

# HOUSE BILL No. 1086

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 8-14; IC 8-23.

**Synopsis:** Road funding. Provides that the amounts currently distributed from the motor vehicle highway account and the local road and street account to counties, cities, and towns based upon the proportionate share of road and street mileage shall instead be distributed based on the proportionate share of road and street vehicle miles traveled. Provides that the Indiana department of transportation shall establish guidelines outlining the procedures required to determine vehicle miles traveled.

**Effective:** July 1, 2023.

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January 9, 2023, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

# HOUSE BILL No. 1086



A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 8-14-1-3, AS AMENDED BY P.L.108-2019,  
2 SECTION 152, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2023]: Sec. 3. **(a)** The money collected for the  
4 motor vehicle highway account fund and remaining after refunds and  
5 the payment of all expenses incurred in the collection of the money and  
6 after transferring three hundred twenty-five thousand dollars  
7 (\$325,000) each month to the motor carrier regulation fund (IC  
8 8-2.1-23), shall be allocated to and distributed among the department  
9 and subdivisions designated as follows:

10 (1) Of the net amount in the motor vehicle highway account the  
11 auditor of state shall set aside for the cities and towns of the state  
12 twelve and thirteen hundredths percent (12.13%). This sum shall  
13 be allocated to the cities and towns upon the basis that the  
14 population of each city and town bears to the total population of  
15 all the cities and towns and shall be used for the construction or  
16 reconstruction and maintenance of streets and alleys and shall be  
17 annually budgeted as now provided by law. However, no part of



1 such sum shall be used for any other purpose than for the  
 2 purposes defined in this chapter. If any funds allocated to any city  
 3 or town shall be used by any officer or officers of such city or  
 4 town for any purpose or purposes other than for the purposes as  
 5 defined in this chapter, such officer or officers shall be liable  
 6 upon their official bonds to such city or town in such amount so  
 7 used for other purposes than for the purposes as defined in this  
 8 chapter, together with the costs of said action and reasonable  
 9 attorney fees, recoverable in an action or suit instituted in the  
 10 name of the state of Indiana on the relation of any taxpayer or  
 11 taxpayers resident of such city or town. A monthly distribution  
 12 thereof of funds accumulated during the preceding month shall be  
 13 made by the auditor of state.

14 (2) Of the net amount in the motor vehicle highway account, the  
 15 auditor of state shall set aside for the counties of the state  
 16 twenty-five and eighty-seven hundredths percent (25.87%).  
 17 However, as to the allocation to cities and towns under  
 18 subdivision (1) and as to the allocation to counties under this  
 19 subdivision, in the event that the amount in the motor vehicle  
 20 highway account fund remaining after refunds and after the  
 21 payment of all expenses incurred in the collection thereof is less  
 22 than twenty-two million six hundred fifty thousand dollars  
 23 (\$22,650,000) in any fiscal year, then the amount so set aside in  
 24 the next calendar year for distributions to counties shall be  
 25 reduced fifty-four percent (54%) of such deficit and the amount  
 26 so set aside for distribution in the next calendar year to cities and  
 27 towns shall be reduced thirteen percent (13%) of such deficit.  
 28 Such reduced distributions shall begin with the distribution  
 29 January 1 of each year.

30 (3) The amount set aside for the counties of the state under the  
 31 provisions of subdivision (2) shall be allocated monthly upon the  
 32 following basis:

33 (A) Five percent (5%) of the amount allocated to the counties  
 34 to be divided equally among the ninety-two (92) counties.

35 (B) Sixty-five percent (65%) of the amount allocated to the  
 36 counties to be divided on the basis of the ratio of the actual  
 37 **vehicle miles traveled now traveled and in use, of county**  
 38 **roads** in each county to the total ~~mileage of county roads~~  
 39 **vehicle miles traveled** in the state, which shall be annually  
 40 determined, accurately, by the department and submitted to the  
 41 auditor of state before April 1 of each year. **The department**  
 42 **shall determine total vehicle miles traveled in each county**



1 **according to procedures adopted by the department.**

2 (C) Thirty percent (30%) of the amount allocated to the  
3 counties to be divided on the basis of the ratio of the motor  
4 vehicle registrations of each county to the total motor vehicle  
5 registration of the state. The bureau of motor vehicles shall  
6 annually determine the amount under this clause and submit  
7 its determination to the auditor of state before April 1 each  
8 year.

9 All money so distributed to the several counties of the state shall  
10 constitute a special road fund for each of the respective counties  
11 and shall be under the exclusive supervision and direction of the  
12 board of county commissioners in the construction,  
13 reconstruction, maintenance, or repair of the county highways or  
14 bridges on such county highways within such county.

15 (4) Each month the remainder of the net amount in the motor  
16 vehicle highway account shall be credited to the state highway  
17 fund for the use of the department.

18 (5) Money in the fund may not be used for any toll road or toll  
19 bridge project.

20 (6) Notwithstanding any other provisions of this section, money  
21 in the motor vehicle highway account fund may be appropriated  
22 to the Indiana department of transportation from the amounts  
23 distributed to the political subdivisions of the state to pay the  
24 costs incurred by the department in providing services to those  
25 subdivisions.

26 (7) Notwithstanding any other provisions of this section or of  
27 IC 8-14-8, for the purpose of maintaining a sufficient working  
28 balance in accounts established primarily to facilitate the  
29 matching of federal and local money for highway projects, money  
30 may be appropriated to the Indiana department of transportation  
31 as follows:

32 (A) One-half (1/2) from the amounts set aside under  
33 subdivisions (1) and (2) for counties and for those cities and  
34 towns with a population greater than five thousand (5,000).

35 (B) One-half (1/2) from the distressed road fund under  
36 IC 8-14-8.

37 **(b) The department shall establish guidelines outlining the**  
38 **procedures required to determine vehicle miles traveled as**  
39 **required under subsection (a).**

40 SECTION 2. IC 8-14-1-11 IS AMENDED TO READ AS  
41 FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 11. (a) The department  
42 may create a local agency revolving fund from money appropriated



1 under section ~~3(7)~~ **3(a)(7)** of this chapter for the purpose of  
 2 maintaining a sufficient working balance in accounts established  
 3 primarily to facilitate the matching of federal and local money for  
 4 highway projects.

5 (b) The revolving fund balance must be maintained through  
 6 reimbursement from a local unit for money used by that unit to match  
 7 federal funds.

8 (c) If the local unit fails to reimburse the revolving fund, the  
 9 department shall notify the local unit that the department has found the  
 10 outstanding accounts receivable to be uncollectible.

11 (d) The attorney general shall review the outstanding accounts  
 12 receivable and if the attorney general agrees with the department's  
 13 assessment of the account's status, the attorney general shall certify to  
 14 the auditor of state that the outstanding accounts receivable is  
 15 uncollectible and request a transfer of funds as provided in subsection  
 16 (e).

17 (e) Upon receipt of a certificate as specified in subsection (d), the  
 18 auditor of state shall:

- 19 (1) immediately notify the delinquent local unit of the claim; and
- 20 (2) if proof of payment is not furnished to the auditor of state  
 21 within thirty (30) days after the notification, transfer an amount  
 22 equal to the outstanding accounts receivable to the department  
 23 from the delinquent local unit's allocations from the motor vehicle  
 24 highway account for deposit in the local agency revolving fund.

25 (f) Transfers shall be made under subsection (e) until the unpaid  
 26 amount has been paid in full under the terms of the agreement.  
 27 However, the agreement may be amended if both the department and  
 28 the unit agree to amortize the transfer over a period not to exceed five  
 29 (5) years.

30 (g) Money in the fund at the end of a fiscal year does not revert to  
 31 the state general fund.

32 SECTION 3. IC 8-14-2-4, AS AMENDED BY P.L.185-2018,  
 33 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 JULY 1, 2023]: Sec. 4. (a) The auditor of state shall establish a special  
 35 account to be called the "local road and street account" and credit this  
 36 account monthly with thirty-seven percent (37%) of the money  
 37 deposited in the highway, road and street fund.

38 (b) The auditor shall distribute to units of local government money  
 39 from this account each month. Before making any other distributions  
 40 under this chapter, the auditor shall distribute E85 incentive payments  
 41 to all political subdivisions entitled to a payment under section 8 of this  
 42 chapter **(before its expiration)**.



1 (c) After distributing E85 incentive payments required under section  
 2 8 of this chapter **(before its expiration)**, the auditor of state shall  
 3 allocate to each county the remaining money in this account on the  
 4 basis of the ratio of each county's passenger car registrations to the total  
 5 passenger car registrations of the state. The auditor shall further  
 6 determine the suballocation between the county and the cities within  
 7 the county as follows:

8 (1) In counties having a population of more than fifty thousand  
 9 (50,000), sixty percent (60%) of the money shall be distributed on  
 10 the basis of the population of the city or town as a percentage of  
 11 the total population of the county and forty percent (40%)  
 12 distributed on the basis of the ratio of city and town street ~~mileage~~  
 13 **vehicle miles traveled** to county road ~~mileage~~. **vehicle miles**  
 14 **traveled.**

15 (2) In counties having a population of fifty thousand (50,000) or  
 16 less, twenty percent (20%) of the money shall be distributed on  
 17 the basis of the population of the city or town as a percentage of  
 18 the total population of the county and eighty percent (80%)  
 19 distributed on the basis of the ratio of city and town street ~~mileage~~  
 20 **vehicle miles traveled** to county road ~~mileage~~. **vehicle miles**  
 21 **traveled.**

22 (3) For the purposes of allocating funds as provided in this  
 23 section, towns which become incorporated as a town between the  
 24 effective dates of decennial censuses shall be eligible for  
 25 allocations upon the effectiveness of a corrected population count  
 26 for the town under IC 1-1-3.5.

27 (4) Money allocated under the provisions of this section to  
 28 counties containing a consolidated city shall be credited or  
 29 allocated to the department of transportation of the consolidated  
 30 city.

31 (d) Each month the auditor of state shall inform the department of  
 32 the amounts allocated to each unit of local government from the local  
 33 road and street account.

34 **(e) The department shall establish guidelines outlining the**  
 35 **procedures required to determine vehicle miles traveled as**  
 36 **required under subsection (c).**

37 SECTION 4. IC 8-23-9-54, AS AMENDED BY P.L.47-2006,  
 38 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2023]: Sec. 54. (a) To provide funds for carrying out the  
 40 provisions of this chapter, there is created a state highway fund from  
 41 the following sources:

42 (1) All money in the general fund to the credit of the state



- 1 highway account.
- 2 (2) All money that is received from the Department of
- 3 Transportation or other federal agency and known as federal aid.
- 4 (3) All money paid into the state treasury to reimburse the state
- 5 for money paid out of the state highway fund.
- 6 (4) All money provided by Indiana law for the construction,
- 7 maintenance, reconstruction, repair, and control of public
- 8 highways, as provided under this chapter.
- 9 (5) All money that on May 22, 1933, was to be paid into the state
- 10 highway fund under contemplation of any statute in force as of
- 11 May 22, 1933.
- 12 (6) All money that may at any time be appropriated from the state
- 13 treasury.
- 14 (7) Any part of the state highway fund unexpended at the
- 15 expiration of any fiscal year, which shall remain in the fund and
- 16 be available for the succeeding years.
- 17 (8) Any money credited to the state highway fund from the motor
- 18 vehicle highway account under ~~IC 8-14-1-3(4)~~. **IC 8-14-1-3(a)(4)**.
- 19 (9) Any money credited to the state highway fund from the
- 20 highway road and street fund under IC 8-14-2-3.
- 21 (10) Any money credited to the state highway fund under
- 22 IC 6-6-1.1-801.5, IC 6-6-4.1-5, or IC 8-16-1-17.1.
- 23 (11) Any money distributed to the state highway fund under
- 24 IC 8-14-14, IC 8-15.5, or IC 8-15.7.
- 25 (b) All expenses incurred in carrying out this chapter shall be paid
- 26 out of the state highway fund.
- 27 SECTION 5. IC 8-23-15-1 IS AMENDED TO READ AS
- 28 FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 1. The department shall
- 29 periodically inventory the mileage, **vehicle miles traveled**, and use of
- 30 the local road systems under the jurisdiction of the counties and the
- 31 street systems under the jurisdiction of municipalities.
- 32 SECTION 6. IC 8-23-15-4 IS AMENDED TO READ AS
- 33 FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 4. The department shall
- 34 use the inventory developed under this chapter in its annual
- 35 certification of county road ~~mileage~~: **vehicle miles traveled**.

