

# NORTH CAROLINA'S TRANSPORTATION FUTURE

## Critical Needs...Today & Tomorrow

North Carolina has significant transportation needs right now. The American Society of Civil Engineers gave North Carolina an overall grade of C- for its infrastructure, including a D- for roads, a C- for bridges and a C for rail. Twenty-six percent of major roads are in poor or mediocre condition, and 27% of bridges are structurally deficient or functionally obsolete. More than 60% of our urban interstates are congested, costing \$1.2 billion annually. Charlotte-area drivers waste 40 hours a year in traffic, and Raleigh-Durham area drivers lose 34 hours a year in traffic.

While investments made by the General Assembly in the past year will begin to address some of the deficiencies, transportation needs will only continue to grow. Vehicle travel on North Carolina highways increased by 63% between 1990 and 2010, while the population grew by 44%. By 2040, an estimated 13.5 million people will call North Carolina home, a 42% increase from 2010. Population in the state's six major metropolitan areas (Charlotte, Raleigh-Durham, Greensboro-Winston-Salem, Asheville, Fayetteville, and Wilmington) will grow from 69% to 74% of state population. If funding remains stagnate, the percent of pavement miles in good condition in North Carolina is projected to drop from 68 to 50% by 2017, with similar percentage drop for bridges. In fact, by 2040 experts predict a funding gap ranging from \$32.4 billion simply to maintain existing services to as much as \$94.2 billion to provide the best transportation system.

## Shrinking Funding

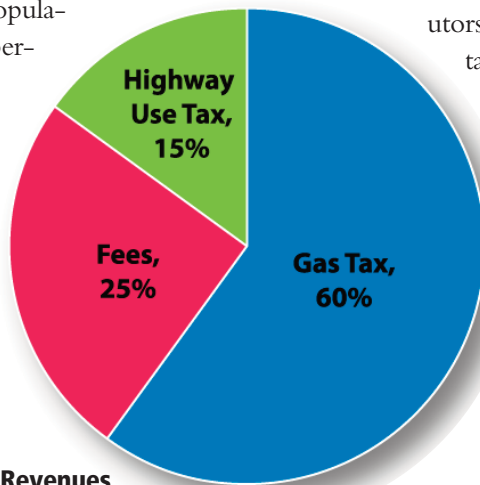
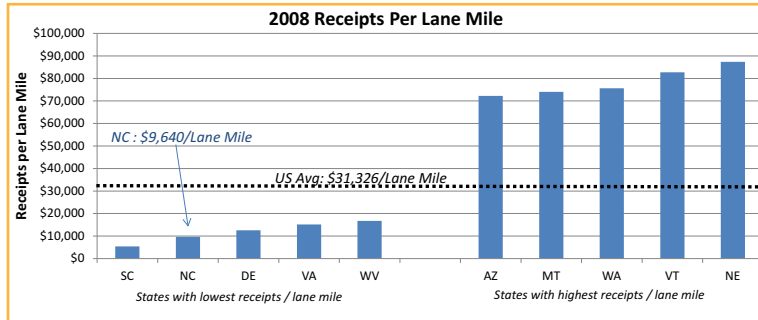
At more than 80,000 miles, North Carolina's state highway system is the largest state-maintained system in the country. Each year, the state spends about \$9,600 per lane mile compared to the national average of \$31,300. Only South Carolina and Washington, D.C., spend less per lane mile than we do. North Carolina spends about \$418 per person each year on transportation, which is below the national average of \$473 per person.

North Carolina funds transportation projects through three major sources – the highway fund (46%), federal funds (28%) and the highway trust fund (25%). State funds are generated primarily through the gas tax, which

accounts for 60%. Various fees (25%) and the highway use tax (15%) generate additional revenue.

In other states, typically about 30% of transportation funding comes from fuel taxes with another 11% com-

ing from the general fund. However, North Carolina does not use general fund revenues. In fact, North Carolina transfers money from the Highway Fund to the General Fund. Other revenue sources utilized by states and localities include license fees for fuel distributors and retailers, inspection fees, fines, taxes on non-road fuel, bonds and fees levied on a passenger mile or ton mile basis. In North Carolina, we achieve efficiencies in planning and construction by keeping the majority of construction and maintenance at the state level. This organization prevents unnecessary bureaucracy from 100 different transportation agencies across the state.



Transportation Revenues

## Need for Innovation

As we look toward the future, we need innovative solutions to create sustainable revenue sources and to meet transportation repair and construction needs. New regional or local revenue options could provide targeted sources of funding. York County, South Carolina, for example, has found success with its “Pennies for Progress,” a one-cent sales tax for road building. The expanded use of tolling, as we’ve seen with I-540 in Raleigh and I-77

in Charlotte, could also accelerate critical transportation projects. With gas tax revenues shrinking, fees on hybrid and electric vehicles should be explored, and the vehicle miles traveled (VMT) model should be carefully studied and considered. Fostering public-private partnerships, while protecting the decision-making authority of cities and towns, holds promise to make wise use of public resources and foster economic development.



The North Carolina Metropolitan Mayors Coalition (NCMMC), founded in 2001, is comprised of the mayors of the state’s 28 largest cities, with more than three million citizens. The Coalition is part of the N.C. League of Municipalities, which represents all North Carolina municipalities. The Coalition is a nonpartisan, mayor-driven organization and focuses on issues that are of special interest to our large cities in a fast-growing and urbanizing state. The Coalition has worked successfully with federal and state elected officials, and other municipal officials, to promote job creation, protect local revenues, invest in public infrastructure, and keep our cities safe.

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