

**To:** Joe Milazzo, RTA

**From:** Michael Hogan, RTI International. Research and Policy Coordinator, RTA

**Date:** January 12, 2024

**Subject:** Access User Fee 2024 Updates

### ***Access User Fee: 2024 Revenue Scenario Modeling***

Increased fuel efficiency, electric vehicle adoption, and changes in miles driven are among the factors driving volatility in revenue collected from the state motor fuels tax. **The regional and statewide business community has proposed an “access user fee” concept as a potential method of replacing the gas tax to modernize and stabilize funding for transportation.**

In 2024, the state motor fuels tax (gas tax) in North Carolina is set at 40.4 cents/gallon, a 0.1 cent decline from the prior year<sup>1</sup>. The state tax rate is determined by a formula that includes state population and the energy index change as part of the consumer price index<sup>2</sup>. Since 2016, North Carolina’s total revenue from gas taxes has increased as the state’s population has grown, but the rate of growth has been slower than the rate of inflation, and the real value of gas taxes paid per vehicle has declined when accounting for increased fuel efficiency and inflation.

RTI modeled the potential impact of a revenue-neutral access user fee to be applied across all non-diesel vehicles in the state, set at various points in time and indexed for inflation. The access user fee is calculated based on the average amount paid per vehicle per year in state gas taxes, as a replacement for the gas tax.

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<sup>1</sup> North Carolina Department of Revenue. <https://www.ncdor.gov/taxes-forms/motor-fuels-tax/motor-fuels-tax-rates>

<sup>2</sup> Effective January 1, 2023, the motor fuel excise tax rate is the amount for the preceding calendar year, multiplied by a percentage. The percentage is plus or minus the sum of the annual percentage change in state population for the applicable calendar year, multiplied by 75 percent and the annual energy index percentage change in the Consumer Price Index for All Urban Consumers, multiplied by 25 percent.

CALENDAR YEAR	2016	2020	2023	2024	
Total vehicles registered	8.3 M	8.7 M	9.0 M	9.1 M	
Fees for state					
Estimated state revenue (gas tax + EV fees, nominal dollars)	\$1.9 B	\$1.7 B	\$2.3 B	\$2.3 B	
Estimated state revenue (gas tax + EV fees, 2024 dollars)	\$2.4 B	\$2.0 B	\$2.3 B	\$2.3 B	
Scenario modeling					<b>2024 Monthly</b>
Access fee set in 2016 at \$228, 4 year CPI adjustment	\$228	\$247	\$247	\$294	\$24.50
Estimated state revenue	\$1.9 B	\$2.1 B	\$2.2 B	\$2.7 B	
Percent difference in state revenue	0%	27%	-1%	16%	
Access fee set in 2020 at \$234, 4 year CPI adjustment		\$234	\$234	\$279	\$23.25
Estimated state revenue		\$2.0 B	\$2.1 B	\$2.5 B	
Percent difference in state revenue		21%	-6%	10%	
Access fee set in 2023 at \$251, CPI adjustment in 2024			\$251	\$256	\$21.33
Estimated state revenue			\$2.3 B	\$2.3 B	
Percent difference in state revenue			0%	2%	
Access fee set in 2024 at \$252				\$252	\$21.00
Estimated state revenue				\$2.3 B	
Percent difference in state revenue				0%	