

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 21\*  
Committee Substitute Favorable 3/27/03**

Short Title: Highway Trust Fund Federal-Aid Match.

(Public)

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Sponsors:

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Referred to:

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February 17, 2003

A BILL TO BE ENTITLED

1 AN ACT TO AMEND THE HIGHWAY TRUST FUND TO AUTHORIZE THE USE  
2 OF HIGHWAY TRUST FUND FUNDS TO MATCH FEDERAL-AID HIGHWAY  
3 FUNDS, AS RECOMMENDED BY THE JOINT LEGISLATIVE  
4 TRANSPORTATION OVERSIGHT COMMITTEE.  
5

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 136-176 reads as rewritten:

8 **"§ 136-176. Creation, revenue sources, and purpose of North Carolina Highway**  
9 **Trust Fund.**

10 (a) A special account, designated the North Carolina Highway Trust Fund, is  
11 created within the State treasury. The Trust Fund consists of the following revenue:

- 12 (1) Motor fuel, alternative fuel, and road tax revenue deposited in the  
13 Fund under G.S. 105-449.125, 105-449.134, and 105-449.43,  
14 respectively.
- 15 (2) Motor vehicle use tax deposited in the Fund under G.S. 105-187.9.
- 16 (3) Revenue from the certificate of title fee and other fees payable under  
17 G.S. 20-85.
- 18 (4) Repealed by Session Laws 2001, c. 424, s. 27.1.
- 19 (5) Interest and income earned by the Fund.

20 (a1) The Department may use two hundred twenty million dollars (\$220,000,000)  
21 in fiscal year 2001-2002, two hundred twelve million dollars (\$212,000,000) in fiscal  
22 year 2002-2003, and two hundred fifty-five million dollars (\$255,000,000) in fiscal year  
23 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

- 24 (1) For primary route pavement preservation. – One hundred seventy  
25 million dollars (\$170,000,000) in fiscal year 2001-2002, and one  
26 hundred fifty million dollars (\$150,000,000) in each of the fiscal years  
27 2002-2003 and 2003-2004. Up to ten percent (10%) of the amount for  
28 each of the fiscal years 2001-2002, 2002-2003, and 2003-2004 is

1 available in that fiscal year, at the discretion of the Secretary of  
2 Transportation, for:

- 3 a. Highway improvement projects that further economic growth  
4 and development in small urban and rural areas, that are in the  
5 Transportation Improvement Program, and that are individually  
6 approved by the Board of Transportation; or  
7 b. Highway improvements that further economic development in  
8 the State and that are individually approved by the Board of  
9 Transportation.

10 (2) For preliminary engineering costs not included in the current year  
11 Transportation Improvement Program. – Fifteen million dollars  
12 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and  
13 2003-2004.

14 (3) For computerized traffic signal systems and signal optimization  
15 projects. – Fifteen million dollars (\$15,000,000) in each of the fiscal  
16 years 2001-2002, 2002-2003, and 2003-2004.

17 (4) For public transportation twenty million dollars (\$20,000,000) in fiscal  
18 year 2001-2002, twenty-five million dollars (\$25,000,000) in fiscal  
19 year 2002-2003, and seventy-five million dollars (\$75,000,000) in  
20 fiscal year 2003-2004.

21 (5) For small urban construction projects. – Seven million dollars  
22 (\$7,000,000) in fiscal year 2002-2003.

23 (a2) The Department shall certify to the Joint Legislative Transportation Oversight  
24 Committee each year, on or before November 1, that use of the Highway Trust Fund  
25 cash balances for these purposes will not adversely affect the delivery schedule of  
26 Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program.

27 (b) Funds in the Trust Fund are annually appropriated to the Department of  
28 Transportation to be allocated and used as provided in this subsection. A sum, not to  
29 exceed four and one-half percent (4.5%) of the amount of revenue deposited in the Trust  
30 Fund under subdivisions (a)(1), (2), and (3) of this section, may be used each fiscal year  
31 by the Department for expenses to administer the Trust Fund. Operation and project  
32 development costs of the North Carolina Turnpike Authority are eligible administrative  
33 expenses under this subsection. Any funds allocated to the Authority pursuant to this  
34 subsection shall be repaid by the Authority from its toll revenue as soon as possible,  
35 subject to any restrictions included in the agreements entered into by the Authority in  
36 connection with the issuance of the Authority's revenue bonds. Beginning one year after  
37 the Authority begins collecting tolls on a completed Turnpike Project, interest shall  
38 accrue on any unpaid balance owed to the Highway Trust Fund at a rate equal to the  
39 State Treasurer's average annual yield on its investment of Highway Trust Fund funds  
40 pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be deposited in the  
41 Highway Trust Fund upon repayment. The sum up to the amount anticipated to be  
42 necessary to meet the State matching funds requirements to receive federal-aid highway  
43 trust funds for the next fiscal year may be set aside for that purpose. The rest of the  
44 funds in the Trust Fund shall be allocated and used as follows:

- 1           (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,  
2           and construct the projects of the Intrastate System described in G.S.  
3           136-179 and to pay debt service on highway bonds and notes that are  
4           issued under the State Highway Bond Act of 1996 and whose proceeds  
5           are applied to these projects.
- 6           (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and  
7           construct the urban loops described in G.S. 136-180 and to pay debt  
8           service on highway bonds and notes that are issued under the State  
9           Highway Bond Act of 1996 and whose proceeds are applied to these  
10          urban loops.
- 11          (3) Six and one-half percent (6.5%) to supplement the appropriation to  
12          cities for city streets under G.S. 136-181.
- 13          (4) Six and one-half percent (6.5%) for secondary road construction as  
14          provided in G.S. 136-182 and to pay debt service on highway bonds  
15          and notes that are issued under the State Highway Bond Act of 1996  
16          and whose proceeds are applied to secondary road construction.

17          The Department must administer funds allocated under subdivisions (1), (2), and (4)  
18          of this subsection in a manner that ensures that sufficient funds are available to make  
19          the debt service payments on bonds issued under the State Highway Bond Act of 1996  
20          as they become due.

21          (b1) The Secretary may authorize the transfer of funds allocated under  
22          subdivisions (1) through (4) of subsection (b) of this section to other projects that are  
23          ready to be let and were to be funded from allocations to those subdivisions. The  
24          Secretary shall ensure that any funds transferred pursuant to this subsection are repaid  
25          promptly and in any event in no more than four years. The Secretary shall certify, prior  
26          to making any transfer pursuant to this subsection, that the transfer will not affect the  
27          delivery schedule of Highway Trust Fund projects in the current Transportation  
28          Improvement Program. No transfers shall be allowed that do not conform to the  
29          applicable provisions of the equity formula for distribution of funds, G.S. 136-17.2A. If  
30          the Secretary authorizes a transfer pursuant to this subsection, the Secretary shall report  
31          that decision to the next regularly scheduled meetings of the Joint Legislative  
32          Commission on Governmental Operations, the Joint Legislative Transportation  
33          Oversight Committee, and to the Fiscal Research Division.

34          (c) If funds are received under 23 U.S.C. Chapter 1, Federal-Aid Highways, for a  
35          project for which funds in the Trust Fund may be used, the amount of federal funds  
36          received plus the amount of any funds from the Highway Fund that were used to match  
37          the federal funds may be transferred by the Secretary of Transportation from the Trust  
38          Fund to the Highway Fund and used for projects in the Transportation Improvement  
39          Program.

40          (d) A contract may be let for projects funded from the Trust Fund in anticipation  
41          of revenues pursuant to the cash-flow provisions of G.S. 143-28.1 only for the two  
42          bienniums following the year in which the contract is let."

43                 **SECTION 2.** This act becomes effective July 1, 2003.