Alabama Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Implement a local sales tax if it is authorized by a general or local resolution.

Mandated/Authorized Transportation Services:

• Acquire land, create, construct, and maintain roads and bridges

• Counties spend their share of state gas taxes on roads, which is for the most part their sole source for transportation funding. Counties receive no diesel tax only a portion of the state wide gas tax.

• Grant franchises for the installation of poles or conduits within the boundaries of public roads for the operation of antenna television facilities, including cable television facilities, in unincorporated areas of the county, and levy a tax on this franchise, however this is not a large source of county revenue.

## **Funding Sources for County Transportation Projects:**

• Each county receives a portion of the revenues from a state tax on gasoline in proportion to its population. It must use its revenues for highway purposes. Some counties have a local gas tax that must be passed by local law.

• Each county receives the net 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.

• Counties receive a portion of the state gas tax revenue, including separate 5 cent, 4 cent, and 7 cent gasoline excise taxes, and separate 6 cent, 13 cent motor fuel tax, petroleum products inspection fee. The state also collects revenues from LP gas vehicle permit, motor vehicle license, lubricating oil tax, oversize hauling permit, Motor carrier mileage taxes and fees, truck identification decal, outdoor advertising permit, which are not allocated to counties.

• Estimated state funds in 2013 are $480 million, estimated federal funds are $733 million.

• About 5 percent of total federal funds ($35 million) are distributed to counties, about $533,000 per county.

• the Federal Funds the state receives and about 7 percent of total state funds ($34 million) are transferred to 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 GARVEE bonds, which allow counties to leverage future federal funds by making payments for current 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 M in ATRIP funds provided they could commit a $400K local match.

## **Challenges in Funding and Financing Transportation Projects:**

• Counties collectively have a minimum annual need of $502 million in today’s dollars to keep pace with the deterioration of the rural road system. This annual need is in addition to the limited resources that are in place to perform basic maintenance functions. In Alabama, counties receive an annual allocation of federal highway monies through the ALDOT, which was $339,000 for each county (in 2010), plus a portion of the gas tax. The total amount of $369 million available to counties is not enough. It should be noted that the 2010 federal funding of $339,000 per county has since be restored to $533,000 per county.

• Seventeen counties that have federal forest lands were receiving funding through the Secure Rural School program. Since timber harvests have declined, those counties are trying to get back to sustainable harvesting or increased harvesting to get those federal funds back for rural transportation projects.

## **Innovative Solutions to Funding and Financing Challenges**

• Alabama Transportation Rehabilitation and Improvement Program (ATRIP) is an 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.