



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

	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)

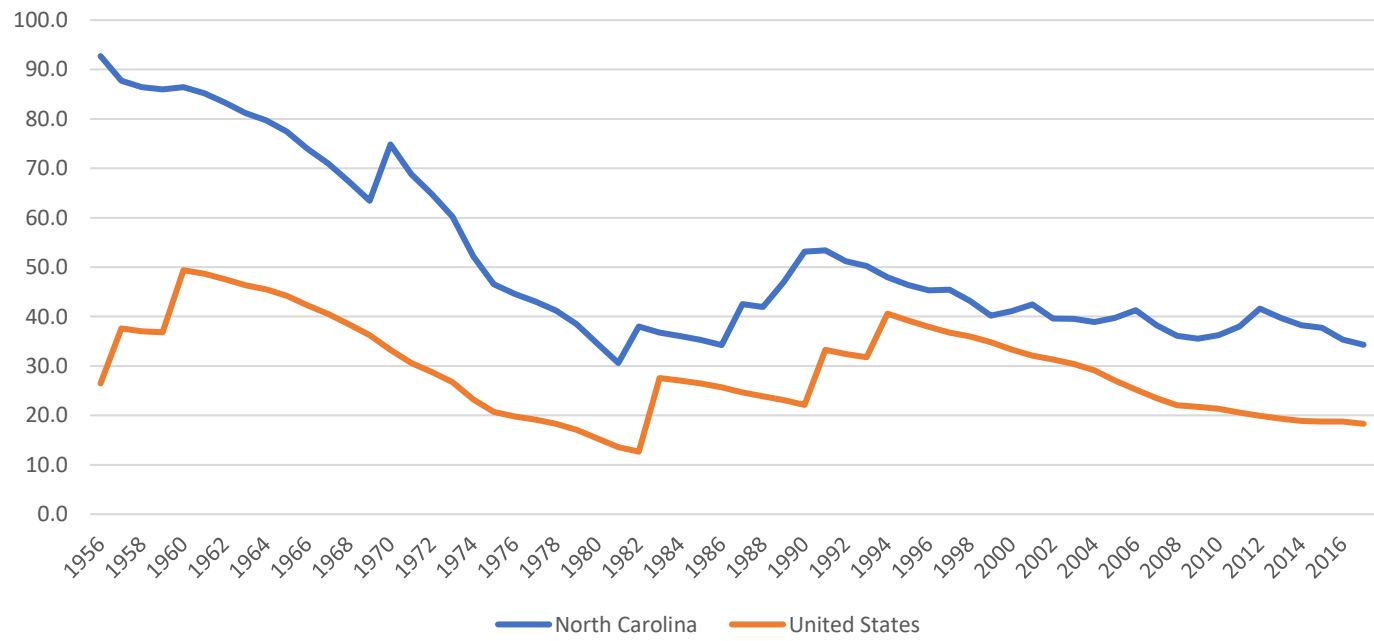
Investment Recommendation

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

Areas of Concern

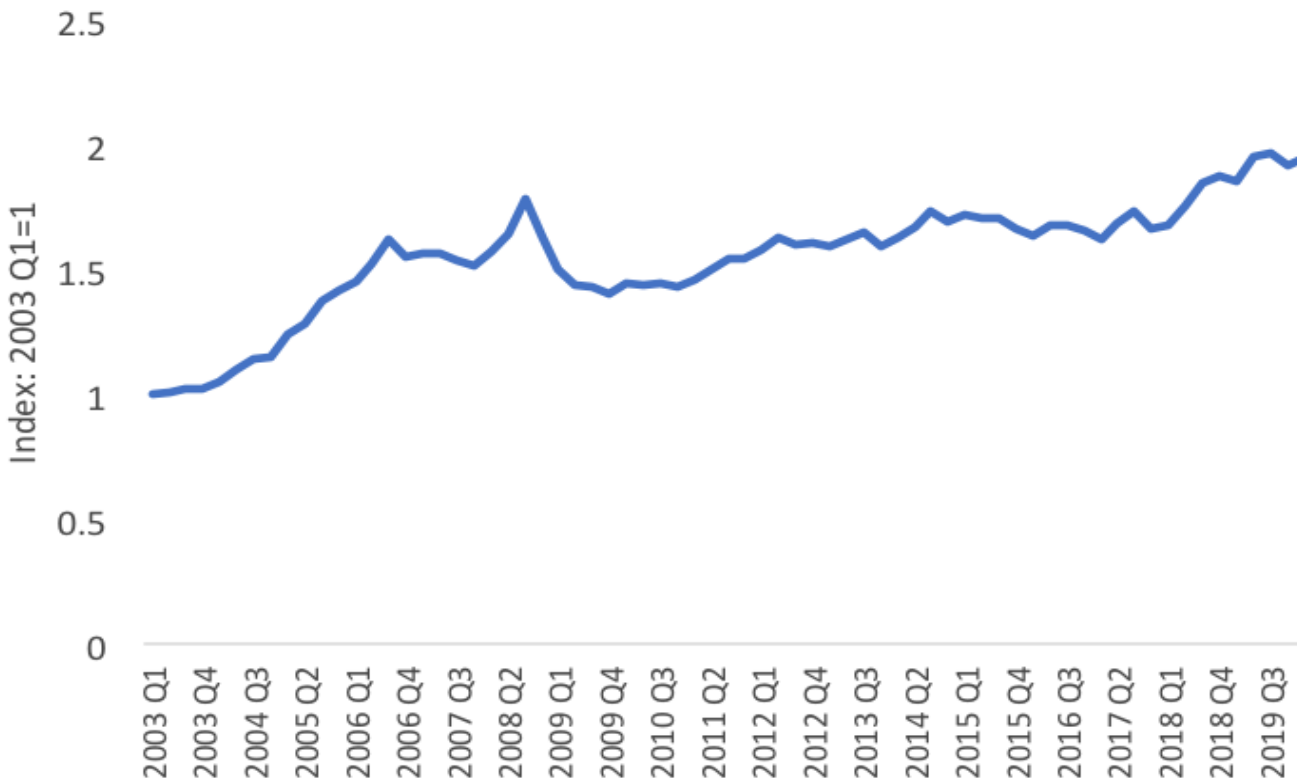
Motor Fuels Tax Base is Eroding

Lost Gasoline Tax Buying Power, 1956–2017

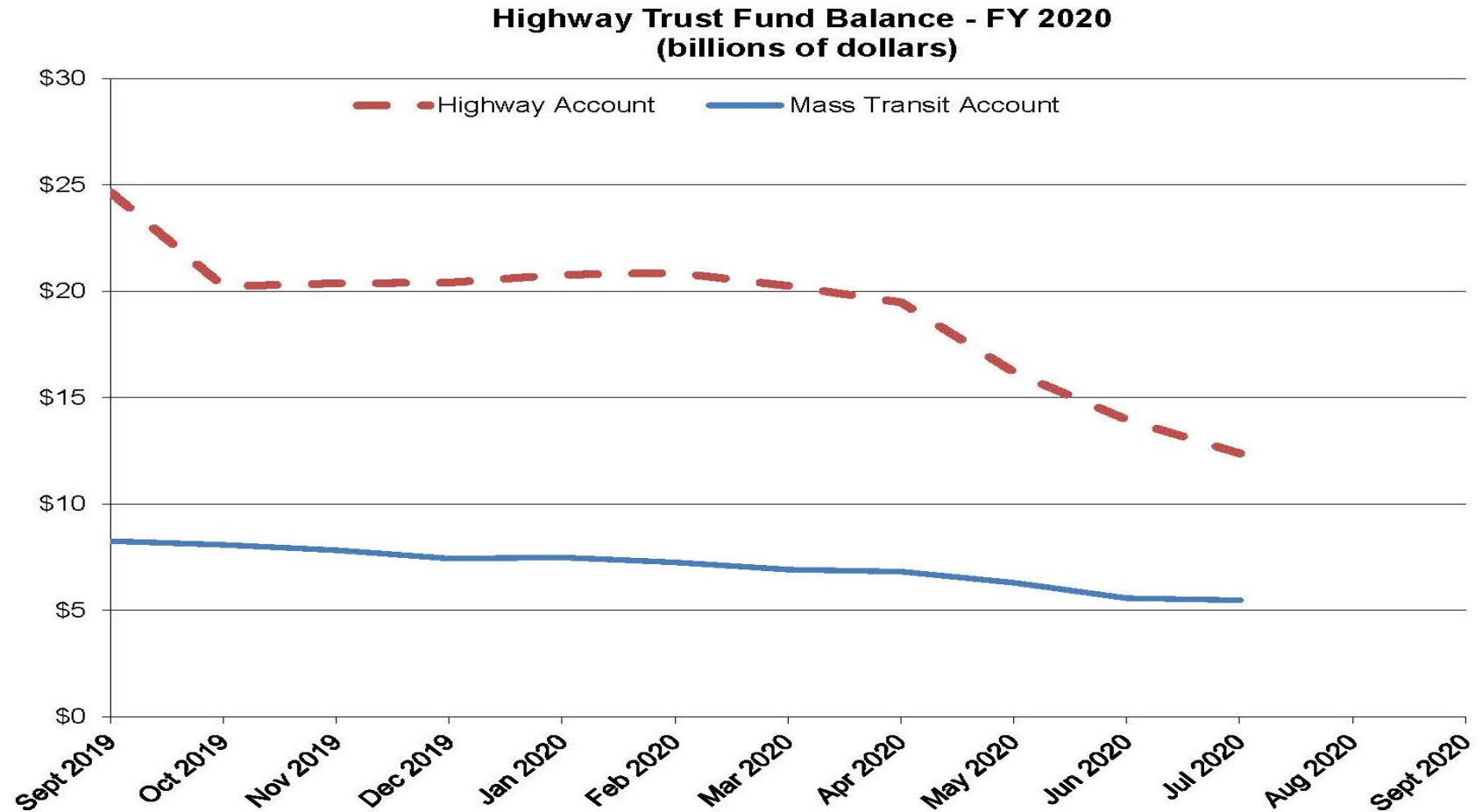


Construction Costs are Rising

National Highway Construction Cost Index



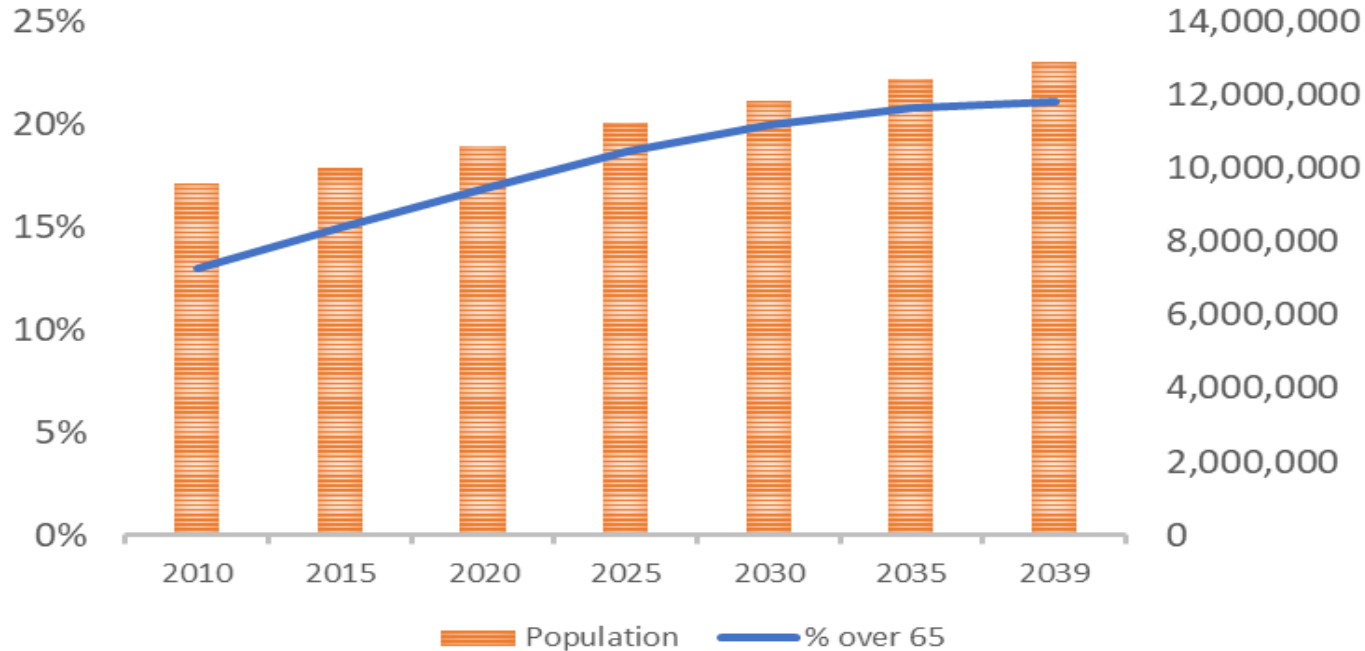
Future Federal Revenues at Risk



Investment Benefits

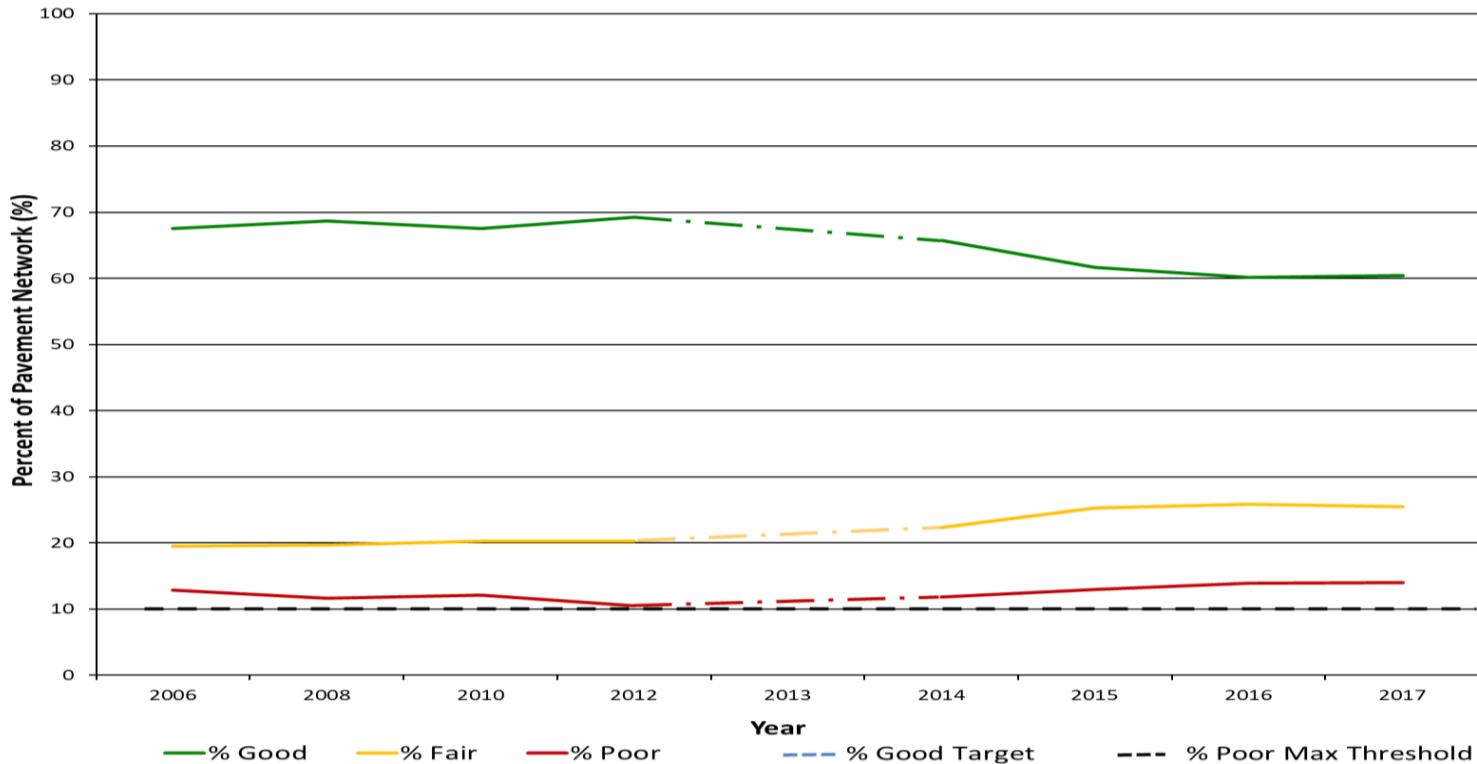
Adapt to Changing Demographics

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



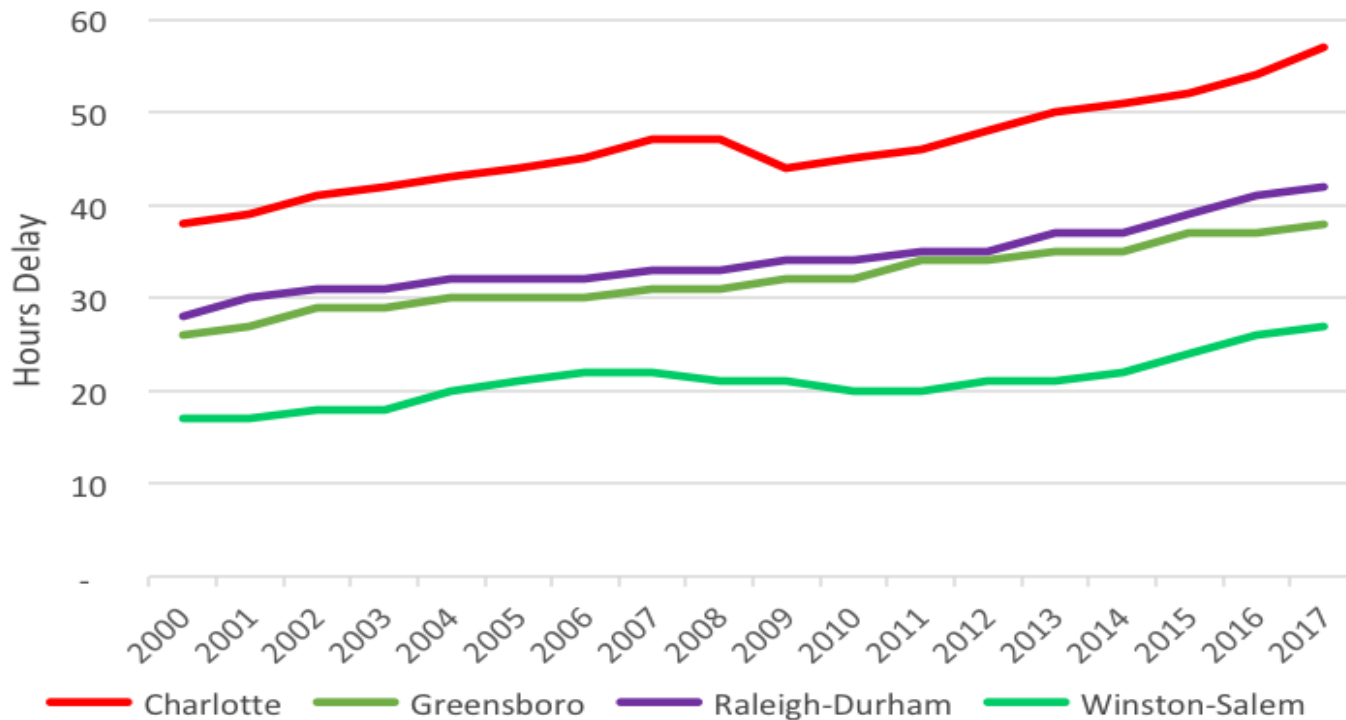
Improve Pavement Condition

Secondary Network Condition



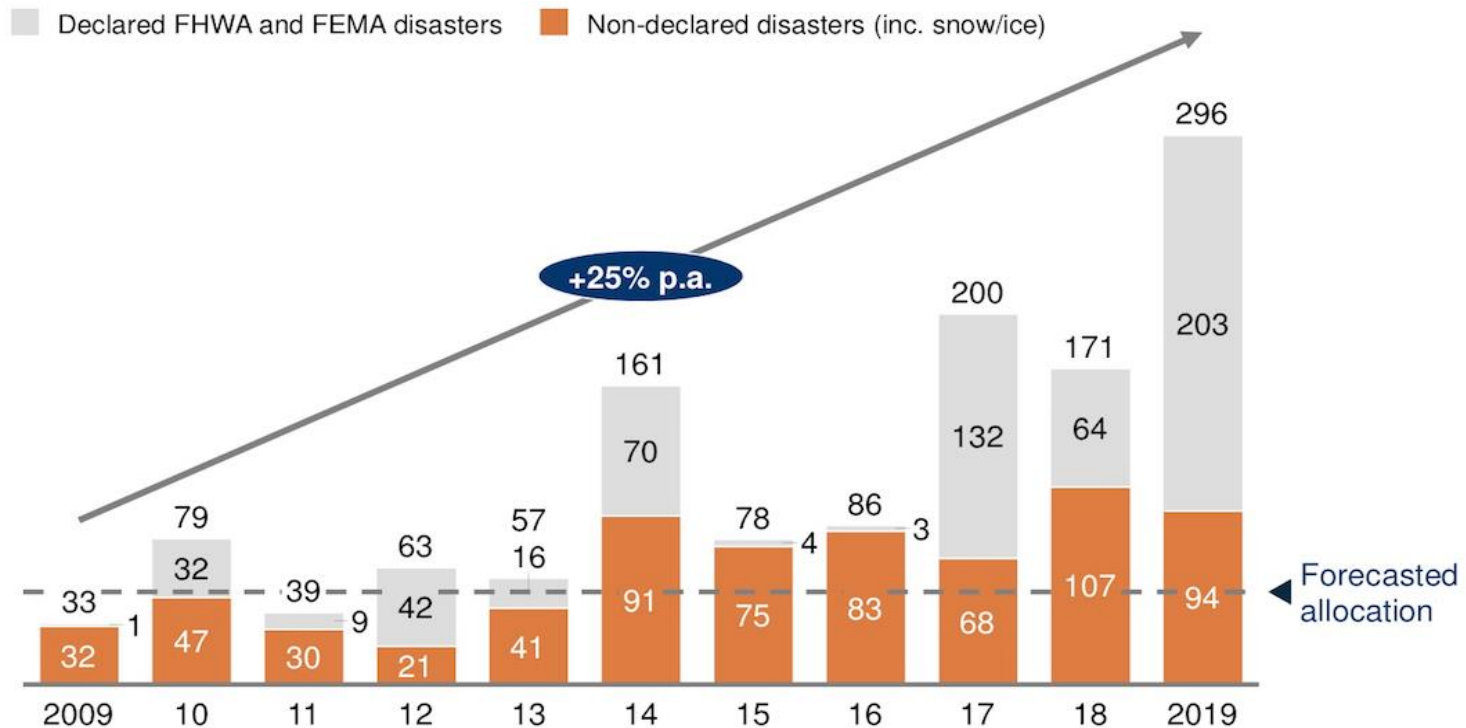
Relieve Congestion

Annual Hours Delay per Auto Commuter

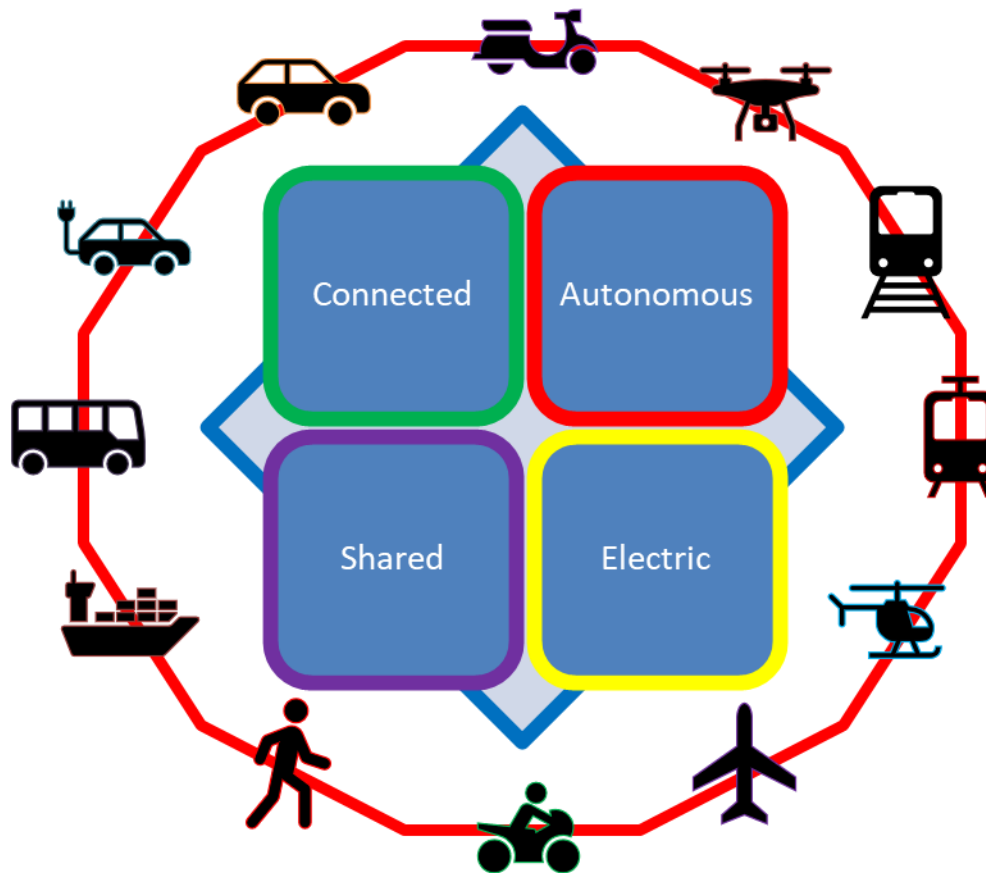


Improve System Resiliency

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

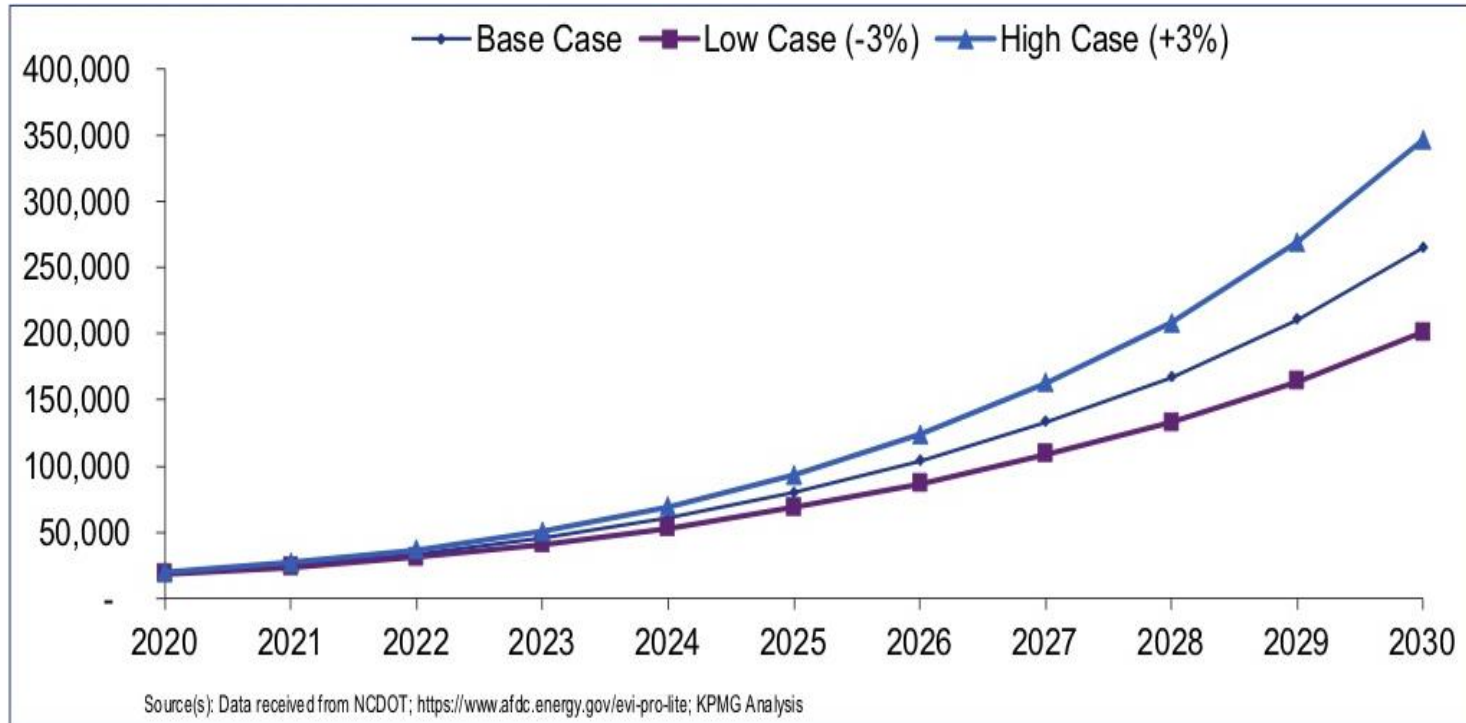


Prepare for New Technologies



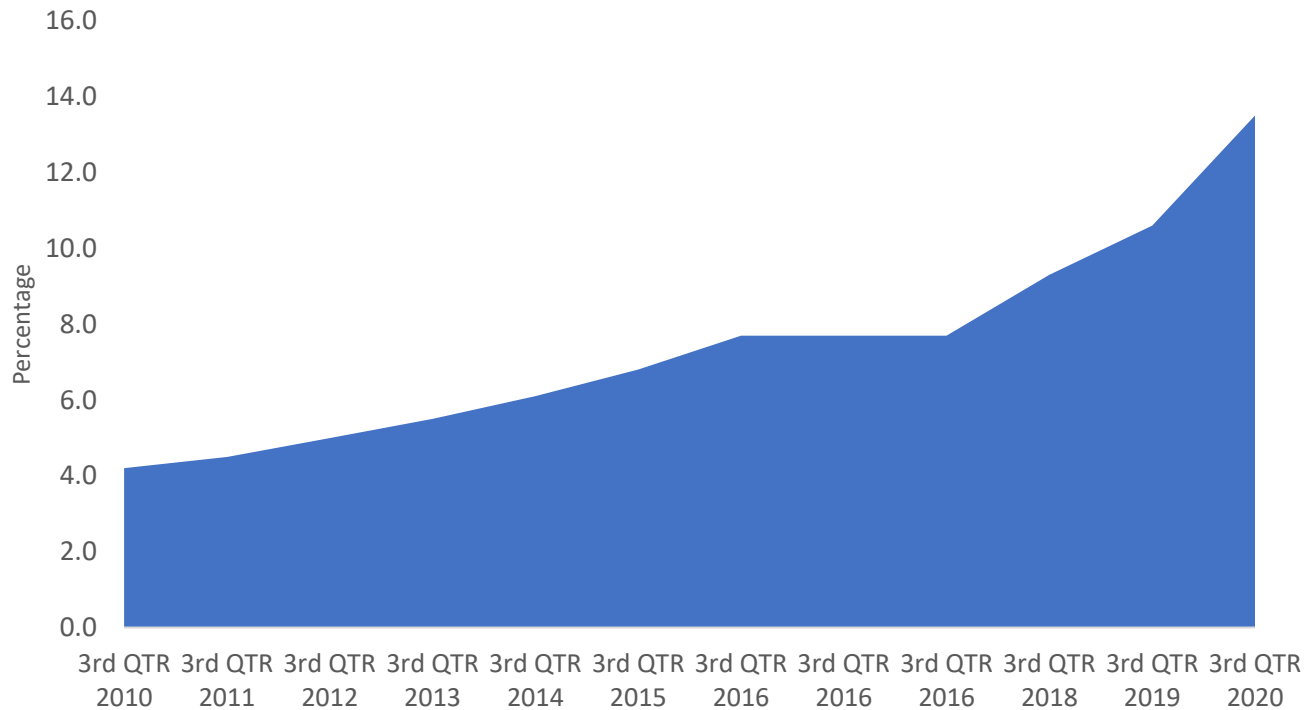
Integrate Electric Vehicles

North Carolina Electric Vehicle Forecast



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



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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

Expand Broadband

- 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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