

Federal Revenue Update

Joint Legislative Transportation Oversight Committee

April 4, 2014



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Issues

1. Stagnant or declining federal revenues



2. Expiring Authorization bill



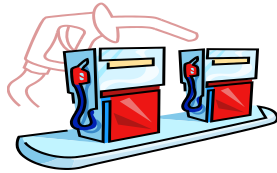
3. Depleting Highway Trust Fund balance



4. Receiving less than NC gives



Federal HTF Revenue Sources



MOTOR FUEL TAX

Gasoline (62%)

- 18.4 cpg (since 1993)
- Buying power = 11.3 cpg
- If inflation applied=29.9 cpg

Diesel (22.5%)

- 24.4 cpg (since 1993)
- Buying power = 15.0 cpg
- If inflation applied=39.6 cpg

Motor fuels tax deposited in HTF's Highway Account/Mass Transit Account and in LUST.



TRUCK TAXES

Truck/Trailer Sales (9.5%)

- 12% of retail \$ (>33K lbs)

Heavy Vehicle Use (4%)

- \$100+\$22/1K lbs (\$550 max)

Tires (1%)

- 9.45¢/10 lbs >3500 lbs

Other (.25%)

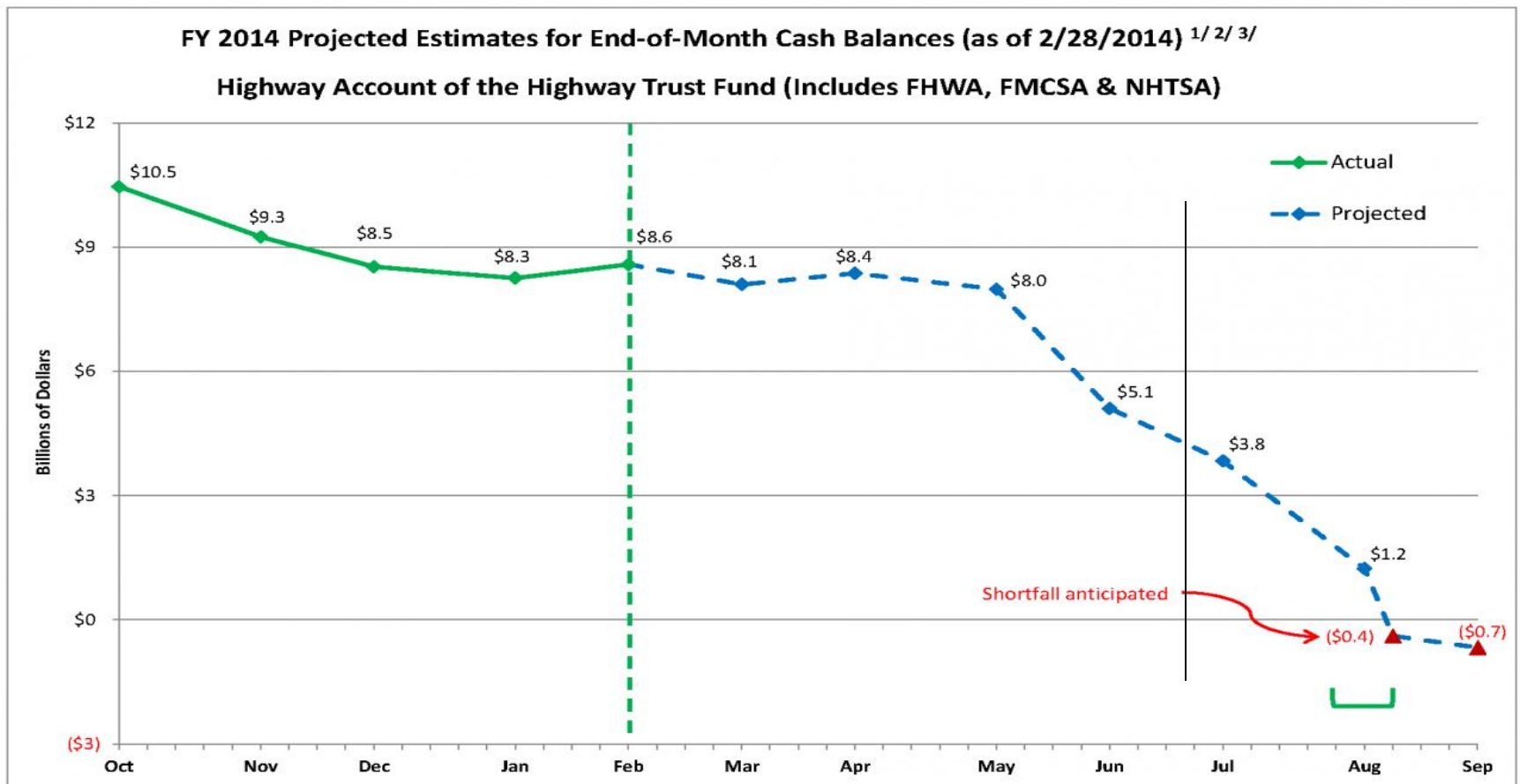
% based on total income deposited in HTF in FY2012

MAP-21

(Moving Ahead for Progress in the 21ST Century)

- Current Federal Authorization bill was signed into law July 2, 2012 (effective for 27 months)
- **Expires September 30, 2014**
- \$105 billion
- Continued 80/20 highway split
- Consolidated or eliminated over 60 programs
- Expanded TIFIA (loan program)
- Expanded highway tolling authority
- **Guarantees 95% return to States**

Highway Account Balance (FFY 2014)



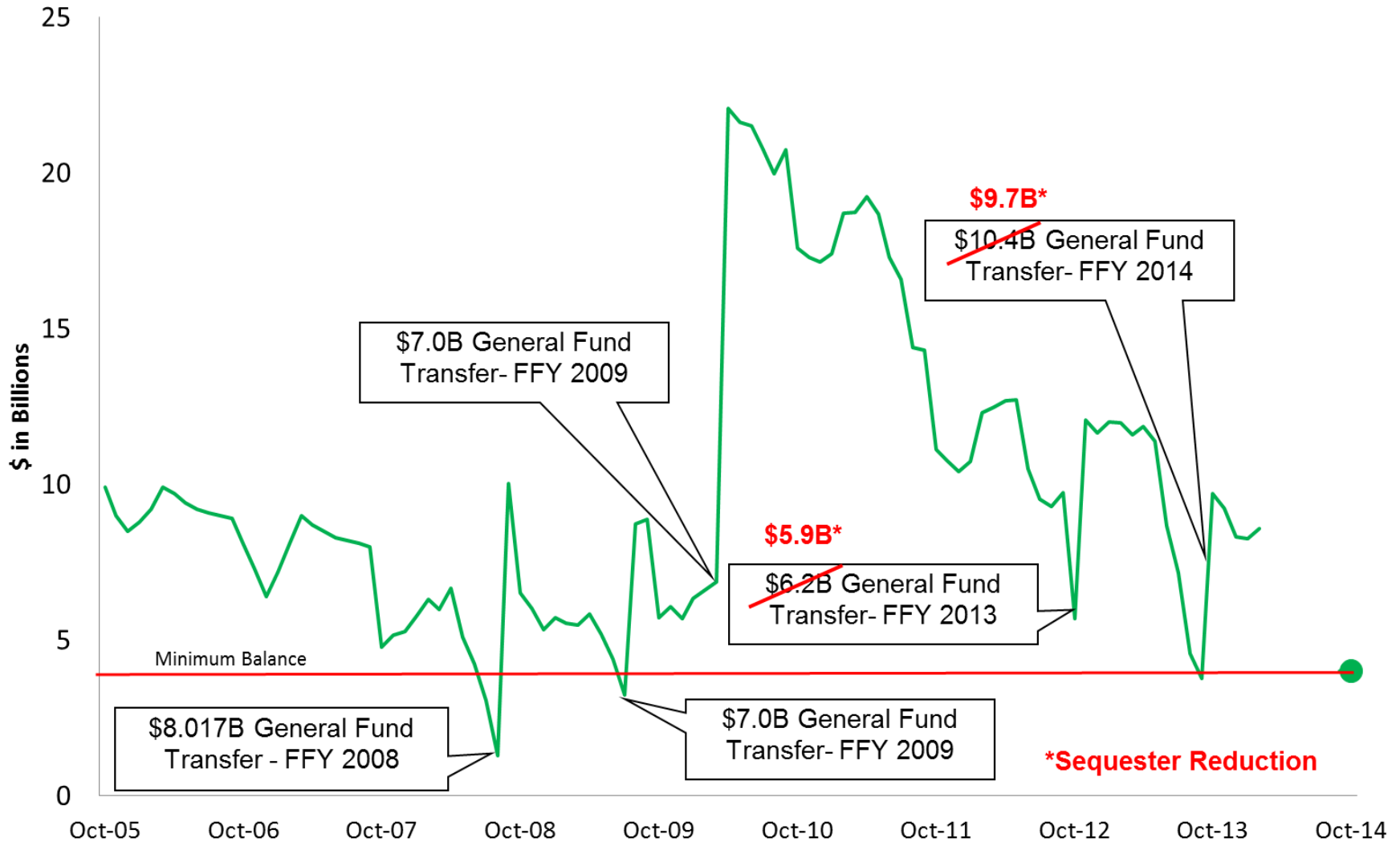
1/ Graph reflects actual data through 2/28/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

Source: FHWA

Highway Trust Fund Balance



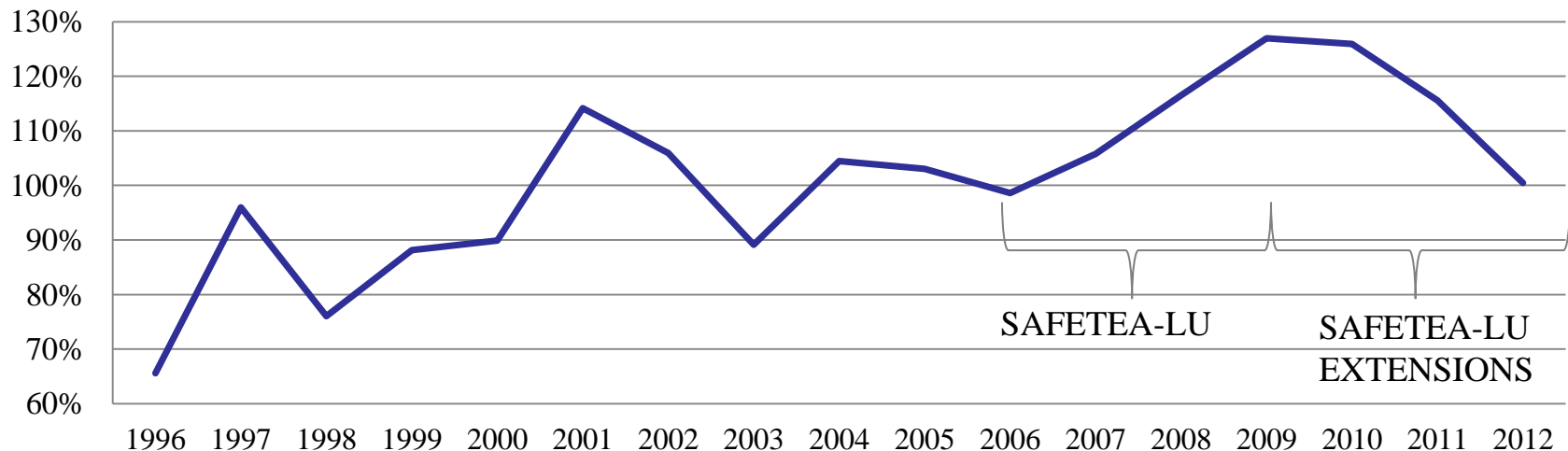
Highway Trust Fund

- HTF cannot run a negative balance.
- FFY 2013 Highway Account spends \approx \$43 billion, received \$37.7 billion (\$32.8 billion from taxes).
- HTF needs \$13 billion in FFY 2015 to remain solvent and \$77 billion over the next 5 years.
- Highway Account balance = \$0 in August.
- Requires quick action and solution for the next Authorization bill.
- \approx \$365 million cut to NC if no new revenue infusion.
\$1.2 billion cut if no reauthorization.

Donor vs. Donee

- Historically and cumulatively, NC is a Donor State. Meaning, NC taxpayers send more money to the federal HTF HIGHWAY ACCOUNT than is returned.
- General Fund infusions raised all States above 100% allocations during the SAFETEA-LU Authorization Bill timeframe.
- MAP-21, in effect for FFY 2013 and FFY 2014, has returned NC to Donor status.

Percentage of Highway Account Returned to NC



What Can You Do?

- Talk to your member of Congress.
- Be Specific. Ask for an increase in the 95% return rate for the Highway Account.

Title 23, U.S.C., Sec. 104(c)(2)(ii): Adjustments to amounts. - The initial amounts resulting from the calculation under clause (i) shall be adjusted to ensure that, for each State, the amount of combined apportionments for the programs shall not be less than **95 percent** of the estimated tax payments attributable to highway users in the State paid into the Highway Trust Fund (other than the Mass Transit Account) in the most recent fiscal year for which data are available.

- Encourage long-term authorization bill.
- Encourage revenue stability.

Questions?

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