

The Chamber of Catawba County

2023 Legislative Breakfast

Tony Lathrop
Finance Committee Chair,
NC Board of Transportation

January 27, 2023



North Carolina Board of Transportation



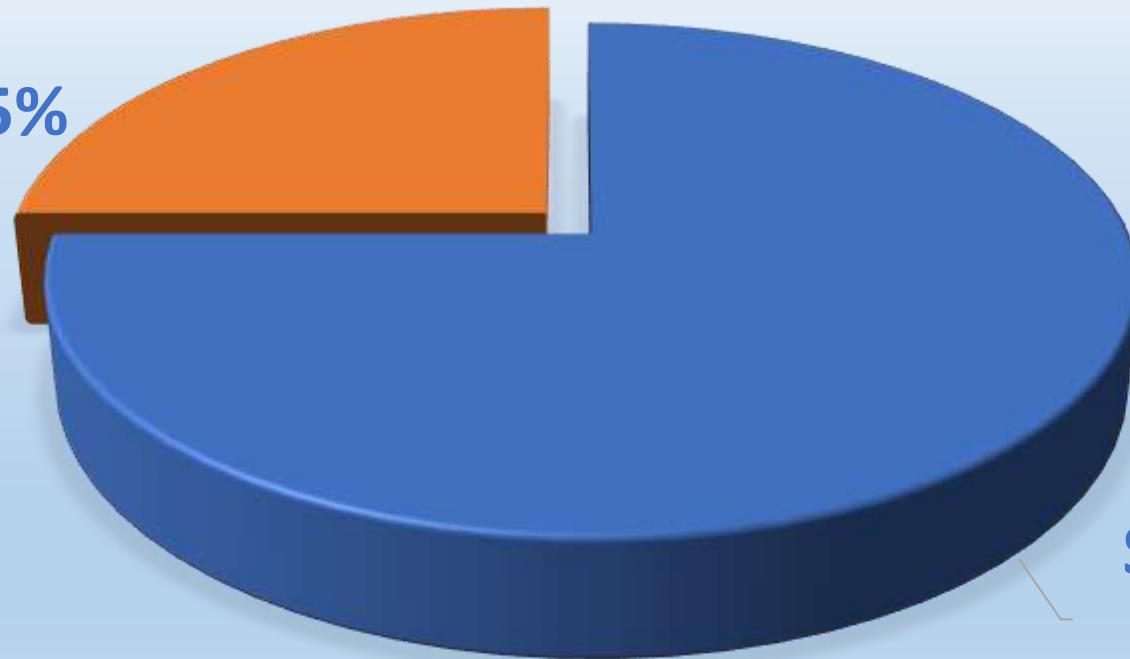
- Member, At-Large & Division 10, 2017-present
- Chair, Finance Committee (formerly the Funding & Appropriation Strategies (FAST) Committee), 2017-present
- Advisory Member, NCDOT NC FIRST (Future Investment Resources for Sustainable Transportation) Commission, 2019 - 2021



North Carolina Transportation Funding Sources

NCDOT ANNUAL OPERATING BUDGET ~\$5 BILLION

**Federal
Revenues, ~25%**



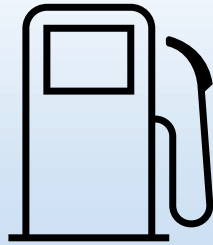
**State Revenues,
~75%**



Breakdown of NC Transportation Funding Sources

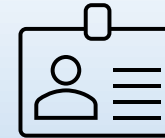


**Majority From
Motor Fuel Tax**

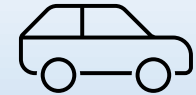


40.5¢ per gallon for 2023

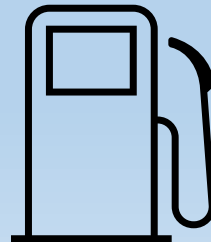
DMV Fees



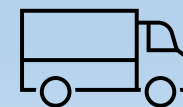
**Highway Use Tax on
Vehicle Title Transfers**



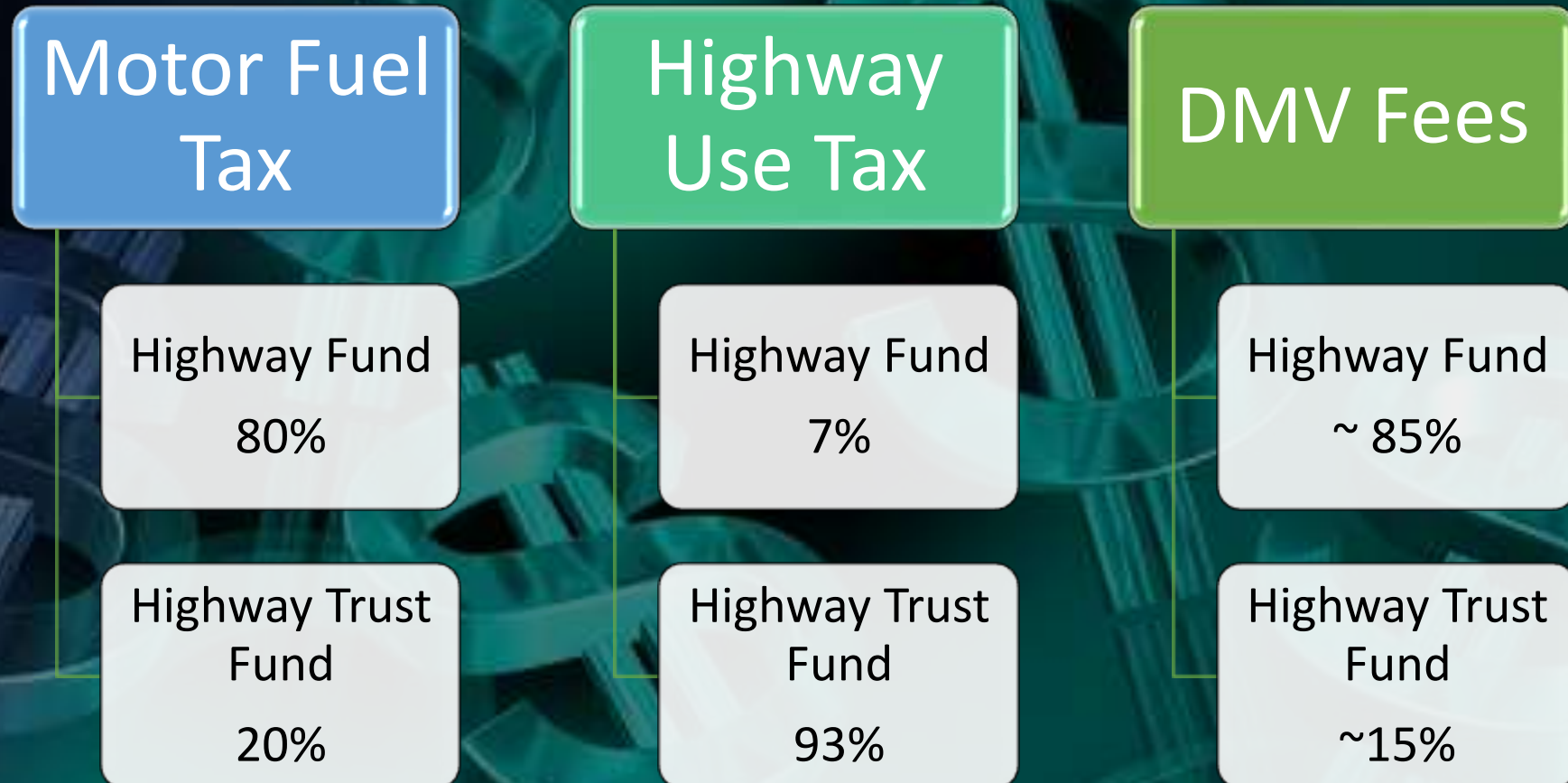
**Majority From Federal
Motor Fuel Tax**



**Vehicle Fees
(Primarily Trucks)**



Allocation of NC Transportation Funding From State Sources



Highway Fund

- Existing Transportation System: Resurfacing Highways, Replacing Bridges, Paving Unpaved Secondary Roads
- Distributed Based on Need
- Powell Bill Program: Aid to Municipalities for Pedestrian, Bicycle and Road Improvements

Strategic Transportation Investments


- Primarily new construction and expansion projects across all modes of transportation.
- Funding allocated on local, regional and statewide levels based on data and input from local planning organizations and NCDOT divisions.

Revenue Shortfall

NC has Second
Largest State
Maintained
Highway Network
in the U.S.

(More than CA, FL, NY)

Needs \geq Resources

The background image shows a road construction scene. In the foreground on the left, a traffic cone with orange and white stripes is partially visible. In the middle ground, a yellow construction machine, possibly a paver or grader, is working on a road. The background is blurred, showing trees and a clear sky.

C-Level Condition of Roads

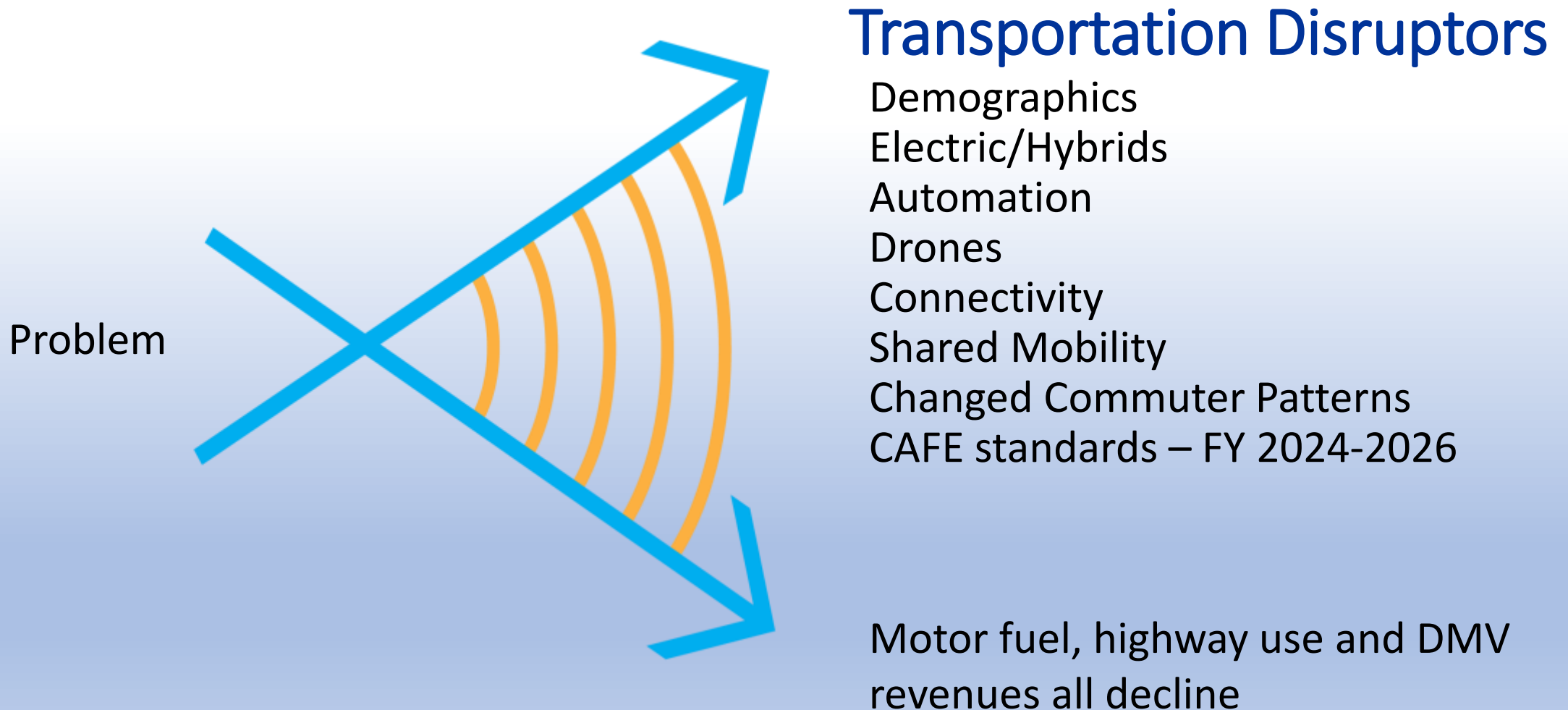
Cost Escalation



Unmet Capital Needs



Revenue Stream Under Pressure



North Carolina Population Projected to Reach 13.8 Million by 2050

State Demographer Projects
Increase of 3.4 million
people over the next 30
years.

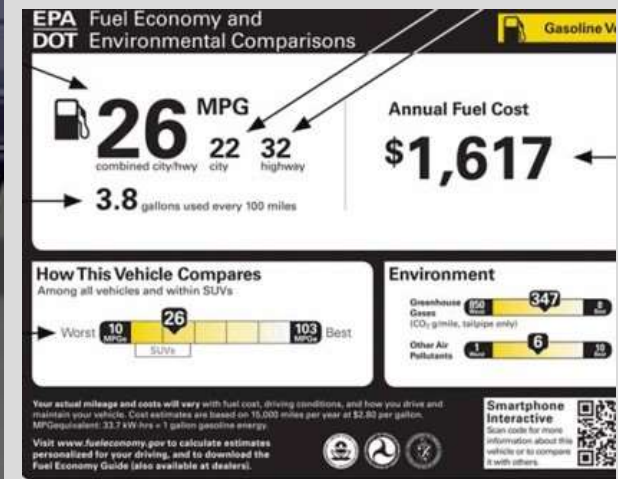
32% increase over ~10.4
million living in North
Carolina as of July 1, 2020.



Increasing Fuel Efficiency, Shift to Electric Vehicles & Other Technological Disruptors

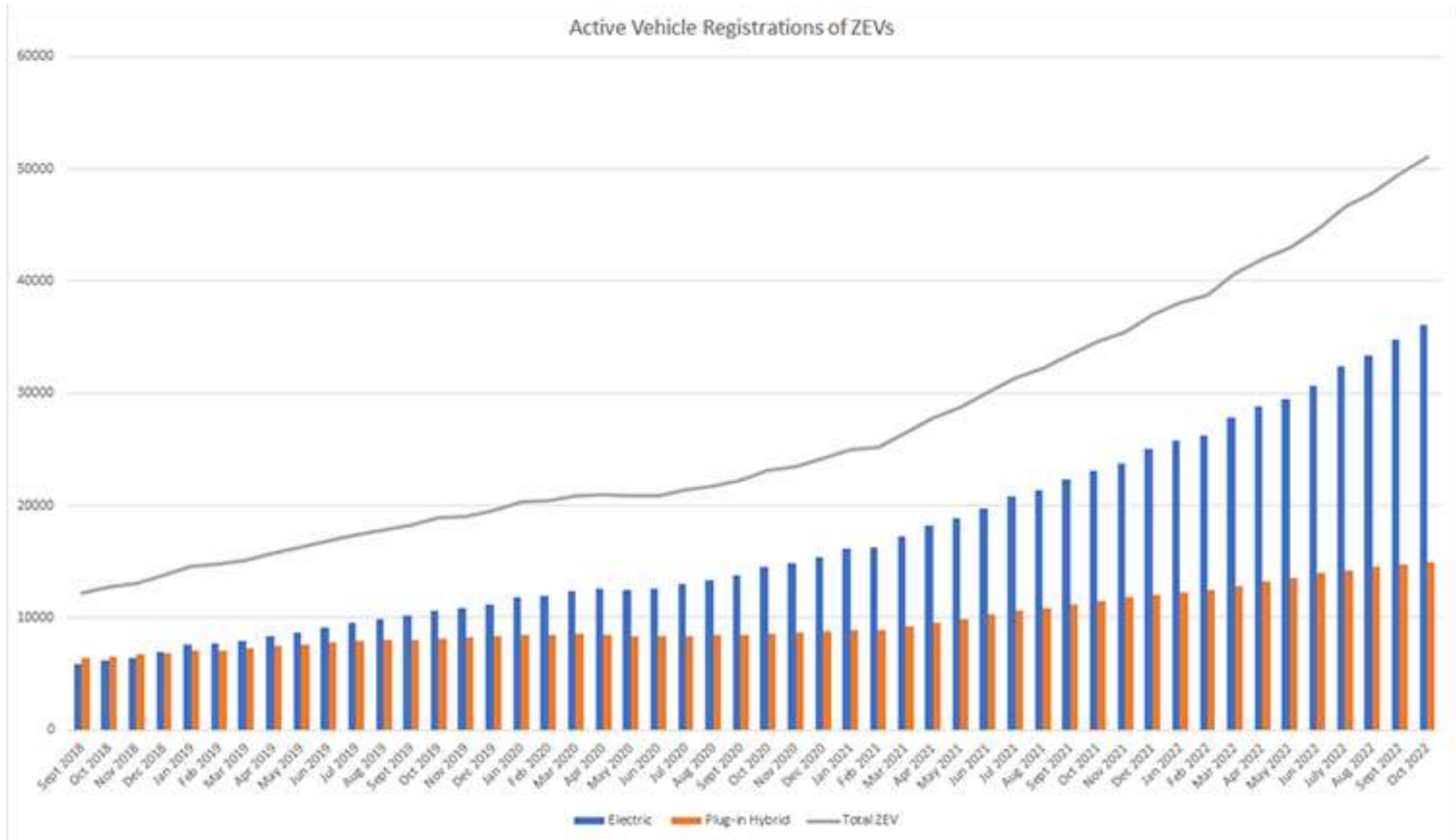
- Jan. 2022 – Gov. Cooper Executive Order No. 246 set goal of $\geq 1,250,000$ registered zero emission vehicles (ZEV) by 2030

- April 2022 – USDOT New CAFE Standards for Model Years 2024-2026 → fleet average of 49 mpg by 2026



NC Zero Emission Vehicle (ZEV) Registrations

<https://www.ncdot.gov/initiatives-policies/environmental/climate-change/Pages/zev-registration-data.aspx>





Changes in Commuter Patterns & Mobility Preferences



Shared Mobility

20th Century Model:

One vehicle for all trip types.



Single car ownership.

Transportation is an asset.

VS.

21st Century Model:

Seamless Mobility. Multiple travel options used separately and in coordination.



Public transit



Car share
TNC's



Scooter share



Bike share



Shuttle services



Ride share

Universal broadband.

Limited ownership.

No sunk costs. No depreciation.

Pay by mile driven.

Transportation as a service (TaaS)



NC Commitments to Increase Transportation Funds

State Budget Signed by Gov. Cooper July 11, 2022

Auto-Related (*e.g.*, tires, auto supplies, auto repair shops, etc.) Sales Tax Revenue to be Allocated to Highway Fund and Highway Trust Fund:

- 2% in 2022-2023, \$193 million
- 4% in 2023-2024,
- 6% by 2024-2025 and thereafter, ~\$600 million





Federal Bipartisan Infrastructure Investment & Jobs Act (IIJA) Funding to NC

E.g., October 2022 USDOT Awarded \$1.4 Billion Grant to NC for Bridges and Highways:

- National Highway Performance Program: \$772.6 million
- Surface Transportation Block Grant Program: \$375.8 million
- Highway Safety Improvement Program: \$80.5 million
- Railway-Highway Crossings Program: \$7 million
- Congestion Mitigation and Air Quality Improvement: \$56.9 million
- Metropolitan Planning: \$7.8 million
- National Highway Freight Program: \$36.9 million
- Carbon Reduction Program: \$33.5 million
- PROTECT Formula Program: \$38.1 million

Inflation Dampening Impact of IIJA

“High costs for materials, fuel and labor mean jurisdictions aren’t getting as much of a budget bump as they’d hoped from the federal legislation.”

“...by 2024 we will have seen three years of dramatic price escalation and if projects — and compounding effect — are true, we will see material prices approximately 25% to 28% higher than they would have been by equivalence in 2020.”

- Source: Julie Strupp, *Inflation could sap infrastructure act’s buying power this year*, CONSTRUCTION DIVE, Jan. 3, 2023, <https://www.constructiondive.com/news/inflation-saps-infrastructure-act-iija-buying-power/639518/>



NCDOT Focus on Financial Management & Efficiency

- Forecasting Abilities
- Cost Estimating Abilities
- Built-in Robust Inflation Component
- Board of Transportation's Oversight

A map of the Charlotte region in North Carolina, showing county boundaries and major cities. The map includes counties such as McDowell, Burke, Iredell, Davidson, Randolph, Polk, Rutherford, Lincoln, Cabarrus, Stanly, Montgomery, Moore, Chester, Lancaster, Chesterfield, Marlboro, and Kershaw. Major cities like Asheville, Marion, Morganton, Hickory, Newton, Statesville, Mocksville, Thomasville, Lexington, Salisbury, Mooresville, Kannapolis, Concord, Albemarle, Troy, Carthage, Columbus, Rutherfordton, Shelby, Gaffney, Greenville, Union, Chester, Lancaster, Chesterfield, Rockingham, and Camden are marked with red dots. A legend in the bottom left corner indicates that red dots represent major cities.

The Charlotte Region as a Global Transportation, Trade and Logistics Hub: A Call for Coordinated Regional Planning

Unleash the Potential

International Logistics Hub
Transportation
Shipping

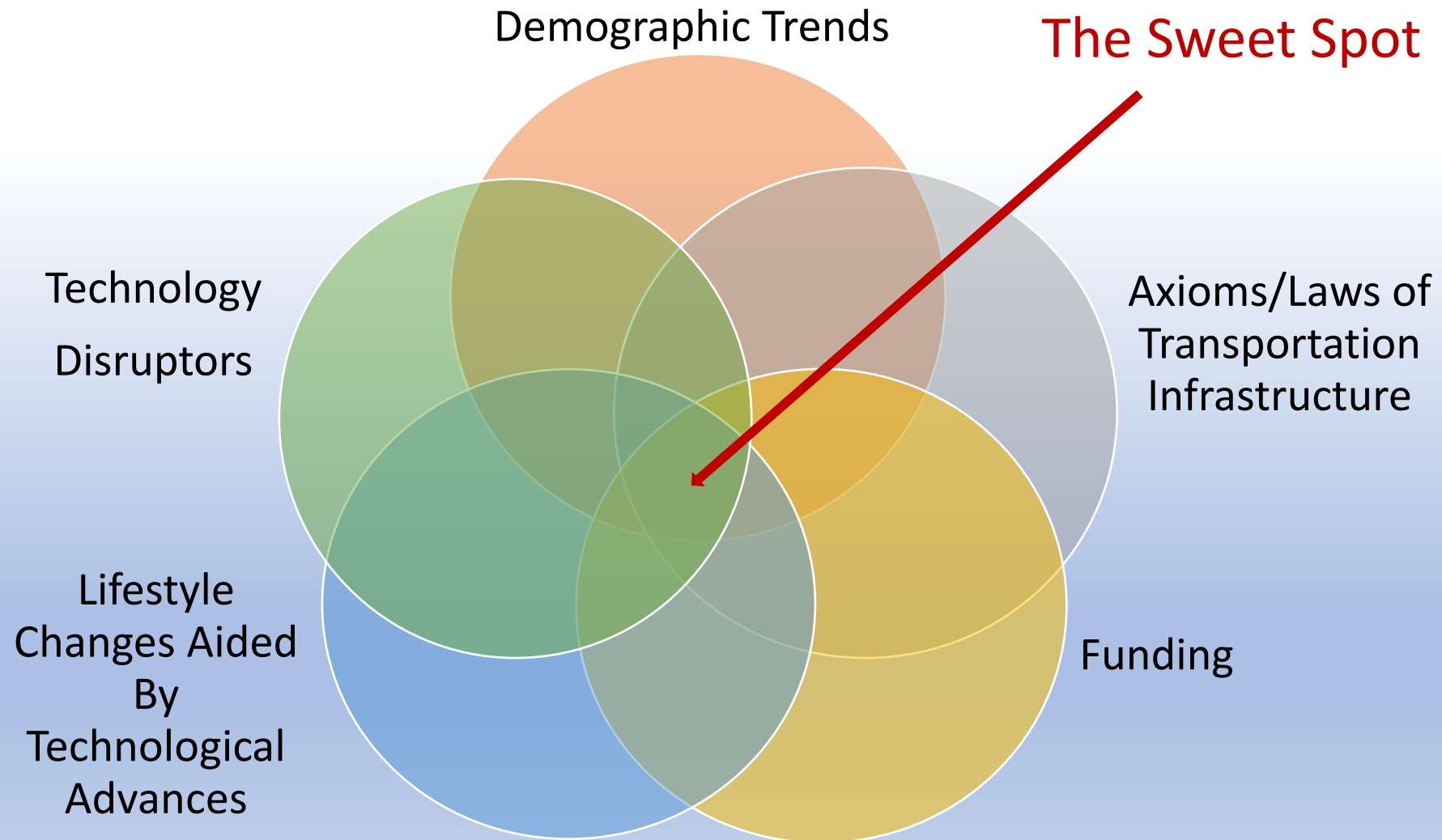




Robust Transportation
Infrastructure =
Vibrant Economy



Key Forces Impacting Transportation Planning & Driving the Need for Regional Collaboration





Regional Planning
is Key



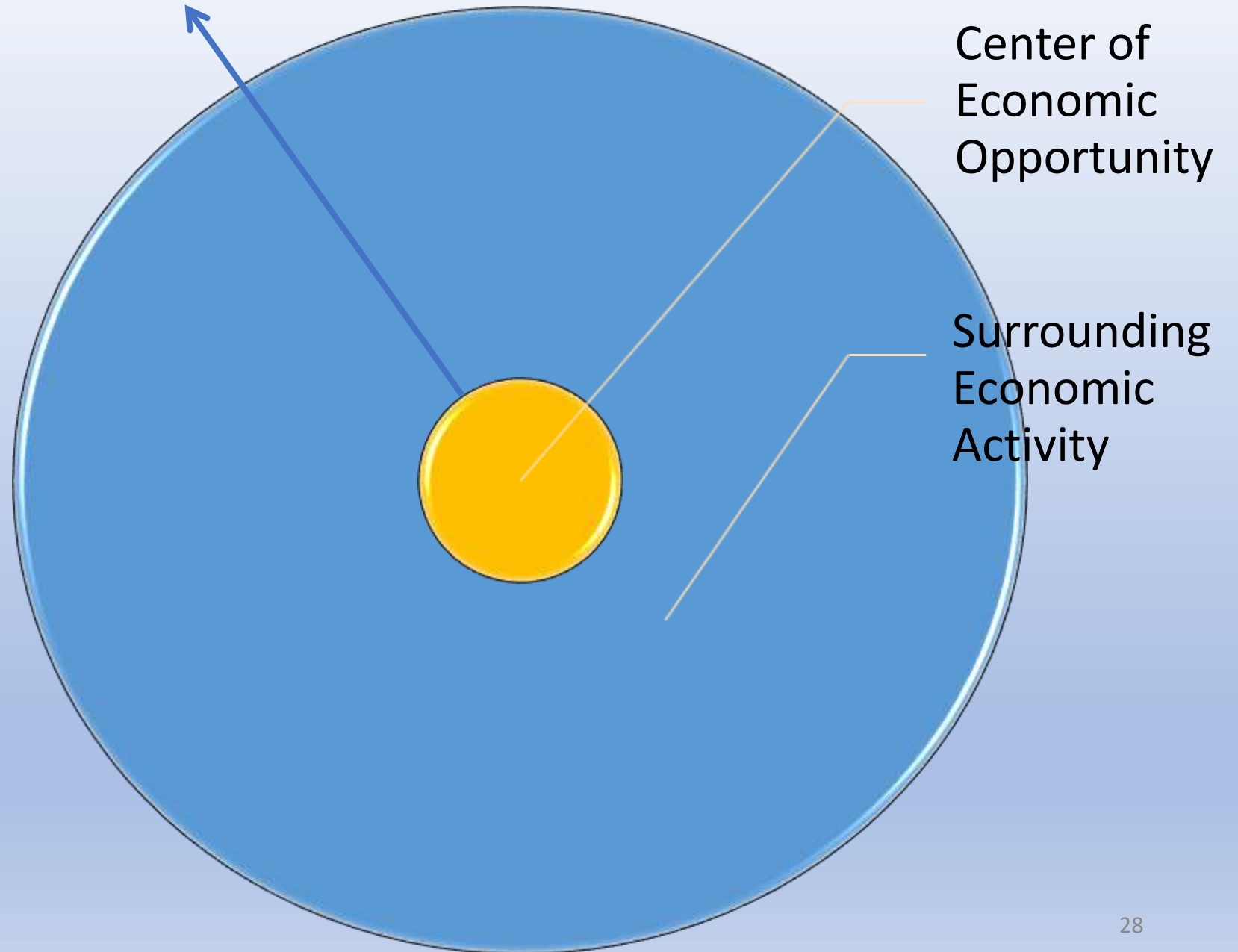
Infrastructure →
Regional Benefits



The Economic Impact of Transportation Infrastructure

Fostering Economic Opportunity & Economic Development

Economic Corridors



Regional Collaboration: The Objective



Educate about
Transportation
Needs



Build
Relationships



Planning



Advocacy



Financing



Ongoing
Efforts



Creative Financing



Options for Consideration: Immediate Impact



- Highway Use Tax and Alternative Highway Use Tax
- State Sales Tax (2-Part Plan)
- DMV Fees (2-Part Plan)
- Authorize a Road Impact Fee for E-Commerce Deliveries

- Source: NC FIRST Commission, *Commission Findings*, January 8, 2021
<https://www.ncdot.gov/about-us/how-we-operate/finance-budget/nc-first/Documents/2021-01-08-key-findings.pdf>



Options for Consideration: Long-term Modernization

- Mileage-Based User Fee
 - Highway Tolling
 - Public Private Partnerships/
Chief Innovation Officer
 - State Infrastructure Bank/
Value Capture
- Source: NC FIRST Commission, *Commission Findings*, January 8, 2021
<https://www.ncdot.gov/about-us/how-we-operate/finance-budget/nc-first/Documents/2021-01-08-key-findings.pdf>

Options for Consideration: Local Government



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

- Source: NC FIRST Commission,
Commission Findings, January 8, 2021
<https://www.ncdot.gov/about-us/how-we-operate/finance-budget/nc-first/Documents/2021-01-08-key-findings.pdf>



Options for Consideration: Other

- Expand Broadband
 - Increase Debt Capacity
- Source: NC FIRST Commission, *Commission Findings*, January 8, 2021
<https://www.ncdot.gov/about-us/how-we-operate/finance-budget/nc-first/Documents/2021-01-08-key-findings.pdf>

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NC Board of Transportation



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