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Indiana Road Funding Effort

David Bottorff



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MVH Distribution

- Sources of Revenue
 - Gasoline tax – \$0.18/gallon (1 cent directly to locals, 3 cents to state, 75% of \$0.14 to MVH)
 - Special Fuels Tax – \$0.16/gallon (1st \$25M – 60% directly to locals, remainder to MVH)
 - Motor carrier surtax (45.5% to MVH)
 - Vehicle fees
- MVH Account Disbursements
 - 53% to State Highway Fund
 - 47% to Local distribution
 - 31.9% to Cities and Towns (Population based)
 - 68.1% to Counties
 - 5% equally to all Counties
 - 30% vehicle registration based
 - 65% mileage based (center line miles)



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Local Road Funding

Two Year Effort through a “loose coalition”

Coalition included

- County Association including Highway Engineers and Supervisors
- City/Town Association
- Build Indiana Council
 - Group included Construction Companies, Aggregate, Unions
- Engineering Companies
- Purdue University Local Technical Assistance Program



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Local Road Funding

Goals/Objectives/Issues to avoid

- More money for the Motor Vehicle Highway Account (MVH)
- No changes in distribution formula. State and Local Shares would remain the same. Commitment to legislators to show progress
- Commitment to not divert existing local efforts dedicated to road funding for other county needs.
- Prevailing Wage/Common Construction Wage
- Use of county employees for work vs. private companies



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Local Road Funding

Data, Timing, Coordination and Advocacy

- Lane Miles, Increased Cost of Maintenance, Decrease in Revenue from more fuel efficient vehicles etc..
- State Budget Surplus therefore we were able to advocate redirecting existing user fees/taxes vs. tax increase
- 2012 Governor Election – both candidates made infrastructure a priority
- State needed more money too; revenue from lease of Indiana toll road money had been spent
- Coordinated Legislative Contacts



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Local Road Funding

Data, Timing and Advocacy

- Newspaper Editorials
- House/Senate Candidates could not meet with a council/commissioner/highway engineer without hearing that local road funding was needed
- Video <http://www.youtube.com/watch?v=iccxGbHTftY>
- Pocket Handout (available at all public venues/4H fairs)
- All county officials made this a priority and advocated for road money and any meetings with service clubs (auditors, clerks, treasurers, surveyors, recorders)



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Local Road Funding

2013 Two Year State Budget – HEA 1001

- Eliminates gasoline tax diversions to State Police, BMV and others.
 - Adds approximately \$140 million each year to MVH fund.
- Appropriates 1% of state sales tax (20% of sales tax on gasoline) for roads.
 - Adds approximately \$75 million to MVH fund.
- Total yearly increase to MVH fund = \$215 M to \$205M
 - INDOT (53%) – \$114 M to \$109 M; Local Units (47%) – \$101 M to \$96 M
 - Counties (68%) - \$68 M to \$65 M; Cities and Towns (32%) - \$33 M to \$31 M



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Local Road Funding

- August 1, 2013 monthly MVH distribution reflected a 35% increase for local units.
- MVH eligible expenses apply (broad highway related costs)
- Additional dollars should be used to supplement, not supplant, current road funding commitments.
 - Not a statutory requirement, but expected that legislature will call for reports of local usage of new funding.
 - Replacement of reserves, hiring more employees, buying equipment
 - Local budget decisions are still local - some flexibility necessary.



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Expanding the Base

- Alternative Fuels – HEA 1324
 - Extends special fuels tax to propane, butane and CNG.
 - Provides state tax credits for 3 years. Income tax credit for purchase of CNG vehicles. Road tax credit for motor carrier purchase of CNG.
 - Fee for hybrid and electric cars to be studied.
 - Additional revenue for the state through sales tax and fuel taxes collections.
 - Local share - \$1.3 M in FY 2014 and \$1 M in FY 2015 from increased MVH.



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Federal Funds Exchange Program

- HEA 1067 - Allows locals to trade federal highway dollars for state highway dollars.
 - Fed. Surface Transportation Program - \$138.8 M available to IN locals
 - Part of 75/25 split between state and locals in federal transportation dollars.
 - \$0.75 state dollars for \$1.00 local federal funds.
 - 20% match for federal projects; 10% match for exchange projects.
 - Usually 25-30% additional costs for federal projects.
- Ex. \$1,000,000 federal project – would require \$200k local match. Don't use federal standards – now \$750,000 project – only \$75,000 local match.
- Challenges: 1.) project specific and must be federally qualified – did you already plan and spend based on federal requirements. 2.) requires INDOT, locals, and Governor's fiscal leaders (OMB) to sign off.



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COIT Council Wheel Tax/Excise Surtax

- Currently, 48 counties have wheel tax/surtax – 44 do not. All adopted by county council.
- Distribution based on LRS formula
- COIT Council Adoption of Wheel Tax/Surtax – HEA 1001
 - Applies to any county where the county council has not adopted the tax.
 - Effective June 1. Deadline for adoption is July 1 to receive revenue in 2014.
 - Votes of each unit based on share of population. All votes for unit cast based on majority of that unit's fiscal body. County votes based on unincorporated population.
 - Any unit may initiate process and other units with vote on council must take action.



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COIT Council Wheel Tax/Excise Surtax

- Bartholomew County – Total Population 76,794
 - City of Columbus – population 44,061 – 57% of population = 57 out of 100 votes. City council passing favorable resolution adopts tax for entire county.
- Knox County – Total Population 38,440
 - Vincennes – 18423 – 48% = 48 votes
 - Bicknell – 2915 – 8% = 8 votes
 - Bruceville – 478 – 1% = 1 vote
 - Decker – 249 – 1% = 1 vote
 - Edwardsport – 303 – 1% = 1 vote
 - Monroe City – 545 – 1% = 1 vote
 - Oaktown – 608 – 2% = 2 votes
 - Sandborn – 415 – 1% = 1 vote
 - Wheatland – 480 – 1% = 1 vote
 - Unincorporated Knox County – 14,024 – 36% = 36 votes.



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Showing Results

August 10, 2013 *New funding to help CR 900E project move forward*

The Washington Times-Herald ... The fund for road repairs in Daviess County became a little larger this week. The county received the first installment of an anticipated \$540,000 in additional money from the state of Indiana. The money comes from changes in the funding formula passed by the Indiana General Assembly earlier this year. The additional money is welcome in Daviess County. **“When they told me this had passed in Indianapolis I almost cried,” said County Highway Superintendent Phil Cornelius. “We have been working on such a tight budget for so long, and now we have the funding to do more.”**



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AIC Contact Info

- Phone: (317) 684-3710
- E-mail:
 - Andrew Berger aberger@indianacounties.org
 - Danielle Coulter dcoulter@indianacounties.org
 - David Bottorff dbottorff@indianacounties.org