



An Overview of AASHTO's Transportation Governance and Finance Report

WEBINAR SERIES: INNOVATION IN PRACTICE

WEBINAR 5

April 18, 2017



An Overview of AASHTO's Transportation Governance and Finance Report

WEBINAR SERIES: INNOVATION IN PRACTICE

WEBINAR 5

April 18, 2017

Webinar Logistics

- **PowerPoint Presentation available on BATIC Website**
 - www.financingtransportation.org/capacity_building/event_details/webinar_transportation_governance_overview.aspx
- **Submit questions in Q&A box**
- **Webinar will be available on BATIC Website**
 - www.financingtransportation.org/capacity_building/event_details/webinar_transportation_governance_overview.aspx

BATIC Institute

In-person Services

- Peer Exchanges
- Training Seminars
- Expert Panel Sessions
- Workshops

Online Services

- Customized Website
- Interactive Webinars

Quick Turnaround Research

TRANSPORTATION FINANCE

- Bond Financing
- Federal Credit
- Other Finance Tools
- Public Private Partnerships

Visit our website at:

<http://www.financingtransportation.org>

Webinar Overview

- **Overview of the Report**
- **Key Findings**
- **Value of the Report to Practitioners**
 - North Carolina
 - Oregon
- **Questions Submitted by Webinar Participants**

Value of the Report to Practitioners

- What funding/ financing options are used in other states?
- Which states are using funding/ financing options of interest to my state?
- How are other State DOTs are structured?
- How do they interact with their legislatures?
- Who can I contact within a particular state to learn more?

Overview of the Report

Jaime Rall
PRINCIPAL
J.R. Rall Consulting LLC

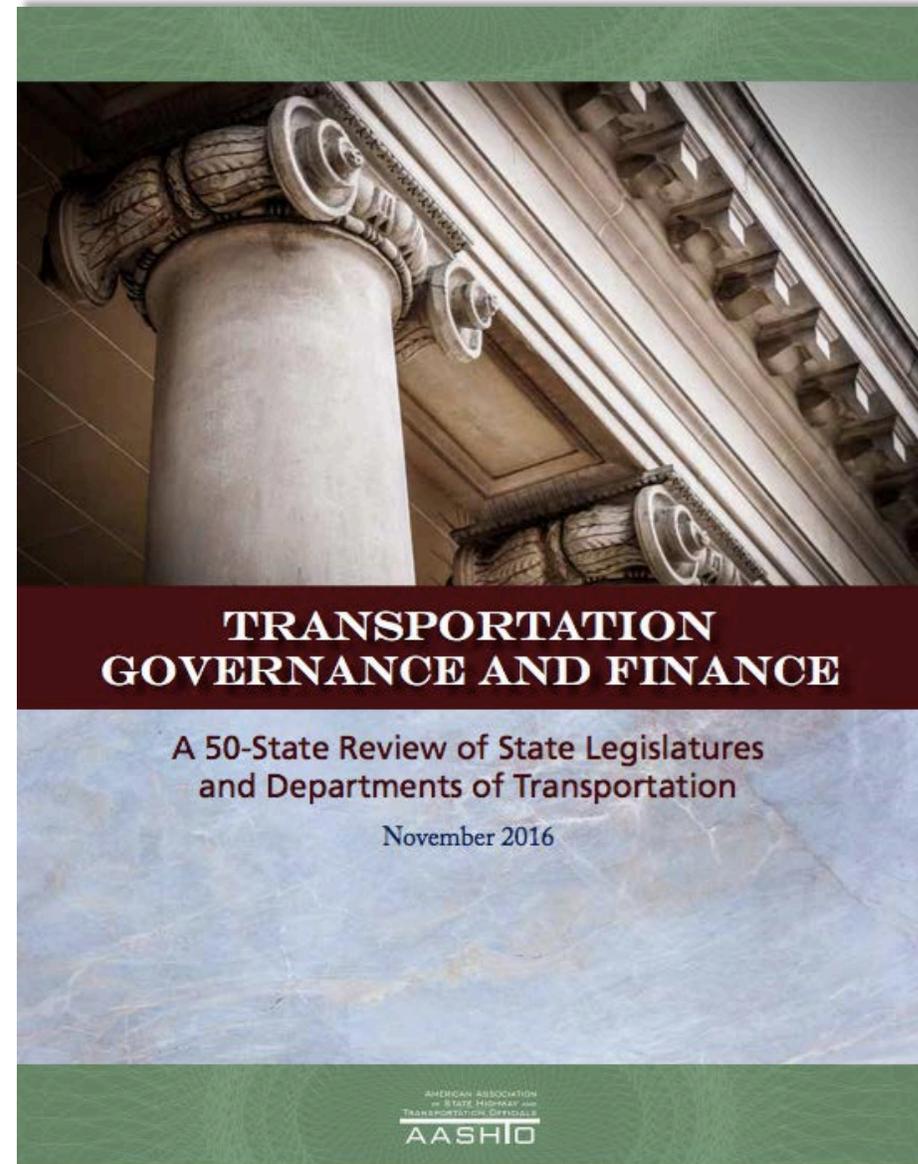
What is this report?

- To follow along as we explore this report, you can download it at http://www.financingtransportation.org/pdf/50_state_review_nov16.pdf



What is this report?

- Updated from the original 2011 AASHTO-NCSL publication
- Funded by NCHRP Project 20-24
- 50-state reference tool for DOTs, legislatures, and other stakeholders



What is this report?

- Under the guidance of an NCHRP project advisory panel



What is this report?

- Based on surveys and feedback from 200+ stakeholders across the states



What topics does it cover?

Participants in State Transportation Governance and Finance

- State legislatures and DOTs
- Other state and quasi-state entities
- Other stakeholders

Communication and Collaboration Between State Legislatures and DOTs

- Overall approaches
- DOT legislative liaisons
- Respondents' insights and recommendations

State Transportation Governance

- Laws and legislation
- Legislative oversight

State Transportation Funding and Finance

- Budgeting and appropriations
- Planning and projects
- State revenue sources
- State finance mechanisms
- Other funding and finance issues
- State involvement in local transportation funding
- Respondents' insights and recommendations

What does it contain?

- A nationwide synthesis illustrating current trends and notable exceptions ...

2 | PARTICIPANTS IN STATE TRANSPORTATION GOVERNANCE AND FINANCE

How each state governs and pays for its transportation system is influenced by the distinctive balance of roles and responsibilities between its legislature and its department of transportation—the institutions that are the focus of this report—as well as the involvement of other Federal, state, local, tribal, and private stakeholders.

State Legislatures

Every state has a legislative body that is made up of elected representatives that represent legislative districts. Typically, these bodies are responsible for lawmaking, establishing and overseeing state programs, and appropriating funds. The legislative role also includes the often forgotten but vital function of convening stakeholders to develop ideas and aid the decision-making process. Legislatures vary by structure, size, session length and frequency, the volume of proposed legislative measures they consider each session, and even what they are called (Table 2), as well as many other factors. In terms of structure, all state legislatures are bicameral and partisan except for Nebraska's, which is a unicameral, nonpartisan legislature that calls all of its members senators. The Council of the District of Columbia is a unicameral, partisan body.

Table 2. Names and Characteristics of State Legislatures

State Legislature	Characteristics			
	Chambers (with Number of Members)		Annual or Biennial Session	Legislative Measures Introduced in 2016
Alabama Legislature	Senate (35)	House of Representatives (105)	Annual	1,005
Alaska Legislature	Senate (20)	House of Representatives (40)	Annual	268 (see state profile)
Arizona Legislature	Senate (30)	House of Representatives (60)	Annual	1,247

What does it contain?

Tables

Table 1. Responding Organizations for the 2016 Survey Research
Table 2. Names and Characteristics of State Legislatures
Table 3. Categorization of States by Levels of Legislative Professionalization
Table 4. Names and Characteristics of State DOTs
Table 5. Sizes of State DOTs in Full-Time Equivalents (FTEs)
Table 6. Major Stakeholders in Transportation Governance and Finance
Table 7. State Transportation Officials that Serve on the Governor's Cabinet
Table 8. State Transportation Boards, Councils, and Commissions
Table 9. Names and Types of Other State-Level Transportation Entities
Table 10. Other State-Level Transportation Entities for Which a Secretary, Director, or Commissioner of Transportation Serves as a Member or on the Board Ex Officio
Table 11. State Agencies that Perform DMV and Highway Patrol Functions
Table 12. Selection of Respondents' Views Concerning Communication and Collaboration between State Legislatures and DOTs
Table 13. State Legislative Standing Committees with Jurisdiction over Transportation-Related Issues
Table 14. Appointment of DOT Leaders
Table 15. Appointments to State Transportation Boards, Councils, and Commissions
Table 16. Legislative Review of Administrative Rules

What does it contain?

Table 23. Revenue Sources Currently Used by States for Roads and Bridges

State	Revenue Sources							
	Fuel Taxes	Passenger Vehicle Fees	Truck Registration Fees	Tolls	General Sales Taxes	General Funds	Interest Income	Other
Alabama	F	R	•					Alternative fuel vehicle fees Oversize/overweight truck permit fees Outdoor advertising revenues
Alaska*	F	R, T		•		•	•	Taxes on alternative fuels Industrial use highway permit fees Sales taxes on rental vehicles Property leases or sales Legislative appropriations (budget reserve fund)
Arizona	F	R, T	•			•	•	Oversize/overweight truck permit fees Other truck permit fees Vehicle license taxes Sales taxes on rental vehicles Driver's license fees
Arkansas	F	R, T	•		•	•	•	Taxes on alternative fuels Oversize/overweight truck permit fees Other truck- and commercial driver-related fees Severance taxes on natural gas Rail regulation fees Pine timber sales Rainy Day Fund (one-time transfer in 2016)
California	F, V		•	•			•	Taxes on alternative fuels Cap-and-Trade Program revenues Property leases or sales
Colorado	F	R	•			•	•	Taxes on alternative fuels Special fees on electric vehicles

What does it contain?

- ... and state-specific profiles for all 50 states and the District of Columbia

ARIZONA

Statewide Transportation

Roads and Bridges

Public Transit

Rail

Aviation

Ports and Waterways

Note: These statistics only include airports, tunnels or culverts, that are over 20 (see references), and then...

Organization

Legislature

Name

Structure

ALASKA

Statewide Transportation

Roads and Bridges

Public Transit

Rail

Aviation

Ports and Waterways

Note: These statistics refer to all statistics only include airports, tunnels or culverts, that are over 20 (see references), and then...

ALABAMA

Statewide Transportation System Statistics

Roads and Bridges	Total lane miles	213,075 (155,300 rural, 57,775 urban)
	Bridges	16,095
	Toll facilities	Yes (roads: 3.1 miles; bridges: 3)
	High-occupancy toll (HOT) lanes	No
Public Transit	Transit modes	Bus, vanpool, demand response
	Urban transit trips in 2013	7.5 million
Rail	Freight rail route miles	3,194
Aviation	Total airports	184
	Public-use airports	89
	Passengers boarded in 2013	2.3 million

How has the report changed since the 2011 edition?

- **All existing information updated and vetted**
- **Expanded to include new topics of interest**
- **Legal citations added to facilitate further research**
- **Funding sources and finance mechanisms further clarified**

How has the report changed since the 2011 edition?

- An example of state-specific funding and finance information in 2011 ...

Traditional State Funding and Finance for Highways	Fuel taxes; general funds; interest income; master equipment lease/short-term borrowing; rights-of-way revenue; public space revenue; parking meter revenues; general obligation bonds.
State Funding and Finance for Other Modes	Transit: General funds; general obligation bonds; parking meter revenues.
Innovative Transportation Funding and Finance	GARVEE bonds; PPPs (used for at least one street maintenance project); design-build (used as a component of at least one transit project). As of late 2010, the District was planning to issue \$100 million in GARVEE bonds for a transportation project.

And in 2016 ...

How has the report changed since the 2011 edition?

State Revenue Sources

State-Level Revenue Source	Authorization and Use		Eligible Transportation Activities							Citations and Additional Details
	Authorized by state constitution or statute	In current use	Roads and bridges	Public transit	Rail	Airports and aviation	Ports and waterways	Pedestrian and bicycle projects	Other	
Fuel taxes: gasoline and diesel (variable rate—percentage of price)	•	•	•	•	• Freight only			•	•	Adjusted twice per year based on average wholesale price, with a price floor of \$2.94/gallon. The price cannot vary more than 10 percent per adjustment. Allocated to the local Highway Trust Fund (D.C. Code Ann. §47-2301)
Fuel taxes: alternative fuels (variable rate—percentage of price)	•	•	•	•	• Freight only			•	•	Includes taxes on liquefied petroleum gas and other gaseous and liquid alternative fuels; assessed and allocated the same way as gasoline and diesel taxes (D.C. Code Ann. §47-2301, §47-2302)
Rights-of-way user fees	•	•	•	•	• Freight only			•	•	Allocated to the Local Transportation Fund (D.C. Code Ann. §§10-1141.01 et seq., §9-111.01a)
Public space rental and use fees	•	•	•	•	• Freight only			•	•	Allocated to the Local Transportation Fund (D.C. Code Ann. §§10-1101.01 et seq., §9-111.01a)
Public inconvenience fees		•	•	•	• Freight only			•	•	Allocated, but not otherwise authorized, in statute; allocated to the Local Transportation Fund and the

How has the report changed since the 2011 edition?

State Finance Mechanisms

State-Level Finance Mechanism	Authorization and Use		Eligible Transportation Activities							Citations and Additional Details
	Authorized by state constitution or statute	In current use	Roads and bridges	Public transit	Rail	Airports and aviation	Ports and waterways	Pedestrian and bicycle projects	Other	
General obligation bonds	•	•	•	•				•		Generally authorized in statute (D.C. Code Ann. §§1-204.61 et seq.); require further legislative approval
GARVEE bonds	•	•	•							Authorized in statute for up to \$430 million (D.C. Code Ann. §§9-107.51 et seq.); most recently issued in 2012
Advance construction		•	•							
Design-build	•	•	•	•						Broadly authorized in statute for District agencies (D.C. Code Ann. §§2-356.01 et seq.); used for road and transit projects
Public-private partnerships	•	•	•	•		•				Authorized in statute for uses that include roads, transit, and airports (D.C. Code Ann. §§2-271.01 et seq., §§2-356.01 et seq.); used for a local streets project (see notes)

What is in a state profile?

- We will now take a closer look at an individual state's profile
- You can watch [here](#) or follow along in the PDF starting on p. 368



NORTH CAROLINA

Statewide Transportation System Statistics

Roads and Bridges	Total lane miles	225,973 (135,235 rural, 90,738 urban)
	Bridges	18,124
	Toll facilities	Yes (roads: 9.2 miles)
	High-occupancy toll (HOT) lanes	No
Public Transit	Transit modes	Bus, light rail, ferry boat, vanpool, demand response
	Urban transit trips in 2013	73.3 million
Rail	Freight rail route miles	3,258
Aviation	Total airports	345
	Public-use airports	110
	Passengers boarded in 2013	28.0 million
Ports and Waterways	Waterborne cargo tonnage in 2014	9.7 million

Note: These statistics refer to all transportation facilities and services in the state, not just those under state jurisdiction. Airport statistics only include airports, not heliports or other types of landing facilities. Bridges include all public bridges, but not tunnels or culverts, that are over 20 feet long and carry vehicular traffic. All statistics were first drawn from Federal or other sources (see references), and then presented to survey respondents to verify or amend.

Organizational Facts

Legislature

Name	North Carolina General Assembly
Structure	Bicameral, partisan
Chambers	Senate (50 members), House of Representatives (120 members)
Type	Hybrid
Session	Annual, approx. Jan. to July (odd years), May to July (even years)
Legislative Measures Introduced in 2016	1,100 (estimated)
Committees with Jurisdiction Over Transportation-Related Issues	Senate Appropriations Committee on Department of Transportation Senate Committee on Transportation House Committee on Appropriations <ul style="list-style-type: none">• Subcommittee on Transportation House Committee on Transportation Joint Legislative Oversight Committee on Capital Improvements Joint Legislative Transportation Oversight Committee [Select] House Select Committee on Strategic Transportation Planning and Long-Term Funding Solutions

Note: “Type” refers to categories that were developed at the National Conference of State Legislatures to illustrate degrees of legislative professionalization, based on legislators’ time on the job, legislator compensation, and legislative staff sizes (Kurtz and Erickson, 2013). “Legislative measures introduced in 2016” includes all bills, resolutions, memorials, and other legislative initiatives introduced in 2016, but not measures that were carried over from 2015 in states with 2015–16 biennial sessions.

Department of Transportation

Name	North Carolina Department of Transportation (NCDOT)
Structure	Organized mainly by transportation mode
Leadership	Secretary of Transportation (serves on governor's cabinet), Board of Transportation (independent body)
Staff Size in Full-Time Equivalents (FTEs)	12,337
Modes Over Which the DOT Has Jurisdiction	Roads/bridges, public transit, freight and passenger rail, aviation, ports/waterways, pedestrian/bicycle, ferries
Includes DMV?	Yes. The Division of Motor Vehicles is a division of NCDOT and is funded out of NCDOT's budget.
Includes Highway Patrol?	No. The North Carolina State Highway Patrol is a division of the Department of Public Safety. It is funded out of the state general fund.
Jurisdiction Over Toll Facilities?	Yes. The North Carolina Turnpike Authority is within NCDOT, under the direct supervision of the secretary of transportation (N.C. Gen. Stat. §136-89.182).

Other

Other State-Level Transportation Entities	None. North Carolina has no state-level transportation entities outside of NCDOT, the Board of Transportation, and (for highway patrol functions) the Department of Public Safety. Within NCDOT, however, are three corporations under the direct supervision of the secretary of transportation: the North Carolina Turnpike Authority (N.C. Gen. Stat. §§136-89.180 et seq.), the North Carolina Global Transpark Authority (N.C. Gen. Stat. §§63A-1 et seq.), and the North Carolina State Ports Authority (N.C. Gen. Stat. §§136-260 et seq.).
--	--

Communication and Collaboration

Overall Communication and Collaboration	Formal and informal. The secretary of transportation and members of the Board of Transportation make formal appearances before legislative committees, including appropriations committees (during the legislative session) and the Joint Legislative Transportation Oversight Committee (throughout the year). NCDOT's legislative director coordinates the department's responses to legislative issues.
DOT Legislative Liaison	NCDOT's legislative director is the main point of contact between the department and the General Assembly. The secretary of transportation and members of the Board of Transportation are also important sources of information and testimony.

Transportation Governance

Laws and Legislation

Transportation Laws	N.C. Gen. Stat. §§143B-345 et seq.; N.C. Gen. Stat. ch. 20, 63, 75A, 76A, and 136; portions of N.C. Gen. Stat. ch. 62; portions of N.C. Gen. Stat. ch. 105 (revenues)	
DOT Role in the Legislative Process	Legislative Proposals	No direct role. In North Carolina, only legislators may request legislative bill drafts and sponsor and introduce legislation.
	Advocacy and Lobbying	By law, all state agencies must designate one or two employees as liaisons to lobby for legislative actions (N.C. Gen. Stat. §120C-500). NCDOT's legislative director represents the department's interests in the legislative process.
	Fiscal Notes or Policy Impact Statements for Legislative Use	NCDOT prepares policy impact statements for legislative initiatives, but not fiscal notes, for use by the General Assembly.

Legislative Oversight

Appointment of DOT Leadership	The secretary of transportation is appointed by the governor with no legislative involvement (N.C. Gen. Stat. §143B-9). The 19 voting members of the Board of Transportation are appointed to staggered four-year terms by the governor with no legislative involvement, and within statutory requirements for geographic representation and partisan balance. Fourteen members represent the state's highway divisions and five serve the state at large. One of the five at-large members must have knowledge of environmental issues, one of ports and aviation, one of government-related finance and accounting, one (who must live in a rural area) of rural transportation issues, and one (who must live in an urban area) of public transit issues. The secretary of transportation serves as an ex officio, non-voting member (N.C. Gen. Stat. §143B-350).
Legislature Able to Remove DOT Leaders?	No. The secretary of transportation serves at the pleasure of, the governor. The governor may remove a member of the Board of Transportation for any cause the governor finds sufficient, and must remove a member for certain convictions or violations.
Legislative Review of Administrative Rules	Yes. In general, proposed and existing rules are reviewed by the Rules Review Commission, an executive branch entity whose members are appointed by the General Assembly (N.C. Gen. Stat. §§143B-30.1 et seq.). A legislative committee, the Joint Legislative Administrative Procedure Oversight Committee, also reviews rules after the Rules Review Commission approves or objects to them, consults with agencies as part of their required rules review process, and can recommend to the full General Assembly that it direct an agency to review a specific rule (N.C. Gen. Stat. §§120-70.100 et seq. and §150B-21.3A).
Legislative Audits or Sunset Reviews	Legislative audits only. NCDOT is subject to audits conducted by the Program Evaluation Division of the Legislative Services Commission. North Carolina does not conduct sunset reviews of state agencies or programs.
Required DOT Reports to the Legislature	Each year, NCDOT is required to submit to the General Assembly a full annual report of its projects and finances (N.C. Gen. Stat. §136-12). It must also submit annual reports concerning use of recycled oil products in road construction (N.C. Gen. Stat. §130A-309.19), electric vehicle charging stations (N.C. Gen. Stat. §136-18.02), disadvantaged business enterprises (N.C. Gen. Stat. §136-28.4), state aid to municipalities (N.C. Gen. Stat. §136-41.3), the highway maintenance improvement program (N.C. Gen. Stat. §136-44.3A), the annual construction program (N.C. Gen. Stat. §136-44.4), agreements with counties and municipalities (N.C. Gen. Stat. §136-66.3), commute reduction (N.C. Gen. Stat. §143-215.107C), and, beginning in 2016, any changes made to the project prioritization process (N.C. Gen. Stat. §136-189.11). Every other year, NCDOT must submit reports concerning oversize permit fees (N.C. Gen. Stat. §20-119), the off-premise sign regulatory program (N.C. Gen. Stat. §136-12.1), and, in years when appropriations bills are considered, fee-based services (N.C. Gen. Stat. §136-44.2B). Twice per year, it must submit a report concerning its use of in-house and private counsel (N.C. Gen. Stat. §136-18.03). The secretary of transportation must submit annual reports concerning job satisfaction for NCDOT personnel, citizen satisfaction with road conditions (N.C. Gen. Stat. §136-180.05), small project bidding (N.C. Gen. Stat. §136-28.10) and agreements and partnerships with private developers (N.C. Gen. Stat. §136-28.6 and §136-28.6A). Every ten years, following the decennial census, the secretary must submit a report concerning MPO boundaries, governance, and structure (N.C. Gen. Stat. §136-200.2) and every five years, a report concerning regional boundaries (N.C. Gen. Stat. §136-202).

Legislative Role in DOT Performance Management

In addition to the reporting requirements and legislative audits listed above, the General Assembly enacted several performance goals and measurement requirements in the 2015 appropriations act (2015 N.C. Sess. Laws, Chap. 2015-241). By March 1, 2016, NCDOT was required to adjust its online performance dashboard to track monthly progress on maintenance projects costing over \$1 million, bridge replacement projects, bridge projects requiring road closures in excess of 24 hours, and construction projects in the State Transportation Improvement Program. The dashboard also had to include highway division- and county-specific data, with more detailed financial reporting and project delivery tracking. Further, NCDOT had to submit a study of its Division of Highways, including recommendations for performance- or incentive-based systems to improve its effectiveness, to the General Assembly by May 1, 2016. On an ongoing basis, the act requires NCDOT to establish annual baseline unit prices for goods used in highway maintenance and construction projects and to report any variances of more than 10 percent.

Other Legislative Oversight Mechanisms

Although North Carolina does not in general conduct sunset reviews, the General Assembly's appropriations committees have at times instituted "continuation reviews" of certain agency funds, programs, or divisions to determine if they should be continued. In addition, the Joint Legislative Transportation Oversight Committee can consider any transportation-related topic. Other oversight mechanisms include legislative requests for information from NCDOT.

Resources Provided to DOT to Support Compliance with Oversight Requirements?

No.

Transportation Funding and Finance

Budgeting and Appropriations

Budgeting and Appropriations Overview	Biennial enactment of two 12-month budgets; fiscal year begins July 1. The budget of the Highway Fund is recommended by the governor and goes through the full legislative process. The distribution of the Highway Trust Fund is determined by statute, the Board of Transportation, and NCDOT.	
Allocation of Transportation Revenues to the DOT	Federal Revenues	No legislative role. Federal transportation funds flow directly to NCDOT from the U.S. DOT with no state legislative involvement.
	State Revenues	Legislative appropriation. All state spending must be authorized by appropriation as part of the budget approved by the General Assembly, either as a lump sum to the department or as appropriations to departmental programs, broad spending categories, or specific projects.

State Transportation Budget

Most Recently Enacted Transportation Budget	Biennial budget, FY 2016 and FY 2017 (revised) (see note)	
Authorized Expenditures (FY 2017 only)	Department of Transportation administration	\$90,246,679
	Division of Highways	\$1,380,716,021
	State aid to municipalities	\$147,500,000
	Intermodal divisions	\$229,480,752
	Governor's Highway Safety	\$251,241
	Division of Motor Vehicles	\$125,307,394
	Other state agencies, reserves, and transfers	\$68,222,213
	Capital improvements	\$6,965,700
	Total HIGHWAY FUND EXPENDITURES	\$2,048,690,000
	Program administration	\$35,064,813
	Bond redemption	\$61,012,229
	Turnpike Authority	\$49,000,000
	Transfer to visitor center	\$400,000
	Strategic prioritization	\$1,225,802,958
	Total HIGHWAY TRUST FUND EXPENDITURES	\$1,371,280,000
	Federal expenditures	\$1,257,697,716
	Total	\$4,677,667,716
Revenue Sources (FY 2017 only)	Highway Fund	\$2,048,690,000
	Highway Trust Fund	\$1,371,280,000
	Federal revenues	\$1,257,697,716
	Total	\$4,677,667,716

Note: This chart reflects NCDOT's entire FY 2017 budget. It includes legislative appropriations of state funds, as revised by the 2016 appropriations act (2016 N.C. Sess. Laws, Chap. 2016-94), as well as Federal revenues, which flow directly to NCDOT without state legislative action.

Planning and Projects

Transportation Planning and Capital Project Selection Process

NCDOT uses a statutorily mandated process for prioritizing major transportation projects and making investment decisions. This “strategic prioritization process,” which NCDOT first started developing in 2009 in response to an executive order (2009 Executive Order No. 02), was enacted into law in 2013 (N.C. Gen. Stat. §§136-189.10 et seq.). Every other year, projects are evaluated based on existing and future conditions, expected benefits, multimodal characteristics, and how a project fits in with local priorities. Projects are ranked in each of NCDOT’s six modes of transportation (highway, ferry, rail, public transit, bicycle/pedestrian, and aviation). The results of this process serve as input to an updated ten-year State Transportation Improvement Program (STIP), which is released to the public for review and comment before being approved by the Board of Transportation and reviewed by the General Assembly. In addition, the General Assembly approves specific transit and rail projects as part of the appropriation process.

Legislative Role in the Planning Process

Limited legislative role. Projects are prioritized according to a process that the General Assembly enacted into law in 2013. The General Assembly reviews the State Transportation Improvement Program (STIP) and other transportation plans, but does not approve or modify them. NCDOT submits annual reports to the General Assembly about its projects and the project prioritization process. The General Assembly reviews and approves the NCDOT budget, and approves specific transit and rail projects, as part of the appropriation process. The General Assembly is not, however, involved in individual project selection.

State Revenue Sources

State-Level Revenue Source	Authorization and Use		Eligible Transportation Activities							Citations and Additional Details
	Authorized by state constitution or statute	In current use	Roads and bridges	Public transit	Rail	Airports and aviation	Ports and waterways	Pedestrian and bicycle projects	Other	
Fuel taxes: gasoline and diesel (fixed rate; starting 2017: variable rate—indexed, other)	•	•	•	•	• Passenger and freight	•	•	•		A variable component, based on wholesale price, was repealed in 2015. In 2016, the tax is being levied at a flat rate. Starting Jan. 1, 2017, it will be annually adjusted based on population and the Consumer Price Index for energy costs (N.C. Gen. Stat. §105-449.38, §105-449.80; §105-449.125, §105-449.126; 2015 N.C. Sess. Laws, Chap. 2015-2)
Fuel taxes: alternative fuels (fixed rate; starting 2017: variable rate—indexed, other)	•	•	•	•	• Passenger and freight	•	•	•		Includes taxes on liquid and gas alternative fuels, including liquefied and compressed natural gas and liquefied propane gas; taxed the same way as gasoline and diesel; revenues mostly allocated to the Highway Fund and Highway Trust Fund (N.C. Gen. Stat. §105-449.38, §105-449.125, §105-449.130, §105-449.136)

State-Level Revenue Source	Authorization and Use		Eligible Transportation Activities							Citations and Additional Details
	Authorized by state constitution or statute	In current use	Roads and bridges	Public transit	Rail	Airports and aviation	Ports and waterways	Pedestrian and bicycle projects	Other	
Business license fees (starting 2020: indexed)	•	•	•	•	• Passenger and freight	•	•	•		Business license fees for vehicle dealers, distributors, wholesalers, and manufacturers; allocated to the Highway Fund; will be indexed to the Consumer Price Index starting July 1, 2020 (N.C. Gen. Stat. §20-289, §20-4.02; 2015 N.C. Sess. Laws, Chap. 2015-241)
North Carolina Rail Company dividends	•	•	Grade crossings only		• Freight only					Allocated to the Freight Rail and Rail Crossing Safety Improvement Fund within the Highway Fund (N.C. Gen. Stat. §124-5.1)
Port revenues	•	•					•			North Carolina State Ports Authority (N.C. Gen. Stat. §136-262)
Interest income	•	•	•	•	• Passenger and freight	•	•	•		Highway Fund, Highway Trust Fund (N.C. Gen. Stat. §143C-1-4)

Notes:

- In general, throughout this report, this chart includes revenue sources authorized for or used by state government agencies or departments (including but not limited to DOTs), but not those used solely by quasi-public entities such as public benefit corporations or instrumentalities. “Authorized by state constitution or statute” signifies that the item is specifically authorized in law, not just permitted under more general authorizations or powers. “Eligible transportation activities” include the state-level development and operation of transportation facilities and services. They do not include administrative costs, DMV or highway patrol functions, enforcement or regulatory activities, education programs, or distributions to local governments. The “rail” column refers to heavy rail only. Commuter rail and light rail are included under “public transit.”
- The North Carolina State Ports Authority was appropriated \$35 million per year from the Highway Fund for FY 2016 and FY 2017 (2015 N.C. Sess. Laws, Chap. 2015-241).
- State statute requires oversize and overweight truck permit fees to be adjusted periodically so that fee revenues equal the cost of administering the permitting program. Any excess revenues, however, must be used for highway and bridge maintenance required as a result of damages caused by overweight or oversize loads (N.C. Gen. Stat. §§20-119 et seq.).

State Fuel Tax Model	Fixed rate (cents per gallon); variable rate (indexed and adjusted based on population) starting Jan. 1, 2017
Restrictions on State Fuel Taxes	Statutory, multimodal transportation (with exceptions). After set-asides for the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Water and Air Quality Account, state statute allocates 71 percent of fuel tax revenues to the Highway Fund and 29 percent to the Highway Trust Fund (N.C. Gen. Stat. §105-449.125; 2015 N.C. Sess. Laws, Chap. 2015-241), to be used for multimodal transportation projects. State statute also allocates small shares of fuel tax revenues to the Wildlife Resources Fund for boating and water safety activities and to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund for dredging activities (N.C. Gen. Stat. §105-449.126).
Restrictions on Other Transportation Revenues	State statute requires the annual appropriation of sales taxes on aviation fuels to NCDOT's Division of Aviation for aviation-related capital improvements (N.C. Gen. Stat. §105-164.4 and §105-164.44M). State statute directs various transportation-related revenues to the Highway Trust Fund and the Highway Fund. The North Carolina Turnpike Authority may only establish up to 11 toll road projects, which must meet certain statutory requirements (N.C. Gen. Stat. §136-89.183).
Dedicated or Restricted Transportation Funds	The Highway Fund, which is primarily funded by fuel taxes and other revenues, is used for multimodal transportation purposes that include maintenance and operations for highways and bridges, public transit, rail, aviation, ferries, and waterways (N.C. Gen. Stat. §105-449.126, §136-44.2, and §136-44.3A). A separate fund, the Highway Trust Fund, is primarily funded by motor vehicle use taxes and fuel taxes along with titling fees, and is used for turnpike debt service and statewide capital strategic transportation investments that include fixed guideway projects but not independent bicycle and pedestrian improvement projects (N.C. Gen. Stat. §136-176 and §136-189.11). Although distribution of the Highway Trust Fund is determined by statute, the General Assembly sometimes overrides the statutes during the appropriations process.
Revenue Sources Prohibited in State Law	None.

State Finance Mechanisms

State-Level Finance Mechanism	Authorization and Use		Eligible Transportation Activities							Citations and Additional Details
	Authorized by state constitution or statute	In current use	Roads and bridges	Public transit	Rail	Airports and aviation	Ports and waterways	Pedestrian and bicycle projects	Other	
General obligation bonds		•	•							Highway Bonds; authorized in session law, not statute
Revenue bonds	•	•	•							North Carolina Turnpike Authority (N.C. Gen. Stat. §136-89.189)
Build America Bonds		•	•							Issued in 2010 by the North Carolina Turnpike Authority; authorized in session law, not statute
GARVEE bonds	•	•	•							Authorized in state statute; debt service is capped at 15 percent of expected average annual Federal revenue (N.C. Gen. Stat. §136-18); most recently issued in 2015
Private activity bonds	•	•	•							Authorized in statute for public-private partnerships (N.C. Gen. Stat. §136-18); issued
Federal credit assistance: TIFIA		•	•							Active loan(s), used for highway projects

					Passenger and freight				28.11); used for several road projects
Public-private partnerships	•	•	•	•	• Passenger and freight	•		•	Authorized in statute for a limited number of projects; various transportation modes are eligible (N.C. Gen. Stat. §136-18, §§136-28.6 et seq., §§136-89.180 et seq.); used by the state for at least two road projects
State infrastructure bank	•	•	•	•					Capitalized with Federal funds; may be used for highway or transit projects (N.C. Gen. Stat. §136-18)

Notes:

- In general, throughout this report, this chart includes finance mechanisms authorized for or used by state government agencies or departments (including but not limited to DOTs), but not those used solely by quasi-public entities such as public benefit corporations or instrumentalities. “Authorized by state constitution or statute” signifies that the item is specifically authorized in law, not just permitted under more general authorizations or powers. “Eligible transportation activities” include the state-level development and operation of transportation facilities and services. They do not include administrative costs, DMV or highway patrol functions, enforcement or regulatory activities, education programs, or distributions to local governments. The “rail” column refers to heavy rail only. Commuter rail and light rail are included under “public transit.”

Transportation-Related Bonding	Yes.
Restrictions on Finance Mechanisms	General obligation bonds require legislative and voter approval. NCDOT and the North Carolina Turnpike Authority are both limited in the number of public-private partnerships they may undertake (N.C. Gen. Stat. §136-18 and §136-89.183). GARVEE debt service is capped at 15 percent of expected average annual Federal revenue (N.C. Gen. Stat. §136-18). In addition, the Debt Affordability Advisory Committee in the Department of State Treasurer, which among other duties is required by law to establish debt guidelines annually for the Highway Fund and the Highway Trust Fund (N.C. Gen. Stat. §142-101), set a guideline in 2016 that limits total transportation-related debt service to 6 percent of total state transportation revenues.
Finance Mechanisms Prohibited in State Law	None.

Other State Funding and Finance Issues

DOT Able to Retain and Spend Excess Funds	Yes. Excess funds revert to the funds from which they came—the Highway Fund or the Highway Trust Fund—and are available for expenditure. Approval is required from the executive branch Office of State Budget and Management in order to spend these funds.
Legislative Approval Required for DOT to Move Funds Between Projects	Yes and no. Generally, legislative approval is required to repurpose funds that were appropriated to specific transit and rail projects, but not to move funds among highway and other projects that were selected by NCDOT.
Legislative Actions to Control DOT Costs	State statute contains low-bid requirements for infrastructure construction, repair, and maintenance projects costing under \$2.5 million (N.C. Gen. Stat. §136-28.1). Also, the 2015 appropriations act required NCDOT to establish a baseline unit pricing structure for transportation goods used in highway maintenance and construction and prohibits any highway division from exceeding a 10 percent variance over a baseline unit price set for that year. The act further provides that, in order to drive savings, unit pricing may be reduced annually as efficiencies are achieved. As part of a larger study to be submitted by May 1, 2016, the act also required NCDOT to develop a plan to eliminate at least 10 percent of NCDOT job positions that perform administrative, managerial, supervisor, or oversight functions (2015 N.C. Sess. Laws, Chap. 2015-241).

State Involvement in Local Transportation Funding

Allocation of State Transportation Revenues to Local Entities	Statutory formulas and legislative appropriations. North Carolina has a highly centralized transportation system, in which NCDOT builds and maintains secondary roads and there are no county road departments. Municipalities, however, do receive state aid for local projects. Under the “Powell Bill” program (N.C. Gen. Stat. §§136-41.1 et seq.), upon appropriation of funds by the General Assembly to NCDOT for state aid to municipalities, allocations are then made to eligible municipalities by a statutory formula based on population and road miles. Funds may be used for street, bridge, bikeway, or sidewalk projects. NCDOT has made these allocations annually since the 1950s.
Local Revenue Sources Authorized in State Law	State statute authorizes counties and cities to assess property taxes for roads, public transit, rail, airports, and ports (N.C. Gen. Stat. §153A-149 and §160A-209), as well as special assessments for street improvements (N.C. Gen. Stat. §153A-185, §153A-205, and §160A-216). Municipalities and transportation authorities may levy vehicle registration fees for public transit uses (N.C. Gen. Stat. §20-97 and §105-561). Transportation authorities may also adopt vehicle rental taxes (N.C. Gen. Stat. §105-551). County and municipal service districts may impose property taxes for specified transportation purposes (N.C. Gen. Stat. §153A-301, §153A-307, §160A-536, and §160A-542).

Key Findings

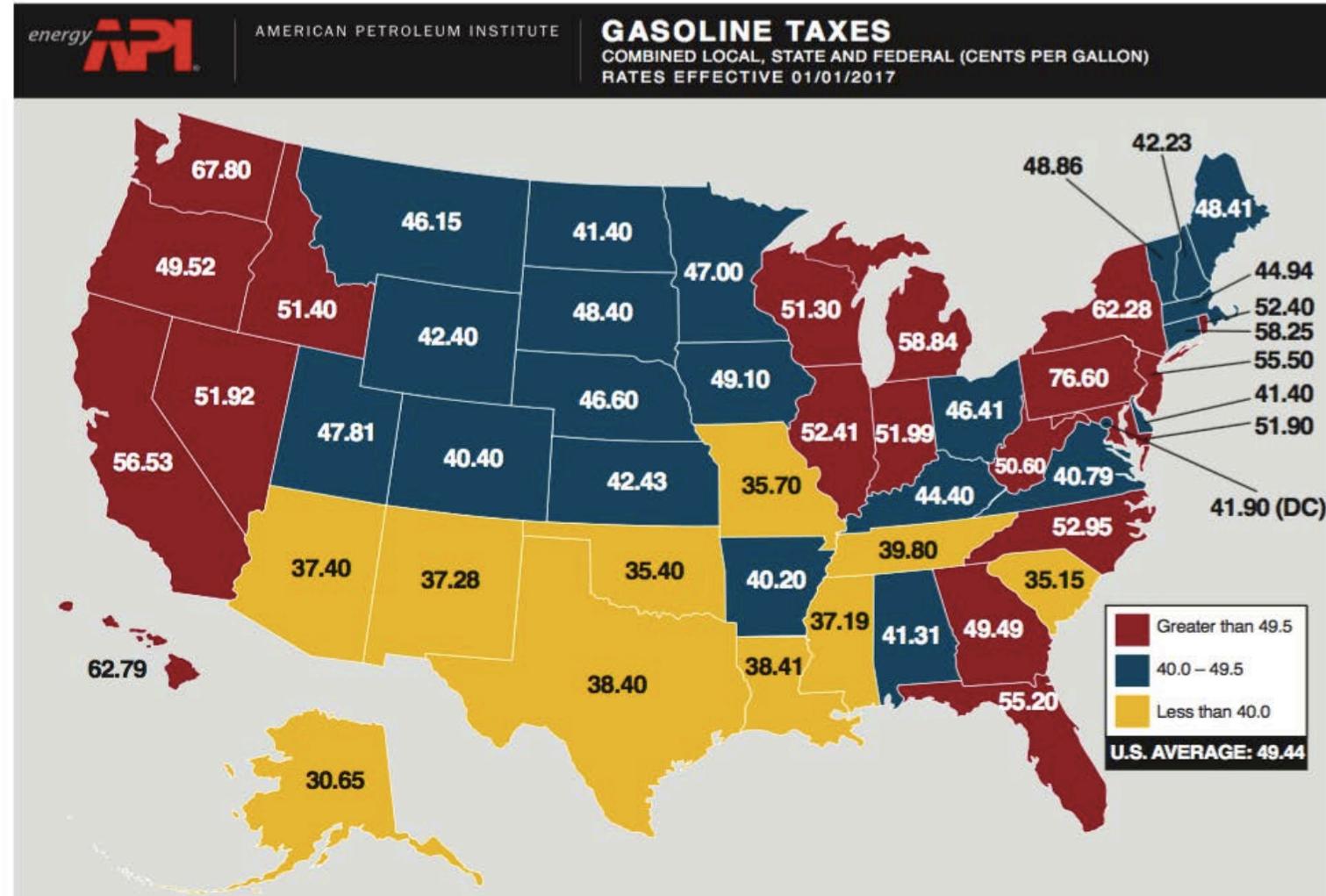
What are some key findings from the updated research?



What are some key findings from the updated research?

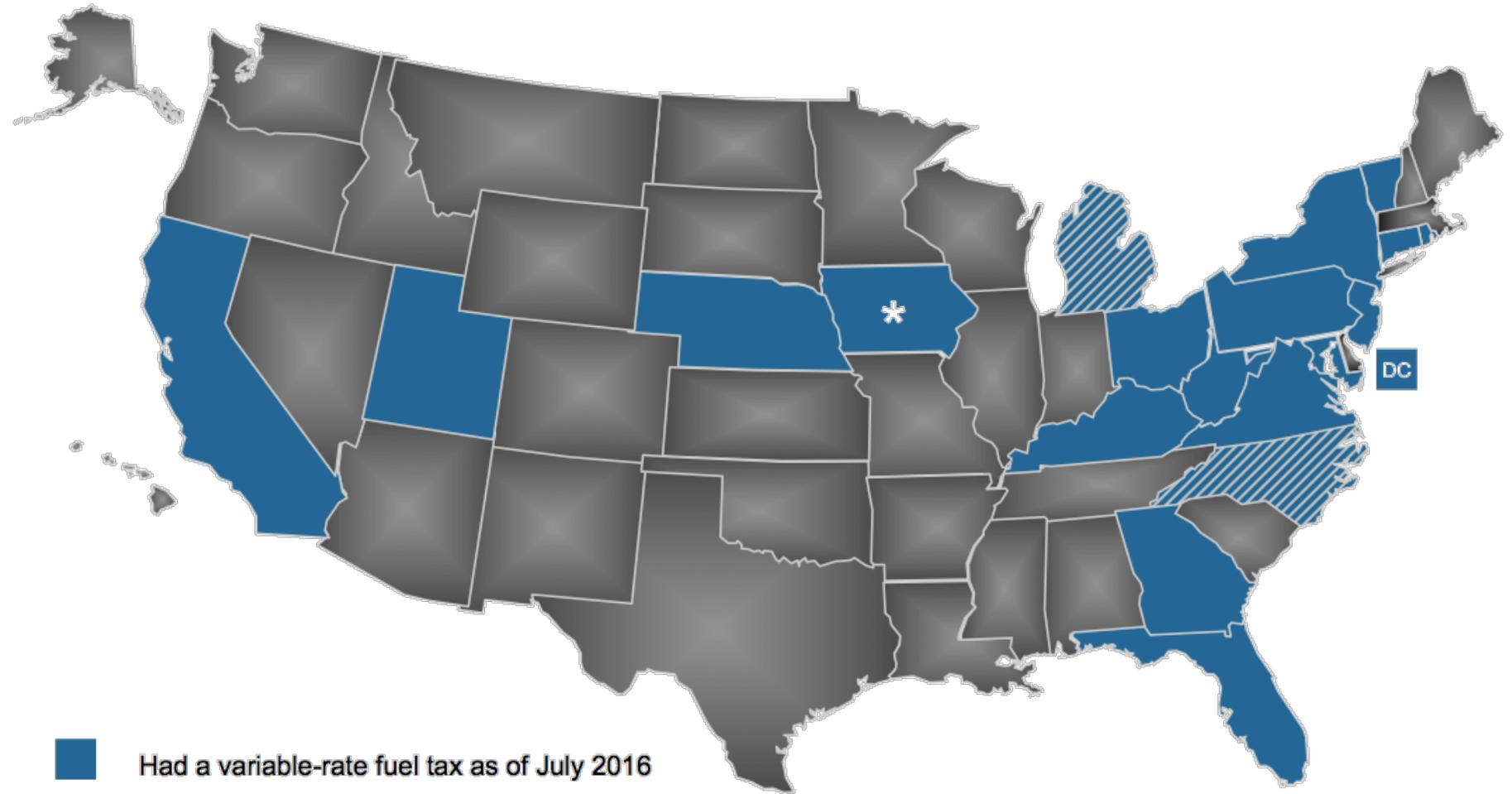
- Motor fuel taxes vary widely across the states...

Source: American Petroleum Institute,
<http://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes>



What are some key findings from the updated research?

- ... including whether they are adjusted over time



- Had a variable-rate fuel tax as of July 2016
- ▨ Will have a variable-rate fuel tax as of Jan. 1, 2017 (N.C.) and Jan. 1, 2022 (Mich.)

* Until July 1, 2020, Iowa's fuel taxes are to be adjusted annually based on fuel distribution percentage formulas, but these adjustments are intended to be revenue-neutral.

What are some key findings from the updated research?

- A widely agreed-upon problem, and a rich diversity in states' responses to it

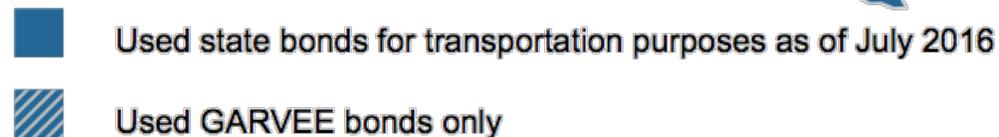
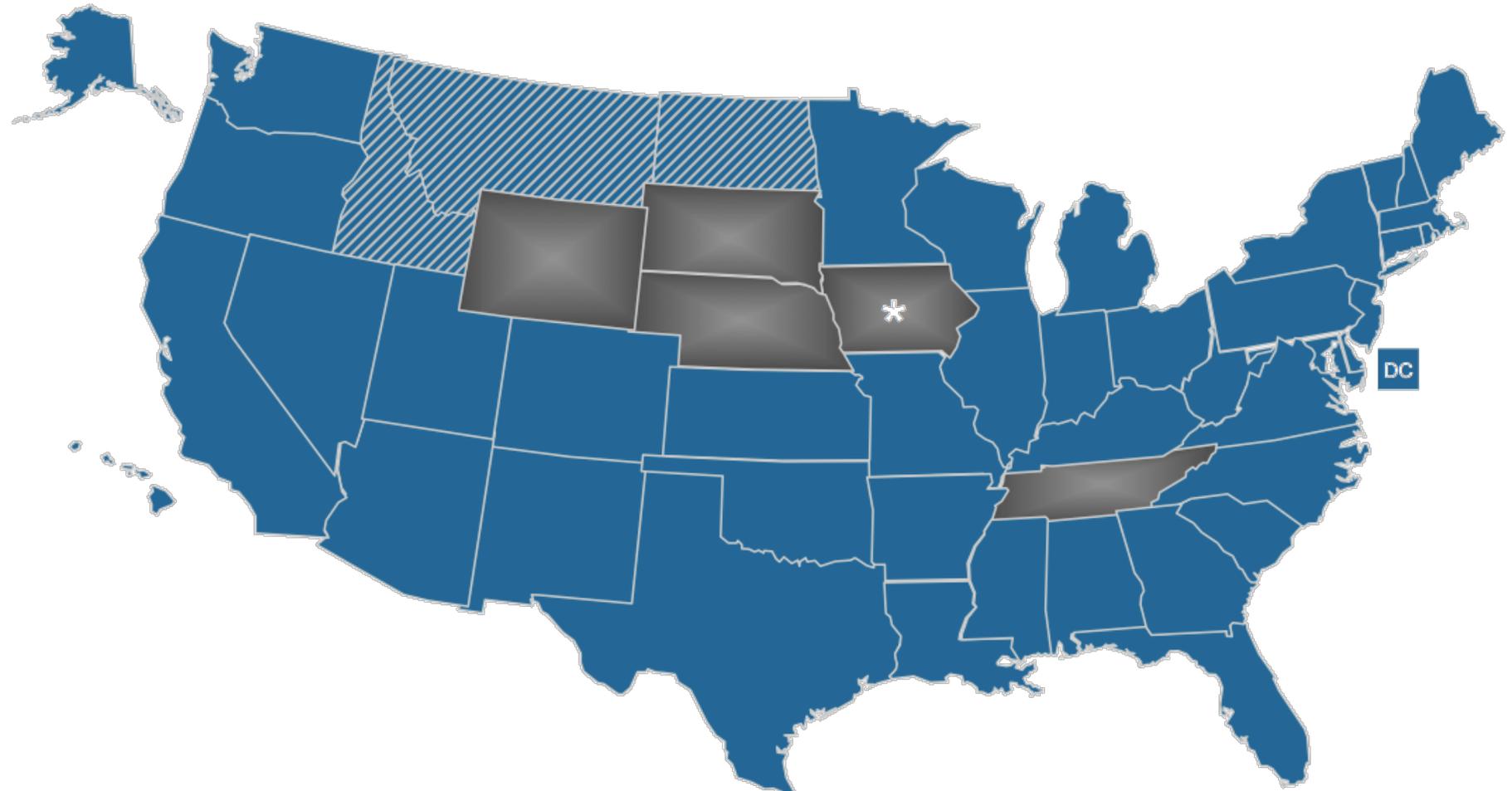


What are some key findings from the updated research?

Public-private partnerships
Revenue bonds
GARVEE bonds Design-build
General obligation bonds
Build America Bonds Private Activity Bonds TIFIA
State infrastructure bank
Other

What are some key findings from the updated research?

- Most but not all states use bonding for transportation purposes



* The Iowa DOT received an appropriation from state-issued revenue bonds in 2009, but this is not considered a DOT debt.

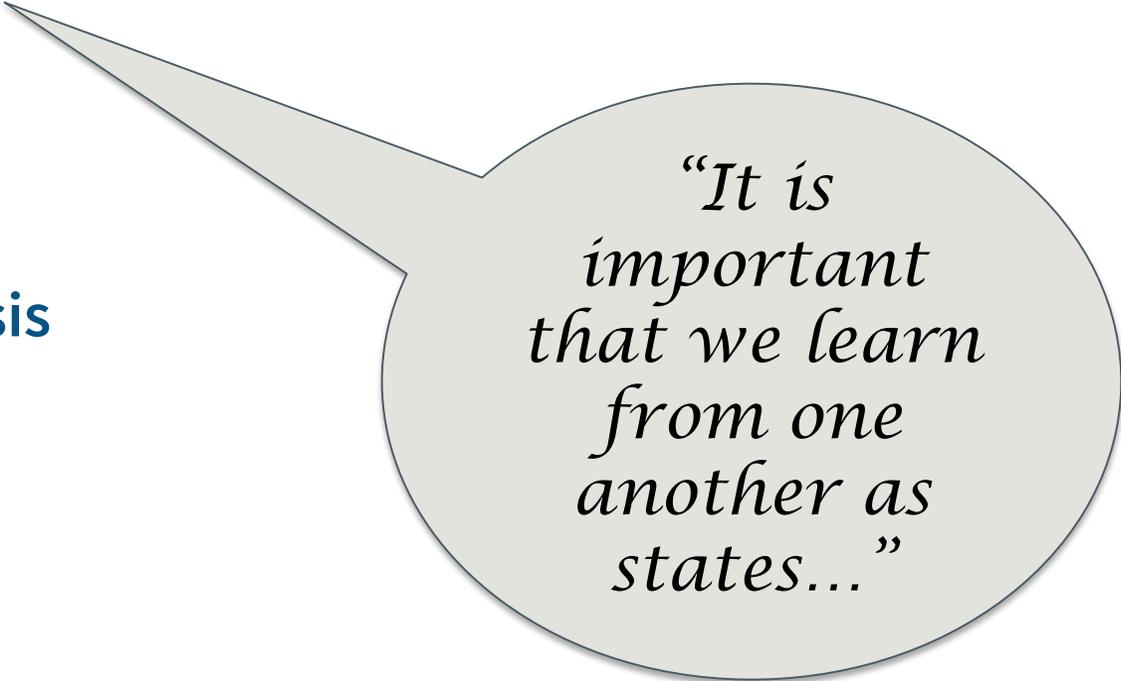
In what other ways have states changed since the 2011 edition?

- **Alternative project delivery methods**
- **Transportation “lockboxes”**
- **Performance management and planning**
- **Intergovernmental context**
- **And more!**

Value of the Report to Practitioners

How can you use this report?

- Understand state roles, approaches, trends, and exceptions
- Get new ideas from other states
- Make your case
- Find key contacts in relevant states
- Use as a springboard for further analysis



“It is important that we learn from one another as states...”

North Carolina Department of Transportation



Burt Tasaico
North Carolina DOT

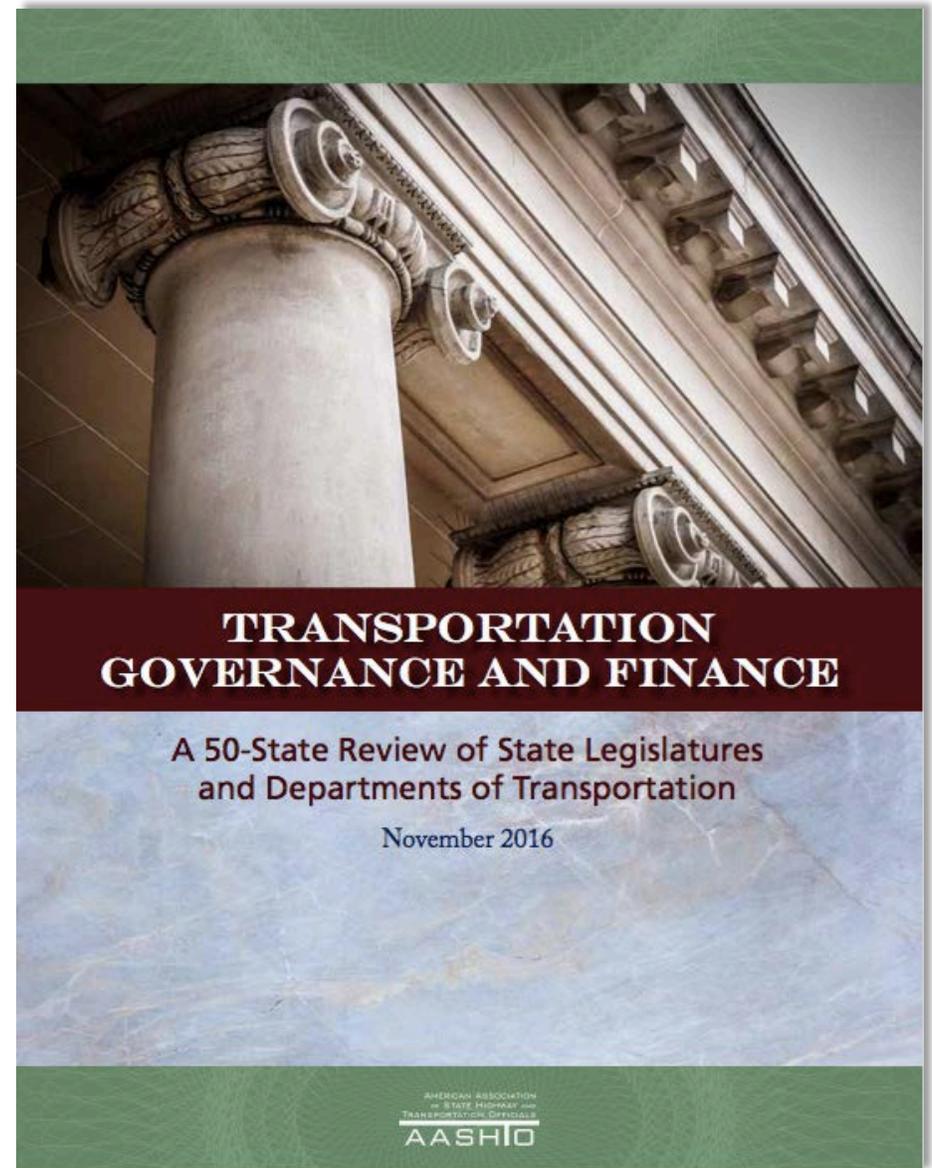
Oregon Department of Transportation



Travis Brouwer
Oregon DOT

Project Finance State by State Map

- Based on **Transportation Governance and Finance: A 50-State Review of State Legislatures and Departments of Transportation**
- **Two formats**
 - Mapped data
 - Tabular data



Project Finance State by State: Benchmarking Data

Mapped Data

Tabular Data

About This Tool

Transportation Funding & Finance

Leadership & Organization

Legislative Interaction

This interactive map provides a 2011 snapshot of Transportation Funding & Finance, Organization & Leadership, and Legislative Interaction for all 50 states. Select a parameter to begin.
[View the data dictionary \(pdf\)](#)

State Budgeting and Appropriations ▲

Highway Funding Sources ▲

- Fuel Tax
- Gas Tax
- Vehicle Sales Tax
- Registration
- Vehicle or Truck Weight Fees
- Tolls
- General Funds
- Interest Income
- Sales Tax
- Bonding
- General Obligation Bonds
- Revenue Bonds
- Other Sources

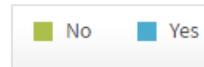
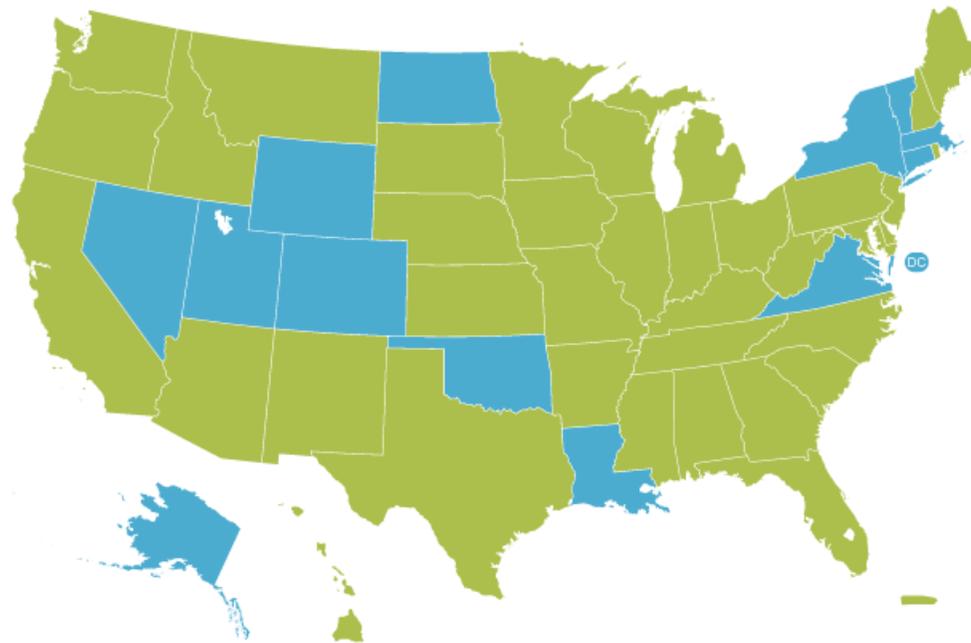
Transit Funding Sources ▼

Passenger / Freight Rail Funding Sources ▼

Other Funding Sources ▼

Debt Financing Tools ▼

Grant Management Tools ▼



This resource was produced in partnership with the [National Conference of State Legislatures](#).

Project Finance State by State: Benchmarking Data

Mapped Data

Tabular Data

About This Tool

Transportation Funding & Finance

Leadership & Organization

Legislative Interaction

This interactive map provides a 2011 snapshot of Transportation Funding & Finance, Organization & Leadership, and Legislative Interaction for all 50 states. Select a parameter to begin.
View the data dictionary (pdf)

DOT Leadership Appointments and Requirements. Secretary, Commissioner, or Director

Selection Method

Board or Commission Overseeing / Advising DOT

Present

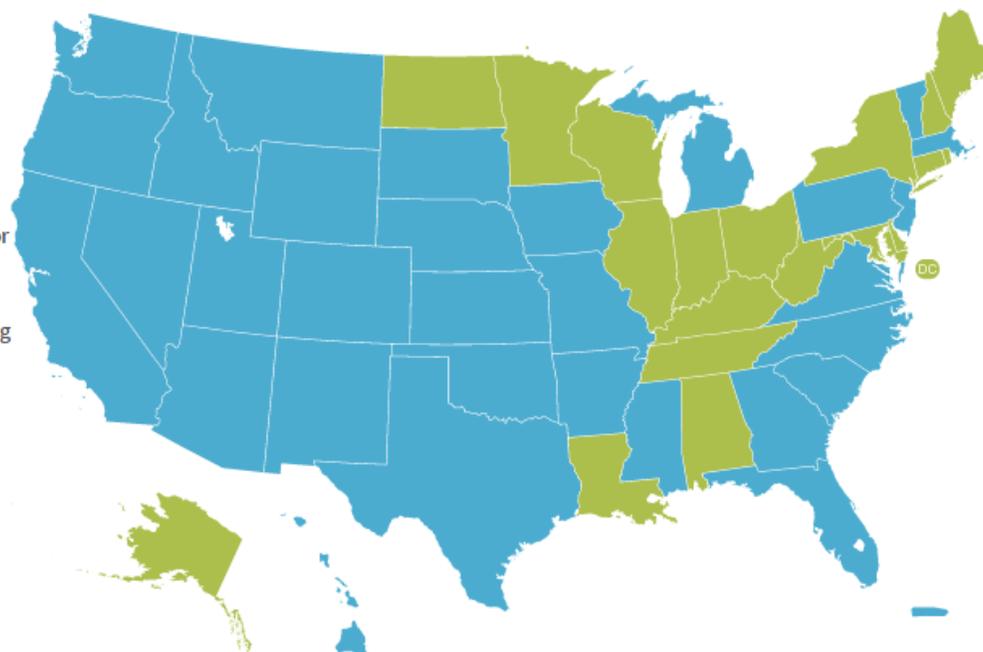
Size

State DOT and Legislature Characteristics

Legislative Bills Introduced

Full-time Employees

Organization Mode



■ No, state does not have such a board/commission

■ Yes, state has such a board or commission

Project Finance State by State: Benchmarking Data

Mapped Data

Tabular Data

About This Tool

Transportation Funding & Finance

Leadership & Organization

Legislative Interaction

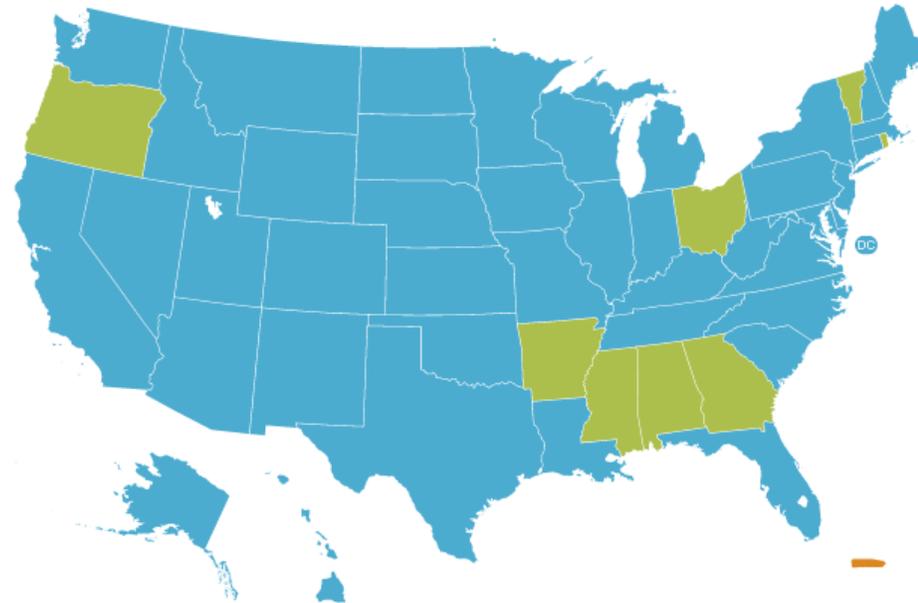
This interactive map provides a 2011 snapshot of Transportation Funding & Finance, Organization & Leadership, and Legislative Interaction for all 50 states. Select a parameter to begin.
View the data dictionary (pdf)

Oversight Mechanisms over DOT

- Oversight Committee
- Performance Audit
- Non Legislative Review
- Reporting Requirements
- Requests for Information
- Review Interim Charges
- Subject to Sunset Review

Review Authority over DOT Rules by Different Parties

- Rules Review Type
- Retains Auto Surplus
- Requires Approval to Move Funds
- Enabling PPP Legislation Types
- Legislative Approval Requirements for PPPs
- Design-Build Legislation



- Legislative program reviews or performance audits not mentioned in the State Profile
- Legislative program reviews or performance audits
- No information on Oversight Mechanisms given in the State Profile

This resource was produced in partnership with the National Conference of State Legislatures.

Project Finance State by State: Benchmarking Data

Mapped Data

Tabular Data

About This Tool

Select State »

Tabular Data Map » North
Carolina**BENCHMARKING
DATA****2011 Snapshot**Transportation Funding &
Finance

Leadership & Organization

Legislative Interaction

1992-2013

Demographics

State Roadway System

Toll Facilities

Revenue Sources

State DOT Disbursements

Motor Fuel Taxes

**North Carolina**

2013 ▾ Demographics

Area (sq. mi.)	48,618	
Population	9,848,917	
Population Density (per sq. mile)	202.58	
Annual Growth Rate (%)	1.03	
Percentage Urban	n/a	
Per Capita Income	\$37,774	
Gross Domestic Product	\$467,075,000,000	

View state benchmarking data for 1992 to 2013 in graphical (histogram) format.

Stay Tuned!

This resource will be updated later this summer to include information from the newly released report

Questions and Answers

Jennifer Brickett

DIRECTOR

BATIC Institute: An AASHTO Center for Excellence

Discussion



Jaime Rall
J.R. Rall Consulting LLC



Burt Tasaico
North Carolina DOT



Travis Brouwer
Oregon DOT

Please submit any questions to our panel using the Q&A box in the bottom left corner of your screen

Wrap-Up

- The BATIC Institute will post responses to all questions received today on its website
- The recorded webinar will also be available on the BATIC Institute website:

www.financingtransportation.org

UPCOMING BATIC INSTITUTE OFFERINGS

P3 Peer Exchange

July 12, 2017

CFO Peer Exchange

July 31 and August 1, 2017

Public-Private Partnerships (P3) Basics Overview
Training

August 5-6, 2017

Thank you for attending today's webinar