



For Immediate Release

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Statement by NC Go! Chair Marc Finlayson (NC Highway 17 Association) on Senate Gas Tax Proposal

Today we commend the NC Senate and its leadership for swift action to address the anticipated drop in transportation revenue this summer. Their proposal to lower the state's current motor fuels tax (gas tax) to 35 cents will preserve \$175-275 million in vital transportation funding. And, by placing a floor on the tax, they provide much-needed stability to revenue facing uncertainty due to increasing vehicle fuel efficiency.

Under the current law, the gas tax is adjusted semiannually and is the combination of 17.5 cents plus either 7 percent of the average wholesale price or 3.5 cents – whichever is greater. Due to lower-than-normal gas prices in the second half of 2014, it's projected that, under the current model, the tax would drop by 6-8 cents, resulting in a \$300-\$400 million drop in revenue.

The proposed Senate plan should be viewed as a win-win for the citizens of North Carolina. Not only will we see cut in the gas tax, but by freezing the tax, we'll gain a measure of revenue stability.

And while we commend the fast action by the legislature, their work is only partly done this session regarding transportation revenue. Because as each year vehicles become more fuel efficient, that means every new model goes a little farther on the same gallon of gas. We consume and use more roads and bridges, yet pay the same to maintain or improve them.

This paradox of fuel efficiency will result in a funding crisis in our state over time, as we continue to depend on a revenue source – the gas tax – that will yield less every year. NCDOT projects that between now and 2040, our state needs an estimated \$114 billion to ensure our transportation system is safe, reduces traffic congestion, and creates economic opportunities rather than gridlock and bottlenecks. Over that same time, our state only anticipates \$54 billion in revenue – **a \$60 billion shortfall.**

There is a common misconception that, because gas is cheaper when we cross our state's border, North Carolinians pay an exorbitant amount of taxes for transportation. In truth, when all the fees and taxes other states utilize (property taxes, local fees, tolls, etc.) are factored, North Carolinians actually pay about \$510/year per capita – compared to the U.S. average of \$657.

In order to avoid unsafe roads and bridges and a reputation as a state that businesses avoid due to congestion, now is the time to act. Now is the time for bold ideas to shore up the ailing gas tax. Plans already exist identifying alternative and new funding sources that, by 2040, could yield more than \$125 billion in new revenue – more than enough to fill the budget gap.

Now is the time to grow North Carolina's economic base, create jobs and invest in the network that moves drivers, goods and services in our state and to points beyond.

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For more on NC Go! and our transportation revenue reform ideas, visit www.ncgo.org