



# HOUSE BILL 77: DOT 2020-2021 FY Budget/Governance, Sec. 4.6: Modify Fuel Tax Distribution

2019-2020 General Assembly

<b>Committee:</b>		<b>Date:</b>	October 29, 2020
<b>Introduced by:</b>		<b>Prepared by:</b>	Trina Griffin Staff Attorney
<b>Analysis of:</b>	Sec. 4.6 of S.L. 2020-91		

**OVERVIEW:** Section 4.6 of S.L. 2020-91 modifies the current 71%/29% distribution of motor fuel tax revenue to the Highway Fund and the Highway Trust Fund as follows:

- Effective July 1, 2020, 81% to the Highway Fund and 19% to the Highway Trust Fund.
- Effective July 1, 2021, 80% to the Highway Fund and 20% to the Highway Trust Fund.
- Effective July 1, 2022, 75% to the Highway Fund and 25% to the Highway Trust Fund.

*This section became effective July 1, 2020.*

**CURRENT LAW:** The revenue generated by the motor fuel tax is distributed as follows:

- One-half cent of the excise tax on each gallon of gas is distributed to funds for underground tank storage cleanup water and air quality.
- The remaining excise tax revenue is allocated as follows:
  - 71% to the Highway Fund.
  - 29% to the Highway Trust Fund.

The funds in the Highway Fund support projects that help take care of the state's existing transportation system. This includes resurfacing highways, replacing bridges, and paving unpaved secondary roads. Funds are distributed across North Carolina based on need. The Highway Fund also supports the Powell Bill Program, which provides state aid to municipalities for pedestrian, bicycle, and road improvements.

The funds in the Highway Trust Fund cover major construction projects, the Turnpike Authority, and the Ports Authority.

**BILL ANALYSIS:** Section 4.6 of S.L. 2020-91 modifies the distribution formula as follows:

- Effective July 1, 2020, 81% to the Highway Fund and 19% to the Highway Trust Fund.
- Effective July 1, 2021, 80% to the Highway Fund and 20% to the Highway Trust Fund.
- Effective July 1, 2022, 75% to the Highway Fund and 25% to the Highway Trust Fund.

**EFFECTIVE DATE:** This section became effective July 1, 2020.

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