

ROAD AND BRIDGE FUNDING MEASURE HB 394 by Rep. Mac McCutcheon

This bill would provide an increase in gasoline and diesel fuel excise taxes effective October 1, 2016. The amount of the increase would be determined by establishing the average of Alabama's border states gas taxes and fees as the benchmark for our gas and diesel taxes using totals as determined by the American Petroleum Institute.

- The average is currently 26 cents which would result in an increase of 6 cents per gallon in diesel and gasoline effective Oct. 1, 2016

The bill provides for benchmarking the rate of Alabama's gasoline and diesel fuel taxes into the future by maintaining the linkage between Alabama's tax rates and those of the border states with adjustments to take place on October 1 of 2019, 2023 and 2027 unless the Alabama Legislature adopts a joint resolution prohibiting the increase from taking effect.

- The bill allows a county to call a public referendum on a local tax of no more than 2 cents per gallon should the legislature block the increases in future years as outlined above.

In addition to the increase in gasoline and diesel fuel taxes, this bill provides for an additional tag fee on "alternative fuel" vehicles of \$100 for personal vehicles and \$150 for commercial vehicles.

- This amount represents approximately half of the annual amount of gasoline tax that would be paid by these vehicles if they utilized only petroleum products.

Finally, the bill would require a local referendum for any future local gasoline and/or diesel fuel taxes to take effect.