



Commission Findings

HSC on Strategic Transportation Planning and Long-Term Funding Solutions

Co-Chairs:

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Agenda

- Principles
- Investment Recommendation
- Key Findings
- Options for Consideration

Principles

- Avoid near-term harm
- Develop durable revenue and finance options
- Diversify and broaden funding streams
- Support user pays principle
- Adhere to principles of fundamental fairness

Investment Recommendation

Studies Confirm Investment Need

	Ten-Year Investment Needs in Billions (Inflation Adjusted)	
	ITRE	NC FIRST
Grade A	\$32.0 (\$42.9)	\$41.5 (\$52.7)
Grade B	\$13.0-32.0 (\$16.6-40.9)	\$30.2 (\$38.3)
Grade C	\$0-13.0 (\$0-16.6)	\$13.7 (\$17.4)
Grade D	\$0	\$4.4 (\$5.6)

Investment Recommendation

To achieve a “good”
infrastructure rating,
increase the level of
investment by at least
\$20 billion
over the next 10 years

Key Findings

- 1. The motor fuels tax base will continue to decline**
- 2. The Highway Use Tax and DMV tax bases will likely decline in the future**
- 3. Future federal revenues are uncertain**

- 4. Maintaining the existing condition will cost more than the current appropriation**
- 5. Improving the existing condition will require a higher level of investment**

6. Increased investments will produce a network that is:

- safer**
- more efficient**
- less congested**
- more resilient**
- more multi-modal**
- more interconnected**

Options for Consideration: Immediate Impact

Highway Use Tax

Increase the HUT by
two percentage points

10 Year Fiscal Impact
≈ \$5.8 Billion

Highway Use Tax

Eliminate the net-of-trade
exemption

10 Year Fiscal Impact
≈ \$1.0 Billion

Alternative Highway Use Tax

Transfer proceeds from short-term vehicle rentals, vehicle subscription services, and car sharing to NCDOT

10 Year Fiscal Impact

≈ \$800 Million

Sales Tax

- Increase rate by 0.5% or 0.75%
- Use $\frac{1}{2}$ of proceeds to reduce the motor fuel tax rates

10 Year Fiscal Impact

\approx \$4.2 – \$6.3 Billion

Gas Tax Cut

\approx 9–14 cents

Sales Tax

Transfer existing tax revenues
from transportation-related goods
and services to NCDOT

10 Year Fiscal Impact

≈ \$4.7 Billion

Sales Tax

Tax Transportation Network Companies

10 Year Fiscal Impact
≈ \$350 million

DMV Fees

Increase electric vehicle fee and
enact a plug-in hybrid fee

10 Year Fiscal Impact
≈ \$20 million

DMV Fees

Amend DMV registration fees
for heavy vehicles

10 Year Fiscal Impact
Study Recommended

DMV Fees

Automatically adjust fees
for inflation every two years

10 Year Fiscal Impact

≈ n/a

DMV Fees

Authorize a Road Impact Fee
for e-commerce deliveries

10 Year Fiscal Impact
≈ \$600 million

Options for Consideration: Long-term Modernization

Mileage-Based User Fee

Authorize pilot program in the short session with plan to fully replace the Motor Fuels Tax by 2030

10 Year Fiscal Impact
no net change

Highway Tolling

- Raise or remove the statutory cap on toll projects
- Pursue projects that may relieve freight congestion and high-cost road and bridge projects

Public Private Partnerships

- Raise or remove the statutory cap on toll projects
- Pursue projects that may relieve freight congestion and high-cost road and bridge projects

State Infrastructure Bank

Re-authorize and recapitalize the
State Infrastructure Bank
to offer low interest loans
for the construction of
infrastructure improvements

Value Capture

Authorize value capture techniques, such as the ability to monetize air rights and rights-of-way associated with transportation infrastructure

Options for Consideration: Local Government

Local Sales Tax

- Authorize additional local option Sales Tax for transportation purposes

Additional Local Options

(discussed previously)

- Local Road Impact Fee
- Local Infrastructure Banks
- Land Value Capture

Options for Consideration: Other

Expand Broadband

- Invest in broadband
- Integrate into highway projects, especially in rural areas
- Explore public-private partnerships

Increase Debt Capacity

Raise NCDOT's allowable
debt-to-revenue ratio

Chief Innovation Officer

Appoint a Chief Innovation Officer
within NCDOT so that NC
is at the forefront of changes
in technologies

Questions and Comments

Public comments can be submitted to:

www.ncdot.gov/ncfirst

Information requests:

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