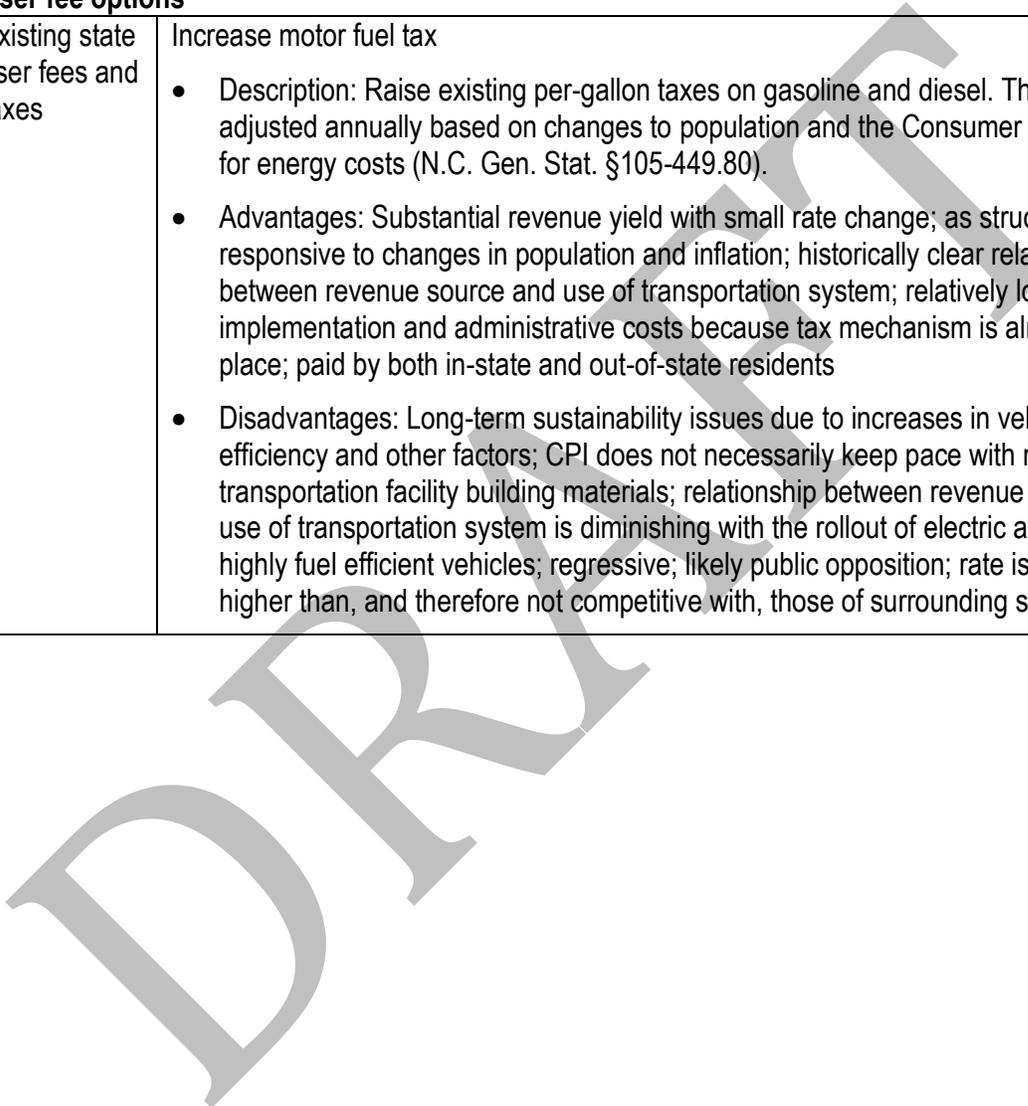


Revenue Options Advantages and Disadvantages

This chart describes various state revenue options for transportation funding, both existing mechanisms and some new concepts, and outlines some of their advantages and disadvantages. This material is educational in aim and is not intended as endorsement or rejection of any particular option.

User fee options	
Existing state user fees and taxes	<p>Increase motor fuel tax</p> <ul style="list-style-type: none"> • Description: Raise existing per-gallon taxes on gasoline and diesel. These taxes are adjusted annually based on changes to population and the Consumer Price Index for energy costs (N.C. Gen. Stat. §105-449.80). • Advantages: Substantial revenue yield with small rate change; as structured, directly responsive to changes in population and inflation; historically clear relationship between revenue source and use of transportation system; relatively low implementation and administrative costs because tax mechanism is already in place; paid by both in-state and out-of-state residents • Disadvantages: Long-term sustainability issues due to increases in vehicle fuel efficiency and other factors; CPI does not necessarily keep pace with rising costs of transportation facility building materials; relationship between revenue source and use of transportation system is diminishing with the rollout of electric and other highly fuel efficient vehicles; regressive; likely public opposition; rate is already higher than, and therefore not competitive with, those of surrounding states



	<p>Increase DMV fees</p> <ul style="list-style-type: none"> • Description: Raise existing fees on driver licenses, passenger or commercial vehicle registrations, vehicle titles, vehicle inspections, or other DMV services. These fees are adjusted every four years based on changes in the Consumer Price Index (N.C. Gen. Stat. §20-4.02). • Advantages: Stable and predictable revenue source; some connection to use of transportation system because paid by motorists; as structured, directly responsive to inflation; low potential for evasion; relatively low implementation and administrative costs because fee mechanisms are already in place <ul style="list-style-type: none"> ○ If commercial vehicle registrations: Reflects heavy vehicles' greater wear-and-tear on roadways; substantial revenue yield with small rate change • Disadvantages: Except for commercial vehicle fees, only paid by in-state residents; weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; CPI does not necessarily keep pace with rising costs of transportation facility building materials; likely public opposition <ul style="list-style-type: none"> ○ If passenger vehicle registrations: As structured, even more regressive than gas taxes because the same flat rate is paid across income groups regardless of vehicle value or use; large annual fees are more difficult for low-income households than revenues that are collected incrementally
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	<p>Adjust formula for passenger vehicle registration fees</p> <ul style="list-style-type: none">• Description: Adjust existing fee schedules for passenger vehicle registrations while retaining quadrennial adjustment based on changes to the Consumer Price Index (N.C. Gen. Stat. §20-4.02). Currently, North Carolina assesses a flat registration fee for cars and fees that vary by weight for private trucks (N.C. Gen. Stat. §20-87). These fee schedules could be revised to include factors such as vehicle weight (for cars), age, type, horsepower, value, or fuel efficiency.• Advantages: Could be incorporated into existing vehicle registration process; could capture revenues from vehicles that pay less in motor fuel taxes, reduce disparities, or achieve other policy goals; see also <i>Increase DMV fees</i>, above<ul style="list-style-type: none">○ If based on vehicle value: More equitable across income groups than other adjustments; if vehicle fleet increases in size and value, could have greater revenue-generating potential over time than a flat fee○ If based on fuel efficiency: Helps restore financial equity by capturing revenues from vehicles that pay less in motor fuel taxes• Disadvantages: More complex and costly to implement and administer than a flat fee; may be harder for customers to understand; see also <i>Increase DMV fees</i>, above<ul style="list-style-type: none">○ If based on vehicle value: Possible opposition from vehicle owners impacted by higher fees; could affect vehicle buying choices; possible issues with private resale or vehicles bought at a lower price than MSRP○ If based on fuel efficiency: Could discourage purchase of highly fuel efficient vehicles, at cross-purposes with state policy goal to reduce emissions
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	<p>Increase electric vehicle fee</p> <ul style="list-style-type: none"> • Description: Raise existing additional registration fees for plug-in electric vehicles. As with other DMV fees, these fees are adjusted every four years based on changes in the Consumer Price Index (N.C. Gen. Stat. §20-4.02). Based on N.C. Division of Motor Vehicles data, electric and hybrid vehicle owners currently pay about \$50 less per year in state transportation taxes than gasoline vehicle owners. • Advantages: Relatively low implementation and administrative costs because fee mechanism is already in place; helps restore financial equity by capturing revenues from vehicles that pay no motor fuel tax; helps make overall transportation revenues more stable and predictable by offsetting the loss of motor fuel taxes due to electric vehicles; less regressive than some other options because fee mainly affects people who can afford to invest in electric vehicles; see also <i>Increase DMV fees</i>, above • Disadvantages: Does not increase overall transportation funding because fee revenue would be offset by corresponding decline in motor fuel taxes; no additional cost imposed on highly fuel efficient gas-powered or hybrid vehicles that also pay less in motor fuel taxes; could discourage purchase of electric vehicles, at cross-purposes with state policy goal to increase their use; likely opposition on environmental basis and from vehicle owners impacted by higher fees; see also <i>Increase DMV fees</i>, above
	<p>Increase highway use tax</p> <ul style="list-style-type: none"> • Description: Raise existing highway use tax on vehicle purchases. North Carolina's tax rate of 3% has never been adjusted, is the lowest among neighboring states, and is among the lowest in the nation. • Advantages: Substantial revenue yield with small rate change; relatively low implementation and administrative costs because tax mechanism is already in place; responsive to inflation because revenues rise with vehicle prices; makes North Carolina's tax rate more comparable to those of other states; captures revenues from all vehicles regardless of type, including electric and other vehicles that pay little or no motor fuel tax; less regressive than many other options because tax mainly affects people who can afford new vehicles, with rates that reflect the purchased vehicle's value • Disadvantages: Weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; stability of revenues may be impacted by trends toward the purchase of smaller, more fuel efficient cars that cost less than larger vehicles, and by changes in consumer behavior due to vehicle technology innovations; revenues closely tied to economic condition

	<p>Eliminate highway use tax “net-of-trade” exemption</p> <ul style="list-style-type: none"> • Description: Assess the highway use tax on the total purchase price of a vehicle. Currently, North Carolina’s tax is only applied to a vehicle’s sales price after subtracting any allowance that the retailer gives for a trade-in vehicle that is taken as full or partial payment for the purchased vehicle (N.C. Gen. Stat. §105-187.3). • Advantages: Relatively low implementation and administrative costs because tax mechanism is already in place; substantial revenue yield; relatively low tax rate applied to low dollar value trade-in results in minimal tax increase to consumers with older, low value motor vehicles • Disadvantages: Weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; increased overall vehicle cost to consumer could potentially affect the retail market for new and used motor vehicles; reduced incentive for trade-ins could impact growth of highway use tax collections for vehicle sales <hr/> <p>Dedicate alternative highway use tax on short-term vehicle leases, rentals, and car sharing services</p> <ul style="list-style-type: none"> • Description: Dedicate all revenues from the 8% alternative highway use tax on short-term vehicle leases, vehicle rentals, and car sharing services to transportation purposes. Currently, these revenues and taxes on vehicle subscription services are directed to the General Fund, minus a \$10 million transfer to NCDOT for airport improvements (N.C. Gen. Stat. §105-187.5). • Advantages: Substantial revenue yield; stable and predictable revenue source; some connection to use of transportation system because paid by motorists; responsive to inflation because revenues rise with prices of relevant services; no additional implementation or administrative costs because tax mechanism is already in place; rate remains constant, resulting in no additional tax burden for motorists; paid by both in-state and out-of-state residents, especially (for rentals) out-of-state travelers • Disadvantages: Weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; possible opposition to transferring revenues from General Fund to transportation purposes
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	<p>Dedicate alternative highway use tax on vehicle subscription services</p> <ul style="list-style-type: none"> • Description: Dedicate all revenues from the 5% alternative highway use tax on vehicle subscription services to transportation purposes. Currently, these revenues and taxes on short-term vehicle leases, vehicle rentals, and car sharing services are directed to the General Fund, minus a \$10 million transfer to NCDOT for airport improvements (N.C. Gen. Stat. §105-187.5). • Advantages: Some connection to use of transportation system because paid by motorists; responsive to inflation because revenues rise with prices of relevant services; no additional implementation or administrative costs because tax mechanism is already in place; rate remains constant, resulting in no additional tax burden for motorists; less regressive than many other options because tax only affects consumers of a luxury service, with rates that reflect price of service • Disadvantages: Ongoing growth is predicted, but this is still a volatile market, which could affect stability and predictability of revenues; possible opposition to transferring revenues from General Fund to transportation purposes
	<p>Expand road and bridge tolls</p> <ul style="list-style-type: none"> • Description: Expand the use of tolling to more roads, bridges, or managed lanes. NCDOT is currently limited to 11 toll projects and revenues can only be used on the tolled facilities and associated costs (N.C. Gen. Stat. §136-89.183 and §136-89.188). The Turnpike Authority annually adjusts toll rates for each facility based on rate schedules that are designed to meet the project’s financing obligations and adopted before it opens to traffic (N.C. Turnpike Authority Toll Rate Policy, 2008). • Advantages: Can generate substantial revenues for specific tolled projects; clear relationship between revenue source and use of transportation system; captures revenues from all vehicles that use the tolled facility, including electric and other vehicles that pay little or no motor fuel tax; paid by both in-state and out-of-state residents; toll rates rise over time to cover project costs <ul style="list-style-type: none"> ○ If managed lanes or dynamic pricing: Can offer other benefits such as congestion management and faster travel times ○ If truck-only: Reflects heavy vehicles’ greater wear-and-tear on roadways • Disadvantages: As structured, cannot generate revenues for other projects or support the transportation system as a whole; high implementation and administrative costs (somewhat mitigated because North Carolina exclusively uses electronic toll collection); revenues can be volatile due to changes in travel patterns or economic downturns; changes in driver behavior due to tolling, such as evasion or re-routing, can significant impact nearby “free” alternative routes; annual toll increases are based on factors other than inflation; highly regressive; likely public opposition and concerns about “double taxation” for roadway use; likely opposition from trucking industry, especially against truck-only tolls <ul style="list-style-type: none"> ○ If electronic toll collection is widely used: Additional privacy concerns

	<p>Expand ferry tolls</p> <ul style="list-style-type: none">• Description: Expand the use of ferry tolling to additional routes. State statute allows the tolling of three of the state's seven permanent ferry routes, authorizes the Board of Transportation to modify existing toll rates, and prohibits the tolling of untolled routes. The proceeds can only be used to fund approved ferry projects in the Highway Division in which they are earned (N.C. Gen. Stat. §136-82). Ferry tolls are currently structured as flat per-vehicle, per-trip fees that vary by vehicle size, with no indexing or regularly scheduled rate increases.• Advantages: Can generate sufficient revenues to cover ferry operating costs and capital needs; clear relationship between revenue source and use of transportation system; captures revenues from all vehicles that use the tolled facility, including electric and other vehicles that pay little or no motor fuel tax; paid by both in-state and out-of-state residents; resident annual passes can offset frequent resident use• Disadvantages: One route has no highway alternative; as structured, cannot generate revenues for non-ferry projects or support the transportation system as a whole; some additional implementation and administrative costs (somewhat mitigated because overall collection system is already in place); if not indexed, revenues will decline in purchasing power due to inflation; revenues can be volatile due to changes in travel patterns or economic downturns; highly regressive; likely opposition from tourism community and from industries with impacted employees
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<p>New state user fees and taxes</p>	<p>Mileage-based user fee (flat rate or indexed)</p> <ul style="list-style-type: none"> • Description: Implement a cents-per-mile fee. A range of approaches are possible for reporting mileage and paying the fee, from self-reported odometer readings to high-tech, GPS-enabled, in-vehicle devices. A mileage-based fee could either be assessed at a flat rate or indexed to population and inflation using the same annual adjustment formula as the current motor fuels tax (N.C. Gen. Stat. §105-449.80). • Advantages: Clear relationship between revenue source and use of transportation system; depending on the rate set and the approach taken, could generate substantial revenues that match or exceed current motor fuel taxes; more equitable (and, if set at revenue-neutral rates, less costly) for rural and low-income residents than motor fuel taxes; rates could be adjusted to reduce inequity among income groups or achieve other policy goals; could be collected incrementally, making it easier for low-income households than large annual fees <ul style="list-style-type: none"> ○ If using odometer readings: Few privacy concerns; could be incorporated into existing vehicle registration process; least costly per-mile approach ○ If using in-vehicle devices: Could assess fee on in-state miles or public roads only; could use dynamic pricing to manage congestion ○ If replacing the gas tax: Solves the problem of lost motor fuel tax revenues due to vehicle fuel efficiency and electric vehicles by charging all users regardless of vehicle type ○ If only for high-efficiency or electric vehicles: Helps restore financial equity by capturing revenues from vehicles that pay little or no motor fuel tax ○ If indexed: Directly responsive to changes in population and inflation • Disadvantages: Only paid by in-state residents unless a multi-state collection system is adopted; substantial implementation costs and challenges, including interstate travel; limited real-world experience with implementation; likely public opposition; not a viable short-term option <ul style="list-style-type: none"> ○ If based on odometer readings: Enforcement challenges; concerns about in-state versus out-of-state miles ○ If using in-vehicle devices: Privacy concerns; most costly per-mile approach; accessibility issues for unbanked users ○ If replacing the gas tax: Approach not yet proven at this large of a scale ○ If not indexed: Revenues will decline in purchasing power due to inflation
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	<p>Hybrid vehicle fee (indexed)</p> <ul style="list-style-type: none"> • Description: Assess additional registration fees for hybrid vehicles. As with other DMV fees, these fees would be adjusted every four years based on changes in the Consumer Price Index (N.C. Gen. Stat. §20-4.02). Based on N.C. Division of Motor Vehicles data, electric and hybrid vehicle owners currently pay about \$50 less per year in state transportation taxes than gasoline vehicle owners. • Advantages: Moderate implementation and administrative costs because basic registration fee mechanism is already in place; if indexed, directly responsive to inflation; low potential for evasion; helps restore financial equity by capturing revenues from vehicles that pay less in motor fuel taxes • Disadvantages: Only paid by in-state residents; CPI does not necessarily keep pace with rising costs of transportation facility building materials; no additional cost imposed on highly fuel efficient gas-powered vehicles that also pay less in motor fuel taxes; weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; could discourage purchase of hybrid vehicles, at cross-purposes with state policy goal to reduce emissions; could be inequitable given the large range of fuel efficiencies among hybrid vehicles; large annual fees are more difficult for low-income households than revenues that are collected incrementally; likely public opposition
	<p>Statewide vehicle property tax</p> <ul style="list-style-type: none"> • Description: Assess a statewide property tax on motor vehicles. In North Carolina, vehicle property taxes are currently levied at the local level only. The N.C. Division of Motor Vehicles collects these taxes on behalf of counties at the same time as annual vehicle registration fees (N.C. Gen. Stat. §§105-330 et seq.). • Advantages: Stable and predictable revenue source; relatively low implementation and administrative costs because tax mechanism is already in place and administered by a state agency; some connection to use of transportation system because paid by motorists; somewhat responsive to inflation because revenues rise with assessed value of vehicles; captures revenues from all vehicles regardless of type, including electric and other vehicles that pay little or no motor fuel tax; less regressive than some other options because rates reflect vehicle value • Disadvantages: Weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; possible opposition from vehicle owners impacted by higher taxes

	<p>Tax on electricity for vehicles (indexed)</p> <ul style="list-style-type: none">• Description: Assess per-kilowatt-hour taxes on electricity used to charge electric and plug-in hybrid vehicles. As a tax on vehicle fuel, the assumption is that this tax would be indexed to population and inflation using the same annual adjustment formula as the current motor fuels tax (N.C. Gen. Stat. §105-449.80).• Advantages: Mirrors the logic of existing motor fuel taxes; clear relationship between revenue source and use of transportation system; if indexed, directly responsive to changes in population and inflation; helps restore financial equity by capturing revenues from vehicles that pay no motor fuel tax; helps make overall transportation revenues more stable and predictable by offsetting the loss of motor fuel taxes due to electric vehicles; less regressive than some other options because tax mainly affects people who can afford to invest in electric vehicles; could be collected incrementally, making it easier for low-income households than large annual fees• Disadvantages: Does not increase overall transportation funding because tax revenue would be offset by corresponding decline in motor fuel taxes; as with motor fuel taxes, improvements or variations in the efficiency of electric vehicles could affect revenue stability as well as the relationship between revenue source and actual use of the system; substantial implementation costs and challenges, including identifying where, when, and how much a vehicle is being charged; no additional cost imposed on highly fuel efficient gas-powered or non-plug-in hybrid vehicles that also pay less in motor fuel taxes; could discourage purchase of electric vehicles, at cross-purposes with state policy goal to increase their use; possible opposition on environmental basis and from vehicle owners impacted by new tax
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	<p>Carbon tax (indexed)</p> <ul style="list-style-type: none"> • Description: Assess a new statewide tax, to be collected at the wholesale level, on each metric ton of carbon (or carbon equivalent) emissions generated by the combustion of fossil fuels. As conceptualized here, the carbon taxes on all fuels used to propel vehicles—including gasoline, diesel, natural gas, and electricity—would be dedicated to transportation purposes and, as taxes on vehicle fuels, would be indexed to population and inflation using the same annual adjustment formula as the current motor fuels tax (N.C. Gen. Stat. §105-449.80). Given these assumptions, each dollar levied on a metric ton of carbon would be approximately equivalent to a one-cent-per-gallon increase in the gasoline tax in terms of transportation funding. • Advantages: Clear relationship between revenue source and use of transportation system; could help achieve state policy goal to reduce emissions; depending on the rate set, could generate substantial revenues that match or exceed current motor fuel taxes; if indexed, directly responsive to changes in population and inflation; more stable than motor fuel taxes because emissions from the electric and natural gas sectors are also priced, ensuring ongoing revenues from alternative fuel vehicles; low administrative costs once implemented if assessed at wholesale level • Disadvantages: Revenues would likely still decline as vehicles become more fuel efficient and electric vehicles increase their market share; regressive, similar to motor fuel taxes; approach not yet proven in the United States; likely public opposition <hr/> <p>Tax on TNCs</p> <ul style="list-style-type: none"> • Description: Assess a new statewide, percentage-based tax on transportation network companies, defined in law as “any person that uses an online-enabled application or platform to connect passengers with TNC drivers who provide prearranged transportation services” (N.C. Gen. Stat. § 20-280.1). Examples of TNCs include Uber and Lyft. In North Carolina, these companies currently pay annual permit fees to the DMV, corporate taxes if nexus is established, and pick-up and drop-off fees at some airports; all other fees are prohibited by state law (N.C. Gen. Stat. §20-280.9). • Advantages: Clear relationship between revenue source and use of transportation system, especially because trip pricing is typically based in part on distance traveled; revenue potential from taxation of an active and growing industry; responsive to inflation because revenues rise with prices of relevant services; relatively low implementation and administrative costs because tax would be collected from a small number of companies <ul style="list-style-type: none"> ○ If tax is passed on to customers: Less regressive than some other options because tax only affects users of an optional service, with rates that reflect price of service • Disadvantages: Ongoing growth is predicted, but this is still a volatile market, which could affect stability and predictability of revenues <ul style="list-style-type: none"> ○ If tax is passed on to customers: Still somewhat regressive
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	<p>Fee on micromobility services</p> <ul style="list-style-type: none"> • Description: Assess per-trip fees on shared-use micromobility services such as bikeshares and e-scooters. As conceptualized, this revenue option would be structured as a flat per-trip fee, with no indexing. • Advantages: Some connection to use of transportation system because paid by roadway users; revenue potential from fees on an active and growing industry; could help offset the loss of motor fuel taxes due to micromobility as an alternative to driving; relatively low implementation and administrative costs because tax would be collected from a small number of companies <ul style="list-style-type: none"> ○ If tax is passed on to customers: Less regressive than some other options because tax only affects users of an optional service • Disadvantages: Ongoing growth is predicted, but this is still a volatile market, which could affect stability and predictability of revenues; weaker relationship to use of the transportation system because insensitive to miles traveled and lightweight devices cause minimal impact to roadways; if not indexed, revenues will decline in purchasing power due to inflation <ul style="list-style-type: none"> ○ If tax is passed on to customers: Still somewhat regressive
	<p>Dedicated sales tax from auto parts, accessories, and related services</p> <ul style="list-style-type: none"> • Description: Dedicate to transportation purposes the portion of the existing sales and use tax that is collected from the sale of auto parts, accessories, and related services such as vehicle warranties and repairs. • Advantages: Substantial revenue yield; stable and predictable revenue source; captures revenues from parts and accessories for all types of passenger vehicles, including electric and other vehicles that pay little or no motor fuel tax; some connection to use of transportation system because paid by motorists; responsive to inflation because revenues rise with prices of auto parts and accessories; relatively low implementation or administrative costs because sales tax mechanism is already in place; rate remains constant, resulting in no additional tax burden for motorists • Disadvantages: Weaker relationship to use of the transportation system because insensitive to miles traveled and associated impact to roadways; possible opposition to transferring revenues from General Fund to transportation purposes; sales tax is a regressive tax

Non-user-fee options	
	<p>Statewide real property tax</p> <ul style="list-style-type: none"> • Description: Assess a statewide property tax on real property. In North Carolina, property taxes are currently levied at the local level only. • Advantages: Substantial revenue yield with small rate change; stable and predictable revenue source; somewhat responsive to inflation because revenues rise with assessed value of real property; revenue source acknowledges overall economic and other benefits of transportation investments for property owners; less regressive than many other options because tax only affects property owners, with rates that reflect assessed property value • Disadvantages: No direct relationship to actual use of the transportation system or associated impacts; some additional implementation and administrative costs for a new statewide tax; likely public opposition
	<p>Hotel / occupancy tax</p> <ul style="list-style-type: none"> • Description: Assess a statewide, percentage-based occupancy tax on temporary lodging including hotels, motels, and other short-term rental options such as Airbnb. In North Carolina, local occupancy taxes are currently levied at the local level only, including taxes that are assessed by 83 of the state’s 100 counties and some cities. • Advantages: Revenue source acknowledges overall economic and other benefits of transportation investments for providers of temporary lodging; stable and predictable revenue source, especially by including growing markets such as Airbnb; responsive to inflation because revenues rise with prices of relevant services; paid by both in-state and out-of-state residents, especially out-of-state travelers • Disadvantages: No direct relationship to actual use of the transportation system or associated impacts; some additional implementation and administrative costs for a new statewide tax; likely opposition from tourism community <ul style="list-style-type: none"> ○ If passed on to customers: Would create additional burden for people who rely on low-cost accommodations as a semi-permanent housing solution

	<p>Dedicated general sales tax</p> <ul style="list-style-type: none"> • Description: Assess an additional surcharge on top of the existing statewide sales and use tax, with all revenues dedicated to transportation purposes. • Advantages: Substantial revenue yield with small rate change; stable and predictable revenue source; responsive to inflation because revenues rise with prices of goods and services; revenue source acknowledges the overall economic and other benefits of transportation investments, especially in getting goods to market; relatively low implementation and administrative costs because sales tax mechanism is already in place; paid by both in-state and out-of-state residents who purchase goods in state • Disadvantages: No direct relationship to actual use of the transportation system or associated impacts, except for any sales taxes collected on transportation-related services; possible opposition to using sales tax revenues for transportation purposes rather than General Fund; sales tax is a regressive tax
	<p>Dedication of sales tax collected on remote sales</p> <ul style="list-style-type: none"> • Description: Dedicate to transportation purposes the portion of the existing sales and use tax that is collected from remote sales. Most remote sales are online, but also included are sales made by catalog, mail order, call center, or television shopping channel retail companies (N.C. Gen. Stat. §105-164.3 and §105-164.8). • Advantages: Substantial revenue yield; revenue source acknowledges increased use of transportation system due to delivery of remotely purchased goods; relatively low implementation or administrative costs because sales tax mechanism is already in place; rate remains constant, resulting in no additional tax burden for purchasers; see <i>Dedicated general sales tax</i>, above • Disadvantages: see <i>Dedicated general sales tax</i>, above
	<p>Dedicated tax on electricity</p> <ul style="list-style-type: none"> • Description: Assess an additional surcharge on top of the existing statewide sales and use tax on electricity, with all revenues dedicated to transportation purposes. • Advantages: Substantial revenue yield with small rate change; stable and predictable revenue source; responsive to inflation because revenues rise with price of electricity; revenue source acknowledges the overall economic and other benefits of transportation investments for all state residents; captures revenues from electric vehicles that pay no motor fuel tax, among other uses of electricity; relatively low implementation and administrative costs because tax mechanism is already in place • Disadvantages: No direct relationship to actual use of the transportation system or associated impacts; possible opposition to using sales tax revenues for transportation purposes rather than General Fund; sales tax is a regressive tax, especially when assessed on a critical service such as electricity

	<p>General Fund appropriations</p> <ul style="list-style-type: none"> • Description: Appropriations from the General Fund to transportation purposes. Appropriations could be structured as one-time, multi-year, or recurring allocations. If recurring allocations, the amount could be indexed to changes in population or inflation. North Carolina’s General Fund is currently supported by various regressive and non-regressive revenue sources including individual income tax (53%), state sales tax (31%), corporate income and franchise taxes (6.4%), excise taxes on alcohol and tobacco products (2.7%), insurance premium tax (2.1%), and non-tax revenues (4%) (OSBM, 2017). • Advantages: Revenue source acknowledges overall economic and other benefits of transportation investments for all state residents; specific advantages would depend on the ultimate source of the funds and how the allocation was structured (for example, many other countries rely on general revenues for transportation funding, with mechanisms in place to ensure stable, predictable funding levels) • Disadvantages: No direct relationship to actual use of the transportation system; possible opposition to transferring revenues from General Fund to transportation purposes; revenue transfers could be reduced during economic downturns; specific disadvantages would depend on the ultimate source of the funds and how the allocation was structured (for example, relying on discretionary appropriations through the state budgetary process could result in competition with other funding priorities)
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