McCrory balks at proposing taxes or other new revenues for transportation

Posted by Bruce Siceloff on February 4, 2015

RALEIGH — Gov. Pat McCrory appeared to back away Wednesday night from an earlier pledge to give the 2015 General Assembly "targeted revenue recommendations" for shoring up North Carolina's anemic gas tax and providing a more sustainable source of transportation money for the growing state.

After reiterating an earlier proposal to borrow $1.2 billion for highway and other transportation projects, he signaled that he will wait for legislators to take the lead on recommending any new transportation taxes, fees or other revenue sources. He had said in September that he would make these proposals himself.

"I will support your efforts to protect and stabilize – I will support any efforts to protect and stabilize – our existing transportation revenue streams, while also looking at funding reform and alternatives for our future transportation and infrastructure needs," McCrory said Wednesday in his State of the State speech to the General Assembly.

He said the proposed bonds would be spent on the next projects in line, scored under the mobility formula, with the environmental documents in place, so we can begin those projects immediately.

Gov. Pat McCrory's roads, buildings bonds would go to statewide vote

The News and Observer   By Craig Jarvis and Bruce Siceloff   February 5, 2015

Anyone who has listened to him over the past two years knows it's the little things that bug Gov. Pat McCrory: dry fountains, broken elevators, traffic jams.

He was still talking about it in his State of the State address on Wednesday night.

"We can no longer afford a culture of neglect and apathy," the former Charlotte mayor said, invoking decrepit government buildings in Raleigh and bottleneck highways across the state as offensive to his sense of civic pride.

Now he has put a dollar figure on cleaning things up: He wants to borrow about $2.5 billion for transportation and building projects.

That will require the General Assembly to agree to put bond measures on a statewide ballot – something that Republican leaders have not yet embraced, especially since the administration hasn't disclosed specific projects so far.

Rep. David Lewis, who represents Harnett County, on Thursday reiterated that his party wants to be sure the state finds all the savings it can through making government more efficient before committing to major projects that add debt.

Sometimes bonds can be approved by the Council of State without going to a public vote, but there is little enthusiasm for that.

"The challenge will be finding the right set of projects that will appeal to the majority of voters in all parts of the state to get them behind it," state Treasurer Janet Cowell said in an interview Thursday. "I will say that will probably be a bigger challenge in some ways than in 2000 because we've had six or seven years now of antidebt sentiment, where debt has become a bad word."

The last time there was a bond issue this large was in 2000, when voters approved $3.1 billion higher education bond. The most recent bond was $503 million for public improvements in 2007.

Debt rating unaffected

More importantly, bonds in the amount McCrory proposes are a debt the state can handle, a report Cowell issued on Monday found. If approved, they would keep the state below its historic "watermark" of 4 percent of all revenue that is used for debt service.

Since the state has not issued new debt service since the recession in 2007 and has been paying off previous debt, the state has the capacity to take on something the size of what the governor proposes while protecting its AAA bond rating, she said.

The study recommends putting bonds for capital projects before voters. "If you're going to undertake significant debt, we'd like to see a vote of the people, more buy-in by the public, whose taxes are paying for this," she said.

Cowell says the state actually has little choice but to leave it up to voters. Legislation passed in recent years calls for three-fourths of outstanding debt to be general obligation bonds, with only a small minority not being voter-approved, she said.

Democrats on Thursday sounded much more receptive to the governor's bond proposals. At a news conference the House Democratic caucus called to criticize McCrory's overall agenda, veteran Rep. Mickey Michaux of Durham said he thought the bonds were a reasonable request.

Tentative projects

There are few specifics on the building revitalization plan the governor has dubbed "Project Phoenix." A study of downtown Raleigh buildings is underway, which includes looking at ways to add retail and residential uses to the government complex there.

Transportation projects, on the other hand, are tentatively lined up already.

Transportation Secretary Tony Tata said the $1.2 billion in highway bonds would be spent to build new projects that fell just short of the cutoff mark when the state Department of Transportation applied McCrory's new Strategic Mobility Formula to set the top priorities for road construction over the next 10 years. These projects would qualify for bond money only if DOT has secured the necessary environmental permits.

"What that would allow us to do is get construction going on 19 or so projects that have those documents done, that are next in line," Tata said at a meeting of the state Board of Transportation.

DOT provided a draft list of projects likely to benefit from the bond money. Like other construction money, the funds would be divided among projects of statewide significance (40 percent of the money), regional (30 percent) and local DOT division (30 percent).

In the Triangle, DOT's draft bond list includes $60 million for Wake and Franklin counties, to finish the four-lane widening of U.S. 401 between Raleigh and Louisburg. The biggest single project on the list is the Interstate 74 eastside bypass in Winston-Salem, costing $300 million.

When McCrory first proposed transportation bonds in September, he included many projects that had scored near the bottom in his new rating system. Critics said he was tainting the decision process by letting political considerations overrule objective ratings.

Calls to raise funds

Business groups have called on state leaders in recent weeks to find new money – from additional taxes, fees or other sources – to step up spending for road and bridge construction and maintenance. McCrory backed away Wednesday from a pledge he'd made over the past two years to recommend new funding sources to shore up the state's anemic gas tax revenues.

The state's chief source of road money, the 37.5 cents-per-gallon tax on gasoline, is scheduled to drop by as much as 6 to 8 cents in July, according to a legislative formula, unless the General Assembly takes action to change the tax law. That would reduce DOT revenues by $300 million to $400 million a year, a healthy share of the department's $4 billion budget.

N.C. Go, a nonprofit group that lobbies for transportation improvements, says the legislature should increase the state's 3 percent tax on car sales and take other measures to bring in more money for roads, bridges and transit.

"A $1.2 billion bond is a good first step to jump-start projects," Mark Finlayson, N.C. Go's chairman, said in a news release. "However, it is borrowing money against future revenue … that is already uncertain due to projected decreases in gas tax revenue."

Cowell said the study committee took the declining future gas tax revenue into consideration when it calculated the debt capability.

Senate plan would cut NC gas tax

The News and Observer By Bruce Siceloff February 9, 2015

RALEIGH — Senate Republicans proposed Monday to make a quick 2.5-cent cut in the state's chief source of transportation money, the gas tax, and add a new minimum rate that would keep it from falling even lower.

The proposal comes as North Carolina business leaders are calling for more transportation spending to repair roads and support the state's growing economy, The gas tax would be reduced on March 1 from the current 37.5 cents per gallon to 35 cents, which would become the new minimum rate.

Two senators pushing the change said they wanted to make the state Department of Transportation's primary revenue source less volatile and more reliable. Under current law, the tax would remain at 37.5 cents until July 1 – and then it would be expected to fall by as much as 6 to 8 cents because of a formula pegged to wholesale fuel prices, which have fallen sharply in recent months.

"There's an immediate tax cut" in the new proposal, said Sen. Kathy Harrington, a Gaston County Republican who co-chairs one of the Senate's budget-writing committees. "And it freezes it by putting a floor in place – and provides stability going forward, (to guarantee funds) for road projects that are already in the queue."

The proposed change was filed Monday night in a draft committee rewrite of an earlier Senate bill.

"We think it is very noteworthy that we are making a 2.5-cent gas tax cut when our neighbors (in other states) are all raising their gas tax or trying to," said Sen. Bill Rabon, a Brunswick County Republican who co-chairs the Senate Transportation Committee.

Under current law, the tax is adjusted every six months to reflect the ups and downs of fuel prices. The current formula sets it as the sum of 17.5 cents plus either 3.5 cents or 7 percent of the average wholesale price, whichever is greater.

The Senate legislation would change the formula, setting the tax at 17.5 cents plus either an additional 17.5 cents (to make the minimum rate of 35 cents) or 9.9 percent of the average wholesale fuel price, whichever is greater.

Rabon said fuel prices are not projected in the coming year to rise so high that they would push the tax rate above 35 cents.

Without action to keep the tax rate from falling well below 35 cents later this year, Rabon said, the state might not be able to depend on enough revenue to repay the $1.2 billion in transportation bonds Gov. Pat McCrory proposed last week. DOT would have to reduce spending for road and bridge construction and maintenance, he said.

Telegraphed in advance

"If we do nothing, it would be devastating," Rabon said. "It would be a disaster."

The proposal was telegraphed in advance Monday when Carolina Partnership for Reform – a Raleigh-based advocacy group with ties to Senate Republicans – tweeted that a new poll showed support from North Carolinians for exactly the tax change prescribed in the new Senate bill filed Monday evening.

The group said the March 1 tax cut, "viewed as nonpartisan common sense," was favored by 47 percent and opposed by 42 percent. It provided no details on polling methods, findings or margin of error.

Even if the tax rate stays unchanged, it is expected to generate less money in future years as fuel economy continues to improve – meaning that cars and trucks in North Carolina use less gasoline per mile.

DOT says it will need $94 billion over the next 25 years to keep roads and bridges from deteriorating further – and more money than that to improve transportation conditions – but it expects to take in only $60 billion from current state and federal revenue streams.

A recent N.C. State University study for the N.C. Chamber, a statewide business lobby, endorsed three sources of possible new transportation revenues: higher fees on heavy trucks, an increase in the highway use tax collected on automobile sales – which are lower in North Carolina than in neighboring states – and, eventually, a fee based on the miles traveled by each vehicle.

Although McCrory had pledged last year to recommend new taxes or other sources of additional transportation revenues, he changed course last week and said instead that he would wait for legislators to take the lead.

Rabon said officials in McCrory's administration have been briefed on the new gas tax proposal. The governor may have been referring to the new legislation when he said in his State of the State speech that he will support "any efforts to protect and stabilize" transportation revenues.

The legislature has moved twice over the past decade to put an upper limit on rising gas tax rates. But in 2009, a tax ceiling that had been enacted two years earlier was converted to a floor to close a gap in the DOT budget. Without that action in 2009, the tax rate would have dropped from 29.9 to 27.9 cents.

North Carolina's gas tax is one of the highest in the nation. The highway use tax collected at the time of car sales, another major source of road money, is lower in North Carolina than in neighboring states.

Senate bill could push NC gas tax 7 cents higher in future years

The News and Observer By Bruce Siceloff February 10, 2015

RALEIGH — A new gas tax formula proposed this week by Senate Republicans would give North Carolinians a quick tax cut this year – followed by years of substantially higher gas taxes, which prompted criticism from both ends of the political spectrum.

A consensus forecast provided by economists for the legislature and the administration of Gov. Pat McCrory predicts the change would generate about $1.2 billion in additional revenue over the next four years for the state Department of Transportation, where officials have warned of a widening gap between North Carolina's needs and its ability to pay for them.

The proposed new law would cut the gas tax rate by 2.5 cents per gallon on March 1 for the rest of 2015, and set a new minimum rate of 35 cents for future years.

The measure also would make changes in a legislative formula to push the gas tax almost 5 cents higher in 2016 than it would be under current law, government economists say – and almost 7 cents higher in 2018.

"With all due respect, it's a motor fuels tax increase," Sen. Joel Ford, a Mecklenburg County Democrat, said Tuesday at a meeting of the Senate Appropriations Committee, where the gas tax bill was approved and sent to the Senate floor.

"You call it a tax increase," replied Sen. Jerry Tillman, a Randolph County Republican. "It may, in time, end up being that. But when you're bleeding, you've got to stop the bleeding."

Sen. Bill Rabon, a Brunswick County Republican sponsoring the changes, spoke of cutting tax rates now and making the gas tax a less volatile and more predictable source of transportation funds in the future. He emphasized that the rate would not be allowed to fall below 35 cents a gallon.

"We're going to cut, freeze and stabilize the gas tax," Rabon said Tuesday morning at a meeting of the Senate Finance Committee. "It's mainly a bill that corrects things."

Current law prescribes a formula used to adjust the gas tax rate every six months: Either a flat 21 cents or a combination of 17.5 cents plus 7 percent of the average wholesale price, whichever is higher.

The new proposal would update the tax only once a year under a revised formula: A flat 35 cents or a combination of 17.5 cents plus 9.9 percent of the average wholesale price, whichever is higher.

Business groups and transportation advocates have warned that North Carolina's roads and bridges will deteriorate unless the state finds dependable alternatives to the gas tax, which has weakened as automobile fuel economy has improved over the past decade.

The N.C. Chamber, the state's main business lobby, said the Senate proposal "takes an important step to relieve immediate stress on current transportation infrastructure needs."

But the anti-tax Americans for Prosperity said the legislation "keeps the gas tax artificially inflated over time." A liberal group, Progress N.C. Action, called the move a "bait-and-switch" that would hurt average residents by costing them more at the pump over the long haul.

The gas tax measure was added to Senate Bill 20, a measure that makes changes in state income tax laws and addresses questions from accountants about how certain types of income from 2014 should be reported. Sen. Bob Rucho, a Mecklenburg County Republican who co-chairs the Senate Finance Committee, said he hoped to move the bill through the Senate by Thursday and send to to the House.

State government economists took long-range fuel price forecasts from the U.S. Energy Information Administration, added their own projections for modest fluctuations in North Carolina fuel consumption, and produced twin predictions for gas tax rates and revenue production through 2019 – under the current law and under the Senate proposal.

The proposed March 1 cut from the current 37.5 cents to 35 cents could require DOT to eliminate as many as 500 jobs because of less funding.

State economists predict that the rate would stay at 35 cents in 2016 and then climb eventually to 41 cents in 2019 under the Senate proposal. Under current law, they say, it would fall to 30.4 cents in 2016 and rise to 34.2 cents in 2019.

"The assumption is that we're going to be stuck with low prices over the next 12 months-plus, with only gradual increases as we move through that period," Barry Boardman, chief economist for the legislature's fiscal research staff, said in an interview. He added a qualifier: "It's highly volatile when you try to forecast what those prices are going to look like in two or three years."

Wide support with some criticism for GOP plan to cut NC gas tax, then raise it

The News and Observer by Bruce Siceloff February 11, 2015

RALEIGH — Business and political groups are weighing in on a push by Senate Republicans to cut North Carolina's gas tax by 2.5 cents in March, establish 35 cents as a tax floor in future years, and change the tax formula to accelerate the increase in the tax rate expected when fuel prices rise in the future – pushing it as much as 7 cents higher than it would be otherwise.

It's an immediate tax cut that will reduce state Department of Transportation funds by $33 million this spring, forcing DOT to lay off 500 employees. Economists say that over the next four years, however, it will generate an additional $1.2 billion for DOT by pushing the tax rate 5 to 7 cents higher than it would be under the current law.

Here are excerpts from comments on the legislation, with links to their complete statements, from:

• **N.C. Go**: Not only will we see cut in the gas tax, but by freezing the tax, we'll gain a measure of revenue stability. And while we commend the fast action by the legislature, their work is only partly done this session regarding transportation revenue. ... Now is the time for bold ideas to shore up the ailing gas tax. Plans already exist identifying alternative and new funding sources that, by 2040, could yield more than $125 billion in new revenue – more than enough to fill the budget gap. Full statement (pdf).

• **Americans for Prosperity**: AFP's concern is that this proposal functions as a tax increase over time. Our preference would be to make a clean cut on the gas tax, and not play political games to make taxpayers believe they are getting a good deal over time. Full statement.

• **N.C. Budget and Tax Center**: Reforming the gas tax in a way to help generate sufficient revenue to address growing demand and the current backlog of stressed roads, bridges, and railroads is a step in the right direction and important in light of the 2012 and 2006 decisions to arbitrarily cap the gas tax at a level too low to support infrastructure investment needed. Improvements, however, are needed before the Senate bill moves forward to ensure this proposal best supports the state's transportation infrastructure. Full statement.

• **Professional Engineers of North Carolina**: "We cannot afford to risk the safety of our citizens by allowing the motor fuels tax rate to fall to a level that jeopardizes our ability to maintain and repair our bridges and roads," said Neil Deans, PE, President of Professional Engineers of NC. The Professional Engineers of NC believe this to be an important first step that stabilizes funding for our transportation system. However, it does not relieve us of the obligation to advance long-term funding reforms to meet the future needs of a growing state. Full statement.

• **The N.C. League of Municipalities**: These measures, working in concert, will provide much needed stability to transportation revenue in the state while delivering a boost for consumers and the North Carolina economy. Full statement.

• **The N.C. Chamber**: While supporting the Senate proposal, we remain committed to advancing long-term reforms that establish North Carolina's transportation infrastructure as a competitive advantage in the battle for job creation. Investing in the transportation system is crucial and yields a significant return on investment as it provides a resource for years to come. Full statement.

• **AAA Carolinas**: Road and bridge safety can sometimes get lost in politics. This proposal ensures a nice balance, with a tax break for all North Carolina drivers while still protecting the safety of our bridges and roadways. News story interview.

Senate Democrats attack NC GOP gas-tax hike

The News and Observer by Bruce Siceloff February 12, 2015

RALEIGH — The Senate gave final approval in a 36-15 vote Thursday and sent to the House a complicated measure to cut the state gas tax in March, forcing 500 layoffs at the state Department of Transportation – and then raise the gas tax in coming years. After casting his "no" vote, Wake County Sen. Dan Blue criticized Senate Republicans.

"This bill is a $1.2 billion tax increase over the next four years that will put the burden of funding our transportation shortfalls on the backs of the middle class families that can least afford it," Blue, the Senate Democrats' leader, said in a news release.

"Rather than discuss all options and keep the best interest of all of our citizens in mind, Senate Republicans are again using smoke and mirrors to sneak through regressive tax hikes that hurt working families at the fuel pump," Blue said.

Current law would keep the gas tax at its present rate, 37.5 cents per gallon, until July 1. After that it is expected to fall 6 cents to 8 cents a gallon because of a legislative formula pegging the tax rate to wholesale fuel prices, which have plunged in recent months.

The GOP-sponsored Senate Bill 20 would cut the tax four months early, on March 1, to 35 cents per gallon – and set 35 cents as a floor to prevent the tax from falling further in the future.

The 2.5-cent reduction would trim $33 million from state revenues in the fiscal year that ends June 30, forcing DOT to lay off 500 employees. Layoff priority would fall on DOT administration staffers, maintenance jobs that could be outsourced and positions that allow the agency to reduce management layers.

The measure also would change the tax calculation formula – multiplying the average wholesale fuel price by 9.9 percent, instead of the current 7 percent – to amplify tax increases expected in future years, when fuel prices rise again. Economists for the legislature and for the administration of Gov. Pat McCrory agree that the proposed change in the tax formula is likely to push the tax rate 5 to 7 cents higher over the next four years.

Durham senators McKissick, Woodard disagree on gas tax changes

The Herald-Sun by Ray Gronberg Feb. 12, 2015

DURHAM —State senators from Durham wound up on opposing sides this week as the N.C. Senate proposed a revamp of North Carolina's gasoline tax.

Sen. Floyd McKissick, the Democrat who represents the 20th District, supported the bill favored by the chamber's Republican leadership. Sen. Mike Woodard, the Democrat from the 22nd District, opposed it.

Both current law and the Senate proposal would peg a portion of the consumer gas tax to fluctuations in the wholesale price of the commodity. Under current law, the levy, now 37.5 cents a gallon, was due to fall to something in the range of 29.5 to 31.5 cents a gallon thanks to the recent decline of gas prices.

Fearing the drop would gut the N.C. Department of Transportation's construction and maintenance budget, senators voted 35-15 on Thursday for a bill that would make the levy 35 cents a gallon for the rest of 2015.

The bill would also change the way officials figure the tax in 2016 and future years. It would require a recalculation annually instead of every six months, call for a 17.5-cent-a-gallon base charge, and claim for the state 9.9 percent of the wholesale price of gas.

The existing tax has the 17.5-cents-a-gallon base charge, but says the remainder of the levy should be 7 percent of the wholesale price.

By the reckoning of General Assembly budget analysts, that all translates into a three-month tax cut and a long-term tax increase that through fiscal 2018-19 should net for the state about $1.2 billion.

That figure appears to assume that gas prices will remain low, relatively speaking, for the next year or so before rising gradually over the long term. Fuel prices are, of course, dependent in part on political conditions in the Middle East and thus are hard to predict.

McKissick voted for the bill because the recalculation the current law requires this summer promises to take $8.1 million out of DOT's construction and maintenance budget for Durham County over the coming five years.

"You have to have a stable, dependable source of funding to meet our transportation needs," McKissick said. "We're already underfunded. [The bill] may not be the best alternative, but it was the best alternative that was on the table at this time."

Woodard, however, was willing to hold out for something else.

"I had absolutely no qualms voting against this because they had a short-term fix for a long-term problem," Woodard said.

Both senators are former Durham city councilman, and Woodard during his tenure chaired the western Triangle's transportation advisory committee.

As McKissick's comments indicated, both senators take for granted that the state government isn't raising enough money at present to cover its long-term maintenance and construction needs for roads, transit and other transportation modes.

The problem it faces, however, is that the gas tax is an ever-more-shaky source of revenue. That's partly down to the better fuel economy of new cars and trucks, compared to the older models they replace. And big swings in market prices — around $4 a gallon at the pump back in 2008, around $2 nowadays — don't help.

Woodard, faulting among other things the Senate bill's retention of a tax rate tied in part to the wholesale price of gas, said legislators need to ponder the "whole menu of ways we fund infrastructure in this state."

He pointed to a report commissioned by a business group, the N.C. Chamber, that listed and compared 16 alternatives to or supplements for the gas tax.

The report acknowledged that some of the most potentially lucrative and economically efficient options — like tolls or a levy on "vehicle miles traveled" — would likely be "universally unpopular" with the public.

That helps make them unpopular with politicians, too. Woodard noted that many Senate Republicans don't want to consider the options in the Chamber report "because all those look like tax increases to them."

McKissick sounded like a man who's less comfortable than Woodard with the idea of making big changes to the state's system for paying for its transportation network.

"I certainly would not have been willing to discuss some of the alternatives that have been discussed in recent years, which include having counties pick up a lot of the cost of maintaining roads in their jurisdictions," he said, alluding to an idea that by definition involves using property tax revenue to help cover the bill. "That wouldn't make sense."

"And we've been blessed in North Carolina to have very few toll roads," McKissick said. "I'd rather see us retain the model we have and tweak it, adjusting for conditions, rather than move toward toll roads."

Woodard, by contrast, said he's expecting the N.C. House to rework the bill and added that legislators along the way should look at "all the options available to us."

Like McKissick, he highlighted the tradeoffs embedded in state tax policy.

For example, North Carolina has "the lowest use tax on vehicles in the region," Woodard said. "People like to fuss about high gas taxes, but they don't look at the sales tax on their vehicle. People say Virginia has low gas taxes, but does Virginia have a high sales tax? They do."

Appellate court limits NCDOT's power to reserve land indefinitely

The News and Observer   by Bruce Siceloff   February 17, 2015

RALEIGH — A N.C. Court of Appeals ruling in a Forsyth County case gave hope Tuesday to southern Wake County property owners who have been barred from developing their land since the 1990s because it lies along the state's preferred path for a future extension of the 540 Outer Loop.

A three-judge appellate panel said the state Department of Transportation must pay nine Forsyth property owners whose land was included in a 1997 corridor planning map – land that DOT might one day want to purchase for Winston-Salem's Northern Beltway project.

Under the state Map Act, drafted in part to keep DOT real estate costs low, the landowners are not allowed to subdivide their land, put up new buildings or make improvements that would make their property more valuable.

A lower court had ruled that DOT legally used the Map Act to regulate the use of private land in keeping with the best interests of the public. But the appellate panel said DOT's restrictions were effectively the same as seizing the property without paying for it.

A Superior Court judge now must determine “the damage suffered by each plaintiff as a result of the respective takings and ... the amount of compensation due each plaintiff for such takings,” said Chief Judge Linda M. McGee, writing for a three-judge panel.

Judges Wanda G. Bryant and Donna S. Stroud concurred. Their order cited examples of similar laws that have been ruled unconstitutional in other states.

“The whole Map Act has been called what it is, a massive Ponzi scheme,” said attorney Matthew Bryant of Winston-Salem, who represents the Beltway landowners. “The state needs to buy these people’s property. Should have done it a long time ago.”

Bryant also has clients fighting DOT’s use of the Map Act for road projects in Guilford, Cleveland, Pender, Cumberland and Wake counties. He said he will deliver a copy of Tuesday’s ruling to Wake Superior Court Judge Paul Gessner, who heard arguments in the Wake County case in January.

The Wake plaintiffs include Jim and Carol Deans, who own 21 acres and live on Bells Lake Road near Apex. They had hoped in the 1990s to pay for Jim’s retirement by subdividing land and selling most of it to a developer. Their plans were crushed when DOT included their property in its corridor map – a 1,000-foot-wide swath across southern Wake – for the Outer Loop.

540 Orange Route

The corridor map marks what later became known as the Orange Route. Environmental regulators have ordered DOT to study other possible routes for the Outer Loop, in an effort to minimize harm to sensitive wetlands and an endangered freshwater mussel. DOT is expected this spring to indicate its recommended route in a draft environmental impact statement.

DOT has agreed to buy some of these properties where the owners claimed medical or financial hardship, but these transactions are take-it-or-leave-it offers that residents say result in payments below the market rate. When public agencies exercise their condemnation powers, they are obligated to pay a fair price determined in negotiation or in a trial.

Now the Deans hope Tuesday’s ruling will persuade DOT to buy their land for the Outer Loop, at a fair price.

“They obviously plan on building it, so it doesn’t make sense for them to keep fighting what we want them to do,” said Carol Deans, 57. “We want them to acquire the rest of the land and quit holding us hostage. This is the first ray of sunshine we’ve had in 20 years, so I’m really happy.”

DOT officials were not available Tuesday for comment on the appellate ruling. Bryan said he expects the state to appeal the case to the N.C. Supreme Court.

“If this ruling stands up through whatever else may come, the scales are now going to be balanced between the landowners and the state,” Bryant said.

Read more here: http://www.newsobserver.com/2015/02/17/4563473/appellate-court-limits-ncdots.html#storylink=cpy

US transportation chief Foxx spotlights Orange-Durham light-rail plans

The News and Observer   By Bruce Siceloff   February 19, 2015

DURHAM — Congress should make a long-term commitment to increase spending for transportation and other infrastructure improvements, U.S. Transportation Secretary Anthony Foxx said Thursday, so that the Triangle and other high-growth communities can make plans to keep up with their needs.

Foxx spoke to about 100 civic and government representatives at the American Tobacco Campus, near the site of a proposed downtown stop for a planned 17-mile light-rail line connecting Durham and Chapel Hill. The light-rail plan is aimed at meeting the region’s needs in 2045, he said.

“Choose your future,” Foxx said. “Don’t plan your transportation system around 2015. You plan around 2015, and you’re already behind. Plan it for where the trends are going.”

Foxx is traveling the Southeast to promote the Obama administration’s “Grow America” proposal for $478 billion in highway, transit and other transportation spending over the next six years. The latest in a string of short-duration transportation spending programs is set to expire at the end of May.

"The cumulative effect of the last six years of 32 short-term measures is that we've got a lot of deferred maintenance, we've got a lot of new capacity needs that aren't getting met," Foxx said. "And places like this that are fast-growing are going to be hit the hardest if we don't get a long-term answer."

Foxx, who was Charlotte's mayor until he joined President Barack Obama's Cabinet in 2013, began the day addressing an audience in Charlotte, where he was joined by Vice President Joe Biden. He spoke to transportation engineers and researchers at N.C. State University in Raleigh later Thursday afternoon.

Triangle Transit is developing plans for a light-rail line that would be anchored by UNC-Chapel Hill and its health center at one end and at the other end by Duke University and its health center, the Veterans Affairs Hospital and Durham's fast-developing downtown.

A draft environmental impact statement on the project is expected to be released this fall.

Meanwhile, Wake County leaders are developing a transit plan that might include light-rail along with more bus service and commuter trains that would run at rush hour between Durham, Research Triangle Park, Raleigh and Garner.

"Introducing the idea of rail transit in this area is a very important element in providing the kind of choices people are going to need," Foxx said.

He said widening crowded highways will help meet transportation needs in some parts of the country, but "it actually attracts more traffic. … And you may get temporary relief, but it won't be permanent until you create release valves for that traffic."

Gas tax, population growth keep NC roads in better shape than most

WRAL.com By GARY D. ROBERTSON, Associated Press Posted February 21, 2015

RALEIGH, N.C. — For all the hand-wringing about North Carolina's projected massive deficit between transportation revenues and road-building demands for the next 25 years, there's one solace — the situation could be worse.

North Carolina has been recently outpacing most states and the nation as a whole on highway fund access and spending, according to statistics compiled by The Associated Press.

While federal highway funds going to states have been largely flat in recent years, total North Carolina federal and state highway spending has grown by twice the national average for the five years ending in 2013, the AP's review shows. Population growth and a state gas tax coupled to rising oil prices have contributed to the pace, one transportation expert said.

Total North Carolina highway-related spending grew by nearly 26 percent from 2008 to 2013, reaching $4.5 billion in 2013, the compilation shows. When amounts are adjusted for inflation, only 15 states ranked higher in overall spending growth during the same period.

However, an annual performance review of state highway systems ranked North Carolina's 20th best overall in 2012, the most recent edition, down from 17th the year before.

Still, "we've got a better system and conditions now than we've had in the last 25 years," said David Hartgen, a retired professor at the University of North Carolina at Charlotte and co-author of the nationwide performance review.

The revenue growth contrasts with a 2012 report prepared for the state Department of Transportation that estimates $32 billion in additional cumulative funds are needed by 2040 to maintain existing conditions for roads, bridges and other transportation. To improve conditions, the extra revenues needed ranged from $60 billion to $94 billion, the report said.

General Assembly members and Gov. Pat McCrory are looking at ways to narrow the gap. McCrory and lawmakers said in interviews they are considering many options. The governor already has said he would seek a $1.2 billion bond for transportation projects.

"I think everyone out there across the state — whether you're Republican or a Democrat — understand that there are needs that are not being met in infrastructure," Rep. John Torbett, R-Gaston, a House leader on transportation issues, said recently.

North Carolina also has fared better with available funds from the Federal Highway Trust Fund, which gets much of its money from an 18.4-cent per gallon federal gas tax unchanged in more than 20 years. While trust fund money offered to the states and District of Columbia fell 3.5 percent from 2008 to 2013, North Carolina's available money rose 2.4 percent to more than $1.1 billion. Hartgen attributes the increase to Charlotte-area transit and large interstate projects.

Hartgen credits North Carolina's variable gasoline tax, which generates 60 percent of state road funding, for the revenue bump.

The tax is recalculated twice annually based on the average wholesale price of a gallon of gas. As gas prices increased during the Great Recession, so did the tax, rising from 29.9 cents in early 2008 to 38.9 cents in the first half of 2012, according to the Department of Revenue. A 37.5-cent cap has been on the rate recently.

Recognizing the tax could fall about 7 cents a gallon this summer due to falling gas prices, state Senate Republicans pushed through the chamber this month a bill that would allow only a 2.5-cent reduction. It would rework the variable rate so higher tax rates are possible over the next five years.

North Carolina's gas tax has been one of the nation's highest for years, however, causing savvy truckers and motorists to wait until Virginia or South Carolina to fill up. Hartgen believes lawmakers in the short term should leave the current formula in place and let the tax fall to 30 cents per gallon this summer to attract more gas sales.

NCDOT money 'crisis' gets state legislature's attention (News & Observer)

The News & Observer   Posted by Bruce Siceloff on February 24, 2015

RALEIGH - Legislators responsible for transportation spending agreed Tuesday that North Carolina faces a widening revenue shortfall of "crisis" proportions, and they began talking about big and little ways to close the transportation money gap.

"We're looking at between a $30 billion gap just to stay up and a $90 billion gap to do what we need to do," said Sen. Bill Rabon, a Southport Republican who co-chairs the Senate Transportation Appropriations Committee. "That is a crisis."

Rabon's committee was meeting with its counterpart in the House, whose co-chairman echoed his concerns.

"The state hasn't kept up with its transportation needs over the last decade," said Rep. John Torbett, a Stanley Republican. "We need to do something, and I concur with Sen. Rabon's comments."

The House is considering Rabon's bill, which won quick approval in the Senate, to trim the gas tax for a few months and then increase the tax in coming years. The gas tax rate changes with the ups and downs of oil prices. Economists for the legislature and the Department of Transportation say Rabon's tax changes could generate as much as $1.2 billion more for DOT by 2020 - with the exact increase depending on exactly what happens with oil prices.

These increased gas tax collections are expected only to bring DOT back in line with revenue projections it made last year before oil prices plunged, taking future gas tax revenues with them. Although the Senate bill could push the gas tax as much as 7 cents higher than it would be under current law, the increase will not wipe out DOT's money worriers.

Burt Tasaico, DOT program analysis engineer, gave senators and representatives a rundown on studies that have recommended new funding sources that could raise hundreds of millions of dollars for transportation each year - including a higher tax on car sales, higher fees for overweight trucks, and eventually a fee based on miles traveled rather than gallons of gas consumed. Gas tax collections are beginning to fall even as more cars travel more miles.

"Over time we have used a user-based fee: you use a system, you pay for it," Tasaico said. "Society has changed over time, and the way we collect revenues may need to be shifted."

Mike Holder, DOT chief engineer, outlined recommendations to start collecting fees from developers, billboard advertisers and other businesses for services that DOT now provides for free or below cost, and to generate extra road-repair money from overweight trucks that pound the pavement. There were recommendations to generate extra income from businesses that would pay to have their names promoted, utility lines buried and telecommunications gear installed along the roadside.

"You can get about $12 million to $13 million (per year from these proposals) - which is in some respects not a whole lot of money when you look at a $1 billion maintenance budget or an overall $4 billion budget for DOT," Holder said.

"In the grand scheme of things," Torbett replied, "it might not be a whole lot of money. But in this day and time, $5 is a whole lot of money."

Read more here: http://www.newsobserver.com/2015/02/24/4580046/ncdot-money-crisis-gets-legislatures.html#storylink=cpy

From The Atlantic
CITYLAB

CITYFIXER

America's Infrastructure Crisis Is Really a Maintenance Crisis

Here's what we can do about it.

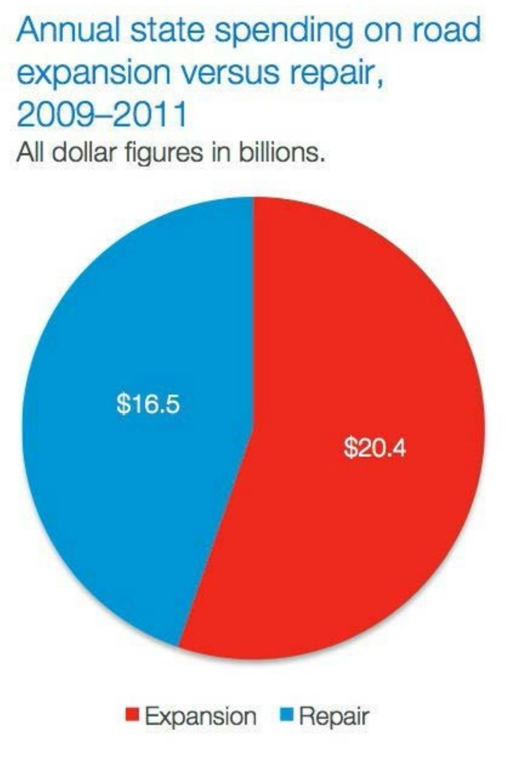
ERIC JAFFE | @e_jaffe | Feb 12, 2015 | 23 Comments

Washington State DOT / Flickr

It's long been time to focus more on maintaining America's existing roads and less on building new ones. The National Highway System already connects virtually all of the areas worth connecting. Driving peaked circa 2004—and even earlier in some states. Traffic remains bad in many metros, but by itself expanding road networks can only temporarily alleviate the problem, and over time might even increase it.

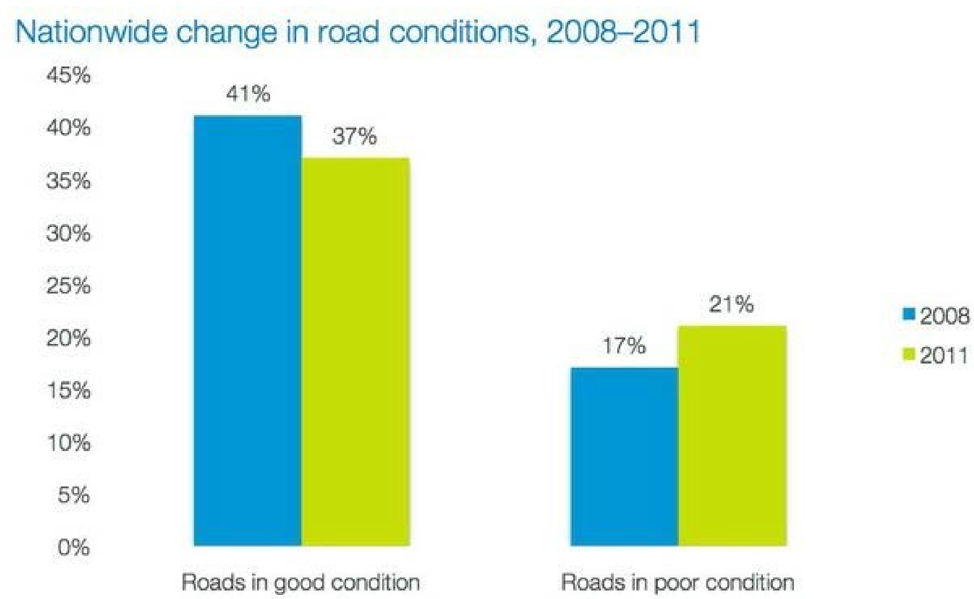
And yet we build. We build without seeming to appreciate that every mile of fresh new road will one day become a mile of crumbling old road that needs additional attention. We build even though our pot of road funding requires increasingly creative (and arguably illegal) solutions to stay anything other than empty.

The numbers tell the story best. From 2004 to 2008, states dedicated just 43 percent of their road budgets to maintain existing roads despite the fact that they made up nearly 99 percent of the road system. The other 1 percent—new construction—got more than half the money. From 2009 to 2011 states did only marginally better, spending 55 percent of their road money ($20.4 billion) on expansion and just 45 percent on maintenance ($16.5 billion):



Smart Growth America

Predictably, over that same period, the country's roads got worse:

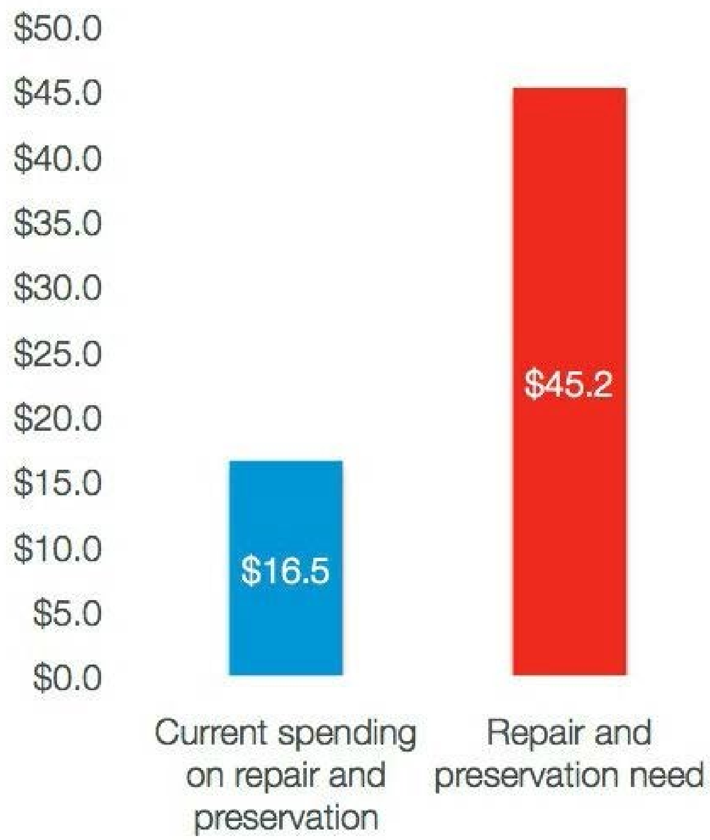


Smart Growth America

To keep the nation's roads in good repair would require about $45.2 billion a year, rather than the $16.5 currently spent on maintenance:

Outstanding road repair need, nationally

How much do we currently spend on road repair and preservation? How much would we need to spend to get America's roads into a state of good repair and keep them there? All dollar figures in billions.



Smart Growth America

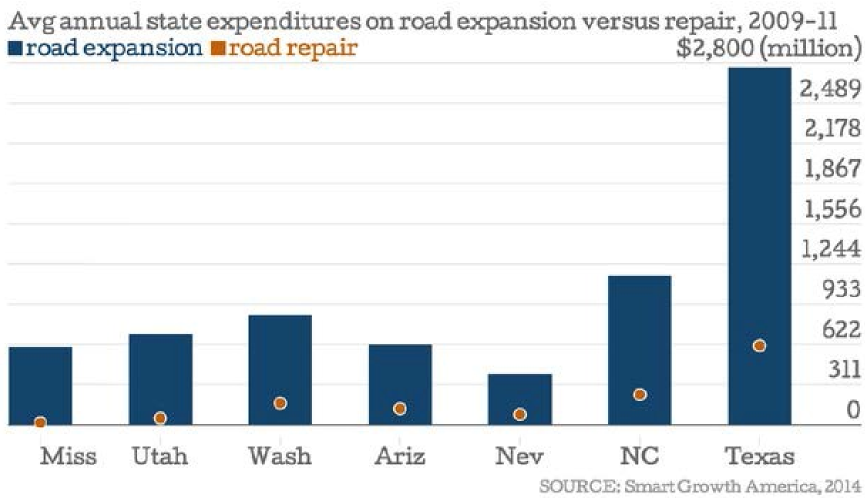
In other words, we need to use all the available road money each year to fix our roads, and then some, to prevent them from falling into a state of disrepair that endangers public safety. And the more roads we build, the more we need to one day fix.

Some States Do Better Than Others

The above charts come from a 2014 Smart Growth America report spotted by *Streetsblog's* Angie Schmitt in a thoughtful recent post on America's maintenance crisis. On average the situation is bleak. Though some states do better than others, some do much, much worse.

Washington state, for instance, spent 84 percent of its road funding on expansion between 2009 and 2011. Over that same time period the condition of its existing roads unsurprisingly fell. The share of its roads in poor condition went from 12 percent in 2008 to 27 percent in 2011.

And Washington isn't the worst offender. According to the Smart Growth report, Mississippi spent 97 percent of its money on expansion. Utah wasn't far behind at 93 percent. Arizona, Nevada, North Carolina (all 83 percent), and Texas (82 percent) were in a similar ballpark.



CityLab

Over that same period, road quality in each of these states declined in one form or another. The share of roads in poor condition in Mississippi rose from 18 to 30 percent and in Utah from 7 to 11 percent and in Arizona and North Carolina by a couple points each. Nevada's share of poor roads actually fell—but so did its share of road in "good" condition, from 62 percent all the way down to 24 percent.

Compare these numbers to those for states that spend as much in road repair as they should. In 2011, California spent $1.44 billion to maintain roads, against a need of $1.3 billion—a habit that seems to pay off in road quality. California improved its share of "good" roads from 2008 to 2011, and decreased its share of "poor" ones. New Jersey followed a similar course: spending $1.1 billion in repairs against $225 million in needs, while watching road quality improve.

That's not to say places like California or New Jersey don't have infrastructure problems. They do. But, at least circa 2011, they'd also recognized that maintenance counts as infrastructure, too.

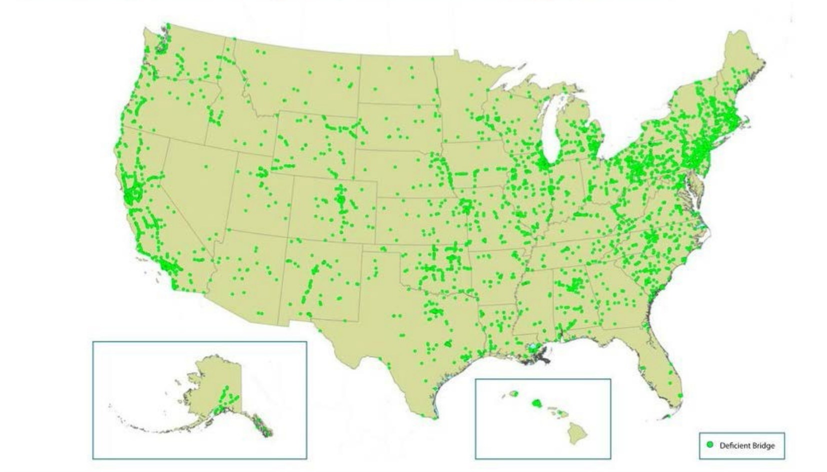
What to Do About It

The most logical plan to address the problem—one we've pointed out before, and Brad Plumer at *Vox* raises again this week—is the "Fix It First" approach outlined in 2011 by transport scholars David Levinson and Matthew Kahn.
Under this philosophy federal highway money would be directed away from new construction and used instead to "repair, maintain, rehabilitate, reconstruct, and enhance existing roads and bridges."

There are loads of reasons to like this plan. The sooner repairs are made, the cheaper they are: every $1 in preventive maintenance saves between $4 and

$10 in future repairs, according to Levinson and Kahn. The funding system could be weighted by road condition to favor those in the worst shape (below, a map of structurally deficient U.S. bridges). On the whole, preserving a road is “less-risky" than building a new one, because the demand for its use is far more certain.

FIGURE 4
Structurally Deficient Bridges on the U.S. National Highway System



DOT via "Fix It First"

Another great thing about this plan is that by making it harder to expand roads, metro areas gain an incentive to charge drivers for congestion. As we've pointed out before, Americans don't pay nearly enough in gas taxes to offset the social costs of driving—of which time lost to traffic is a biggie. As driving became more expensive over time, local agencies could meet additional mobility demands with new investments in public transportation.

Speaking of transit, prioritizing maintenance is just as important here, too. The recent deadly electrical malfunction on the D.C. Metrorail system seems to have stemmed, at least in part, from infrastructure in need or repair or replacement. Delayed maintenance also played a role in recent incidents on the Metro-North commuter railroad outside New York City.

Writing recently at the *Transportationist*, Columbia planning scholar David King suggested that local government should have to meet certain criteria before receiving money for new transit projects. These include promoting smarter development, limiting parking, and dedicating street space to car alternatives. Agencies should also recover a minimum threshold of transit costs through fares—ensuring that they have enough money to run and maintain an existing system before lobbying to build a shiny new one:

> If cities do the hard political work they should be rewarded. If all they do is raise taxes based on specious claims, they should be held accountable. We currently have this backwards.

Tyranny of the Ribbon

The hard political work begins with the tyranny of the ribbon. Of the many reasons infrastructure repairs get snubbed for construction, big public ribbon- cutting ceremonies that come with fresh projects—but not with stale maintenance—is near the top of the list. By the nature of their limited tenure and uncertain futures, politicians care more about attaching their name to a new project than extending the life of someone else's old one.

Smart Growth America suggests we "raise the profile of repair and preservation projects." That's easier said than done, and when done wrong the results can be disastrous. Take that time, in 2005, when then-Governor Arnold Schwarzenegger tried to call public attention to road maintenance—by having a crew dig a pothole only to fill it:

In general, public ceremonies for maintenance just end up drawing little attention. During my recent conversation with MARTA chief Keith Parker, he said the Atlanta transit system had a tunnel ventilation project underway that may cost upwards of $200 million, and a radio system upgrade that will cost up to $50 million, and of course regular track enhancements and repairs— investments that, while necessary, will prevent the agency from doing what Parker called "sexier" expansion projects.

"When we tell people, 'hey, come out because we're going to have a celebration for the Clayton County expansion,' we expect a long line of people," he said. "When we say, 'hey look, we want to celebrate the tunnel ventilation project,' I don't think we'll get so many."

The media isn't blameless here. Just as politicians are loath to cut ribbons for infrastructure repairs, news organizations and bloggers prefer to hype new and shinier projects in the pipeline—or to wait until deferred maintenance causes a high-profile tragedy. There's no single or simple way to reverse America's growing infrastructure crisis, but reframing it as a maintenance crisis is a good place to start.

About the Author

Eric Jaffe is a senior associate editor at CityLab. He writes about transportation as well as behavior, crime, and history, and has a general interest in the science of city life. He's the author of *A Curious Madness* (2014) and *The King's Best Highway* (2010), and lives in New York.

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