

**2009 Transportation Legislative Issues**  
**Prepared for the Northwest Arkansas Regional Mobility Authority Board**

**Federal Level**

**Economic Stimulus Package:**

President-elect Barack Obama has indicated the country needs an infrastructure program in light of our country's major economic downturn. He said he wants projects that could be funded immediately to provide the quickest impact on the economy.

This proposed Stimulus package could mean more than \$120 billion nationwide for highway projects, including bridge or roadwork that could be started within 180 days. The Arkansas Highway and Transportation Department (AHTD) has 130 projects totaling nearly \$1 billion that could be let to contract in a short period of time. These projects have been dubbed "ready-to-go" or "shovel-ready" but are unfunded. Projects have been submitted to the Federal Highway Administration and the Governor's Office.

If Congress approves the federal stimulus proposal, it is anticipated that Arkansas stands to reap approximately \$350 million and could put as many as 35,000 Arkansans to work.

**What this means for Northwest Arkansas?**

Of the AHTD "ready-to-go" project list, approximately 36% of the projects are in Northwest Arkansas including the Bella Vista Bypass and I540 improvements.

**State Level**

**Severance Tax:**

During the Special Legislative Session in April 2008, the legislature approved an increase in Severance Tax to be dedicated to highway improvements. Ninety-Five percent of the tax will go to Arkansas roads. Five percent will be deposited in general revenue. Governor Beebe said that he hopes the money will follow the cars, but will take into consideration certain areas where new roads are important for economic development. The higher severance tax went into effect January 1, it is estimated that it will generate \$9 million to \$15 million in gas tax revenue during the first six months of the year.

During the legislative session it will be key to protect the severance tax revenues and make sure they are not diverted to other activities and programs.

**Regional mobility fund:**

The Northwest Arkansas State Legislative Agenda supports funding to reward regions that have proactively worked to identify funding sources for regional infrastructure projects. A regional mobility fund could also be used to incentivize other regions to establish regional funding strategies for infrastructure projects. Funds could be deposited in a regional mobility fund to assist with: financing of regional transportation projects and funding regional airport improvements.

**Other Transportation related issues:**

\$150k in GIF funds for the non-federal match on the Western Beltway study

Transportation needs study to include exploring funding alternatives is said to be in the works and will probably be introduced by Representative Maxwell, D-Monticello.

Representative Donna Hutchinson, R-Bella Vista has filed HB1012 which would require additional reporting on highway funding. Hutchinson has questioned whether the state is getting the most relief of congestion per road dollar.

**HB1012 amends Arkansas Code Title 27, Chapter 65, Subchapter 1 to add an additional section, ACA §27-65-144 which would require additional reporting on highway funding. Specifically, HB1012 would require the Director of the Arkansas State Highway and Transportation Department to provide a report to all members of the General Assembly detailing:**

- (1) The location of the ten (10) most congested routes in urban areas;
- (2) The location of the ten (10) most congested routes in rural areas;
- (3) The location of the three (3) most dangerous transportation areas in the state in regard to collisions and fatalities or the potential for collisions and fatalities, including without limitation bridges, highways, roads, or intersections;
- (4) The expenditure per person of state and federal highway funds, including discretionary funds, in each congressional district over the last ten (10) years;
- (5) The expenditure per person of state and federal highway funds, including discretionary funds, in each State Highway Commission district over the last ten (10) years;
- (6) The number of miles of the state highway system that are in each congressional district; and
- (7) The number of miles of the state highway system that are in each State Highway Commission district.

The report would be due upon the convening of the General Assembly at each regular session and fiscal session. HB1012 includes definitions for “congested route”, “peak usage time” and “discretionary funds” for purposes of the proposed added section.

### **Pros for transportation issues**

Benton and Washington counties have formed the first and so far the only regional mobility authority in the state. A regional mobility authority could possibly make it easier for an area to receive federal funds.

Representative Jonathan Barnett, R-Siloam Springs, is the immediate past chairman of the Highway Commission. His replacement on the commission is Dick Trammel of Rogers. Representative Uvalde Lindsey, D-Fayetteville, is a former staff member for the Northwest Arkansas Regional Council whose priorities include advocating transportation and infrastructure improvements. The Northwest Arkansas state legislative delegation should be well represented in any legislative discussion about highways.

Rep. Barnett and House Speaker Robbie Wills, D-Conway, have said that while there are several other legislative priorities in the upcoming session, they hope this session will give lawmakers a chance to lay the groundwork for future discussions on highway funding.

### **Cons for transportation issues**

Roads will not be a priority for the 2009 Legislative Session. The General Assembly has several legislative priorities unrelated to transportation that will be addressed including: additional 1 cent cut to the state sales tax on groceries; addressing Medicaid programs, prisons and other state services if revenue does not exceed the administrations forecast for the next fiscal year; Arkansas Scholarship Lottery; and a proposed healthcare package funded by a cigarette tax.

The unknowns regarding the state and national economy.

AHTD is funded by a fuel tax, which is a flat-rate tax that has not kept pace with either highway needs or inflation. All the more reason why we must assure that road money should “follow the cars”. A concept that the the Beebe administration and other elected officials have supported in concept.

### **Looking to the future**

**2010 Bond issue** - Another possibility for more road money is a bond issue. While Governor Beebe indicated that he’d likely ask voters in 2010 to approve another bond program to pay for road improvements, Beebe said that calling a bond election anytime soon would be a problem because of the uncertain economy.

Voters in June 1999 approved a five-year \$1 billion interstate highway reconstruction plan to fix 372 miles of the state’s 589 miles interstate highway system. Elected officials and Highway Commissioners have indicated that asking voters to back another bond package in the middle of a recession probably wouldn’t be a wise move politically.

**Other RMA’s are formed in the state**