



**NORTH CAROLINA**  
Department of Transportation

# **NCDOT Economic Development Program**

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Connecting people, products and places safely and efficiently with customer focus, accountability and environmental sensitivity to enhance the economy and vitality of North Carolina

## **NCDOT Economic Development**

### **Purpose**

- The North Carolina General Assembly (NCGA) provides opportunities for NCDOT to support transportation projects that promote job creation and stimulate economic growth throughout the state.
- In some cases, the NCGA allocates funding for specific economic development initiatives through the annual budget process.
- NCDOT supports economic development through various funding programs:
  - Highway Fund – Mobility and Modernization
  - Highway Trust Fund – STIP Program
  - North Carolina Airport Economic Development Fund
  - Rail Industrial Access Program

# Highway Fund

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# Highway Fund - Overview

## Mobility/Modernization Fund

- Funding for economic development and industrial access projects from the State Highway Fund is authorized under *NCGS § 136, Article 14C*, which governs the Mobility/Modernization Fund.
  - **The development and expansion of access roads to industrial facilities.**
  - **Prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention.**

Fund Source	Program	Project \$ Max *	Criteria	Limitations	Notes
HF – Mobility Modernization	Industrial Access	\$250,000	\$1,000 per job created or retained.	Subject to funding availability.	Cannot use for ROW or Utility costs.
HF – Mobility Modernization	Economic Development	\$400,000	\$2,500 per job created or retained.	Subject to funding availability.	Cannot use for ROW or Utility costs.

## Highway Fund – Eligibility Criteria

To qualify for funding under this program, projects must meet the following requirements:

1. ROW provided at no cost to NCDOT
2. Utility Relocations accomplished at no cost to NCDOT
3. New access roads approved by NCDOT that serve multiple property owners or government-owned property. These roads will become part of the State Highway System or serve as public roads maintained by a government agency.
4. Access roads must terminate at the property line of the facility.
5. A commitment letter from the industry must be submitted prior to project approval.
6. Approved by Secretary of Transportation

**Projects that meet the criteria for the above categories may receive funding from both economic development and industrial access allocations.**

# Highway Fund

## Challenges and Considerations

- Because the amount of available funding is limited compared to the volume of applications received, projects that meet all the requirements for economic development under the HF are awarded on a “first-come, first-serve” basis.
  - Generally, projects funded through the HF model are under \$1M. It is recommended that projects over this threshold seek alternative funding sources.
  - Depending on the project, supplemental funding may be available from other sources (STIP, Safety, etc.)
  - Project Timeline/Readiness – it is common to receive more letters of request than actual funding available, therefore it is imperative requests are submitted timely.
- Requests for funding should be coordinated through local economic development organizations, in partnership with the Department of Commerce and/or EDPNC. Ultimately, these agencies lead industry recruitment/retention efforts and determine if the project will be supported by the State.
- Typically delivered through a reimbursement to local governments after project completion
- Must adhere to state contract procurement guidelines

# Highway Trust Fund

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# Highway Trust Fund - Overview

## State Transportation Improvement Program

- Economic development funding from the HTF is authorized under NCGS § 136, Article 14B, which governs the Strategic Transportation Investments (STI) Program.
- **Economic development projects are funded from the STI Division Needs category.**
- Eligible activities include:
  - Preliminary engineering;
  - Right-of-way;
  - Utilities; and
  - Construction costs.

# Highway Trust Fund – STI Economic Development

Fund Source	Program	Project \$ Max	Criteria	Limitations	Notes
HTF Division Needs	STI	\$10,000,000	1) \$10,000 per new job created or; 2) 10% of the private investment associated with the project. <sup>1</sup>	Subject to funding availability.  Department <u>cannot exceed \$100M in any five-year period per NCGS 136 – 189.11.</u>	PE, ROW, Utility and Construction costs are allowed with STI.  Funded through the Division Needs Bucket.

<sup>1</sup> Use the criteria that provides the most funding.

# Highway Trust Fund – Challenges and Considerations

## State Transportation Improvement Program

- NCDOT coordinates with the Department of Commerce to ensure that the combined funding from STIP and other grants does not result in project costs to the State outweighing its total benefits and that such funding is necessary for completion of the project.
- A \$10 million economic development project (or multiple projects) can significantly impact a Division's ability to deliver its scheduled commitments.
  - Each of the 14 Highway Divisions currently receives approximately \$65 million annually in Division Needs funding.
- Economic development project participation cannot exceed \$10M

## Challenges and Considerations

- **Design Schedule** – Projects typically require delivery on accelerated schedules; requires additional resources to complete designs
- **Environmental Permitting** – Clearly define permit type and whether permitting will be joint with the company; build realistic permitting durations into the overall schedule.
- **Utility Relocations** – Engage utility owners early to identify and minimize conflicts and relocation delays.
- **Right of Way** – Advance right-of-way plans early; pursue early acquisition for known total-take parcels where feasible.
- **Cost Estimating** – Balance pressure to deliver quickly and cheaply by accounting for compressed schedules and unknowns; conservative estimates reduce downstream funding and schedule risk.
- **Staffing and Oversight** – Supplemental staff and/or embedded consultants typically necessary to ensure adequate oversight and include quality control in construction contracts.
- **Community Engagement** – Maintain proactive, transparent communication with adjacent communities that may not immediately benefit; clearly explain impacts, process, and schedule.
- **Partner Communication** – Set and reinforce realistic expectations through frequent communication with all stakeholders, including NCGA leadership, the Secretary’s Office, the Board, local governments, and the private partner.

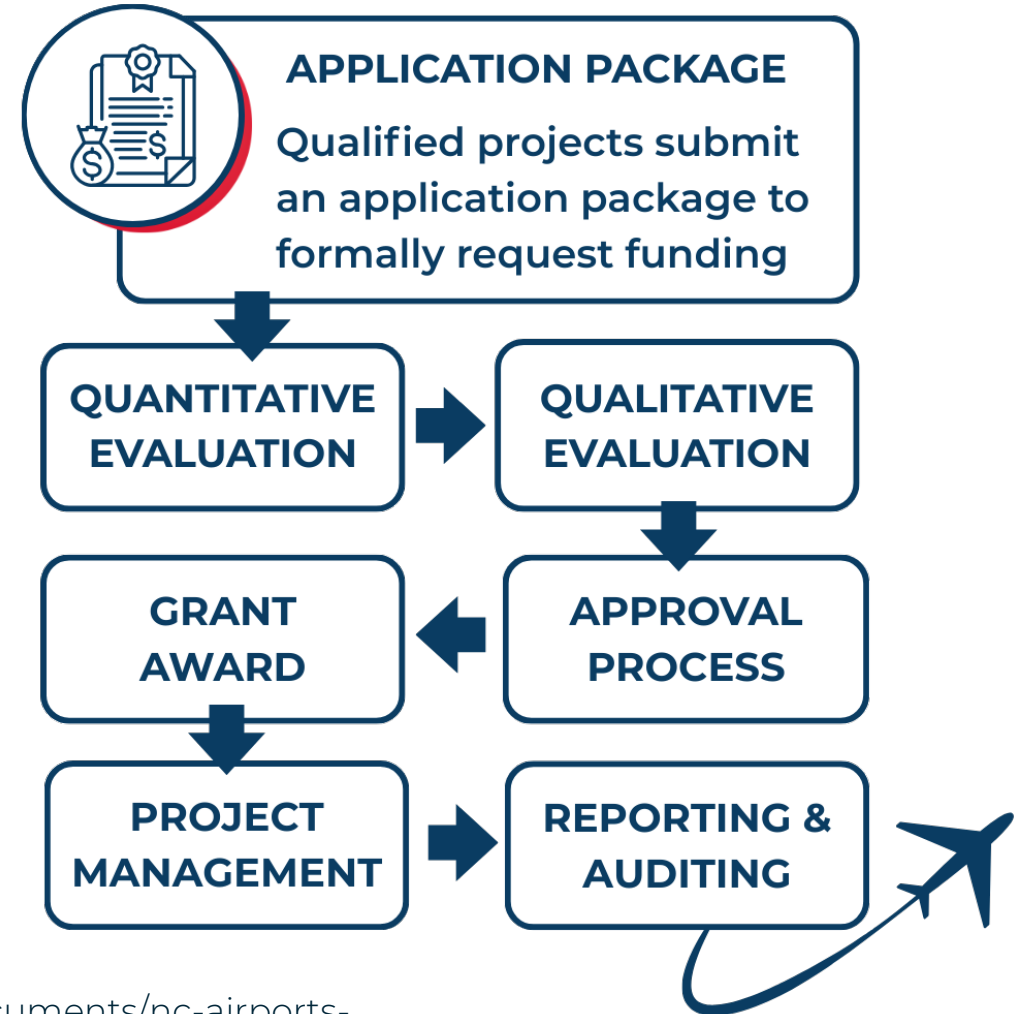
# Airport Economic Development Fund

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# North Carolina Airport Economic Development Fund

## Overview

- NCGA established in 2015
- Dedicates state-collected aviation gasoline and jet fuel taxes for economic development purposes
- Specifies use on time-sensitive capital improvement projects at general aviation airports
- Grant process analyzes economic impact
- Reporting includes three years of economic impact data
- Administered by NCDOT Division of Aviation
- Appropriation of \$10M annually with adjustments for revenue projections



# North Carolina Airport Economic Development Fund

- Publicly owned and operated general aviation airports
- Performance-based program
- Considers economic and fiscal impacts
  - Modeling involves
    - Data collected from affected businesses
    - Estimated income, employment and net effect on revenue to the state's General Fund
- Any combination of airside or landside projects.



## ELIGIBLE PROJECTS

Infrastructure development projects with time-sensitive economic development needs that will generate economic impact in the local community and state are eligible.

### ELIGIBLE EXPENSES INCLUDE:

#### Landside

Land acquisition for, and the construction or expansion of:

- ✓ Corporate offices
- ✓ Hangars
- ✓ Production facilities
- ✓ Road connections
- ✓ Terminal buildings

#### Airside

- ✓ Aircraft parking apron expansions
- ✓ Lighting systems
- ✓ Navigational aid equipment
- ✓ New taxiways
- ✓ Pavement strengthening
- ✓ Runway extensions

### INELIGIBLE PROJECTS:

- ✗ Have a benefit cost ratio of less than 1
- ✗ Do not meet qualitative criteria
- ✗ Are not recommended by
  - Business development manager
- ✗ Are not approved by all parties, including
  - Aviation director/deputy director
  - NCDOT Deputy Secretary
  - Board of Transportation

# Rail Industrial Access Program

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# Rail Industrial Access Program

## Overview

- The Rail Industrial Access Program (RIAP) is an economic development program that provides matching funds of up to 50% (and capped at \$500,000) to industries seeking to transport their products via railroad.
- RIAP funds may be used to build or upgrade industrial sidings, switches, or other on-site rail infrastructure.
- The Rail Industrial Access Program is administered as part of the Freight Rail and Rail Crossing Improvement (FRRCSI) program by the NCDOT Rail Division.



## ELIGIBLE PROJECTS

A project that constructs and establishes rail service to a private industry is an eligible candidate for funding.

### ELIGIBLE EXPENSES INCLUDE:

- ✓ Engineering costs
- ✓ Site preparation  
*(including necessary grading to construct tracks)*
- ✓ Track construction
- ✓ Switches
- ✓ Grade crossing surface
- ✓ Warning devices

### INELIGIBLE COSTS ARE:

- ✗ Studies
- ✗ Buildings
- ✗ Utility relocations
- ✗ Mobile equipment
- ✗ Right-of-way acquisitions
- ✗ Rail docks
- ✗ Unloading facilities

