



2023-2024 General Assembly

HOUSE BILL 198: North Carolina Department of Transportation Legislative Changes, Sec. 18: Increase Frequency of Tax Revenue Transfer to Highway Fund

Committee:
Introduced by:
Analysis of: Sec. 18 of S.L. 2024-15

Date: August 21, 2024
Prepared by: Trina Griffin
Staff Attorney

OVERVIEW: Section 18 of S.L. 2024-15 increases from quarterly to monthly the frequency of transfers from the General Fund to the Highway Fund of proceeds collected from the State general rate of sales tax.

This bill was vetoed by the Governor on May 23, 2024, and that veto was overridden by the General Assembly on June 27, 2024. This section of the act became effective July 1, 2024.

CURRENT LAW: Sales tax proceeds are paid to the General Fund. There are a number of transfers of a portion of these proceeds to other funds, such as to the Public School Fund, the Dry-Cleaning Solvent Cleanup Fund, and the Division of Aviation as well as various distributions to local governments.

Effective July 1, 2022, the Secretary of Revenue is required to transfer, on a quarterly basis, a percentage of the net proceeds of sales tax revenues, ranging from 2% to 6% over 3 years, to the Highway Fund and/or the Highway Trust Fund for transportation-related needs. The Highway Fund generally supports projects on the existing highway system, operations, and maintenance, including resurfacing highways, replacing bridges, and paving unpaved secondary roads. The Highway Trust Fund is generally used for capital improvement projects.

In fiscal year 2022-23, 2% was transferred to the Highway Fund. In fiscal year 2023-24, 1% was transferred to the Highway Fund and 3% was transferred to the Highway Trust Fund, for a total of 4%. In fiscal year 2024-25 and thereafter, 1.5% must be transferred to the Highway Fund and 4.5% must be transferred to the Highway Trust Fund, for a total of 6%.

BILL ANALYSIS: Section 18 of S.L. 2024-15 increases the frequency of these transfers from quarterly to monthly, beginning with the 2024-2025 fiscal year.

EFFECTIVE DATE: This bill was vetoed by the Governor on May 23, 2024, and that veto was overridden by the General Assembly on June 27, 2024. This section of the act became effective July 1, 2024.

Kara McCraw
Director



Legislative Analysis
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