



Transportation Funding

N.C. Transportation Secretary Jim Trogdon plans to ask lawmakers to create a new borrowing mechanism to fund transportation construction projects -- a move he says will help speed up much-needed road projects. Trogdon unveiled the proposal he calls "Build NC" earlier this month at a House transportation committee meeting.

The proposal, which Trogdon wants to see introduced in legislation during this year's short session, would allow the NCDOT to use expected state revenue to borrow money for construction projects. It would be similar to an existing program called GARVEE bonds (Grant Anticipation Revenue Vehicles) in which the state borrows money by pledging to use future federal transportation funding to make the loan payments. Build NC would use the same approach but pledge to use future state revenue. Funding obtained through the program would go toward projects at the regional and division level, which tend to be NCDOT's smaller, more locally oriented projects.

"This is my recommendation for what we can do in the short term to prepare us for the long term," Trogdon told lawmakers. "We need multiple funding and financing tools. Build NC would support our highest priority projects, both in rural and urban areas. We have to act now because our state can't afford to wait." Key legislators on the committee indicated they're receptive to the idea. "I like the concept," said Rep. Nelson Dollar, R-Wake and the top House budget writer.

Trogdon says the program would help continue the momentum he's created by speeding up projects by more efficiently using his agency's funding. He said that effort has been his "No. 1 priority" as secretary, and the department is on track to get its funding balance below \$1 billion by this October. At one point recently, NCDOT had more than \$2 billion sitting in the bank because projects were moving too slowly. That means that of the projects seeking funding in DOT's long-range plan, 22 percent of requested projects now have funding attached -- up from 17 percent. A total of 144 additional projects were added to the construction list for 2018 through 2027. Build NC, Trogdon said, "would allow us to continue to accelerate projects past 2020 and catch up with the increased investment we're seeing with our peer competitors (other states) in the Southeast."

Trogdon says he doesn't know how much money the state could borrow, because that determination will be made by the state treasurer's office. The committee also heard a separate report from the treasurer's office regarding the state's debt capacity. That report projected that debt payments will make up about 3 percent of the state's general fund and transportation revenue over the next five years, which is a "very, very conservative number," said Dora Fazzini of the agency's State Debt Section.

Source – The Insider