

# STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

## ALABAMA COUNTIES

### FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

#### From State funds:

- Each county receives a portion of the revenues from a state tax on gasoline, including separate 5 cent, 4 cent, and 7 cent gasoline excise taxes, and the petroleum products inspection fee. These revenues are distributed to counties in proportion to their population, and the revenue must be used for highway purposes.
- Each county receives the revenues collected within the county from a state tax on the severance of raw materials levied at a rate of \$0.10 per ton of materials sold. A county must use revenues from this tax for construction and maintenance of county roads unless it specifies another relevant project such as the upkeep of bridges or the reclamation of lands from which the materials have been severed.
- The state transferred federal funds and about 7 percent of total state funds (\$34 million) to the Alabama Transportation Rehabilitation and Improvement Program (ATRIP) fund, in which counties can apply for funding of local roadway projects. ATRIP raised \$1 billion through the use of so-called GARVEE bonds, which allow the state to leverage future federal funds by making payments for current local transportation projects.
- Counties and cities receiving ATRIP funding must provide a match of 20 percent of the total project cost. Some counties took advantage of an additional layer of the ATRIP Program called the Rural Assistance Matching Program (RAMP). Counties could opt to receive \$1 million in state funds to match \$4 million in federal funds through ATRIP. Each RAMP County was also given the opportunity to claim an additional \$1.6 million in ATRIP funds provided they could commit a \$400,000 local match.
- Counties receive 10 percent of total funds in the Alabama Trust Fund, half of which may be spent on the construction, maintenance, reconstruction, restoration or resurfacing of county roads and bridges.

#### From Federal funds:

- About 5 percent of total federal transportation funds that go to the state (\$35 million) are distributed to counties, or about \$533,000 per county.
- Seventeen (17) counties with federal forest lands receive Secure Rural Schools and Community Self-Determination (SRS) Act funds, 50 percent of which must be dedicated to road maintenance with the remaining 50 percent going towards schools.

Share of County Owned <b>Road Miles</b> Out of Public Roads Statewide	<b>61%</b>
Share of County Owned <b>Bridges</b> Out of Public Bridges Statewide	<b>54%</b>
Share of <b>Structurally Deficient Bridges</b> Out of County Owned Bridges	<b>13%</b>

### COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties have limitations on property tax rates.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Must be authorized by a general or local resolution.
Levy a Local Gas Tax	X	
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation		

From County Funds:

- Twenty-three out of 67 counties levy a local gas tax upon permission of the state legislature.
- Counties may levy a special ad valorem tax, of no more than 2.5 mills a year, to pay off any debt or liability incurred in the construction and maintenance of public roads, bridges or buildings. This is an additional tax on top of the normal ad valorem tax, which is capped at 5 mills a year. Imposition of the special ad valorem tax requires voter approval through a referendum.
- Many counties have local legislation authorizing sales and use taxes, gasoline taxes, license and registration fees.

## COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The state gas tax is distributed to counties based on population, which is not correlated with the road mileage or the number of bridges the county maintains. This puts rural counties with a lot of rural road miles at a disadvantage, especially those with an interstate traveling through them, increasing the traffic on all roads.
- The gas tax is a stagnant revenue source, based on cents per gallon and not retail price. The last time the tax was increased was in 1992, and gasoline consumption has essentially flattened. Additionally, costs are increasing, as gas prices go up and construction and maintenance costs are driven by the cost of petroleum.
- Payments to counties through the SRS program are declining as federal legislators are phasing the payments out with the latest extension of the program.

## NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Alabama Transportation Rehabilitation and Improvement Program (ATRIP) is an Alabama Department of Transportation (ALDOT) administered federal-aid highway program that funds up to 80 percent of the construction of important roadway projects. ATRIP allows for distribution of \$1 billion of Federal Highway funds.