

CIVITAS INSTITUTE

Legislative Recap

2007 GENERAL ASSEMBLY

August 23, 2007

Transportation Needs Neglected by Legislature

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This year's \$20.7 billion budget largely neglected core infrastructure needs, choosing instead to expand state funding on many programs that will benefit special interests. This neglect is no more obvious than in the area of transportation. While a number of transportation bills were offered during the 2007 legislative session, most were overlooked or shelved for subsequent sessions. Only one relatively important piece of transportation legislation passed; although other bills remain in play for 2008. The FY2007-09 budget also contained two key policy changes: 1) a phase-out of annual transfers from the Highway Trust Fund to the General Fund; and 2) a cap on the motor fuels tax. Because the 2007 session was marked by so little activity in the area of transportation, members of the General Assembly are currently considering a special session on transportation.

TRANSPORTATION LEGISLATION PASSED IN THE 2007 SESSION

2007-2009 Budget (HB 1473/S.L. 2007-323) Transportation Items:

- Caps the variable wholesale component of the motor fuels tax at 12.4 cents per gallon through June 30, 2009. This means that the total gas tax that North Carolinians will pay at the pump will be no more than 30.15 cents per gallon. By contrast, residents of Virginia pay 17.5 cents per gallon while South Carolina residents pay 16 cents per gallon in state excise gas taxes.
- \$30 million in incentives for a railroad intermodal facility (subsidy to rail).
- \$20.45 million to increase salaries of state employees paid from Highway Fund appropriations.
- Continues an annual appropriation of \$14 million in "economic development" funds to be used at the discretion of the Transportation Board.
- \$11.75 million to fix the botched I-40 project in Durham County, to be paid out of Department of Transportation (DOT) administrative funds. DOT cannot reduce other spending on roads to come up with the money.
- Ironically, the budget also increases the percentage of Highway Trust Fund money that may be spent on administration from 3.8 percent to 4.2 percent, resulting in a corresponding reduction of resources available to spend on road projects, such as intrastates, urban loops, secondary roads, and municipal road projects.
- Phases out annual transfers from the Highway Trust Fund to the General Fund, reducing the transfer by 50 percent in 2009; another 50 percent in 2010; and 50 percent in 2011 and 2012, with a full phase-out by 2013. Under current law, the transfer is approximately \$170 million per year.

DOT Maintenance Program/DMV Registration (SB 830)

Status: Signed by Governor Easley on July 4, 2007

Cost: No fiscal note

This legislation was crafted for the N.C. Department of Transportation (NCDOT) to "develop performance standards" and to "modify motor vehicle registration requirements." In effect, the legislation requires NCDOT to determine the status of the highway system and develop a plan to ensure that maintenance is carried out regularly according to the findings of reports based on the performance standards.

TRANSPORTATION BILLS OF NOTE THAT DID NOT PASS

GAP Funding for Turnpike Authority (SB 1352)

Status: Passed Senate; substitute passed the House

Cost: \$30 million in the first year, \$52 million thereafter till FY2011-12

This bill gives the N.C. Turnpike Authority gap funding requisite to begin public-private infrastructure projects – specifically to cover the “cost of preconstruction activities, construction, maintenance, or operation of a Turnpike Project.”

Financing Capital Projects (SB 1201)

Status: Referred to Senate Committee on Finance

Cost: No fiscal note available

This act would have more than doubled the highway use tax by aligning the tax with the current sales tax rate of 6.75 percent. The legislation would also add the Highway Fund and Highway Trust Fund to the annual debt affordability study. The legislation would not have made any changes to the current process of allocating funds for road expenditures based on the existing equity formula, which uses population, rather than traffic, as one of the key distribution factors.

Ensure Integrity of the Highway Trust Fund (HB 215)

Status: Referred to House Committee on Appropriations

Cost: No fiscal note available

This bill would have eliminated all transfers of funds from the Highway Trust Fund (HTF) to the General Fund. Most of the past raids of the HTF – in excess of the annual transfer of \$170 million specified in the original legislation – have not been repaid and are not likely to be repaid in the future (2001-02 transfer of \$251.7 million; the 2002-03 transfer of \$377.4 million; the 2003-04 transfer of \$252.4 million; the 2004-05 transfer of \$242.6 million; and the 2005-06 transfer of \$252.6 million).

Emissions Inspections Every Two Years (HB 69)

Status: Referred to House Committee on Rules, Calendaring and Operations of the House

Cost: No fiscal note available

This bill would have changed the period of vehicle inspection to every two years – in line with many other states. No estimate of the savings to the state or to individual drivers is available, but when one considers emissions inspection fees can range from \$6.50 to \$30.00, savings for individual citizens would have been considerable.

Adjust Highway Use Tax by MPG Groupings (HB 2047)

Status: Referred to the House Committee on Transportation

Cost: No fiscal note available

This bill would have based the highway use tax on a miles-per-gallon classification – thus increasing taxes on vehicles that consume more gas. This legislation was designed to create incentives for people to purchase more fuel efficient cars. The current highway use tax that this legislation would replace treats all motor vehicle drivers equally.

Study DOT Environmental Mitigation Processes (HB 1542)

Status: Referred to the Committee on Rules, Calendaring and Operations of the House

Cost: No fiscal note available

This bill would have authorized the Legislative Research Commission to study issues relating to “environmental review, permitting, and mitigation process used in the construction or expansion of state highways.” The legislation was intended to address construction project delays due to environmental impact studies and other regulatory measures.

Study Licensing of Older Drivers (HB 1606)

Status: Referred to Committee on Rules, Calendar and Operations of the House

Cost: \$1.03 million in expenditures during its first year, increasing to approximately \$1.8 million in subsequent years

Research in other states shows that older drivers are more likely to become involved in accidents. This bill would have studied whether additional testing and evaluation of older drivers could help mitigate driving dangers associated with the effects of aging.

Clean Cars Program/Funds (HB 1179)

Status: Referred to the House Committee on Environment and Natural Resources

Cost: No fiscal note available

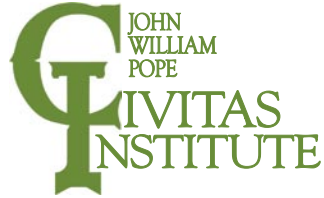
This bill would have established a low-emission vehicle program similar to that in California. The law would have included emission standards on new vehicles, established violations on transfers of engines found in noncompliance, and allowed certain exemptions (similar to those in California law) granted by the governor.

Ban Mobile Phone Use While Driving (SB 1399)

Status: Referred to the Senate Committee on Judiciary (Criminal)

Cost: No fiscal note available

This bill would have made it unlawful to use a mobile phone while operating a motor vehicle on a public street or highway. The bill included exceptions for hands-free mobile phones and persons on official duty. Current state law forbids drivers under 18 from using a cell phone while driving.



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