

HB542 INTRODUCED



1 HB542
2 DGC2BNN-1
3 By Representative Blackshear
4 RFD: Transportation, Utilities and Infrastructure
5 First Read: 03-Mar-26



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SYNOPSIS:

Under existing law, certain utilities, including those with a gross annual income of two hundred fifty million dollars or less, may be reimbursed for costs incurred to relocate utility facilities required for road construction pursuant to an order of the Director of Transportation, subject to certain conditions.

This bill would add conditions to the payment of costs by the state for utility facility relocations by these certain utilities.

This bill would require the director to reimburse utilities with a gross annual income over two hundred fifty million dollars for costs incurred in relocating utility facilities pursuant to an order of the director, subject to certain conditions.

This bill would also require the director to submit an annual report to the Legislature that provides information related to such payments.

A BILL
TO BE ENTITLED
AN ACT

Relating to public highways; to amend Section 23-1-5,



HB542 INTRODUCED

29 Code of Alabama 1975, to add conditions to the state payment
30 of utility facility relocations by certain utilities; to
31 require the Director of Transportation to reimburse utilities
32 with a gross income over two hundred fifty million dollars for
33 costs incurred in relocating utility facilities required for
34 highway construction pursuant to an order of the director; and
35 to require the director to submit an annual report to the
36 Legislature.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

38 Section 1. Section 23-1-5, Code of Alabama 1975, is
39 amended to read as follows:

40 "§23-1-5

41 (a) For the purposes of this section, the following
42 terms have the following meanings:

43 (1) COST OF RELOCATION. Includes the entire amount paid
44 by a utility properly attributable to the relocation after
45 deducting therefrom any increase in the value of the new
46 facility and any salvage value derived from the old facility.

47 (2) DISTRIBUTION LINE. Any utility facility that
48 distributes or transmits electricity at a voltage less than
49 40,000 volts.

50 (3) NATIONAL SYSTEM OF INTERSTATE AND DEFENSE HIGHWAYS.
51 The national system of interstate and defense highways or
52 interstate system described in 23 U.S.C. § 103.

53 (4) TRANSMISSION LINE. Any utility facility that
54 distributes or transmits electricity at a voltage of 40,000
55 volts or more.

56 (5) UTILITY. Includes publicly, privately, and



HB542 INTRODUCED

57 cooperatively owned utilities and any provider of broadband
58 service, cable service, or telecommunications service.

59 (b) Whenever the Director of Transportation ~~shall~~
60 ~~determine~~ determines and ~~order~~ orders that the relocation of
61 any utility facility is necessitated by the construction of
62 any project on the national system of interstate and defense
63 highways, including the extensions thereof within urban areas,
64 the utility owning or operating the utility facility shall
65 relocate the facility in accordance with the order of the
66 Director of Transportation. Notwithstanding the foregoing, if
67 the cost of the utility facility relocation is eligible and
68 approved for reimbursement by the federal government, the cost
69 of the relocation of the utility facility shall be paid by the
70 state as a part of the cost of the construction of the project
71 out of the funds then or thereafter available for the highway
72 construction after the utility has furnished the Director of
73 Transportation with all papers, records, or other supporting
74 documents required by the director. After the final federal
75 Bureau of Public Roads' audit, the utility shall repay to the
76 state the difference, if any, between the total amount paid by
77 the state to the utility for the relocation and the total
78 amount collected by the state from federal participation on
79 the utility relocation, plus the state's matching share of the
80 federal participation.

81 ~~(b)~~ (c) (1) Whenever the Director of Transportation ~~shall~~
82 ~~determine~~ determines and ~~order~~ orders that the relocation of
83 any utility facility is necessitated by the construction of
84 any highway, road, or street, other than the highways that are



HB542 INTRODUCED

85 a part of the national system of interstate and defense
86 highways referred to in subsection ~~(a) of this section~~ (b),
87 the utility owning or operating the facility shall relocate
88 the facility in accordance with the order of the Director of
89 Transportation at its own expense. Notwithstanding the
90 foregoing, if the facilities to be relocated are owned by any
91 utility ~~which~~ that had a gross income of two hundred fifty
92 million dollars (\$250,000,000) or less for the calendar year
93 immediately preceding the relocation, or in the case of
94 utilities which may be hereafter organized and created, which
95 have a gross income of two hundred fifty million dollars
96 (\$250,000,000) or less in their first complete year of
97 operation or in the calendar year immediately preceding the
98 relocation or, in the case of utilities owned or operated by a
99 corporation organized pursuant to Article 8, Chapter 50, Title
100 11, the cost of the relocation of the utility facility shall
101 be paid by the state as a part of the cost of the construction
102 of the project out of the funds ~~then or thereafter~~ available
103 for the highway construction after the utility has furnished
104 the Director of Transportation with all papers, records, or
105 other supporting documents required by the director. After the
106 final federal Bureau of Public Roads' audit, the utility shall
107 repay to the state the difference, if any, between the total
108 amount paid by the state to the utility for the relocation and
109 the total amount collected by the state from federal
110 participation on the utility relocation, plus the state's
111 matching share of the federal participation.

112 (2) Beginning on October 1, 2027, the total amount of



HB542 INTRODUCED

113 costs paid to relocate utility facilities by the state
114 pursuant to subdivision (1) during a state fiscal year shall
115 be not less than twenty million dollars (\$20,000,000).

116 (d) Beginning on October 1, 2027, notwithstanding
117 subsection (b) or (c), the Director of Transportation shall
118 reimburse a utility that had a gross income over two hundred
119 fifty million dollars (\$250,000,000) for the calendar year
120 immediately preceding a utility facility relocation for costs
121 incurred in relocating the facility in connection with the
122 construction, reconstruction, or improvement of any public
123 road, street, or highway pursuant to a determination and order
124 of the director, subject to all of the following:

125 (1) The total amount of reimbursement paid to all such
126 utilities during a state fiscal year may not exceed ten
127 million dollars (\$10,000,000).

128 (2) Reimbursement for a single utility facility
129 relocation may not exceed five hundred thousand dollars
130 (\$500,000).

131 (3) Any costs incurred by a utility for a utility
132 facility relocation in excess of the limit provided in
133 subdivision (2) are the responsibility of the utility.

134 (4) All reimbursements issued pursuant to this
135 subsection are subject to the same documentation, audit,
136 adjustment, and repayment requirements as provided in
137 subsections (b) and (c).

138 ~~(e)~~ (e) The Director of Transportation may enter into
139 contracts or agreements and conform any existing contracts or
140 agreements with utilities in order to effectuate the purposes



HB542 INTRODUCED

141 of this section.

142 (f) The Director of Transportation shall provide an
143 annual report to the Legislature not later than the first
144 legislative day of each regular session. The report shall
145 provide relevant information under this section, including the
146 total number and costs of utility facility relocations paid by
147 the department and which were and were not reimbursed by the
148 department pursuant to this section during the preceding year.

149 (g) This section shall apply to any project requiring
150 the relocation of a utility facility which is funded in whole
151 or in part with federal or state funds.

152 (h) For purposes of this section, when a utility
153 facility relocation requires the relocation of transmission
154 lines and distribution lines, the relocation of transmission
155 lines and distribution lines shall be considered separate and
156 distinct utility facility relocations.

157 (i) Notwithstanding any other provision of law, if a
158 utility begins a utility facility relocation pursuant to this
159 section and the Director of Transportation determines and
160 orders a revision to the utility facility relocation for the
161 same project before completion of the project, the state shall
162 pay all further costs of relocating the utility facility after
163 the revision.

164 ~~(d) The word utility shall include publicly, privately,~~
165 ~~and cooperatively owned utilities. The words cost of~~
166 ~~relocation shall include the entire amount paid by the utility~~
167 ~~properly attributable to the relocation after deducting~~
168 ~~therefrom any increase in the value of the new facility and~~



HB542 INTRODUCED

169 ~~any salvage value derived from the old facility. The words~~
170 ~~national system of interstate and defense highways mean the~~
171 ~~national system of interstate and defense highways or~~
172 ~~interstate system described in subsection (d) of Section 103~~
173 ~~of Title 23, United States Code."~~

174 Section 2. This act shall become effective on October
175 1, 2026.