

Other States' Models

House Select Committee on Strategic Transportation
Planning and Long Term Funding Solutions

November 14, 2016



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

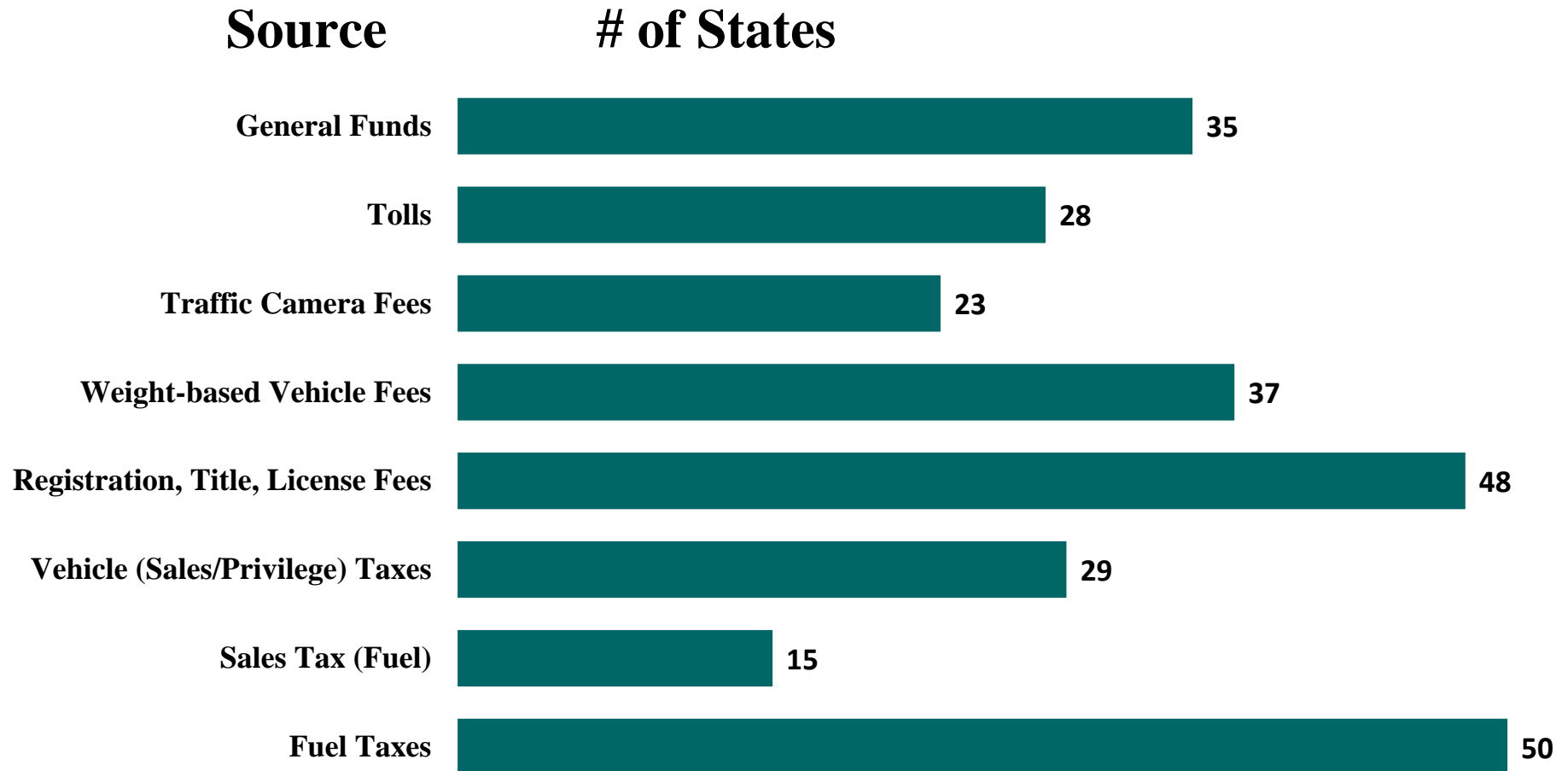
Core questions...

- Which sources are used?
- Reliance on each source?
- Which sources aren't used in North Carolina?
- How have other states responded?



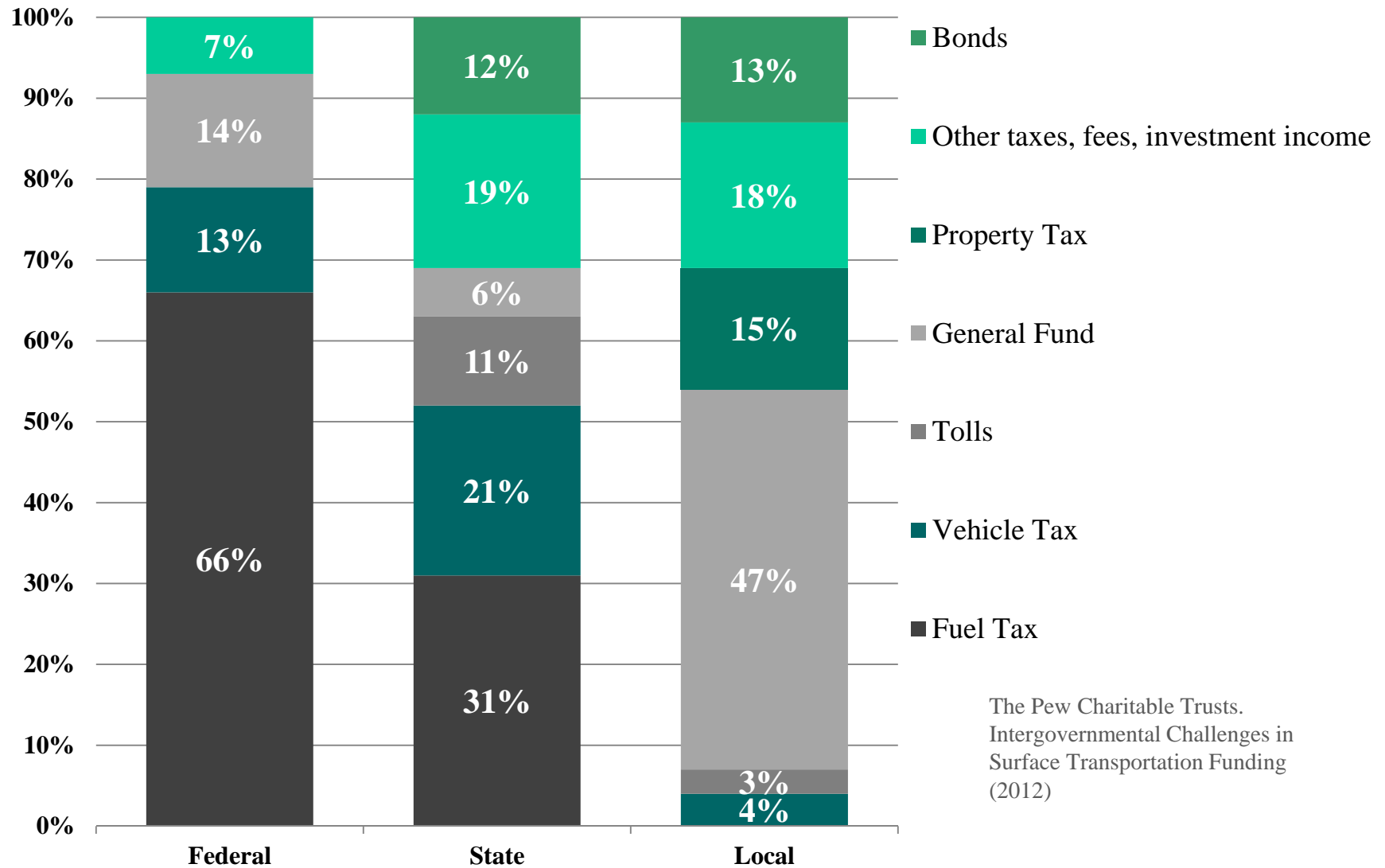
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Which revenue sources are most commonly used?



National Conference of State Legislatures & AASHTO
Center for Excellence in Project Finance. Transportation
Governance and Finance Report. 2011

How reliant are *states* on these sources?



The Pew Charitable Trusts.
Intergovernmental Challenges in
Surface Transportation Funding
(2012)

Which sources aren't used in North Carolina?

General Funds (Alabama, Alaska, Arizona ^M, Arkansas ^M, Colorado, Connecticut, Delaware*, Georgia ^M, Illinois ^M, Kansas, Kentucky ^M, Louisiana, Massachusetts, Minnesota ^M, Missouri ^M, Nebraska*, Nevada, New Hampshire ^M, New Jersey, New York, North Dakota ^M, Ohio ^M, Oklahoma, Oregon ^M, Pennsylvania ^M, Rhode Island ^M, South Carolina*, South Dakota ^M, Texas, Utah, Vermont*, Virginia, West Virginia ^M, Wisconsin*, Wyoming)

Impact Fees (Alabama, Arizona, Arkansas, California ^L, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Maine, Montana, New Mexico, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, Washington ^L, West Virginia)

State Sales Tax (Colorado ^M, Indiana ^M, Kansas, Maryland, Massachusetts, Michigan (auto-related products), New Jersey, Pennsylvania ^M, Texas (motor lubricants), Utah ^M, Virginia)

State Lottery/Gaming (Arizona ^M, Colorado, Iowa (casinos) ^M, New Jersey, Oregon ^M, Pennsylvania ^M)

Weight-Distance Tax (Kentucky, New Mexico, New York, Oregon)

Ad Valorem Tax (Arkansas ^M, Nevada)

Fines (Minnesota, Maine, Texas)

Container Fees (Maryland, Oregon, Wyoming)

Vehicle Miles Traveled (Oregon (pilot))

Documentary Revenue Stamp (Florida), **Regional Payroll Tax** (New York), **Oil Company Tax** (New York), **Tobacco Tax** (Oregon) ^M, **Mass Transit Tax** (Oregon) ^M, **Tire Tax** (Pennsylvania), **Mineral Royalties & Mineral Severance Tax** (Wyoming), **Train Mile Tax** (Nebraska)

How are other states responding to their funding needs?

24 states enacted revenue increases between 2012 and 2016.

Supplemented funding from the General Fund or increased general sales taxes for transportation.

Idaho, Indiana, Michigan, Texas, Arkansas, Virginia

Increased motor fuel tax rate(s) on a cents-per-gallon basis.

Georgia, Kentucky, Massachusetts, Michigan, Nebraska, New Hampshire, New Jersey, Rhode Island, South Dakota, Utah (diesel, natural gas, hydrogen), Vermont (diesel), Washington, Wyoming

Indexed motor fuel tax rate(s) to inflation.

Maryland, Massachusetts, Utah

Increased vehicle sales taxes and/or registration, license, and weight-based fees.

Delaware, Georgia, Idaho, Iowa, Michigan, Pennsylvania, South Dakota, Virginia, Washington

Converted from a cents-per-gallon basis to a sales tax on motor fuels, or added a sales tax.

Pennsylvania, Utah, Virginia, Maryland, Vermont

Authorized additional debt financing.

Arkansas, Indiana, Ohio, Rhode Island, Vermont

Authorized local option sales taxes for transportation.

Georgia, Indiana, South Dakota, Utah, Virginia, Washington

Notable, comprehensive actions (2013)...

Virginia (HB 2313)

- Abolished the cents-per-gallon motor fuel tax;
- Added a 3.5% wholesale tax on gasoline and 6% wholesale tax on diesel;
- Increased the statewide sales tax by 0.3%, to 5.3%, directing:
 - .175% to highway maintenance/operations;
 - .075% to mass transit; and,
 - .05% to rail.
- Increased the share of general sales and use tax revenue for transportation from 0.5% to 0.675%;
- Raised the vehicle titling tax from 3% to 4.15%;
- Established a \$64 fee on hybrid , electric, and alternative fuel vehicles; and,
- Directed internet sales tax receipts to transportation, contingent on Congressional action.

Notable, comprehensive actions (2015)...

Michigan (HB 4614, 4616, 4736, 4737, 4738 / SB 414)

- Increased motor fuel tax rates, by 7.3 cpg for gasoline and 11.3 cpg for diesel, to 26.3 cpg and indexed rates to inflation;
- Increased vehicle registration fees 20% ;
- Established fees on hybrid and electric vehicles, based on weight:
 - \$30/yr. for hybrid and \$100/yr. for electric vehicles weighing less than 8,000 lbs.; and,
 - \$100/yr. for hybrid and \$200/yr. for electric vehicles weighing more than 8,000 lbs..
- Increased scheduled general fund support from \$150M (2018) to \$600M (2020).

South Dakota (SB 1)

- Increased the motor fuel tax rate by 6.0 cpg, to 28 cpg;
- Increased the vehicle sales tax from 3% to 4%;
- Increased vehicle registration fees for non-commercial vehicles by 20%;
- Expanded local option property taxes for road/bridge repair and construction;
- Authorized increases to county vehicle registration fees; and,
- Established a local bridge improvement competitive grant fund.

Notable, comprehensive actions (2015)...

Georgia (H 170)

- Converted the motor fuel tax rate from a flat 7.5 cents per gallon with additional 4% sales tax on the wholesale price to higher flat rates:
 - 26 cpg for gasoline (from 19.3 cpg) and 29 cpg for diesel (from 21.3 cpg); and,
 - Indexed rates to fleet efficiency and inflation.
- Exempted motor fuel from the statewide sales tax.
- Established registration fees for non-commercial (\$200/yr.) and commercial electric vehicles (\$300/yr.).
- Eliminated a \$5,000 credit toward the purchase a new electric vehicle.
- Imposed highway impact fees for weighted vehicles:
 - 15,500-26,000lbs. - \$50/yr.
 - > 26,000lbs. - \$100/yr.
- Authorized limited duration local option sales tax increases of up to 1%;
- Imposed a \$5/night hotel fee; and,
- Restructured the Georgia Transportation Infrastructure Bank to provide loans and grants to local governments for transportation infrastructure.

Notable, comprehensive actions (2016)...

New Jersey (S 2412)

- Increases the state motor fuels tax by 23 cents-per-gallon (from 14.5 to 37.5 cpg), yielding \$1.2B.
- Borrows \$12B over eight years for highway and transit capital projects.
- Appropriates \$400M/yr. for grants to local governments.
- Constitutional amendment (Ballot Question No. 2) to set aside fuel tax proceeds in a “lockbox” for transportation uses, including transit capital projects.
- Establishes a four member Annual Transportation Capital Program Approval Committee to review and approve projects, with appropriations subject to the Committee’s unanimous support.
- Lowers the sales and use tax rate from 7% to 6.625%, eliminates the estate tax (applicable to assets in excess of \$675,000) in 2018, and makes other adjustments reducing general fund revenue \$1.4B.

Questions?

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