



Date: March 19, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Director of Transportation
Subject: Agenda Item – Interlocal Agreement for Administrative Distribution of Durham County \$7 Vehicle Tax

Executive Summary

The Interlocal Agreement for Administrative Distribution of Durham County \$7 Vehicle Tax will require that the funds received from the vehicle tax will be spent according to the purposes, programs, and projects in the adopted Durham County Bus and Rail Investment Plan and Durham County Implementation Agreement. The parties to the agreement are Durham County, the City of Durham, the City of Raleigh, the Town of Chapel Hill, and the Research Triangle Regional Public Transportation Authority, d/b/a Triangle Transit.

Recommendation

It is recommended that the Council approve the Interlocal Agreement for Administrative Distribution of Durham County \$7 Vehicle Tax.

Background

In August 2009, the Congestion Relief and Intermodal Transport Fund Act (HB 148) was signed into law. This bill allowed Durham County to generate additional revenues to support public transportation. The legislation included a one-half cent sales tax, if approved through a referendum, a new \$7 vehicle registration fee levied by Durham County, and an increase of \$3 to the existing vehicle registration fee levied by Triangle Transit. The legislation required that a plan be developed on how these additional revenues would be spent.

The Durham County Bus and Rail Investment Plan was developed in 2011 and adopted by Durham County, the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization, and Triangle Transit. This plan calls for additional local and regional bus services, a light rail project between Durham and Chapel Hill, and a regional rail project between Durham and Raleigh. Later that year, in November 2011, Durham County voters approved the referendum for the half-cent sales tax. Durham County elected to wait to collect the sales tax and county vehicle registration fees until either Orange or Wake counties also approved a sales tax through a referendum.

In November 2012, Orange County voters approved a referendum for a half-cent sales tax for public transportation. Subsequently, the Durham County Board of Commissioners approved the collection of the sales tax and additional vehicle registration fees. Collection of the tax and fees is expected to begin in April 2013.

According to North Carolina General Statute 105-570, the \$7 vehicle registration fee must be distributed to the municipalities within the county that operate a public transportation system. Durham County includes portions of the City of Durham, Town of Chapel Hill, and City of Raleigh which operate public transportation systems. The Durham County Bus and Rail Investment Plan only includes bus service improvements for the Durham Area Transit Authority and Triangle Transit. Similarly, the Orange County Bus and Rail Investment Plan only includes bus service improvements for Chapel Hill Transit, Orange Public Transit, and Triangle Transit.

In order to allow the \$7 vehicle registration fee to be spent in accordance with the Durham County Bus and Rail Investment Plan and Durham County Implementation Agreement, an Interlocal Agreement between the county, municipalities, and Triangle Transit is necessary.

Issues/Analysis

Development of the Durham County Bus and Rail Investment Plan was a cooperative effort that took place over several months by Triangle Transit, Durham County, the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization, and the City of Durham. The plan was used in the campaign for the referendum for the half-cent sales tax. Voters in Durham County approved the referendum by approximately 61 percent. An Implementation Agreement that sets forth the process for updating and evaluating the plan is current in development. The plan includes additional funding for bus transit service by the Durham Area Transit Authority and Triangle Transit, and the Interlocal Agreement will ensure that the vehicle fee revenue is distributed only to services by Durham Area Transit Authority and Triangle Transit.

Alternatives

The City could choose not to approve the Interlocal Agreement. If so, a portion of the \$7 vehicle registration fee would be distributed to the Town of Chapel Hill and City of Raleigh, according to their share of the county's population.

Financial Impact

The Interlocal Agreement will have a positive financial impact for the City of Durham as it ensures that the \$7 vehicle registration fee will be distributed to support new and expanded services by the transit providers in Durham County, the Durham Area Transit Authority and Triangle Transit.

SDBE Summary

This item does not require review by the Office of Equal Opportunity /Equity Assurance.

Attachments

Attachment 1 - Interlocal Agreement for Administrative Distribution of Durham County \$7 Vehicle Tax