

S.L. 2018-5 AND OTHER LEGISLATIVE BUDGETARY HIGHLIGHTS

Transportation Budget Highlights

The Conference Report provides \$2.2 billion in Highway Fund appropriations and \$1.5 billion in Highway Trust Fund appropriations to the Department of Transportation (DOT) for FY 2018-19. Highway Fund appropriations increased 1.5%, or \$34 million, compared to the amount enacted for FY 2017-18, while Highway Trust Fund appropriations decreased 0.4%, or \$6 million. Highlights of the Conference Committee and other legislative actions in Transportation follow below:

Revenue Forecast

Combined projected revenues are down relative to the FY2017-18 budget by 2% in FY2018-19. The decrease in revenue stems from:

- Lower than projected DMV fees; and
- Slower than projected growth in highway use tax revenues.

Adjustments to Appropriations: Highway Fund

- **(Page J 17, Item 21)** The Global TransPark budget increases by \$1.9 million to fund repair and renovation needs, including structural repairs and HVAC, electrical, and fire suppression system upgrades.
- **(Various pages and items)** To address this year's shortfall, contract resurfacing, the bridge program, the Mobility/Economic Development/Small Construction Fund, and urban public transit system grant funds are each reduced by \$8.6 million. Additional reductions of \$2.7 million each are made to the roadside environmental, pavement preservation, bridge preservation, and general maintenance reserve funds.

Adjustments to Appropriations: Highway Trust Fund

- **(Page J 24, Item 32)** The Strategic Transportation Investments fund decreases by \$45.3 million.

Special Provisions

- **(Sec. 34.3, Pages 174-175)** Authorizes DOT to use up to \$30 million NR from the General Maintenance Reserve to fund costs incurred for an economic development project. Beginning in FY 2021-22, the General Fund will repay the Highway Fund in 4 equal yearly installments.
- **(Sec. 34.5, Pages 175-177)** Clarifies that revenues from toll roads can only be used on the project that generated the tolls or on a contiguous toll facility. It also:

- Requires DOT to report 90 days prior to a project's letting on toll projects financed without a toll revenue bond.
 - Amends the STI bonus allocation provision to allow toll projects financed without a toll revenue bond to receive a bonus allocation based on an amount equal to half of the revenues expected during the project's first 10 years.
- **(Sec. 34.6, Page 177-178)** Clarifies that the project cap applies to a group of projects in the same corridor and that bonus allocation must be repaid if the toll is removed or not implemented. It also:
 - Expands the number of federal programs to be programmed in the STIP using alternate criteria to include Congestion Mitigation and Air Quality Improvement program funds.
 - Changes the limitation on variance from 10% over any 5-year period to 15% over any 5-year period and 10% over any 10-year period.
 - Changes the amount of funds programmed for economic development from \$10 million each year to \$100 million over 5 years and increases the per project cap from \$5 million to \$10 million.
- **(Section 34.7, Pages 178-179 – as amended by S.L. 2018-97, Sec. 7.5)** Stipulates that DOT may not expend State funds on light rail projects until DOT receives written confirmation establishing that all non-State funding has been committed. It clarifies that State funding for the Durham-Orange Light Rail (DOLR) project is capped at \$190 million. The DOLR project must secure all non-State and non-federal funding by April 30, 2019, and GoTriangle must submit a written agreement to DOT verifying all non-State funding is committed by November 30, 2019. Failure to meet either deadline results in removal of the project from the current and any future STIPs.
- **(Sec. 34.9, Page 179)** Extends the moratorium that prohibits the filing of new corridor maps by one year.
- **(Sec. 34.11, Page 180)** Requires DOT to report to JLTOC and the Joint Oversight Committee on Government Operations 60 days prior to any modification or cancellation of the I-77 Managed Lane project. STI funds cannot be used to pay damages or other monetary compensation for cancelling or modifying the contract. The General Assembly must expressly approve the appropriation.
- **(Sec. 34.19, Pages 184-185)** Authorizes a 2-year pilot program that allows DOT flexibility in setting salaries for DOT employees who voluntarily relinquish longevity and career status. It also:
 - Enables DOT to use up to 2% of payroll for the purpose of salary adjustments, reallocation of positions, and recruitment and retention programs.
 - Authorizes the Secretary flexibility in recruitment by enabling DOT to designate vacant positions and not subject to open recruitment requirements.