January 11, 2021



Commission Findings

HSC on Strategic Transportation Planning and Long-Term Funding Solutions

Co-Chairs:

Nancy McFarlane, Former Mayor of Raleigh

Ward Nye, President and CEO of Martin Marietta



Agenda

- Principles
- Investment Recommendation
- Key Findings
- Options for Consideration



Principles

- Avoid near-term harm
- Develop durable revenue and finance options
- Diversify and broaden funding streams
- Support user pays principle
- Adhere to principles of fundamental fairness



Investment Recommendation

Studies Confirm Investment Need

	Ten-Year Investment Needs in Billions (Inflation Adjusted)	
	ITRE	NC FIRST
Grade A	\$32.0 (\$42.9)	\$41.5 (\$52.7)
Grade B	\$13.0-32.0 (\$16.6-40.9)	\$30.2 (\$38.3)
Grade C	\$0-13.0 (\$0-16.6)	\$13.7 (\$17.4)
Grade D	\$0	\$4.4 (\$5.6)



Investment Recommendation

To achieve a "good" infrastructure rating, increase the level of investment by at least \$20 billion over the next 10 years



Key Findings



1. The motor fuels tax base will continue to decline

- 2. The Highway Use Tax and DMV tax bases will likely decline in the future
- 3. Future federal revenues are uncertain



4. Maintaining the existing condition will cost more than the current appropriation

5. Improving the existing condition will require a higher level of investment



6. Increased investments will produce a network that is:

- safer
- more efficient
- less congested
- more resilient
- more multi-modal
- more interconnected



Options for Consideration: Immediate Impact



Highway Use Tax

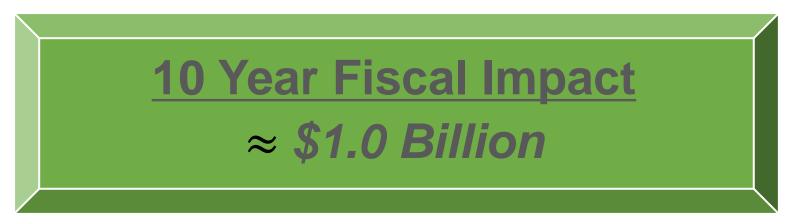
Increase the HUT by two percentage points





Highway Use Tax

Eliminate the net-of-trade exemption





Alternative Highway Use Tax

Transfer proceeds from short-term vehicle rentals, vehicle subscription services, and car sharing to NCDOT





Sales Tax

- Increase rate by 0.5% or 0.75%
- Use ½ of proceeds to reduce the motor fuel tax rates







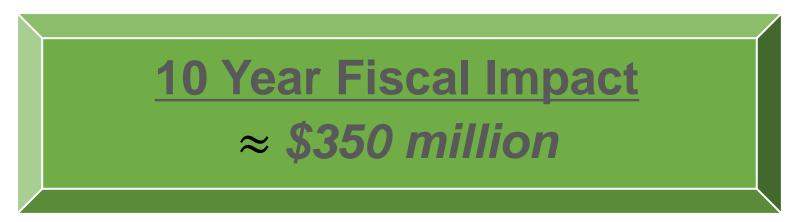
Transfer existing tax revenues from transportation-related goods and services to NCDOT







Tax Transportation Network Companies





Increase electric vehicle fee and enact a plug-in hybrid fee





Amend DMV registration fees for heavy vehicles





Automatically adjust fees for inflation every two years





Authorize a Road Impact Fee for e-commerce deliveries





Options for Consideration: Long-term Modernization

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Mileage-Based User Fee

Authorize pilot program in the short session with plan to fully replace the Motor Fuels Tax by 2030





Highway Tolling

- Raise or remove the statutory cap on toll projects
- Pursue projects that may relieve freight congestion and high-cost road and bridge projects



Public Private Partnerships

- Raise or remove the statutory cap on toll projects
- Pursue projects that may relieve freight congestion and high-cost road and bridge projects



State Infrastructure Bank

Re-authorize and recapitalize the State Infrastructure Bank to offer low interest loans for the construction of infrastructure improvements



Value Capture

Authorize value capture techniques, such as the ability to monetize air rights and rights-of-way associated with transportation infrastructure



Options for Consideration: Local Government



Local Sales Tax

• Authorize additional local option Sales Tax for transportation purposes



Additional Local Options (discussed previously)

- Local Road Impact Fee
- Local Infrastructure Banks
- Land Value Capture



Options for Consideration: Other



Expand Broadband

- Invest in broadband
- Integrate into highway projects, especially in rural areas
- Explore public-private partnerships



Increase Debt Capacity

Raise NCDOT's allowable debt-to-revenue ratio



Chief Innovation Officer

Appoint a Chief Innovation Officer within NCDOT so that NC is at the forefront of changes in technologies

Questions and Comments

Public comments can be submitted to: <u>www.ncdot.gov/ncfirst</u>

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