



For Immediate Release

Contact: **Charles Hodges**, NC Go! Executive Director
director@ncgo.org / (919) 609-6772

The Time Has Come for North Carolina to Embrace New Ideas on Transportation and Funding
NC FIRST Commission Report a Blueprint for Transportation Funding Modernization

January 8, 2021 (Raleigh, NC) – After two years of work, the NC FIRST Commission has issued its long-awaited final report on transportation funding reform. That work represents our state’s best menu of options to meet future transportation needs, according to transportation advocacy group NC Go!

“Our state is facing a perfect storm in terms of maintaining and improving our transportation system,” said Marc Finlayson, NC Go chair. “Aging infrastructure, rapid population growth and technology that is leapfrogging our existing transportation system – and the way we fund it – must be addressed, without delay. That’s why the NC FIRST report is so relevant and timely.”

Estimates show North Carolina will see a nearly 25 percent growth in population – from 10.2 million residents in 2020 to 12.7 million by 2040. And according to the NC FIRST Commission report, North Carolina’s vast transportation system is in need of roadway improvements and expansions, bridge repairs and replacements, additional transit options and more if we are to keep pace with anticipated demands. On top of that, the current transportation funding model relies heavily on the motor fuels tax, an outdated system that cannot fund future needs.

With increasing vehicle fuel efficiency, as well as the growing popularity of electric and hybrid vehicles, the state’s motor fuels tax (gas tax) is no longer an accurate measure of road usage. “We cannot stand in the way of progress and simply hope antiquated systems meet the demands of tomorrow,” said Finlayson. “A funding strategy designed for the Model T doesn’t work in a world of Teslas. We are facing a time of rapid change that shapes what transportation we fund – and how.”

As vehicle fuel efficiency improves, drivers in effect pay less per mile in gas tax to maintain our roads – with hybrid users contributing far less than traditional gas vehicles and electric vehicles paying no gas tax at all. A move away from the motor fuels tax, which represents about 60 percent of North Carolina’s transportation funding, could help stem the further decline in transportation revenue. But only if citizens, and elected leaders, acknowledge the need for change.

By 2040, about 58 percent of all new passenger vehicles sold will be electric vehicles, according to Bloomberg and Forbes. In recent polling conducted by NC Go*, fewer than 20 percent of North Carolinians believe even half of new vehicles sold in 2040 would be electric. “We see a disconnect between the coming reality and North Carolinians’ perception of the change in what we will be driving in the future,” said Finlayson. “And that makes it harder to convince people of the pace and impact of change on transportation.”

“The NC FIRST Commission report anticipates not just future needs, but the technology of the future and how it fits into our transportation system,” said Finlayson. “Electric vehicles, expanded mass transit, automated (driver-less) vehicles, expanded ridesharing (Uber/Lyft/etc.), will require ‘smart’ transportation systems that interconnect and share vehicle, roadway and traffic data to provide the safest, most efficient and cost-effective travel for people, good and services.”

However, to plan for and fund the smart transportation systems of the future, both citizens and elected officials must recognize both the scale of change in transportation, and the speed at which that change is coming. When asked whether fully autonomous (driver-less) passenger vehicles are on U.S. roads – not only as tests – only 12 percent of North Carolinians in NC Go polling believed that was already happening.

“Waymo, which is part of the Google family, already has 600 autonomous vehicles carrying people and goods on the streets around Phoenix, Arizona,” added Finlayson. “Those aren’t tests; the Jetsons are already here. And we need to plan accordingly.”

“The NC First Commission report is a great first step,” said Finlayson. “Now we must turn recommendations into policy, and that requires legislative leadership and action. NC Go has been a long-time advocate for many of the components of the report since our start in 2001.”

NC calls for the move to a fair, mileage-based fee to gradually replace the motor fuels tax which is impacted by fuel efficiency. In fact, in recent polling 68 percent of respondents agreed that every car should pay the same to use a mile of road, regardless of its fuel source. “We can debate the mechanics of how a mileage-based fee would be collected later,” added Finlayson. “The time has come to get on board with the concept.”

Other recommendations from the NC FIRST Commission that NC Go has advocated over the years include:

- Give local communities flexibility to raise funds for local transportation projects through local option sales taxes;
- Expand tolling projects where they can provide traffic congestion relief, safety improvements or reduce future transportation costs;
- Raise the Highway Use Tax (tax on vehicle sales) to stay on par with neighboring states;
- In the near term, assess fees on electric and hybrid vehicles for road use to offset lower (or no) motor fuels tax; and,
- Apply the sales tax on transportation-related goods and services to transportation needs, rather than the General Fund.

The work of the NC FIRST Commission is a tremendous step forward,” said Finlayson. “We commend the Commission members and NCDOT leaders for the vision – and look forward to working with transportation partners around the state to make this vision a reality.”

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** Survey of 769 registered North Carolina voters, Jan. 6-7, 2021, Public Policy Polling*