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New taxes urged for roads, bridges

Current levies are bringing in less when billions more are needed, a study leader says

BRUCE SICELOFF, Staff Writer

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RALEIGH - North Carolina will need new taxes to bolster sagging transportation revenue and tackle a backlog of bridge and highway needs, the chairman of a statewide study group said Thursday.

Gas and car sales taxes are declining while traffic demands and construction costs rise, said Brad Wilson of Raleigh, chairman of the 21st Century Transportation Committee. Legislators and Gov. Mike Easley have asked the group to recommend new revenue sources for consideration by the 2009 General Assembly.

"The current funding model for transportation needs in North Carolina is failing us and will continue to fail us going forward," Wilson, chief operating officer of Blue Cross and Blue Shield of North Carolina, told committee members in Raleigh.

Transportation planners have predicted that North Carolina will fall \$64 billion short of its needs for roads, bridges and transit over the next 25 years. Wilson said the committee should recommend tax options that would produce at least \$10 billion over the next 10 years.

He asked panel members to consider recommendations to:

- * Increase North Carolina's 3 percent highway use tax on car sales, which is lower than the rate charged in most nearby states. North Carolina's tax is applied after the value of a trade-in is subtracted from the new car price.
- * Expand toll road plans, possibly collecting tolls from Interstate 95 drivers to fix costly problems on the neglected Eastern North Carolina freeway.
- * Give local governments the option of a sales tax increase for transportation needs.
- * Make long-term plans to replace the per-gallon gas tax with a tax on the miles driven by each car and truck.
- * Plan a major state bond issue for road, bridge and other transportation needs.
- * Press Congress to strengthen federal transportation funding and give North Carolina its fair share.

The state Department of Transportation has made steps toward reducing waste and making better use of road money, Wilson said. He praised the legislature for beginning to phase out a controversial transfer of money from the Highway Trust Fund to the General Fund, where it has been used for nontransportation needs.

"Stopping the transfer and making DOT more efficient are contributors to the solution," Wilson said. "They are not the solution by themselves."

North Carolina is one of the few states where county governments are not responsible for the minor roads that make up most of the state network. State Rep. Nelson Cole, a Reidsville Democrat, said it might be time "to transfer some of these roads -- and we've already built them -- the maintenance of these roads back to the counties and cities."

State Sen. Richard Stevens, a Cary Republican, said the group should recommend changes in how the state distributes transportation money. Stevens criticized the legislature's "equity" formula -- "some would call it the inequity formula," Stevens said -- which limits the priority placed on reducing urban freeway congestion.

bruce.siceloff@newsobserver.com or (919) 829-4527

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