Commission Findings

Co-Chairs:
Nancy McFarlane, Former Mayor of Raleigh
Ward Nye, President and CEO of Martin Marietta
Agenda

• Principles
• Investment Recommendation
• Areas of Concern
• Investment Benefits
• 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

<table>
<thead>
<tr>
<th></th>
<th>Ten-Year Investment Needs in Billions (Inflation Adjusted)</th>
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<tr>
<td></td>
<td>ITRE</td>
<td>NC FIRST</td>
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<tr>
<td>Grade A</td>
<td>$32.0 ($42.9)</td>
<td>$41.5 ($52.7)</td>
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Investment Recommendation

To achieve a “good” infrastructure rating, increase the level of investment by at least $20 billion over the next 10 years.
Areas of Concern
Motor Fuels Tax Base is Eroding

Lost Gasoline Tax Buying Power, 1956–2017
Construction Costs are Rising

National Highway Construction Cost Index

[Graph showing the trend of construction costs from 2003 Q1 to 2019 Q3. The index is normalized to 2003 Q1 = 1, with a general upward trend over time.]
Future Federal Revenues at Risk

Highway Trust Fund Balance - FY 2020
(billions of dollars)

Source: FHWA
Investment Benefits
Adapt to Changing Demographics

North Carolina Population and Percentage of People Aged 65 and Older, 2010 – 2039

[Bar chart showing the population and percentage of people aged 65 and older from 2010 to 2039.]
Improve Pavement Condition

Secondary Network Condition

[Graph showing pavement condition over years with categories: % Good, % Fair, % Poor, % Good Target, % Poor Max Threshold]
Relieve Congestion

Annual Hours Delay per Auto Commuter
## Improve System Resiliency

### NCDOT Spend on Declared and Non-Declared Disasters, FY 2009 to FY 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Declared FHWA and FEMA Disasters</th>
<th>Non-declared Disasters (inc. snow/ice)</th>
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<tbody>
<tr>
<td>2009</td>
<td>32</td>
<td>1</td>
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<tr>
<td>2010</td>
<td>47</td>
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<tr>
<td>2019</td>
<td>203</td>
<td>94</td>
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</table>

Forecasted allocation with a +25% p.a. increase.
Prepare for New Technologies
Integrate Electric Vehicles

North Carolina Electric Vehicle Forecast

Source(s); Data received from NCDOT; https://www.afdc.energy.gov/avi-pro-lite; KPMG Analysis
Manage E-Commerce Deliveries

E-Commerce Sales as Percentage of U.S. Retail Sales
Grow the Economy

Transportation investments spur economic growth.

Transportation construction supports over 110,000 jobs in North Carolina

Options for Consideration: Immediate Impact
Highway Use Tax and Alternative Highway Use Tax

- Increase the HUT by 2 percentage points

- Eliminate the net-of-trade exemption

- Transfer proceeds from short-term vehicle rentals, vehicle subscription services, and car sharing from the General Fund to NCDOT
State Sales Tax (Part 1)

- Increase the state Sales Tax rate and reduce the Motor Fuels Tax rate
State Sales Tax (Part 2)

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

- Tax Transportation Network Companies (TNCs)
DMV Fees (Part 1)

- Increase the Electric Vehicle (EV) Fee and enact a Hybrid Vehicle Fee
DMV Fees (Part 2)

- Amend DMV registration fees for heavy vehicles
- Adjust inflationary factor
Authorize a Road Impact Fee for E-Commerce Deliveries
Options for Consideration: Long-term Modernization
Mileage-Based User Fee

- Authorize a pilot Mileage-Based User Fee program for electric and plug-in hybrid vehicles and for Transportation Network Companies

- Adopt a permanent fee to fully replace the Motor Fuels Tax by 2030
Highway Tolling

- Increase highway tolling by raising or removing the statutory cap on toll projects
- Pursue projects that may relieve freight congestion and high-cost road and bridge projects
Public Private Partnerships/Chief Innovation Officer

- Increase the use of public-private partnerships by removing the statutory cap on partnership projects

- Conduct a holistic evaluation of state-owned infrastructure for monetization potential

- Establish the position of and appoint a Chief Innovation Officer within NCDOT
State Infrastructure Bank/Value Capture

- Re-authorize and recapitalize the state-funded State Infrastructure Bank

- 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
• Invest in broadband expansion

• Integrate broadband installation into highway projects, especially in rural areas

• Explore public-private partnerships
Increase Debt Capacity

- Raise NCDOT’s allowable debt-to-revenue ratio
Questions and Comments

Public comments can be submitted to:

www.ncdot.gov/ncfirst

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