



October 9, 2026 | nclm.org

Legislators Approve Gas Tax Suspension

In a one-day special legislative session, state lawmakers returned to Raleigh Wednesday to approve a suspension of the state gas tax through the end of November. [HB 3 Relief at the Pump](#) passed overwhelmingly on a bipartisan basis, and Gov. Josh Stein signed the bill into law today.

Importantly for cities and towns, the legislation will have no impact on Powell Bill Fund distributions or the investments made to state roads in and around municipalities. Legislators instead will backfill transportation revenue losses through General Fund reserves. The 41 cents per gallon tax suspension is expected to result in \$360 million less in transportation revenue collections, with much of that passed on to consumers at the pump. Because of the logistics in the tax collections from distributors, any relief at the pump may take a week or longer.

Ahead of the special session, NCLM prepared a memo that was distributed to select legislators urging that gas tax revenues be replaced with state revenue funding to avoid delaying crucial roadbuilding and maintenance projects. The memo made these points:

- Even a short-term suspension of the state gas tax will cause substantial delays in road projects important to economic development and business expansion, unless state legislators backfill road construction and maintenance losses through other funding.
- The ongoing needs for road repairs and rebuilding due to Hurricane Helene in western North Carolina are still substantial. Any gas tax suspension proposal requires other funding sources to avoid delays that create further impositions on the residents of western communities.
- As gas prices have risen, state and municipal governments have seen tremendous inflationary increases in the cost of road construction and maintenance. Delaying road construction and maintenance will likely lead to

even higher costs and create a cascading effect of long-term delays, coming on top of federal highway project delays.

The memo included these additional points for context:

- North Carolina cities and towns maintain over 20,000 miles of streets within their jurisdictions, representing roughly 22 percent of all road miles in the state.
- About 20 percent of municipal general fund budgets go toward street maintenance and public works.
- Almost 60 percent of municipal general fund budgets are funded with property taxes, meaning that property tax revenue is crucial for cities to maintain their streets.

Should legislators have further discussions about future gas tax suspensions, we hope that this information can help inform your discussions with them. You can read more about the gas tax special session [here](#).

.....



WORKING AS ONE. ADVANCING ALL.

CONTACT US



Stay Connected with the North Carolina League of Municipalities

{{Companyaddress}}

[Manage Preferences](#)