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SYNOPSIS:

Under existing law, an annual license tax and registration fee is imposed and charged on each motor vehicle operating on the public highways of Alabama.

This bill provides for an additional license tax and registration fee on certain motor vehicles and for the distribution of the proceeds to enhance public transportation.

A BILL
TO BE ENTITLED
AN ACT

Relating to license taxes and registration fees; to amend Section 40-12-242, Code of Alabama 1975; to levy an additional license tax and registration fee on certain motor vehicles; to provide for the distribution of the proceeds; and to provide reporting requirements.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Legislature finds and declares the following:

(1) Public transportation gets Alabamians to work, to education, to healthcare, and is a catalyst for job creation, less traffic congestion, and cleaner air. Public

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29 transportation empowers individuals to pursue education and
30 job opportunities through the state's workforce development.

31 (2) Alabama is in need of more safe and affordable
32 public transportation options for residents and visitors.

33 (3) Inadequate and inefficient public transportation in
34 Alabama adversely affects a community's ability to develop and
35 maintain a viable and stable economy.

36 (4) It is the intent of the Legislature to do all of
37 the following:

38 a. Provide a dedicated source of funding for all
39 Alabama communities to address their public transportation
40 needs.

41 b. Help families attain economic stability.

42 c. Connect people to work opportunities and provide
43 other vital transportation needs.

44 d. Contribute to economic growth through increased
45 employment in operating and maintaining public transportation
46 infrastructure.

47 e. Increase tax revenue by improving the ability of
48 people to access work and purchase goods and services, thereby
49 benefiting all Alabama residents.

50 f. Alleviate deficiencies in the supply of safe and
51 affordable public transportation for citizens of Alabama and
52 visitors, many of whom are physically disabled, elderly,
53 living with developmental disabilities, or otherwise unable to
54 afford the costs of owning, maintaining, and properly insuring
55 a vehicle.

56 g. Facilitate local government's ability to partner

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57 with Regional Planning Commissions, private entities, and
58 agencies to develop intergovernmental agreements across county
59 lines to develop a public transit system, that meets local
60 needs.

61 Section 2. Section 40-12-242, Code of Alabama 1975, is
62 amended to read as follows:

63 "§40-12-242

64 (a) The following annual license taxes and registration
65 fees are hereby imposed and shall be charged on each private
66 passenger automobile operated on the public highways of this
67 state and on each motorcycle operated on the public highways:

68 (1) For each private passenger automobile.....\$13.00

69 (2) For each motorcycle.....\$7.00

70 No private passenger automobile and no motorcycle shall
71 be used on any public highway in the state unless the proper
72 license tag ~~therefor~~ has been procured and is securely
73 attached to the rear end of the automobile or
74 motorcycle ~~thereof~~, the tag to be attached right side up with
75 the number ~~thereof~~ in an upright position and plainly visible.

76 (b) (1) In addition to the annual license taxes and
77 registration fees imposed in subsection (a) and in this
78 article, there is hereby imposed and shall be charged:

79 a. An annual license tax and registration fee of two
80 hundred dollars (\$200) ~~-00~~ on each battery electric vehicle
81 operated on the public highways of this state; and

82 b. An annual license tax and registration fee of one
83 hundred dollars (\$100) ~~-00~~ on each plug-in hybrid electric
84 vehicle operated on the public highways of this state.

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85 (2)a. A battery electric vehicle is defined as any
86 motor vehicle which draws propulsion energy solely or
87 primarily from onboard sources of stored electric energy from
88 a plug-in rechargeable electric energy storage system and
89 which does not include an internal combustion or heat engine
90 using combustible fuel.

91 b. A plug-in hybrid electric vehicle is defined as any
92 motor vehicle which draws propulsion energy from onboard
93 sources of stored electric energy that can be plugged into an
94 outlet or charging station, and which includes an internal
95 combustion or heat engine using combustible fuel.

96 (c) Beginning on July 1, 2023, and every fourth year
97 thereafter, the additional license tax and registration fee
98 specified in subsection (b) shall increase by three dollars
99 (\$3).

100 (d) The annual battery electric vehicle fee imposed in
101 ~~paragraph subdivision~~ (b) (1) a. shall be reduced by the amount
102 of any future additional annual federal surcharge or
103 registration fee placed on a battery electric vehicle, and the
104 annual plug-in hybrid electric vehicle fee imposed in
105 ~~paragraph subdivision~~ (b) (1) b. shall be reduced by the amount
106 of any future annual federal surcharge or registration fee
107 placed on a plug-in hybrid electric vehicle, if the federal
108 surcharge or registration fee is used solely for highway
109 transportation purposes in the State of Alabama, but in no
110 case shall the battery electric vehicle fee be reduced to less
111 than one hundred fifty dollars (\$150) and the plug-in hybrid
112 electric vehicle fee be reduced to less than seventy-five

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113 dollars (\$75).

114 (e) The Electric Transportation Infrastructure Grant
115 Program is created within the State Department of
116 Transportation. The program shall be administered, conducted,
117 and managed, and its funds shall be disbursed by~~r~~ the State
118 Department of Transportation, which shall have all the powers,
119 authorities, rights, privileges, and titles necessary to
120 enable it to accomplish the purpose of the Electric
121 Transportation Infrastructure Grant Program. The State
122 Department of Transportation is authorized and directed to
123 adopt rules for the Electric Transportation Infrastructure
124 Grant Program including the solicitation, application,
125 evaluation, and selection of grant applicants, the
126 distribution of grants for electric vehicle charging
127 infrastructure, and the use of grant funds through the Alabama
128 Administrative Procedure Act.

129 (f) Notwithstanding any other law to the contrary, all
130 proceeds of the annual license taxes and registration fees
131 imposed and charged in subsection (b), after deduction
132 pursuant to Section 40-12-269 (a) (1), shall be distributed as
133 follows:

134 (1) The first one hundred fifty dollars (\$150)
135 collected from the annual license tax and registration fee on
136 each battery electric vehicle and the first seventy-five
137 dollars (\$75) collected from the annual license tax and
138 registration fee on each plug-in hybrid electric vehicle shall
139 be distributed ~~sixty-six and sixty-seven one hundredths~~66.67
140 percent ~~(66.67%)~~ to the state, ~~twenty-five~~25 percent ~~(25%)~~ to

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141 counties, and ~~eight and thirty-three one hundredths~~8.33 percent
142 ~~(8.33%)~~ to municipalities.

143 (2) The remainder shall be deposited in the Rebuild
144 Alabama Fund established in Section 23-8-4, and shall be used
145 by the State Department of Transportation to fund electric
146 vehicle transportation charging infrastructure through the
147 Electric Transportation Infrastructure Grant Program
148 established in subsection (e) until such time as the total
149 annual registrations of battery electric vehicles plus plug-in
150 hybrid electric vehicle exceed four percent ~~(4%)~~ of the total
151 annual registrations of all motor vehicles within the State of
152 Alabama, except trailers and semitrailers, for which an annual
153 license tax and registration fee is paid. Thereafter, the
154 annual license taxes and registration fees imposed by
155 subdivision (b) (1) shall be reduced to one hundred fifty
156 dollars (\$150) and seventy-five dollars (\$75), respectively,
157 and after such reduction the receipts shall be deposited into
158 the Rebuild Alabama Fund and distributed ~~sixty-six and~~
159 ~~sixty-seven one hundredths~~66.67 percent ~~(66.67%)~~ to the state,
160 ~~twenty-five~~25 percent ~~(25%)~~ to the counties, and ~~eight and~~
161 ~~thirty-three one hundredths~~8.33 percent ~~(8.33%)~~ to the
162 municipalities to be used in the construction, reconstruction,
163 maintenance, and repair of public roads, highways, and bridges
164 in the state, and for any other purpose for which moneys in
165 the Rebuild Alabama Fund may be lawfully used. All previously
166 collected but unspent funds dedicated to the Electric
167 Transportation Infrastructure Grant Program shall continue to
168 be used to fund the Electric Transportation Infrastructure

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169 Grant Program.

170 (g) The annual license taxes and registration fees
171 pursuant to the Rebuild Alabama Act shall be effective January
172 1, 2020.

173 (h) (1) Effective October 1, 2025, in addition to the
174 annual license taxes and registration fees imposed in
175 subsections (a) and (b), there is hereby imposed and charged
176 an annual license tax and registration fee of five dollars
177 (\$5).

178 (2) Notwithstanding any other law to the contrary, all
179 proceeds of the annual license tax and registration fee
180 imposed and charged in subdivision (1) shall be deposited into
181 the county general fund where the motor vehicle is registered
182 and shall be used to increase the availability of public
183 transportation in the county.

184 (3) County commissions and municipalities by resolution
185 may opt-out of the requirement to impose and charge the annual
186 license tax and registration fee imposed and charged in
187 subdivision (1).

188 (4) The regional planning commissions may provide
189 technical assistance to the county commissions for the
190 planning and development of public transportation.

191 (5) Each county commission shall provide to the
192 Department of Revenue, no later than November 15 of each
193 fiscal year, the amount of and number of transportation
194 projects funded by the additional license tax and registration
195 fee imposed pursuant to this subsection in the manner
196 determined by the Department of Revenue.

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197 (6) The Department of Revenue shall submit, no later
198 than the fifth legislative day of each regular session, a
199 report providing the total number and amount of projects
200 funded with the additional revenue collected pursuant to
201 subdivision (1) to the Chairperson of the House Committee on
202 Transportation, Utilities, and Infrastructure, the Chairperson
203 of the Senate Committee on Transportation and Energy, the
204 Speaker of the House of Representatives, the President Pro
205 Tempore of the Senate, and the Majority Leader and Minority
206 Leader of both the House of Representatives and the Senate."

207 Section 3. This act shall become effective on October
208 1, 2025.