

**SENATE APPROPRIATIONS COMMITTEE**

**ON**

**DEPARTMENT OF TRANSPORTATION**

**REPORT**  
**ON THE**  
**BASE AND EXPANSION BUDGETS**

**House Bill 97**

**June 15, 2015**

## Highway Fund

## HIGHWAY FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$1,918,676,424</b>		<b>\$1,912,223,925</b>	
<b>Legislative Changes</b>				
<b>Administration</b>				
<b>1 Modernization of Driver Services and Vehicle Services</b>	\$2,500,000	R	\$4,076,000	R
Provides funding for the continued modernization of Division of Motor Vehicles information technology systems, including Phase III of the State Automated Driver License System (SADLS) replacement effort.	\$23,956,000	NR		
<b>Aid to Municipalities</b>				
<b>2 State Aid to Municipalities</b>	\$1,172,000	R	\$3,672,000	R
Increases funding for State Aid to Municipalities/Powell Bill to \$147.5 million in FY 2015-16 and \$150.0 million in FY 2016-17 in accordance with the repeal of the statutory formula in G.S. 136-41.1(a), effective July 1, 2015.				
<b>Construction</b>				
<b>3 Planning Funds</b>				
Provides planning funding for multi-state highway projects that significantly enhance the region's economic development.	\$695,000	NR	\$695,000	NR
<b>4 Small Urban Construction</b>				
Provides funding for the Small Urban Construction Fund.	\$2,500,000	NR	\$2,500,000	NR
<b>Division of Motor Vehicles</b>				
<b>5 Tag and Tax Together</b>				
Continues funding for 44 time-limited positions to support the Tag and Tax Together program through June 30, 2017. Receipts totaling \$2,001,011 nonrecurring are budgeted from the administrative fee authorized in G.S. 105-330.5(b).				
<b>6 Commission Contractor Compensation</b>	\$181,803	R	\$181,803	R
Funds a 2.3% increase to statutory compensation rates for commission contractors and provides additional funding for performance incentives associated with revised standard operating procedures.				
<b>7 Operating Efficiencies</b>	(\$250,000)	R	(\$250,000)	R
Reduces operating funding division-wide by \$250,000 recurring.				

**8 Hearings Fees**

Adjusts funding based on the delayed implementation of the Division of Motor Vehicles hearings fee schedule to July 1, 2017. Budgeted funds for the Division of Motor Vehicles total \$120,334,217 recurring.

\$6,452,499 NR

**Federal Aid****9 Adjustment for Federal Revenue**

(\$4,055,402) R

Adjusts budgeted receipts to match anticipated federal revenue for the upcoming biennium.

(\$4,055,402) R

**Intermodal****10 (Ferry) Hatteras Alternate Route and Spill Response**

\$850,000 R

Provides funding for operating costs associated with the newly designated Hatteras Inlet route and training for new federal requirements concerning oil spill responses for vessels 400 gross tons and above. Budgeted funds for the Ferry Division total \$39,750,395 recurring.

\$850,000 R

**11 (Public Transportation) Statewide and Rural Capital Grant Programs**

\$3,000,000 R

Increases funding for the Statewide grant program by \$1 million and for the Rural Capital grant program by \$2 million. Budgeted funds for the Public Transportation Division total \$88,173,419 recurring.

\$3,000,000 R

**12 (Aviation) State Aid to Airports**

\$4,500,000 R

Increases funding for grants-in-aid for public airport development. Budgeted funds for the Division of Aviation total \$25,760,952 recurring.

\$4,500,000 R

**Maintenance****13 Bridge Program**

\$50,000,000 R

Increases recurring funding for the Bridge Program. Budgeted funds total \$202,915,288 in FY 2015-16 and \$242,910,279 in FY 2016-17.

\$90,000,000 R

**14 (Bridge Program) Statutory Adjustment**

(\$495,270) R

Adjusts funding for the Bridge Program based on the revised revenue forecast. The program receives the balance of funds generated from the Gasoline Inspection Fee, after deducting expenses for the Department of Revenue for collecting the tax and expenses for the Department of Agriculture for fuel inspection.

(\$500,279) R

**15 Pavement Preservation**

\$34,954,976 R

Increases recurring funding for the Pavement Preservation Program to \$100,000,000.

\$34,954,976 R

**16 Secondary Road Maintenance and Improvement Program**

\$28,642,082 R

Increases funding for the Secondary Road Maintenance and Improvement Program. Budgeted funds total \$305,984,586 in FY 2015-16 and \$295,753,956 in FY 2016-17.

\$10,230,630 NR

\$28,642,082 R

**Reserves****17 Workers' Compensation Adjustment Reserve**

\$6,830,000	R	\$6,830,000	R
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Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net Highway Fund appropriations. The Department is directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all sources.

**18 Capital, Repairs and Renovations**

\$7,817,900	NR	\$15,444,300	NR
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Funds capital improvements, repair, and renovation projects included in the Department of Transportation's 2015-21 Capital Improvements Plan.

**19 Reserve for Administrative Reduction - Position Reductions**

(\$745,500)	R	(\$894,599)	R
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Eliminates funding for 10 filled administrative positions and 46 filled receipt-supported positions to consolidate department functions and outsource functions. The administrative positions total \$894,599 and the receipt-supported positions total \$3,766,231, including salary and benefits.

-10.00		-10.00	
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**20 Reserve for Vacant Position Reductions**

(\$2,691,180)	R	(\$2,691,180)	R
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Eliminates funding for all vacant positions which, as of June 30, 2015, have been vacant for longer than 150 days. \$31.9 million in budgeted savings from the elimination of 807 receipt-supported positions in field and equipment units revert to the respective programs.

-36.00		-36.00	
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**Revenue Availability****21 Motor Fuel Excise Tax Distribution**

Adjusts the distribution of motor fuel tax proceeds to the Highway Fund from 75% to 70%, reducing funding in FY 2015-16 by \$94.51 million and in FY 2016-17 by \$91.40 million.

**22 Division of Motor Vehicles (DMV) Fees**

Increases forecast revenue by \$29.18 million for FY 2015-16 and \$76.99 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles.

**23 Temporary Plate Fee**

Budgets estimated revenue from a \$5 increase to the fee for a 10-day temporary tag and the elimination of the 10-day trip permit. Projected revenue is \$792,710 for FY 2015-16 and \$804,740 for FY 2016-17.

**24 License Restoration Fee**

Budgets \$575,000 in additional Highway Fund revenue based on the elimination of the license restoration fee transfer to the General Fund.

**25 Special Registration Plate Account**

Directs \$1.47 million of special registration plate proceeds from the Special Registration Plate Account to the Highway Fund based on the elimination of formulaic transfers to the Department of Commerce and Department of Health and Human Services.

**26 License to Give Trust Fund**

Eliminates the transfer to the License to Give Trust Fund within the Department of Administration and increases budgeted Highway Fund revenue by \$275,000 recurring.

**27 Wildlife Resources**

Reduces transfers to the Wildlife Resources Fund by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on motor fuel tax distributional changes between the Highway Fund and Highway Trust Fund.

**28 Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund**

Reduces transfers to the Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on motor fuel tax distributional changes between the Highway Fund and Highway Trust Fund.

**29 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund**

Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund effective July 1, 2016 and increases budgeted Highway Fund revenue by \$1.54 million in FY 2016-17.

**Transfers****30 North Carolina State Ports Authority**

\$35,000,000	R	\$35,000,000	R
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Provides \$35.0 million recurring for modernization initiatives.

**31 General Fund**

(\$215,871,719)	R	(\$215,871,719)	R
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Eliminates the Highway Fund transfer for General Fund, non-tax revenue.

**32 Transfers to Other State Agencies**

(\$17,596,521)	R	(\$17,596,521)	R
\$17,596,521	NR		

Converts FY 2015-16 funding to nonrecurring and eliminates the following transfers from the Highway Fund to other State agencies in FY 2016-17, pending the results of Continuation Reviews:

Department of Insurance: \$158,000

Department of Agriculture and Consumer Services: \$5,218,407

Office of State Controller: \$496,578

Department of Public Safety (MCSAP): \$2,094,281 (including \$7,219,081 of federal receipts)

Department of Public Safety (litter removal): \$9,040,000

Department of Health & Human Services: \$589,255

**33 Continuation Review Reserve (Appropriated Transfers)**

		\$17,596,521	R
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Establishes a reserve for programs funded via Highway Fund transfers which are subject to Continuation Review.

**34 Continuation Review Reserve (Revenues)**

Establishes a \$32.3 million (M) reserve for potential revenue in FY 2016-17 to reflect the elimination of the following revenue diversions to other State agencies, pending the results of Continuation Reviews:

DENR - Commercial Leaking Underground Storage Tank Cleanup Fund (\$12.7M)

DENR - Water and Air Quality Account (\$7.3M)

DENR - Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund (\$2.3M)

DENR - Division of Air Quality, Inspection and Maintenance Fees (\$3.6M)

DENR - Mercury Pollution Prevention Account (\$0.7M)

DHHS - Forensic Alcohol Testing (\$0.6M)

DOI - Rescue Squad Workers Relief Fund (\$1.5M)

DOI - Volunteer Rescue/EMS Fund (\$1.3M)

Wildlife Resources Commission (\$2.3M)

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<b>Total Legislative Changes</b>	<b>(\$74,074,731)</b>	<b>R</b>	<b>(\$12,556,318)</b>	<b>R</b>
	<b>\$62,796,051</b>	<b>NR</b>	<b>\$25,091,799</b>	<b>NR</b>
<b>Total Position Changes</b>	-46.00		-46.00	
<b>Revised Budget</b>	<b>\$1,907,397,744</b>		<b>\$1,924,759,406</b>	

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## Highway Trust Fund

		HIGHWAY TRUST FUND	
		FY 15-16	FY 16-17
<b>Recommended Base Budget</b>		<b>\$1,162,046,663</b>	<b>\$1,162,046,663</b>
<b>Legislative Changes</b>			
<b>Construction</b>			
<b>35 Strategic Transportation Investments</b>	\$167,178,453	R	\$171,835,925 R
Modifies funding to Strategic Transportation Investments to \$1,185,145,486 in FY 2015-16 and \$1,189,802,958 in FY 2016-17.			
<b>Debt</b>			
<b>36 Adjustment for Debt Service Obligation</b>	(\$10,995,116)	R	\$1,397,412 R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule.			
<b>Revenue Availability</b>			
<b>37 Motor Fuel Excise Tax Distribution</b>	Adjusts the distribution of Motor Fuels tax proceeds to the Highway Trust Fund from 25% to 30%, increasing funding in FY 2015-16 by \$94.51 million and in FY 2016-17 by \$91.40 million.		
<b>38 Division of Motor Vehicles (DMV) Fees</b>	Increases forecast revenue by \$3.65 million for FY 2015-16 and \$12.02 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles.		
<b>39 Highway Use Tax Caps</b>	Increases projected revenue by \$4.17 million in FY 2015-16 and \$10.0 million in FY 2016-17 based on the following adjustments to maximum highway use tax assessments:		
	<ul style="list-style-type: none"> <li>- Commercial vehicles (\$1,000 to \$2,000);</li> <li>- Recreational vehicles (\$1,500 to \$2,000); and,</li> <li>- Out-of-state vehicles (\$150 to \$250).</li> </ul>		
<b>40 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund</b>	Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund effective July 1, 2016 and increases budgeted Highway Trust Fund revenue by \$0.66 million in FY 2016-17.		

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**Total Legislative Changes**

\$156,183,337 R \$173,233,337 R

**Total Position Changes****Revised Budget**

\$1,318,230,000 \$1,335,280,000

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## Turnpike Authority

Budget Code: 64208

	FY 2015-16		FY 2016-17	
<b>Beginning Unreserved Fund Balance</b>	<b>\$0</b>		<b>\$0</b>	
<b>Recommended Budget</b>				
Requirements	<b>\$86,299,540</b>		<b>\$86,299,540</b>	
Receipts	<b>\$86,299,540</b>		<b>\$86,299,540</b>	
Positions	<b>13.00</b>		<b>13.00</b>	
<b>Legislative Changes</b>				
<b>Requirements:</b>				
<b>Adjustment to Debt Service</b>	<b>\$18,046,000</b>	<b>R</b>	<b>\$21,435,000</b>	<b>R</b>
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	<b>\$0</b>	<b>NR</b>	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>		<b>0.00</b>	
<b>Subtotal Legislative Changes</b>	<b>\$18,046,000</b>	<b>R</b>	<b>\$21,435,000</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>	<b>\$0</b>	<b>NR</b>
	<b>0.00</b>		<b>0.00</b>	
<b>Receipts:</b>				
<b>Adjustment for Debt Service</b>	<b>\$18,046,000</b>	<b>R</b>	<b>\$21,435,000</b>	<b>R</b>
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	<b>\$0</b>	<b>NR</b>	<b>\$0</b>	<b>NR</b>
<b>Subtotal Legislative Changes</b>	<b>\$18,046,000</b>	<b>R</b>	<b>\$21,435,000</b>	<b>R</b>
	<b>\$0</b>	<b>NR</b>	<b>\$0</b>	<b>NR</b>

## Senate Appropriations Committee on Transportation

	FY 2015-16	FY 2016-17
<b>Revised Total Requirements</b>	<b>\$104,345,540</b>	<b>\$107,734,540</b>
<b>Revised Total Receipts</b>	<b>\$104,345,540</b>	<b>\$107,734,540</b>
<b>Change in Fund Balance</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Positions</b>	<b>13.00</b>	<b>13.00</b>
<b>Unappropriated Balance Remaining</b>	<b>\$0</b>	<b>\$0</b>