

May 26, 2010

**H 2026. ESTABLISH MOBILITY FUND.** Filed 5/25/10. *TO ESTABLISH THE NORTH CAROLINA MOBILITY FUND WITHIN THE NORTH CAROLINA HIGHWAY TRUST FUND TO PROVIDE FUNDING FOR TRANSPORTATION NEEDS.*

Enacts new Article 14A of GS Chapter 136. Adds new GS 136-181.1 establishing NC Mobility Fund, to be funded from a portion of Highway Use Tax proceeds and by specified portions of numerous fees established in GS Chapter 20 for driver's license and vehicle registration and title transactions. Funds are allocated as follows: (1) 6.5% for local transportation projects pursuant to GS 136.41.1; (2) \$30 million for interstate maintenance; (3) remainder for congestion relief and mobility enhancement. Allows Department of Transportation to issue debt instruments to finance projects under (3) above, but debt may not be backed by full faith and credit of state nor may it pledge its tax revenues. Initial project to be funded must be Yadkin River Bridge on Interstate 85. Projects are to be selected by a process involving stakeholders specified in the bill.

Revenues to fund are to come from Highway Use Tax, with 14% of tax collected on titling of vehicles at current 3% rate going to fund (remainder to Highway Fund); all of tax collected for car rentals and leases at 8% rate go to Mobility Fund. Raises maximum use tax on all vehicles to \$1500 and applies tax rate to full retail value (current law applies rate to value after trade-in allowance). Raises numerous fees in GS Chapter 20 by various amounts, and generally allocates 25% of funds generated by new higher fees to Mobility with 75% going to Highway Fund. (In some instances the amount of the fee increase is more than the 25% share, in others it is less.)

Rewrites GS 105-187.9 to provide that all taxes collected under Article 5A of GS Chapter 105 (highway use tax) go to Highway Trust Fund, and specifies that for 2010-11, \$50,894,864 is transferred from that fund to the General Fund. Specifies that in fiscal 2011-12, 50% of highway use taxes collected on rental or leased vehicles at 8% rate are to go to General Fund.

Rewrites GS 105-164.44D to eliminate specified transfer from Highway Fund to General Fund to offset sales tax exemption for Transportation Department and provides that the offset amount is to go to Mobility Fund.

Amendment raising use tax maximum and allocating funds from that increase effective July 1, 2011. Amendments eliminating trade-in value in computing use tax, designating sales tax offset funds, and allocation of 6.5% of Mobility Fund proceeds to local governments effective July 1, 2012. Remainder of bill effective July 1, 2010.

**Intro. by Holliman.**

GS 20, 105, 136