Investing in Alabama’s Future
What is AAI?

The Alliance for Alabama’s Infrastructure (AAI) is a grassroots advocacy coalition that promotes financially-responsible investment in Alabama’s infrastructure system.

• Over 100 businesses, local chambers, and professional associations
• More than 10,000 citizens

Objectives

1. Inform and engage the public and the business community

2. Communicate transportation needs to the Legislature and others

3. Promote a plan that protects Alabama citizens, increases Alabama’s economic competitiveness and improves quality of life in our state
The Situation We Face

**Roads**
- **D+** – The failing grade Alabama’s roads received in 2015
- **19%** – Of Alabama’s major urban roads are in poor condition
- **21%** - Of Alabama’s interstates and freeways are congested

**Bridges**
- **C–** – The near failing grade Alabama’s bridges received in 2015
- **1,200** – Number of structurally deficient bridges in Alabama
- **199** – Number bridges in Alabama that school buses must detour around due to weight restrictions
- **Over 15 million** – Number of vehicles that pass over a structurally deficient or functionally obsolete bridge each day in Alabama
The Cost of Doing Nothing Isn’t Zero

Economic Growth and Jobs

• **#1 Most Important Factor** is what corporations rank a quality transportation system and highway accessibility when considering a new site location.

• **940,353 Full-time Jobs in** Alabama are completely dependent on the state’s transportation network.

• **$436 billion in goods** are shipped annually to and from Alabama businesses using the state’s surface transportation system (TRIP).

• **$1.00 = $5.20** is the return on investment received for each dollar spent on road, highway and bridge improvements (FHWA).
What’s happened to transportation funding?

Alabama’s Fuel Tax
- Provides nearly 80% of state funding
- 18-cents per gallon on gas
- 19-cents per gallon on diesel
- 5th Lowest in the U.S.
- Hasn’t changed since 1992 (Over 26 years)

Key Factors that have crippled our gas tax
1. Inflation and Construction Costs – the rest of the economy has left our user fee in the rearview mirror
2. More Fuel Efficient Vehicles – great for the environment and our wallets, but ultimately bad for our roads
How Does Alabama Compare?

Gasoline and Diesel Taxes and Fees FY 2019 (State rates only)

<table>
<thead>
<tr>
<th>State</th>
<th>Diesel Tax</th>
<th>Gas Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH CAROLINA</td>
<td>34.5</td>
<td>34.5</td>
</tr>
<tr>
<td>FLORIDA</td>
<td>31.8</td>
<td>30.9</td>
</tr>
<tr>
<td>GEORGIA</td>
<td>30.9</td>
<td>27.7</td>
</tr>
<tr>
<td>TENNESSEE</td>
<td>28.4</td>
<td>27.4</td>
</tr>
<tr>
<td>KENTUCKY</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>SOUTH CAROLINA</td>
<td>22.75</td>
<td>22.75</td>
</tr>
<tr>
<td>ARKANSAS</td>
<td>22.8</td>
<td>21.8</td>
</tr>
<tr>
<td>LOUISIANA</td>
<td>20.1</td>
<td>20.1</td>
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<tr>
<td>MISSISSIPPI</td>
<td>18.4</td>
<td>18.4</td>
</tr>
<tr>
<td>ALABAMA</td>
<td>19</td>
<td>18</td>
</tr>
</tbody>
</table>
Alabama’s Funding Timeline

1992
- The Alabama Legislature passes a law to increase the state excise tax on fuel by an amount of 5 cents per gallon. This is the last time Alabama increased its flat rate fuel tax.

2010
- The AL Legislature passed and placed on the General Election ballot a statewide referendum which would borrow $1 billion over ten years from the Alabama Trust Fund to be divided up regionally for transportation projects. The ballot measure failed by a vote of 57% to 43%.

2015
- During a second special session, a bill was introduced to increase the fuel tax by 5 cents per gallon initially and then index to CPI. The bill was carried over after a public hearing in the House committee.

2016
- A bill is introduced to increase the state fuel tax by 6 cents per gallon, generating an estimated $180 million in new annual revenue. This bill passed out of the House Transportation Committee, but never received action on the House floor.

2017
- A bill is introduced to increase the state fuel tax by a total of 9 cents per gallon. The new revenue would be dedicated to funding two separate $1.2 billion bond issues, one for ALDOT and one for local governments. The bill passed out of the House Transportation Committee and was debated on the House floor before being carried over and never revisited.
Alabamians Want to Invest

• **96 percent** – Believe that providing a quality infrastructure system is an essential role of government.

• **Nearly 85 percent** – Agree that increasing funding for roads and bridges will help bring more businesses to AL and create jobs.

• **81 percent** – Believe increasing funding for roads and bridges will improve the quality of life in local communities by improving the safety of our infrastructure and reducing congestion.

• **Over 70 percent** – Say we do not adequately fund our state infrastructure system.

• **59 percent** – Support an increase in the state gas tax as long as it is spent only on construction and maintenance purposes and adequately addresses our significant transportation issues.
How Can We Fix the Problem?

Bipartisan, Dual-Chamber, Statewide Effort
• Unified plan that benefits all legislative districts in Alabama
• And addresses both state and local transportation needs

Ensure a funding plan:
• Sends the revenue where it needs to go and those funds are spent wisely
• Provides long-term and adequate funding
• Includes accountability and transparency measures
• Increases Alabama’s regional competitiveness
• Provides stable funding which will allow us to invest in the next generation of Alabamians
2019 Legislative Outlook

• Strong support from Governor Ivey

• House and Senate leaders are championing the effort

• New legislative members are informed and educated on the issue

• #1 policy issue across the state right now

• Lots of information will be hitting in February
Preparing for 2019

Additional Research
• 2019 TRIP study on Alabama’s road and bridge system and how it’s affecting Alabama drivers

Grassroots Network
• Continue to build the AAI grassroots network across the state
• Continue to be a resource for local chambers and other local groups to utilize

AAI Advocacy Campaign
• Significant online and social media campaign which will ramp-up towards the end of 2018

#FixALroads
Due to poor road quality, the average Alabama driver spends $320 in additional vehicle operating maintenance cost per year.

"The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost."
-President Ronald Reagan
ALABAMA ROAD AND BRIDGES

Road Congestion
Over the past 20 years, Alabama’s population has grown by 30 percent, rising from 4 million residents to 4.8 million. During that same time, vehicle travel in the state has increased by 59 percent. Greater urban areas have seen an increase in their residents’ ability to allow traffic to flow efficiently. This is mainly due to the fact that Alabama’s total lane miles have grown 3 percent during that time.

21% of Alabama’s interstates and highways are congested.

$63 billion is lost nationally to traffic congestion annually. 95 billion hours are spent in stopped traffic and 850 billion miles are driven in congested traffic. In 2020, the average cost per hour was $10.52 in urban areas and $12.01 in rural areas.

It’s Real - Bad Roads Cost Drivers Driving or defective roads costs Alabama drivers a total of $54.2 billion annually. In the form of additional, vehicle-related costs ($1.3 billion a year), congestion-related delays ($1.3 billion a year) and traffic crashes ($1.3 billion a year) to the 2017 TRIP report. The report also detailed the average cost per driver and hours lost to congestion on all the state’s major urban areas, which is presented in the table below.

<table>
<thead>
<tr>
<th>Area</th>
<th>Delayed Time (hrs)</th>
<th>Time Lost (hrs)</th>
<th>Lost Income (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>1,322</td>
<td>28,896</td>
<td>500,000</td>
</tr>
<tr>
<td>Huntsville</td>
<td>1,322</td>
<td>28,896</td>
<td>500,000</td>
</tr>
<tr>
<td>Mobile</td>
<td>1,322</td>
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<td>500,000</td>
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J pens cents per hour, millions dollars loss, hours lost, 24 hours, and 1,000,000,000,000.

THE NEED TO INVEST

Road and Bridge Needs in Alabama
Due to Alabama’s fuel tax not being updated over the past 25 years, Alabama’s road and bridge needs at the state, county, and local level have not been addressed. More road and bridge projects will be done in the next 15 years than the past 25 years with only $1 billion of Alabama’s $2.3 billion worth of road and bridge expenditures.

What is Alabama’s transportation funding deficit?
Alabama has not used a method that will fund transportation needs. To address this, $6.4 billion is needed in transportation funding to address the Alabama transportation system. Below are estimated funding shortages that display many of the road and bridge needs. In a study performed by the Alabama Transportation Institute on our state’s transportation infrastructure, a report was identified as the Alabama’s deficit and need to invest an additional $16 million in its transportation system to remain competitive with other Southeastern states.

<table>
<thead>
<tr>
<th>Minimum amount needed annually to be competitive with other Southeastern states</th>
<th>$480 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional annual amount needed to bridge funding to address critical bridge needs</td>
<td>$160 million</td>
</tr>
<tr>
<td>Additional annual amount needed to fund future transportation debt service</td>
<td>$140 million</td>
</tr>
<tr>
<td>Annual shortfall Alabama counties face to fund basic local road and bridge maintenance</td>
<td>$190 million</td>
</tr>
</tbody>
</table>

Facts About the Gas Tax

The Facts on Alabama’s Gas Tax
Alabama’s fuel tax revenue provides nearly 80 percent of state funding for transportation. Alabama’s gas tax has remained 18 cents per gallon, while its diesel fuel tax 19 cents per gallon, since 1992 when last adjusted by the state legislature. The federal tax on gasoline is 18.4 cents per gallon and 24.4 cents per gallon on diesel. The states and cities in Alabama additionally have implemented local taxes at fixed or variable rates.

The chart below reflects state and federal gas rates for the Southeastern states. As you see, Alabama’s gas rate is the lowest in the Southeast and its diesel rate is the second lowest. And when you compare two with the fact that Alabama has a higher tax rate than many of the other southeastern states, then you find that Alabama’s low gas rates may be one reason for some of Alabama’s transportation infrastructure.

Gasoline and Diesel Taxes and Fees FY 2019 (State rates only)

<table>
<thead>
<tr>
<th>State</th>
<th>Gasoline Rate</th>
<th>Diesel Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>18.0 cents</td>
<td>19.0 cents</td>
</tr>
<tr>
<td>Florida</td>
<td>25.6 cents</td>
<td>28.0 cents</td>
</tr>
<tr>
<td>Georgia</td>
<td>25.7 cents</td>
<td>28.0 cents</td>
</tr>
<tr>
<td>North Carolina</td>
<td>27.3 cents</td>
<td>29.0 cents</td>
</tr>
<tr>
<td>South Carolina</td>
<td>25.0 cents</td>
<td>27.2 cents</td>
</tr>
<tr>
<td>Tennessee</td>
<td>22.0 cents</td>
<td>24.0 cents</td>
</tr>
<tr>
<td>Virginia</td>
<td>26.0 cents</td>
<td>28.0 cents</td>
</tr>
</tbody>
</table>

Excluding federal and local gas tax rates, Alabama has the lowest gas rate in the country. It is the 9th lowest state gas tax rate in the entire country.
GET ENGAGED!

Visit: https://www.alabamaroads.org/join

Or

Fix Our Roads Alabama on Facebook