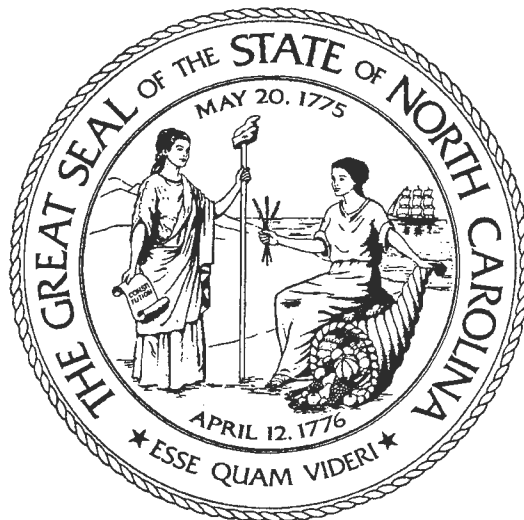


**LEGISLATIVE  
RESEARCH COMMISSION**

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**PUBLIC TRANSPORTATION FINANCING**



**REPORT TO THE  
1989 GENERAL ASSEMBLY  
OF NORTH CAROLINA  
1990 SESSION**

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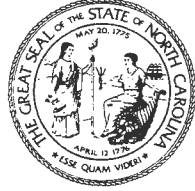
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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



May 21, 1990

TO THE MEMBERS OF THE 1989 General Assembly (Second Session, 1990):

The Legislative Research Commission herewith submits to you for your consideration its final report on Public Transportation Financing. The report was prepared by the Legislative Research Commission's Committee on Public Transportation Financing pursuant to Section 7 of Chapter 740 of the 1989 Session Laws.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mavretic".

---

Josephus L. Mavretic  
Speaker

A handwritten signature in cursive script, appearing to read "Henson P. Barnes".

---

Henson P. Barnes  
President Pro Tempore

Cochairmen  
Legislative Research Commission



1989-1990

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

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Representatives  
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Senator Robert L. Martin

Senator Lura S. Tally

Senator Russell G. Walker





## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1989 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of Public Transportation Financing was authorized by Section 7 of Chapter 740 of the 1989 Session Laws (1989 Session). Section 7 of Chapter 740 (H.B. 694) Bill authorized the Legislative Research Commission to "make a comprehensive study of financing of public transportation in North Carolina, and contracting with the private sector for public transportation services, and report its recommendations to the 1989 Regular Session, (1990 Regular Session) of the General Assembly." The relevant portions of Chapter 740 are included in Appendix A. The Legislative Research Commission grouped this study in its Transportation area under the direction of

Representative Bowie. The Committee was chaired by Senator Aaron W. Plyler, Sr. and Representative Daniel T. Blue, Jr. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

## COMMITTEE PROCEEDINGS

The Legislative Research Commission Public Transportation Financing Study Committee met five times prior to submission of this report. Below is a brief summary of each meeting. More detailed minutes of the committee's proceedings are available in the committee notebook in the Legislative Library.

### Meeting on December 13, 1989

The first meeting of the Public Transportation Financing Study Committee was held December 13, 1989 at 10:00 a.m. in Room 1405 of the Legislative Building.

After reviewing the charge of the Study Committee, the members received an overview of the work of the N.C. Department of Transportation Public Transportation Division (Appendix C), and an update on the formation of the Research Triangle Regional Public Transportation Authority (RTRPTA).

Following the presentation of the Department of Transportation, the Committee reviewed several financing options for public transportation funding based on an August, 1989 Final Report of the Research Triangle Regional Public Transportation Study (Appendix D).

After discussion, the Committee identified several areas to pursue as they continued their work, including: (1) finding a way to provide funding for the RTRPTA; (2) broader investigation of how to fund public transportation needs state-wide; (3)

encouraging Congress to increase N.C.'s share of public transit funds derived from the Federal gas tax.

#### Meeting on January 4, 1990

The second meeting of the Public Transportation Financing Study Committee was held January 4, 1990 in Room 1425 of the Legislative Building.

The meeting began with the conclusion to the overview of the work of the Department of Transportation Public Transportation Division begun at the December meeting (Appendix C). The Department also presented information on the U.S. DOT formula assistance for transit and trends influencing transit funding.

The meeting continued with presentations by the North Carolina Public Transportation Association, and representatives of the Durham City Council, both of whom expressed support for the committee's work and for public transit in general.

Next, the Committee heard from a representative of a private bus service, who spoke on behalf of private provision of transportation services.

#### Meeting on February 7, 1990

The third meeting of the Public Transportation Financing Study Committee was held February 7, 1990 at 10:00 a.m. in Room 1425 of the Legislative Building.

The meeting began with presentations by representatives of the N.C. Bus Association, the N.C. League of Municipalities, and a private California school bus transportation provider.

Next, the Committee inspected and drove an electric powered van being tested by the N.C. Alternative Energy Corporation.

The meeting concluded with a discussion of funding for the RTRPTA at a level of \$2.5 to \$3 million a year, the amount said to be needed to begin initial operation.

#### Meeting on March 12, 1990

The fourth meeting of the Public Transportation Financing Study Committee was held March 12, 1990 at 10:00 a.m. in Room 1425 of the Legislative Building.

The Committee heard from Congressman David Price and Tim Valentine, who discussed the federal role in public transportation financing. Specific areas of discussion included finding ways to direct more of the federal gas tax revenue to North Carolina, and the effect of the deficit and competition with other large cities on N.C.'s share of federal public transit funds.

Next, Legislative Staff presented seven alternative methods for financing the RTRPTA (Appendix E). After considerable discussion of these alternatives, (and an eighth alternative suggested by Wib Gulley of the RTRPTA Board of Trustees, a local option gas tax) the Committee asked that options #2 (a \$5/vehicle registration fee in the three Triangle counties), and option #5 (an increase in license fees in the three Triangle counties) be reviewed by the local delegation before the Committee considered its recommendation on April 9.

### Meeting on April 9, 1990

The fifth meeting of the Public Transportation Financing Study Committee was held April 9, 1990 at 10:00 a.m. in Room 1425 of the Legislative Building.

The Committee first reviewed the draft report of the committee to the 1990 Short Session of the General Assembly. Included in the draft were three proposed bills: (1) A proposal to extend the work of the Committee, allowing it to continue to examine Public Transportation Financing Issues and report to the 1991 Session, (2) A proposal to fund the RTRPTA through the use of a local \$5 vehicle registration tax, and (3) A proposal to fund the RTRPTA through the use of a local \$10 driver license tax. During discussion, the Committee voted to add provisions to the proposed taxes to require the Board of County Commissioners in the counties affected by them to approve before they could be levied. Following this discussion, the Committee voted to approve the draft report and submit it to the 1990 Short Session.

Next, David King of the Public Transportation Division of the N.C. Department of Transportation presented an overview of the public transit financing needs of the entire state (Appendix G). Mr. King suggested this could serve as a basis for continuing the work of the Committee in the fall.

## FINDINGS AND RECOMMENDATIONS

### FINDING

The Legislative Research Commission Public Transportation Financing Study Committee Finds:

--House Bill 694, which became Chapter 740 of the 1989 Session Laws, authorized the creation of a new form of government in North Carolina, the Regional Public Transportation Authority.

--Since enactment of House Bill 694, Wake, Durham, and Orange Counties have joined together to form the Research Triangle Public Transportation Authority (RTRPTA). The mission of this Authority is to address the regional transportation needs of the Research Triangle Area.

--Currently, the Authority has no funding mechanism to carry out its mission of serving the transportation needs of those who live and work in the Triangle Area.

### RECOMMENDATION

The Legislative Research Commission Public Transportation Financing Study Committee recommends that the Research Triangle Regional Public Transportation Authority (RTRPTA) be authorized to levy a Regional Vehicle Registration Tax of up to \$5, and a Regional Driver's License Tax of up to \$10. Revenues from these taxes would be used to allow the Authority to begin providing regional public transportation services to the Triangle Area.

The text of these recommendations is included in Legislative Proposal II on page 36, and Legislative Proposal III, on page 41.

## **FINDING**

The Legislative Research Commission Public Transportation Financing Study Committee was authorized by Section 7 of Chapter 740 of the 1989 Session Laws to make a comprehensive study of public transportation financing in North Carolina, and report to the 1990 Short Session. The Committee believes the public transportation needs of North Carolina deserve additional consideration and study.

## **RECOMMENDATION**

The Legislative Research Commission Public Transportation Financing Study Committee recommends that it be allowed to continue to examine the issue of Public Transportation in North Carolina, and report to the 1991 Session of the General Assembly. The text of this recommendation is included in Legislative Proposal I, on page 34.



APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION  
RATIFIED BILL

CHAPTER 740  
HOUSE BILL 694

AN ACT TO AUTHORIZE CREATION OF A REGIONAL TRANSPORTATION  
AUTHORITY.

...

Sec. 7. The Legislative Research Commission shall make a comprehensive study of financing of public transportation in North Carolina, and contracting with the private sector for public transportation services, and report its recommendations to the 1989 Regular Session, (1990 Regular Session) of the General Assembly.

Sec. 8. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 8th day of August, 1989.



## APPENDIX B

### MEMBERSHIP OF LRC COMMITTEE ON PUBLIC TRANSPORTATION FINANCING

#### LRC Member in Charge:

Rep. Joanne W. 'Joni' Bowie  
106 Nut Bush Drive, East  
Greensboro, NC 27410  
(919)294-2587

#### Members

##### President Pro Tem's Appointments

Sen. Aaron W. Plyler, Sr.  
Co-Chairman  
2170 Concord Avenue  
Monroe, NC 28110  
(704)289-3541/(704)283-1293

Mr. George Crumbley  
137 Ruth Street  
Fayetteville, NC 28305  
(919)484-2288

Sen. William D. 'Bill' Goldston, Jr.  
P.O. Box 307  
Eden, NC 27288  
(919)627-1495

Sen. James C. 'Jim' Johnson, Jr.  
247 Church Street, NE  
Concord, NC 28025  
(704)784-8404

Sen. David R. Parnell  
P.O. Box 100  
Parkton, NC 28371  
(919)858-3521

Mr. Frank Plummer  
29 Church Street  
Concord, NC 28025  
(704)788-3142

Sen. Daniel R. 'Dan' Simpson  
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Morganton, NC 28655  
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##### Speaker's Appointments

Rep. Daniel T. 'Dan' Blue, Jr.  
Co-Chairman  
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Raleigh, NC 27602  
(919)833-1931

Rep. J. Vernon Abernethy  
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Gastonia, NC 28053  
(704)865-2906

Rep. Roy A. Cooper, III  
P.O. Drawer 4538  
Rocky Mount, NC 27803  
(919)442-3115

Rep. Lawrence E. 'Larry' Diggs  
5001 Matthews - Mint Hill Road  
Charlotte, NC 28212  
(704)545-4966

Rep. Albert S. Lineberry, Sr.  
'Al'  
P.O. Box 630  
Greensboro, NC 27402  
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Rep. William D. 'Billy' Mills  
P.O. Box 820  
Jacksonville, NC 28541  
919)347-4741

Rep. J. Arthur 'Art' Pope  
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Raleigh, NC 27615  
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O: (919)733-5191  
H: (919)872-7880

Ruth Sappie  
Fiscal Research Division  
(919)733-4910

## APPENDIX C

### LEGISLATIVE RESEARCH COMMISSION STUDY of PUBLIC TRANSPORTATION FINANCING (HB 694)

Initial Meeting  
December 13, 1989

#### PRESENTATION OUTLINE

##### I. Mission of Legislative Study

- a. study of public transportation financing
- b. study use of private sector/competitive contracting
- c. study regional transit authority funding
- d. report findings and recommendations

##### II. Types of Public Transportation

- a. fixed route bus (basic mobility vs. congestion relief) (growing less than 5%/yr.)
- b. paratransit/human service/taxi (growing 10-20%)
- c. ridesharing
- d. intercity (bus and train; transportation centers)
- e. regional

##### III. Funding

- a. federal
  1. Section 9
    - . Governor's Apportionment/Dec. 6 mtg; public hearing late Jan.
    - . Direct Apportionment
  2. Section 3
  3. Section 8
  4. Section 16(b)(2)
  5. Section 18 (RTAP)
  6. AMTRAK
  7. DHHS

- 8. JPTA
- 9. Social Services Reform
- 10. Clean Air
- 11. Americans with Disabilities Act

b. state

- 1. Highway fund - public transportation grant program (\$2.756)
- 2. Elderly and Handicapped Transportation Assistance Program (\$2 MIL)
- 3. Highway fund flexibility - up to \$5 million for "economical alternatives to highway construction"
- 4. DHR - sample of 14 counties TOT OP/ADMIN. BUDGET \$2.960 M  
TOT ST/FED TRANSIT 1.084 M

63.4% from local (DHR included) sources

c. local

- 1. general revenues (including local vehicle sticker tax)
- 2. ad valorem (referendum required)
- 3. farebox (urban bus + 37%)

IV. Funding Needs

a. dependence on Congress

- . reauthorization of Surface Transportation Act
- . more equity in distribution of Mass Transit Account.
- . more integration of programs (Transportation Fund versus Highway Fund)
- . federal "strings"

b. Bush Administration

- . Secretary Skinner (USDOT) - at work on National Transportation Policy; introduced by late January
- . expected to deal with federal-state-local partnership (funding responsibility)
- . probable that, given budget deficit problems, administration

will not seek a larger role and will call for state and local governments and private sector to pick up slack

c. funding shortfall

1. urbanized - Section 9 funds barely cover traditional share of operating needs (50% of net cost)
2. state/local governments will seek to use Section 3 (MTA) for capital needs but Section 3 is discretionary (only @ \$132 MIL available nationally/year)
3. demand for capital for human services (paratransit) is 3 to 4 times available funds (rehab program)  
(\$1,000,000 from 16(b)(2) will buy @ 50 vans; at 5 years useful life, this will sustain fleet of 250 vans; we have approximately 1200 statewide)
4. Durham and Greensboro taking responsibility for transit operations from Duke Power Company; have major capital needs
5. inauguration of Rocky Mount to Charlotte rail passenger service generates need for capital
  - . minor station improvements
  - . greater grade crossing protection
  - . switches and signals for greater speed
  - . transportation centers for Charlotte, Greensboro, and Durham
6. more vans for vanpools needed
7. HOV lanes
8. park and ride lots
9. rail corridor protection
10. people movers/shuttles for high density locations such as airports, universities and hospitals
11. "transportation system management" etc.

V. Options

- a. control costs
  - . cut unproductive service
  - . coordinate
    - . city/county

# *The Public Transportation Program*

North Carolina's growth and development has led to increased needs for a variety of public transportation services. As we continue to grow, those needs will increase. The department's Public Transportation Division is responsible for making sure the state will have transit programs that match our citizens' needs.

The division meets that responsibility through a system that provides help to public and private transportation concerns throughout the state. The division uses a variety of resources to promote use of public transportation. In Fiscal Year 90 a study will be undertaken to determine the future financial resources needed to support public transportation in North Carolina. The study also will make recommendations on contracting for private sector provision of public transportation services.

## *Urban Planning*

The federal government supports public transportation planning activities in North Carolina through a technical studies grant program. Grants are awarded to the state to fund statewide planning activities by the Department of Transportation, as well as planning activities by cities with populations between 50,000 and 200,000. Urban areas with populations of more than 200,000 apply directly to the federal government for their planning funds.

The Board of Transportation assists the urban areas with federal planning grants by offering state matching funds to cover half of the local share, or up to 10 percent of total project costs. Since 1987, the board has made one annual statewide application to the federal government on behalf of all small urban areas. Using these procedures, the department has reduced the administrative burden at the local level.

## *Public Transportation for Cities*

There are federal grant programs available to help public transportation systems in the 15 urbanized areas in North Carolina. Funds are allocated annually to the state based on urban population and population density. The funds are used to purchase buses and other equipment and to construct maintenance facilities, transfer centers and shelters (80 percent federal) and to cover net operating costs (maximum 50 percent federal).

Funds are also available for buses, bus facilities, and other capital projects on a discretionary basis. Funds are awarded by the Urban Mass Transportation Administration (UMTA) on a 75 percent federal, 25 percent local match basis. The division supports Section 3 project applications by supplying up to one-half of the non-federal share. North Carolina cities must compete nationwide for these funds.

While state funds are available for capital and planning, no state operating assistance is available.

## *Elderly and Handicapped*

### *Capital Assistance Program*

Funds are available under UMTA's Section 16(b)(2) to provide 80 percent of the capital costs of vehicles, wheelchair lifts, mobile radios and related equipment. This program annually supports about 25 vehicle rehabilitations, and purchases 40 vans and/or buses and radio equipment. State funds make up one-half of the non-federal share or 10 percent of total project costs.

Private nonprofit corporations serving elderly and/or handicapped clients apply to the Public Transportation Division for these state and federal funds. This program is competitive and funding is based on countywide or multi-county



transportation development plans. Since 1978, the program has funded projects in 91 North Carolina counties.

### ***Transportation Assistance Program***

During the 1989 regular session, the North Carolina General Assembly appropriated \$2 million from the Department of Transportation Highway Fund for a new program called the Elderly and Handicapped Transportation Assistance Program. Governor Martin and the General Assembly agreed an improvement to transportation services available for our elderly and handicapped citizens was needed.

The funds will be administered by the Public Transportation Division and distributed to the counties using a formula based on the percentage of elderly and handicapped citizens in each county as compared to the state average. In addition, the formula will recognize the additional expense involved in transporting elderly and handicapped citizens in sparsely populated counties. The funds will be used to purchase additional trips for the elderly and handicapped, with a safeguard to protect against the use of these funds to replace local funds currently used for that purpose. Certification of eligibility, as well as local distribution of funds, will be the responsibility of the county commissioners. There is no local match requirement.

The funds must be expended in a manner consistent with a Transportation Development Plan approved by the county commissioners and the division. The program will be structured to reinforce the state's policy regarding the coordination of human service transportation as contained in Governor Martin's Executive Order No. 9.

### ***Rural and Small Urban Areas***

The Surface Transportation Act was amended in 1978 to establish a rural public transportation program administered by the state. Three types of grants are provided: (1) capital and administration—80 percent federal, 10 percent state, 10 percent local; (2) operating—up to 50 percent federal, 50 percent local; and (3) planning—80 percent federal, 10 percent state, and 10 percent local. Federal funds apportioned on the basis of rural population have totaled about \$3 million per year for North Carolina.

These funds are available to units of local government, private, non-profit agencies and private transportation companies that provide transportation services to the general public. The state's 24 projects will deliver 2.5 million passenger trips this year. Requests for funding must be supported by a Transportation Development Plan for the area.

### ***Transportation Planning for Rural and Small Urban Areas***

Transportation planning efforts in rural and small urban areas (under 50,000 population) are provided on a 80 percent federal, 10 percent state, and 10 percent local cost-sharing arrangement. A state approved, locally endorsed and implemented Transportation Development Plan is a prerequisite for funding. The planning process is used to determine the most efficient and effective method of providing transportation.

## *Training and Technical Assistance*

The division assists transportation professionals throughout the state by supporting a range of training and technical assistance activities. These include marketing and graphics support, desktop publishing and statewide conferences. Division staff also assist local officials in conducting ridership surveys, route and schedule evaluations and in obtaining training on a variety of management and operational topics. The Rural Transit Assistance Program (RTAP) of UMTA, established in 1987, delivers training and technical assistance to rural and small urban areas.

## *Ridesharing*

The division provides grants to local governments and regional councils of governments to support ridesharing programs. When federal funds are available, state funds can cover up to one-half of the non-federal share of program costs. When no federal funds are available, the state participates in a cost sharing arrangement.

Ridesharing programs assist commuters and employers in seven of the state's urban areas (Raleigh, Durham, Chapel Hill, Greensboro, High Point, Winston-Salem and Charlotte). In addition to providing commuters with information on carpooling, vanpooling, buspooling, the location of park and ride lots, and other forms of public transportation, the programs provide employers with information on staggered and flexible work hours, preferential parking policies and other employee incentives.

APPENDIX D

Finance Options Yield Summary  
Durham, Orange and Wake Counties

1. Option Titles:	Current Revenue Base	Current Taxing Rate	Additional Increment	Estimated Additional Revenue
Property Tax	\$25.9 B	Varies	5 mills 10 mills	\$ 1.3 M \$ 2.6 M
Sales Tax	\$6.5 B	2% Local 3% State	.05 % 1 %	\$23.2 M \$46.7 M
Sales (Services)	\$12.3 B	None	.5 % 1 %	\$42.3 M \$84.6 M
Sales (Less Food and Medicine)	\$6.5 B	2% Local 3% State	.5 % 1 %	\$17.4 M \$34.8 M
Sales (1 %)	\$67.6 M	1% with \$80 cap	2 % no cap	\$ 1.4 M
Sales (2 %)	\$734.7 M	2% with \$300 cap	1 %	\$ 1.1 M
Sales (2 %)	\$734.7 M	2% with \$300 cap	1 % no cap	\$ 8.0 M
Vehicle Registration	550,995 Vehicles	\$20	\$5 \$10	\$ 2.8 M \$ 5.5 M
Vehicle (see Note 2) Stickers (City)	485,268 Vehicles	Varies	\$5 (w/ Durham \$1) \$5 (all)	\$ 1.9 M \$ 2.4 M
Vehicle (see Note 2) Stickers (County)	550,995 Vehicles	Varies	\$5 (w/ Durham \$1) \$5 (all)	\$ 2.2 M \$ 2.8 M
Motor Fuel (Gallon)	Variable	15.75 cents	5 cents 1 cent	\$ 2.2 M \$ 4.4 M
Motor Fuel (Sales)	Variable	None	5 % 1%	\$ 2.2 M \$ 4.4 M
Revenue Stamp	\$3.9 B	1%	05% .1 %	\$ 2.0 M \$ 3.9 M
Pay Roll Tax	\$5.7 B	None	.05 % .1 %	\$ 2.9 M \$ 5.7 M
Employment Tax	369,860 Jobs	None	\$5 \$10	\$ 1.9 M \$ 3.7 M
Road Utility Fees	120,000	None	\$10 per household	\$ 1.2 M
Development Impact Fees	10,000	Varies	\$500	\$ 5.0 M
Bonds (General Obligation) (Revenue)	Varies	Varies	Up to 8% of County Assessment	Varies

2. Grants:	Federal	State	Local
Capital Planning	up to 80%	up to 10%	at least 10%
Operation	up to 80%	up to 10%	at least 10%
	up to 50%	0%	at least 50%

Notes:

1. Public/Private Options include: Transportation Management Associations (TMAs), Joint Ventures, Value Capture, Private Donations, Equipment Trust Certificates, and Vendor Financing
2. City of Durham Allows Only a \$1 Sticker Fee
3. Some numbers in above table are approximate
4. Appendix C prepared by W. Todd Powell, PTD Intern, Summer, 1988



## APPENDIX E

### PUBLIC TRANSPORTATION STUDY COMMITTEE

#### REVENUE OPTIONS

1. Increase the appropriation from the Highway Fund to the Public Transportation Division of DOT from \$.50 per vehicle registration to \$1.00 per registration. Additional \$.50 per vehicle would be earmarked for RTA.

Revenue Generated: \$2.9 million

2. Authorize RTA to levy up to \$5 per vehicle annual registration fee. DMV and DMV branch agents would collect additional \$5 from three-county area. DMV would transfer additional \$5 per vehicle to RTA on quarterly basis.

Revenue Generated: \$2.7 million

3. Authorize RTA to levy a 1 cent property tax per \$100 valuation of real and personal property. County tax offices would collect and transfer 1 cent funds to the RTA on an annual basis.

Revenue Generated: \$2.8 million

4. Authorize the RTA to levy a local land transfer tax of \$.10 cents per \$100 valuation on the consideration of money or property when real estate is transferred (same basis as current state deed stamp tax). The additional tax would be collected by the register of deeds in each county and transferred to the RTA on a quarterly basis.

Revenue Generated: \$2.7 million

5. Add \$10 public transportation fee to drivers' licenses of Wake, Durham and Orange County residents. Additional \$10 would be collected by DMV drivers' license offices and transferred to RTA on a quarterly basis.

Revenue Generated: \$1 million

6. Dedicate one-fourth of the estimated sales tax collected on automobile parts and accessories and now deposited into the General Fund to a newly created Public Transportation Trust Fund. Earmark a portion of the Fund for disbursements to regional transportation authorities statewide.

Revenue Generated: \$18.7 million

7. Increase the state motor fuels tax by one-half cent with collections deposited into a newly created Public Transportation Trust Fund. Earmark a portion of the Fund for disbursements to regional transportation authorities statewide.

Revenue Generated: \$20 million



APPENDIX F

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION  
RATIFIED BILL

CHAPTER 740  
HOUSE BILL 694

AN ACT TO AUTHORIZE CREATION OF A REGIONAL TRANSPORTATION  
AUTHORITY.

The General Assembly of North Carolina enacts:

Section 1. Chapter 160A of the General Statutes is amended by adding a new Article to read:

"ARTICLE 26.

"Regional Public Transportation Authority.

"§ 160A-600. Title.

This Article shall be known and may be cited as the 'Regional Public Transportation Authority Act.'

"§ 160A-601. Definitions.

As used in this Article, unless the context otherwise requires:

- (1) 'Authority' means a Regional Public Transportation Authority as defined by subdivision (6) of this section.
- (2) 'Board of Trustees' means the governing board of the Authority, in which the general legislative powers of the Authority are vested.
- (3) 'Population' means the number of persons residing in respective areas as defined and enumerated in the most recent decennial federal census.
- (4) 'Public transportation' means transportation of passengers whether or not for hire by any means of conveyance, including but not limited to a street or elevated railway or guideway, subway, motor vehicle or motor bus, carpool or vanpool, either publicly or privately owned and operated, holding itself out to the general public for the transportation of persons within or working within the territorial jurisdiction of the Authority, excluding charter, tour, or sight-seeing service.
- (5) 'Public transportation system' means, without limitation, a combination of real and personal property, structures, improvements, buildings, equipment, vehicle parking or other facilities, railroads and railroad rights-of-way whether held in fee simple by quitclaim or easement, and rights-of-way, or any combination thereof, used or useful for the purposes of public transportation. 'Public transportation system' however, does not include streets, roads, or highways except those for ingress and egress to vehicle parking.
- (6) 'Regional Public Transportation Authority,' means a body corporate and politic organized in accordance with the provisions

of this Article for the purposes, with the powers and subject to the restrictions hereinafter set forth.

- (7) 'Unit of local government' means any county, city, town or municipality of this State, and any other political subdivision, public corporation, Authority, or district in this State, which is or may be authorized by law to acquire, establish, construct, enlarge, improve, maintain, own, and operate public transportation systems.
- (8) 'Unit of local government's chief administrative official' means the county manager, city manager, town manager, or other person, by whatever title he shall be known, in whom the responsibility for the unit of local government's administrative duties is vested.

**"§ 160A-602. Definition of territorial jurisdiction of Authority.**

An authority may be created for any area of the State that, at the time of creation of the authority, meets the following criteria:

- (1) The area consists of three counties:
- (2) At least one of those counties contains at least part of a County Research and Production Service District established pursuant to Part 2 of Article 16 of Chapter 153A of the General Statutes; and
- (3) The other two counties each:
  - a. Contain at least one unit of local government that is designated by the Governor of the State of North Carolina as a recipient pursuant to Section 9 of the Urban Mass Transportation Act of 1964, as amended; and
  - b. Are adjacent to at least one county that contains at least part of a County Research and Production Service District established pursuant to Part 2 of Article 16 of Chapter 153A of the General Statutes.

**"§ 160A-603. Creation of Authority.**

(a) The Boards of Commissioners of all three counties within an area for which an authority may be created as defined in G.S. 160A-602 may by resolution signify their determination to organize an authority under the provisions of this Article. Each of such resolutions shall be adopted after a public hearing thereon, notice of which hearing shall be given by publication at least once, not less than 10 days prior to the date fixed for such hearing, in a newspaper having a general circulation in the county. Such notice shall contain a brief statement of the substance of the proposed resolution, shall set forth the proposed articles of incorporation of the Authority and shall state the time and place of the public hearing to be held thereof. No county shall be required to make any other publication of such resolution under the provisions of any other law.

(b) Each such resolution shall include articles of incorporation which shall set forth:

- (1) The name of the authority;
- (2) A statement that such authority is organized under this Article;  
and
- (3) The names of the three organizing counties.

(c) A certified copy of each of such resolutions signifying the determination to organize an authority under the provisions of this Article shall be filed with the Secretary of State, together with proof of publication of the notice of hearing on each of such resolutions. If the Secretary of State finds that the resolutions, including the articles of incorporation, conform to the provisions of this Article and that the notices of hearing were properly published, he shall file such resolutions and proofs of publication in his office and shall issue a certificate of incorporation under the seal of the State and shall record the same in an appropriate book of record in his office.



The issuance of such certificate of incorporation by the Secretary of State shall constitute the Authority a public body and body politic and corporate of the State of North Carolina. Said certificate of incorporation shall be conclusive evidence of the fact that such authority has been duly created and established under the provisions of this Article.

(d) When the Authority has been duly organized and its officers elected as herein provided the secretary of the Authority shall certify to the Secretary of State the names and addresses of such officers as well as the address of the principal office of the Authority.

(e) The Authority may become a Designated Recipient pursuant to the Urban Mass Transportation Act of 1964, as amended.

**"§ 160A-604. Territorial jurisdiction of the Authority.**

(a) The territorial jurisdiction of any authority created pursuant to this Article shall be coterminous with the boundaries of the three counties that organized it.

(b) Except as provided by this Article, the jurisdiction of the Authority may include all local public passenger transportation operating within the territorial jurisdiction of the Authority, but the Authority may not take over the operation of any existing public transportation without the consent of the owner.

(c) The Authority shall not have jurisdiction over public transportation subject to the jurisdiction of and regulated by the Interstate Commerce Commission, nor shall it have jurisdiction over intrastate public transportation classified as common carriers of passengers by the North Carolina Utilities Commission.

**"§ 160A-605. Membership; officers; compensation.**

(a) The governing body of an authority is the Board of Trustees. The Board of Trustees shall consist of 13 members, appointed as follows:

- (1) The county with the greatest population shall be allocated five members to be appointed as follows:
  - a. Two by the board of commissioners of that county;
  - b. Two by the city council of the city containing the largest population within that county; and
  - c. One by the city council of the city containing the second largest population within that county;
- (2) The county with the next greatest population shall be allocated three members to be appointed as follows:
  - a. One by the board of commissioners of that county;
  - b. One by the city council of the city containing the largest population within that county; and
  - c. One jointly by that board of commissioners and city council, by procedures agreed on between them;
- (3) The county with the least population shall be allocated two members to be appointed as follows:
  - a. One by the board of commissioners of that county; and
  - b. One by the city council of the city containing the largest population within that county; and
- (4) Three members of the Board of Transportation appointed by the Secretary of Transportation, to serve as ex officio nonvoting members.

(b) Voting members of the Board of Trustees shall serve for terms of four years, provided that one-half of the initial appointments shall be for two-year terms, to be determined by lot at the first meeting of the Board of Trustees. Initial terms of office shall commence upon approval by the Secretary of State of the articles of incorporation. The members appointed by the Secretary of Transportation shall serve at his pleasure.

(c) An appointing authority may appoint one of its members to the Board of Trustees. Service on the Board of Trustees may be in addition to any other office which a person is entitled to hold. Each voting member of the Board of Trustees may hold elective public office as defined by G.S. 128-1.1(d).

(d) Members of the Board of Trustees shall reside within the territorial jurisdiction of the Authority as defined by G.S. 160A-604.

(e) The Board of Trustees shall annually elect from its membership a Chairperson, and a Vice-Chairperson, and shall annually elect a Secretary, and a Treasurer.

(f) Members of the Board of Trustees shall receive the sum of fifty dollars (\$50.00) as compensation for attendance at each duly conducted meeting of the Authority.

**"§ 160A-606. Voting; removal.**

(a) Six members of the Board of Trustees shall constitute a quorum for the transaction of business. Except as provided by G.S. 160A-605(a)(4), each member shall have one vote.

(b) Each member of the Board of Trustees may be removed with or without cause by the appointer(s). If the appointment was made jointly by two boards, the removal must be concurred in by both.

(c) Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointer(s) charged with the responsibility for making such appointments pursuant to G.S. 160A-605. All members shall serve until their successors are appointed and qualified, unless removed from office.

**"§ 160A-607. Advisory committees.**

The Board of Trustees may provide for the selection of such advisory committees as it may find appropriate, which may or may not include members of the Board of Trustees.

**"§ 160A-607.1. Special tax board.**

(a) The special tax board of an authority shall be composed of two representatives from each of the counties organizing the authority appointed annually by the board of commissioners of each of those counties' members at the first regular meeting thereof in January, except that the initial members shall serve a term beginning on the date that the initial terms of the board of trustees of that authority begin under G.S. 160A-605(b), and ending on the last day of December of that year. Each member of the special tax board must be a member of the board of commissioners of the county by which he was appointed. Membership on the special tax board may be held in addition to the offices authorized by G.S. 128-1 or G.S. 128-1.1. Said representatives shall hold office from their appointment until their successors are appointed and qualified, except that when any member of the special tax board ceases for any reason to be a member of the board of commissioners of the county by which he was appointed, he shall simultaneously cease to be a member of said special tax board. Upon the occurrence of any vacancy on said special tax board, the vacancy shall be filled within 30 days after notice thereof by the board of commissioners of the county having a vacancy in its representation. Each member of the special tax board, before entering upon his duties, shall take and subscribe an oath or affirmation to support the Constitution and laws of the United States and of this State and to discharge faithfully the duties of his office; and a record of each such oath shall be filed in the minutes of the respective participating units of local government.

(b) The special tax board shall meet regularly at such places and on such dates as are determined by the special tax board. The initial meeting shall be called jointly by the chairmen of the boards of commissioners of the counties organizing the authority. Special meetings may be called by the chairman of the special tax board on his own initiative and shall be called by him upon request of two or more members of the board. All members shall be notified in writing at least 24 hours in advance of such

meeting. A majority of the members of the special tax board shall constitute a quorum. No vacancy in the membership of the special tax board shall impair the right of a quorum to exercise all the rights and perform all the duties of the special tax board. No action, other than an action to recess or adjourn, shall be taken except upon a majority vote of the entire authorized membership of said special tax board. Each member, including the chairman, shall be entitled to vote on any question.

(c) The special tax board shall elect annually in January from among its members a chairman, vice-chairman, secretary and treasurer, except that initial officers shall be elected at the first meeting of the special tax board.

**"§ 160A-608. Purpose of the Authority.**

The purpose of the Authority shall be to finance, provide, operate, and maintain for a safe, clean, reliable, adequate, convenient, energy efficient, economically and environmentally sound public transportation system for the service area of the Authority through the granting of franchises, ownership and leasing of terminals, buses and other transportation facilities and equipment, and otherwise through the exercise of the powers and duties conferred upon it, in order to enhance mobility in the region and encourage sound growth patterns.

Such a service, facility, or function shall be financed, provided, operated, or maintained in the service area of the Authority either in addition to or to a greater or lesser extent than services, facilities, or functions are financed, provided, operated, or maintained for the entirety of the respective units of local government.

**"§ 160A-609. Service area of the Authority.**

The service area of the Authority shall be as determined by the Board of Trustees consistent with its purpose, but shall not exceed the territorial jurisdiction of the authority and any area it may provide service to under G.S. 160A-610.

**"§ 160A-610. General powers of the Authority.**

The general powers of the Authority shall include any or all of the following:

- (1) To sue and be sued;
- (2) To have a seal;
- (3) To make rules and regulations, not inconsistent with this Chapter, for its organization and internal management;
- (4) To employ persons deemed necessary to carry out the functions and duties assigned to them by the Authority and to fix their compensation, within the limit of available funds;
- (5) With the approval of the unit of local government's chief administrative official, to use officers, employees, agents and facilities of the unit of local government for such purposes and upon such terms as may be mutually agreeable;
- (6) To retain and employ counsel, auditors, engineers and private consultants on an annual salary, contract basis, or otherwise for rendering professional or technical services and advice;
- (7) To acquire, lease as lessee with or without option to purchase, hold, own, and use any franchise, property, real or personal, tangible or intangible, or any interest therein and to sell, lease as lessor with or without option to purchase, transfer (or dispose thereof) whenever the same is no longer required for purposes of the Authority, or exchange same for other property or rights which are useful for the Authority's purposes, including but not necessarily limited to parking facilities;
- (8) To acquire by gift, purchase, lease as lessee with or without option to purchase or otherwise to construct, improve, maintain, repair, operate or administer any component parts of a public transportation system or to contract for the maintenance, operation

- or administration thereof or to lease as lessor the same for maintenance, operation, or administration by private parties, including but not necessarily limited to parking facilities;
- (9) To make or enter into contracts, agreements, deeds, leases with or without option to purchase, conveyances or other instruments, including contracts and agreements with the United States, the State of North Carolina, and units of local government;
  - (10) To surrender to the State of North Carolina any property no longer required by the Authority;
  - (11) To develop and make data, plans, information, surveys and studies of public transportation facilities within the territorial jurisdiction of the Authority, to prepare and make recommendations in regard thereto;
  - (12) To enter in a reasonable manner lands, waters or premises for the purpose of making surveys, soundings, drillings, and examinations whereby such entry shall not be deemed a trespass except that the Authority shall be liable for any actual and consequential damages resulting from such entries;
  - (13) To develop and carry out demonstration projects;
  - (14) To make, enter into, and perform contracts with private parties, and public transportation companies with respect to the management and operation of public passenger transportation;
  - (15) To make, enter into, and perform contracts with any public utility, railroad or transportation company for the joint use of property or rights, for the establishment of through routes, joint fares or transfer of passengers;
  - (16) To make, enter into, and perform agreements with governmental entities for payments to the Authority for the transportation of persons for whom the governmental entities desire transportation;
  - (17) With the consent of the unit of local government which would otherwise have jurisdiction to exercise the powers enumerated in this subdivision: to issue certificates of public convenience and necessity; and to grant franchises and enter into franchise agreements and in all respects to regulate the operation of buses, taxicabs and other methods of public passenger transportation which originate and terminate within the territorial jurisdiction of the Authority as fully as the unit of local government is now or hereafter empowered to do within the territorial jurisdiction of the unit of local government;
  - (18) To operate public transportation systems and to enter into and perform contracts to operate public transportation services and facilities and to own or lease property, facilities and equipment necessary or convenient therefor, and to rent, lease or otherwise sell the right to do so to any person, public or private; further, to obtain grants, loans and assistance from the United States, the State of North Carolina, any public body, or any private source whatsoever, but may not operate or contract for the operation of public transportation systems outside the territorial jurisdiction of the authority except as provided by subdivision (20) of this section;
  - (19) To enter into and perform contracts and agreements with other public transportation authorities, regional public transportation authorities or units of local government pursuant to the provisions of G.S. 160A-460 through 160A-464 (Part 1 of Article 20 of

- Chapter 160A of the General Statutes); further to enter into contracts and agreements with private transportation companies, but this subdivision does not authorize the operation of, or contracting for the operation of, service of a public transportation system outside the service area of the authority;
- (20) To operate public transportation systems extending service into any political subdivision of the State of North Carolina unless a particular unit of local government operating its own public transportation system or franchising the operation of a public transportation system by majority vote of its governing board, shall deny consent, but such service may not extend more than 10 miles outside of the territorial jurisdiction of the authority, except that vanpool and carpool service shall not be subject to that mileage limitation;
  - (21) Except as restricted by covenants in bonds, notes, or equipment trust certificates, to set in its sole discretion rates, fees and charges for use of its public transportation system;
  - (22) To do all things necessary or convenient to carry out its purpose and to exercise the powers granted to the Authority;
  - (23) To collect or contract for the collection of taxes which it is authorized by law to levy;
  - (24) To issue bonds or other obligations of the Authority as provided by law and apply the proceeds thereof to the financing of any public transportation system or any part thereof and to refund, whether or not in advance of maturity or the earliest redemption date, any such bonds or other obligations; and
  - (25) To contract for, or to provide and maintain, with respect to the facilities and property owned, leased with or without option to purchase, operated or under the control of the Authority, and within the territory thereof, a security force to protect persons and property, dispense unlawful or dangerous assemblages and assemblages which obstruct full and free passage, control pedestrian and vehicular traffic, and otherwise preserve and protect the public peace, health, and safety; for these purposes a member of such force shall be a peace officer and, as such, shall have authority equivalent to the authority of a police officer of the city or county in which said member of such force is discharging such duties.

**"§ 160A-611. Authority of Utilities Commission not affected.**

(a) Except as otherwise provided in this Article, nothing in this Article shall be construed to limit or otherwise affect the power or authority of the North Carolina Utilities Commission or the right of appeal to the North Carolina Utilities Commission as provided by law.

(b) The North Carolina Utilities Commission shall not have jurisdiction over rates, fees, charges, routes, and schedules of an Authority for service within its territorial jurisdiction.

**"§ 160A-612. Fiscal accountability.**

An Authority is a public authority subject to the provisions of Chapter 159 of the General Statutes.

**"§ 160A-613. Funds.**

The establishment and operation of an Authority are governmental functions and constitute a public purpose, and the State of North Carolina and any unit of local government may appropriate funds to support the establishment and operation of the

Authority. The State of North Carolina and any unit of local government may also dedicate, sell, convey, donate or lease any of their interests in any property to the Authority. An authority may apply for grants from the State of North Carolina, or from the United States or any department, agency, or instrumentality thereof. The Department of Transportation may allocate to an authority any funds appropriated for public transportation, or any funds whose use is not restricted by law.

**"§ 160A-613.1. Competition.**

No equipment of the authority may be used for charter, tour, or sight-seeing service.

**"§ 160A-614. Effect on existing franchises and operations.**

Creation of the Authority shall not have an effect on any existing franchises granted by any unit of local government; such existing franchises shall continue in full force and effect until legally terminated; further, all ordinances and resolutions of the unit of local government regulating local public transportation systems, bus operations, and taxicabs shall continue in full force and effect now and in the future, unless superseded by regulations of the Authority; such superseding, if any, may occur only on the basis of prior mutual agreement between the Authority and the respective unit of local government.

**"§ 160A-615. Termination.**

The Board of Trustees may terminate the existence of the Authority at any time when it has no outstanding indebtedness. In the event of such termination, all property and assets of the Authority not otherwise encumbered shall automatically become the property of the State of North Carolina, and the State of North Carolina shall succeed to all rights, obligations, and liabilities of the Authority.

**"§ 160A-616. Controlling provisions.**

Insofar as the provisions of this Article are not consistent with the provisions of any other law, public or private, the provisions of this Article shall be controlling.

**"§ 160A-617. Bonds and notes authorized.**

In addition of the powers granted by this Article, the Authority may issue bonds and notes pursuant to the provisions of the Local Government Bond Act and the Local Government Revenue Bond Act for the purpose of financing public transportation systems or any part thereof and to refund such bonds and notes, whether or not in advance of their maturity or earliest redemption date. Any bond order must be approved by resolution adopted by the special tax board of the Authority. To pay any bond or note issued under the Local Government Bond Act, the Authority may not pledge the levy of any ad valorem tax, but only a tax or taxes it is authorized to levy.

**"§ 160A-618. Equipment trust certificates.**

In addition to the powers here and before granted, the Authority shall have continuing power to purchase equipment, and in connection therewith execute agreements, leases with or without option to purchase, or equipment trust certificates. All money required to be paid by the Authority under the provisions of such agreements, leases with or without option to purchase, and equipment trust certificates shall be payable solely from the fares, fees, rentals, charges, revenues, and earnings of the Authority, monies derived from the sale of any surplus property of the Authority and gifts, grants, and contributions from any source whatever. Payment for such equipment or rentals therefore, may be made in installments; the deferred installments may be evidenced by equipment trust certificates payable solely from the aforesaid revenues or receipts and title to such equipment may or may not vest in the Authority until the equipment trust certificates are paid.

**"§ 160A-619. Power of eminent domain.**

(a) The Authority shall have continuing power to acquire, by gift, grant, devise, bequest, exchange, purchase, lease with or without option to purchase, or any other

lawful method, including but not limited to the power of eminent domain, the fee or any lesser interest in real or personal property for use by the Authority.

(b) Exercise of the power of eminent domain by the Authority shall be in accordance with Chapter 40A of the General Statutes.

**"§ 160A-620. Tax exemption.**

The property of the Authority, both real and personal, its acts, activities and income shall be exempt from any tax or tax obligation; in the event of any lease of Authority property, or other arrangement which amounts to a leasehold interest, to a private party, this exemption shall not apply to the value of such leasehold interest nor shall it apply to the income of the lessee. Otherwise, however, for the purpose of taxation, when property of the Authority is leased to private parties solely for the purpose of the Authority, the acts and activities of the lessee shall be considered as the acts and activities of the Authority and the exemption. The interest on bonds or obligations issued by the Authority shall be exempt from State taxes.

**"§ 160A-621. Removal and relocation of utility structures.**

(a) The Authority shall have the power to require any public utility, railroad, or other public service corporation owning or operating any installations, structures, equipment, apparatus, appliances or facilities in, upon, under, over, across or along any ways on which the Authority has the right to own, construct, operate or maintain its public transportation system, to relocate such installation, structures, equipment, apparatus, appliances or facilities from their locations, or, in the sole discretion of the affected public utility, railroad, or other public service corporation, to remove such installations, structures, equipment, apparatus, appliances or facilities from their locations.

(b) If the owner or operator thereof fails or refuses to relocate them, the Authority may proceed to do so.

(b1) The Authority shall provide any necessary new locations and necessary real estate interests for such relocation, and for that purpose the power of eminent domain as provided in G.S. 160A-619 may be exercised provided the new locations shall not be in, on or above, a public highway; the Authority may also acquire the necessary new locations by purchase or otherwise.

(b2) Any affected public utility, railroad or other public service corporation shall be compensated for any real estate interest taken in a manner consistent with G.S. 160A-619, subject to the right of the Authority to reduce the compensation due by the value of any property exchanged under this section.

(b3) The method and procedures of a particular adjustment to the facilities of a public utility, railroad or other public service corporation shall be covered by an agreement between the Authority and the affected party or parties.

(c) The Authority shall reimburse the public utility, railroad or other public service corporation, for the cost of relocations or removals which shall be the entire amount paid or incurred by the utility properly attributable thereto after deducting the cost of any increase in the service capacity of the new installations, structures, equipment, apparatus, appliances or facilities and any salvage value derived from the old installations, structures, equipment, apparatus or appliances."

Sec. 1.1. G.S. 40A-3(c) is amended by adding a new subdivision to read:

"(13) A regional transportation authority established under Article 26 of Chapter 160A of the General Statutes for the purposes of that Article."

Sec. 2. G.S. 159-81(1) reads as rewritten:

"(1) 'Municipality' means a county, city, town, incorporated village, sanitary district, metropolitan sewerage district, metropolitan water district, county water and sewer district, water and sewer authority, hospital authority, hospital district, parking authority, special

airport district, regional public transportation authority, and airport authority, a joint agency created pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes, but not any other forms of local government."

Sec. 3. G.S. 159-44(4) reads as rewritten:

"(4) 'Unit,' 'unit of local government,' or 'local government' means counties; cities, towns, and incorporated villages; sanitary districts; mosquito control districts; hospital districts; metropolitan sewerage districts; metropolitan water districts; county water and sewer districts; regional public transportation authorities; and special airport districts."

Sec. 4. G.S. 159-48(e) reads as rewritten:

"(e) Each sanitary district, mosquito control district, hospital district, metropolitan sewerage district, metropolitan water district, county water and sewer district, regional public transportation authority and special airport district is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the purposes for which it is authorized, by general laws uniformly applicable throughout the State, to raise or appropriate money, except for current expenses."

Sec. 5. G.S. 159-51 reads as rewritten:

**"§ 159-51. Application to Commission for approval of bond issue; preliminary conference; acceptance of application.**

No bonds may be issued under this Article unless the issue is approved by the Local Government Commission. The governing board of the issuing unit shall file an application for Commission approval of the issue with the secretary of the Commission. If the issuing unit is a regional public transportation authority, the application must be accompanied by a resolution of the special tax board of that authority approving of the application. The application shall state such facts and have attached to it such documents concerning the proposed bonds and the financial condition of the issuing unit as the secretary may require. The Commission may prescribe the form of the application.

Before he accepts the application, the secretary may require the governing board or its representatives to attend a preliminary conference to consider the proposed bond issue.

After an application in proper form has been filed, and after a preliminary conference if one is required, the secretary shall notify the unit in writing that the application has been filed and accepted for submission to the Commission. The secretary's statement shall be conclusive evidence that the unit has complied with this section."

Sec. 6. G.S. 159-85(a) reads as rewritten:

"(a) Neither the State nor a municipality may issue revenue bonds under this Article unless the issue is approved by the Commission. The State Treasurer or the governing board of the issuing municipality or its duly authorized agent, as the case may be, shall file an application for Commission approval of the issue with the secretary of the Commission. If the issuing municipality is a regional public transportation authority, the application must be accompanied by a resolution of the special tax board of that authority approving of the application. The application shall state such facts and have attached to it such documents concerning the proposed revenue bonds and the financial condition of the State or the issuing municipality, as the case may be, and its utilities and enterprises as the secretary may require. The Commission may prescribe the form of the application."

Sec. 7. The Legislative Research Commission shall make a comprehensive study of financing of public transportation in North Carolina, and



contracting with the private sector for public transportation services, and report its recommendations to the 1989 Regular Session, (1990 Regular Session) of the General Assembly.

Sec. 8. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 8th day of August, 1989.

**JAMES C. GARDNER**

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James C. Gardner  
President of the Senate

**J. L. MAVRETIC**

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J. L. Mavretic  
Speaker of the House of Representatives



# Public Transportation Needs SUMMARY

- § 3 Elderly & Handicapped Transportation Program.  
Formula-based operating assistance to counties.
- 5 Capital assistance to coordinated human service agencies. There is a state-wide fleet of vans, lift-equipped vans and school bus-type vehicles numbering approximately 1250.
- 5 Formula-based operating assistance to the state's 16 fixed route bus systems (Rocky Mount to Charlotte).
- 2 Capital and administrative assistance to rural general public transportation systems.
- 4 Public Transportation discretionary grant program. May be used for multiple purposes, including transportation facilities, park and ride lots, replacement and expansion transit vehicles, other urban capital, ridesharing and regional needs.
- 1 Public transportation planning, rural and urban areas.

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**\$20 Million Total**



RATIO,  
TOTAL HIGHWAY DISBURSEMENT:  
STATE AID TO TRANSIT

GEORGIA	6.86
VIRGINIA	20.40
FLORIDA	87.30
TENNESSEE	144.77
SOUTH CAROLINA	179.25
NORTH CAROLINA	241.50

RATIO,  
STATE HIGHWAY REVENUE:  
STATE TRANSIT AID

GEORGIA	3.23
VIRGINIA	15.15
FLORIDA	49.26
TENNESSEE	90.45
SOUTH CAROLINA	111.87
NORTH CAROLINA	171.80

Prepared By: N.C. Dept. of Transportation/Public Transportation Division  
Phillip J. Matson



LEGISLATIVE PROPOSAL I

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

HOUSE JOINT RESOLUTION 90d-RWZ-113(4.9)  
THIS IS A DRAFT 19-APR-90 15:54:53

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Sponsors:

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Referred to:

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1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH  
2 COMMISSION TO CONTINUE TO STUDY PUBLIC TRANSPORTATION  
3 FINANCING.

4           Whereas, Chapter 740 of the 1989 Session Laws authorized  
5 the Legislative Research Commission to make a comprehensive study  
6 of the financing of public transportation in North Carolina;

7           Whereas, the Legislative Research Commission established  
8 the Legislative Research Commission Public Transportation  
9 Financing Study Committee;

10           Whereas, the Legislative Research Commission Public  
11 Transportation Financing Study Committee began a study of the  
12 public transportation financing in North Carolina, and  
13 contracting with the private sector for public transportation  
14 services;

15           Whereas, the Legislative Research Commission Public  
16 Transportation Financing Study Committee believes that many  
17 important public transportation issues, such as city and regional  
18 bus transit, intercity rail service, and human service  
19 transportation, need further examination;

20           Whereas, the Legislative Research Commission Public  
21 Transportation Financing Study Committee could continue its

1 comprehensive review of public transportation financing in North  
2 Carolina, and could more fully address this important issue;  
3 Now, therefore, be it resolved by the House of Representatives,  
4 the Senate concurring:

5           Section 1. The Legislative Research Commission is  
6 authorized to continue its comprehensive study of public  
7 transportation financing in North Carolina.

8           Sec. 2. The Legislative Research Commission shall make  
9 a final report to the 1991 Session of the General Assembly.

10           Sec. 3. There is appropriated from the General Fund to  
11 the Legislative Research Commission the sum of fifteen thousand  
12 dollars (\$15,000) for the 1990-91 fiscal year to fund the study  
13 described in Section 1 of this act.

14           Sec. 4. This act shall become effective July 1, 1990.



LEGISLATIVE PROPOSAL II

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

90S-RWZX-001(4.9)  
THIS IS A DRAFT 25-APR-90 16:06:11

Short Title: Transit Authority Registration Tax (Public)

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Sponsors:

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Referred to:

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1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE A REGIONAL TRANSPORTATION AUTHORITY TO LEVY A  
3 VEHICLE REGISTRATION TAX.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. G.S. 160A-613 reads as rewritten:  
6 "**§ 160A-613. Funds.**  
7 (a) The establishment and operation of an Authority are  
8 governmental functions and constitute a public purpose, and the  
9 State of North Carolina and any unit of local government may  
10 appropriate funds to support the establishment and operation of  
11 the Authority. The State of North Carolina and any unit of local  
12 government may also dedicate, sell, convey, donate or lease any  
13 of their interests in any property to the Authority.  
14 (b) The Authority may levy an annual vehicle registration tax  
15 not to exceed five dollars (\$5.00) per vehicle in accordance with  
16 G.S. 160A-623."  
17 Sec. 2. Chapter 160A of the General Statutes is amended  
18 by adding a new section to read:  
19 "§ 160A-623. Regional Transportation Authority Registration Tax.  
20 (a) Tax Authorized. In accordance with this section, an  
21 Authority organized under this Article may levy an annual license  
22 tax upon any motor vehicle with a tax situs within its  
23 territorial jurisdiction as defined by G.S. 160A-602.

1 (b) Purpose. The purpose of the tax levied under this section  
2 is to raise revenue for capital and operating expenses of an  
3 Authority in providing a public transportation system.

4 (c) Amount of Tax. The annual levy under this section must be a  
5 full dollar amount, but may not exceed five dollars (\$5.00) per  
6 year.

7 (d) Procedure for Levy. The Board of Trustees of an Authority  
8 may levy the tax provided by this section by passage of a  
9 resolution, after not less than 10 days' public notice and after  
10 a public hearing. Collection of the tax, and liability therefor,  
11 shall begin and continue only on and after the first day of a  
12 calendar month set by the Board of Trustees in the resolution  
13 levying the tax, which shall in no case be earlier than the first  
14 day of the third calendar month after the adoption of the  
15 resolution. The Board of Trustees, upon adoption of the  
16 resolution, shall cause a certified copy of the resolution to be  
17 delivered immediately to the Division of Motor Vehicles.

18 (e) Collection of Tax. Upon receipt of the resolutions under  
19 subsections (d) and (j), the Division of Motor Vehicles shall  
20 proceed to collect and administer the tax. The tax is due at the  
21 same time and subject to the same restrictions as in G.S. 20-87  
22 (1), (2), (4), (5), (6), and (7), and G.S. 20-88. The  
23 Commissioner of Motor Vehicles may adopt such rules as are  
24 necessary and proper to implement this section.

25 (f) Modification or Repeal of Tax. The Board of Trustees may,  
26 by resolution, terminate the levy of the tax under this section,  
27 or increase or decrease the amount of the tax, under the same  
28 procedures as provided in subsection (d) of this section, and  
29 subject to the limitations provided in subsections (c) and (j) of  
30 this section. Collection of the increased or decreased tax, and  
31 liability therefor, shall begin and continue only on and after  
32 the first day of a calendar month set by the Board of Trustees in  
33 the resolution increasing or reducing the tax, which shall in no  
34 case be earlier than the first day of the third calendar month  
35 after the adoption of the resolution. The effective date of the  
36 termination of the tax shall be only on and after the first day  
37 of a calendar month set by the Board of Trustees in the  
38 resolution terminating the tax, which shall in no case be earlier  
39 than the first day of the third calendar month after the adoption  
40 of the resolution. No liability for any tax levied under this  
41 section which shall have attached prior to the effective date on  
42 which a levy is terminated or reduced shall be discharged as a  
43 result of such termination or reduction, and no right to a refund  
44 of tax or otherwise, which shall have accrued prior to the

1 effective date on which a levy is terminated or reduced shall be  
2 denied as a result of such termination.

3 (g) Vehicles Subject to Tax. Only vehicles required to pay a  
4 tax under G.S. 20-87(1), (2), (4), (5), (6), and (7) and G.S.  
5 20-88 shall be subject to the tax provided by this section.  
6 Taxes shall be prorated in accordance with G.S. 20-66 or G.S.  
7 20-95, as applicable.

8 (h) Tax Situs. The fact that the county listed by the owner  
9 under G.S. 105-314 as the county where the vehicle is subject to  
10 ad valorem taxation is within the territorial jurisdiction of the  
11 Authority shall be prima facie evidence that the vehicle has a  
12 tax situs within the territorial jurisdiction of the Authority.

13 (i) Distribution of Proceeds. Taxes paid under this section  
14 shall be credited to a special fund, and the net proceeds  
15 disbursed quarterly to the appropriate Authority. Interest  
16 credited to the fund shall be disbursed quarterly to the Highway  
17 Fund to reimburse the Division of Motor Vehicles for the cost of  
18 collecting and administering the tax.

19 (j) When Special Tax Board and Board of County Commissioners  
20 Authorization Necessary. No Authority may adopt a resolution to  
21 levy any tax under this section, or to increase the amount of the  
22 levy, unless the special tax board of that authority and the  
23 board of county commissioners of each county organizing the  
24 authority have first passed a resolution approving the levy or  
25 increase, except where the levy or increase in tax is necessary  
26 for debt service on bonds or notes that special tax board and  
27 each of the boards of county commissioners had previously  
28 approved under G.S. 159-51. The Special Tax Board and Board of  
29 County Commissioners, upon adoption of the resolution, shall  
30 cause a certified copy of the resolution to be delivered  
31 immediately to the Authority and to the Division of Motor  
32 Vehicles."

33 Sec. 3. G.S. 105-314(a) reads as rewritten:

34 "(a) Every motor vehicle owner applying to the State Division  
35 of Motor Vehicles for motor vehicle license tags, or for renewal  
36 of such, shall specify in the application the county in which  
37 each such motor vehicle is subject to ad valorem taxation. If any  
38 such vehicle is not subject to ad valorem taxation in this State,  
39 that fact, with the reason therefor, shall be stated in the  
40 application. No State license tags shall be issued to any  
41 applicant, or renewed for such applicant until the requirements  
42 of this subsection have been met. It shall be a misdemeanor to  
43 knowingly make a false statement in the application as to the  
44 information required to be supplied by this section."

1           Sec. 4. Chapter 160A of the general Statutes is amended  
2 by adding a new section to read:

3 **§ 160A-624. Recommendation of Additional Revenue Sources.**

4       The Authority may make recommendations to the General Assembly  
5 concerning additional revenue sources, including, but not limited  
6 to:

- 7           (1) annual vehicle registration fees;  
8           (2) ad valorem taxes;  
9           (3) local land transfer taxes;  
10          (4) drivers license fees;  
11          (5) sales taxes on automobile parts and accessories;  
12               and  
13          (6) motor fuels taxes.

14 Any additional revenue sources for an Authority must be approved  
15 by the General Assembly.

16           Sec. 5. G.S. 160A-617 is rewritten to read:

17 **§ 160A-617. Bonds and notes authorized.**

18       In addition ~~of~~ to the powers granted by this Article, the  
19 authority may issue bonds and notes pursuant to the provisions of  
20 the Local Government Bond Act and the Local Government Revenue  
21 Bond Act for the purpose of financing public transportation  
22 systems or any part thereof and to refund such bonds and notes,  
23 whether or not in advance of their maturity or earliest  
24 redemption date. Any bond order must be approved by resolution  
25 adopted by the special tax board of the Authority and in the case  
26 of a bond order under the Local Government Bond Act also by the  
27 board of county commissioners of each county organizing the  
28 authority. To pay any bond or note issued under the Local  
29 Government Bond Act, the Authority may not pledge the levy of any  
30 ad valorem tax, but only a tax or taxes it is authorized to levy.

31           Sec. 6. G.S. 159-51 reads as rewritten:

32 **"§ 159-51. Application to Commission for approval of bond issue;**  
33 **preliminary conference; acceptance of application.**

34       No bonds may be issued under this Article unless the issue is  
35 approved by the Local Government Commission. The governing board  
36 of the issuing unit shall file an application for Commission  
37 approval of the issue with the secretary of the Commission. If  
38 the issuing unit is a regional public transportation authority,  
39 the application must be accompanied by ~~a resolution~~ resolutions  
40 of the special tax board of that authority and of each of the  
41 boards of county commissioners of the counties organizing the  
42 authority approving of the application. The application shall  
43 state such facts and have attached to it such documents  
44 concerning the proposed bonds and the financial condition of the

1 issuing unit as the secretary may require. The Commission may  
2 prescribe the form of the application.

3 Before he accepts the application, the secretary may require  
4 the governing board or its representatives to attend a  
5 preliminary conference to consider the proposed bond issue.

6 After an application in proper form has been filed, and after a  
7 preliminary conference if one is required, the secretary shall  
8 notify the unit in writing that the application has been filed  
9 and accepted for submission to the Commission. The secretary's  
10 statement shall be conclusive evidence that the unit has complied  
11 with this section."

12                   Sec 6. This act is effective upon ratification.



LEGISLATIVE PROPOSAL III

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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90S-RWZX-002(4.9)

THIS IS A DRAFT 19-APR-90 16:09:43

Short Title: Transit Authority Driver's License Tax (Public)

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Sponsors:

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Referred to:

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1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE A REGIONAL TRANSPORTATION AUTHORITY TO LEVY A  
3 DRIVER'S LICENSE TAX.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. G.S. 160A-613 reads as rewritten:  
6 "§ 160A-613. Funds.  
7 (a) The establishment and operation of an Authority are  
8 governmental functions and constitute a public purpose, and the  
9 State of North Carolina and any unit of local government may  
10 appropriate funds to support the establishment and operation of  
11 the Authority. The State of North Carolina and any unit of local  
12 government may also dedicate, sell, convey, donate or lease any  
13 of their interests in any property to the Authority.  
14 (a1) The Authority may levy a driver's license tax not to  
15 exceed ten dollars (\$10.00) in accordance with G.S. 160A-622.  
16 Sec. 2. Chapter 160A of the General Statutes is amended  
17 by adding a new section to read:  
18 "§ 160A-622. Regional Transportation Authority Driver's License  
19 Tax.  
20 (a) Tax Authorized. In accordance with this section, an  
21 Authority organized under this Article may levy a tax upon the  
22 issuance or reissuance of any driver's license with an address  
23 located within its territorial jurisdiction.

1 (b) Purpose. The purpose of the tax levied under this section  
2 is to raise revenue for capital and operating expenses of an  
3 Authority in providing a public transportation system.

4 (c) Amount of Tax. The levy under this section must be a full  
5 dollar amount, but may not exceed ten dollars (\$10.00) per  
6 issuance or reissuance of a driver's license under G.S. 20-7.

7 (d) Procedure for Levy. The Board of Trustees of an Authority  
8 may levy the tax provided by this section by passage of a  
9 resolution, after not less than 10 days' public notice and after  
10 a public hearing. Collection of the tax, and liability therefor,  
11 shall begin and continue only on and after the first day of a  
12 calendar month set by the Board of Trustees in the resolution  
13 levying the tax, which shall in no case be earlier than the first  
14 day of the third calendar month after the adoption of the  
15 resolution. The Board of Trustees, upon adoption of the  
16 resolution, shall cause a certified copy of the resolution to be  
17 delivered immediately to the Division of Motor Vehicles.

18 (e) Collection of Tax. Upon receipt of the resolutions under  
19 subsections (d) and (h) the Division of Motor Vehicles shall  
20 proceed to collect and administer the tax. The tax is due at the  
21 same time and subject to the same restrictions as the fee  
22 provided in G.S. 20-7(i). The Commissioner of Motor Vehicles may  
23 adopt rules as necessary to implement this section.

24 (f) Modification or Repeal of Tax. The Board of Trustees may,  
25 by resolution, terminate the levy of the tax under this section,  
26 or increase or decrease the amount of the tax, under the same  
27 procedures as provided in subsection (d) of this section, and  
28 subject to the limitations provided in subsections (c) and (h) of  
29 this section. Collection of the increased or decreased tax, and  
30 liability therefor, shall begin and continue only on and after  
31 the first day of a calendar month set by the Board of Trustees in  
32 the resolution increasing or reducing the tax, which shall in no  
33 case be earlier than the first day of the third calendar month  
34 after the adoption of the resolution. The effective date of the  
35 termination of the tax shall be only on and after the first day  
36 of a calendar month set by the Board of Trustees in the  
37 resolution terminating the tax, which shall in no case be earlier  
38 than the first day of the third calendar month after the adoption  
39 of the resolution. No liability for any tax levied under this  
40 section which shall have attached prior to the effective date on  
41 which a levy is terminated or reduced shall be discharged as a  
42 result of such termination or reduction, and no right to a refund  
43 of tax or otherwise, which shall have accrued prior to the



1 effective date on which a levy is terminated or reduced shall be  
2 denied as a result of such termination or reduction.

3 (g) Distribution of Proceeds. Taxes paid under this section  
4 shall be credited to a special fund, and the net proceeds  
5 disbursed quarterly to the appropriate Authority. Interest  
6 credited to the fund shall be disbursed quarterly to the Highway  
7 Fund to reimburse the Division of Motor Vehicles for the cost of  
8 collecting and administering the tax.

9 (h) When Special Tax Board and Board of County Commissioners  
10 Authorization Necessary. No Authority may adopt a resolution to  
11 levy any tax under this section, or to increase the amount of the  
12 levy, unless the special tax board of that authority and the  
13 board of county commissioners of each county organizing the  
14 authority have first passed a resolution approving the levy or  
15 increase, except where the levy or increase in tax is necessary  
16 for debt service on bonds or notes that special tax board and  
17 each of the boards of county commissioners had previously  
18 approved under G.S. 159-51. The Special Tax Board and Board of  
19 County Commissioners, upon adoption of the resolution, shall  
20 cause a certified copy of the resolution to be delivered  
21 immediately to the Authority and to the Division of Motor  
22 Vehicles.

23 Sec. 3. Chapter 160A of the general Statutes is amended  
24 by adding a new section to read:

25 § 160A-624. Recommendation of Additional Revenue Sources.

26 The Authority may make recommendations to the General Assembly  
27 concerning additional revenue sources, including, but not limited  
28 to:

- 29 (1) annual vehicle registration fees;  
30 (2) ad valorem taxes;  
31 (3) local land transfer taxes;  
32 (4) drivers license fees;  
33 (5) sales taxes on automobile parts and accessories;  
34 and  
35 (6) motor fuels taxes.

36 Any additional revenue sources for an Authority must be approved  
37 by the General Assembly.

38 Sec. 4. G.S. 160A-617 is rewritten to read:

39 § 160A-617. Bonds and notes authorized.

40 In addition ~~of~~ to the powers granted by this Article, the  
41 authority may issue bonds and notes pursuant to the provisions of  
42 the Local Government Bond Act and the Local Government Revenue  
43 Bond Act for the purpose of financing public transportation  
44 systems or any part thereof and to refund such bonds and notes,

1 whether or not in advance of their maturity or earliest  
2 redemption date. Any bond order must be approved by resolution  
3 adopted by the special tax board of the Authority and in the case  
4 of a bond order under the Local Government Bond Act also by the  
5 board of county commissioners of each county organizing the  
6 authority. To pay any bond or note issued under the Local  
7 Government Bond Act, the Authority may not pledge the levy of any  
8 ad valorem tax, but only a tax or taxes it is authorized to levy.

9 Sec. 5. G.S. 159-51 reads as rewritten:

10 "**§ 159-51. Application to Commission for approval of bond issue;**  
11 **preliminary conference; acceptance of application.**

12 No bonds may be issued under this Article unless the issue is  
13 approved by the Local Government Commission. The governing board  
14 of the issuing unit shall file an application for Commission  
15 approval of the issue with the secretary of the Commission. If  
16 the issuing unit is a regional public transportation authority,  
17 the application must be accompanied by ~~a resolution~~ resolutions  
18 of the special tax board of that authority and of each of the  
19 boards of county commissioners of the counties organizing the  
20 authority approving of the application. The application shall  
21 state such facts and have attached to it such documents  
22 concerning the proposed bonds and the financial condition of the  
23 issuing unit as the secretary may require. The Commission may  
24 prescribe the form of the application.

25 Before he accepts the application, the secretary may require  
26 the governing board or its representatives to attend a  
27 preliminary conference to consider the proposed bond issue.

28 After an application in proper form has been filed, and after a  
29 preliminary conference if one is required, the secretary shall  
30 notify the unit in writing that the application has been filed  
31 and accepted for submission to the Commission. The secretary's  
32 statement shall be conclusive evidence that the unit has complied  
33 with this section."

34 Sec. 6. This act is effective upon ratification.