

# **TRANSPORTATION**

## **Section K**

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## Highway Fund

HIGHWAY FUND
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	FY 13-14	FY 14-15
Recommended Continuation Budget	\$1,696,197,124	\$1,692,322,459

### Legislative Changes

#### Adjustments to Availability

##### 1 Inspection Program Account & Telecommunications Account

Appropriates \$10.5 million of accumulated unencumbered fund balance in accordance with the elimination of the Inspection Program Account and Telecommunications Account upon completion of the Motor Vehicle Inspection and Law Enforcement System (MILES) information technology project. Projected recurring revenues from the consolidation of the Inspection (\$3.00) and Telecommunications (\$1.75) electronic authorization fees total \$23.6 million in FY 2013-14 and \$21.6 million in FY 2014-15.

##### 2 Division of Motor Vehicles Technology Improvement Account

Appropriates \$4.55 million of accumulated unencumbered fund balance in accordance with the elimination of the Technology Improvement Account. Additional recurring revenues to the Highway Fund total \$634,000.

##### 3 Access and Public Service Road Program

Appropriates \$3.0 million of accumulated unencumbered fund balance from the Access and Public Service Road Program.

##### 4 Division Small Urban Construction Program

Appropriates \$25.0 million of accumulated unencumbered fund balance from the Division Small Urban Construction Program.

##### 5 Contingency Fund

Appropriates \$28.0 million of accumulated unencumbered fund balance from the Contingency Fund for maintenance projects.

##### 6 Economic Development Program

Appropriates \$3.1 million of accumulated unencumbered fund balance within the Economic Development Program for qualifying projects to be used in FY 2013-14.

##### 7 Shallow Draft Navigation Channel Dredging Fund

Reduces Highway Fund revenue by \$2,280,350 in FY 2013-14 and \$2,193,500 in FY 2014-15 to reflect the crediting of one-sixth of one percent (1/6 of 1%) of motor fuel tax revenue to the Shallow Draft Navigation Channel Dredging Fund established by Section 14.22.

**8 Registration Fee for Hybrid/Electric Vehicles**

Increases Highway Fund revenue by \$1.5 million recurring resulting from the establishment of a \$100 surcharge on registration fees for electric vehicles and a \$50 surcharge on registration fees for hybrid-electric vehicles.

**9 Freight Rail & Rail Crossing Safety Improvement Fund**

Increases Highway Fund availability to reflect dividend payments issued by the North Carolina Railroad Company during the 2013-15 fiscal biennium. Estimated receipts total \$19.2 million in FY 2013-14 and \$3.75 million in FY 2014-15.

**Administration****10 Facility Security**

\$303,896	R	\$303,896	R
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Appropriates recurring funds to maintain the existing level of contract security at seven DOT buildings, as recommended in the Governor's Budget. Funds were previously allocated from the year-end credit balance within the Highway Fund for this purpose.

**11 Fiscal Section - Appalachian Regional Commission**

\$278,099	R	\$278,099	R
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Appropriates funding for the Department's share of the Appalachian Regional Commission Assessment, as recommended in the Governor's Budget. Funds were previously allocated from the Highway Fund year-end credit balance for this purpose.

**12 Occupational Safety and Health (OSHA) Program**

(\$7,455)	R	(\$7,455)	R
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Reduces funding for the Occupational Safety and Health (OSHA) Program, leaving \$365,337, as recommended in the Governor's Budget.

**13 DOT-IT - Mainframe Application Modernization**

		\$5,000,000	R
\$8,832,000	NR	\$8,798,400	NR

Appropriates funds to advance the development and implementation of replacement systems for Division of Motor Vehicles mainframe applications, including the State Titling and Registration System (STARS), State Automated Driver License System (SADLS), and Liability Insurance Tracking and Enforcement System (LITES). Funds are authorized for the procurement of contractual services, hardware and software for these replacement efforts.

**14 Fiscal Section - Combined Registration and Tax Collection System**

Authorizes three additional receipt-supported positions to administer the collection of registration fees and property taxes upon implementation of the Combined Motor Vehicle Registration and Property Tax Collection System. Budgeted receipts are increased by \$189,278 recurring in FY 2013-14 and \$189,372 recurring in FY 2014-15. Costs incurred for project administration are supported by the administrative fee authorized in G.S. 105-330.5(b) and determined pursuant to the Memorandum of Understanding between the Department of Revenue and Division of Motor Vehicles, as required by G.S. 105-330.11. Total budgeted receipts for Fiscal Section project administration are \$634,702 in FY 2013-14 and \$634,796 in FY 2014-15.

**15 DOT-IT - Combined Registration and Tax Collection System**

Authorizes two additional receipt-supported positions to support and maintain the Combined Motor Vehicle Registration and Property Tax Collection System. Budgeted receipts are increased by \$240,296 recurring and \$232,750 nonrecurring in FY 2013-14, and are reduced by \$1,767,963 in FY 2014-15 per project close-out. Costs incurred for project administration are supported by the administrative fee authorized in G.S. 105-330.5(b) and determined pursuant to the Memorandum of Understanding between the Department of Revenue and Division of Motor Vehicles, as required by G.S. 105-330.11. Total budgeted receipts for DOT-IT project administration are \$4,831,480 in FY 2013-14 and \$2,861,062 in FY 2014-15.

**16 Departmental Staffing Efficiencies**

(\$1,374,402)

R

(\$1,374,402)

R

Eliminates 25 vacant administrative positions within the Department and 11 vacant receipt-supported positions:

-25.00

-25.00

Position	Position Title
60019254	Office Assistant IV
60019645	Processing Assistant III
60019641	Processing Assistant IV
60020157	Processing Assistant III
60021214	Processing Assistant III
60022816	Processing Assistant III
60021741	Accounting Technician
60017652	Processing Assistant III
60027656	Engineering Manager
60021749	Processing Assistant III
60022317	Processing Assistant III
60019740	Processing Assistant III
60015796	Engineer
60015799	Engineer
60015802	Engineer
60015815	Engineer
60015819	Engineer
60015839	Engineer
60015335	Accountant
60015603	Transportation Program Section Chief
60015602	Aircraft Mechanic
60015443	Processing Assistant II
60015109	Business And Technology Applic Analyst
60015474	Processing Assistant III
60015532	Plant Maintenance Supervisor 1
60027024	Administrative Secretary III
60027234	Processing Assistant III
60015547	Plant Maintenance Supervisor 1
60025668	Executive Assistant I
60025676	Office Assistant III
60015364	Accounting Director
60015454	Accountant
60015412	Processing Assistant II
60015163	Transportation Planner III
65002114	Engineer Supervisor
65012864	Engineering Supervisor

Additionally, 303 vacant positions assigned to field and equipment units, of which 125 have been vacant longer than 600 days, are eliminated throughout the department. Projected savings associated with these position eliminations are returned to the funding programs.

**Aid to Municipalities****17 State Aid to Municipalities**

\$53,407,542	R	\$48,165,484	R
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Appropriates additional funding from the consolidation of State Aid to Municipalities/Powell Bill allocations within the Highway Fund.  
Budgeted funds total \$142,293,840 for FY 2013-14 and \$136,874,010 for FY 2014-15.

**Capital, Repairs & Renovations****18 Repairs & Renovations**

\$3,532,900	NR	\$2,792,000	NR
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Appropriates funds for repairs and renovations to eight Department of Transportation owned facilities during the 2013-15 fiscal biennium.

**19 Capital Improvements**

\$14,522,600	NR	\$17,145,700	NR
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Appropriates nonrecurring funds for capital improvement projects included in the Department of Transportation's 2013-2019 Capital Improvements Plan.

**Construction****20 Secondary Road Construction and Unpaved Secondary Road Paving Programs**

(\$78,886,298)	R	(\$78,708,526)	R
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Reduces funding for the Secondary Road Construction Program in FY 2013-14 and eliminates the program in FY 2014-15. The fund will be renamed in FY 2014-15 to the Unpaved Secondary Road Paving Program. The total budget is \$25.0 million in FY 2013-14 and \$10.0 million in FY 2014-15. The Department will allocate \$10.0 million recurring beginning in FY 2013-14 for the paving of unpaved secondary roads based on the statewide prioritization list.

\$15,000,000	NR
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**21 Division Small Urban Construction**

(\$7,000,000)	R	(\$7,000,000)	R
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Eliminates funding to the Division Small Urban Construction Program, as recommended in the Governor's Budget.

**22 Access and Public Service Road Program**

(\$35,178)	R	(\$35,178)	R
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Reduces funding for the Access and Public Service Roads Program by 2%, leaving \$1,723,707, as recommended in the Governor's Budget.

**23 Economic Development Program Fund**

\$3,100,000	NR	\$4,036,171	NR
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Appropriates \$3.1 million of accumulated unencumbered fund balance within the Economic Development Program for qualifying projects to be used in FY 2013-14. \$4,036,171 nonrecurring is appropriated in FY 2014-15.

**Division of Motor Vehicles****24 Customer Service Improvement Initiative**

\$889,782 R  
\$540,683 NR

\$963,829 R

Appropriates funds to support part-time personnel, utilities, and other operating costs associated with the provision of extended weekday and Saturday hours of operation at 20 driver license offices during FY 2013-14, increasing to 30 offices by FY 2014-15, as recommended in the Governor's Budget.

Nonrecurring funds are appropriated for the training of new personnel and to replace three digital scanners which are no longer supported by the manufacturer.

**25 Credit/Debit Transaction Costs**

\$6,646,233 R

\$7,975,480 R

Appropriates funds to support transaction costs incurred for the acceptance of credit and debit card payments for registration, title, and highway use tax transactions.

**26 Combined Registration and Tax Collection System**

Continues funding for a total of 79 receipt-supported positions authorized by S.L. 2012-142, Sec. 24.10, of which 58 are time-limited, to administer the Combined Motor Vehicle Registration and Property Tax Collection System. Fifty-four of these authorized time-limited positions shall terminate no later than June 30, 2015. Vehicle Services personnel are responsible for system training, transaction and document processing, and resolution of branch agent and customer service requests.

Budgeted receipts are increased by \$8,151,788 in FY 2013-14 and \$10,460,702 in FY 2014-15. Costs incurred for project administration are supported by the administrative fee authorized in G.S. 105-330.5(b) and determined pursuant to the Memorandum of Understanding between the Department of Revenue and Division of Motor Vehicles, as required by G.S. 105-330.11. Total budgeted receipts for DMV project administration are \$11,591,432 in FY 2013-14 and \$11,423,636 in FY 2014-15. Funding is reduced by \$167,796 in FY 2014-15 due to the elimination of four positions responsible for initial training activities.

**27 Combined Registration and Tax Collection System - Receipts**

(\$3,470,415) R

(\$3,692,867) R

Reduces funding to account for additional receipts derived from compensation for property tax transactions performed by the Division of Motor Vehicles and from the administrative fee for the production of combined registration renewal notices and vehicle property tax bills (G.S. 105-330.5(b)). Receipts budgeted within Vehicle Services (Fund Center 1500/157055) are increased by \$1,112,258 in FY 2013-14 and \$1,334,710 in FY 2014-15, and will partially offset costs incurred for credit/debit transactions. Receipts budgeted within General Services (Fund Center 1500/157030) are increased by \$2,358,157.



**28 Division Staffing Efficiencies**

(\$817,202) R (\$817,202) R

Eliminates 12 positions within the Division of Motor Vehicles which have been vacant longer than 180 days:

-12.00 -12.00

Position	Position Title
60031363	Administrative Assistant III
60029937	Title Examining Supervisor III
60029941	Information Processing Technician
60031316	Law Enforcement Manager
60030972	Law Enforcement Supervisor
60031068	Law Enforcement Supervisor
60031138	Law Enforcement Agent
60031108	Law Enforcement Agent
60031041	Law Enforcement Agent
60031173	Law Enforcement Agent
60031170	Law Enforcement Agent
60030097	Nurse Consultant

**29 Inspection Program**

\$15,440,537 R \$15,440,537 R

Increases funding to support the costs of administering the Inspection Program per the elimination of the Inspection Program Account and Telecommunications Account. Receipt-supported functions are converted to Highway Fund appropriation. Recurring funding for the Inspection Program (Fund Center 1500/150054) is increased by \$8,964,895, for a total Program budget of \$12,158,854 recurring. Receipts budgeted for split-funded positions within the License and Theft Bureau (Fund Center 1500/157060) are reduced by \$6,475,642.

**Intermodal****30 Aviation Division - State Aid to Airports**

\$31,627 R \$2,128,306 R

Reduces funding for grants to airports to \$20.0 million recurring, a reduction of \$2,311,031 from the FY 2012-13 Certified Budget. Amounts shown represent adjustments relative to the Continuation Budget for the 2013-15 fiscal biennium, in accordance with the repeal of G.S. 136-16.4.

**31 Public Transportation Division - Grant Programs**

(\$1,692,861) R (\$1,692,861) R

Reduces funding across all public transportation grant programs by 2%, leaving \$83,351,374, as recommended in the Governor's Budget.

**32 Ferry Division - Operating Efficiencies**

(\$820,763) R (\$820,763) R

Reduces funding for Ferry Division operations by 2%, as recommended in the Governor's Budget.

**33 Ferry Division - Operations**

\$4,629,258 R \$4,629,258 R

Appropriates funds to offset the shifting of toll revenue to a reserve for capital improvements to the North Carolina Ferry System. Toll revenue previously offset recurring operating and maintenance costs. Recurring budgeted receipts in Fund Center 1500/157825 from other revenue sources, including memorabilia sales and vending receipts, total \$370,742.

**34 Ferry Division - Spoil Site Capacity**

Appropriates nonrecurring funds to re-establish capacity at spoil sites at Fort Fisher (\$100,000), Southport (\$150,000), Cherry Branch (\$400,000), and Swan Quarter (\$500,000), as recommended in the Governor's Budget.

\$1,150,000 NR

**35 Ferry Division - Reserve for Capital Improvements**

Establishes a reserve for tolls collected on the North Carolina Ferry System. Proceeds shall be credited to separate accounts within the reserve for each Highway Division in which system terminals are located and revenue is earned. Gross annual revenue, based on the fare structure and rates determined by the Board of Transportation for system-wide implementation effective November 1, 2013, shall generate no less than \$5 million and may not exceed \$10 million.

Toll proceeds shall be used exclusively for prioritized capital improvements to the North Carolina Ferry System.

**36 Rail Division - Operations**

(\$424,023) R (\$424,023) R

Reduces funding for Rail Division programs by 2%, as recommended in the Governor's Budget.

**37 Rail Division - Infrastructure Assistance Programs**

(\$269,000) R (\$269,000) R

Eliminates funding for the Rail Industrial Access Program and Short Line Infrastructure Assistance Program. Eligible projects may qualify for funding through the Freight Rail and Rail Crossing Safety Fund and Strategic Prioritization Funding Plan for Transportation Investments.

**38 Rail Division - Freight Rail & Rail Crossing Safety Improvement Fund**

\$3,700,000 R \$3,750,000 R

Appropriates receipts from dividend payments issued by the North Carolina Railroad Company. Funds shall be used for the enhancement of freight rail service and railroad-roadway crossing safety improvements, including projects which improve access to industrial, port, and military facilities. A total of \$19.2 million is budgeted in FY 2013-14 and \$3.75 million in FY 2014-15 from estimated dividend payments.

\$15,500,000 NR

**39 Division of Bicycle & Pedestrian Transportation - Planning Grants**

(\$129,447) R (\$129,447) R

Reduces funding for the Regional Bicycle Planning Grant Program to \$250,000 recurring.

**Maintenance****40 Primary System**

(\$16,488,083) R (\$19,308,083) R

Reduces funding for the Primary System Maintenance Program, leaving \$146,864,736 in FY 2013-14 and \$144,044,736 in FY 2014-15, as recommended in the Governor's Budget.

<b>41 Secondary Road Maintenance and Improvement Program</b>	(\$12,755,795)	R	(\$14,635,795)	R
Reduces funding to the Secondary Road Maintenance and Improvement Program, leaving \$270,244,518 in FY 2013-14 and \$268,364,518 in FY 2014-15, as recommended in the Governor's Budget.				
<b>42 System Preservation</b>	(\$500,000)	R	(\$1,400,000)	R
Reduces funding for the System Preservation Program, consistent with new revenue estimates and G.S. 119-18(b).				
<b>43 System Preservation</b>	\$100,771,279	R	\$76,779,855	R
Increases funding for the System Preservation Program. Budgeted funds total \$179,599,774 for FY 2013-14 and \$155,008,350 for FY 2014-15.				
<b>44 Reserve for General Maintenance</b>	\$105,850,698	R	\$76,779,856	R
Increases funding for the Reserve for General Maintenance. Budgeted funds total \$171,122,827 for FY 2013-14 and \$114,580,168 for FY 2014-15.				
	\$27,471,817	NR		
<b>45 Contract Resurfacing</b>	\$100,771,279	R	\$76,779,855	R
Increases funding for the Contract Resurfacing Program. Budgeted funds total \$375,655,932 for FY 2013-14 and \$351,664,508 for FY 2014-15.				
<b>Reserves</b>				
<b>46 State Retirement System Contributions</b>	\$1,121,000	R	\$1,121,000	R
Increases the State's contribution to the Teachers' and State Employees' Retirement System for the 2013-15 biennium to fund the Annual Required Contribution.				
<b>47 State Health Plan</b>	\$1,700,000	R	\$3,800,000	R
Provides additional funding to increase maximum annual employer contributions for group health benefit coverage by the projected increase in the Consumer Price Index (CPI-U): 1.8% in FY 2013-14 and 2.2% in FY 2014-15.				
<b>48 Disability Income Plan of North Carolina</b>	(\$31,150)	R	(\$31,150)	R
Reduces the State's contribution to the Disability Income Plan from 0.44% to 0.43% of payroll as a result of the December 31, 2011 actuarial valuation.				
<b>49 Reserve for Future Benefit Needs</b>			\$1,745,000	R
Creates a reserve for increased contributions to existing employee benefits programs.				

**Transfers**

<b>50 Department of Public Instruction - Driver Education Program</b>	(\$2,792,962)	R	(\$2,808,263)	R
Reduces funds for transfer to the Department of Public Instruction in accordance with an authorized increase to the optional driver education fee, from \$45.00 to \$65.00 per participating student. Estimates adjust for projected increases in 9th grade average daily membership (ADM) and eligible private and federal school students over the 2013-15 fiscal biennium. Per student appropriations are reduced from \$200.94 to \$184.94. Transfers total \$25,054,988 for FY 2013-14 and \$25,575,792 for FY 2014-15.				
<b>51 State Ethics Commission</b>	\$110,330	R	\$110,330	R
Transfers \$110,330 to the State Ethics Commission to support an Attorney II position for the implementation of Section 34.18.				
<b>Total Legislative Changes</b>	<b>\$268,156,526</b>	<b>R</b>	<b>\$192,595,770</b>	<b>R</b>
	<b>\$89,650,000</b>	<b>NR</b>	<b>\$32,772,271</b>	<b>NR</b>
<b>Total Position Changes</b>	-37.00		-37.00	
<b>Revised Budget</b>	<b>\$2,054,003,650</b>		<b>\$1,917,690,500</b>	

## Highway Trust Fund

		HIGHWAY TRUST FUND	
		FY 13-14	FY 14-15
<b>Recommended Continuation Budget</b>		<b>\$1,118,600,000</b>	<b>\$1,152,000,000</b>
<b>Legislative Changes</b>			
<b>Administration</b>			
<b>52 Administration</b>	(\$8,008,320) R	(\$9,611,520)	R
Eliminates the statutory adjustment to Administration and holds funding at the FY 2012-13 certified budget amount.			
<b>Aid to Municipalities</b>			
<b>53 Aid to Municipalities</b>	(\$56,072,216) R	(\$58,054,337)	R
Eliminates the Highway Trust Fund allocation to the Aid to Municipalities program and transfers funds to the Strategic Prioritization Program. The Highway Fund allocation to the Aid to Municipalities program is increased to hold municipalities harmless over a five-year period.			
<b>Construction</b>			
<b>54 Strategic Prioritization Program</b>	\$931,539,030 R	\$950,101,672	R
Appropriates funding for highway and intermodal capital projects funded through the Highway Trust Fund per the new Strategic Prioritization Funding Plan for Transportation Investments.			
<b>55 Intrastate System</b>	(\$515,520,933) R	(\$530,210,557)	R
Eliminates the Intrastate System program and transfers funds to the Strategic Prioritization Program.			
<b>56 Mobility Fund</b>	(\$58,000,000) R	(\$58,000,000)	R
Eliminates the Mobility Fund program and transfers funds to the Strategic Prioritization Program.			
<b>57 Secondary Roads</b>	(\$78,972,723) R	(\$86,253,540)	R
Eliminates the Secondary Road program and transfers funds to the Strategic Prioritization Program.			
<b>58 Urban Loops</b>	(\$164,864,838) R	(\$191,571,718)	R
Eliminates the Urban Loops program and transfers funds to the Strategic Prioritization Program.			

**Turnpike Authority****59 Gap Funding**

(\$63,000,000) R (\$63,000,000) R

Eliminates gap funding in the amounts of \$35 million for the Garden Parkway and \$28 million for the Mid-Currituck Bridge projects. The projects are eligible to compete for funding based on the prioritization process established under the Strategic Prioritization Funding Plan for Transportation Improvements.

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**Total Legislative Changes**

(\$12,900,000) R (\$46,600,000) R

**Total Position Changes****Revised Budget**\$1,105,700,000 \$1,105,400,000

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Turnpike Authority

TURNPIKE AUTHORITY
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	FY 13-14	FY 14-15
Recommended Continuation Budget	\$0	\$0
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Legislative Changes		
Administration		
60 Departmental Staffing Efficiencies		
Eliminates two vacant receipt-supported positions within the Turnpike Authority. Recurring savings total \$153,884.		
Position	Position Title	
65004790	Turnpike Marketing Manager	
65002113	Information & Communication Specialist I	
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Total Legislative Changes		
Total Position Changes		
Revised Budget	\$0	\$0
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**SECTION 33.0.** This section is reserved.

**PART XXXIV. DEPARTMENT OF TRANSPORTATION**

**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION**

**SECTION 34.1.(a)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2015-2016	\$1,946.7 million
For Fiscal Year 2016-2017	\$2,027.6 million
For Fiscal Year 2017-2018	\$2,103.3 million
For Fiscal Year 2018-2019	\$2,140.4 million

**SECTION 34.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2015-2016	\$1,160.3 million
For Fiscal Year 2016-2017	\$1,215.2 million
For Fiscal Year 2017-2018	\$1,256 million
For Fiscal Year 2018-2019	\$1,283.7 million

**INCREASE DOT PRIVATIZATION**

**SECTION 34.2.** The Department of Transportation shall seek to increase the use of contracts to further privatize preconstruction work where practical, economical, and likely to lead to increased efficiency. In doing so, the Department of Transportation shall meet each of the following privatization requirements:

- (1) Increase the outsourcing of all activities performed by the Department's Preconstruction and Technical Services units to sixty percent (60%) of the total cost of activities performed by those units in each fiscal year, excluding the cost of activities performed by the Turnpike Authority, the Structures Design and Management unit, and the Bridge Program.
- (2) The Right-of-Way, Project Development and Environmental Analysis and Roadway Design units shall increase the total cost of outsourced activity by five percent (5%) in fiscal year 2013-2014 and by an additional five percent (5%) in fiscal year 2014-2015, from a baseline of fiscal year 2012-2013 actual expenditures for those units.

**SYSTEM PRESERVATION FUNDS PREFERENCE FOR DEFICIENT BRIDGES**

**SECTION 34.3.** The funds allocated to the system preservation program (fund center 84210-7839) for fiscal years 2013-2014 and 2014-2015 shall be used for improvements to structurally deficient and functionally obsolete bridges.

**CONTINGENCY FUND**

**SECTION 34.4.(a)** Of the funds appropriated in this act to the Department of Transportation, the sum of twelve million dollars (\$12,000,000) shall be allocated statewide in each fiscal year for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection shall be approved by the Secretary of Transportation. None of these funds used for rural secondary road improvements during the 2013-2014 fiscal year are subject to the county allocation formulas in G.S. 136-44.5(b).

**SECTION 34.4.(b)** The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use



of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

**SECTION 34.4.(c)** The sum of twenty-eight million dollars (\$28,000,000) of the unallotted and unexpended balance of funds within the Contingency Fund (fund center 1500/157818) shall be transferred to the Highway Fund as appropriated and allocated by this act.

#### **ELIMINATE DIVISION SMALL URBAN CONSTRUCTION PROGRAM**

**SECTION 34.5.** The sum of twenty-five million dollars (\$25,000,000) of the unallotted and unexpended balance of funds within the Division Small Urban Construction Program (fund center 1500/157837) shall be transferred to the Highway Fund as appropriated and allocated by this act. The Division Small Urban Construction Program shall be eliminated after all funds allotted as of June 30, 2013, have been expended. The remaining unallotted and unexpended balance of funds shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

#### **ACCESS AND PUBLIC SERVICE ROAD FUNDS**

**SECTION 34.6.** The sum of three million dollars (\$3,000,000) of the unallotted and unexpended balance of funds within the Access and Public Service Road program (fund center 1500/157814) shall be transferred to the Highway Fund as appropriated and allocated by this act.

#### **ECONOMIC DEVELOPMENT PROGRAM FUNDS**

**SECTION 34.7.** The sum of three million one hundred thousand dollars (\$3,100,000) of the unallotted and unexpended balance of funds within the Economic Development fund (fund center 1500/157838) shall be transferred to the Highway Fund as appropriated and allocated by this act. Funds appropriated to the Economic Development fund shall be used for prioritized highway improvements and infrastructure that support safety and mobility initiatives. Projects funded under this section shall be jointly approved by the Secretary of Transportation and the Secretary of Commerce.

#### **CONGESTION AND MOBILITY REPORTING**

**SECTION 34.8.** G.S. 136-44.3 reads as rewritten:

##### **"§ 136-44.3. Maintenance program.**

The Department shall establish performance standards for the maintenance and operation of the State highway system. In each even-numbered year, the Department of Transportation shall survey the condition of the State highway system and shall prepare a report of the findings of the survey. The report shall provide both quantitative and qualitative descriptions of the condition of the system and shall provide estimates of the following:

- (1) The annual cost to meet and sustain the established performance standards for the primary and secondary highway system, to include: (i) routine maintenance and operations, (ii) system preservation, and (iii) pavement and bridge rehabilitation.
- (2) Projected system condition and corresponding optimal funding requirements for a seven-year plan to sustain established performance standards.
- (3) Any significant variations in system conditions among highway divisions.
- (4) An assessment of the level of congestion throughout the primary highway system based on traffic data, and a ranking of the most congested areas based on travel time reliability and the average number of congested hours, together with the Department's recommendations for congestion reduction and mobility improvement.

On the basis of the report and from funds available, the Department of Transportation shall develop a statewide annual maintenance program for the State highway system, which shall be subject to the approval of the Board of Transportation and is consistent with performance standards.

The report on the condition of the State highway system and maintenance funding needs shall be presented to the Joint Legislative Transportation Oversight Committee by December 31 of each even-numbered year, and copies shall be made available to any member of the General Assembly upon request."

## **REPEAL INTERMODAL CONTINUING APPROPRIATIONS**

**SECTION 34.9.** The following statutes are repealed:

- (1) G.S. 136-16.4.
- (2) G.S. 136-16.5.
- (3) G.S. 136-16.7.
- (4) G.S. 136-16.8.
- (5) G.S. 136-16.9.

## **FLEXIBLE USE OF FUNDS TO LEVERAGE FEDERAL FUNDS FOR RURAL AND HUMAN SERVICE PUBLIC TRANSPORTATION**

**SECTION 34.10.** In order to ensure maximum funding and to facilitate the use of funds available to the Department, the Department of Transportation, Public Transportation Division, shall have the flexibility to redistribute funding from the "rural capital" grant program and within the "urban technology, human service transportation management, and rural general public" grant program in order to leverage all eligible federal funds for operating assistance to rural and human service transportation systems. The distribution of funds to these systems shall be based on assessed system needs. This section applies only to the 2013-2015 fiscal biennium.

## **MAXIMIZE LEVERAGE OF FEDERAL PUBLIC TRANSPORTATION OPERATING AND CAPITAL FUNDS FOR LOCAL PUBLIC TRANSPORTATION SYSTEMS**

**SECTION 34.11.** The Department of Transportation, Public Transportation Division, shall provide local public transportation systems with maximum flexibility to use State operating funds from the "urban and regional maintenance" and "urban technology, human service transportation management, and rural general public" grant programs to leverage all eligible federal transit operating assistance funds. This section applies only to the 2013-2015 fiscal biennium.

## **GRANT FLEXIBILITY FOR BICYCLE AND PEDESTRIAN IMPROVEMENTS**

**SECTION 34.12.** The Department of Transportation, Division of Bicycle and Pedestrian Transportation, may redistribute funds appropriated to the Regional Bicycle Planning Grant program to the Municipal Planning Grant program to award grants to municipalities based on assessed need and the extent to which the Division finds that the municipality's application for grant funding fulfills applicable selection criteria.

## **UNIFORM FERRY TOLLING**

**SECTION 34.13.(a)** Notwithstanding the date set forth in Section 24.18(b) of S.L. 2012-142, as rewritten by Section 6.2 of S.L. 2012-145, by which the Department of Transportation is required to collect tolls based on the March 2012 amendment to 19 NCAC 02D .0532, the Department shall collect tolls as set forth in this section, beginning on November 1, 2013. Prior to November 1, 2013, the Department shall collect tolls on the same routes and in the same manner as it did prior to the March 2012 amendment to 19 NCAC 02D .0532.

1           **SECTION 34.13.(b)** G.S. 136-82 reads as rewritten:

2   **"§ 136-82. Department of Transportation to establish and maintain ferries.**

3       The Department of Transportation is vested with authority to provide for the establishment  
4 and maintenance of ferries connecting the parts of the State highway system, whenever in its  
5 discretion the public good may ~~so require~~, require, and shall collect tolls, as established by the  
6 Board of Transportation, on the ferry routes. ~~The Board of Transportation shall establish tolls~~  
7 ~~for all ferry routes, except for the Ocracoke/Hatteras Ferry and the Knotts Island Ferry. The~~  
8 establishment of tolls pursuant to the authority granted in this section shall be exempt from the  
9 provisions of Chapter 150B of the General Statutes. Identifying information obtained by the  
10 Department related to operation of the ferry system is not a public record under Chapter 132 of  
11 the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the  
12 federal Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all  
13 information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial  
14 information, transaction history, and information related to the collection of a toll or user fee  
15 from a person, including, but not limited to, photographs or other recorded images or automatic  
16 vehicle identification or driver account information generated by radio-frequency identification  
17 or other electronic means. The Department may use identifying information only for purposes  
18 of collecting and enforcing tolls. Nothing in this section is intended to limit the right of any  
19 person to examine that person's own account information, or the right of any party, by authority  
20 of a proper court order, to inspect and examine identifying information.

21       The Department of Transportation shall credit the proceeds from tolls collected on North  
22 Carolina Ferry System routes to reserve accounts within the Highway Fund for each of the  
23 Highway Divisions in which system terminals are located and fares are earned. For the  
24 purposes of this subsection, fares are earned based on the terminal from which a passenger trip  
25 originates or at which fares are collected. Commuter pass receipts shall be credited  
26 proportionately to each reserve account based on the distribution of trips originating in each  
27 Highway Division. The proceeds credited to each reserve account shall be used exclusively for  
28 prioritized capital improvements to the North Carolina Ferry System in the Division in which  
29 the proceeds are earned and may be used to supplement funds allocated for projects approved  
30 as part of the Transportation Improvement Program.

31       To accomplish the purpose of this ~~section~~ said section, the Department of Transportation is  
32 authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats,  
33 terminals or other facilities required for the proper operation of ~~such~~ the ferries or to enter into  
34 contracts with persons, firms or corporations for the operation thereof and to pay ~~therefor~~  
35 ~~such~~ the reasonable sums ~~as may~~ that in the opinion of ~~said~~ the Department of Transportation  
36 represent the fair value of the public service rendered.

37       The Department of Transportation, notwithstanding any other provision of law, may  
38 operate, or contract for the operation of, concessions on the ferries and at ferry facilities to  
39 provide to passengers on the ferries food, drink, and other refreshments, personal comfort  
40 items, and souvenirs publicizing the ferry system."

41           **SECTION 34.13.(c)** G.S. 136-82, as rewritten by subsection (b) of this section,  
42 reads as rewritten:

43   **"§ 136-82. Department of Transportation to establish and maintain ferries.**

44       The Department of Transportation is vested with authority to provide for the establishment  
45 and maintenance of ferries connecting the parts of the State highway system, whenever in its  
46 discretion the public good may require, and shall collect tolls, as established by the Board of  
47 Transportation, on the ferry routes. The Board of Transportation shall establish tolls for all  
48 ferry routes, and the Department of Transportation shall collect the tolls. The establishment of  
49 tolls under the authority granted in this section shall be exempt from the provisions of Chapter  
50 150B of the General Statutes. Identifying information obtained by the Department related to the  
51 collection of tolls, or the issuance of commuter passes or fare waivers is not a public record

under Chapter 132 of the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721, the federal Driver's Privacy Protection Act. The Authority shall maintain the confidentiality of all information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial information, transaction history, and information related to the collection of a toll or issuance of a commuter pass or fare waiver from a person, including, but not limited to, photographs or other recorded images or automatic vehicle identification or driver account information generated by radio-frequency identification or other electronic means. The Department may use identifying information only for purposes of collecting and enforcing tolls. Nothing in this section is intended to limit the right of any person to examine that person's own account information, or the right of any party, by authority of a proper court order, to inspect and examine identifying information.

The Department of Transportation shall credit the proceeds from tolls collected on North Carolina Ferry System routes to reserve accounts within the Highway Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminal from which a passenger trip originates or at which fares are collected. Commuter pass receipts shall be credited proportionately to each reserve account based on the distribution of trips originating in each Highway Division. The proceeds credited to each reserve account shall be used exclusively for prioritized capital improvements to the North Carolina Ferry System in the Division in which the proceeds are earned, and may be used to supplement funds allocated for projects approved as part of the Transportation Improvement Program.

To accomplish the purpose of this section the Department of Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats, terminals or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms or corporations for the operation thereof and to pay the reasonable sums that in the opinion of said Department of Transportation represent the fair value of the public service rendered.

The Department of Transportation, notwithstanding any other provision of law, may operate, or contract for the operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, and souvenirs publicizing the ferry system."

**SECTION 34.13.(d)** In establishing tolls for ferry routes under G.S. 136-82, as amended by this section, the Board of Transportation shall consider the needs of commuters and other frequent passengers.

**SECTION 34.13.(e)** The Board of Transportation shall set the fares required by this section such that projected annual gross toll revenue is at least five million dollars (\$5,000,000) but does not exceed ten million dollars (\$10,000,000).

**SECTION 34.13.(f)** Subsection (c) of this section becomes effective November 1, 2013.

## **NORTH CAROLINA RAILROAD COMPANY REPORTING AND DIVIDENDS**

**SECTION 34.14.(a)** Reporting and Oversight. – G.S. 124-1 reads as rewritten:

### **"§ 124-1. Control of internal improvements.**

The Governor and Council of State shall have charge of all the State's interest in all railroads, canals and other works of internal improvements. The Board of Directors of a State-owned railroad company shall be responsible for managing its affairs and for reporting as set forth in ~~G.S. 124-3~~ G.S. 124-17."

**SECTION 34.14.(b)** Article 2 of Chapter 124 of the General Statutes is amended by adding a new section, G.S. 124-15. G.S. 124-6(b), as amended by Section 3.3(a) of S.L. 1999-431, is recodified as G.S. 124-15(a). G.S. 124-5(b) is recodified as G.S. 124-15(b). G.S. 124-15, as enacted and amended by this subsection, reads as rewritten:



**"§ 124-15. Board of directors; appointment and approval of encumbrances.**

(a) Notwithstanding subsection (a) of ~~this section, G.S. 124-6,~~ for any State-owned railroad company ~~organized as a corporation in which the State is the owner of all the voting stock and which~~ that has trackage in more than two counties, seven of the members of the Board of Directors shall be appointed by the Governor, three of the members of the Board of Directors shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, and three of the members of the Board of Directors shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. The Board of Directors shall consist of 13 members. Of the Governor's seven appointments, one shall be from the appointees to the Board of Transportation, and one shall be the Secretary of Commerce or the Secretary's designee. Of the initial members appointed by the Governor, three shall be appointed for terms of four years and four shall be appointed for terms of two years. Of the initial members recommended to the General Assembly by the Speaker of the House of Representatives, two shall be appointed for terms of four years and one shall be appointed for a term of two years. Of the initial members recommended to the General Assembly by the President Pro Tempore of the Senate, two shall be appointed for terms of four years and one shall be appointed for a term of two years. Thereafter all Board members shall serve four-year terms. The Board shall elect the chairman from among its membership.

(b) No State-owned railroad company shall sell, lease, mortgage, or otherwise encumber its franchise, right-of-way, or other property, except by and with the approval and consent of the Board of Directors of that corporation. The president or other chief officer of the State-owned railroad company shall report any acquisitions and dispositions in accordance with G.S. 124-3(10)."

**SECTION 34.14.(c)** Article 2 of Chapter 124 of the General Statutes is amended by adding a new section to read as follows:

**"§ 124-16. Strategic plan and capital investment plan required of State-owned railroad company; performance management system.**

(a) Any State-owned railroad company shall prepare and maintain a comprehensive strategic plan and a capital investment plan. The strategic plan shall include a mission statement describing the purpose of the company and clear goals that address the strategic issues facing the company.

(b) Any State-owned railroad company shall develop and implement a formalized performance management system based on its strategic plan. The performance management system shall measure and monitor progress toward achieving strategic objectives. When performance fails to achieve strategic objectives within the time period established in the plan, a State-owned railroad company shall take corrective action."

**SECTION 34.14.(d)** Article 2 of Chapter 124 of the General Statutes is amended by adding a new section, G.S. 124-17. G.S. 124-3(b) is recodified as G.S. 124-17(b). G.S. 124-3(c) is recodified as G.S. 124-17(c). G.S. 124-17, as enacted and amended by this subsection, reads as rewritten:

**"§ 124-17. Enhanced annual report of State-owned railroad company; additional reporting requirements to Governor and General Assembly.**

(a) A State-owned railroad company shall submit an annual report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Transportation Oversight Committee. The report shall include the following:

(1) The information required under G.S. 124-3.

(2) A copy of the strategic plan and the capital investment plan required under G.S. 124-16.

(3) Any failures to meet strategic objectives and what corrective actions were taken under G.S. 124-16(b).

- (4) Anticipated dividends for the next three fiscal years.
- (5) A description of the State-owned railroad company's business, subsidiaries, and markets in which it operates.
- (6) A list of the properties owned by the State-owned railroad company.
- (7) A list of the directors and executive officers of the State-owned railroad company and a description of the background and experience of each.
- (8) A description of the State-owned railroad company's code of ethics and conflicts of interest policy.
- (9) A summary of the fees paid to an accounting firm during the year.
- (10) A list of the compensation paid to directors and officers of the State-owned railroad company.
- (11) A description of the State-owned railroad company's disagreements with its accountants if there has been a change in accountants.
- (12) A description of any transactions between the State-owned railroad company and its directors, officers, and their family members.

(b) Upon the request of the Governor or any committee of the General Assembly, a State-owned railroad company shall provide all additional information and data within its possession or ascertainable from its records. The State-owned railroad company shall not be deemed to have waived any attorney-client privilege when complying with this subsection. At the time a State-owned railroad company provides information under this section, it shall indicate whether the information is confidential. Confidential information shall be subject to subsection (c) of this section.

(c) Confidential information includes (i) information related to a proposed specific business transaction where inspection, examination, or copying of the records would frustrate the purpose for which the records were created, or (ii) information that is subject to confidentiality obligations of a railroad company. Confidential information is exempt from Chapter 132 of the General Statutes and shall not be subject to a request under G.S. 132-6(a)."

**SECTION 34.14.(e)** The Freight Rail & Rail Crossing Safety Improvement Fund is established within the Highway Fund.

**SECTION 34.14.(f)** One-time Cash Dividend. – Notwithstanding G.S. 124-5.1 and G.S. 136-16.6, any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall issue a cash dividend in the amount of fifteen million five hundred thousand dollars (\$15,500,000), which shall be deposited into the Freight Rail & Rail Crossing Safety Improvement Fund no later than January 15, 2014.

**SECTION 34.14.(g)** Annual Cash Dividend. – G.S. 124-5.1 reads as rewritten:

**"§ 124-5.1. ~~State use of North Carolina Railroad Company dividends~~ dividends deposited to Highway Fund.**

(a) ~~Notwithstanding the provisions of G.S. 136-16.6, in order to increase the capital of the North Carolina Railroad Company, any dividends of the North Carolina Railroad Company received by the State shall be applied to reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Any dividends of the North Carolina Railroad Company received by the State shall be used by the Department of Transportation for the improvement of the property of the North Carolina Railroad Company as recommended and approved by the Board of Directors of the North Carolina Railroad Company. The improvements may include the following project types:~~ deposited into the Freight Rail & Rail Crossing Safety Improvement Fund within the Highway Fund and administered by the Rail Division of the Department of Transportation. The Fund shall be used for the enhancement of freight rail service and railroad-roadway crossing safety, which may include the following project types:

- (1) ~~Railroad and industrial track rehabilitation.~~ Track and associated infrastructure improvements for freight service.

- (2) ~~Railroad signal and grade crossing protection.~~ Grade crossing protection, elimination, and hazard removal.
- (3) ~~Bridge improvements.~~ Signalization improvements.
- (4) ~~Corridor protection.~~ Assistance for projects to improve rail access to industrial, port, and military facilities and for freight intermodal facility improvements, provided that funding assistance under this subdivision shall be subject to the same limits as that for short-line railroads under G.S. 136-44.39.
- (5) ~~Industrial site acquisition.~~

The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway crossing safety projects approved as part of the Transportation Improvement Program.

~~The Department of Transportation shall use the Fund to supplement funds allocated for projects approved as part of the Transportation Improvement Program.~~

(b) ~~Effective January 1, 2000, interest shall not be accrued or otherwise charged on the remaining balance of the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Interest accrued on those obligations relating to periods prior to January 1, 2000, shall be deemed paid and contributed by the State to the capital of the North Carolina Railroad Company."~~

**SECTION 34.14.(h)** Article 2 of Chapter 124 of the General Statutes is amended by adding the following new section:

**"§ 124-18. Dividends required of State-owned railroad company.**

Any State-owned railroad company that has trackage in more than two counties shall issue an annual cash dividend to the State. The amount of the annual dividend is twenty-five percent (25%) of the company's income from the prior year's trackage rights agreements. The dividend is due by January 15 of each year, and interest shall accrue at the annual rate of prime plus one percent (1%) if the payment is not paid by the due date. The Directors of any State-owned railroad company who vote for or assent to the dividend required under this section shall not be held liable under G.S. 55-8-33."

**SECTION 34.14.(i)** G.S. 136-16.6 is repealed.

**SECTION 34.14.(j)** Assess Certain Real Properties. – Any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall assess the company's noncorridor real property that is among the following parcels:

Property Description	County	Nearest Town	Parcel ID
Burke Street Lot	Alamance	Gibsonville	107493
4th Street Lot	Carteret	Morehead	638620808907000
Bridges Street Lot	Carteret	Morehead	638620911461000
Newport Lot	Carteret	Newport	634814246231000
Station & Former Industrial Lot	Carteret	Morehead	638620718127000
Waterfront & Riparian Rights	Carteret	Morehead	638620708857000 & 638620709868000
Wye Property Extension	Carteret	Morehead	637616924807000
Wye Property	Carteret	Morehead	637620923019000
Clarks Lot	Craven	Clarks	8-221-035
N. Craven St. Lot	Craven	New Bern	8-003-241-A
Tiffany & Bright Sts. Property	Lenoir	Kinston	11185 & 26555
Morrisville Former Depot	Wake	Morrisville	0755-14-6475
Waynesboro Lot	Wayne	Goldsboro	2599119118

The assessment shall identify potential environmental issues; title, encroachment and other legal property issues; and any other characteristic of the property that would significantly impact the value of the parcels to a prospective purchaser. Any State-owned

1 railroad company, as defined under G.S. 124-11, that has trackage in more than two counties  
 2 shall report no later than April 1, 2014, to the Joint Legislative Transportation Oversight  
 3 Committee and the Fiscal Research Division. The report shall include the findings of the  
 4 assessment required by this subsection, an estimate of the costs to mitigate any environmental  
 5 issues to meet applicable federal or State standards, the estimated value of the parcels taking  
 6 into account mitigation costs, and potential alternate State uses for the parcels.

7 **SECTION 34.14.(k)** Subsections (g), (h), and (i) of this section become effective  
 8 January 1, 2014.

9  
 10 **ELIMINATE TELECOMMUNICATIONS AND INSPECTIONS PROGRAM**  
 11 **ACCOUNTS**

12 **SECTION 34.15.(a)** The sum of ten million five hundred thousand dollars  
 13 (\$10,500,000) of the unallotted and unexpended balance of funds within the Inspection  
 14 Program Account shall be transferred to the Highway Fund as appropriated and allocated by  
 15 this act. The Inspection Program Account shall be eliminated after all funds allotted as of June  
 16 30, 2013, have been expended. The remaining unallotted and unexpended balance of funds  
 17 shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

18 **SECTION 34.15.(b)** Effective June 30, 2014, G.S. 20-183.7(d1) is repealed, and  
 19 the unallotted and unexpended balance of funds in the Telecommunications Account on that  
 20 date shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

21 **SECTION 34.15.(c)** G.S. 20-183.7 reads as rewritten:

22 "**§ 20-183.7. Fees for performing an inspection and issuing an electronic inspection**  
 23 **authorization to a vehicle; use of civil penalties.**

24 ...

25 (c) Fee Distribution. – Fees collected for electronic inspection authorizations are  
 26 payable to the Division of Motor Vehicles. The amount of each fee listed in the table below  
 27 shall be credited to the Highway Fund, ~~the Inspection Program Account established in~~  
 28 ~~subsection (d) of this section, the Telecommunications Account established in subsection (d1)~~  
 29 ~~of this section, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue Squad~~  
 30 ~~Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the~~  
 31 ~~Department of Environment and Natural Resources:~~

<u>Recipient</u>	<u>Safety Only</u> <u>Electronic</u> <u>Authorization</u>	<u>Emissions and</u> <u>Safety</u> <u>Electronic</u> <u>Authorization</u>
Highway Fund	.55	<u>.555.30</u>
<del>Inspection Program Account</del>	<del>.00</del>	<del>3.00</del>
<del>Telecommunications Account</del>	<del>.00</del>	<del>1.75</del>
Volunteer Rescue/EMS Fund	.18	.18
Rescue Squad Workers' Relief Fund	.12	.12
Division of Air Quality	.00	.65.

42 ~~(d) Inspection Program Account. The Inspection Program Account is created as a~~  
 43 ~~nonreverting account within the Highway Fund. The Division shall administer the Account.~~  
 44 ~~Revenue in the Account may be used only to fund the vehicle inspection and maintenance~~  
 45 ~~program and to fund replacement of the State Titling and Registration System and the State~~  
 46 ~~Automated Driver License System.~~

47 ...."

48  
 49 **DIVISION OF MOTOR VEHICLES TECHNOLOGY IMPROVEMENT ACCOUNT**

50 **SECTION 34.16.(a)** The Division of Motor Vehicles Technology Improvement  
 51 Account shall be eliminated after all funds allotted as of June 30, 2013, have been expended.



The unallotted and unexpended balance of funds in the Account shall be transferred to the Highway Fund as appropriated and allocated by this act.

**SECTION 34.16.(b)** G.S. 20-85 reads as rewritten:

**"§ 20-85 Schedule of fees.**

...

(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. ~~The Division shall use the fees derived from transactions with the Division for technology improvements.~~ The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department of Environment and Natural Resources. An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited as follows:

(1) The first four hundred thousand dollars (\$400,000) collected shall be credited to the Reserve for Visitor Centers in the Highway Fund.

(2) Any additional funds collected shall be credited to the Highway Trust Fund and, notwithstanding G.S. 136-176(b), shall be allocated and used for urban loop projects.

...."

## **DEPARTMENT OF TRANSPORTATION CONTRACTED SERVICES**

**SECTION 34.17.** The Department of Transportation, Business and Contractual Services Unit, shall, in collaboration with the Division of Motor Vehicles, evaluate current contractual models and compensation for the provision of registration, title, tax collection, and other vehicle service transactions by branch agents contracting with the Division of Motor Vehicles. As part of this evaluation, the Department shall conduct an analysis of transaction trends, completion and error rates, and service times by transaction type and branch agent type, and shall assess the appropriateness of the current basis for contractor compensation and rates relative to documented service requirements.

Based on its findings, the Department shall recommend alternatives to the current contractual models for branch agents to standardize contract types, enhance performance, and strengthen contract administration, taking into account citizen accessibility to service centers. In addition, the Department shall submit detailed proposals for alternate options for contractor compensation, including, at a minimum, competitive bidding of branch agent contracts. The Department shall identify anticipated programmatic and fiscal impacts, and include implementation plans for each alternative.

The Department shall report its findings and recommendations to the Joint Legislative Transportation Oversight Committee, Joint Legislative Program Evaluation Oversight Committee, and Fiscal Research Division no later than March 1, 2014.

## **ETHICS REQUIREMENTS FOR MPOS/RPOS**

**SECTION 34.18.(a)** G.S. 136-202(e) is repealed.

**SECTION 34.18.(b)** G.S. 136-200.2 is amended by adding new subsections to read:

"(g) Ethics Provisions. – All individuals with voting authority serving on a metropolitan planning organization who are not members of the Board of Transportation shall do all of the following:

(1) Except as permitted under this subdivision, no MPO member acting in that capacity shall participate in an action if the member knows the member, the

member's extended family, or any business with which the member is associated may incur a reasonably foreseeable financial benefit from the matter under consideration, which financial benefit would impair the MPO member's independence of judgment or from which it could reasonably be inferred that the financial benefit would influence the member's participation in the action. An MPO member may participate in an action of the MPO under any of the following circumstances:

- a. When action is ministerial only and does not require the exercise of discretion.
- b. When the committee records in its minutes that it cannot obtain a quorum in order to take the action because the MPO member is disqualified from acting, the MPO member may be counted for purposes of a quorum but shall otherwise abstain from taking any further action.

(2) An MPO member shall have an affirmative duty to promptly disclose in writing to the MPO any conflict of interest or potential conflict of interest under subdivision (1) of this subsection. All written disclosures shall be a public record under Chapter 132 of the General Statutes and attached to the minutes of the meeting in which any discussion or vote was taken by the MPO related to that disclosure.

(3) File a statement of economic interest with the State Ethics Commission in accordance with Article 3 of Chapter 138A of the General Statutes, for which the State Ethics Commission shall prepare a written evaluation relative to conflicts of interest and potential conflicts of interest and provide a copy of that evaluation to the MPO member. All statements of economic interest and all written evaluations by the Commission of those statements are public records as provided in G.S. 138A-23. The penalties for failure to file shall be as set forth in G.S. 138A-25(a) and (b).

(4) File, with and in the same manner as the statement of economic interest filed under subdivision (3) of this subsection, an additional disclosure of a list of all real estate owned wholly or in part by the MPO member, the MPO member's extended family, or a business with which the MPO member is associated within the jurisdiction of the MPO on which the MPO member is serving. All additional disclosures of real estate filed by MPO members are public records under Chapter 132 of the General Statutes.

(h) Confidential Information. – An MPO member shall not use or disclose any nonpublic information gained in the course of or by reason of serving as a member of the MPO in a way that would affect a personal financial interest of the MPO member, the MPO member's extended family, or a business with which the MPO member is associated.

(i) Definitions. – For purposes of this section, "extended family" shall have the same meaning as in G.S. 138A-3(13), "business with which associated" shall have the same meaning as in G.S. 138A-3(3), and "financial benefit" shall mean a direct pecuniary gain or loss or a direct pecuniary loss to a business competitor.

(j) Violations. – A violation of subdivision (1) of subsection (g) of this section shall be a Class 1 misdemeanor. An MPO member who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a required filing under subdivision (3) or (4) of subsection (g) of this section shall be guilty of a Class 1 misdemeanor. An MPO member who provides false information on a required filing under subdivision (3) or (4) of subsection (g) of this section knowing that the information is false is guilty of a Class H felony.

(k) All individuals with voting authority serving on an MPO who are members of the Board of Transportation shall comply with Chapter 138A of the General Statutes and G.S. 143B-350 while serving on the MPO."

**SECTION 34.18.(c)** G.S. 136-211(e) is repealed.

**SECTION 34.18.(d)** G.S. 136-211 is amended by adding new subsections to read:

"(f) Ethics Provisions. – All individuals with voting authority serving on a rural transportation planning organization who are not members of the Board of Transportation shall do all of the following:

(1) Except as permitted under this subdivision, no rural transportation planning organization member acting in that capacity shall participate in an action of the rural transportation planning organization if the rural transportation planning organization member knows the rural transportation planning organization member, the rural transportation planning organization member's extended family, or any business with which the rural transportation planning organization member is associated may incur a reasonably foreseeable financial benefit from the matter under consideration, which financial benefit would impair the rural transportation planning organization member's independence of judgment or from which it could reasonably be inferred that the financial benefit would influence the rural transportation planning organization member's participation in the action of the rural transportation planning organization.

a. When action is ministerial only and does not require the exercise of discretion.

b. When the committee records in its minutes that it cannot obtain a quorum in order to take the action because the rural transportation planning organization member is disqualified from acting, the rural transportation planning organization member may be counted for purposes of a quorum but shall otherwise abstain from taking any further action.

(2) A rural transportation planning organization member shall have an affirmative duty to promptly disclose in writing to the rural transportation planning organization any conflict of interest or potential conflict of interest under subdivision (1) of this subsection. All written disclosures shall be a public record under Chapter 132 of the General Statutes and attached to the minutes of the meeting in which any discussion or vote was taken by the rural transportation planning organization related to that disclosure.

(3) File a statement of economic interest with the State Ethics Commission in accordance with Article 3 of Chapter 138A of the General Statutes for which the State Ethics Commission shall prepare a written evaluation relative to conflicts of interest and potential conflicts of interest and provide a copy of that evaluation to the rural transportation planning organization member. All statements of economic interest and all written evaluations by the Commission of those statements are public records as provided in G.S. 138A-23. The penalties for failure to file shall be as set forth in G.S. 138A-25(a) and (b).

(4) File, with and in the same manner as the statement of economic interest filed under subdivision (3) of this subsection, an additional disclosure of a list of all real estate owned wholly or in part by the rural transportation planning organization member, the rural transportation planning organization member's extended family, or a business with which the rural transportation planning organization member is associated within the jurisdiction of the

1 rural transportation planning organization on which the rural transportation  
2 planning organization member is serving. All additional disclosures of real  
3 estate filed by members are public records under Chapter 132 of the General  
4 Statutes.

5 (g) Confidential Information. – A rural transportation planning organization member  
6 shall not use or disclose any nonpublic information gained in the course of or by reason of  
7 serving as a member of the rural transportation planning organization in a way that would  
8 affect a personal financial interest of the rural transportation planning organization member, the  
9 rural transportation planning organization member's extended family, or a business with which  
10 the rural transportation planning organization member is associated.

11 (h) Definitions. – For purposes of this section, "extended family" shall have the same  
12 meaning as in G.S. 138A-3(13), "business with which associated" shall have the same meaning  
13 as in G.S. 138A-3(3), and "financial benefit" shall mean a direct pecuniary gain or loss or a  
14 direct pecuniary loss to a business competitor.

15 (i) Violations. – A violation of subdivision (1) of subsection (f) of this section shall be  
16 a Class 1 misdemeanor. A rural transportation planning organization member who knowingly  
17 conceals or knowingly fails to disclose information that is required to be disclosed on a  
18 required filing under subdivision (3) or (4) of subsection (f) of this section shall be guilty of a  
19 Class 1 misdemeanor. A rural transportation planning organization member who provides false  
20 information on a required filing under subdivision (3) or (4) of subsection (f) of this section  
21 knowing that the information is false is guilty of a Class H felony.

22 (j) All individuals with voting authority serving on a rural transportation planning  
23 organization who are members of the Board of Transportation shall comply with Chapter 138A  
24 of the General Statutes and G.S. 143B-350 while serving on the rural transportation planning  
25 organization."

26 **SECTION 34.18.(e)** This section is effective when it becomes law. All individuals  
27 with voting authority serving on a metropolitan planning organization or a rural transportation  
28 planning organization shall file statements of economic interest and additional real estate lists  
29 with the State Ethics Commission no later than April 15, 2014. Any member of a metropolitan  
30 planning organization or a rural transportation planning organization that filed a statement of  
31 economic interest in compliance with G.S. 136-202(e) or G.S. 136-211(e) shall not be required  
32 to file again, and the State Ethics Commission shall prepare the evaluation under  
33 G.S. 136-200.2(g) or G.S. 136-211(f) of that filing.

## 34 **STRATEGIC TRANSPORTATION INVESTMENTS**

35 **SECTION 34.19.(a)** Chapter 136 of the General Statutes is amended by adding a  
36 new Article to read:

### 37 "Article 14B.

#### 38 "Strategic Prioritization Funding Plan for Transportation Investments.

#### 39 **"§ 136-189.10. Definitions.**

40 The following definitions apply in this Article:

- 41 (1) Statewide strategic mobility projects. – Includes only the following:  
42 a. Interstate highways and future interstate highways approved by the  
43 federal government.  
44 b. Routes on the National Highway System as of July 1, 2012,  
45 excluding intermodal connectors.  
46 c. Highway routes on the United States Department of Defense  
47 Strategic Highway Network (STRAHNET).  
48 d. Interstate highway toll routes designated by the Department of  
49 Transportation, pursuant to its authority under State law, or  
50 extensions of highway toll projects in existence on July 1, 2013.  
51



- 1           e.     Highway projects listed in G.S. 136-179, as it existed on July 1,  
2                 2012, that are not authorized for construction as of July 1, 2015.  
3           f.     Appalachian Development Highway System.  
4           g.     Commercial service airports included in the Federal Aviation  
5                 Administration's National Plan of Integrated Airport Systems  
6                 (NPIAS) that provide international passenger service or 375,000 or  
7                 more enplanements annually, provided that the State's annual  
8                 financial participation in any single airport project included in this  
9                 subdivision may not exceed five hundred thousand dollars  
10                (\$500,000).  
11          h.     Freight capacity and safety improvements to Class I freight rail  
12                 corridors.  
13       (2)   Regional impact projects. – Includes only the following:  
14          a.     Projects listed in subdivision (1) of this section, subject to the  
15                 limitations noted in that subdivision.  
16          b.     U.S. highway routes not included in subdivision (1) of this section.  
17          c.     N.C. highway routes not included in subdivision (1) of this section.  
18          d.     Highway toll routes not included in subdivision (1) of this section.  
19          e.     Commercial service airports included in the NPIAS that are not  
20                 included in subdivision (1) of this section, provided that the State's  
21                 annual financial participation in any single airport project included in  
22                 this subdivision may not exceed three hundred thousand dollars  
23                 (\$300,000).  
24          f.     The State-maintained ferry system, excluding passenger vessel  
25                 replacement.  
26          g.     Freight capacity and safety improvements to rail corridors spanning  
27                 two or more counties and not included in subdivision (1) of this  
28                 section.  
29       (3)   Division needs projects. – Includes only the following:  
30          a.     Projects listed in subdivision (1) or (2) of this section, subject to the  
31                 limitations noted in those subsections.  
32          b.     State highway routes not included in subdivision (1) or (2) of this  
33                 section.  
34          c.     Airports included in the NPIAS that are not included in subdivision  
35                 (1) or (2) of this section, provided that the State's total annual  
36                 financial participation under this sub-subdivision shall not exceed  
37                 eighteen million five hundred thousand dollars (\$18,500,000).  
38          d.     Freight capacity and safety improvements to rail corridors not  
39                 included in subdivision (1) or (2) of this section.  
40          e.     Public transportation service improvements, facilities, and  
41                 equipment, including intercity rail, commuter rail, light rail,  
42                 multimodal terminals and stations used for passenger transit.  
43          f.     Federally-funded bicycle and pedestrian improvements.  
44          g.     Replacement of State-maintained ferry vessels.  
45          h.     Federally-funded municipal road projects.  
46       (4)   Distribution Regions. – The following Distribution Regions apply to this  
47                Article:  
48          a.     Distribution Region A consists of the following counties: Bertie,  
49                 Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax,  
50                 Hertford, Hyde, Johnston, Martin, Nash, Northampton, Pasquotank,  
51                 Perquimans, Tyrrell, Washington, Wayne, and Wilson.

- b. Distribution Region B consists of the following counties: Beaufort, Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Pitt, and Sampson.
- c. Distribution Region C consists of the following counties: Bladen, Columbus, Cumberland, Durham, Franklin, Granville, Harnett, Person, Robeson, Vance, Wake, and Warren.
- d. Distribution Region D consists of the following counties: Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Orange, Rockingham, Rowan, and Stokes.
- e. Distribution Region E consists of the following counties: Anson, Cabarrus, Chatham, Hoke, Lee, Mecklenburg, Montgomery, Moore, Randolph, Richmond, Scotland, Stanly, and Union.
- f. Distribution Region F consists of the following counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, Watauga, Wilkes, and Yadkin.
- g. Distribution Region G consists of the following counties: Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, and Yancey.

**"§ 136-189.11. Transportation Investment Strategy Formula.**

(a) Funds Subject to Formula. – The following sources of funds are subject to this section:

- (1) Highway Trust Fund funds, in accordance with G.S. 136-176.
- (2) Federal aid funds.

(b) Funds Excluded From Formula. – The following funds are not subject to this section:

- (1) Federal congestion mitigation and air quality improvement program funds appropriated to the State by the United States pursuant to 23 U.S.C. § 104(b)(2) and 23 U.S.C. § 149.
- (2) Funds received through competitive awards or discretionary grants through federal appropriations either for local governments, transportation authorities, transit authorities, or the Department.
- (3) Funds received from the federal government that under federal law may only be used for Appalachian Development Highway System projects.
- (4) Funds used in repayment of "GARVEE" bonds related to Phase I of the Yadkin River Veterans Memorial Bridge project.
- (5) Funds committed to gap funding for toll roads funded with bonds issued pursuant to G.S. 136-176.
- (6) Funds obligated for projects in the State Transportation Improvement Program that are scheduled for construction as of April 1, 2013, in State fiscal year 2012-2013, 2013-2014, or 2014-2015.
- (7) Toll collections from a turnpike project under Article 6H of this Chapter and other revenue from the sale of the Authority's bonds or notes or project loans, in accordance with G.S. 136-89.192.
- (8) Toll collections from the State-maintained ferry system collected under the authority of G.S. 136-82.

(c) Funds With Alternate Criteria. – The following federal program activities shall be included in the applicable category of the Transportation Investment Strategy Formula set forth in subsection (d) of this section but shall not be subject to the prioritization criteria set forth in that subsection:

- (1) Bridge replacement.

- 1           (2)    Interstate maintenance.  
2           (3)    Highway safety improvement.  
3       (d)    Transportation Investment Strategy Formula. – Funds subject to the Formula shall  
4 be distributed as follows:  
5           (1)    Statewide Strategic Mobility Projects. – Forty percent (40%) of the funds  
6 subject to this section shall be used for Statewide Strategic Mobility  
7 Projects.  
8           a.    Criteria. – Transportation-related quantitative criteria shall be used  
9 by the Department to rank highway projects that address  
10 cost-effective Statewide Strategic Mobility needs and promote  
11 economic and employment growth. The criteria for selection of  
12 Statewide Strategic Mobility Projects shall utilize a numeric scale of  
13 100 points, based on consideration of the following quantitative  
14 criteria:  
15               1.   Benefit-cost.  
16               2.   Congestion.  
17               3.   Safety.  
18               4.   Freight.  
19               5.   Multimodal.  
20               6.   Pavement condition.  
21               7.   Lane width.  
22               8.   Shoulder width.  
23           b.    Project cap. – No more than 10 percent (10%) of the funds projected  
24 to be allocated to the Statewide Strategic Mobility category over any  
25 five-year period may be assigned to any contiguous project or group  
26 of projects in the same corridor within a Highway Division or within  
27 adjoining Highway Divisions.  
28       (2)    Regional Impact Projects. – Thirty percent (30%) of the funds subject to this  
29 section shall be used for Regional Impact Projects and allocated by  
30 population of Distribution Regions, based on the most recent estimates  
31 certified by the Office of State Budget and Management.  
32           a.    Criteria. – A combination of transportation-related quantitative  
33 criteria, qualitative criteria, and local input shall be used to rank  
34 Regional Impact Projects involving highways that address  
35 cost-effective needs from a region-wide perspective and promote  
36 economic growth. Local input is defined as the rankings identified by  
37 the Department's Transportation Division Engineers, Metropolitan  
38 Planning Organizations, and Rural Transportation Planning  
39 Organizations. The criteria utilized for selection of Regional Impact  
40 Projects shall be based 30 percent (30%) on local input and 70  
41 percent (70%) on consideration of a numeric scale of 100 points,  
42 based on the following quantitative criteria:  
43               1.   Benefit-cost.  
44               2.   Congestion.  
45               3.   Safety.  
46               4.   Freight.  
47               5.   Multimodal.  
48               6.   Pavement condition.  
49               7.   Lane width.  
50               8.   Shoulder width.

9. Accessibility and connectivity to employment centers, tourist destinations, and military installations.
- (3) Division Need Projects. – Thirty percent (30%) of the funds subject to this section shall be allocated in equal share to each of the Department divisions, as defined in G.S. 136-14.1, and used for Division Need Projects.
  - a. Criteria. – A combination of transportation-related quantitative criteria, qualitative criteria, and local input shall be used to rank Division Need Projects involving highways that address cost-effective needs from a Division-wide perspective, provide access, and address safety-related needs of local communities. Local input is defined as the rankings identified by the Department's Transportation Division Engineers, Metropolitan Planning Organizations, and Rural Transportation Planning Organizations. The criteria utilized for selection of Division Need Projects shall be based 50 percent (50%) on local input and 50 percent (50%) on consideration of a numeric scale of 100 points, based on the following quantitative criteria, except as provided in sub-subdivision b. of this subdivision:
    1. Benefit-cost.
    2. Congestion.
    3. Safety.
    4. Freight.
    5. Multimodal.
    6. Pavement condition.
    7. Lane width.
    8. Shoulder width.
    9. Accessibility and connectivity to employment centers, tourist destinations, and military installations.
  - b. Alternate criteria. – Funding from the following programs shall be included in the computation of each of the Department division equal shares but shall be subject to alternate quantitative criteria:
    1. Federal Surface Transportation Program-Direct Attributable funds appropriated to the State.
    2. Federal Transportation Alternatives funds appropriated to the State.
    3. Federal Railway-highway crossings program funds appropriated to the State.
    4. Projects requested from the Department in support of a time-critical job creation opportunity, when the opportunity would be classified as transformational under the Job Development Investment Grant program established pursuant to G.S. 143B-437.52, provided that the total State investment in each fiscal year for all projects funded under this sub-subdivision shall not exceed ten million dollars (\$10,000,000) in the aggregate or two million dollars (\$2,000,000) per project.
    5. Federal funds for municipal road projects.
  - c. Bicycle and pedestrian limitation. – The Department shall not provide financial support for bicycle and pedestrian improvement projects, except for federal funds administered by the Department for that purpose. This sub-subdivision shall not apply to funds allocated



to a municipality pursuant to G.S. 136-41.1 which are committed by the municipality as matching funds for federal funds administered by the Department and used for bicycle and pedestrian improvement projects. This limitation shall not apply to projects under construction or authorized for construction on June 30, 2013.

(4) Criteria for nonhighway projects. – Nonhighway projects subject to this subsection shall be evaluated through a separate prioritization process established by the Department that complies with all of the following:

a. The criteria used for selection of projects for a particular transportation mode shall be based on a minimum of four quantitative criteria.

b. Local input shall include rankings of projects identified by the Department's Transportation Division Engineers, Metropolitan Planning Organizations, and Rural Transportation Planning Organizations.

c. The criteria shall be based on a scale not to exceed 100 points that includes no bonus points or other alterations favoring any particular mode of transportation.

(e) Authorized Formula Variance. – The Department may vary from the Formula set forth in this section if it complies with the following:

(1) Limitation on variance. – The Department, in obligating funds in accordance with this section, shall ensure that the percentage amount obligated to Statewide Strategic Mobility Projects, Regional Impact Projects, and Division Need Projects does not vary by more than five percent (5%) over any five-year period from the percentage required to be allocated to each of those categories by this section. Funds obligated among distribution regions or divisions pursuant to this section may vary up to 10 percent (10%) over any five-year period.

(2) Calculation of variance. – Each year the Secretary shall calculate the amount of Regional Impact and Division Need funds allocated in that year to each division and region, the amount of funds obligated, and the amount the obligations exceeded or were below the allocation. In the first variance calculation under this subdivision following the end of fiscal year 2015-2016, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous year. In the first variance calculation under this subdivision following the end of fiscal year 2016-2017, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous two fiscal years. In the first variance calculation under this subdivision following the end of fiscal year 2017-2018, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous three fiscal years. In the first variance calculation under this subdivision following the end of fiscal year 2018-2019, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous four fiscal years. The new target amounts shall be used to fulfill the requirements of subdivision (1) of this subsection for the next update of the Transportation Improvement

Program. The adjustment to the target amount shall be allocated by Distribution Region or Division, as applicable.

(f) Incentives for Local Funding and Highway Tolling. – The Department may revise highway project selection ratings based on local government funding initiatives and capital construction funding directly attributable to highway toll revenue. Projects authorized for construction after November 1, 2013, and contained in the 10-year Department of Transportation work program are eligible for a bonus allocation under this subsection.

(1) Definitions. – The following definitions apply in this subsection:

a. Bonus allocation. – The allocation obtained as a result of local government funding participation or highway tolling.

b. Local funding participation. – Non-State or nonfederal funds committed by local officials to leverage the commitment of State or federal transportation funds towards construction.

(2) Funds obtained from local government funding participation. – Upon authorization to construct a project with funds obtained by local government funding participation, the Department shall make available for allocation as set forth in subdivision (4) of this section an amount equal to one-half of the local funding commitment for other eligible highway projects that serve the local entity or entities that provided the local funding.

(3) Funds obtained through highway tolling. – Upon authorization to construct a project with funding from toll revenue, the Department shall make available for allocation an amount equal to one-half of the project construction cost derived from toll revenue bonds. The amount made available for allocation to other eligible highway projects shall not exceed one hundred million dollars (\$100,000,000) of the capital construction funding directly attributable to the highway toll revenues committed in the Investment Grade Traffic and Revenue Study. If the toll project is located in one or more Metropolitan Planning Organization or Rural Transportation Planning Organization boundaries, based on the boundaries in existence at the time of letting of the project construction contract, the bonus allocation shall be distributed proportionately to lane miles of new capacity within the Organization's boundaries. The Organization shall apply the bonus allocation only within those counties in which the toll project is located.

(4) Use of bonus allocation. – The Metropolitan Planning Organization, Rural Transportation Planning Organization, or the local government may choose to apply its bonus allocation in one of the three categories or in a combination of the three categories as provided in this subdivision.

a. Statewide Strategic Mobility Projects category. – The bonus allocation shall apply over the five-year period in the State Transportation Improvement Program in the cycle following the contractual obligation.

b. Regional Impact Projects category. – The bonus allocation is capped at 10 percent (10%) of the regional allocation, or allocation to multiple regions, made over a five-year period and shall be applied over the five-year period in the State Transportation Improvement Program in the cycle following the contractual obligation.

c. Division Needs Projects category. – The bonus allocation is capped at 10 percent (10%) of the division allocation, or allocation to multiple divisions, made over a five-year period and shall be applied over the five-year period in the State Transportation Improvement Program in the cycle following the contractual obligation.

(g) Reporting. – The Department shall publish on its Web site, in a link to the "Strategic Transportation Investments" Web site linked directly from the Department's home page, the following information in an accessible format as promptly as possible:

- (1) The quantitative criteria used in each highway and nonhighway project scoring, including the methodology used to define each criteria, the criteria presented to the Board of Transportation for approval, and any adjustments made to finalize the criteria.
- (2) The quantitative and qualitative criteria in each highway or nonhighway project scoring that is used in each region or division to finalize the local input score, and shall include distinctions between Metropolitan Planning Organization and Rural Transportation Planning Organization scoring and methodologies.
- (3) Notification of changes to the methodologies used to calculate quantitative criteria.
- (4) The final quantitative formulas, including the number of points assigned to each criteria, used in each highway and nonhighway project scoring used to obtain project rankings in the Statewide, Regional, and Division categories. If the Department approves different formulas or point assignments regionally or by division, the final scoring for each area shall be noted.
- (5) The project scorings associated with the release of the draft and final State Transportation Improvement Program."

**SECTION 34.19.(b) (Effective July 1, 2019)** G.S. 136-189.11(e)(2) reads as rewritten:

"(e) Authorized Formula Variance. – The Department may vary from the Formula set forth in this section if it complies with the following:

...

- (2) Calculation of Variance. – Each year, the Secretary shall calculate the amount of Regional Impact and Division Need funds allocated in that year to each ~~division, division and region~~, the amount of funds obligated, and the amount the obligations exceeded or were below the allocation. ~~In the first variance calculation under this subdivision following the end of fiscal year 2015-16, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous year. In the first variance calculation under this subdivision following the end of fiscal year 2016-17, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous two fiscal years. In the first variance calculation under this subdivision following the end of fiscal year 2017-18, the target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous three fiscal years. In the first variance calculation under this subdivision following the end of fiscal year 2018-19, the~~ The target amounts obtained according to the Formula set forth in this section shall be adjusted to account for any differences between allocations and obligations reported for the previous ~~four~~ five fiscal years. The new target amounts shall be used to fulfill the requirements of subdivision (1) of this subsection for the next update of the Transportation Improvement Program. The adjustment to the target amount shall be allocated by Distribution Region or Division, as applicable."

1           **SECTION 34.19.(c)** Strategic Prioritization Process Reporting. – The Department  
2 shall issue a draft revision to the State Transportation Improvement Program required by  
3 G.S. 143B-350(f)(4) no later than January 1, 2015. The Board of Transportation shall approve  
4 the revised State Transportation Improvement Program no later than July 1, 2015.

5  
6 **SECONDARY ROADS CHANGES**

7  
8           **SECTION 34.19.(d)** G.S. 20-85, as rewritten by Section 34.16 of this act, reads as  
9 rewritten:

10 **"§ 20-85. Schedule of fees.**

11 ...

12       (a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under  
13 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the  
14 North Carolina Highway Fund. The Division shall use the fees derived from transactions with  
15 commission contract agents for the payment of compensation to commission contract agents.  
16 An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under  
17 subdivision (a)(1) of this section shall be credited to the Mercury Switch Removal Account in  
18 the Department of Environment and Natural Resources. ~~An additional fifty cents (50¢) of the~~  
19 ~~fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be~~  
20 ~~credited as follows:~~

21           ~~(1) The first four hundred thousand dollars (\$400,000) collected shall be~~  
22           ~~credited to the Reserve for Visitor Centers in the Highway Fund.~~

23           ~~(2) Any additional funds collected shall be credited to the Highway Trust Fund~~  
24           ~~and, notwithstanding G.S. 136-176(b), shall be allocated and used for urban~~  
25           ~~loop projects.~~

26       (a2) From the fees collected under subdivisions (a)(1) through (a)(9) of this section, the  
27 Department shall annually credit the sum of four hundred thousand dollars (\$400,000) to the  
28 Reserve for Visitor Centers in the Highway Fund.

29       (b) Except as otherwise provided in ~~subsection (a1)~~ subsections (a1) and (a2) of this  
30 section, the fees collected under subdivisions (a)(1) through (a)(9) of this section shall be  
31 credited to the North Carolina Highway Trust Fund. The fees collected under subdivision  
32 (a)(10) of this section shall be credited to the Highway Fund. ~~Fifteen dollars (\$15.00) of each~~  
33 ~~title fee credited to the Trust Fund under subdivision (a)(1) shall be added to the amount~~  
34 ~~allocated for secondary roads under G.S. 136-176 and used in accordance with G.S. 136-44.5.~~

35 ...."

36           **SECTION 34.19.(e)** G.S. 136-44.2 reads as rewritten:

37 **"§ 136-44.2. Budget and appropriations.**

38       (a) The Director of the Budget shall include in the "Current Operations Appropriations  
39 Act" an enumeration of the purposes or objects of the proposed expenditures for each of the  
40 ~~construction and maintenance~~ construction, maintenance, and improvement programs for that  
41 budget period for the State primary, secondary, State parks road systems, and other  
42 transportation systems. The State primary system shall include all portions of the State highway  
43 system located both inside and outside municipal corporate limits that are designated by N.C.,  
44 U.S. or Interstate numbers. The State secondary system shall include all of the State highway  
45 system located both inside and outside municipal corporate limits that is not a part of the State  
46 primary system. The State parks system shall include all State parks roads and parking lots that  
47 are not also part of the State highway system. The transportation systems shall also include  
48 State-maintained, nonhighway modes of ~~transportation as well.~~ transportation.

49       (b) All ~~construction and maintenance~~ construction, maintenance, and improvement  
50 programs for which appropriations are requested shall be enumerated separately in the budget.  
51 Programs that are entirely State funded shall be listed separately from those programs involving



the use of federal-aid funds. Proposed appropriations of State matching funds for each of the federal-aid construction programs shall be enumerated separately as well as the federal-aid funds anticipated for each program in order that the total construction requirements for each program may be provided for in the budget. Also, proposed State matching funds for the highway planning and research program shall be included separately along with the anticipated federal-aid funds for that purpose.

(c) Other program categories for which appropriations are requested, such as, but not limited to, maintenance, channelization and traffic control, bridge maintenance, public service and access road construction, transportation projects and systems, and ferry operations shall be enumerated in the budget.

(d) The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. For purposes of this section, "federally eligible construction project" means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

(e) The "Current Operations Appropriations Act" shall also contain the proposed appropriations of State funds for use in each county for ~~maintenance and construction~~ construction, maintenance, and improvement of secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the ~~construction and maintenance~~ construction, maintenance, and improvement of secondary roads in the county for which they are allocated pursuant to G.S. 136-44.5 and 136-44.6.

...."

**SECTION 34.19.(f) (Effective July 1, 2014)** G.S. 136-44.2, as rewritten by subsection (e) of this section, reads as rewritten:

**"§ 136-44.2. Budget and appropriations.**

(a) The Director of the Budget shall include in the "Current Operations Appropriations Act" an enumeration of the purposes or objects of the proposed expenditures for each of the ~~construction, maintenance, maintenance~~ and improvement programs for that budget period for the State primary, secondary, State parks road systems, and other transportation systems. The State primary system shall include all portions of the State highway system located both inside and outside municipal corporate limits that are designated by N.C., U.S. or Interstate numbers. The State secondary system shall include all of the State highway system located both inside and outside municipal corporate limits that is not a part of the State primary system. The State parks system shall include all State parks roads and parking lots that are not also part of the State highway system. The transportation systems shall also include State-maintained, nonhighway modes of transportation.

(b) All ~~construction, maintenance, maintenance~~ and improvement programs for which appropriations are requested shall be enumerated separately in the budget. Programs that are entirely State funded shall be listed separately from those programs involving the use of federal-aid funds. ~~Proposed appropriations of State matching funds for each of the federal-aid construction programs shall be enumerated separately as well as the federal-aid funds anticipated for each program in order that the total construction requirements for each program may be provided for in the budget. Also, proposed~~ Proposed State matching funds for the highway planning and research program shall be included separately along with the anticipated federal-aid funds for that purpose.

(c) Other program categories for which appropriations are requested, such as, but not limited to, maintenance, channelization and traffic control, bridge maintenance, public service and access road construction, transportation projects and systems, and ferry operations shall be enumerated in the budget.

(d) The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. For purposes of this section, "federally eligible construction project" means any construction project except secondary road projects developed pursuant to ~~G.S. 136-44.7 and 136-44.8~~ G.S. 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

(e) The "Current Operations Appropriations Act" shall also contain the proposed appropriations of State funds for use in each county for ~~construction, maintenance, maintenance~~ and improvement of secondary roads, to be allocated in accordance with ~~G.S. 136-44.5 and 136-44.6~~ G.S. 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the ~~construction, maintenance, maintenance~~ and improvement of secondary roads in the county for which they are allocated pursuant to ~~G.S. 136-44.5 and 136-44.6~~ G.S. 136-44.6.

...

(g) The Department of Transportation may provide for costs incurred or accrued for traffic control measures to be taken by the Department at major events which involve a high degree of traffic concentration on State highways, and which cannot be funded from regular budgeted items. This authorization applies only to events which are expected to generate 30,000 vehicles or more per day. The Department of Transportation shall provide for this funding by allocating and reserving up to one hundred thousand dollars (\$100,000) before any other allocations from the appropriations for State maintenance for ~~primary, secondary, and urban~~ primary and secondary road systems are made, based upon the same proportion as is appropriated to each system."

**SECTION 34.19.(g)** G.S. 136-44.2A reads as rewritten:

**"§ 136-44.2A. Secondary road ~~improvement~~ construction program.**

There shall be annually allocated from the Highway Fund to the Department of Transportation for secondary road ~~improvement~~ construction programs developed pursuant to ~~G.S. 136-44.7 and 136-44.8~~, a sum provided by law. ~~equal to that allocation made from the Highway Fund under G.S. 136-41.1(a). In addition, as provided in G.S. 136-176(b)(4) and G.S. 20-85(b), revenue is annually allocated from the Highway Trust Fund for secondary road construction. Of the funds allocated from the Highway Fund, the sum of sixty eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated among the counties in accordance with G.S. 136-44.5(b). All funds allocated from the Highway Fund for secondary road improvements in excess of that amount shall be allocated among the counties in accordance with G.S. 136-44.5(c). All funds allocated from the Highway Trust Fund for secondary road improvement programs shall be allocated in accordance with G.S. 136-182."~~

**SECTION 34.19.(h) (Effective July 1, 2014)** G.S. 136-44.2A is repealed.

**SECTION 34.19.(i)** G.S. 136-44.2C is repealed.

**SECTION 34.19.(j) (Expires June 30, 2018)** Article 2A of Chapter 136 is amended by adding a new section to read:

**"§ 136-44.2D. Secondary unpaved road paving program.**

The Department of Transportation shall expend funds allocated to the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a statewide prioritization. The Department shall pave the eligible unpaved secondary roads that receive the highest priority ranking within this statewide prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any unpaved secondary roads that do not meet secondary road system addition standards as set forth in G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving of unpaved secondary roads.

**SECTION 34.19.(k)** G.S. 136-44.5 reads as rewritten:

**"§ 136-44.5. Secondary roads; mileage study; allocation of funds.**

(a) Before July 1, in each calendar year, the Department of Transportation shall make a study of all State-maintained unpaved and paved secondary roads in the State. The study shall determine:

- (1) The number of miles of unpaved State-maintained roads in each county eligible for paving and the total number of miles that are ineligible;
- (2) The total number of miles of unpaved State-maintained roads in the State eligible for paving and the total number of miles that are ineligible; and
- (3) The total number of paved State-maintained roads in each county, and the total number of miles of paved State-maintained roads in the State.

In this subsection, (i) ineligible unpaved mileage is defined as the number of miles of unpaved roads that have unavailable rights-of-way or for which environmental permits cannot be approved to allow for paving, and (ii) eligible unpaved mileage is defined as the number of miles of unpaved roads that have not been previously approved for paving by any funding source or has the potential to be programmed for paving when rights-of-way or environmental permits are secured. Except for federal-aid programs, the Department shall allocate all secondary road improvement funds on the basis of a formula using the study figures.

~~(b) The first sixty-eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated as follows: Each county shall receive a percentage of these funds, the percentage to be determined as a factor of the number of miles of paved and unpaved State-maintained secondary roads in the county divided by the total number of miles of paved and unpaved State-maintained secondary roads in the State, excluding those unpaved secondary roads that have been determined to be eligible for paving as defined in subsection (a) of this section. Beginning in fiscal year 2010-2011, allocations pursuant to this subsection shall be The amounts appropriated by law for secondary road construction, excluding unpaved secondary road funds, shall be allocated among counties based on the total number of secondary miles in a county in proportion to the total State-maintained secondary road mileage.~~

~~(c) Funds allocated for secondary road construction in excess of sixty-eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated to each county based on the percentage proportion that the number of miles in the county of State-maintained unpaved secondary roads bears to the total number of miles in the State of State-maintained unpaved secondary roads. In a county that has roads with eligible miles, these funds shall only be used for paving unpaved secondary road miles in that county. In a county where there are no roads eligible to be paved as defined in subsection (a) of this section, the funds may be used for improvements on the paved and unpaved secondary roads in that county. Beginning in fiscal year 2010-2011, allocations pursuant to this subsection shall be based on the total number of secondary miles in a county in proportion to the total State-maintained secondary road mileage.~~

~~(d) Copies of the Department study of unpaved and paved State-maintained secondary roads and copies of the individual county allocations shall be made available to newspapers having general circulation in each county."~~

**SECTION 34.19.(l) (Effective July 1, 2014)** G.S. 136-44.5 is repealed.

**SECTION 34.19.(m)** G.S. 136-44.6 reads as rewritten:

**"§ 136-44.6. Uniformly applicable formula for the allocation of secondary roads maintenance and improvement funds.**

The Department of Transportation shall develop a uniformly applicable formula for the allocation of secondary roads maintenance and improvement funds for use in each county. The formula shall take into consideration the number of paved and unpaved miles of state-maintained secondary roads in each county and such other factors as experience may dictate. This section shall not apply to projects to pave unpaved roads under G.S. 136-44.2D."

**SECTION 34.19.(n) Secondary Road Funding.** – Of the funds appropriated in this act, the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2013-2014 fiscal year is allocated from the Highway Fund for the secondary road construction program

under G.S. 136-44.2A, as enacted by subsection (g) of this section, and the sum of ten million dollars (\$10,000,000) in recurring funds for the 2013-2014 fiscal year is allocated from the Highway Fund for the paving of unpaved roads pursuant to G.S. 136-44.2D, as enacted by subsection (j) of this section.

**SECTION 34.19.(o)** G.S. 136-44.7 reads as rewritten:

**"§ 136-44.7. Secondary roads; ~~annual work program~~right-of-way acquisition.**

(a) ~~The Department of Transportation shall be responsible for developing criteria for improvements and maintenance of secondary roads. The criteria shall be adopted by the Board of Transportation before it shall become effective. The Department of Transportation shall be responsible for developing annual work programs for both construction and maintenance of secondary roads in each county in accordance with criteria developed. It shall reflect the long range and immediate goals of the Department of Transportation. Projects on the annual construction program for each county shall be rated according to their priority based upon the secondary road criteria and standards which shall be uniform throughout the State. Tentative construction projects and estimated funding shall also be listed in accordance to priority. The annual construction program shall be adopted by the Board of Transportation before it shall become effective.~~

(b) ~~When a secondary road in a county is listed in the first 10 secondary roads to be paved during a year on a priority list issued by the Department of Transportation under this section, the secondary road cannot be removed from the top 10 of that list or any subsequent list until it is paved. All secondary roads in a county shall be paved, insofar as possible, in the priority order of the list. When a secondary road in the top 10 of that list is removed from the list because it has been paved, the next secondary road on the priority list shall be moved up to the top 10 of that list and shall remain there until it is paved.~~

(c) ~~When it is necessary for the Department of Transportation to acquire a right-of-way in accordance with (a) and (b) of this section in order to pave a secondary road or undertake a maintenance project, the Department shall negotiate the acquisition of the right-of-way for a period of up to six months. At the end of that period, if one or more property owners have not dedicated the necessary right-of-way and at least seventy-five percent (75%) of the property owners adjacent to the project and the owners of the majority of the road frontage adjacent to the project have dedicated the necessary property for the right-of-way and have provided funds required by Department rule to the Department to cover the costs of condemning the remaining property, the Department shall initiate condemnation proceedings pursuant to Article 9 of this Chapter to acquire the remaining property necessary for the project.~~

(d) The Division Engineer is authorized to reduce the width of a right-of-way to less than 60 feet to pave an unpaved secondary road with the allocated funds, provided that in all circumstances the safety of the public is not compromised and the minimum accepted design practice is satisfied."

**SECTION 34.19.(p)** G.S. 136-44.8 reads as rewritten:

**"§ 136-44.8. Submission of secondary roads construction and unpaved roads paving programs to the Boards of County Commissioners.**

(a) ~~The Department of Transportation shall post in the county courthouse a county map showing tentative secondary road paving projects rated according to the priority of each project in accordance with the criteria and standards adopted by the Board of Transportation. The map shall be posted at least two weeks prior to the public meeting of the county commissioners at which the Department of Transportation representatives are to meet and discuss the proposed secondary road construction program for the county as provided in subsection (c).~~

(a1) Representatives of the Department of Transportation shall provide to the board of county commissioners in each county the proposed secondary road construction program and, if applicable to that county, a list of roads proposed for the annual paving program approved by the Board of Transportation. If a paving priority list is presented, it shall include the priority



rating of each secondary road paving project included in the proposed paving program according to the criteria and standards adopted by the Board of Transportation.

(b) ~~The Department of Transportation shall provide a notice to the public of the public meeting of the board of county commissioners at which the annual secondary road construction program for the county proposed by the Department is to be presented to the board and other citizens of the county as provided in subsection (c). The notice shall be published in a newspaper published in the county or having a general circulation in the county once a week for two succeeding weeks prior to the meeting. The notice shall also advise that a county map is posted in the courthouse showing tentative secondary road paving projects rated according to the priority of each project.~~

(c) ~~Representatives of the Department of Transportation shall meet with the board of county commissioners at a regular or special public meeting of the board of county commissioners for each county and present to and discuss with the board of county commissioners and other citizens present, the proposed secondary road construction program for the county. The presentation and discussion shall specifically include the priority rating of each tentative secondary road paving project included in the proposed construction program, according to the criteria and standards adopted by the Board of Transportation.~~

~~At the same meeting after the presentation and discussion of the annual secondary road construction program for the county or at a later meeting, the board of county commissioners may (i) concur in the construction program as proposed, or (ii) take no action, or (iii) make recommendations for deviations in the proposed construction program, except as to paving projects and the priority of paving projects for which the board in order to make recommendations for deviations, must vote to consider the matter at a later public meeting as provided in subsection (d).~~

(d) ~~The board of county commissioners may recommend deviations in the paving projects and the priority of paving projects included in the proposed secondary road construction program only at a public meeting after notice to the public that the board will consider making recommendations for deviations in paving projects and the priority of paving projects included in the proposed annual secondary road construction program. Notice of the public meeting shall be published by the board of county commissioners in a newspaper published in the county or having a general circulation in the county. After discussion by the members of the board of county commissioners and comments and information presented by other citizens of the county, the board of county commissioners may recommend deviations in the paving projects and in the paving priority of secondary road projects included in the proposed secondary road construction program. Any recommendation made by the board of county commissioners for a deviation in the paving projects or in the priority for paving projects in the proposed secondary road construction program shall state the specific reason for each such deviation recommended.~~

(e) ~~The Board of Transportation shall adopt the annual secondary construction program for each county after having given the board of county commissioners of each county an opportunity to review the proposed construction program and to make recommendations as provided in this section. The Board of Transportation shall consider such recommendations insofar as they are compatible with its general plans, standards, criteria and available funds, but having due regard to development plans of the county and to the maintenance and improvement needs of all existing roads in the county. However, no consideration shall be given to any recommendation by the board of county commissioners for a deviation in the paving projects or in the priority for paving secondary road projects in the proposed construction program that is not made in accordance with subsection (d).~~

(f) ~~The secondary road construction program and unpaved roads paving programs adopted by the Board of Transportation shall be followed by the Department of Transportation unless changes are approved by the Board of Transportation and notice of any changes is given~~

to the board of county commissioners. The Department of Transportation shall post a copy of the adopted program, including a map showing the secondary road paving projects rated according to the approved priority of each project, at the courthouse, within 10 days of its adoption by the Board of Transportation. The board of county commissioners may petition the Board of Transportation for review of any changes to which it does not consent and the determination of the Board of Transportation shall be final. Upon request, the most recent secondary road construction and unpaved roads paving programs adopted shall be submitted to any member of the General Assembly. The Department of Transportation shall make the annual construction program for each county available to the newspapers having a general circulation in the county."

**SECTION 34.19.(q) (Effective July 1, 2014)** G.S. 136-44.8, as rewritten by subsection (p) of this section, reads as rewritten:

**"§ 136-44.8. Submission of unpaved secondary roads construction and unpaved roads paving programs to the Boards of County Commissioners.**

(a) ~~Representatives~~ In each county having unpaved roads programmed for paving, representatives of the Department of Transportation shall annually provide to the board of county commissioners in ~~each county~~ those counties ~~the proposed secondary road construction program and, if applicable to that county, a list of roads proposed for the annual paving program approved by the Board of Transportation. If a~~ The paving priority list is presented, it shall include the priority rating of each secondary road paving project included in the proposed paving program according to the criteria and standards adopted by the Board of Transportation.

(e) ~~The Board of Transportation shall adopt the annual secondary construction program for each county after having given the board of county commissioners of each county an opportunity to review the proposed construction program and to make recommendations as provided in this section. The Board of Transportation shall consider such recommendations insofar as they are compatible with its general plans, standards, criteria and available funds, but having due regard to development plans of the county and to the maintenance and improvement needs of all existing roads in the county.~~

(f) ~~The secondary road construction and unpaved~~ secondary roads paving programs adopted by the Board of Transportation shall be followed by the Department of Transportation unless changes are approved by the Board of Transportation and notice of any changes is given to the board of county commissioners. Upon request, the most recent unpaved secondary road construction and unpaved roads paving programs adopted shall be submitted to any member of the General Assembly. The Department of Transportation shall make the annual construction program for each affected county available to the newspapers having a general circulation in the county."

**SECTION 34.19.(r)** G.S. 136-182 is repealed.

## **STATE AID TO MUNICIPALITIES/POWELL BILL CHANGES**

**SECTION 34.19.(s)** G.S. 136-41.1 reads as rewritten:

**"§ 136-41.1. Appropriation to municipalities; allocation of funds generally; allocation to Butner.**

(a) There is annually appropriated out of the State Highway Fund a sum equal to ten and four-tenths percent (10.4%) of the net amount after refunds that was produced during the fiscal year by ~~a one and three fourths cents (1 3/4¢) tax on each gallon of motor fuel taxed the tax imposed~~ under Article 36C of Chapter 105 of the General Statutes and on the equivalent amount of alternative fuel taxed under Article 36D of that Chapter. One-half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one-half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. ~~In addition, as provided in~~

~~G.S. 136-176(b)(3), revenue is allocated and appropriated from the Highway Trust Fund to the cities and towns of this State to be used for the same purposes and distributed in the same manner as the revenue appropriated to them under this section from the Highway Fund. Like the appropriation from the Highway Fund, the appropriation from the Highway Trust Fund shall be based on revenue collected during the fiscal year preceding the date the distribution is made.~~

Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.

It shall be the duty of the mayor of each municipality to report to the Department of Transportation such information as it may request for its guidance in determining the eligibility of each municipality to receive funds under this section and in determining the amount of allocation to which each is entitled. Upon failure of any municipality to make such report within the time prescribed by the Department of Transportation, the Department of Transportation may disregard such defaulting unit in making said allotment.

The funds to be allocated under this section shall be paid in cash to the various eligible municipalities on or before October 1 and January 1 of each ~~year~~ year as provided in this section. Provided that eligible municipalities are authorized within the discretion of their governing bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction, widening, or improving streets of such municipalities at any time after January 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount received by such municipality during the preceding fiscal year, in anticipation of the receipt of funds under this section during the next fiscal year, to be paid for out of such funds when received.

The Department of Transportation may withhold each year an amount not to exceed one percent (1%) of the total amount appropriated for distribution under this section for the purpose of correcting errors in allocations: Provided, that the amount so withheld and not used for correcting errors will be carried over and added to the amount to be allocated for the following year.

The word "street" as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated, the Department of Transportation may require that each municipality eligible to receive funds under this section submit to it a statement, certified by a registered engineer or surveyor of the total number of miles of streets in such municipality. The Department of Transportation may in its discretion require the certification of mileage on a biennial basis.

...."

**SECTION 34.19.(t)** G.S. 136-181 is repealed.

**SECTION 34.19.(u)** G.S. 136-41.3 reads as rewritten:

**"§ 136-41.3. Use of funds; records and annual statement; excess accumulation of funds; contracts for maintenance, etc., of streets.**

(a) Uses of Funds. – The funds allocated to cities and towns under the provisions of G.S. 136-41.2 shall be expended by said cities and towns only for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality or for meeting the municipality's proportionate share of assessments levied for such purposes, or for the planning, construction and maintenance of ~~bikeways located within the rights-of-way of public streets and highways, bikeways, greenways, or for the planning, construction, and maintenance of sidewalks along public streets and highways, sidewalks.~~

(b) Records and Annual Statement. – Each municipality receiving funds by virtue of G.S. 136-41.1 and 136-41.2 shall maintain a separate record of accounts indicating in detail all receipts and expenditures of such funds. It shall be unlawful for any municipal employee or member of any governing body to authorize, direct, or permit the expenditure of any funds accruing to any municipality by virtue of G.S. 136-41.1 and 136-41.2 for any purpose not herein authorized. Any member of any governing body or municipal employee shall be personally liable for any unauthorized expenditures. On or before the first day of August each year, the treasurer, auditor, or other responsible official of each municipality receiving funds by virtue of G.S. 136-41.1 and 136-41.2 shall file a statement under oath with the Secretary of Transportation showing in detail the expenditure of funds received by virtue of G.S. 136-41.1 and 136-41.2 during the preceding year and the balance on hand.

(c) Excess Accumulation of Funds Prohibited. – No funds allocated to municipalities pursuant to G.S. 136-41.1 and 136-41.2 shall be permitted to accumulate for a period greater than permitted by this section. Interest on accumulated funds shall be used only for the purposes permitted by the provisions of G.S. 136-41.3. Except as otherwise provided in this section, any municipality having accumulated an amount greater than the sum of the past 10 allocations made, shall have an amount equal to such excess deducted from the next allocation after receipt of the report required by this section. Such deductions shall be carried over and added to the amount to be allocated to municipalities for the following year. Notwithstanding the other provisions of this section, the Department shall adopt a policy to allow small municipalities to apply to the Department to be allowed to accumulate up to the sum of the past 20 allocations if a municipality's allocations are so small that the sum of the past 10 allocations would not be sufficient to accomplish the purposes of this section.

(d) Contracts for Maintenance and Construction. – In the discretion of the local governing body of each municipality receiving funds by virtue of G.S. 136-41.1 and 136-41.2 it may contract with the Department of Transportation to do the work of maintenance, repair, construction, reconstruction, widening or improving the streets in such municipality; or it may let contracts in the usual manner as prescribed by the General Statutes to private contractors for the performance of said street work; or may undertake the work by force account. The Department of Transportation within its discretion is hereby authorized to enter into contracts with municipalities for the purpose of maintenance, repair, construction, reconstruction, widening or improving streets of municipalities. And the Department of Transportation in its discretion may contract with any city or town which it deems qualified and equipped so to do that the city or town shall do the work of maintaining, repairing, improving, constructing, reconstructing, or widening such of its streets as form a part of the State highway system.

In the case of each eligible municipality, as defined in G.S. 136-41.2, having a population of less than 5,000, the Department of Transportation shall upon the request of such municipality made by official action of its governing body, on or prior to June 1, 1953, or June 1 in any year thereafter, for the fiscal year beginning July 1, 1953, and for the years thereafter do such street construction, maintenance, or improvement on nonsystem streets as the municipality may request within the limits of the current or accrued payments made to the municipality under the provisions of G.S. 136-41.1.



1 In computing the costs, the Department of Transportation may use the same rates for  
2 equipment, rental, labor, materials, supervision, engineering and other items, which the  
3 Department of Transportation uses in making charges to one of its own department or against  
4 its own department, or the Department of Transportation may employ a contractor to do the  
5 work, in which case the charges will be the contract cost plus engineering and inspection. The  
6 municipality is to specify the location, extent, and type of the work to be done, and shall  
7 provide the necessary rights-of-way, authorization for the removal of such items as poles, trees,  
8 water and sewer lines as may be necessary, holding the Department of Transportation free from  
9 any claim by virtue of such items of cost and from such damage or claims as may arise  
10 therefrom except from negligence on the part of the Department of Transportation, its agents,  
11 or employees.

12 If a municipality elects to bring itself under the provisions of the two preceding paragraphs,  
13 it shall enter into a two-year contract with the Department of Transportation and if it desires to  
14 dissolve the contract at the end of any two-year period it shall notify the Department of  
15 Transportation of its desire to terminate said contract on or before April 1 of the year in which  
16 such contract shall expire; otherwise, said contract shall continue for an additional two-year  
17 period, and if the municipality elects to bring itself under the provisions of the two preceding  
18 paragraphs and thereafter fails to pay its account to the Department of Transportation for the  
19 fiscal year ending June 30, by August 1 following the fiscal year, then the Department of  
20 Transportation shall apply the said municipality's allocation under G.S. 136-41.1 to this account  
21 until said account is paid and the Department of Transportation shall not be obligated to do any  
22 further work provided for in the two preceding paragraphs until such account is paid.

23 Section 143-129 of the General Statutes relating to the procedure for letting of public  
24 contracts shall not be applicable to contracts undertaken by any municipality with the  
25 Department of Transportation in accordance with the provisions of the three preceding  
26 paragraphs.

27 (e) Permitted Offsets to Funding. — The Department of Transportation is authorized to  
28 apply a municipality's share of funds allocated to a municipality under the provisions of  
29 G.S. 136-41.1 to any of the following accounts of the municipality with the said Department of  
30 Transportation, which the municipality fails to pay:

- 31 (1) Cost sharing agreements for right-of-way entered into pursuant to  
32 G.S. 136-66.3, but not to exceed ten percent (10%) of any one year's  
33 allocation until the debt is repaid,
- 34 (2) The cost of relocating municipally owned waterlines and other municipally  
35 owned utilities on a State highway project which is the responsibility of the  
36 municipality,
- 37 (3) For any other work performed for the municipality by the Department of  
38 Transportation or its contractor by agreement between the Department of  
39 Transportation and the municipality, and
- 40 (4) For any other work performed that was made necessary by the construction,  
41 reconstruction or paving of a highway on the State highway system for  
42 which the municipality is legally responsible."

43 **SECTION 34.19.(v)** G.S. 136-41.4 reads as rewritten:

44 **"§ 136-41.4. Municipal use of allocated funds; election.**

45 (a) A municipality that qualifies for an allocation of funds pursuant to G.S. 136-41.1  
46 shall have the ~~option~~ following options:

- 47 (1) ~~to accept~~ Accept all or a portion of funds allocated to the municipality, under  
48 that section, for the repair, maintenance, construction, reconstruction,  
49 widening, or improving of the municipality's ~~streets~~ streets.
- 50 (2) Use some or all of its allocation to match federal funds administered by the  
51 Department for bicycle and pedestrian improvement projects within the

municipality's limits, or within the area of any metropolitan planning organization or rural transportation planning organization.

(3) ~~or the municipality may elect~~ Elect to have some or all of the allocation reprogrammed for any Transportation Improvement Project currently on the approved project list within the municipality's limits or within the area of any metropolitan planning organization or rural transportation planning organization.

(b) If a municipality chooses to have its allocation reprogrammed, the ~~minimum~~ amount that may be reprogrammed is an amount equal to that amount necessary to complete one full phase of the project selected by the municipality or an amount that, when added to the amount already programmed for the Transportation Improvement Project selected, would permit the completion of at least one full phase of the project. The restriction set forth in this subsection shall not apply to any bicycle or pedestrian projects."

**SECTION 34.19.(w)** Notwithstanding G.S. 136-41.4 or any other provision of law, the Town of Caswell Beach may expend funds allocated to it pursuant to G.S. 136-41.1 for maintenance, repair, reconstruction, or improvement of streets within the Town's corporate limits that form a part of the State highway system. For purposes of this subsection, "maintenance, repair, reconstruction, or improvement of streets" shall include drainage, curb and gutter, and other necessary appurtenances as well as bikeways or sidewalks located within the right-of-way of any State highway system component and within the corporate limits of the Town.

**SECTION 34.19.(x)** DOT Municipal Lane Mile Study. – The Department of Transportation shall collect lane mile data from each municipality eligible to receive funds under this section no later than December 1, 2013. The Department shall report to the Joint Legislative Transportation Oversight Committee no later than March 1, 2014, on at least three options to shift the distribution formula to include lane mile data. The report shall include advantages and disadvantages, fiscal impacts to each municipality, and any other technical considerations in making such a change. The Joint Legislative Transportation Oversight Committee and the Fiscal Research Division shall include in its recommendations to the 2014 Session of the 2013 General Assembly a new distribution formula, if the Committee finds that a new formula is beneficial and practical.

## CONFORMING CHANGES

**SECTION 34.19.(y)** G.S. 105-187.9 reads as rewritten:  
"§ 105-187.9. Disposition of tax proceeds.

...

(b) ~~(Repealed effective July 1, 2013)~~ General Fund Transfer. — In each fiscal year, the State Treasurer shall transfer the amounts provided below from the taxes deposited in the Trust Fund to the General Fund. The transfer of funds authorized by this section may be made by transferring one fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue.

(1) ~~The sum of twenty-six million dollars (\$26,000,000).~~

(2) ~~In addition to the amount transferred under subdivision (1) of this subsection, the sum of one million seven hundred thousand dollars (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The amount distributed under this subsection shall increase in the 2002-2003 fiscal year to the sum of two million four hundred thousand dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred under this subdivision shall be the amount distributed in the previous fiscal year plus or minus a percentage of this sum equal to the percentage by which tax collections~~



under this Article increased or decreased for the most recent 12-month period for which data are available.

(e) ~~(Effective July 1, 2013) Mobility Fund Transfer. In each fiscal year, the State Treasurer shall transfer fifty eight million dollars (\$58,000,000) from the taxes deposited in the Trust Fund to the Mobility Fund. The transfer of funds authorized by this section may be made by transferring one fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue."~~

SECTION 34.19.(z) G.S. 136-18 reads as rewritten:

**"§ 136-18. Powers of Department of Transportation.**

The said Department of Transportation is vested with the following powers:

...

(12a) The Department of Transportation shall have such powers as are necessary to establish, administer, and receive federal funds for a transportation infrastructure banking program as authorized by the Intermodal Surface Transportation Efficiency Act of 1991, Pub. L. 102-240, as amended, and the National Highway System Designation Act of 1995, Pub. L. 104-59, as amended. The Department of Transportation is authorized to apply for, receive, administer, and comply with all conditions and requirements related to federal financial assistance necessary to fund the infrastructure banking program. The infrastructure banking program established by the Department of Transportation may utilize federal and available State funds for the purpose of providing loans or other financial assistance to governmental units, including toll authorities, to finance the costs of transportation projects authorized by the above federal aid acts. Such loans or other financial assistance shall be subject to repayment and conditioned upon the establishment of such security and the payment of such fees and interest rates as the Department of Transportation may deem necessary. The Department of Transportation is authorized to apply a municipality's share of funds allocated under G.S. 136-41.1 or G.S. 136-44.20 as necessary to ensure repayment of funds advanced under the infrastructure banking program. The Department of Transportation shall establish jointly, with the State Treasurer, a separate infrastructure banking account with necessary fiscal controls and accounting procedures. Funds credited to this account shall not revert, and interest and other investment income shall accrue to the account and may be used to provide loans and other financial assistance as provided under this subdivision. The Department of Transportation may establish such rules and policies as are necessary to establish and administer the infrastructure banking program. The infrastructure banking program authorized under this subdivision shall not modify the regional distribution formula for the distribution of funds established by ~~G.S. 136-17.2A~~. G.S. 136-189.10. Governmental units may apply for loans and execute debt instruments payable to the State in order to obtain loans or other financial assistance provided for in this subdivision. The Department of Transportation shall require that applicants shall pledge as security for such obligations revenues derived from operation of the benefited facilities or systems, other sources of revenue, or their faith and credit, or any combination thereof. The faith and credit of such governmental units shall not be pledged or be deemed to have been pledged unless the requirements of Article 4, Chapter 159 of the General Statutes have been met. The State Treasurer, with the assistance of the Local Government Commission, shall

develop and adopt appropriate debt instruments for use under this subdivision. The Local Government Commission shall develop and adopt appropriate procedures for the delivery of debt instruments to the State without any public bidding therefor. The Local Government Commission shall review and approve proposed loans to applicants pursuant to this subdivision under the provisions of Articles 4 and 5, Chapter 159 of the General Statutes, as if the issuance of bonds was proposed, so far as those provisions are applicable. Loans authorized by this subdivision shall be outstanding debt for the purpose of Article 10, Chapter 159 of the General Statutes.

...."

**SECTION 34.19.(aa)** G.S. 136-17.2A is repealed.

**SECTION 34.19.(bb)** G.S. 136-44.50(a) reads as rewritten:

"(a) A transportation corridor official map may be adopted or amended by any of the following:

- (1) The governing board of any local government for any thoroughfare included as part of a comprehensive plan for streets and highways adopted pursuant to G.S. 136-66.2 or for any proposed public transportation corridor included in the adopted long-range transportation plan.
- (2) The Board of Transportation, or the governing board of any county, for any portion of the existing or proposed State highway system or for any public transportation corridor, to include rail, that is in the Transportation Improvement Program.
- (3) Regional public transportation authorities created pursuant to Article 26 of Chapter 160A of the General Statutes or regional transportation authorities created pursuant to Article 27 of Chapter 160A of the General Statutes for any portion of the existing or proposed State highway system, or for any proposed public transportation corridor, or adjacent station or parking lot, included in the adopted long-range transportation plan.
- (4) The North Carolina Turnpike Authority for any project being studied pursuant to G.S. 136-89.183.
- (5) The Wilmington Urban Area Metropolitan Planning Organization for ~~any project that is within its urbanized boundary and identified in G.S. 136-179.~~ Department projects R-3300 and U-4751.

Before a city adopts a transportation corridor official map that extends beyond the extraterritorial jurisdiction of its building permit issuance and subdivision control ordinances, or adopts an amendment to a transportation corridor official map outside the extraterritorial jurisdiction of its building permit issuance and subdivision control ordinances, the city shall obtain approval from the Board of County Commissioners."

**SECTION 34.19.(cc)** G.S. 136-66.3 reads as rewritten:

**"§ 136-66.3. Local government participation in improvements to the State transportation system.**

...

~~(c1) No TIP Disadvantage for Participation. If a county or municipality participates in a State transportation system improvement project, as authorized by this section, or by G.S. 136-51 and G.S. 136-98, the Department shall ensure that the local government's participation does not cause any disadvantage to any other project in the Transportation Improvement Program under G.S. 143B-350(f)(4).~~

(c2) Distribution of State Funds Made Available by County or Municipal Participation. – Any State or federal funds allocated to a project that are made available by county or municipal participation in a project contained in the Transportation Improvement Program under

G.S. 143B-350(f)(4) shall ~~remain in the same funding region that the funding was allocated to under the distribution formula contained in G.S. 136-17.2A.~~ be subject to G.S. 136-189.11.

~~(e3) Limitation on Agreements. — The Department shall not enter into any agreement with a county or municipality to provide additional total funding for highway construction in the county or municipality in exchange for county or municipal participation in any project contained in the Transportation Improvement Program under G.S. 143B-350(f)(4).~~

...

(e1) Reimbursement Procedure. — Upon request of the county or municipality, the Department of Transportation shall allow the local government a period of not less than three years from the date construction of ~~the project~~ a project undertaken under subsection (e) of this section is initiated to reimburse the Department their agreed upon share of the costs necessary for the project. The Department of Transportation shall not charge a local government any interest during the initial three years.

...."

**SECTION 34.19.(dd)** G.S. 136-89.192 reads as rewritten:

**"§ 136-89.192. ~~Equity distribution~~ Applicability of formula.**

Only those funds applied to a Turnpike Project from the State Highway Fund, State Highway Trust Fund, or federal-aid funds that might otherwise be used for other roadway projects within the State, and are otherwise already subject to the ~~distribution~~ formula under ~~G.S. 136-17.2A~~, G.S. 136-189.11 shall be included in the ~~distribution~~ formula.

Other revenue from the sale of the Authority's bonds or notes, project loans, or toll collections shall not be included in the ~~distribution~~ formula."

**SECTION 34.19.(ee)** G.S. 136-175 reads as rewritten:

**"§ 136-175. Definitions.**

The following definitions apply in this Article:

- (1) ~~Intrastate System. The network of major, multilane arterial highways composed of those routes, segments, or corridors listed in G.S. 136-178, and any other route added by the Department of Transportation under G.S. 136-178.~~
- (2) Transportation Improvement Program. The schedule of major transportation improvement projects required by G.S. 143B-350(f)(4).
- (3) Trust Fund. The North Carolina Highway Trust Fund."

**SECTION 34.19.(ff)** G.S. 136-176 reads as rewritten:

**"§ 136-176. Creation, revenue sources, and purpose of North Carolina Highway Trust Fund.**

(a) A special account, designated the North Carolina Highway Trust Fund, is created within the State treasury. The Trust Fund consists of the following revenue:

- (1) Motor fuel, alternative fuel, and road tax revenue deposited in the Fund under G.S. 105-449.125, 105-449.134, and 105-449.43, respectively.
- (2) Motor vehicle use tax deposited in the Fund under G.S. 105-187.9.
- (3) Revenue from the certificate of title fee and other fees payable under G.S. 20-85.
- (4) Repealed by Session Laws 2001-424, s. 27.1.
- (5) Interest and income earned by the Fund.

~~(a1) The Department shall use two hundred twenty million dollars (\$220,000,000) in fiscal year 2001-2002, two hundred twelve million dollars (\$212,000,000) in fiscal year 2002-2003, and two hundred fifty five million dollars (\$255,000,000) in fiscal year 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:~~

- ~~(1) For primary route pavement preservation. — One hundred seventy million dollars (\$170,000,000) in fiscal year 2001-2002, and one hundred fifty million dollars (\$150,000,000) in each of the fiscal years 2002-2003 and~~

~~2003-2004. Up to ten percent (10%) of the amount for each of the fiscal years 2001-2002, 2002-2003, and 2003-2004 is available in that fiscal year, at the discretion of the Secretary of Transportation, for:~~

~~a. Highway improvement projects that further economic growth and development in small urban and rural areas, that are in the Transportation Improvement Program, and that are individually approved by the Board of Transportation; or~~

~~b. Highway improvements that further economic development in the State and that are individually approved by the Board of Transportation.~~

~~(2) For preliminary engineering costs not included in the current year Transportation Improvement Program. Fifteen million dollars (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004. If any funds allocated by this subdivision, in the cash balance of the Highway Trust Fund, remain unspent on June 30, 2008, the Department may transfer within the Department up to twenty nine million dollars (\$29,000,000) of available funds to contract for freight transportation system improvements for the Global TransPark.~~

~~(3) For computerized traffic signal systems and signal optimization projects. Fifteen million dollars (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004.~~

~~(4) For public transportation twenty million dollars (\$20,000,000) in fiscal year 2001-2002, twenty five million dollars (\$25,000,000) in fiscal year 2002-2003, and seventy five million dollars (\$75,000,000) in fiscal year 2003-2004.~~

~~(5) For small urban construction projects. Seven million dollars (\$7,000,000) in fiscal year 2002-2003.~~

~~Funds authorized for use by the Department pursuant to this subsection shall remain available to the Department until expended.~~

~~(a2) Repealed by Session Laws 2002-126, s. 26.4(b), effective July 1, 2002.~~

~~(a3) The Department may obligate three hundred million dollars (\$300,000,000) in fiscal year 2003-2004 and four hundred million dollars (\$400,000,000) in fiscal year 2004-2005 of the cash balance of the Highway Trust Fund for the following purposes:~~

~~(1) Six hundred thirty million dollars (\$630,000,000) for highway system preservation, modernization, and maintenance, including projects to enhance safety, reduce congestion, improve traffic flow, reduce accidents, upgrade pavement widths and shoulders, extend pavement life, improve pavement smoothness, and rehabilitate or replace deficient bridges; and for economic development transportation projects recommended by local officials and approved by the Board of Transportation.~~

~~(2) Seventy million dollars (\$70,000,000) for regional public transit systems, rural and urban public transportation system facilities, regional transportation and air quality initiatives, rail system track improvements and equipment, and other ferry, bicycle, and pedestrian improvements. For any project or program listed in this subdivision for which the Department receives federal funds, use of funds pursuant to this subdivision shall be limited to matching those funds.~~

~~Funds authorized for obligation and use by the Department pursuant to this subsection shall remain available to the Department until expended.~~

~~(a4) Project selection pursuant to subsection (a3) of this section shall be based on identified and documented need. Funds expended pursuant to subdivision (1) of subsection (a3)~~



~~of this section shall be distributed in accordance with the distribution formula in G.S. 136-17.2A. No funds shall be expended pursuant to subsection (a3)(1) of this section on any project that does not meet Department of Transportation standards for road design, materials, construction, and traffic flow.~~

~~(a5) The Department shall report to the Joint Legislative Transportation Oversight Committee, on or before September 1, 2003, on its intended use of funds pursuant to subsection (a3) of this section. The Department shall report to the Joint Transportation Appropriations Subcommittee, on or before May 1, 2004, on its actual current and intended future use of funds pursuant to subsection (a3) of this section. The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the Highway Trust Fund cash balances for the purposes listed in subsection (a3) of this section will not adversely affect the delivery schedule of any Highway Trust Fund projects. If the Department cannot certify that the full amounts authorized in subsection (a3) of this section are available, then the Department may determine the amount that can be used without adversely affecting the delivery schedule and may proportionately apply that amount to the purposes set forth in subsection (a3) of this section.~~

~~(b) Funds in the Trust Fund are annually appropriated to the Department of Transportation to be allocated and used as provided in this subsection. A sum, not to exceed four and eight tenths percent (4.8%) of the amount of revenue deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section sum, in the amount appropriated by law, may be used each fiscal year by the Department for expenses to administer the Trust Fund. Operation and project development costs of the North Carolina Turnpike Authority are eligible administrative expenses under this subsection. Any funds allocated to the Authority pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon as possible, subject to any restrictions included in the agreements entered into by the Authority in connection with the issuance of the Authority's revenue bonds. Beginning one year after the Authority begins collecting tolls on a completed Turnpike Project, interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate equal to the State Treasurer's average annual yield on its investment of Highway Trust Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be deposited in the Highway Trust Fund upon repayment. The sum up to the amount anticipated to be necessary to meet the State matching funds requirements to receive federal-aid highway trust funds for the next fiscal year may be set aside for that purpose. The rest of the funds in the Trust Fund shall be allocated and used as follows: specified in G.S. 136-189.11.~~

~~(1) Sixty one and ninety five hundredths percent (61.95%) to plan, design, and construct projects on segments or corridors of the Intrastate System as described in G.S. 136-178 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these projects.~~

~~(2) Twenty five and five hundredths percent (25.05%) to plan, design, and construct the urban loops described in G.S. 136-180 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these urban loops.~~

~~(3) Six and one half percent (6.5%) to supplement the appropriation to cities for city streets under G.S. 136-181.~~

~~(4) Six and one half percent (6.5%) for secondary road construction as provided in G.S. 136-182 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to secondary road construction.~~

~~The Department must administer funds allocated under subdivisions (1), (2), and (4) of this subsection this section in a manner that ensures that sufficient funds are available to make the~~

1 debt service payments on bonds issued under the State Highway Bond Act of 1996 as they  
2 become due.

3 ~~(b1) The Secretary may authorize the transfer of funds allocated under subdivisions (1)~~  
4 ~~through (4) of subsection (b) of this section to other projects that are ready to be let and were to~~  
5 ~~be funded from allocations to those subdivisions. The Secretary shall ensure that any funds~~  
6 ~~transferred pursuant to this subsection are repaid promptly and in any event in no more than~~  
7 ~~four years. The Secretary shall certify, prior to making any transfer pursuant to this subsection,~~  
8 ~~that the transfer will not affect the delivery schedule of Highway Trust Fund projects in the~~  
9 ~~current Transportation Improvement Program. No transfers shall be allowed that do not~~  
10 ~~conform to the applicable provisions of the equity formula for distribution of funds,~~  
11 ~~G.S. 136-17.2A. If the Secretary authorizes a transfer pursuant to this subsection, the Secretary~~  
12 ~~shall report that decision to the next regularly scheduled meetings of the Joint Legislative~~  
13 ~~Commission on Governmental Operations, the Joint Legislative Transportation Oversight~~  
14 ~~Committee, and to the Fiscal Research Division.~~

15 **(b2) (Effective July 1, 2013)** There is annually appropriated to the North Carolina  
16 Turnpike Authority from the Highway Trust Fund the sum of ~~one hundred twelve million~~  
17 ~~dollars (\$112,000,000).~~ forty-nine million dollars (\$49,000,000). Of the amount allocated by  
18 this subsection, twenty-five million dollars (\$25,000,000) shall be used to pay debt service or  
19 related financing costs and expenses on revenue bonds or notes issued for the construction of  
20 the Triangle Expressway, and twenty-four million dollars (\$24,000,000) shall be used to pay  
21 debt service or related financing expenses on revenue bonds or notes issued for the construction  
22 of the ~~Monroe Connector/Bypass, twenty-eight million dollars (\$28,000,000) shall be used to~~  
23 ~~pay debt service or related financing expenses on revenue bonds or notes issued for the~~  
24 ~~construction of the Mid-Currituck Bridge, and thirty-five million dollars (\$35,000,000) shall be~~  
25 ~~used to pay debt service or related financing expenses on revenue bonds or notes issued for the~~  
26 ~~construction of the Garden Parkway-Monroe Connector/Bypass.~~ The amounts appropriated to  
27 the Authority pursuant to this subsection shall be used by the Authority to pay debt service or  
28 related financing costs and expenses on revenue bonds or notes issued by the Authority to  
29 finance the costs of one or more Turnpike Projects, to refund such bonds or notes, or to fund  
30 debt service reserves, operating reserves, and similar reserves in connection therewith. The  
31 appropriations established by this subsection constitute an agreement by the State to pay the  
32 funds appropriated hereby to the Authority within the meaning of G.S. 159-81(4).  
33 Notwithstanding the foregoing, it is the intention of the General Assembly that the enactment  
34 of this provision and the issuance of bonds or notes by the Authority in reliance thereon shall  
35 not in any manner constitute a pledge of the faith and credit and taxing power of the State, and  
36 nothing contained herein shall prohibit the General Assembly from amending the  
37 appropriations made in this subsection at any time to decrease or eliminate the amount annually  
38 appropriated to the Authority. Funds transferred from the Highway Trust Fund to the Authority  
39 pursuant to this subsection are not subject to the ~~equity—~~formula in  
40 ~~G.S. 136-17.2A.~~ G.S. 136-189.10.

41 ~~(c) If funds are received under 23 U.S.C. Chapter 1, Federal Aid Highways, for a~~  
42 ~~project for which funds in the Trust Fund may be used, the amount of federal funds received~~  
43 ~~plus the amount of any funds from the Highway Fund that were used to match the federal funds~~  
44 ~~may be transferred by the Secretary of Transportation from the Trust Fund to the Highway~~  
45 ~~Fund and used for projects in the Transportation Improvement Program.~~

46 (d) A contract may be let for projects funded from the Trust Fund in anticipation of  
47 revenues pursuant to the cash-flow provisions of G.S. 143C-6-11 only for the two bienniums  
48 following the year in which the contract is let.

49 (e) **(Effective July 1, 2013)** Subject to ~~G.S. 136-17.2A and other funding distribution~~  
50 ~~formulas, funds allocated under subdivisions (1), (3), and (4) of subsection (b) of this section~~



~~may also~~ G.S. 136-189.11, funds may be used for fixed guideway projects, including providing matching funds for federal grants for fixed guideway projects."

**SECTION 34.19.(gg)** The following statutes are repealed:

- (1) G.S. 136-177.
- (2) G.S. 136-177.1.
- (3) G.S. 136-178.
- (4) G.S. 136-179.
- (5) G.S. 136-180.
- (6) G.S. 136-184.
- (7) G.S. 136-185.
- (8) G.S. 136-187.
- (9) G.S. 136-188.
- (10) G.S. 136-189.

## **TURNPIKE AUTHORITY CHANGES**

**SECTION 34.19.(hh)** G.S. 136-89.183(a)(2) reads as rewritten:

### **"§ 136-89.183. Powers of the Authority.**

(a) The Authority shall have all of the powers necessary to execute the provisions of this Article, including the following:

...

(2) To study, plan, develop, and undertake preliminary design work on up to ~~eight-nine~~ Turnpike Projects. At the conclusion of these activities, the Turnpike Authority is authorized to design, establish, purchase, construct, operate, and maintain the following projects:

- a. Triangle Expressway, including segments also known as N.C. 540, Triangle Parkway, and the Western Wake Freeway in Wake and Durham Counties, and Southeast Extension in Wake and Johnston Counties, except that no portion of the Southeast Extension shall be located north of an existing protected corridor established by the Department of Transportation circa 1995, except in the area of Interstate 40 East.Counties. The described segments constitute three projects.
- b. ~~Gaston East-West Connector, also known as the Garden Parkway.~~
- c. Monroe Connector/Bypass.
- d. Cape Fear Skyway.
- e. ~~A bridge of more than two miles in length going from the mainland to a peninsula bordering the State of Virginia, pursuant to G.S. 136-89.183A.~~

Any other project proposed by the Authority in addition to the projects listed in this subdivision ~~must be approved by the General Assembly prior to construction.~~subdivision requires prior consultation with the Joint Legislative Commission on Governmental Operations pursuant to G.S. 120-76.1 no less than 180 days prior to initiating the process required by Article 7 of Chapter 159 of the General Statutes.

A-With the exception of the four projects set forth in sub-subdivisions a. and c. of this subdivision, the Turnpike Project-projects selected for construction by the Turnpike Authority-Authority, prior to the letting of a contract for the project, shall meet the following conditions: (i) two of the projects must be ranked in the top 35 based on total score on the Department produced list entitled "Mobility Fund Project Scores", dated June 6, 2012, and, in addition, may be subject to G.S. 136-18(39a); (ii) of the projects not ranked as

provided in (i), one may be subject to G.S. 136-18(39a); (iii) the projects shall be included in any applicable locally adopted comprehensive transportation ~~plans and plans~~; (iv) the projects shall be shown in the current State Transportation Improvement Plan ~~prior to the letting of a contract for the Turnpike Project Program~~; and (v) toll projects must be approved by all affected Metropolitan Planning Organizations and Rural Transportation Planning Organizations for tolling."

SECTION 34.19.(ii) G.S. 136-18 reads as rewritten:

"§ 136-18. Powers of Department of Transportation.

The said Department of Transportation is vested with the following powers:

...

- (39a) a. The Department of Transportation or Turnpike Authority, as applicable, may enter into ~~a partnership agreement up to three agreements~~ with a private entity as provided under subdivision (39) of this section for which the provisions of this section apply. ~~The pilot project allowed under this subdivision must be one that is a candidate for funding under the Mobility Fund, that is planned for construction through a public-private partnership, and for which a Request for Qualifications has been issued by the Department no later than June 30, 2012.~~
- b. A private entity or its contractors must provide performance and payment security in the form and in the amount determined by the Department of Transportation. The form of the performance and payment security may consist of bonds, letters of credit, parent guaranties, or other instruments acceptable to the Department of Transportation.
- c. Notwithstanding the provisions of G.S. 143B-426.40A, an agreement entered into under this subdivision may allow the private entity to assign, transfer, sell, hypothecate, and otherwise convey some or all of its right, title, and interest in and to such agreement, and any rights and remedies thereunder, to a lender, bondholder, or any other party. However, in no event shall any such assignment create additional debt or debt-like obligations of the State of North Carolina, the Department, or any other agency, authority, commission, or similar subdivision of the State to any lender, bondholder, entity purchasing a participation in the right to receive the payment, trustee, trust, or any other party providing financing or funding of projects described in this section. The foregoing shall not preclude the Department from making any payments due and owing pursuant to an agreement entered into under this section.
- d. ~~The Department of Transportation may fix, revise, charge, and collect tolls and fees to the same extent allowed under Article 6H of Chapter 136 of the General Statutes.~~ Statutes shall apply to the Department of Transportation and to projects undertaken by the Department of Transportation under subdivision (39) of this section. The Department may assign its authority under that Article to fix, revise, charge, retain, enforce, and collect tolls and fees to the private entity.
- e. Any contract under this subdivision or under Article 6H of the Chapter for the development, construction, maintenance, or operation of a project shall provide for revenue sharing between the private

party and the Department. Excess toll revenues from a Turnpike project shall be used for the funding or financing of transportation projects within the corridor where the Turnpike Project is located. For purposes of this subdivision, the term "excess toll revenues" means those toll revenues derived from a Turnpike Project that are not otherwise used or allocated to the Authority or a private entity pursuant to this subdivision. For purposes of this subdivision, the term "corridor" means (i) the right-of-way limits of the Turnpike Project and any facilities related to the Turnpike Project or any facility or improvement necessary for the use, design, construction, operation, maintenance, repair, rehabilitation, reconstruction, or financing of a Turnpike Project; (ii) the right-of-way limits of any subsequent improvements, additions, or extension to the Turnpike Project and facilities related to the Turnpike projects, including any improvements necessary for the use, design, construction, operation, maintenance, repair, rehabilitation, reconstruction, or financing of those subsequent improvements, additions, or extensions to the Turnpike Project; and (iii) roads used for ingress or egress to the toll facility or roads that intersect with the toll facility, whether by ramps or separated grade facility, and located within one mile in any direction.

f. Agreements entered into under this subdivision shall comply with the following additional provisions:

1. The Department shall solicit proposals for agreements.
2. Agreement shall be limited to no more than 50 years.
3. Notwithstanding the provisions of G.S. 136-89.183(a)(5), all initial tolls or fees to be charged by a private entity shall be reviewed by the Turnpike Board. Prior to setting a toll rate, either a set rate or a minimum and maximum rate set by the private entity, the private entity shall hold a public hearing on the toll rates, in accordance with guidelines for the hearing developed by the Department. After tolls go into effect, the private entity shall report to the Turnpike Authority Board 30 days prior to any increase in tolls by the private entity.
4. Financial advisors and attorneys retained by the Department on contract to work on projects pursuant to this subsection shall be subject to State law governing conflicts of interest.
5. Sixty days prior to the signing of a concession agreement subject to this subdivision, the Department shall report to the Joint Legislative Transportation Oversight Committee on the following:
  - I. Project description.
  - II. Number of years that tolls will be in place.
  - III. Name and location of firms and parent companies, if applicable, including firm responsibility and stake, and assessment of audited financial statements.
  - IV. Analysis of firm selection criteria.
  - V. Name of any firm or individual under contract to provide counsel or financial analysis to the Department or Authority. The Department shall

disclose payments to these contractors related to completing the agreement under this subdivision.

VI. Demonstrated ability of the project team to deliver the project, by evidence of the project team's prior experience in delivering a project on schedule and budget, and disclosure of any unfavorable outcomes on prior projects.

VII. Detailed description of method of finance, including sources of funds, State contribution amounts, including schedule of availability payments and terms of debt payments.

VIII. Information on assignment of risk shared or assigned to State and private partner.

IX. Information on the feasibility of finance as obtained in traffic and revenue studies.

6. The Turnpike Authority annual report under G.S. 136-89.193 shall include reporting on all revenue collections associated with projects subject to this subdivision under the Turnpike Authority.

7. The Department shall develop standards for entering into comprehensive agreements with private entities under the authority of this subdivision and report those standards to the Joint Legislative Transportation Oversight Committee on or before October 1, 2013.

...

(43) For the purposes of financing an agreement under subdivision (39a) of this section, the Department of Transportation may act as a conduit issuer for private activity bonds to the extent the bonds do not constitute a debt obligation of the State. The issuance of private activity bonds under this subdivision and any related actions shall be governed by The State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the General Statutes, with G.S. 159-88 satisfied by adherence to the requirements of ~~subdivisions (39) and subdivision (39a)~~ of this section."

**SECTION 34.19.(jj)** G.S. 136-89.183(a)(5) reads as rewritten:

**"§ 136-89.183. Powers of the Authority.**

(a) The Authority shall have all of the powers necessary to execute the provisions of this Article, including the following:

...

(5) To fix, revise, charge, ~~retain, enforce,~~ and collect tolls and fees for the use of the Turnpike Projects. Prior to the effective date of any toll or fee for use of a Turnpike Facility, the Authority shall submit a description of the proposed toll or fee to the Board of Transportation, the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations for review.

...."

**SECTION 34.19.(kk)** G.S. 136-89.188 reads as rewritten:

**"§ 136-89.188. Use of revenues.**

(a) Revenues derived from Turnpike Projects authorized under this Article shall be used only for the following:

(1) Authority administration ~~costs~~; costs.

(2) Turnpike Project development, right-of-way acquisition, design, construction, operation, and maintenance; maintenance, reconstruction, rehabilitation, and replacement, and

(3) ~~debt~~ Debt service on the Authority's revenue bonds or related purposes such as the establishment of debt service reserve ~~funds, funds.~~

(4) Debt service, debt service reserve funds, and other financing costs related to any of the following:

a. A financing undertaken by a private entity under a partnership agreement with the entity for a Turnpike Project.

b. Private activity bonds issued under law related to a Turnpike Project.

c. Any federal or State loan, line of credit, or loan guarantee relating to a Turnpike Project.

(5) A return on investment of any private entity under a partnership agreement with the entity for a Turnpike Project.

(6) Any other uses granted to a private entity under a partnership agreement with the entity for a Turnpike Project.

(b) The Authority may use up to one hundred percent (100%) of the revenue derived from a Turnpike Project for debt service on the Authority's revenue bonds or for a combination of debt service and operation and maintenance expenses of the Turnpike Projects.

(c) The Authority shall use not more than five percent (5%) of total revenue derived from all Turnpike Projects for Authority administration costs.

(d) Notwithstanding the provisions of subsections (a) and (b) of this section, toll revenues generated from a converted segment of the State highway system previously planned for operation as a nontoll facility shall only be used for the funding or financing of the right of way acquisition, construction, expansion, operations, maintenance, and Authority administration costs associated with the converted segment or a contiguous toll facility."

**SECTION 34.19.(ll)** Part 1 of Article 6H of Chapter 136 of the General Statutes is amended by adding a new section to read:

**"§ 136-89.199. Designation of high-occupancy toll and managed lanes.**

Notwithstanding any other provision of this Article, the Authority may designate one or more lanes of any highway, or portion thereof, within the State, including lanes that may previously have been designated as HOV lanes under G.S. 20-146.2, as high-occupancy toll (HOT) or other type of managed lanes; provided, however, that such designation shall not reduce the number of existing general purpose lanes. In making such designations, the Authority shall specify the high-occupancy requirement or other conditions for use of such lanes, which may include restricting vehicle types, access controls, or the payment of tolls for vehicles that do not meet the high-occupancy requirements or conditions for use."

**SECTION 34.19.(mm)** Part 2 of Article 6H of Chapter 136 of the General Statutes reads as rewritten:

"Part 2. Collection of Tolls on Turnpike Projects.

...

**"§ 136-89.212. Payment of toll required for use of Turnpike project.**

(a) A motor vehicle that is driven on a Turnpike project is subject to a toll imposed by the Authority for the use of the project. If the toll is an open road toll, the person who is the registered owner of the motor vehicle is liable for payment of the toll unless the registered owner establishes that the motor vehicle was in the care, custody, and control of another person when it was driven on the Turnpike project.

(b) A person establishes that a motor vehicle was in the care, custody, and control of another person when it was driven on a Turnpike project by submitting to the Authority a sworn affidavit stating one of the following:



- (1) The name and address of the person who had the care, custody, and control of the motor vehicle when it was driven. If the motor vehicle was leased or rented under a long-term lease or rental, as defined in G.S. 105-187.1, the affidavit must be supported by a copy of the lease or rental agreement or other written evidence of the agreement.
- (2) The motor vehicle was stolen. The affidavit must be supported by an insurance or police report concerning the theft or other written evidence of the theft.
- (3) The person transferred the motor vehicle to another person by sale or otherwise before it was driven on the Turnpike project. The affidavit must be supported by insurance information, a copy of the certificate of title, or other evidence of the transfer.

(c) If a person establishes that a motor vehicle was in the care, custody, and control of another person under subsection (b) of this section, the other person shall be liable for the payment of the toll, and the Authority may send a bill to collect and enforce the toll in accordance with this Article; provided, however, that such other person may contest such toll in accordance with this Article.

**"§ 136-89.213. Administration of tolls and requirements for open road tolls.**

(a) Administration. – The Authority is responsible for collecting tolls on Turnpike projects. In exercising its authority under G.S. 136-89.183 to perform or procure services required by the Authority, the Authority may contract with one or more providers to perform part or all of the collection functions and may enter into agreements to exchange information, including confidential information under subsection (a1) of this section, that identifies motor vehicles and their owners with one or more of the following entities: the Division of Motor Vehicles of the Department of Transportation, another state, another toll operator, ~~or~~ a toll collection-related ~~organization, organization,~~ or a private entity that has entered into a partnership agreement with the Authority pursuant to G.S. 136-89.183(a)(17). Further, the Authority may assign its authority to fix, revise, charge, retain, enforce, and collect tolls and fees under this Article to a private entity that has entered into a partnership agreement with the Authority pursuant to G.S. 136-89.183(a)(17).

...

(b) Open Road Tolls. – If a Turnpike project uses an open road tolling system, the Authority must operate a facility that is in the immediate vicinity of the Turnpike project ~~and that accepts or provide an alternate means to accept~~ cash payment of the toll and must place signs on the Turnpike project that give drivers the following information:

- (1) Notice that the driver is approaching a highway for which a toll is required. Signs providing this information must be placed before the toll is incurred.
- (2) The methods by which the toll may be paid.
- (3) ~~Directions~~ If applicable, directions to the nearby facility that accepts cash payment of the toll.

**"§ 136-89.214. Bill for unpaid open road toll.**

(a) Bill. – If a motor vehicle travels on a Turnpike project that uses an open road tolling system and a toll for traveling on the project is not paid prior to travel or at the time of travel, the Authority must send a bill by first-class mail to the registered owner of the motor vehicle or the person who had care, custody, and control of the vehicle as established under G.S. 136-89.212(b) for the amount of the unpaid toll. The Authority must send the bill within 90 days after the travel occurs, or within 90 days of receipt of a sworn affidavit submitted under G.S. 136-89.212(b) identifying the person who had care, custody, and control of the motor vehicle. If a bill is not sent within the required time, the Authority waives collection of the toll. The Authority must establish a billing period for unpaid open road tolls

that is no shorter than 15 days. A bill for a billing period must include all unpaid tolls incurred by the same person during the billing period.

(b) Information on Bill. – A bill sent under this section must include all of the following information:

- (1) The name and address of the registered owner of the motor vehicle that traveled on the Turnpike ~~project~~ project or of the person identified under G.S. 136-89.212(b).
- (2) The date the travel occurred, the approximate time the travel occurred, and each segment of the Turnpike project on which the travel occurred.
- (3) An image of the registration plate of the motor vehicle, if the Authority captured an electronic image of the motor vehicle when it traveled on the Turnpike project.
- (4) The amount of the toll due and an explanation of how payment may be made.
- (5) The date by which the toll must be paid to avoid the imposition of a processing fee under G.S. 136-89.215 and the amount of the processing fee.
- (6) A statement that a vehicle owner who has unpaid tolls is subject to a civil penalty and may not renew the vehicle's registration until the tolls and civil penalties are paid.
- (7) A clear and concise explanation of how to contest liability for the toll.
- (8) If applicable, a copy of the affidavit submitted under G.S. 136-89.212(b) identifying the person with care, custody, and control of the motor vehicle.

**"§ 136-89.215. Required action upon receiving bill for open road toll and processing fee for unpaid toll.**

(a) Action Required. – A person who receives a bill from the Authority for an unpaid open road toll must take one of the following actions within 30 days of the date of the bill:

- (1) Pay the bill.
- (2) Send a written request to the Authority for a review of the toll.

(b) Fee. – If a person does not take one of the actions required under subsection (a) of this section within the required time, the Authority may add a processing fee to the amount the person owes. The processing fee may not exceed six dollars (\$6.00). A person may not be charged more than forty-eight dollars (\$48.00) in processing fees in a 12-month period.

The Authority must set the processing fee at an amount that does not exceed the costs of ~~collecting the unpaid toll, identifying the owner of a motor vehicle that is subject to an unpaid toll and billing the owner for the unpaid toll.~~ The fee is a receipt of the Authority and must be applied to these costs.

...."

**SECTION 34.19.(nn)** DOT/Southeast Extension-Triangle Expressway. – The Department of Transportation shall strive to expedite the federal environmental impact statement process to define the route for the Southeast Extension of the Triangle Expressway Turnpike Project by promptly garnering input from local officials and other stakeholders, accelerating any required State studies, promptly submitting permit applications to the federal government, working closely with the federal government during the permitting process, and taking any other appropriate actions to accelerate the environmental permitting process.

**SECTION 34.19.(oo)** Monitoring. – As part of its oversight of the Department of Transportation, the Joint Legislative Transportation Oversight Committee shall closely monitor the progress of the Southeast Extension of the Triangle Expressway Turnpike Project.

**SECTION 34.19.(pp)** G.S. 143B-350 reads as rewritten:

**"§ 143B-350. Board of Transportation – organization; powers and duties, etc.**

...

(b) Membership of the Board. –

- (1) Number, appointment. – The Board of Transportation shall have ~~19~~<sup>21</sup> voting members. Fourteen of the members shall be division members appointed by the Governor. Five shall be at-large members appointed by the Governor. One shall be an at-large member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate, and one shall be an at-large member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives. At least three members of the Board appointed by the Governor shall be registered voters of a political party other than the political party of the Governor. The Secretary of Transportation shall serve as an ex officio nonvoting member of the ~~Board.~~Board with the exception set forth in subsection (f3) of this section. No more than two members of the Board appointed by the Governor may reside in the same highway division.
- (2) Division members. – One member shall be appointed from and be a resident of each of the 14 highway divisions. The Governor, in selecting division members, shall consider for appointment persons suggested by the Transportation Advisory Committees located within each division. Division members shall direct their primary effort to developing transportation policy and addressing transportation problems in the region they represent. Division members shall regularly consult with and consider the views of local government units and Transportation Advisory Committees in the region they represent.
- (3) At-large members. – Five members shall be appointed by the Governor from the State at large. At-large members appointed pursuant to this subdivision shall develop transportation policy and address transportation problems with a statewide perspective. At-large members appointed under this subdivision shall possess the following qualifications:
- a. One at-large member shall be a person with expertise in environmental issues affecting the State;
  - b. One at-large member shall be a person familiar with the State ports and aviation issues;
  - c. One at-large member shall be a person residing in a rural area of the State with broad knowledge of and experience in transportation issues affecting rural areas;
  - d. One at-large member shall be a person residing in an urban area with broad knowledge of and expertise in mass transit;
  - e. One at-large member shall be a person with broad knowledge of and expertise in government-related finance and accounting.
- (c) ~~Staggered Terms. – The terms of all Board members serving on the Board prior to January 15, 2001, shall expire on January 14, 2001. A new board of 19 members shall be appointed with terms beginning on January 15, 2001. The Board shall serve the following terms: division members representing divisions 1, 3, 5, 7, 9, 11, and 13 and the three at large members filling the positions designated in sub-subdivisions (b)(3)a., b., and e. of this section shall serve four year terms beginning on January 15, 2001, and four year terms thereafter; and division members representing divisions 2, 4, 6, 8, 10, 12, and 14 and the two at large members filling the positions designated in sub-subdivisions (b)(3)c. and d. of this section shall serve two year terms beginning January 15, 2001, and four year terms thereafter. The terms of~~ members shall be for four years beginning January 15, 2013, and quadrennially thereafter, except that the terms of at-large members appointed by the General Assembly shall be for two years beginning on January 15, 2013, and biennially thereafter.

...

(f3) There is created the Turnpike Committee of the Board of Transportation. The Committee shall consist of the Secretary of Transportation, serving as a voting member ex officio, and the following six Board members:

(1) Three division board members selected by the Secretary, one from the members representing divisions 1 through 4, one from the members representing divisions 5 through 10, and one from the members representing divisions 11 through 14.

(2) The two at-large board members appointed by the General Assembly under subdivision (b)(1) of this section.

(3) The at-large board member appointed by the Governor under sub-subdivision (b)(3)e. of this section.

The Chair of the Committee shall be the Secretary of Transportation.

...."

**SECTION 34.19.(qq)** The terms of the nine members of the Board of Transportation previously appointed for terms expiring January 14, 2015, expire upon appointment of their replacements as provided in this section. The Governor shall designate for each of the nine new appointments which member is being replaced.

**SECTION 34.19.(rr)** G.S. 136-89.182 reads as rewritten:

**"§ 136-89.182. North Carolina Turnpike Authority.**

(a) Creation. – There is created a body politic and corporate to be known as the "North Carolina Turnpike Authority". The Authority is constituted as a public agency, and the exercise by the Authority of the powers conferred by this Article in the construction, operation, and maintenance of toll roads and bridges shall be deemed and held to be the performance of an essential governmental function.

(b) Administrative Placement. – The Authority shall be located within the Department of Transportation and shall be subject to and under the direct supervision of the Secretary of Transportation.

(c) Authority Board. – The Turnpike Committee of the Board of Transportation shall serve ex officio as the Authority Board of the North Carolina Turnpike Authority.

~~The North Carolina Turnpike Authority shall be governed by a nine member Authority Board consisting of two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, four members appointed by the Governor, and the Secretary of Transportation. Each appointing authority shall appoint members who reside in diverse regions of the State. The Chair of the Authority shall be selected by the Authority Board.~~

~~(d) Board of Transportation Members. — Members of the North Carolina Board of Transportation may serve as members of the Authority Board.~~

~~(e) Staggered Terms. — One of the initial appointments to the Authority Board by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one of the initial appointments to the Authority Board by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and three of the initial appointments of the Governor shall be appointed to terms ending January 14, 2007. One of the initial appointments to the Authority Board by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one of the initial appointments to the Authority Board by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and one of the initial appointments of the Governor shall be appointed to terms ending January 14, 2005. The Secretary of Transportation shall serve as an ex officio voting member of the Board. Thereafter, at the expiration of each stipulated term of office, all appointments shall be to a term of four years from the date of the expiration of the term.~~



(f) ~~Vacancies.~~ All members of the Authority Board shall remain in office until their successors are appointed and qualified. The original appointing authority may appoint a member to serve out the unexpired term of any member.

(g) ~~Removal of Board Members.~~ Each member of the Authority Board, notwithstanding subsection (e) of this section, shall serve at the pleasure of the appointing authority. The Chair of the Authority serves at the pleasure of the Authority Board.

(h) ~~Conflicts of Interest, Ethics.~~ Members of the Authority Board shall be subject to the provisions of G.S. 136-13, 136-13.1, and 136-14.

(i) ~~Compensation.~~ – The appointed members of the Authority Board shall receive no salary for their services but shall be entitled to receive per diem and travel allowances in accordance with the provisions of G.S. 138-5 and G.S. 138-6 as appropriate.

(j) ~~Bylaws.~~ – The Authority Board shall adopt, change, or amend bylaws with respect to the calling of meetings, quorums, voting procedures, the keeping of records, and other organizational, staffing, and administrative matters as the Authority Board may determine. Any bylaws, or subsequent changes or amendments to the bylaws, shall be included in the Annual Report as required by G.S. 136-89.193.

(k) ~~Executive Director and Administrative Employees.~~ Chief Administrative Officer. – The Authority Board shall appoint an Executive Director, whose salary shall be fixed by the Authority, to serve at its pleasure. The Secretary of Transportation shall designate The Executive Director shall be the Authority's chief administrative officer and officer, who shall be responsible for the daily administration of the toll roads and bridges constructed, maintained, or operated pursuant to this Article. The Executive Director or his designee shall appoint, employ, dismiss, and, within the limits approved by the Authority Board, fix the compensation of administrative employees as the Executive Director deems necessary to carry out this Article.

(l) ~~Office.~~ – The offices of the Authority may be housed in one or more facilities of the Department of Transportation."

## TRANSITION STUDY AND REPORTING REQUIREMENTS

**SECTION 34.19.(ss)** Formula Implementation Report. – The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than August 15, 2013, on the Department's recommended formulas that will be used in the prioritization process to rank highway and nonhighway projects. The Department of Transportation's Prioritization Office shall develop the prioritization processes and formulas for all modes of transportation. The report will include a statement on the process used by the Department to develop the formulas, include a listing of external partners consulted during this process, and include feedback from its 3.0 workgroup partners on the Department's proposed recommendations. The Department shall not finalize the formula without consulting with the Joint Legislative Transportation Oversight Committee. The Joint Legislative Transportation Oversight Committee has 30 days after the report is received to meet and consult on the Department's recommendations. If no meeting occurs within 30 days after the report is received, the consultation requirement will be met. If consultation occurs and a majority of members serving on the Committee request changes to the Department's recommended formulas for highway and nonhighway modes, the Department shall review the requests and provide to the Committee its response to the requested changes no later than October 1, 2013. A final report on the highway and intermodal formulas shall be submitted to the Joint Legislative Transportation Oversight Committee by January 1, 2014.

**SECTION 34.19.(tt)** State Transportation Improvement Program Transition Report. – The Department of Transportation shall submit transition reports to members of the Joint Legislative Transportation Oversight Committee, House Appropriations Subcommittee on Transportation and the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division on March 1, 2014, and November 1, 2014. The reports shall



include information on the Department's transition to Strategic Prioritization, overview changes to the State Transportation Improvement Program (STIP) and other internal and external processes that feed into the STIP, and offer statutory and policy recommendations or items for consideration to the General Assembly that will enhance the prioritization process. The March 1, 2014, report shall also include an analysis of the distribution of tax and fee revenues between the Highway Fund and Highway Trust Fund and an analysis to determine if maintenance, construction, operations, administration, and capital expenditures are properly budgeted within the two funds and existing revenues are most effectively distributed between the two funds.

**SECTION 34.19.(uu)** This section shall become effective and applies as follows:

- (1) Subsections (f), (h), (l), and (q) of this section become effective July 1, 2014.
- (2) Subsection (b) of this section becomes effective July 1, 2019.
- (3) Subsection (j) of this section expires June 30, 2018.

## **DRIVER EDUCATION**

**SECTION 34.20.(a)** G.S. 115C-216(g) reads as rewritten:

"(g) Fee for Instruction. – The local boards of education may charge each student participating in a driver education course a fee of up to ~~forty-five dollars (\$45.00)~~sixty-five dollars (\$65.00) to offset the costs of providing the training and instruction."

**SECTION 34.20.(b)** The Division of Motor Vehicles and the Department of Public Instruction shall collaborate to revise the driver knowledge test and to create a process for administration of the test and certification of passage by public schools administering driver education programs. The Division and the Department shall report to the Joint Legislative Transportation Oversight Committee, the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division no later than March 1, 2014, on their progress in meeting the requirements of this subsection.

**SECTION 34.20.(c)** Subsection (a) of this section becomes effective July 1, 2013, and applies to driver education courses beginning on or after that date.

## **ADDITIONAL ANNUAL FEE FOR ELECTRIC AND HYBRID VEHICLES**

**SECTION 34.21.(a)** G.S. 20-87 is amended by adding the following new subdivisions to read:

- "(13) Additional fee for certain electric vehicles. – At the time of an initial registration or registration renewal, the owner of a plug-in electric vehicle that is not a low-speed vehicle and that does not rely on a nonelectric source of power shall pay a fee in the amount of one hundred dollars (\$100.00) in addition to any other required registration fees.
- (14) Additional fee for certain hybrid vehicles. – At the time of an initial registration, or registration renewal, the owner of a hybrid vehicle that is not a low-speed vehicle shall pay a fee in the amount of fifty dollars (\$50.00) in addition to any other required registration fees."

**SECTION 34.21.(b)** G.S. 20-4.01 reads as rewritten:

### **"§ 20-4.01. Definitions.**

Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

...

- (14) House Trailer. – Any trailer or semitrailer designed and equipped to provide living or sleeping facilities and drawn by a motor vehicle.
- (14a) Hybrid Vehicle. – A vehicle that derives its transportation energy from electricity and from either a motor fuel (as defined in G.S. 105-449.60) or an alternative fuel (as defined in G.S. 105-449.130).

(14a)(14b) Impairing Substance. – Alcohol, controlled substance under Chapter 90 of the General Statutes, any other drug or psychoactive substance capable of impairing a person's physical or mental faculties, or any combination of these substances.

...."

**SECTION 34.21.(c)** Conforming Change. – G.S. 95-111.11 reads as rewritten:

**"§ 95-111.11. Operators.**

...

(b) No person shall operate any amusement device equipment while under the influence of alcohol or any other impairing substance as defined by ~~G.S. 20-4.01(14a)~~ G.S. 20-4.01(14b) It shall be a violation of this subsection to knowingly permit the operation of any amusement device while the operator is under the influence of an impairing substance."

**SECTION 34.21.(d)** This section becomes effective January 1, 2014, and applies to initial or renewal motor vehicle registrations on or after that date.

## **VISITOR CENTERS FUNDING**

**SECTION 34.22.(a)** G.S. 20-79.7(c)(2) reads as rewritten:

"(c) Use of Funds in Special Registration Plate Account. –

...

(2) From the funds remaining in the Special Registration Plate Account after the deductions in accordance with subdivision (1) of this subsection, there is annually appropriated from the Special Registration Plate Account the sum of ~~one million three hundred thousand dollars (\$1,300,000)~~ one million four hundred thousand dollars (\$1,400,000) to provide operating assistance for the Visitor Centers:

- a. on U.S. Highway 17 in Camden County, (\$100,000);
- b. on U.S. Highway 17 in Brunswick County, (\$100,000);
- c. on U.S. Highway 441 in Macon County, (\$100,000);
- d. in the Town of Boone, Watauga County, (\$100,000);
- e. on U.S. Highway 29 in Caswell County, (\$100,000);
- f. on U.S. Highway 70 in Carteret County, (\$100,000);
- g. on U.S. Highway 64 in Tyrrell County, (\$100,000);
- h. at the intersection of U.S. Highway 701 and N.C. 904 in Columbus County, (\$100,000);
- i. on U.S. Highway 221 in McDowell County, (\$100,000);
- j. on Staton Road in Transylvania County, (\$100,000);
- k. in the Town of Fair Bluff, Columbus County, near the intersection of U.S. Highway 76 and N.C. 904, (\$100,000);
- l. on U.S. Highway 421 in Wilkes County, (\$100,000); and
- m. at the intersection of Interstate 73 and Interstate 74 in Randolph County, ~~(\$100,000)-(\$100,000)~~ each, for two centers."

**SECTION 34.22.(b)** Notwithstanding G.S. 20-79.7(c)(3), the remaining revenue in the Special Registration Plate Account appropriated to the Department of Transportation during the 2013-2015 fiscal biennium to be used for beautification of highways shall not be reduced below the amounts appropriated in the 2012-2013 fiscal year.

## **PART XXXV. SALARIES AND BENEFITS**

## **GOVERNOR AND COUNCIL OF STATE**