



**Alliance for Alabama's
Infrastructure**

**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**



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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).



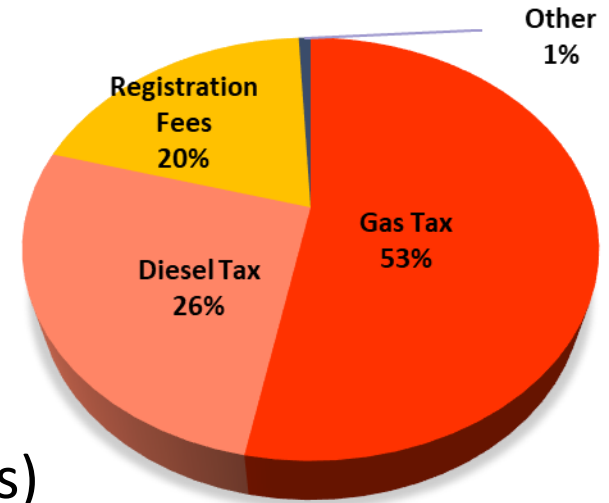
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What's happened to transportation funding?

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)

Alabama Transportation Revenue Sources



Key Factors that have crippled our gas tax

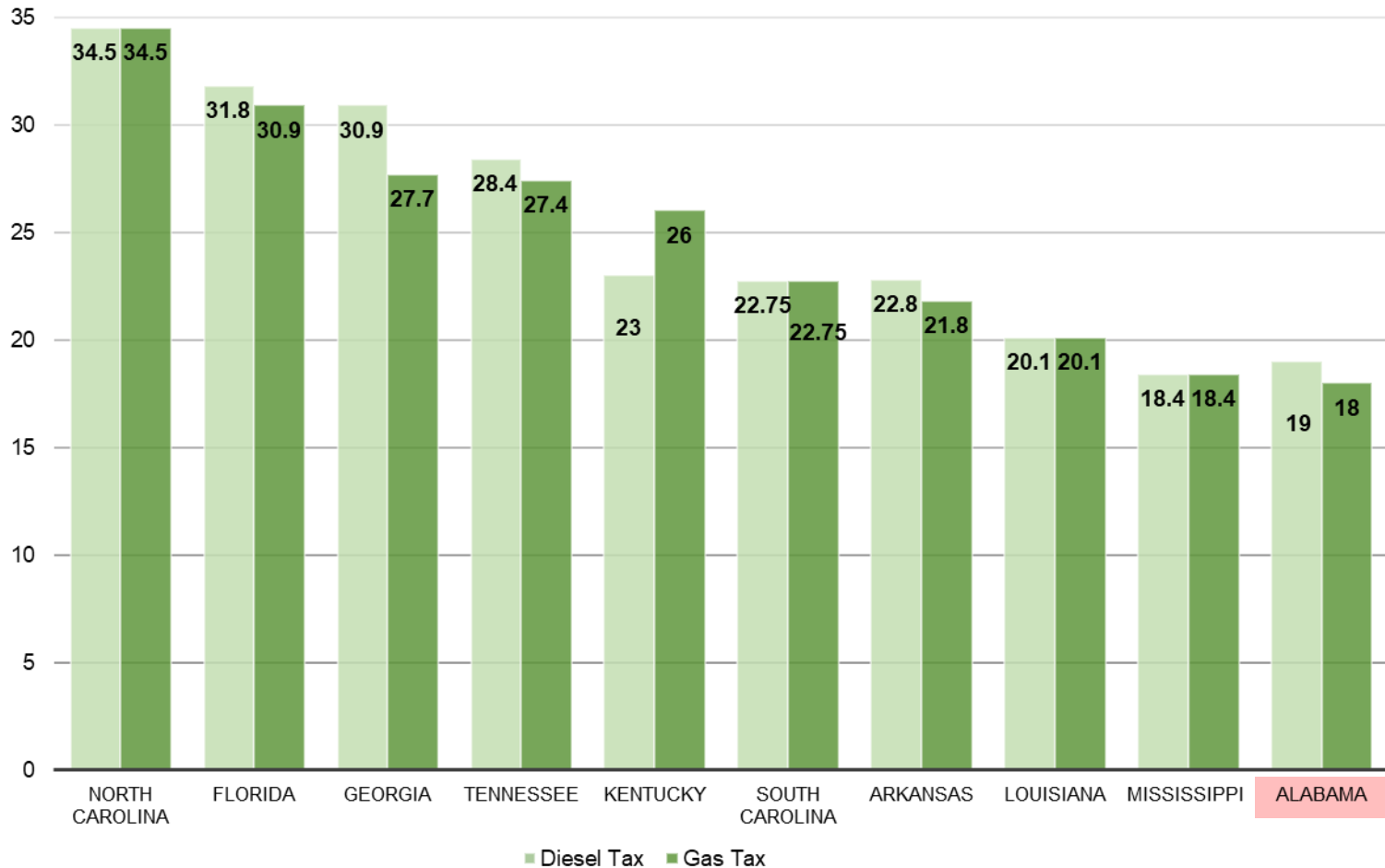
1. Inflation and Construction Costs – the rest of the economy has left our user fee in the rearview mirror
2. More Fuel Efficient Vehicles – great for the environment and our wallets, but ultimately bad for our roads



Competing with Other States

How Does Alabama Compare?

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



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.



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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.



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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



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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



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

 **#FIXOURROADSAL**

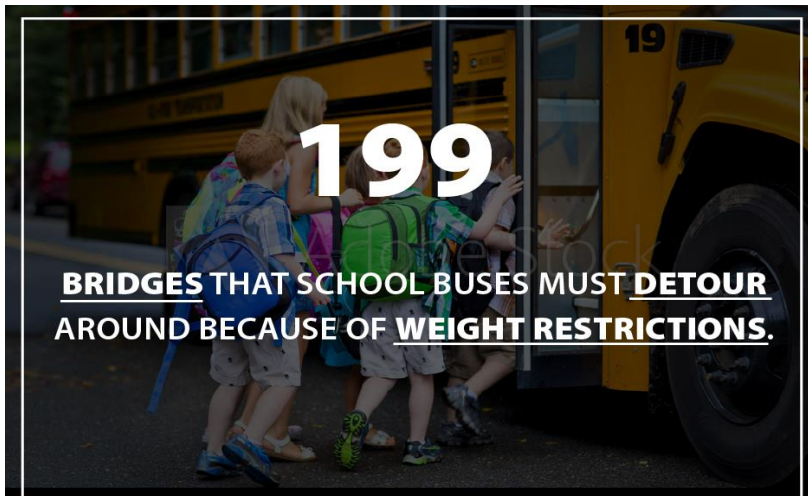


"The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost."

-President Ronald Reagan



 **#FIXALROADS**

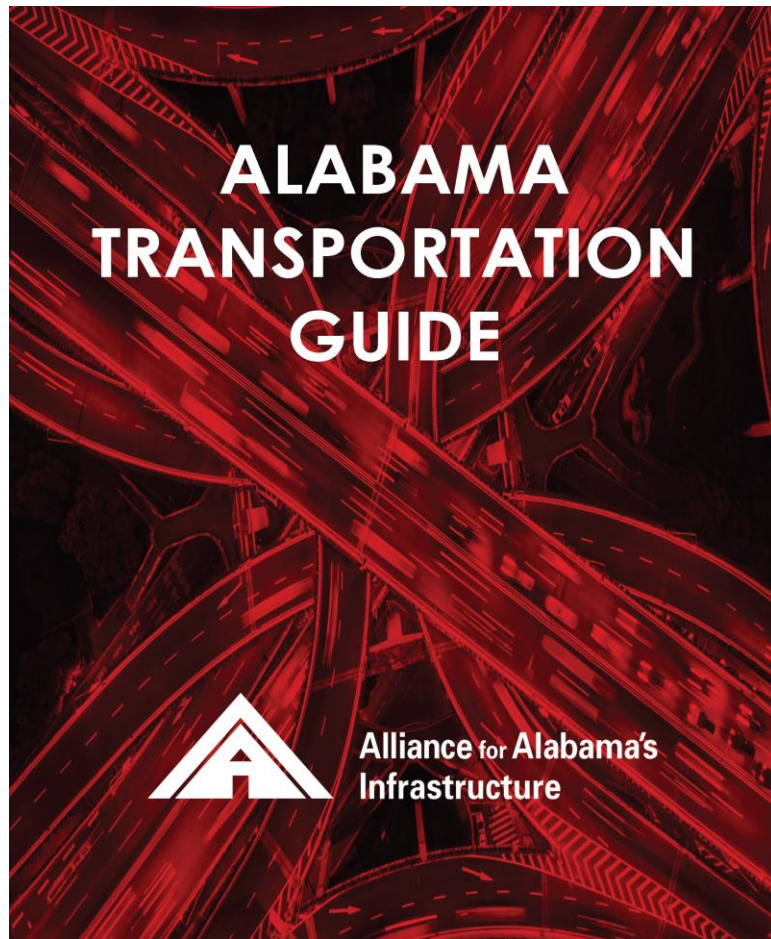


**BRIDGES THAT SCHOOL BUSES MUST DETOUR
AROUND BECAUSE OF WEIGHT RESTRICTIONS.**

 **#FIXALROADS**



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ALABAMA'S ROADS AND BRIDGES

Road Congestion
Over the past 25 years, Alabama's population has grown by 20 percent, rising from 4 million residents to 4.8 million. During that same time, vehicle travel in the state has increased by 54 percent placing serious strain on our road network's ability to allow traffic to flow efficiently. This is mainly due to the fact that Alabama's total lane miles have only grown 3 percent during that time.

21% of Alabama's interstates and freeways are congested

\$63 billion is lost nationally in freight costs each year due to traffic congestion

Annually, \$436 billion in goods are shipped to and from sites in Alabama, mostly by truck. Increasing levels of congestion add significant costs to consumers, freight companies, manufacturers, and others and can reduce the attractiveness of a location to a company when considering expansion or where to locate a new facility.

Congested roadways in Alabama as of 2010

Source: ADOT 2010 Statewide Transportation Plan

It's Real - Bad Roads Cost Drivers

Driving on deficient roads costs Alabama drivers a total of **\$4.2 billion annually** in the form of additional vehicle costs (\$1.5 billion a year), congestion-related delays (\$1.2 billion a year) and traffic crashes (\$1.5 billion a year) to the 2017 TRB report. The report also detailed the average cost per driver and hours lost to congestion on one of the state's largest urban areas, which is provided in the table below.

Annual Cost to Drivers in Alabama Urban Areas			
	Vehicle Op. Costs	Safety	Congestion
Birmingham	\$48.7	\$28.5	\$89.1 / 34 hours
Huntsville	\$6.19	\$196	\$510 / 23 hours
Mobile	\$3.79	\$388	\$670 / 30 hours
Montgomery	\$391	\$352	\$553 / 24 hours

Source: TRB, Alabama Transportation by the Numbers: Meeting the State's Need for Safe, Smooth and Efficient Mobility

FACTS ABOUT THE GAS TAX

The Facts on Alabama's Gas Tax
Alabama's fuel tax revenues provide nearly 80 percent of state funding for transportation. Alabama's gas tax has remained 18 cents per gallon, and its diesel fuel tax 19 cents per gallon, since 1992 when last adjusted by the state Legislature. The federal excise tax on gas is 18.4 cents per gallon and 24.4 cents per gallon on diesel. Various counties and cities in Alabama additionally have implemented local taxes on fuel at minimal levels.

The chart below reflects state only gas and diesel tax rates for the Southeastern states. As you can see, Alabama's gas tax rate is the lowest in the Southeast and its diesel tax rate is the second lowest. And when you couple that with the fact that Alabama has a smaller tax base than many of the other southeastern states, then you find that Alabama trails many of its sister states in transportation investment on an annual basis. In fact, **Alabama ranks 8th in the Southeast in state highway resources per capita.**

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

Excluding federal and local gas tax rates, Alabama has the lowest gas tax rate in the southeast and the 5th lowest state gas tax rate in the entire country.

Gas Tax?
In about a gas tax increase is that the burden completely rests on the Alabama citizens, which is not the case. The state and business community pay the majority of the fuel tax revenues and a large portion of fuel out-of-state drivers who use our roads and bridges quite frequently. Currently, the fuel tax is the out-of-state drivers pay their fair share for using Alabama's transportation system. In the graph percentage breakdown of the different taxpayer segments and how much of the fuel tax revenues

THE NEED TO INVEST

Road and Bridge Needs in Alabama
Due to Alabama's fuel tax not being updated over the past 26 years, Alabama's road and bridge needs at the state, county and city level have risen to levels too great to comprehend. And each year we don't implement a plan that increases road and bridge funding to address many of these projects only causes the price tag to grow. The more we delay, the more we pay.

How much revenue does one penny increase in the fuel tax raise?

Estimated amount of revenue raised for every 1-cent per gallon increase in the fuel tax: **\$30-32 million**

What is Alabama's transportation funding deficit?
Alabama has vast road and bridge needs that can only be addressed by investing additional revenue into Alabama transportation system. Below are estimated funding shortages that display many of the road and bridge needs across our state.

In a study performed by the Alabama Transportation Institute on our state's transportation infrastructure, preliminary results indicate Alabama will need to invest an additional \$640 million a year in its transportation system to remain competitive with other Southeastern states.

Minimum amount needed annually to be competitive with other Southeastern states: **\$640 million (Equivalent to a 20-cent increase in the fuel tax)**

Other Transportation Funding Needs in Alabama

- Annual shortfall Alabama counties face to fund basic local road and bridge maintenance: **\$190 million**
- Additional annual amount needed in bridge funding to address critical bridge needs: **\$130 million**
- Additional annual amount needed to fund future transportation debt service: **\$114 million**

GET ENGAGED!



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Or

Fix Our Roads Alabama on Facebook