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N.C. slashes highway spending by \$50 million

N.C.'s transportation secretary says no construction projects have been delayed so far, but that will change.

By Mark Johnson
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Posted: Friday, Oct. 17, 2008

North Carolina's road-building and transportation budget is being cut by \$50 million, a number that could easily grow to \$200 million for the year, as state officials react to declining tax revenue.

Transportation Secretary Lyndo Tippettt enacted 6 percent cuts in spending this week. He said no highway construction projects have been delayed so far, but he anticipates the reductions eventually will cause delays.

"In the long term, it will," he said Thursday.

Charlotte's leaders are closely watching the completion of Interstate 485 and the widening of I-485 in south Charlotte.

The department is continuing a hiring freeze, eliminating travel and training expenses and canceling new equipment purchases.

"We're shooting the birds on the ground that are already sitting there," Tippettt said.

The 6 percent reduction mirrors the decline in combined revenue from the state's gas tax and the highway use tax, which is applied to car purchases.

"We thought it'd be best to go ahead and react now," he said, "and get our employees in the mind-set that we have reduced income, so we won't spend as much as we planned."

Department officials announced earlier this week that they were cutting overtime for Division of Motor Vehicle offices, where the additional pay enabled offices to stay open past their 5 p.m. closing time.

Tippettt ordered a hiring freeze last month, leaving about 1,500 jobs vacant, during a temporary delay in federal funding. That freeze will continue, though jobs critical to safety will be filled, he said.

The state's gas tax collections have declined as gas prices have risen, because North

Carolínians are cutting back on their driving.

The tax used to rise with the price of gas, but legislators capped it two years ago at 29.9 cents per gallon. While that revenue stream for road-building was frozen, the price of oil-based asphalt rose, along with other petroleum products.

The tax revenue on car sales has fallen – 14 percent between July and September – as the general economy slumped. Consumers bought fewer and less-expensive cars.

If tax revenue remains down at the current level, the department will have to cut \$200 million by June 30 of next year. Further declines will prompt deeper cuts.

The cost of highway construction has doubled since 2002.



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Mikey123 wrote on 10/17/2008 09:15:12 AM:

Business as usual. Memo to reporter, next time show us how much money is being siphoned off for non road projects. But then again, that is called journalism. Well, all aboard. Here comes another billion dollar choo choo.

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Raleigh has 2 outer loops. 540 and 440. Both are 3 and 4 lanes. How many more folks live here than in Raleigh. Our state government stinks.

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