



# Oklahoma State Senate

# Legislative Brief

June 1998

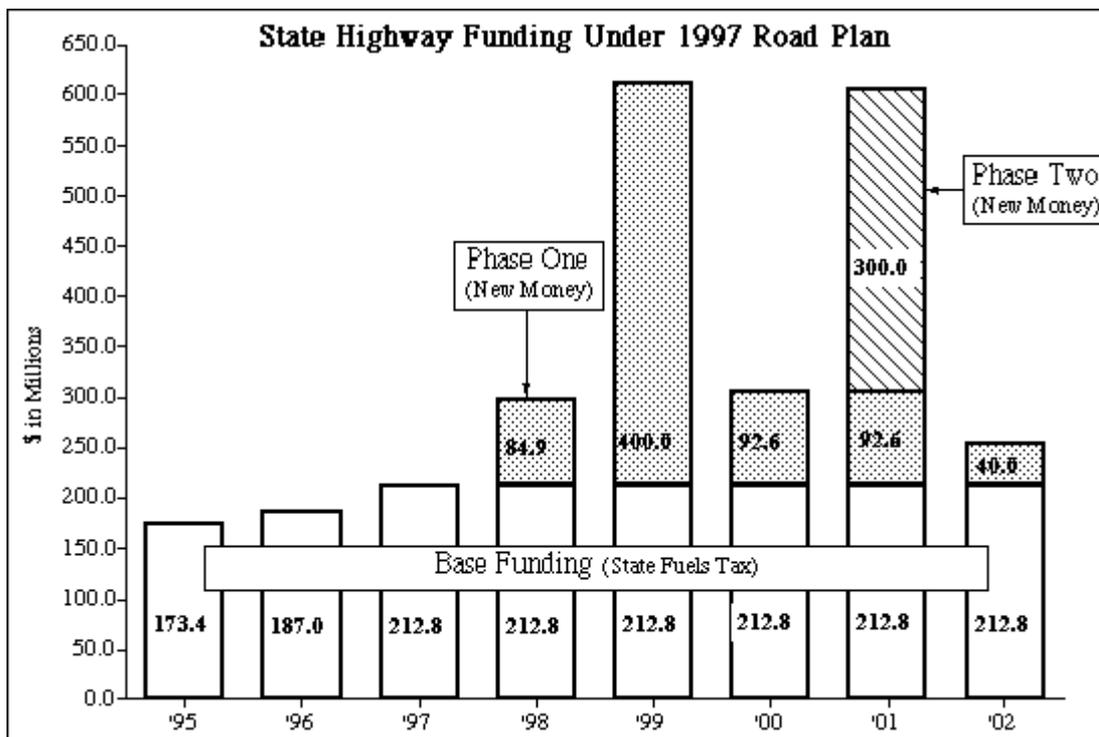
## Highways

### Issue Background

The Oklahoma Department of Transportation in 1995 released a comprehensive highway needs study which concluded that there was a \$4.57 billion backlog of construction needs for state highways. At that time, state fuel taxes were the only significant source of revenues for highway construction, and projected fuel tax growth of 2% annually was inadequate to bridge the gap between revenues and needs.

### Summary of Actions

To address this funding shortfall, the Legislature in 1997 adopted HB 1629, a 5-year plan to provide \$1.01 billion in new revenues for highway construction. This plan is the state's largest capital improvement plan ever approved. Using a combination of appropriated funds and bond sale proceeds, HB 1629 will nearly double the amount spent for state highway construction over the next five years. HB 1629 authorized a specific list of road projects to be accomplished with the new funding.



Of the \$1.01 billion total, \$560 million is provided as direct appropriations to ODOT and \$450 million is bond financing. The \$1.01 billion funding is divided into two phases:

- Phase 1 provides for funding of \$710 million in specific road projects listed in the bill. Of the total, \$410 million will be directly appropriated over 5 years to provide cash, and \$300 million will be generated by the sale of revenue bonds.
- Phase 2 provides for funding of \$300 million in unspecified road projects. Phase 2 provisions are contingent on reevaluations of highway needs and economic performance. Of the total, \$150 million is direct appropriations and \$150 million is bond financing.

In 1997 the Legislature appropriated \$84.9 million for first-year costs of HB 1629.

**FY'99 Funding of the 1997 Highway Plan****HB 3048**

The Legislature in 1998 kept its commitment to the 5-year road program authorized by HB 1629. This year, HB 3048 appropriated \$80 million from the Constitutional Reserve Fund and \$45 million from other funds to the Department of Transportation, most of which is earmarked for second-year costs of HB 1629. Of the total new money, \$28 million will pay debt service costs of a \$300 million bond sale that is anticipated to be completed in July 1998.

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