



WAXHAW MASTER TRANSPORTATION PLAN FUNDING OPTIONS

Funding Avenues Already Explored

The Town of Waxhaw has traditionally explored the following funding avenues:

STIP Funding: The State Transportation Improvement Program (STIP) is the traditional source of allocating transportation funds in North Carolina for state roads. Most of the funding comes from vehicle sales tax and state and federal gasoline tax revenues.



Powell Bill: These funds are generated by the state gasoline tax and are distributed by the state to municipalities to help fund transportation projects and are most suited to maintaining Town roads.

Grant Funding: Limited funding is available for transportation projects through competitive grants offered by non-profit organizations and the federal government. Typically, these opportunities are highly competitive, and projects are likely limited with extended timelines.

Developer Contributions: New developments construct necessary infrastructure to serve that development. This infrastructure includes relevant roadway improvements from adopted plans and Traffic Impact Analysis (TIA) ordinance.



Transportation Reserve Fund

Transportation Reserve Fund: These are designated funds set aside by a government to cover expenses related to transportation infrastructure projects. This fund serves as a financial cushion to ensure that there are adequate funds available for ongoing maintenance, repairs, or unexpected costs associated with transportation systems such as roads, bridges, or public transit.



A transportation reserve fund would operate on the pay-as-you-go model. While this approach can offer financial stability and prevent the accumulation of debt, it can also lead to slower project delivery.



Consider that an average project size will generally cost a few million dollars. If there is only a few hundred thousand dollars set aside for this reserve fund each year, then it will take decades to accumulate adequate project funding.

Waxhaw Transportation Bond

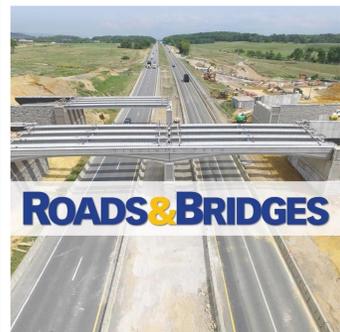
What is a General Obligation (G.O.) Bond?

Note that bonds are considered a tax and are paid back to bond holders over time. General Obligation (G.O.) bond is a financing tool that local governments can use to borrow significant long-term debt. Voter approval is needed to authorize a G.O. bond. Once approved, the sale of all G.O. bonds is handled by the Local Government Commission (LGC).



What projects could be funded through G.O. Bonds?

Waxhaw would define specific projects for consideration that would generally be completed within seven years to serve the public community. Once the specific projects are complete, the bond sunsets and the tax increase goes away. These bonds could raise funds for the following types of projects:



- Building New Roads and Bridges
- Improving Existing Intersections and Transportation Infrastructure
- Advancing Pedestrian Connectivity

What is the purpose of a bond referendum?

A bond referendum asks voters whether they authorize local government to use G.O. bonds as a financing tool for specific projects. Bond referenda can be held during a regular election when the polls are open across the entire jurisdiction affected by the referendum. If the voter referendum does not pass, then projects associated with the bond will be delayed or canceled.



County Sales Tax “Pennies for Progress”

North Carolina allows counties to raise funds through a quarter-cent sales tax increase with voter approval. This would raise approximately **\$6,000,000.00 annually** for the County to utilize toward transportation infrastructure improvements or other uses.



Pennies for Progress

Pennies for Progress is the name for a York County, South Carolina, one cent sales tax program that has raised hundred of millions of dollars since its inception in 1997. York County uses these funds solely for transportation projects. South Carolina allows counties to raise funds for transportation and road improvements, as well as other projects through a one-cent sales tax voter referendum, which must be reaffirmed every seven years.

These timelines and specific projects lists give taxpayers transparency and accountability regarding where their tax dollars are being invested. It serves as a means for local communities to address transportation infrastructure needs without relying solely on state and federal funding.

North Carolina Quarter Cent Sales Tax

N.C. General Assembly Article 46 outlines the legislation for a one-quarter cent sales and use tax. While limited to a quarter-cent, this could still help improve the local transportation system, although it does not allow a list of projects to be included as part of the voting process.

Union County is not currently advocating for a program. If support for this approach increases, the county could pass a resolution stating an intended use for funds and vote to place on a ballot for voter consideration. There are a wide range of eligible uses for these funds, including transportation projects.