

March 15, 2021

The Honorable [NAME]
Address
Raleigh, NC Zip

Dear [NAME]:

On behalf of the NC Go! board of directors, our members, and our thousands of transportation advocates around the state, we are pleased to share our recommendations for policy options to both help replace declining motor fuels tax revenue and generate new funding to address our growing state's needs.

North Carolina's transportation system plays an immense role in terms of mobility and commerce, as well as the jobs created and supported by transportation investment. Our 80,000 miles of state roads, 18,279 bridges and culverts, and two ports maintained by NCDOT, as well as our 72 public airports, 98 public transit systems, and nearly 3,300 miles of railroad track operated by local and regional partners, result in:

- Nearly 850,000 tons of cargo moved through the state's airports, 58 million tons over rail, and 592 million tons over highways
- Close to 460,000 Amtrak passengers, 62 million flyers, 68 million public transit passengers
- 7.5 million licensed drivers traveled to their destinations on North Carolina's multimodal transportation network

But North Carolina is facing a perfect storm in terms of maintaining and improving our transportation system. 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.

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. According to reports from the NC FIRST Commission, the NC Chamber/TRIP, ITRE and others, our state'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.

- The cost of deficient roads statewide \$10.3 Billion¹
- Driving on rough roads costs North Carolina drivers \$3.8 billion statewide annually, or about \$500 per driver in additional vehicle operating costs¹
- Statewide, nearly 40 percent of North Carolina's major roads are in poor or mediocre condition¹
- Nearly one out of every 10 bridges in NC is in poor condition—a higher percentage than in any comparison state but Illinois and nearly double the national average²
- In our state's largest cities, the cost of congestion to drivers (wasted time and fuel) jumped by \$149 to \$521 and 10 to 19 hours from 2000 to 2017²



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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. A funding strategy designed for the Model T doesn't work in a world of Teslas. Our state is facing a wave of change from technology-related transportation "disruptors," including not just electrification, but automation, drones and ride sharing – all of which will demand we change not only our transportation system and planning, but the means by which we fund that system.

Not only is the scale of change from these disruptors massive, but the pace of that change is more rapid than predicted just a few years ago:

- By 2040, about 58 percent of all new passenger vehicles sold will be electric vehicles, according to Bloomberg and Forbes
- Amazon expects to have 100,000 electric vehicles on our nation's roads by 2030 – paying no gas tax
- By 2030, up to one out of ten new cars sold may be a shared vehicle²
- By 2030, more than 200,000 vehicles in NC will be electric vehicles²

It is time to develop transportation funding strategies that both replace the motor fuels tax AND generate additional revenue needed by our growing state. And the time to plan for the future is now. Doing so would begin to address the impact of transportation disruptors and the move to electric vehicles – including heavy, electric-only tractor trailers. The change to electric trucks would mean no motor fuels tax from tractor trailers on NC's roads. According to the US GAO:

"A five-axle, tractor-trailer loaded to the 80,000-pound Federal limit, has the same impact on an interstate highway as 9,600 automobiles."³ ("Truck Weight and Its Effect on Highways," U.S. General Accounting Office, Jul 23, 1979)

Transportation infrastructure investment improves safety, the life span of our roads and bridges, and mobility – and fosters economic growth. Historical data demonstrate that every \$1 billion of transportation investment in North Carolina generates 14,300 jobs, \$10.3 billion in wages, and \$10.8 billion in gross state product.² We can create jobs and attain the transportation system needed for the future – one which serves as an engine for economic prosperity rather than a roadblock.

Thank you for your continued support of transportation in our state and your engagement with *NC Go!* We look forward to the challenges and opportunities ahead in 2021 and know that, together, we can once again make North Carolina *the Good Roads State*.

Sincerely,



Marc Finlayson
NC Go! Chair, Highway 17/64 Association



Beau Mills, NC Go! Vice Chair
NC Metropolitan Mayors Coalition

¹ North Carolina Transportation by the Numbers, NC Chamber/TRIP, Jan 2021

² NC FIRST Commission Final Report, Jan 2021

³ Truck Weight and Its Effect on Highways, U.S. General Accounting Office, Jul 23, 1979



NC Go 2021 Policy Recommendations

Item	Revenue
Increase the Highway Use Tax (HUT) by 2 percentage points	\$5.8 Billion/10 years
Eliminate the net-of-trade exemption	\$1 Billion/10 years
Legislative authorization for counties to levy an additional ¼ - ½ percent Local Option Sales Tax for transportation purposes – for specific transit and transportation projects/plans	N/A
Transfer proceeds from short-term vehicle rentals, vehicle subscription services, and car sharing from the General Fund to NCDOT	\$800+ Million
Transfer existing Sales Tax revenues from transportation-related goods and services from the General Fund to NCDOT	\$4.7 billion/10 years
Enact an electric vehicles Road Usage Charge (RUC) of \$0.015/mile (biannual payment, annual inspection odometer reading, etc.)	TBD
Road Usage Charge (RUC) + weight factor for heavy electric trucks	TBD
Remove statutory cap on tolling projects, focusing on projects to relieve freight congestion, such as truck-only toll lanes on high traveled roads like I-95, and high-cost road and bridge projects.	N/A