

ATRIP-2 Proposal

Increase the statewide gasoline and diesel fuel tax by 3-cents per gallon effective July 1, 2017 and levy an increase in tag fees for those vehicles that utilize alternative fuels. The legislation would utilize the resulting gas and diesel fuel revenue for the debt service for the ATRIP-2 Bond Issue. Tag fee revenue would be divided among ALDOT, counties and cities.

BOND ISSUE AMOUNT – \$1.2 Billion (approximately \$100 million in annual debt service)

— Total of \$1.2 billion in bonds would likely be in two issuances to take advantage of savings and shorten the repayment schedule.

— Bonds would be issued by a public corporation created for the express purpose of issuing the ATRIP-2 bonds. The proceeds of the 3-cent increase in gasoline and diesel fuel taxes would be pledged to repay the bonds.

— Bond proceeds would be divided among the state's 67 counties using the gasoline tax formula.

— Twenty (20) percent of the revenue allocated to each county would be spent inside the municipalities within the particular county.

— County projects would be let at the county level using the standards for low volume roads as established in the County Road Design Policy for Low Volume Roads.

— Municipalities would either let contracts themselves, utilizing the ALDOT standards, or would combine projects with the county commission and let the contracts through the county's process.

— NOTE: The legislation authorizing the bond issue sets out a process for the bidding and awarding of ATRIP-2 contracts in compliance with the Alabama Public Works Law, with limited exceptions as provided in the bill.

— A portion of the bond proceeds, not to exceed 20 percent of any local government's allocation, could be utilized for matching federal funds, should such funding be available.

— The revenue to fund the bond service would sunset on June 30 following the repayment of the bonds. An extra allocation will be made, following the repayment of bond proceeds, to ensure that all counties receive a minimum of \$10 million.

— Following this extra allocation, any remaining revenue would be distributed using the same formula for bond proceeds.

— The restrictions on the use of the revenue, development of annual plans, and transparency from SB 180 are included in this bond issue.

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