



**NORTH CAROLINA**  
Department of Transportation

# NCDOT Toll Credit Pilot Program for Federal-aid Projects with Local Match

March 2025

Connecting people, products and places safely and efficiently with customer focus, accountability and environmental sensitivity to enhance the economy and vitality of North Carolina

## **Presentation Outline**

- Toll credit overview
- Pilot Program for Applicable Projects
- Rollout Timeline
- Review Application



## Toll Credit Review

### What are toll credits?

- FHWA uses toll credits to reward states for spending toll revenue on projects that would otherwise require federal-aid support.
- Toll credits do **NOT** generate new money.
- Toll credits allow states to use their existing Federal funds to fulfill the non-Federal match requirements on Federal-aid projects.
- Toll credits can be applied to any Federal-aid transportation project; they are **NOT** limited or restricted to toll projects or Divisions with toll facilities.



Image Source: [FHWA Center for Innovative Finance Support](#)

# Toll Credit Review

Toll Credits give State DOTs more flexibility over how to allocate their Federal dollars

## Toll Credits ARE:

- A tool that State DOTs can use **to increase the federal share** on Federal-Aid projects, beyond the normal 80%
- Earned when toll revenues are used to fund transportation projects
- Requested from FHWA
- A way to consolidate Federal funds on fewer projects

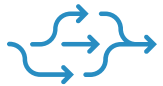
## Toll Credits are **NOT**:

- Additional Federal funding
- An increase in the amount of total spend authority available to the Department



# The Benefits of Using Toll Credits

Provide the Department with another tool to optimize use of available funding



## Program Benefits

- Funding Flexibility: Tool to **maximize benefits of both state and federal funding** for DOT's capital program
- August Redistribution: Some fund categories are more difficult to obligate. Toll credits allow more of those funds to be applied to projects. This provides the Department with **more flexibility in August redistribution requests**



## Project Benefits

- Soft Substitute for Non-Federal Match: can be used for key projects that would benefit from a “soft substitute” of the non-Federal match.
- Partner support: can be used to support our local partners.

# Pilot Program for Applicable Projects

## Overview

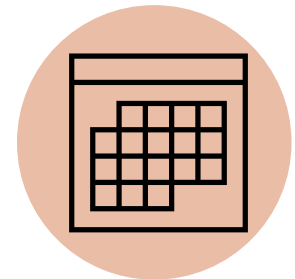
### Advisory Committee:

- Leigh Wing / Ryan Brumfield / Julie White / Mark Gibbs / Drew Cox



### Recommendations:

- DPP to maintain flexible discretion over most toll credits:
  - Target underutilized federal funds.
  - Alleviate State match constraints to keep projects on schedule.
- Pilot program for Applicable Projects
  - Competitive application program for projects using local match.
  - Opportunity for local governments to apply for Federal toll credits on certain projects.
  - If selected, the **COST INCREASE** of the project's local match requirements will be fulfilled using Federal funds.



# Pilot Program for Applicable Projects

## Purpose

Pilot program goals:

- **Minimize project delivery delays** caused by local funding constraints.
- Target Federal funds that are difficult to use:
  - TAP – Transportation Alternatives
  - CMAQ – Congestion Mitigation & Air Quality
  - CRP – Carbon Reduction
- Allow locals opportunity to participate in this Federal-aid financing tool

Weighted Scoring:

- 29% Economic distress
- 28% Project delay
- 28% Cost increase
- 15% Committee review

**Limited resource:** Pilot program limited to \$10M credits

Toll credits will only be used to cover the match on increases and not the entire project

# Pilot Program for Applicable Projects

## Scoring Criteria

- Economic Distress = 29%
  - County distress ranking
  - Municipal poverty rates & household income
- Quantitative Review of Delay = 28%
  - Tiered scoring by years of delay
- Cost Increase Amount = 28%
  - Cost increase amount (\$)
  - Cost increase percentage (%)
- Funding Uncertainty = 15%
  - Qualitative review of supporting documents to determine if funding uncertainty/shortfall is the cause of project delay

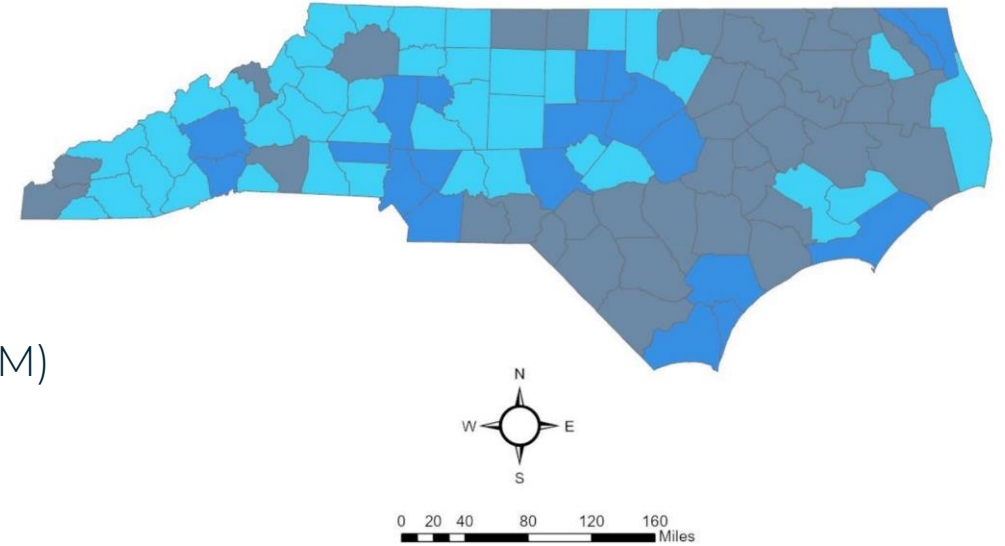


# Pilot Program for Applicable Projects

## Scoring Criteria

29% = Economic Distress Score (1-100)

- County distress ranking (NC Dept of Commerce)
- Average municipal household income (if applicable) (NC OSBM)
- Municipal poverty rate (if applicable) (NC OSBM)



- Projects located **outside** of municipal boundaries will only receive a score for the county tier.
- Projects **within** municipal boundaries will receive an economic distress score based on the **average** of:
  - 1) county ranking
  - 2) household income
  - 3) poverty rate

## Pilot Program for Applicable Projects

### Scoring Criteria

#### 28% = Delay Score

- Tiered score
- The date the project was originally programmed for construction in the STIP is the base-line

#### 28% = Cost Increase

- Average of both the amount and the percentage of the increase
- The costs originally programmed in the STIP are the baseline amounts
- Actual dollar amounts of increases should benefit larger projects, while the percentage factor should benefit smaller projects

Reminder: Toll credits will only be used to cover the match on increases and not the entire project

# Pilot Program for Applicable Projects

## Scoring Criteria

15% = Delays caused by local match constraints (1-100)

- Applicants may attach statements or letters from local officials and project partners
  - Provide context and verification of circumstances causing match issues.
- Committee members will rate submitted explanations on a 1 to 100 scale for delay.
  - 0 indicates match funds are **not** the main cause for project delays
  - 100 indicates match funds are the **sole cause** for project delays.



Is context (documentation) provided?



How are match funds causing delay?

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### Division support provided:

- Help documenting delays (need their input and review)
- Coordination with Local Programs Management Office (LPMO) & STIP

## **Pilot Program for Applicable Projects**

### Timeline

- March 31 through May 31: Application window open
- Late Summer 2025: Selected projects announced
- Fall 2025: Training with local partners selected to receive toll credits

## Pilot Program for Applicable Projects

### Smartsheet Application

- Divisions to name point person to assist local applicants with delay data.
- LPMO to serve as resource.
- [Application](#) automatically pulls in economic distress data based on project location.
- DPP support staff will review location and project delay data to ensure accuracy.
- The committee makes final determinations based on scoring.


Application (NON-DA Funding)

**First Name \***

**Last Name \***

**Email Address \***

**Phone Number \***

 +1 ( ) -

**What entity do you represent? \***  
**Note:** select "other" at the bottom if your entity is not listed.

Select ▼

**What is the primary county that your project is located in? \***  
Select only one

Select ▼

**Select additional counties if the project traverses other counties:**  
Select as many as applicable

Select ▼

**Thank You!**

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