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NORTH CAROLINA
Turnpike Authority

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Agency

North Carolina Turnpike Authority (NCTA)

Project

I-95 Economic Impact Assessment

Purpose

To measure and compare the economic impact of funding the reconstruction of Interstate 95 through tolling, against other options.

Vital Stats

- US$4.4 billion in needed highway improvements in eight North Carolina counties.
- 70 to 100-year project horizon if funding is limited to traditional sources.
- 20-year turnaround with tolling.

History

North Carolina's sections of Interstate 95 were built between 1956 and 1979, and will not accommodate the increased traffic volume the state foresees in eight high-growth counties through 2030 to 2035. The North Carolina Turnpike Authority (NCTA) determined that it would cost $4.4 billion to improve the roads. It would take 70 to 100 years to complete the project if funding depended on traditional revenue streams, but only 20 years with tolling.

During an initial series of nine public engagement meetings, many participants expressed a keen interest in the economic impact of tolling. In 2012, NCTA launched an assessment study to determine the wider economic effects of continuing the current pattern of funding, relying on new taxes or other traditional financing options to pay for the improvements, or funding the project with tolls.

Based on a review of past studies and engagement with the public and elected officials, NCTA analyzed the impact of each scenario on local and regional economies, and in specific areas of interest like freight and logistics, through 2050. Key impact variables included:

- Direct user impacts like travel time, vehicle operating costs, safety costs, reliability and traffic volumes.
- Business competitiveness issues, including productivity, market access, business revenue and spending and profits.
- Economic impacts, reflected in gross domestic product, employment and incomes.

An external advisory committee drew input from many of the stakeholders with the greatest concerns about tolling, including retailers, truckers, the state chamber of commerce, farm bureau, travel and tourism and the No Tolls I-95 Coalition.

Results

The scenario that involved tolling and mitigated tolling offered the best economic impact, without requiring a tax increase.

- In a business as usual scenario, the eight counties would incur US$51.7 billion in increased business transportation costs and lose US$40.8 billion in gross regional product, US$44.1 billion in incomes and 9,727 full-time jobs annually between 2014 and 2050.
- Improving roads with a congressional earmark would reduce transportation costs by US$51.9 billion and produce annual increases of US$44.2 billion in gross regional product, US$47.5 billion in incomes, and 11,633 jobs.
- Improving roads with traditional funding would produce US$77.7 billion in increased gross regional product, US$64.2 billion in incomes, and 16,844 average annual jobs statewide, including the I-95 counties. But it would require a seven-cent increase in state gas tax or a 14-cent increase in the federal tax, all dedicated solely to I-95.
- Funding the roads with tolls would reduce business transportation costs by US$45.1 billion and produce US$45.3 billion in gross regional product, US$50 billion in incomes, and 11,003 jobs annually.

Key Success Factors

"We know I-95 needs improvement, and it will cost the state 16,000 jobs per year if we do nothing," said James Trogdon III, Chief Operating Officer with the North Carolina Department of Transportation (NCDOT). "The corridor counties bear the greatest burden if we do nothing. They will bear the heaviest cost if we toll, but they will also reap the largest economic benefits from the tolling and the improvements to I-95."

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