



HB 394 — INVESTING IN ALABAMA'S FUTURE

Safe and effective road and bridge infrastructure is essential to keeping Alabama economically competitive. Quality infrastructure is paramount to attract and retain job creators, keep drivers and passengers safe, and maintain a high quality of life for our citizens. Alabama's competitiveness is suffering because of reduced buying power due to three factors: inflation, increased costs of construction and maintenance, and decreased fuel usage based on more fuel-efficient vehicles.

KEY STATISTICS:

Road Conditions: Nearly 50 percent of Alabama state highways are in fair, poor, or very poor condition (ASCE).

Long-Term Economic Growth: In a 2013 survey, corporate executives ranked highway accessibility as the second-most important factor when selecting a new site (Area Development Magazine).

Return on Investment: Each dollar spent on road, bridge, and highway improvements in Alabama results in an average benefit per person of \$5.20 (FHWA).

Vehicle Maintenance Cost: Driving on roads in need of repair costs each Alabama motorist an average of \$320 per year in additional vehicle operating maintenance (ASCE).

State Responsibility: We must manage our own infrastructure – the federal government cannot provide a long-term solution to transportation funding challenges.

Fatalities: Alabama ranked 5th for states where drivers are more likely to be involved in a fatal traffic accident (Yahoo! Travel). A total of 4,293 people died on Alabama's highways from 2010 through 2014, an average of 859 annually (TRIP).

HB 394 SUMMARY:

Dedicated: Deposits all new revenue generated by the bill into the Alabama Transportation Safety Fund as established in SB 180 (see back for more details).

Regionally Competitive: Establishes the average of Alabama's border states' gas tax as the benchmark for our gas and diesel taxes using the totals as determined by the American Petroleum Institute. Currently, that average is 26 cents, which would result in an increase of 6 cents per gallon in diesel and gasoline effective Oct. 1, 2016.

Sustainable: Provides for benchmarking of the rate of Alabama's gasoline and diesel fuel taxes into the future by maintaining the linkage between Alabama's tax rates and those of the border states. The adjustment would take place in October of 2019, 2023, and 2027.

Accountable: The adjustment could be blocked by a vote of the legislature via a Joint Resolution.

Fair: Provides for an additional tag fee on "alternative fuel" vehicles of \$100 for personal vehicles and \$150 for commercial vehicles. This amount represents approximately half of the annual amount of gasoline tax that would be paid by these vehicles if they utilized only petroleum products.

Reform: Requires any future local laws regarding local fuel taxes to be voted on the ballot via a public referendum. Also, allows for a public referendum at the county level on a local tax of 2 cents per gallon should the legislature block the benchmarking in future years as outlined above.

Responsible: It further includes language ensuring that there is no reduction in county road programs as they exist today. This means local governments cannot divert existing road program revenues for other non-road and bridge projects.



SB 180 — ALABAMA TRANSPORTATION SAFETY FUND

SB 180 reforms the current system of managing, operating, and investing in Alabama's roads so that it creates transparency, accountability, and oversight of state transportation expenditures. During these tough economic times, taxpayers, especially small businesses, are already carrying a heavy burden. With that in mind, we must ensure that the benefits of all revenue proposals outweigh the costs for taxpayers.

SB 180 ensures that 100% of any new revenue must be fully dedicated to road and bridge construction and maintenance. The revenue is also protected from diversions to other state programs or agencies.

SB 180 SUMMARY:

Responsible: The Alabama Department of Transportation (ALDOT), counties, and municipalities would be required to use funds on road and bridge projects and not on salaries or administrative expenses.

Transparent: ALDOT would be required to announce annual projects and post quarterly progress reports on its website. Counties and cities would be required to adopt annual plans that identify the road and bridge projects for the year, and post the plans throughout the district. County and city engineers must provide annual written reports detailing the expenditures made during the prior fiscal year.

Local Priority: Provides the first \$32 million of any increase in revenue to counties via the Alabama Transportation Rehabilitation Improvement Program (ATRIP) that would allow for an additional ATRIP program of up to \$300 million to expedite construction in every county.

Consistent: After the first \$32 million in new revenue, the current distribution formula between the state, counties, and cities will be followed: 65.9 percent to the state and 34.1 percent to counties and cities.

Local Sustainability: If a growth or indexing component is included for new revenue, the ATRIP element would be expanded further to allow for an additional \$32 million for local projects.

Equitable: Provides for \$500,000 to be distributed to each county. The funds must be let via contracts, in lieu of the \$533,000 in federal dollars each county gets currently in order to provide more certainty and flexibility to counties.

Accountable: Expands the ATRIP Committee to include local government and business representatives.

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