

Key Points: \$300 Million Long-Term Highway Plan:

- This plan has two parts:
 - 1) An extension of the half-cent sales tax of 2012. This would total **\$205,590,000** a year for highways. (Method - Referred Amendment for 2020)
 - A large portion (roughly 28%) of the current half-cent sales tax goes toward paying off bonds for road projects.
 - By extending the half-cent sales tax, the state is able to shift to a “pay as we go” system.
 - 2) Additional, ongoing funding totaling **\$95,071,995**. (Method - 2019 Legislation):
 - New Index on Gas (+\$0.03) & Diesel (+\$0.06) Prices = **\$58,097,076** (net to State)
 - Additional Registration Fees for Hybrid & Electric Vehicles = **\$1,974,919**
 - Dedicated Casino Tax Revenues & Restricted Reserve Funds or Other General Revenue = **\$35M** minimum, guaranteed
 - In addition to the extension of the half-cent sales tax, other components of this plan, such as the registration fees on hybrid and electric vehicles and the casino tax revenues, have future growth potential.
 - This upward trajectory in funding will provide certainty for our highway program where none previously existed.
 - At \$300 million in increased annual revenue to State Highways, this plan would be the largest in Arkansas’ history.
 - **1985:** Rural Road Program, **\$40 million**
 - **1991:** The Highway Improvement Program, **\$50 million**
 - **1999:** The Interstate Rehabilitation Program (IRP), **\$60 million**
 - **2012:** The Connecting Arkansas Program, **\$175 million**
- **Annual Revenue Increase to State Highways***
- This is a prudent and responsible plan.

- While the state is providing additional funding from General Revenue for this plan, it is important to note that the long-term funding will come from the new revenue stream provided by the passage of the Casino Amendment.
- By dedicating casino tax revenues, we are able to protect other essential services, like education, public safety, and prisons from any funding interruption.
- The new index on gas and diesel prices mentioned above are commonly referred to as a “user fee.” That means that those who use state highways most often will pay more than those who do not.
- Unlike the income tax, which is taken directly from a person’s income, a “user fee” focuses on those who use our road system.
- Over the last four years, Governor Hutchinson has cut more than \$150 million in income taxes for low- and middle-income categories. (2015: \$100 million cut for middle income; 2017: \$50 million cut for lower income)
- Even with the increase in user fees from this highway plan, all taxpayers will have an overall tax reduction this year and next with the decline in the grocery tax and the \$50 million low-income tax relief that goes into effect this year.
- In addition to the \$300 million to the Highway Department, cities and counties will receive \$110 million annually to help maintain local streets and roads.