

# STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

## NORTH CAROLINA COUNTIES

### FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

#### From State Funding:

- Counties receive a portion of state collected motor vehicle property taxes and motor vehicle registration fees. The collection of property taxes and registration fees is combined, and is estimated to generate more than \$500 million annually for counties in currently uncollected property taxes on motor vehicles.
- Revenues from the state Highway Trust Fund are split 40 percent for statewide construction project, 30 percent for regional projects, and 30 percent for division or local projects.
- Unpaved secondary road projects are funded through the Highway Fund and not the Highway Trust Fund.

#### From County Funding:

- Most counties have imposed an additional 2.25 percent local sales tax to fund transportation projects. Nine counties have authority to raise sales taxes higher than 2.25 percent.

### COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- Counties will have to pay higher property tax collection fees to DMV. With the implementation in July 2013 of the new Tag and Tax Together program, local governments will be paying the DMV and its contract license plate agencies a fee for the collection of property tax. Under the earlier law, this fee was \$0.48 per transaction. Senate Bill 305 (DMV Commission Contract Changes) increases the fee for vehicle property tax collection to \$1.06 for the first six months of the program and to \$0.71 thereafter.
- States are trying to shift responsibility for maintenance of secondary roads to counties. The North Carolina Association of County Commissioners estimates that a transfer of secondary road maintenance responsibilities would cost counties more than \$500 million annually, which would force many rural counties to increase property taxes by as much as \$0.30 to generate enough revenue to maintain the same level of service.

Share of County Owned <b>Road Miles</b> Out of Public Roads Statewide*	<b>0%</b>
Share of County Owned <b>Bridges</b> Out of Public Bridges Statewide	<b>0%</b>
Share of <b>Structurally Deficient Bridges</b> Out of County Owned Bridges	<b>N/A</b>

### COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Property tax rate may not exceed 1.5%. Any property tax levied for a specified purpose must be approved by a majority of voters.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Sales and use taxes must be approved by voters in a referendum. Counties may levy a tax on the rental of motor vehicles not to exceed 1.5% of gross receipts of rentals.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee	X	
Form Special Districts for Transportation	X	A county may establish a service district for a special purpose. The sum of property taxes and special district taxes may not exceed the restriction of 1.5%.

*\*North Carolina has a centralized transportation funding system, and secondary roads are built and maintained by the North Carolina Department of Transportation (NCDOT); there are no county road departments. Counties have limited jurisdiction over all county roads within their political boundaries, though they may gain authority to improve, maintain, or construct roads operated by the state transportation department by written contract.*