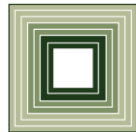


Transportation Funding: Comparing the States

**Joint Legislative Oversight
Committee on Transportation
November 8, 2018**



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

Presentation Outline

- State comparisons
 - Demographics
 - Total Funding
 - Revenues – Motor Fuel Taxes, Highway Use Tax, and Division of Motor Vehicles fees
- Recent legislative changes in comparison states and other southeastern states
- NC transportation revenue changes



State Comparisons

	Population 2017 (millions)	Licensed Drivers (% of Pop.)	Teens as a % of Licensed Drivers	Vehicle Registrations (millions)	Average Annual Miles by Driver
Florida	20.9	70%	3.2%↓	16.6	14,688
Georgia	10.4	67%↑	4.3%↓	8.2	17,604
North Carolina	10.3	71%↓	3.1%↓	8.3	16,066
South Carolina	5	74%↑	5.8%↑	4.3	14,560
Tennessee	6.7	77%↑	5.4%↑	5.7	14,791
Texas	28.3	56.2%↓	4.1%↓	21.8	17,082
Virginia	8.5	70%↑	3.5%↑	7.3	14,287
US totals/average	325.7	68%	4.00%	268.8	14,318

↓↑ Identifies if this % change has increased or decreased since 2006.

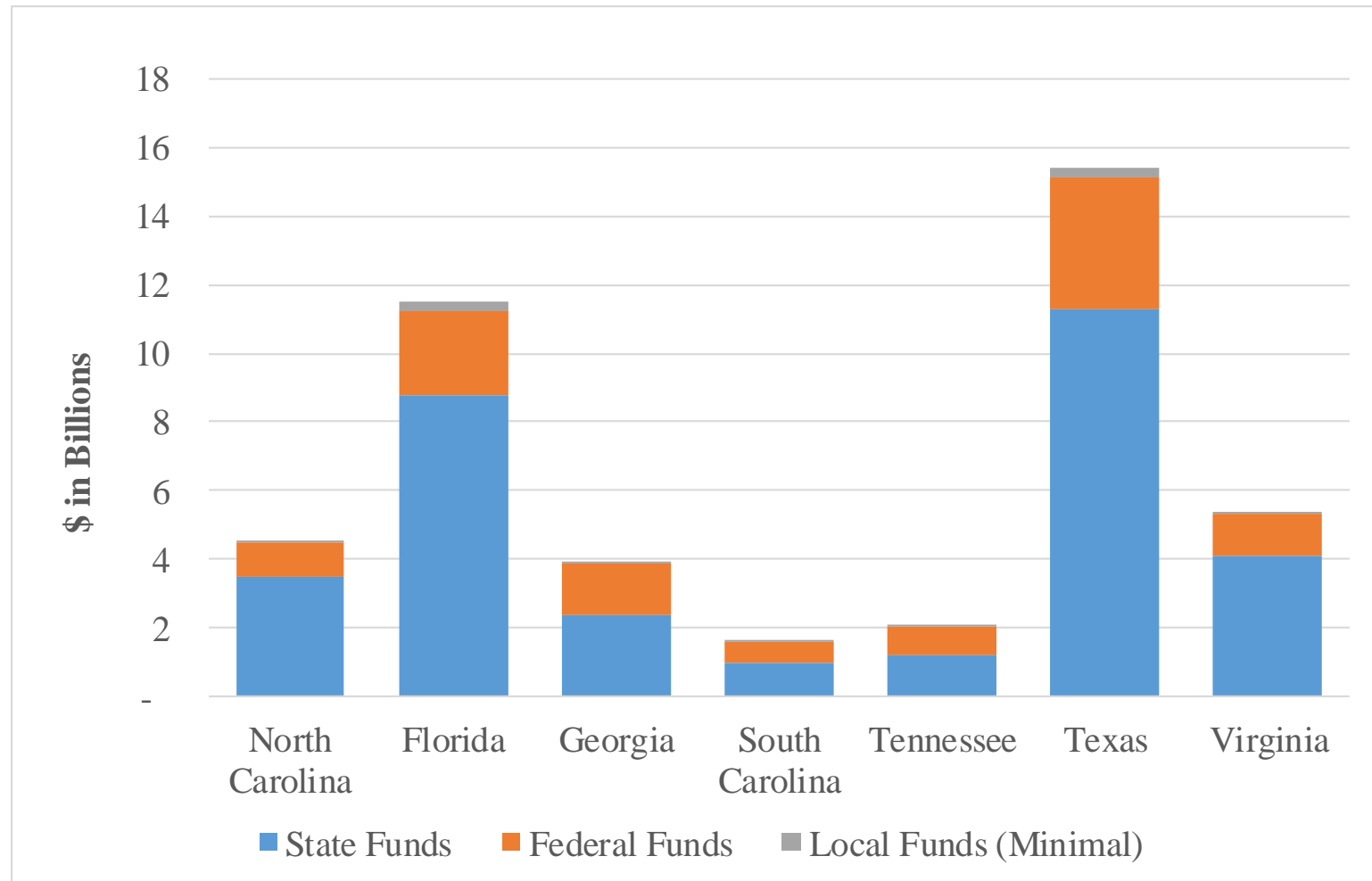
Source: 2 US FHWA, Highway Statistics, 2016, Tables HM-10, <https://www.fhwa.dot.gov/policyinformation/statistics/2016/hm10.cfm>
US Census Bureau (2017)

State Comparisons

	Square Miles of Land Area	Total Road Miles	State-controlled Highway Miles	% of Total Miles Controlled by the State
Florida	53,997	120,543	12,106	10%
Georgia	57,919	125,402	17,912	14%
North Carolina	48,718	103,470	79,637	77%
South Carolina	30,111	74,475	41,340	56%
Tennessee	41,219	95,544	13,888	15%
Texas	261,914	311,018	80,483	26%
Virginia	39,598	72,294	58,821	81%
US total	3,537,441	3,998,394	3,160	20%

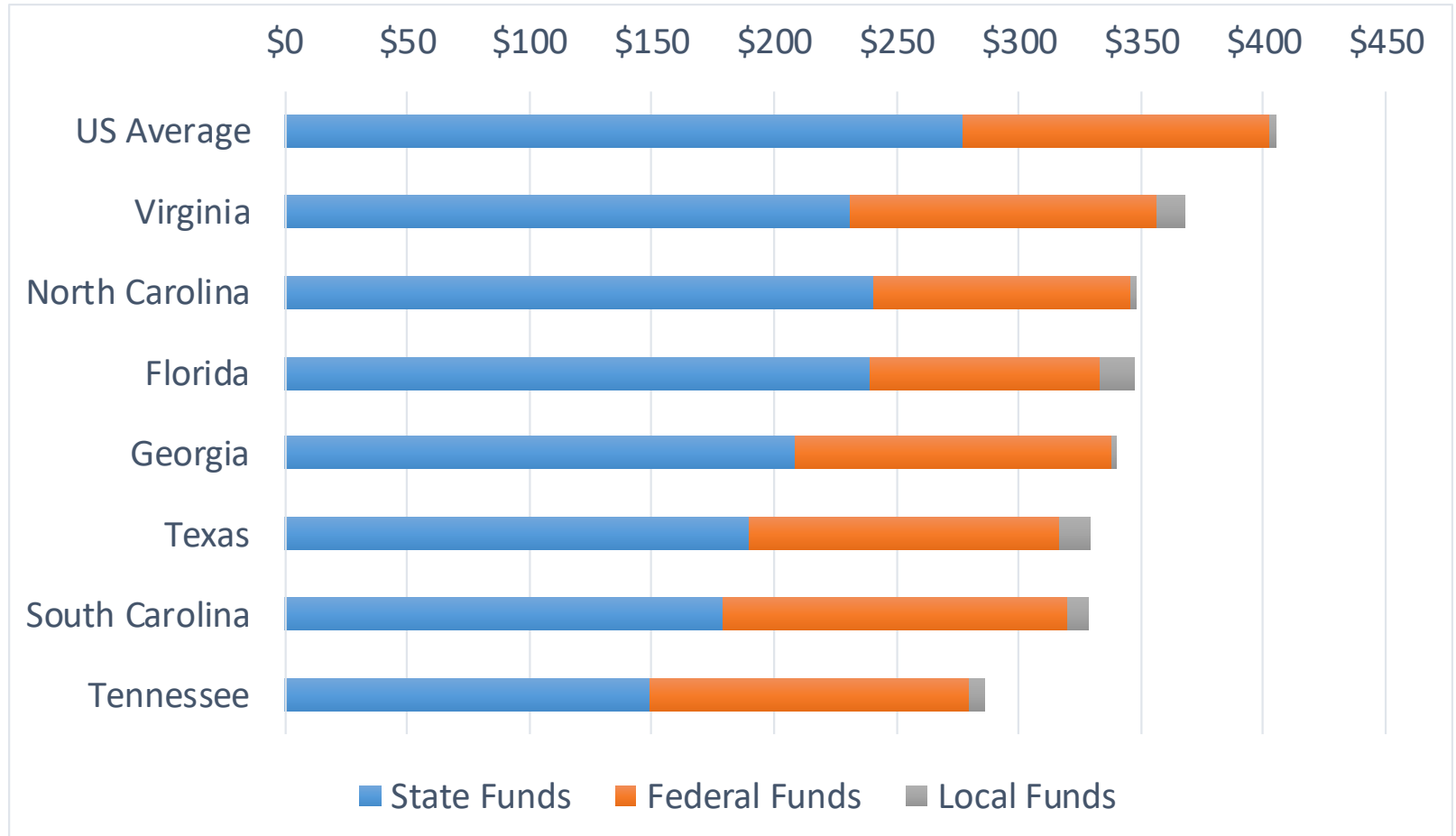
– 2 US FHWA, *Highway Statistics, 2016, Tables HM-10*, <https://www.fhwa.dot.gov/policyinformation/statistics/2016/hm10.cfm>

Highway Funding, 2016



Data Source – US FHWA, Highway Statistics 2016; June 2018 Publication

2016 Per Capital Hwy \$ by Source



Source – US FHWA, Highway Statistics 2016; June 2018 Publication

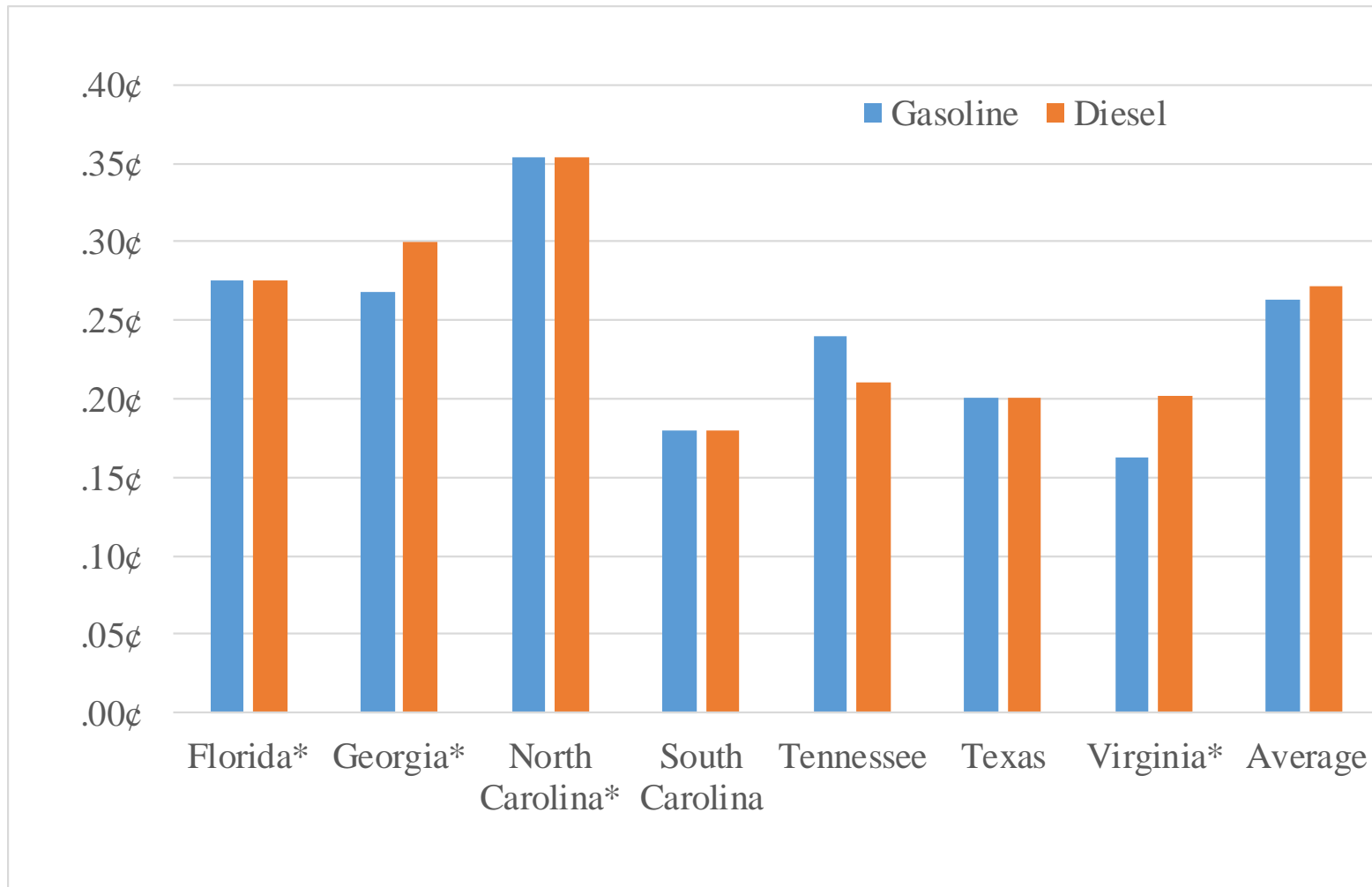
State Systems Funding

- North Carolina's system has the highest percentage of funds from the state, versus the comparison states and the US average.

	State	Federal	Local %	Bond %
Florida	56%	21%	<1%	21%
Georgia	59%	37%	<1%	3%
North Carolina	77%	23%	<1%	-
South Carolina	61%	37%	<1%	-
Tennessee	57%	41%	<1%	-
Texas	51%	25%	<1%	22%
Virginia	69%	22%	<1%	7%
US total	60%	25%	2%	13%

Source – US FHWA, Highway Statistics 2016; June 2018 Publication

State Fuel Taxes Per Gallon

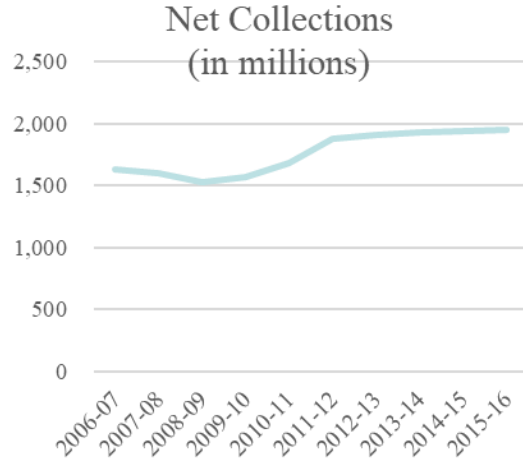


* States with a variable rate which doesn't require action by the legislature.

US DOT/FHA/Office of Highway Policy Information September 2018 *Monthly Motor Fuel Reported By States Feb 2018*



North Carolina Motor Fuel Taxes



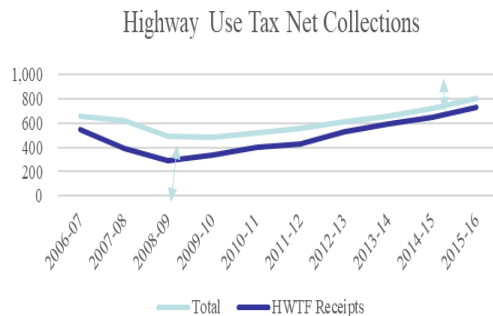
- S.L. 2015-2 Modified the Motor Fuel Tax to a formula-based rate beginning January 2018. The formula is based upon the 2017 tax rate times 75% of population percentage change for the upcoming calendar year and 25% of the Consumer Price Index change, as determined in October for the upcoming calendar year tax rate change.
- Each cent of motor fuels tax yields about \$56.7 million in revenues (all fuels).

- North Carolina taxes gasoline and diesel fuel at the same rate as well as Florida, South Carolina, and Texas. Georgia and Virginia tax diesel higher (as does the federal government) and Tennessee taxes diesel lower than gas taxes.
- North Carolina state total gasoline taxes (cpg) are higher than other States compared with most of the Southeast region. *(Federal Highway Administration 9/11/2018)*

<i>Florida</i>	<i>27.5 (33.2 in 2008)</i>
<i>Georgia</i>	<i>26.8 (28 in 2008)</i>
<i>North Carolina</i>	<i>35.4 (30.15 in 2008)</i>
<i>South Carolina</i>	<i>18.0 (16.89 in 2008)</i>
<i>Tennessee</i>	<i>24 (21.4 in 2008)</i>
<i>Texas</i>	<i>20.0 (20.0 in 2008)</i>
<i>Virginia</i>	<i>16.2 (19.6 in 2008)</i>
<i>U.S. average</i>	<i>26.3 (31.0 in 2008)</i>

Highway Use Taxes

- NC Highway Use Tax is collected when the vehicle is titled. It is 3% of the vehicle's price or value (net of trade) and long term leases total about \$820 million per year. One percent tax rate yields about \$274 million. Though this tax rate has not increased; the tax collection has increased over 10 years and there was an increase of \$1.3 M in 2018 over 2017 collections.
- NC Highway Use Tax is lower than other states in the region, except South Carolina for vehicles over \$17,000 (net of trade) since SC has a maximum of \$500.

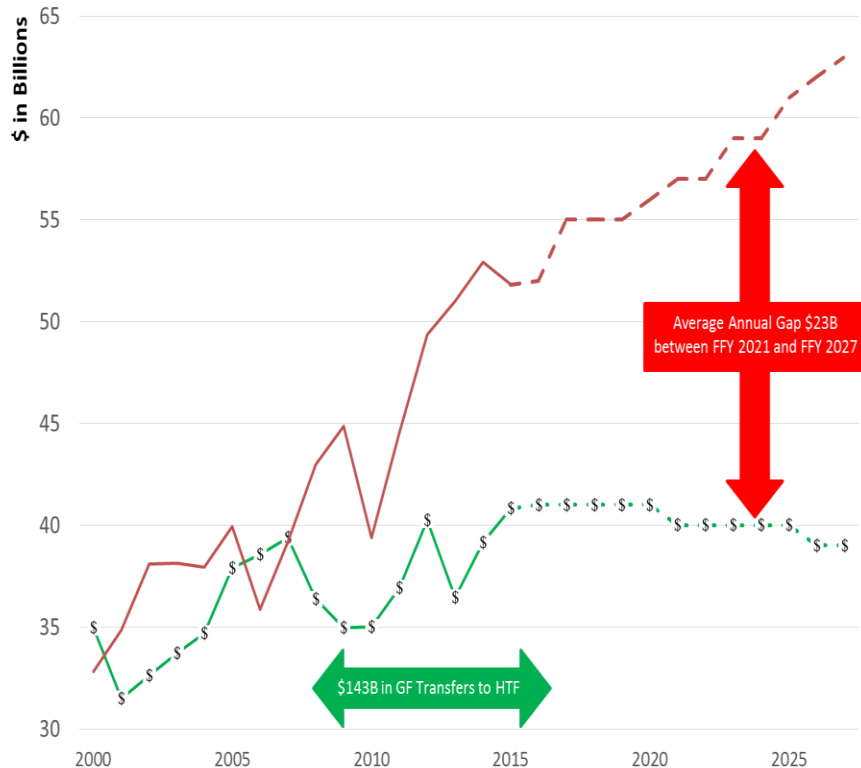


State	Tax
Florida	6% Local Option .5-1.5%
Georgia	6.5%-7.0% net of trade Local Option, Special County Tax, Educational Tax & MARTA tax
South Carolina	5% net of trade max \$500
Tennessee	7% net of trade Local Tax of 1.5%-2.75%
Texas	6.25% net of trade
Virginia	4.15%

North Carolina DMV Fees

- **\$800 million/year:** Amount Division of Motor Vehicles collects in fees for licenses, registrations, titles, etc.
- Fees last were increased in 2015; beginning July 2020, will be auto-adjusted every 4 years based upon the CPI (S.L. 2015-241, Sec. 29.30(s).)
 - Before 2015, fees were last raised in 2005 to catch up with inflation; many of those fees had been the level originally set in the 1980's.
- Passenger vehicle annual registration fee raised in 2015 to \$36 and previously in 2005 from \$20 to \$28.
 - Comparison states' annual rates for private passenger vehicles:
 - FL: \$14.50-\$32.50 plus other taxes and fees
 - GA: \$20 (hasn't changed in over 10 years)
 - SC: \$40
 - TN: \$21.50 (hasn't changed in over 10 years)
 - TX: \$50.75 plus local county taxes
 - VA: \$40.75 - \$45.75, based on weight

Federal Aid



- Motor Fuel Tax Gas - 18.4 cpg Diesel 24.4 cpg
- Truck Sales 12% of retail price >33k lbs & trailers over 26k lbs
- Truck Use Over 55k lbs \$100 +22/1,000 over 55,000 lbs (\$550 max)
- Tires 9.45 cents/10 lbs over 3,500 lbs. maximum rated load capacity and 4.725 cents for other tires
- **General Fund Transfers have exceeded \$143 billion (began in 2008)**
- NC contributes more revenues from federal motor fuels tax than it receives in terms of federal aid (ratio of apportionment = 99%)

Federal financial commitment to States exceed revenues and Highway Trust Account has received federal General Funds to compensate for the difference.

Source - NCDOT

Recent Legislative Changes

State	Funding	Safety	Railroads	Other - Noteworthy
Florida	<ol style="list-style-type: none"> 1. Use of State Transportation Trust Fund for debt service of I-95 and I-595 2. Appropriated \$15 million for rural transportation projects (rural area of opportunity designation by Governor) 3. Law changes related to FDOT contracting and negotiating for local governments related to Turnpike Projects. 	Exempted law enforcement from paying a toll while on official business.	-	-
Georgia	<ol style="list-style-type: none"> 1. Created the Atlanta Regional Transit Link Authority and 159 special districts giving counties ability to levy special retail taxes for transit through referendum. 2. Authorized a 2019 bond sale for bridges and rail projects. 	<ol style="list-style-type: none"> 1. New "hands free" law preventing drivers from holding a phone while operating a vehicle. 2. Authorized the use of automated traffic enforcement devices and speed detection devices in school zones. 	Created an income tax credit shortline railroads totaling 50% of the track maintenance expenditures; capped at \$3,500 per mile.	Gives GDOT and Georgia Technology Authority the authority to created and implement a long-term policy regarding deployment of broadband services on the right of way of interstate highways.

“2018 Comparative Data Report on State Transportation Programs”, David Talley and Justin Perry; Kentucky General Assembly



Recent Legislative Changes

State	Funding	Safety	Railroads	Other - Noteworthy
Tennessee	1. IMPROVE Act - Raised State's share of gas and diesel taxes, and numerous DMV fees. 2. Transferred \$100M to the Highway Fund. 3. Increased permitting fees and penalties for overweight loads.	-	-	-
Texas	1. Deferred a deposit from the State's general sales and use tax, motor vehicle sales, and vehicle rentals into the Highway Fund for use on non-tolled projects, for one year (Constitutional Amendment required this, passed in 2015). 2. Created a Ship Channel Improvement Revolving Fund.	Prohibited the use of wireless communication devices while operating a motor vehicle.	-	1. Authorized advanced acquisition of property for state transportation facilities prior to the completion of environmental clearance. 2. Required the long-range transportation plan to contain clearly defined strategies and performance measures.
South Carolina	No real increases in 2018 (2017 raised gas/diesel by 2 cents per year, for six years, and numerous DMV fees).	-	-	-
Virginia	1. Study to evaluate options for the Highway 81 corridor.			1. Use of Drones Regulation 2. Statewide Electronic Toll Customer Service/Violation Enforcement System

“2018 Comparative Data Report on State Transportation Programs”, David Talley and Justin Perry; Kentucky General Assembly

Recent NCDOT Funding Changes

- Implementation of a new formula that auto-adjusts rate
- Elimination of transfers from Highway Fund and Highway Trust Fund (in 2008, that amount exceeded \$300M and in 2019, transfer is expected to be about \$1.3M)
- Increase of Vehicle Registration Fees
- Index of DMV fees based upon consumer price index
- Toll interstate and urban loops
- Issuance of Bonds



Questions/Discussion

