 ~~to the tax levied in those sections.~~

22 ~~(b) The tax shall be collected, reported, and paid in the same manner~~
 23 ~~and at the same time as is prescribed by law for the collection, reporting,~~
 24 ~~and payment of other distillate special fuel taxes.~~

25
 26 ~~26-56-504.—Disposition of revenues.~~

27 ~~(a)(1) All taxes, interest, penalties, and costs received by the~~
 28 ~~Director of the Department of Finance and Administration from the additional~~
 29 ~~taxes and fees levied by this subchapter shall be classified as special~~
 30 ~~revenues and shall be deposited into the State Treasury.~~

31 ~~(2) The net amount thereof shall be transferred by the Treasurer~~
 32 ~~of State on the last business day of each month, as follows:~~

33 ~~(A) Fifteen percent (15%) of the amount to the County Aid~~
 34 ~~Fund;~~

35 ~~(B) Fifteen percent (15%) of the amount to the Municipal~~
 36 ~~Aid Fund; and~~

1 ~~(C) Seventy percent (70%) of the amount to the State~~
2 ~~Highway and Transportation Department Fund.~~

3 ~~(b)(1) All such funds credited to the State Highway and Transportation~~
4 ~~Department Fund shall be used for construction, reconstruction, and~~
5 ~~maintenance of the rural state highways of the state and their extensions~~
6 ~~into municipalities and industrial access roads.~~

7 ~~(2) The State Highway Commission shall provide to each member of~~
8 ~~the General Assembly on January 1, 1986, and annually thereafter, a report~~
9 ~~indicating how the money provided by this subchapter was spent, which roads~~
10 ~~were worked on, and what other progress was made regarding the plan outlined~~
11 ~~to the General Assembly by the commission during the debate on this~~
12 ~~subchapter.~~

13
14 SECTION 32. Arkansas Code Title 26, Chapter 56, Subchapter 6, is
15 repealed.

16 ~~Subchapter 6—Additional Taxes on Motor Fuel, Distillate Special Fuels, and~~
17 ~~Liquefied Gas Special Fuels~~

18 ~~26-56-601.—Excise tax levied.~~

19 ~~(a) On and after March 6, 1991, in addition to the taxes levied upon~~
20 ~~motor fuel in §§ 26-55-205 and 26-55-1002 and upon distillate special fuel in~~
21 ~~§§ 26-56-201 and 26-56-502 and upon liquefied gas special fuels in §§ 26-56-~~
22 ~~301 and 26-56-502, and in addition to any other taxes levied on the fuel or~~
23 ~~fuels during the Seventy-Eighth Regular Session of the General Assembly,~~
24 ~~there is hereby levied an excise tax of five cents (5¢) per gallon upon all~~
25 ~~motor fuel and liquefied gas special fuels and an excise tax of two cents~~
26 ~~(2¢) per gallon upon all distillate special fuel subject to the taxes levied~~
27 ~~in §§ 26-55-205, 26-55-1002, 26-56-201, 26-56-301, and 26-56-502.~~

28 ~~(b) Such additional taxes shall be collected, reported, and paid in the~~
29 ~~same manner and at the same time as is prescribed by law for the collection,~~
30 ~~reporting, and payment of other motor fuel taxes, distillate special fuel~~
31 ~~taxes, and liquefied gas special fuels taxes.~~

32
33 ~~26-56-602.—Additional funds deposited into State Treasury.~~

34 ~~(a) All of the additional taxes, fees, penalties and interest collected~~
35 ~~under the provisions of this subchapter and §§ 26-55-710, 26-56-214, and 26-~~
36 ~~56-304 shall be classified as special revenues and shall be deposited into~~

~~the State Treasury. After deducting therefrom the amount to be credited to the Constitutional Officers Fund and the State Central Services Fund as provided in the Revenue Stabilization Law, § 19-5-101 et seq., the Treasurer of State shall transfer on the last business day of each month:~~

~~(1) Fifteen percent (15%) of the amount thereof to the County Aid Fund;~~

~~(2) Fifteen percent (15%) of the amount thereof to the Municipal Aid Fund; and~~

~~(3) Seventy percent (70%) of the amount thereof to a special account in the State Highway and Transportation Department Fund to be designated the "1991 Highway Construction and Maintenance Account".~~

~~(b) The funds in the 1991 Highway Construction and Maintenance Account shall be held, managed, and used in the same manner and for the same purposes as set out in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq., excluding however, § 27-70-206.~~

~~(c) Provided that, in keeping with the spirit of Pub. L. No. 97-424, § 105, and the State Highway Commission's goals for encouraging the participation of disadvantaged business enterprises in entering into and performing contracts with the commission, including the purchasing of supplies and equipment by the commission and for the construction, reconstruction, and maintenance of highways and bridges in the state highway system, the commission is authorized to expend up to ten percent (10%) of the total funds and revenues available and disbursed to the commission pursuant to this act for the purposes of achieving those goals.~~

SECTION 33. Arkansas Code § 26-56-705(c)(2), concerning refunds paid from the Gasoline Tax Refund Fund, is amended to read as follows:

(2) The refund for purchases of distillate special fuel tax ~~shall~~ does not include the moneys which have been pledged to the repayment of highway bonds under ~~§ 26-56-201~~ the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq., the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et seq., and the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.

SECTION 34. Arkansas Code Title 26, Chapter 56, Subchapter 8, is

1 repealed.

2 ~~Subchapter 8—Additional Tax on Distillate Special Fuel~~

3 ~~26-56-801.—Definition.~~

4 ~~As used in this subchapter, “distillate special fuel” means distillate~~
 5 ~~special fuel as defined in § 26-56-102(6), except that distillate special~~
 6 ~~fuel for purposes of the tax levied by this subchapter shall exclude~~
 7 ~~distillate special fuel not intended for highway use, as defined by federal~~
 8 ~~regulations on January 1, 2011, and for agricultural purposes.~~

9
 10 ~~26-56-802.—Additional tax on distillate special fuel.~~

11 ~~(a)(1)—In addition to all other taxes levied upon distillate special~~
 12 ~~fuel, there is levied an additional tax on distillate special fuel of five~~
 13 ~~cents (5¢) for each gallon of distillate special fuel sold or used in this~~
 14 ~~state or purchased for sale or use in this state.~~

15 ~~(2)—The additional tax on distillate special fuel applies only~~
 16 ~~to distillate special fuel intended for highway use or to fuel a motor~~
 17 ~~vehicle intended for highway use.~~

18 ~~(b)—The additional distillate special fuel tax under this section is~~
 19 ~~subject to the exemptions under this chapter.~~

20 ~~(c)(1)—The levy of the additional tax on distillate special fuel by~~
 21 ~~subdivision (a)(1) of this section is conditioned upon the approval by a~~
 22 ~~majority of the qualified electors of the state voting on the measure~~
 23 ~~providing for the levy of the additional tax on distillate special fuel and~~
 24 ~~the issuance of bonds in a statewide election held under the provisions of~~
 25 ~~the Arkansas Highway Financing Act of 2011, § 27-64-501 et seq.~~

26 ~~(2)—If the levy of the additional tax on distillate special fuel~~
 27 ~~and the issuance of the bonds is approved, the~~

28 ~~(A) Effective date of the additional tax on distillate~~
 29 ~~special fuel levied by subdivision (a)(1) of this section shall be the first~~
 30 ~~day of the second month following the month in which the Secretary of State~~
 31 ~~certifies the vote of the voters of the state approving the levy of the~~
 32 ~~additional tax on distillate special fuel and the issuance of bonds; and~~

33 ~~(B) Additional tax on distillate special fuel levied by~~
 34 ~~subdivision (a)(1) of this section shall terminate and shall no longer be~~
 35 ~~collected upon certification by the Chair of the State Highway Commission~~
 36 ~~that the bonds issued under the Arkansas Highway Finance Act of 2011, § 27-~~

1 ~~64-501 et seq., have been paid in full and all obligations of the commission~~
 2 ~~with respect to the bonds have been performed in full.~~

3 ~~(3) If the levy of the additional tax on distillate special fuel~~
 4 ~~and the issuance of the bonds are not approved, the levy of the additional~~
 5 ~~tax on distillate special fuel by subdivision (a)(1) of this section shall~~
 6 ~~terminate and the additional tax shall not be collected.~~

7
 8 ~~26-56-803. Administration.~~

9 ~~The tax on distillate special fuel levied by this subchapter shall be~~
 10 ~~administered in accordance with the provisions of the Arkansas Tax Procedure~~
 11 ~~Act, § 26-18-101 et seq.~~

12
 13 ~~26-56-804. Disposition.~~

14 ~~The tax imposed by this subchapter is levied to provide revenue to be~~
 15 ~~used by the state to defray, in whole or in part, the cost of constructing,~~
 16 ~~widening, reconstructing, maintaining, resurfacing, and repairing the public~~
 17 ~~highways of this state and shall be distributed as set forth in the Arkansas~~
 18 ~~Highway Revenue Distribution Law, § 27-70-201 et seq., subject to any~~
 19 ~~requirements for the repayment of bonds issued under the Arkansas Highway~~
 20 ~~Financing Act of 2011, § 27-64-501 et seq.~~

21
 22 SECTION 35. Arkansas Code § 27-64-203(5), concerning the definitions
 23 used in the Arkansas Highway Financing Act of 1999, is amended to read as
 24 follows:

25 (5) "Designated revenues" means:

26 (A) That portion designated by the commission of funds
 27 received or to be received from the federal government of the United States
 28 as federal highway assistance funding allocated to the state designated as
 29 federal highway interstate maintenance funds, and, if needed, that portion of
 30 national highway system funds authorized by State Highway Commission Minute
 31 Order 98-214 adopted September 22, 1998; and

32 (B) ~~Revenues derived from the increase in taxes levied on~~
 33 ~~distillate special fuels pursuant to § 26-56-201 equal to four cents (4¢) per~~
 34 ~~gallon of distillate special fuel sold or used in the state or purchased for~~
 35 ~~sale or use in the state and transferred to the State Highway and~~
 36 ~~Transportation Department Fund pursuant to § 27-70-207(d) in accordance with~~

1 ~~§ 26-56-201~~ § 26-56-109(2)(A)(ii) and ~~§ 26-55-1006~~ § 26-55-206(b)(1)(A); and

3 SECTION 36. Arkansas Code § 27-64-206 is repealed.

4 ~~27-64-206. Election.~~

5 ~~(a) Bonds shall not be issued under this subchapter unless the~~
6 ~~issuance of bonds has been approved by a majority of the qualified electors~~
7 ~~of the state voting on the question at a statewide special election called by~~
8 ~~proclamation of the Governor in accordance with § 7-11-201 et seq.~~

9 ~~(b)(1)(A) Notice of such election shall be published by the Secretary~~
10 ~~of State in a newspaper of general circulation in the state at least thirty~~
11 ~~(30) days prior to such election.~~

12 ~~(B) Notice thereof shall be mailed to each county board of~~
13 ~~election commissioners and the sheriff of each county at least sixty (60)~~
14 ~~days prior to such election.~~

15 ~~(2)(A) The notice of election shall state that the election is~~
16 ~~to be held for the purpose of submitting to the people the following~~
17 ~~proposition in substantially the form set forth herein:~~

18 ~~“Authorizing the State Highway Commission to issue State of Arkansas~~
19 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds (the “Bonds”) in a~~
20 ~~total principal amount not to exceed five hundred seventy-five million~~
21 ~~dollars (\$575,000,000). If approved, such bonds will be issued in several~~
22 ~~series of various principal amounts from time to time for the purpose of~~
23 ~~paying the cost of constructing and renovating improvements to interstate~~
24 ~~highways and related facilities in the State of Arkansas.”~~

25 ~~(B) The bonds shall be general obligations of the State of~~
26 ~~Arkansas, payable from certain designated revenues and also secured by the~~
27 ~~full faith and credit of the State of Arkansas, including its general~~
28 ~~revenues. Pursuant to this subchapter, the “Bond Act”, the bonds will be~~
29 ~~repaid first from revenues derived from federal highway assistance funding~~
30 ~~allocated to the State of Arkansas designated as federal highway interstate~~
31 ~~maintenance funds, and, if needed, that portion of national highway system~~
32 ~~funds authorized by State Highway Commission Minute Order 98-214 adopted~~
33 ~~September 22, 1998, and, second, from revenue derived from the increase in~~
34 ~~the excise tax levied on distillate special fuels and diesel pursuant to §~~
35 ~~26-56-201(c) and transferred to the State Highway and Transportation~~
36 ~~Department Fund pursuant to § 27-70-207(d) in accordance with § 26-56-201(f)~~

1 and ~~§ 26-55-1006(d)~~. To the extent that designated revenues are insufficient
2 to make timely payment of debt service on the bonds, such payment shall be
3 made from the general revenues of the State of Arkansas. The bonds shall be
4 issued pursuant to the authority of and the terms set forth in this
5 subchapter.

6 (C) ~~Pursuant to this subchapter, the specific highway~~
7 ~~improvements to be financed are limited to restoration and improvements to~~
8 ~~all of the interstate highway systems within the state, including roadways,~~
9 ~~bridges, or rights of way under the jurisdiction of the commission, which~~
10 ~~shall also include the acquisition, construction, reconstruction, and~~
11 ~~renovation of such interstate highway systems and facilities appurtenant or~~
12 ~~pertaining thereto.~~

13 (D) ~~Pursuant to this subchapter, "designated revenues" are~~
14 ~~defined as that portion designated by the commission of all funds received or~~
15 ~~to be received from the federal government of the United States as federal~~
16 ~~highway interstate maintenance funds, and, if needed, that portion of~~
17 ~~national highway system funds authorized by State Highway Commission Minute~~
18 ~~Order 98-214 adopted September 22, 1998, and revenues derived from the~~
19 ~~increase in taxes levied on distillate special fuels pursuant to § 26-56-~~
20 ~~201(e) and transferred to the State Highway and Transportation Department~~
21 ~~Fund pursuant to § 27-70-207(d) in accordance with § 26-56-201(f) and § 26-~~
22 ~~55-1006(d). Designated revenues shall not include the revenues derived from~~
23 ~~the increase in tax on motor fuel, gasoline, resulting from the Arkansas~~
24 ~~Distillate Special Fuel Excise Tax Act of 1999 and the Motor Fuel Excise Tax~~
25 ~~Act of 1999, §§ 26-55-1005, 26-55-1006, 26-56-201, and 27-72-305. The bonds~~
26 ~~are further secured by the full faith and credit of the State of Arkansas,~~
27 ~~and to the extent that designated revenues are insufficient to make timely~~
28 ~~payment of debt service on the bonds, the general revenues of the state shall~~
29 ~~be used to pay debt service on the bonds. Pursuant to § 26-56-201, the excise~~
30 ~~tax on distillate special fuels, in addition to the taxes levied pursuant to~~
31 ~~§§ 26-56-201, 26-56-502, and 26-56-601, will increase by two cents (2¢) per~~
32 ~~gallon on April 1, 1999, and the additional tax levied by § 26-56-201(e)~~
33 ~~shall increase to four cents (4¢) per gallon on the first anniversary of such~~
34 ~~date.~~

35 (e)(1) ~~The ballot title shall be "Issuance of State of Arkansas~~
36 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds and pledge of full~~

1 ~~faith and credit of the State of Arkansas.”~~

2 ~~(2) On each ballot there shall be printed the title, the~~
 3 ~~proposition set forth in § 27-64-206(b)(2) of this section, and the~~
 4 ~~following:~~

5 ~~“FOR issuance of State of Arkansas Federal Highway Grant Anticipation and Tax~~
 6 ~~Revenue Bonds in an amount not to exceed \$575,000,000 and the pledge of the~~
 7 ~~full faith and credit of the State of Arkansas to further secure such bonds~~
 8 ~~. []~~

9 ~~AGAINST issuance of State of Arkansas Federal Highway Grant Anticipation and~~
 10 ~~Tax Revenue Bonds in an amount not to exceed \$575,000,000 and the pledge of~~
 11 ~~the full faith and credit of the State of Arkansas to further secure such~~
 12 ~~bonds []”~~

13 ~~(d)(1) The county boards of election commissioners in each of the~~
 14 ~~several counties of the state shall hold and conduct the election, and each~~
 15 ~~such board is hereby authorized and directed to take such action with respect~~
 16 ~~to the appointment of election officials and such other matters as are~~
 17 ~~required by the laws of the state. The vote shall be canvassed and the result~~
 18 ~~thereof declared in each county by such boards.~~

19 ~~(2) Within ten (10) days after the date of the election, the~~
 20 ~~results shall be certified by such county boards to the Secretary of State,~~
 21 ~~who shall forthwith tabulate all returns so received and certify to the~~
 22 ~~Governor the total vote for and against the proposition submitted pursuant to~~
 23 ~~this subchapter.~~

24 ~~(e)(1) The result of the election shall be proclaimed by the Governor~~
 25 ~~by the publication of such proclamation one (1) time in a newspaper of~~
 26 ~~general circulation in the State of Arkansas.~~

27 ~~(2) The results as proclaimed shall be conclusive unless a~~
 28 ~~complaint challenging such results is filed within thirty (30) days after the~~
 29 ~~date of such publication in the Pulaski County Circuit Court.~~

30 ~~(f)(1) If a majority of the qualified electors voting on the~~
 31 ~~proposition vote in favor of the issuance of the bonds, then the commission~~
 32 ~~shall proceed with the issuance of bonds in the manner and on the terms set~~
 33 ~~forth in this subchapter.~~

34 ~~(2) If a majority of the qualified electors voting on the~~
 35 ~~proposition vote against the issuance of the bonds, none of the bonds~~
 36 ~~authorized by this subchapter shall be issued.~~

1 ~~(g) Subsequent elections may be called by the Governor if the~~
 2 ~~proposition fails, but each such subsequent election may be held no earlier~~
 3 ~~than six (6) months after the date of the preceding election.~~

4
 5 SECTION 37. Arkansas Code § 27-64-211(a)(2)(B), concerning the sources
 6 of repayment for bonds under the Arkansas Highway Financing Act of 1999, is
 7 amended to read as follows:

8 (B) ~~Revenues derived from the increase in taxes levied on~~
 9 ~~distillate special fuels pursuant to § 26-56-201~~ equal to four cents (4¢) per
 10 gallon of distillate special fuel sold or used in the state or purchased for
 11 sale or use in the state and transferred to the State Highway and
 12 Transportation Department Fund pursuant to § 27-70-207(d) in accordance with
 13 ~~§ 26-55-1006(d)~~ § 26-55-206(b)(1)(A) and ~~§ 26-56-201(f)~~ § 26-56-109(2)(A).

14
 15 SECTION 38. Arkansas Code § 27-64-302(4), concerning legislative
 16 findings and intent under the Arkansas Interstate Highway Financing Act of
 17 2005, is amended to read as follows:

18 (4) The bonds should be payable from revenues currently
 19 designated by the Arkansas Highway Financing Act of 1999, § 27-64-201 et
 20 seq., ~~including federal highway assistance funding and available proceeds~~
 21 ~~from the distillate special fuels tax levied under § 26-56-201(e); and~~

22
 23 SECTION 39. Arkansas Code § 27-64-303(4), concerning the definitions
 24 to be used under the Arkansas Interstate Highway Financing Act of 2005, is
 25 amended to read as follows:

26 (4) "Designated revenues" means:

27 (A) The portion designated by the commission of funds
 28 received or to be received from the federal government as federal highway
 29 assistance funding allocated to the state designated as federal highway
 30 interstate maintenance funds; and

31 (B) ~~Revenues derived from the distillate special fuels tax~~
 32 ~~levied under § 26-56-201(e)~~ equal to four cents (4¢) per gallon of distillate
 33 special fuel sold or used in the state or purchased for sale or use in the
 34 state that are available for expenditure after any distributions required by
 35 the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.; and

36

1 SECTION 40. Arkansas Code § 27-64-305 is repealed.

2 ~~27-64-305. Election.~~

3 ~~(a)(1) No State of Arkansas Federal Highway Grant Anticipation and Tax~~
4 ~~Revenue Bonds shall be issued under this subchapter unless the authority of~~
5 ~~the State Highway Commission to issue the bonds from time to time is approved~~
6 ~~by a majority of the qualified electors of the state voting on the question~~
7 ~~at a statewide election called by proclamation of the Governor.~~

8 ~~(2) The election may be in conjunction with a general election,~~
9 ~~or it may be a special election.~~

10 ~~(b)(1) Notice of the election shall be:~~

11 ~~(A) Published by the Secretary of State in a newspaper of~~
12 ~~general circulation in the state at least thirty (30) days prior to the~~
13 ~~election; and~~

14 ~~(B) Mailed to each county board of election commissioners~~
15 ~~and the sheriff of each county at least sixty (60) days prior to the~~
16 ~~election.~~

17 ~~(2) The notice of election shall state that the election is to~~
18 ~~be held for the purpose of submitting to the people the following proposition~~
19 ~~in substantially the following form:~~

20 ~~“Authorizing the State Highway Commission to issue State of Arkansas~~
21 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds (the “Bonds”) if the~~
22 ~~total principal amount outstanding from the issuance of the bonds, together~~
23 ~~with the total principal amount outstanding from the issuance of bonds~~
24 ~~pursuant to Arkansas Highway Financing Act of 1999, shall not, at any time,~~
25 ~~exceed five hundred seventy five million dollars (\$575,000,000). If approved,~~
26 ~~the bonds will be issued in several series of various principal amounts from~~
27 ~~time to time for the purpose of paying the cost of constructing and~~
28 ~~renovating improvements to interstate highways and related facilities in the~~
29 ~~State of Arkansas.~~

30 ~~“The bonds shall be general obligations of the State of Arkansas, payable~~
31 ~~from certain designated revenues and also secured by the full faith and~~
32 ~~credit of the State of Arkansas, including its general revenues.~~

33 ~~“Pursuant to the Arkansas Interstate Highway Financing Act of 2005 (the “Bond~~
34 ~~Act”), the bonds will be repaid first from: (1) revenues derived from federal~~
35 ~~highway assistance funding allocated to the State of Arkansas designated as~~
36 ~~federal highway interstate maintenance funds; and (2) revenues derived from~~

1 ~~the excise tax levied on distillate special fuels (diesel) pursuant to~~
2 ~~Arkansas Code § 26-56-201(e) that are available for expenditure after any~~
3 ~~distributions required by the Arkansas Highway Financing Act of 1999. To the~~
4 ~~extent that designated revenues are insufficient to make timely payment of~~
5 ~~debt service on the bonds, the payment shall be made from the general~~
6 ~~revenues of the State of Arkansas. The bonds shall be issued pursuant to the~~
7 ~~authority of and the terms set forth in the Bond Act.~~

8 ~~“Pursuant to the Bond Act, the highway improvements to be financed are~~
9 ~~limited to the restoration and improvements to all of the interstate highway~~
10 ~~systems within the state, including roadways, bridges, or rights-of-way under~~
11 ~~jurisdiction of the State Highway Commission, which shall also include the~~
12 ~~acquisition, construction, reconstruction, and renovation of the interstate~~
13 ~~highway systems and facilities appurtenant or pertaining thereto.~~

14 ~~“Pursuant to the Bond Act, “designated revenues” are defined as: (1) the~~
15 ~~portion designated by the commission of funds received or to be received from~~
16 ~~the federal government of the United States as federal highway assistance~~
17 ~~funding allocated to the state designated as federal highway interstate~~
18 ~~maintenance funds; and (2) revenues derived from the distillate special fuels~~
19 ~~tax levied under Arkansas Code § 26-56-201(e) that are available for~~
20 ~~expenditure after any distributions required by the Arkansas Highway~~
21 ~~Financing Act of 1999, § 27-64-201 et seq. The bonds are further secured by~~
22 ~~the full faith and credit of the State of Arkansas, and to the extent~~
23 ~~“designated revenues” are insufficient to make timely payment of debt service~~
24 ~~on the bonds, the general revenues of the state shall be used to pay debt~~
25 ~~service on the bonds.”~~

26 ~~(c) The ballot title shall be “Issuance of State of Arkansas Federal~~
27 ~~Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and~~
28 ~~credit of the State of Arkansas”. On each ballot there shall be printed the~~
29 ~~title, the proposition set forth in subdivision (b)(2) of this section, and~~
30 ~~the following:~~

31 ~~“FOR authorizing the State Highway Commission to issue State of Arkansas~~
32 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the~~
33 ~~total principal amount outstanding from the issuance of the bonds, together~~
34 ~~with the total principal amount outstanding from the issuance of bonds~~
35 ~~pursuant to Arkansas Highway Financing Act of 1999, shall not, at any time,~~
36 ~~exceed five hundred seventy five million dollars (\$575,000,000), and the~~

1 ~~pledge of the full faith and credit of the State of Arkansas to further~~
 2 ~~secure the bonds []”~~
 3 ~~“AGAINST authorizing the State Highway Commission to issue State of Arkansas~~
 4 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the~~
 5 ~~total principal amount outstanding from the issuance of the bonds, together~~
 6 ~~with the total principal amount outstanding from the issuance of bonds~~
 7 ~~pursuant to Arkansas Highway Financing Act of 1999, shall not, at any time,~~
 8 ~~exceed five hundred seventy five million dollars (\$575,000,000), and the~~
 9 ~~pledge of the full faith and credit of the State of Arkansas to further~~
 10 ~~secure the bonds []”~~

11 ~~(d)(1) Each county board of election commissioners shall hold and~~
 12 ~~conduct the election and may take any action with respect to the appointment~~
 13 ~~of election officials and other matters as required by the laws of the state.~~

14 ~~(2) The vote shall be canvassed and the result of the vote~~
 15 ~~declared in each county by the board. Within ten (10) days after the date of~~
 16 ~~the election, the results shall be certified by the boards to the Secretary~~
 17 ~~of State, who shall tabulate all returns received and certify to the Governor~~
 18 ~~the total vote for and against the proposition submitted pursuant to this~~
 19 ~~subchapter.~~

20 ~~(e) The result of the election shall be proclaimed by the Governor by~~
 21 ~~the publication of the proclamation one (1) time in a newspaper of general~~
 22 ~~circulation in the State of Arkansas. The results as proclaimed shall be~~
 23 ~~conclusive unless a complaint is filed within thirty (30) days after the date~~
 24 ~~of the publication in Pulaski County Circuit Court challenging the results.~~

25 ~~(f)(1) If a majority of the qualified electors voting on the~~
 26 ~~proposition vote in favor of the proposition, then the commission may issue~~
 27 ~~bonds from time to time in the manner and on the terms set forth in this~~
 28 ~~subchapter.~~

29 ~~(2) If a majority of the qualified electors voting on the~~
 30 ~~proposition vote against the proposition, the commission shall have no~~
 31 ~~authority to issue bonds.~~

32 ~~(g) Subsequent elections may be called by the Governor if the~~
 33 ~~proposition fails, but each subsequent election may be held no earlier than~~
 34 ~~six (6) months after the date of the preceding election.~~

35
 36 SECTION 41. Arkansas Code § 27-64-310(b)(2), concerning sources of

1 repayment for bonds under the Arkansas Interstate Highway Financing Act of
2 2005, is amended to read as follows:

3 (2) Revenues ~~derived from the distillate special fuels tax~~
4 ~~levied under § 26-56-201(e)~~ equal to four cents (4¢) per gallon of distillate
5 special fuel sold or used in the state or purchased for sale or use in the
6 state that are available for expenditure after any distributions required by
7 the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.

8
9 SECTION 42. Arkansas Code § 27-64-402(b), concerning legislative
10 findings under the Arkansas Interstate Highway Financing Act of 2007, is
11 amended to read as follows:

12 (b) The General Assembly has further determined that the bonds should
13 be payable from revenues currently designated by the Arkansas Highway
14 Financing Act of 1999, § 27-64-201 et seq., ~~including federal highway~~
15 ~~assistance funding and the proceeds from the Arkansas Distillate Special Fuel~~
16 ~~Excise Tax Act of 1999 and the Motor Fuel Excise Tax Act of 1999, §§ 26-55-~~
17 ~~1005, 26-55-1006, 26-56-201, and 27-72-305,~~ and that the repayment of such
18 bonds should also be guaranteed by the full faith and credit of the state.

19
20 SECTION 43. Arkansas Code § 27-64-403(5), concerning the definitions
21 used under the Arkansas Interstate Highway Financing Act of 2007, is amended
22 to read as follows:

23 (5) "Designated revenues" shall mean:

24 (A) That portion designated by the commission of funds
25 received or to be received from the federal government as federal highway
26 assistance funding allocated to the state designated as federal highway
27 interstate maintenance funds; and

28 (B) Revenues ~~derived from the increase in taxes levied on~~
29 ~~distillate special fuels pursuant to the Arkansas Distillate Special Fuel~~
30 ~~Excise Tax Act of 1999 and the Motor Fuel Excise Tax Act of 1999, §§ 26-55-~~
31 ~~1005, 26-55-1006, 26-56-201, and 27-72-305~~ equal to four cents (4¢) per
32 gallon of distillate special fuel sold or used in the state or purchased for
33 sale or use in the state; and

34
35 SECTION 44. Arkansas Code § 27-64-405 is repealed.

36 ~~27-64-405. Election.~~

1 ~~(a) No bonds shall be issued under this act unless the authority of~~
2 ~~the State Highway Commission to issue such bonds is approved by a majority of~~
3 ~~the qualified electors of the state voting on the question at a statewide~~
4 ~~election called by proclamation of the Governor. Such election may be in~~
5 ~~conjunction with a general election or it may be a special election. Notice~~
6 ~~of such election shall be published by the Secretary of State in a newspaper~~
7 ~~of general circulation in the state at least thirty (30) days prior to such~~
8 ~~election, and notice thereof shall be mailed to each county board of election~~
9 ~~commissioners and the sheriff of each county at least sixty (60) days prior~~
10 ~~to such election.~~

11 ~~(b) The notice of election shall state that the election is to be held~~
12 ~~for the purpose of submitting to the people the following proposition in~~
13 ~~substantially the form set forth in this subsection:~~

14 ~~“Authorizing the State Highway Commission to issue State of Arkansas~~
15 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds (the ‘Bonds’) from~~
16 ~~time to time provided that the total principal amount outstanding from the~~
17 ~~issuance of such bonds, together with the total principal amount outstanding~~
18 ~~from the issuance of bonds pursuant to the Arkansas Highway Financing Act of~~
19 ~~1999, § 27-64-201 et seq., shall not, at any time, exceed five hundred~~
20 ~~seventy-five million dollars (\$575,000,000). If approved, the bonds will be~~
21 ~~issued in one (1) or more series of various principal amounts with the last~~
22 ~~series being issued no later than December 31, 2015. The bonds shall be~~
23 ~~issued for the purpose of paying the cost of constructing and renovating~~
24 ~~improvements to interstate highways and related facilities in the State of~~
25 ~~Arkansas.~~

26 ~~“The bonds shall be general obligations of the State of Arkansas, payable~~
27 ~~from certain designated revenues and also secured by the full faith and~~
28 ~~credit of the State of Arkansas, including its general revenues. Pursuant to~~
29 ~~the Arkansas Interstate Highway Financing Act of 2007 (the ‘Bond Act’), § 27-~~
30 ~~64-401 et seq., the bonds will be repaid first from: (1) revenues derived~~
31 ~~from federal highway assistance funding allocated to the State of Arkansas~~
32 ~~designated as federal highway interstate maintenance funds, and (2) revenue~~
33 ~~derived from the increase in the excise tax levied on distillate special~~
34 ~~fuels (diesel) pursuant to § 26-56-201(e) and transferred to the State~~
35 ~~Highway and Transportation Department Fund pursuant to § 27-70-207(d) in~~
36 ~~accordance with § 26-55-1006(d). To the extent that designated revenues are~~

1 insufficient to make timely payment of debt service on the bonds, such
2 payment shall be made from the general revenues of the State of Arkansas. The
3 bonds shall be issued pursuant to the authority of and the terms set forth in
4 the Bond Act, § 27-64-401 et seq.

5 "Pursuant to the Bond Act, § 27-64-401 et seq., the highway improvements to
6 be financed are limited to the restoration and improvements to all of the
7 interstate highway system within the state, including roadways, bridges, or
8 rights-of-way under jurisdiction of the State Highway Commission, which shall
9 also include the acquisition, construction, reconstruction, and renovation of
10 such interstate highway system and facilities appurtenant or pertaining
11 thereto.

12 "Pursuant to the Bond Act, § 27-64-401 et seq., 'designated revenues' are
13 defined as: (1) that portion designated by the commission of all funds
14 received or to be received from the federal government as federal highway
15 interstate maintenance funds, and (2) revenues derived from the increase in
16 taxes levied on distillate special fuels pursuant to § 26-56-201(e) and
17 transferred to the State Highway and Transportation Department Fund pursuant
18 to Arkansas Code § 27-70-207(d) in accordance with § 26-55-1005(d).

19 Designated revenues shall not include the revenues derived from the increase
20 in tax on motor fuel (gasoline) resulting from the 'Arkansas Distillate
21 Special Fuel Excise Tax Act of 1999' and the 'Motor Fuel Excise Tax Act of
22 1999', §§ 26-55-1005, 26-55-1006, 26-56-201, and 27-72-305. The bonds are
23 further secured by the full faith and credit of the State of Arkansas, and to
24 the extent 'designated revenues' are insufficient to make timely payment of
25 debt service on the bonds, the general revenues of the state shall be used to
26 pay debt service on the bonds."

27 (c) The ballot title shall be "Issuance of State of Arkansas Federal
28 Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and
29 credit of the State of Arkansas." On each ballot there shall be printed the
30 title, the proposition set forth in § 27-64-406, and the following:

31 "FOR authorizing the State Highway Commission to issue State of Arkansas
32 Federal Highway Grant Anticipation and Tax Revenue Bonds from time to time
33 provided that the total principal amount outstanding from the issuance of
34 such bonds, together with the total principal amount outstanding from the
35 issuance of bonds pursuant to the Arkansas Highway Financing Act of 1999,
36 Arkansas Code § 27-64-201 et seq., shall not, at any time, exceed five

~~1 hundred seventy five million dollars (\$575,000,000); such bonds to be issued
 2 in one or more series of various principal amounts, with the last series
 3 being issued no later than December 31, 2015, and to be secured by the full
 4 faith and credit of the State of Arkansas []”~~

~~5 “AGAINST authorizing the State Highway Commission to issue State of Arkansas
 6 Federal Highway Grant Anticipation and Tax Revenue Bonds from time to time
 7 provided that the total principal amount outstanding from the issuance of
 8 such bonds, together with the total principal amount outstanding from the
 9 issuance of bonds pursuant to the Arkansas Highway Financing Act of 1999,
 10 Arkansas Code § 27-64-201 et seq., shall not, at any time, exceed five
 11 hundred seventy five million dollars (\$575,000,000); such bonds to be issued
 12 in one or more series of various principal amounts, with the last series
 13 being issued no later than December 31, 2015, and to be secured by the full
 14 faith and credit of the State of Arkansas []”~~

~~15 (d) The county boards of election commissioners in each of the several
 16 counties of the state shall hold and conduct the election, and each such
 17 board is hereby authorized and directed to take such action with respect to
 18 the appointment of election officials and such other matters as is required
 19 by the laws of the state. The vote shall be canvassed and the result thereof
 20 declared in each county by such boards. The results shall, within ten (10)
 21 days after the date of the election, be certified by such county boards to
 22 the Secretary of State, who shall forthwith tabulate all returns so received
 23 and certify to the Governor the total vote for and against the proposition
 24 submitted pursuant to this act.~~

~~25 (e) The result of the election shall be proclaimed by the Governor by
 26 the publication of such proclamation one (1) time in a newspaper of general
 27 circulation in the State of Arkansas, and the results as proclaimed shall be
 28 conclusive unless a complaint is filed within thirty (30) days after the date
 29 of such publication in the Pulaski County Circuit Court challenging such
 30 results.~~

~~31 (f) If a majority of the qualified electors voting on the proposition
 32 vote in favor of the proposition, then the commission shall be authorized to
 33 issue bonds in the manner and on the terms set forth in this act. If a
 34 majority of the qualified electors voting on the proposition vote against the
 35 proposition, the commission shall have no such authority. Subsequent
 36 elections may be called by the Governor if the proposition fails, but each~~

1 ~~such subsequent election may be held no earlier than six (6) months after the~~
2 ~~date of the preceding election.~~

3
4 SECTION 45. Arkansas Code § 27-64-410 is amended to read as follows:
5 27-64-410. Sources of repayment.

6 The State of Arkansas Federal Grant Anticipation and Tax Revenue Bonds
7 or GARVEE bonds shall be general obligations of the State of Arkansas secured
8 and payable from the designated revenues, as defined herein, and the general
9 revenues of the state. The bonds will be payable first from certain
10 designated revenues, specifically: (1) that portion designated by the State
11 Highway Commission of funds received or to be received from the federal
12 government as federal highway assistance funding allocated to the state
13 designated as federal highway interstate maintenance funds, and (2) revenues
14 ~~derived from the increase in taxes levied on distillate special fuels~~
15 ~~pursuant to section 2 of the Arkansas Distillate Special Fuel Excise Tax Act~~
16 ~~of 1999 and the Motor Fuel Excise Tax Act of 1999, §§ 26-55-1005, 26-55-1006,~~
17 ~~26-56-201, and 27-72-305~~ equal to four cents (4¢) per gallon of distillate
18 special fuel sold or used in the state or purchased for sale or use in the
19 state and transferred to the State Highway and Transportation Department Fund
20 pursuant to § 27-70-207(d) in accordance with ~~§ 26-55-1005(d)~~ § 26-55-
21 206(b)(1)(A). To the extent that designated revenues are insufficient to make
22 timely payment of debt service on the bonds, such payment shall be made from
23 the general revenues of the State of Arkansas. In order to secure the payment
24 of debt service, any trust instrument, resolution, or other document setting
25 forth the security for the bondholders may provide for the direct payment of
26 the federal highway assistance funds that are designated revenues directly
27 into a trust fund, or to a paying agent, for the payment of debt service on
28 the bonds, and it shall not be necessary for such funds to be deposited into
29 the State Treasury.

30
31 SECTION 46. Arkansas Code § 27-64-502(4), concerning legislative
32 findings under the Arkansas Highway Financing Act of 2011, is amended to read
33 as follows:

34 (4) Bonds should be payable from revenues currently designated
35 by the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq., ~~including~~
36 ~~federal highway assistance funding and the proceeds from the Arkansas~~

1 ~~Distillate Special Fuel Excise Tax Act of 1999 and the Motor Fuel Excise Tax~~
 2 ~~Act of 1999, §§ 26-55-1005, 26-55-1006, 26-56-201, and 27-72-305, and § 26-~~
 3 ~~56-801 et seq.; and~~

4
 5 SECTION 47. Arkansas Code § 27-64-503(4), concerning the definitions
 6 to be used under the Arkansas Highway Financing Act of 2011, is amended to
 7 read as follows:

8 (4) "Designated revenues" means:

9 (A) The portion designated by the commission of funds
 10 received or to be received from the federal government as federal highway
 11 assistance funding allocated to the state; and

12 (B) ~~Revenues derived from the distillate special fuel tax~~
 13 ~~levied under~~ equal to:

14 (i) ~~§ 26-56-201(e)~~ Four cents (4¢) per gallon of
 15 distillate special fuel sold or used in the state or purchased for sale or
 16 use in the state that are available for expenditure after any distributions
 17 required by the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,
 18 the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq.,
 19 and the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et
 20 seq.; and

21 (ii) ~~§ 26-56-802~~ Five cents (5¢) per gallon of
 22 distillate special fuel sold or used in the state or purchased for sale or
 23 use in the state; and

24
 25 SECTION 48. Arkansas Code § 27-64-505 is repealed.

26 ~~27-64-505. Election.~~

27 ~~(a)(1) State of Arkansas Federal Highway Grant Anticipation and Tax~~
 28 ~~Revenue Bonds shall not be issued under this subchapter unless the levy of~~
 29 ~~the additional tax on distillate special fuel under § 26-56-802 and the~~
 30 ~~authority of the State Highway Commission to issue the bonds from time to~~
 31 ~~time are approved by a majority of the qualified electors of the state voting~~
 32 ~~on the question at a statewide election called by proclamation of the~~
 33 ~~Governor.~~

34 ~~(2) The election may be in conjunction with a general election,~~
 35 ~~or it may be a special election.~~

36 ~~(b)(1) Notice of the election shall be:~~

1 (A) ~~Published by the Secretary of State in a newspaper of~~
2 ~~general circulation in the state at least thirty (30) days prior to the~~
3 ~~election; and~~

4 (B) ~~Mailed to each county board of election commissioners~~
5 ~~and the sheriff of each county at least sixty (60) days prior to the~~
6 ~~election.~~

7 (2) ~~The notice of election shall state that the election is to~~
8 ~~be held for the purpose of submitting to the people the following proposition~~
9 ~~in substantially the following form:~~

10 ~~“Authorizing the State Highway Commission to issue State of Arkansas~~
11 ~~Federal Highway Grant Anticipation and Tax Revenue Bonds (the ‘Bonds’) if the~~
12 ~~total principal amount outstanding from the issuance of the bonds, together~~
13 ~~with the total principal amount outstanding from the issuance of bonds~~
14 ~~pursuant to the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,~~
15 ~~the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq.,~~
16 ~~and the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et~~
17 ~~seq. shall not, at any time, exceed one billion one hundred million dollars~~
18 ~~(\$1,100,000,000). If approved, the bonds will be issued in several series of~~
19 ~~various principal amounts from time to time, with the last series being~~
20 ~~issued no later than December 31, 2017, for the purpose of paying the cost of~~
21 ~~constructing and renovating improvements to the Interstate Highway System and~~
22 ~~related facilities in the State of Arkansas and improvements to other routes~~
23 ~~on the National Highway System and related facilities in the State of~~
24 ~~Arkansas.~~

25 ~~“The bonds shall be general obligations of the State of Arkansas, payable~~
26 ~~from certain designated revenues including particularly and without~~
27 ~~limitation a new tax described below, and also secured by the full faith and~~
28 ~~credit of the State of Arkansas, including its general revenues.~~

29 ~~“Under the Arkansas Highway Financing Act of 2011 (the ‘Bond Act’), the bonds~~
30 ~~will be repaid first from: (1) revenues derived from federal highway~~
31 ~~assistance funding allocated to the State of Arkansas; (2) revenues derived~~
32 ~~from the excise tax levied on distillate special fuel (diesel) pursuant to~~
33 ~~Arkansas Code § 26-56-201(e) that are available for expenditure after any~~
34 ~~distributions required by the Arkansas Highway Financing Act of 1999, the~~
35 ~~Arkansas Interstate Highway Financing Act of 2005, and the Arkansas~~
36 ~~Interstate Highway Financing Act of 2007; and (3) revenues derived from a new~~

1 ~~excise tax levied on distillate special fuel (diesel) pursuant to Arkansas~~
2 ~~Code § 26-56-802 at the rate of five cents (5¢) per gallon if the measure is~~
3 ~~approved. To the extent that designated revenues are insufficient to make~~
4 ~~timely payment of debt service on the bonds, the payment shall be made from~~
5 ~~the general revenues of the State of Arkansas. The bonds shall be issued~~
6 ~~pursuant to the authority of and the terms set forth in the Bond Act.~~

7 ~~“Under the Bond Act, the highway improvements to be financed are limited to~~
8 ~~the restoration and improvements to the Interstate Highway System and of~~
9 ~~other routes on the National Highway System within the state, including~~
10 ~~roadways, bridges, or rights of way under jurisdiction of the State Highway~~
11 ~~Commission, which shall also include the acquisition, construction,~~
12 ~~reconstruction, and renovation of the Interstate Highway System and of other~~
13 ~~routes on the National Highway System and facilities appurtenant or~~
14 ~~pertaining thereto.~~

15 ~~“Under Arkansas Code § 26-56-802, there is levied, subject to approval of~~
16 ~~this measure, a new excise tax levied on distillate special fuel (diesel) at~~
17 ~~the rate of five cents (5¢) per gallon. This tax shall not be levied unless~~
18 ~~this measure is approved by the voters.~~

19 ~~“Under the Bond Act, ‘designated revenues’ are defined as: (1) the portion~~
20 ~~designated by the commission of funds received or to be received from the~~
21 ~~federal government of the United States as federal highway assistance funding~~
22 ~~allocated to the state; (2) revenues derived from the excise tax levied on~~
23 ~~distillate special fuel (diesel) pursuant to Arkansas Code § 26-56-201(e)~~
24 ~~that are available for expenditure after any distributions required by the~~
25 ~~Arkansas Highway Financing Act of 1999, the Arkansas Interstate Highway~~
26 ~~Financing Act of 2005, and the Arkansas Interstate Highway Financing Act of~~
27 ~~2007; and (3) revenues derived from the excise tax levied on distillate~~
28 ~~special fuel (diesel) pursuant to Arkansas Code § 26-56-802, which is a new~~
29 ~~five-cent per gallon tax to be levied upon the approval of this measure. The~~
30 ~~bonds are further secured by the full faith and credit of the State of~~
31 ~~Arkansas, and to the extent ‘designated revenues’ are insufficient to make~~
32 ~~timely payment of debt service on the bonds, the general revenues of the~~
33 ~~state shall be used to pay debt service on the bonds.”~~

34 ~~(c) The ballot title shall be “Issuance of State of Arkansas Federal~~
35 ~~Highway Grant Anticipation and Tax Revenue Bonds and pledge of full faith and~~
36 ~~credit of the State of Arkansas, and the levy of an additional five-cent per~~

1 gallon tax on distillate special fuel (diesel)". On each ballot there shall
2 be printed the title, the proposition set forth in subdivision (b)(2) of this
3 section, and the following:

4 "FOR authorizing the State Highway Commission to issue State of Arkansas
5 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the
6 total principal amount outstanding from the issuance of the bonds, together
7 with the total principal amount outstanding from the issuance of bonds
8 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate
9 Highway Financing Act of 2005, and the Arkansas Interstate Highway Financing
10 Act of 2007, shall not, at any time, exceed one billion one hundred million
11 dollars (\$1,100,000,000); such bonds to be issued in one or more series of
12 various principal amounts with the last series being issued no later than
13 December 31, 2017, and the pledge of the full faith and credit of the State
14 of Arkansas to further secure the bonds, and the levy of an additional five
15 cent per gallon excise tax on distillate special fuel (diesel) to pay, as
16 described above, along with other 'designated revenues,' as defined in the
17 Arkansas Highway Financing Act of 2011, debt service on bonds []

18 "AGAINST authorizing the State Highway Commission to issue State of Arkansas
19 Federal Highway Grant Anticipation and Tax Revenue Bonds provided that the
20 total principal amount outstanding from the issuance of the bonds, together
21 with the total principal amount outstanding from the issuance of bonds
22 pursuant to Arkansas Highway Financing Act of 1999, the Arkansas Interstate
23 Highway Financing Act of 2005, and the Arkansas Interstate Highway Financing
24 Act of 2007, shall not, at any time, exceed one billion one hundred million
25 dollars (\$1,100,000,000); such bonds to be issued in one or more series of
26 various principal amounts with the last series being issued no later than
27 December 31, 2017, and the pledge of the full faith and credit of the State
28 of Arkansas to further secure the bonds, and the levy of an additional five
29 cent per gallon excise tax on distillate special fuel (diesel) to pay, as
30 described above, along with other 'designated revenues,' as defined in the
31 Arkansas Highway Financing Act of 2011, debt service on bonds []"

32 (d)(1) Each county board of election commissioners shall hold and
33 conduct the election and may take any action with respect to the appointment
34 of election officials and other matters as required by the laws of the state.

35 (2)(A) The vote shall be canvassed, and the result of the vote
36 declared in each county by the board.

1 ~~(B) Within ten (10) days after the date of the election,~~
 2 ~~the results shall be certified by the boards to the Secretary of State, who~~
 3 ~~shall tabulate all returns received and certify to the Governor the total~~
 4 ~~vote for and against the proposition submitted pursuant to this subchapter.~~

5 ~~(e)(1) The result of the election shall be proclaimed by the Governor~~
 6 ~~by the publication of the proclamation one (1) time in a newspaper of general~~
 7 ~~circulation in the State of Arkansas.~~

8 ~~(2) The results as proclaimed shall be conclusive unless a~~
 9 ~~complaint is filed within thirty (30) days after the date of the publication~~
 10 ~~in Pulaski County Circuit Court challenging the results.~~

11 ~~(f)(1) If a majority of the qualified electors voting on the~~
 12 ~~proposition vote in favor of the proposition, then the commission may issue~~
 13 ~~bonds from time to time in the manner and on the terms set forth in this~~
 14 ~~subchapter.~~

15 ~~(2) If a majority of the qualified electors voting on the~~
 16 ~~proposition vote against the proposition, the commission shall have no~~
 17 ~~authority to issue bonds.~~

18
 19 SECTION 49. Arkansas Code § 27-64-510(b)(2), concerning sources of
 20 repayment of bonds under the Arkansas Highway Financing Act of 2011, is
 21 amended to read as follows:

22 (2) Revenues ~~derived from the distillate special fuel tax levied~~
 23 ~~under equal to:~~

24 ~~(A) Section 26-56-201(e) Four cents (4¢) per gallon of~~
 25 distillate special fuel sold or used in the state or purchased for sale or
 26 use in the state that are available for expenditure after any distributions
 27 required by the Arkansas Highway Financing Act of 1999, § 27-64-201 et seq.,
 28 the Arkansas Interstate Highway Financing Act of 2005, § 27-64-301 et seq.,
 29 and the Arkansas Interstate Highway Financing Act of 2007, § 27-64-401 et
 30 seq.; and

31 ~~(B) Section 26-56-802 Five cents (5¢) per gallon of~~
 32 distillate special fuel sold or used in the state or purchased for sale or
 33 use in the state.

34
 35 SECTION 50. Arkansas Code § 27-70-103 is amended to read as follows:
 36 27-70-103. State Highway Special Construction Account.

1 (a) ~~All~~ A portion of the taxes, penalties, and other amounts collected
 2 ~~pursuant to the additional taxes and fees levied in~~ under §§ 26-55-205(b) and
 3 26-56-201(a)(2) shall be classified as special revenues, as described in §
 4 26-55-206(b)(1)(C) and § 26-56-109(2)(B).

5 (b) After deducting ~~therefrom~~ the three percent (3%) for credit to the
 6 Constitutional Officers Fund and the State Central Services Fund as required
 7 by § 27-70-206(1), the Treasurer of State shall transfer the net amount
 8 remaining to the State Highway and Transportation Department Fund to be set
 9 aside in a special account ~~therein~~ to be known as the State Highway Special
 10 Construction Account to be used solely and exclusively by the State Highway
 11 Commission:

12 (1) For construction of roads and highways on the state highway
 13 system; and

14 (2) To provide funds for transfer to the State Aid Road Fund as
 15 may be provided by law.

16 (c) ~~None of these~~ These funds shall not be used for the construction
 17 of highway buildings, ~~for~~ the payment of salaries, ~~for~~ the purchase of
 18 supplies and materials, ~~for~~ highway maintenance, or any ~~other~~ purpose other
 19 than the construction of state highways.

20 (d) ~~All~~ The taxes, penalties, and other amounts ~~collected pursuant to~~
 21 ~~§§ 26-55-205(b) and 26-56-201(a)(2)~~ described in subsection (a) of this
 22 section shall be distributed solely and exclusively for the purposes ~~set~~
 23 ~~forth~~ stated in this section. ~~None of the~~ The amounts shall not be
 24 distributed ~~as provided by~~ under § 27-70-206(2) and (3).

25
 26 SECTION 51. EMERGENCY CLAUSE. It is found and determined by the
 27 General Assembly of the State of Arkansas that the highways, roads, streets,
 28 and bridges of this state are in dire need of construction, reconstruction,
 29 and maintenance; that well-maintained roadways are necessary for economic
 30 development in this state; that applying tax on motor fuel, distillate
 31 special fuel, and liquefied gas special fuel as a percentage of the sale
 32 price is necessary to help pay for the construction, reconstruction, and
 33 maintenance of our roadways because it will allow revenues to grow with the
 34 use of fuel; and that this act is necessary because decreasing fuel prices
 35 have had a negative impact on the revenues available for the construction,
 36 reconstruction, and maintenance of Arkansas roads. Therefore, an emergency

1 is declared to exist, and this act being necessary for the preservation of
2 the public peace, health, and safety shall become effective on July 1, 2015.

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