



NORTH CAROLINA
Department of Transportation

Lunch and Learn: Revenues

Amna Cameron

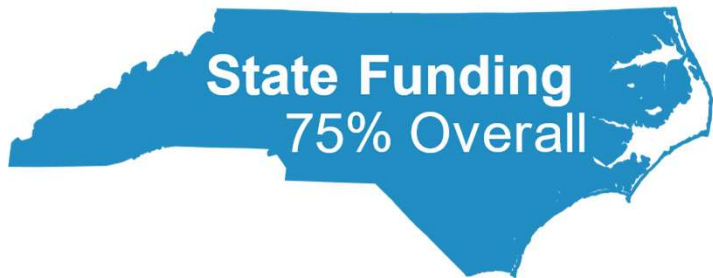
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Connecting people, products and places safely and efficiently with customer focus, accountability and environmental sensitivity to enhance the economy and vitality of North Carolina

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NCDOT Revenues

FY 2023-24 Budget



47%



Motor
Fuel Tax

24%



Highway
Use Tax

21%



DMV
Fees

8%



General
Fund



55%



Motor
Fuel Tax

35%



General
Fund

10%



Fees

* IJJA's USDOT FHWA and FTA FFY 2023-24 Allocations

NCDOT State Revenue Sources

Motor Fuels Tax

- Rate adjusts annually on January 1
- Formula weighs changes in population and energy inflation
- Consumption declining due to changes in fuel economy
- Revenue Growth: Low/Flat/Declining

DMV Fees

- Inflationary adjustment every four years
- New rates effective July 1, 2024
- Additional fees for EV/PHEV vehicles
- Real ID effective May 7, 2025
- Revenue Growth: Flat without inflation

Highway Use Tax

- 3% tax on vehicle sales transactions less trade-in value
- 3% tax for long-term vehicle rentals
- 8% tax for short-term vehicle rentals and car sharing
- 5% tax on vehicle subscription services
- Revenue Growth: Medium

Sales Tax (General Fund)

- Implemented in 3 phases (FY 2023: 2%; FY 2024: 4%; FY 2025: 6%)
- Split 75% HTF and 25% HF
- Expands to include tax on ride-hailing services in FY 2026
- Revenue Growth: Medium

NCDOT Federal Revenue Sources Supporting Highway Trust Fund

Motor Fuels Tax

- Rates unchanged since 1993
- Gasoline: 18.4 cpg and Diesel: 24.4 cpg
- Consumption declining due to changes in fuel economy
- Revenues declining without inflation adj.
- Revenue Growth: Declining

Tires

- \$0.0945/10 pounds over 3,500 lbs maximum load capacity
- \$0.04725 cents for bias-ply or super single fare
- Revenue Growth: Flat without inflation

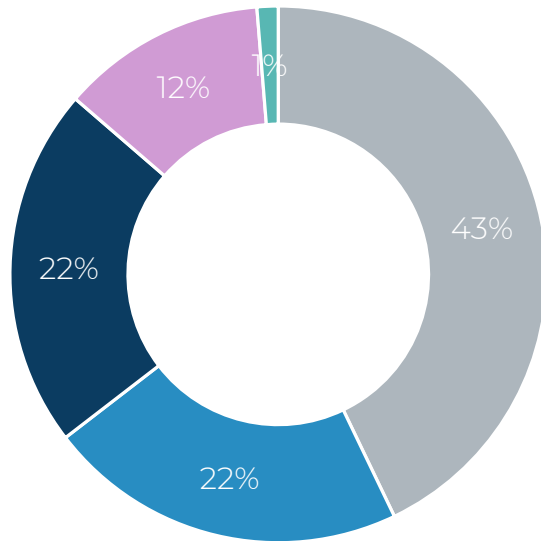
Truck Sales and Use

- Sales: 12% of retail price for trucks over 33,000 lbs. or trailers over 26,000 lbs. Gross Vehicle Weight (GVW)
- Use: Up to 55,000 lbs.: No Tax; Over 55,000 lbs.: \$100 + \$22/1,000 lbs. over 55,000 lbs. (\$550 maximum)
- Revenue Growth: Flat

General Fund

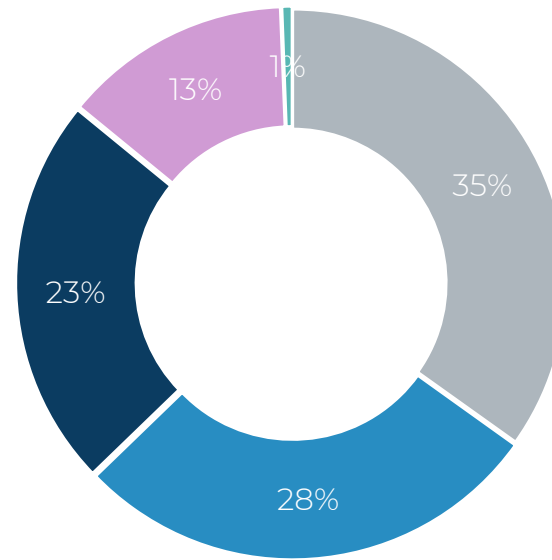
- 35% of IIJA revenues from non-transportation sources
- 50% of revenues for next reauthorization bill from non-transportation sources (if funds held constant)
- Discretionary Revenue Growth: Declining

State Revenues (FY 2025) \$5.7 billion



- Motor Fuels (inc Aviation)
- HUT/AHUT
- Investment Income
- DMV Fees
- Sales Tax

State Revenues (FFY 2035) \$7.1 billion

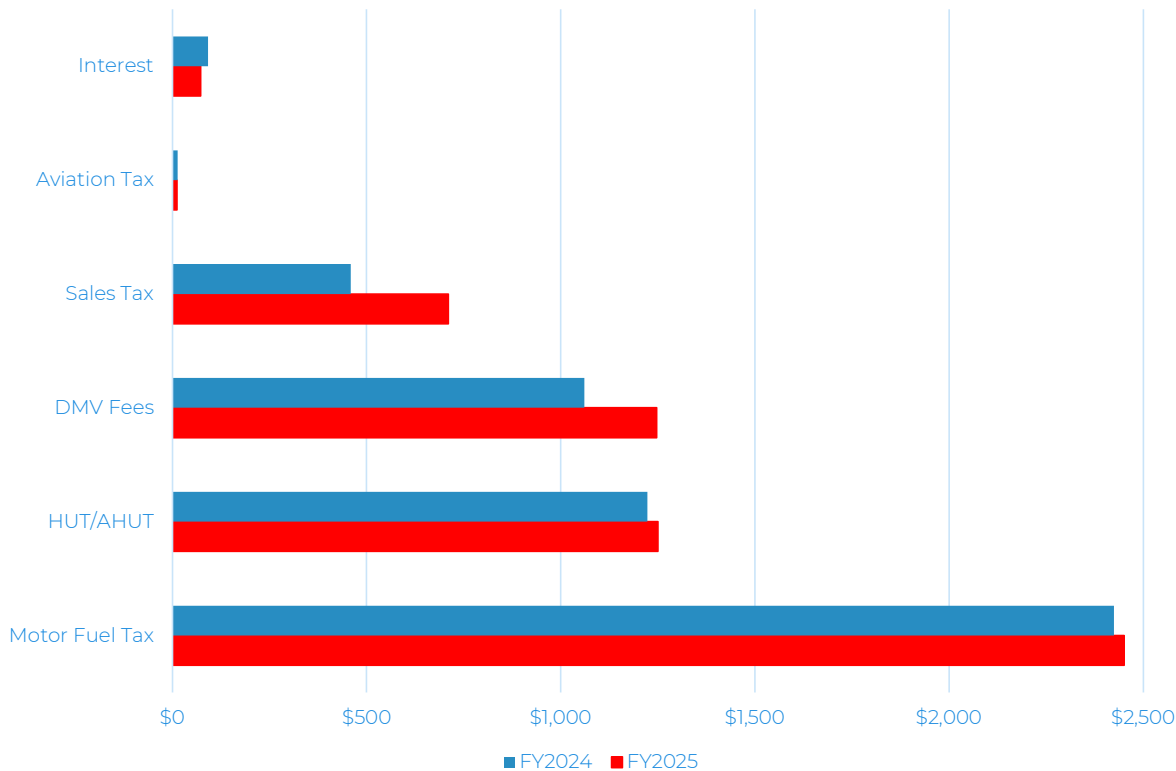


- Motor Fuels (inc Aviation)
- HUT/AHUT
- Investment Income
- DMV Fees
- Sales Tax

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NCDOT State Revenue Forecast

FY 2024 and FY 2025 Revenue Forecast April 2024 Consensus (\$ in M)



Highway Fund

FY2024: \$3.03 billion

FY2025: \$3.27 billion

Highway Trust Fund:

FY2024: \$2.24 billion

FY2025: \$2.47 billion

Leading factors

Total revenues grow 8.1%

- Sales tax transfer increases from 4% to 6%
- DMV quadrennial adjustment increased most DMV fees 19.6 percent

NCDOT's Long-Term Forecast

Top Take Aways

1. The US and NC's economies will remain healthy and robust. NC economy will grow faster than national average.

FY2025-2035	
44.2%	53.7%
GDP	GSP

2. NC's population will grow 11.3% compared to 3.7% nationally, but NC's passenger vehicle registrations decline 1.3%.

FY2025-2035	
3.7%	11.3%
US Pop	NC Pop

3. NC's average wages are lower than national average and NC's personal income grows slightly lower than national average.

FY2025-2035	
55.8%	47.4%
US income	NC Income

4. NC's personal income grows at a lower rate than the increase in new car prices.

FY2025-2035	
47.4%	58.4%
NC income	US new passenger vehicle \$

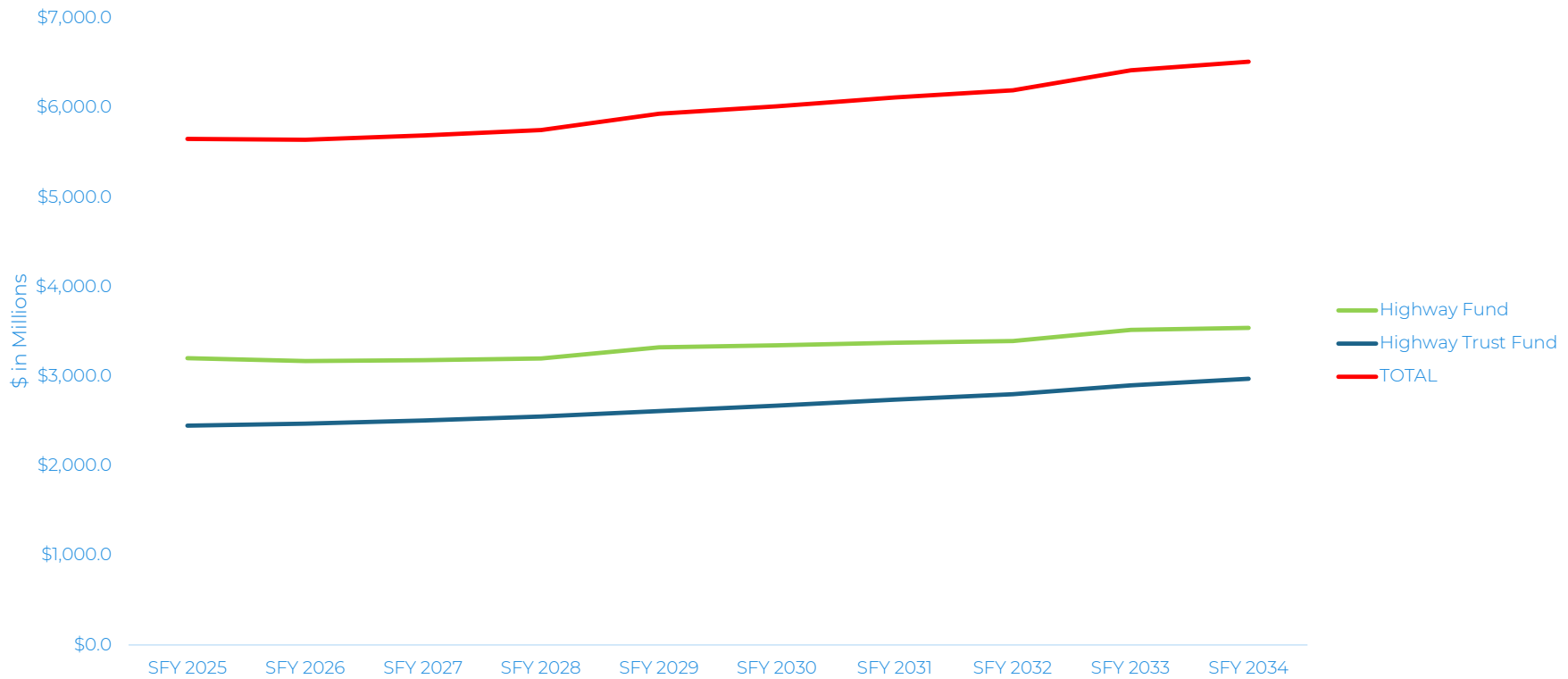
5. NC's VMT grows at 17.1%, more than double national average.

FY2025-2035	
17.1%	7.2%
US	NC

6. Emissions Rule will require manufacturers to rapidly increase zero-emissions vehicles. Shift will reduce motor fuels consumption.

FY2025-2035	
10.9%	
Consumption	

FY 2025 - FY 2035 Revenue Forecast



The chart does not include federal FHWA and FTA funding.

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NCDOT Expenditures

Fund Accounts

Revenues are deposited into two funds:

Highway Fund (HF)

- 25% of motor fuel tax revenues
- Short-term vehicle leases, car sharing, car subscriptions
- DMV license and driver fees
- EV/PHEV additional registration fees
- 25% of sales tax revenues
- HF interest

Highway Trust Fund (HTF)

- 75% of motor fuel tax revenues
- Vehicle purchases
- Long-term vehicle leases
- DMV title fees
- 75% of sales tax revenues
- HTF Interest

The funds include expenses for:

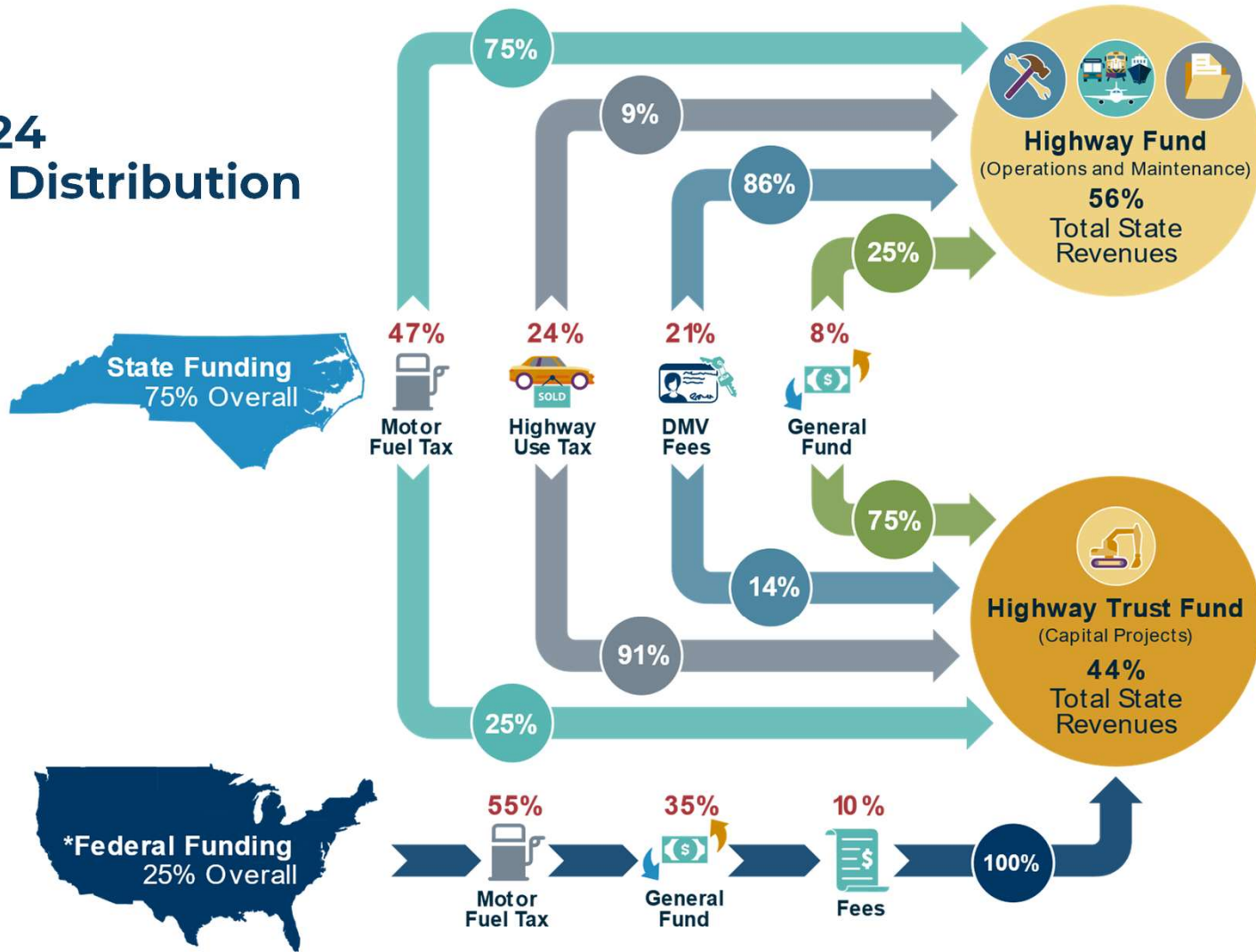
Highway Fund (HF)

- Administration
- Maintenance
- Small, urgent construction projects
- Division of Motor Vehicles
- Modes
 - Administration
 - Grants (Airports, Short-line railroads, transit systems)
 - Passenger train services
- Aid to Municipalities

Highway Trust Fund (HTF)

- Construction Program (STIP)
- NC Ports
- Debt Interest and Payments

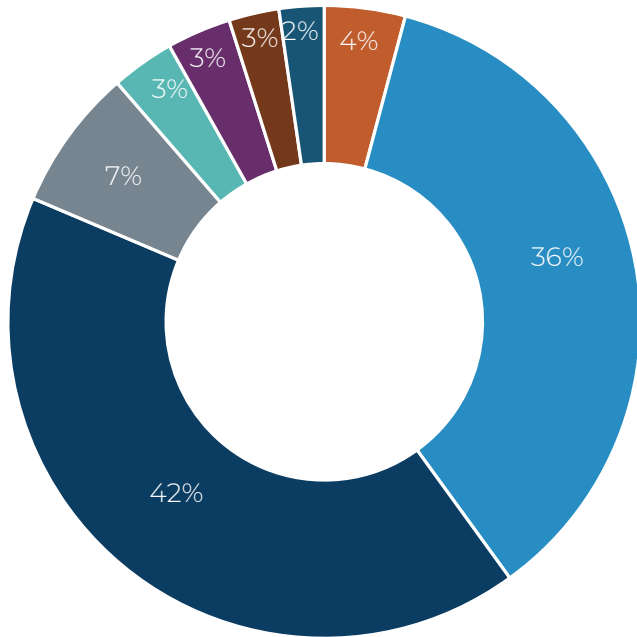
FY 2023-24 Revenue Distribution



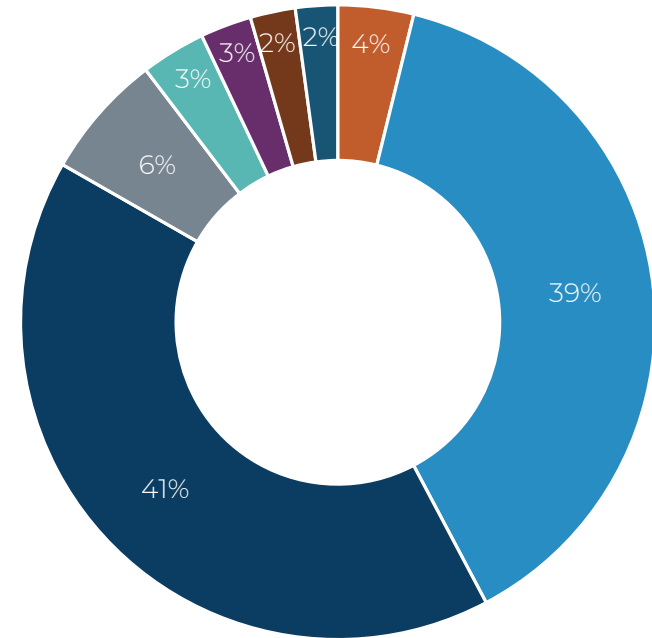
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State Expenditures (FY 2024) \$5.27 billion

State Expenditures (FFY 2025) \$5.74 billion



- Administration
- Construction
- Aid to Municipalities
- Other
- Maintenance
- Modes
- DMV
- Bonds



- Administration
- Construction
- Aid to Municipalities
- Other
- Maintenance
- Modes
- DMV
- Bonds

The charts do not include federal FHWA and FTA funding.

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NCDOT Educates

Video

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Thank you!
