Arkansas Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Levy real property taxes.

• Form special districts for the following purposes: fire protection, community park maintenance, sanitation, and hospitals. Creation of one of these districts is by an appropriate petition.

• Levy personal property taxes at rates higher than those of real property if maintaining its personal property tax rates at that level is necessary to meet requirements associated with bonded indebtedness.

• Levy a 0.25 percent sales and use tax for the purpose of building and maintaining public transportation facilities if the tax receives the approval of a majority of qualified voters in an election. Additionally, a county may impose a sales and use tax in increments of 0.25 percent not to exceed 1 percent for any combination of the following purposes: a solid waste management system, repayment of bonds, maintenance of capital improvements, and acquisition or construction of capital improvements.

Mandated/Authorized Transportation Authority:

• County quorum courts have authority to lay out, construct, maintain, vacate, and operate county roads, bridges, and parking structures.

• The county quorum court may also establish authorities to provide public transportation to county residents, including bus, electric rail, and subways. The authority, as a body politic and corporate, may contract debt, issue bonds, and levy taxes to fund public transportation efforts. In addition, it may charge reasonable rates for the use of such facilities.

• The county may operate the airport regionally as a joint-venture with other counties and municipalities. Counties may create commissions and appoint members thereof to manage the lands, facilities, and funds associated with airports.

• A county may levy a tax on the ownership of motor vehicles for the privilege of using public roads within the county.

• Counties do not have the authority to levy additional taxes on motor fuel.

## **Funding Sources for County Transportation Projects:**

• Each county receives a portion of the revenues from state taxes on motor fuel. It must use its revenues for the construction and maintenance of rural state highways.

• Funds that are available for the State Highway Department are the State Highway Department Fund (RRA) and the State Aid Road Fund (RRB). State Aid Road fund is matched 90 percent state and 10 percent local.

• 47 percent of total State Highway Department funding is from federal aid from the FHWA, and 46 percent is from state Motor User Taxes and Fees.

• The remaining funding is from city and county deposits, miscellaneous income, general revenue surplus, federal aid from the FTA, and other federal aid.

• In 2008 - 2010, Arkansas Gross Highway User Revenues totaled $1.2 billion. Counties and cities received 27 percent of total revenues, or $337 million.

• In 2010, County revenue accounted for 5 percent of total construction funds. City revenue accounted for 1 percent, state revenue 19 percent and federal revenue 75 percent.

## **Challenges in Funding and Financing Transportation Projects:**

## **Innovative Solutions to Funding and Financing Challenges:**