

21st Century Transportation Committee Funding and Policy Recommendations

Fiscal Research Division
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21st Century Transportation Committee

The Goals

- Take North Carolina's road transportation system from a "D" rating to a "B" rating over the next 10 years and
- Put in place an effective multimodal transportation system

21st Century Transportation Committee Policy Objectives

- Intermodal Improvements
- Mobility and Connectivity
- Preservation
- Safety
- Performance and Accountability
- Increased Cooperation and Collaboration at all levels of government

Funding Options

Eliminate Transfers

- Eliminate all remaining funds transferred from the Highway Trust Fund to the General Fund (\$70 million)
- Eliminate funds transferred from Highway Fund for State Highway Patrol, Driver's Education Program and reimbursement of sales tax exemption (\$245 million)

Funding Options

Highway Use Tax

- Increase the Highway Use Tax from 3% to 4% total over two years
- Implement 1/2% each year over two years
 - 1/2% = \$100 million annually
 - 1% = \$200 million annually
 - ***revenues based on historical collections; current year collections are down
- Increase current \$1000 cap on Class A and Class B commercial vehicles to adjust for inflation
- Consider imposing a differential rate for fuel efficient vehicles.
- Consider allocating new funds for specific purposes

Funding Options

Implement VMT Fee

- VMT (Vehicle Miles Traveled) fee would be charged to drivers based on the number of miles driven
- Example: Charge $\frac{1}{4}$ to $\frac{1}{2}$ cent per mile for passenger vehicles and trucks. Cost to the driver would be \$25-\$50 (based on 10,000 miles)
- Fee could be collected as part of the vehicle inspection program
- Local option VMT fee

Funding Options

Registration Fees

- Increase passenger vehicle registration fee (currently \$28) by \$30 over three years
 - \$30 increase = \$195 million annually

Increase other staggered registration fees by 25%

- \$50 million annually

Funding Options

Registration Fees

- Consider charging based on weight of vehicle for passenger vehicles:

– < 2,499lbs	\$27.60	\$33	\$37
– 2500-3499	\$35.60	\$43	\$47
– 3500 and up	\$45.60	\$55	\$60
Revenues	\$70 Mill	\$121 Mill	\$150 Mill

(Based on Florida Model)

Funding Options

Bonds

- A referendum for bonds to accelerate construction on high traffic, high congestion roadways
- Any issuance of bonds must be against new revenue

Special Federal Funding

- Yadkin River Bridge Project

Funding Options

Local Option Sales Tax

- Provide up to a 1% local option sales tax authority for transportation for counties, cities, and metropolitan regions.
- The local option tax must be voter approved.
- Give the taxing entity the ability to set priorities between roads, transit, and other modes.

Funding Options

Indexing Fees

- Index fixed fees such as registration, title, drivers license to the consumer price index
 - The fees would automatically change without legislative action
 - For example, based on 3% of all fees yields \$20 million annually

Funding Options

Tolls

- Toll I-95 border to border to support 180 miles of widening by an additional two lanes in each direction.
- Toll I-77 from the South Carolina border to I-40 (Statesville) to increase capacity a minimum of two lanes in each direction.
- Propose that the State seeks federal approval to toll all interstates (at the borders).

Funding Options

Differential Fuel Tax Rates

- North Carolina has one rate for motor fuels tax
- Recommendation is to consider having a higher tax rate for diesel than for gas

Intermodal Recommendations

- Dedicate \$ 170 million per year to Fund the Intermodal Initiative Recommended in Phase 1 of the 21st Century Transportation Committee deliberations

Questions?

