

**Item Title:** Public Hearing and Authorization of a \$7 Wake County Vehicle Registration Tax for Funding of Public Transportation Systems

**Specific Action Requested:**

**That the Board of Commissioners, after a public hearing, adopts the attached resolution to:**

- 1. Levy a new \$7 Wake County Vehicle Registration Tax as authorized pursuant to NCGS 105-570 for the purpose of funding public transportation systems in accordance with the Wake County Transit Plan and Wake County Transit Financial Plan; and**
- 2. Approve the attached Interlocal Agreement governing the administrative distribution of funds derived from the new \$7 Wake County Vehicle Registration Tax and authorizes the County Manager to execute the Interlocal Agreement, subject to terms and conditions acceptable to the County Attorney.**

**Item Summary:**

On June 6, 2016, the Wake County Board of Commissioners officially adopted the Wake County Transit Plan, including the Wake County Transit Financial Plan, and the Transit Governance Interlocal Agreement which guides the ongoing planning, funding, expansion and construction of the Plan. The Board of Commissioners also authorized an advisory referendum for a ½ percent sales tax for transit, a key source for funding implementation of the Plan. The governing boards of GoTriangle and CAMPO also adopted the Wake County Transit Plan, including the Wake County Transit Financial Plan. The Wake County Transit Plan and Financial Plan clearly identifies all planned revenue sources, and was distributed to all Wake County municipalities in the tax district and shared with the public as supporting documentation for the referendum. The advisory referendum was held November 8, 2016. The Board of Elections has certified that the results of the advisory for the one-half percent local sales and use tax was 262,626 (52.65%) “For” approval and 236,203 (47.35%) “Against” approval of the advisory referendum.

A new \$7 Wake County Vehicle Registration Tax was included as a local funding source in the Wake County Transit Plan and Wake County Transit Financial Plan. It is estimated that a full year of funding will result in approximately \$6 million of new revenue. This fee would be charged on all qualifying motor vehicles registered in Wake County. A public hearing regarding whether the Board of Commissioners shall levy a new \$7 Wake County Vehicle Registration Tax as authorized pursuant to NCGS 105-570 for the purpose of funding public transportation systems in accordance with the Wake County Transit Plan and Wake County Transit Financial Plan was duly noticed on November 22, 2016.

Transit sales tax dollars are, by state statute, directly remitted by the NC Department of Revenue to the Triangle Tax District, administered by GoTriangle. Per the Wake Transit Governance ILA and Financial Plan Agreement, this revenue is defined as part of Wake County Tax Revenue, and must be used solely and explicitly for the implementation of the Wake County Transit Plan. Conversely, the state statute allowing the \$7 Wake County Vehicle Registration Tax directs that funds collected by the NC Department of Motor Vehicles (NCDMV) be remitted to Wake County and the municipalities in its jurisdiction providing public transportation services. The municipalities currently providing public transportation services in Wake County are the City of Raleigh, the Town of Cary, and the Town of Wake Forest. Additionally, a small portion of the City of Durham overlaps with the jurisdiction of Wake County, and as such, they too would be deemed a municipality providing transit services in Wake County.

In lieu of allocating revenues derived by the \$7 Wake County Vehicle Registration Tax on a per capita, pro rata basis per GS 105-570 among the County and transit providing municipalities, a draft Interlocal Agreement has been developed and circulated to the transit providing municipalities in Wake County and GoTriangle, such that all parties would agree to an administrative distribution of these revenues directly from NCDMV to the Triangle Tax District, administered by GoTriangle. Per the Wake Transit Governance ILA and Financial Plan Agreement, the \$7 Wake County Vehicle Registration Fee is defined as part of Wake County Tax Revenue and also must be used solely and explicitly for the implementation of the Wake County Transit Plan.

It is anticipated that GoTriangle, the City of Raleigh, the Town of Cary, the Town of Wake Forest, and the City of Durham will consider and approve the Interlocal Agreement substantially in the form attached hereto, subject to further amendments of the parties, for the administrative distribution of funds derived from the \$7 Wake County Vehicle Registration Tax before January 31, 2017. Once approved, Wake County will submit all necessary documentation to the NCDMV for implementation of the \$7 Wake County Vehicle Registration Tax in accordance with GS 105-570. The \$7 Wake County Vehicle Registration Tax would be effective for the registration renewal offers that will be mailed in July 2017, subject to NCDMV implementation.

Other Wake County municipalities, once additional transit is implemented as a result of the Wake County Transit Plan, may be considered a transit provider per GS 105-570 at a future date. It is anticipated that those municipalities, who are not yet transit providers, will sign a future agreement agreeing to the same administrative distribution of the new \$7 Wake County Vehicle Registration Tax as outlined in the Interlocal Agreement in the event they become a transit provider.

**Attachments:**

1. Resolution
2. Draft Interlocal Agreement