



March 28, 2025

ENGROSSED

HOUSE BILL No. 1461

DIGEST OF HB 1461 (Updated March 25, 2025 5:47 pm - DI 151)

Citations Affected: IC 5-23; IC 6-3.1; IC 6-3.5; IC 8-14; IC 8-14.5; IC 8-15; IC 8-15.5; IC 8-16; IC 8-17; IC 8-18; IC 8-23; IC 34-28; IC 36-6; noncode.

Synopsis: Road funding. Allows a taxpayer to claim a credit against state income tax liability for certain qualified railroad expenditures and qualified new rail infrastructure expenditures. Specifies the amount of the credit. Limits the total amount of credits that may be allowed in a state fiscal year to: (1) \$9,500,000 for qualified railroad expenditures; and (2) \$10,000,000 for qualified new rail infrastructure expenditures. Provides that the county vehicle excise tax does not apply to a vehicle registered in a municipality in which the municipal vehicle excise tax went into effect after June 30, 2025. Provides that a municipality in which the municipal vehicle excise went into effect after June 30, 2025, does not receive a distribution of county vehicle excise tax revenue. Provides that the county wheel tax does not apply to a vehicle registered in a municipality in which the municipal wheel tax went into
(Continued next page)

Effective: Upon passage; January 1, 2025 (retroactive); July 1, 2025.

Pressel, Snow, Heine, Miller D

(SENATE SPONSORS — CRIDER, DORIOT, QADDOURA, FORD J.D.)

January 21, 2025, read first time and referred to Committee on Roads and Transportation.
February 10, 2025, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.
February 17, 2025, amended, reported — Do Pass.
February 19, 2025, read second time, amended, ordered engrossed.
February 20, 2025, engrossed. Read third time, passed. Yeas 72, nays 21.

SENATE ACTION

March 3, 2025, read first time and referred to Committee on Homeland Security and Transportation.
March 27, 2025, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

EH 1461—LS 7736/DI 137



effect after June 30, 2025. Provides that a municipality in which the municipal wheel tax went into effect after June 30, 2025, does not receive a distribution of county wheel tax revenue. Increases the maximum rate a county containing a consolidated city (consolidated city) may impose for the county wheel tax and the county vehicle excise tax (county transportation taxes). Requires a consolidated city to appropriate money received from county transportation taxes for the construction, reconstruction, and preservation of the consolidated city's highways. Beginning in 2026, lowers the percentage of funds distributed to counties, cities, and towns (local units) from the motor vehicle highway account that must be used for construction, reconstruction, and preservation of a local unit's highways if certain conditions related to pavement quality are satisfied. Removes a limitation on the Indiana finance authority's (IFA) authorization to issue revenue bonds or notes to finance highway and road construction projects while retaining the \$10,000,000 limitation on annual payments on all the bonds and notes for railroad crossing upgrade projects. Reinstates a previously sunsetted provision to allow the IFA to issue grant anticipation revenue bonds or notes to finance highway and road construction projects. Allows the Indiana department of transportation (department) to submit a request to the Federal Highway Administration for a waiver to toll lanes on interstate highways. Provides that, if such a request for a waiver is granted, the general assembly is not required to enact a statute for the IFA to carry out certain activities related to the toll road project. Allocates responsibility for bridges in a county between that county and a municipality based on the size and location of the bridge. Allows a county fiscal body to pledge to levy ad valorem property taxes for certain transportation related purposes. (Current law provides that a county fiscal body may not pledge to levy ad valorem property taxes for such purposes unless the revenues are derived from the cumulative bridge fund or the major bridge fund.) Provides, on the basis of the balance of money in the local road and bridge matching grant fund (matching fund), beginning in 2026, the allocation of \$100,000,000 to make matching grants in the next calendar year to all local units. Provides that local units that have not adopted a wheel tax are eligible for not more than 50% of the \$100,000,000. Provides for, beginning in 2027, a transfer of \$50,000,000 to the consolidated city in Marion County for use on secondary streets only if the consolidated city in Marion County matches those funds with new funds. Prohibits certain local units from receiving a grant from the community crossings fund, if the local unit receives a set amount as determined by INDOT from a provision transferring money from the community crossings fund. Provides for a distribution of funds to each county and city based on total lane mileage. Reduces the required local matching amounts applicable to certain local units, if the department approves a grant from the matching fund. Increases the population parameters concerning local matching amounts. Requires all townships to adopt a capital improvement plan (plan) on an annual basis. Requires a plan to include the balance of all unrestricted funds that exceed the township's budget for the following year. Provides that a township must transfer 30% of the amount of the balance of all unrestricted funds that exceed the township's budget for the following year to the township roads and infrastructure fund. Makes conforming changes.



March 28, 2025

First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1461

A BILL FOR AN ACT to amend the Indiana Code concerning transportation and to make an appropriation.

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

1 SECTION 1. IC 5-23-8-4 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2025]: **Sec. 4. One (1) or more governmental bodies may enter**
4 **into a public-private agreement with respect to a transportation**
5 **project for the long term development, design, construction,**
6 **reconstruction, maintenance, repair, and financing of any shared**
7 **arterial roadways, including the costs associated with the**
8 **acquisition of right-of-way.**

9 SECTION 2. IC 6-3.1-38.1 IS ADDED TO THE INDIANA CODE
10 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2025 (RETROACTIVE)]:

12 **Chapter 38.1. Railroad Tax Credit for Qualified Infrastructure**
13 **Investment**

14 **Sec. 1. As used in this chapter, "pass through entity" means:**
15 **(1) a corporation that is exempt from the adjusted gross**

EH 1461—LS 7736/DI 137



1 income tax under IC 6-3-2-2.8(2);

2 (2) a partnership;

3 (3) a limited liability company; or

4 (4) a limited liability partnership.

5 Sec. 2. As used in this chapter, "qualified applicant" means:

6 (1) a short line rail company located in whole or in part in
7 Indiana that is classified by the United States Surface
8 Transportation Board as a Class II or Class III railroad that
9 makes qualified railroad expenditures; or

10 (2) an owner or lessee of a rail siding, industrial spur, or
11 industry track located:

12 (A) on or adjacent to a Class II or Class III railroad in
13 Indiana; or

14 (B) in a qualified rural county;

15 that makes qualified new rail infrastructure expenditures.

16 Sec. 3. As used in this chapter, "qualified new rail infrastructure
17 expenditures" means gross expenditures for new rail
18 infrastructure, including:

19 (1) construction of new track infrastructure such as industrial
20 leads, switches, spurs, sidings, rail loading docks, and
21 transloading structures, and engineering and site preparation
22 involved with servicing new customer locations;

23 (2) the expansion by a Class II or Class III railroad; or

24 (3) construction of new track infrastructure involved with
25 servicing new customer locations located in a qualified rural
26 county.

27 Sec. 4. As used in this chapter, "qualified railroad expenditures"
28 means gross expenditures for maintenance, reconstruction, or
29 replacement of railroad infrastructure, including track, roadbed,
30 bridges, crossings, signals, industrial leads and sidings, and track
31 related structures, owned or leased by a Class II or Class III
32 railroad located in Indiana. The term does not include
33 expenditures used to generate a federal tax credit or expenditures
34 funded by a state or federal grant.

35 Sec. 5. As used in this chapter, "qualified rural county" means
36 a county in Indiana with a population of not more than three
37 hundred thousand (300,000).

38 Sec. 6. As used in this chapter, "state tax liability" means a
39 taxpayer's total tax liability incurred under IC 6-3-1 through
40 IC 6-3-7 (the adjusted gross income tax), as computed after the
41 application of all credits that under IC 6-3.1-1-2 are to be applied
42 before the credit provided by this chapter.



1 **Sec. 7. As used in this chapter, "taxpayer" means a qualified**
 2 **applicant that has any state tax liability, or a qualified applicant**
 3 **that is considered a tax exempt entity (owned by a port or**
 4 **governmental entity).**

5 **Sec. 8. (a) A taxpayer wishing to claim a tax credit under this**
 6 **chapter must apply to the department after completion of the**
 7 **project for which qualified railroad expenditures or qualified new**
 8 **rail infrastructure expenditures were incurred. The department**
 9 **shall prescribe the form and manner of the application, which must**
 10 **include:**

11 **(1) the number of miles of railroad track owned or leased in**
 12 **Indiana; and**

13 **(2) a description and certification of the amount of the**
 14 **taxpayer's qualified railroad expenditures or qualified new**
 15 **rail infrastructure expenditures.**

16 **(b) The department shall evaluate a taxpayer's eligibility for a**
 17 **tax credit under this chapter.**

18 **(c) The department shall certify the eligibility of a taxpayer that**
 19 **meets the requirements for a tax credit under this chapter.**

20 **Sec. 9. (a) Subject to subsection (b), if the department certifies**
 21 **a taxpayer under section 8 of this chapter, the taxpayer is entitled**
 22 **to a tax credit against the taxpayer's state tax liability equal to:**

23 **(1) the taxpayer's:**

24 **(A) qualified railroad expenditures; or**

25 **(B) qualified new rail infrastructure expenditures;**
 26 **multiplied by**

27 **(2) fifty percent (50%).**

28 **(b) The amount of a tax credit allowed under subsection (a) shall**
 29 **not exceed the following:**

30 **(1) For qualified railroad expenditures, the product of:**

31 **(A) the number of miles of Class II or Class III railroad**
 32 **track owned or leased by the taxpayer in Indiana at the**
 33 **close of the taxable year; multiplied by**

34 **(B) five thousand dollars (\$5,000).**

35 **(2) For qualified new rail infrastructure expenditures, the**
 36 **lesser of:**

37 **(A) fifty percent (50%) of the qualified new rail**
 38 **expenditures for each new rail served customer project**
 39 **completed by the taxpayer in the taxable year; or**

40 **(B) five hundred thousand dollars (\$500,000) per rail**
 41 **served customer project.**

42 **Sec. 10. (a) If a pass through entity is entitled to a credit under**



section 9 of this chapter but does not have state tax liability against which the credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

- (1) the credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

(b) The credit provided under subsection (a) is in addition to a credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same qualified railroad expenditure or qualified new rail infrastructure expenditure.

Sec. 11. To obtain a credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the allowance of the credit provided by this chapter.

Sec. 12. (a) If the credit provided by this chapter exceeds a taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for five (5) taxable years following the unused credit year.

(b) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 13. (a) A taxpayer may assign any part of the credit that the taxpayer may claim under this chapter. A credit that is assigned under this section remains subject to this chapter. If a taxpayer assigns a part of a credit during a taxable year, the assignee may not subsequently assign all or part of the credit to another taxpayer. A taxpayer may make only one (1) assignment of a credit.

(b) An assignment of a credit must be in writing, and both the



1 taxpayer and assignee shall report the assignment on the
 2 taxpayer's and assignee's state tax returns for the year in which the
 3 assignment is made, in the manner prescribed by the department.
 4 A taxpayer may not receive value in connection with an assignment
 5 under this section that exceeds the value of the part of the credit
 6 assigned.

7 (c) If the transferor is a tax exempt entity, the transfer must be
 8 completed on or before the date that is one (1) year after the close
 9 of the tax year for which the credit was certified. As used in this
 10 subsection, "tax exempt entity" means a government agency or an
 11 organization that is recognized as exempt under section 501(c)(3)
 12 of the Internal Revenue Code.

13 **Sec. 14. For each state fiscal year beginning after June 30, 2025,**
 14 **the aggregate amount of state tax credits permitted:**

15 (1) for qualified railroad expenditures allowed under this
 16 chapter may not exceed nine million five hundred thousand
 17 dollars (\$9,500,000); and

18 (2) for qualified new rail infrastructure expenditures allowed
 19 under this chapter may not exceed ten million dollars
 20 (\$10,000,000).

21 SECTION 3. IC 6-3.5-4-2, AS AMENDED BY P.L.236-2023,
 22 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2025]: Sec. 2. (a) An adopting entity of any county may,
 24 subject to the limitation imposed by subsection (e), adopt an ordinance
 25 to impose a county vehicle excise tax in accordance with this chapter
 26 on each vehicle that is subject to the vehicle excise tax under IC 6-6-5
 27 and that is:

28 (1) registered in the county; and

29 (2) not registered in an adopting municipality of the county
 30 where the municipal vehicle excise tax went into effect after
 31 June 30, 2025, in the adopting municipality.

32 (b) If a county does not use a transportation asset management plan
 33 approved by the Indiana department of transportation, the adopting
 34 entity of the county may impose the surtax either:

35 (1) at a rate of not less than two percent (2%) nor more than ten
 36 percent (10%); or

37 (2) at a specific amount of at least seven dollars and fifty cents
 38 (\$7.50) and not more than twenty-five dollars (\$25).

39 However, the surtax on a vehicle may not be less than seven dollars and
 40 fifty cents (\$7.50). The adopting entity shall state the surtax rate or
 41 amount in the ordinance which imposes the tax.

42 (c) **Except as provided in subsection (i),** if a county uses a



1 transportation asset management plan approved by the Indiana
2 department of transportation, the adopting entity of the county may
3 impose the surtax either:

- 4 (1) at a rate of at least two percent (2%) and not more than twenty
5 percent (20%); or
- 6 (2) at a specific amount of at least seven dollars and fifty cents
7 (\$7.50) and not more than fifty dollars (\$50).

8 However, the surtax on a vehicle may not be less than seven dollars and
9 fifty cents (\$7.50). The adopting entity shall state the surtax rate or
10 amount in the ordinance that imposes the tax.

11 (d) Subject to the limits and requirements of this section and except
12 as provided in IC 6-6-5-0.5(2), the adopting entity may do any of the
13 following:

- 14 (1) Impose the county vehicle excise tax at the same rate or
15 amount on each vehicle that is subject to the tax.
- 16 (2) Impose the county vehicle excise tax on vehicles subject to the
17 tax at one (1) or more different rates based on the class of vehicle
18 listed in IC 6-6-5-2(a).

19 (e) The adopting entity may not adopt an ordinance to impose the
20 surtax unless it concurrently adopts an ordinance under IC 6-3.5-5 to
21 impose the wheel tax.

22 (f) Notwithstanding any other provision of this chapter or
23 IC 6-3.5-5, ordinances adopted by a county council before June 1,
24 2013, to impose or change the county vehicle excise tax and the annual
25 wheel tax in the county remain in effect until the ordinances are
26 amended or repealed under this chapter or IC 6-3.5-5.

27 (g) Except as provided under section 7.5 of this chapter (before its
28 expiration on December 31, 2023) and subject to subsection (h), a
29 county vehicle excise tax imposed by this chapter for a vehicle is due
30 and shall be paid each year at the time the vehicle is registered.

31 (h) If the county vehicle excise tax imposed by this chapter was not
32 paid for one (1) or more preceding years, the bureau may collect only
33 the county vehicle excise tax imposed by this chapter for the:

- 34 (1) registration year immediately preceding the current
35 registration year;
- 36 (2) current registration year; and
- 37 (3) registration year immediately following the current
38 registration year.

39 **(i) Beginning July 1, 2025, if a county containing a consolidated**
40 **city uses a transportation asset management plan approved by the**
41 **Indiana department of transportation, the adopting entity of the**
42 **county may impose the surtax either:**



(1) at a rate of at least two percent (2%) and not more than twenty percent (20%); or

(2) at a specific amount of at least seven dollars and fifty cents (\$7.50) and not more than one hundred fifty dollars (\$150).

However, the surtax on a vehicle may not be less than seven dollars and fifty cents (\$7.50). The adopting entity shall state the surtax rate or amount in the ordinance that imposes the tax.

SECTION 4. IC 6-3.5-4-3, AS AMENDED BY P.L.178-2019, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 3. If an adopting entity adopts an ordinance imposing the surtax after December 31 but before September 1 of the following year, a vehicle is subject to the tax if it is registered in the county surtax applies after December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the surtax after August 31 but before the following January 1, a vehicle is subject to the tax if it is registered in the county surtax applies after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the surtax is effective, the surtax does not apply to the registration of a vehicle for the registration year that commenced in the calendar year preceding the year the surtax is first effective.

SECTION 5. IC 6-3.5-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 12. (a) Except as provided in subsection (b), in the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the surtax to the department of transportation established by IC 36-3-5-4 for use by the department under law. The city-county council may not appropriate money derived from the surtax for any other purpose.

(b) Beginning July 1, 2025, the city-county council must appropriate money derived from the surtax for the purposes allowed under IC 8-14-1-4(c).

SECTION 6. IC 6-3.5-4-13, AS AMENDED BY P.L.146-2016, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 13. (a) In the case of a county that does not contain a consolidated city of the first class, the county treasurer shall deposit the surtax revenues in a fund to be known as the "_____ County Surtax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county surtax fund during that month among the county and the cities and the towns in the county that are not adopting municipalities (as defined in IC 6-3.5-10-1) in



1 **which the municipal vehicle excise tax went into effect after June**
 2 **30, 2025.** The county auditor shall allocate the money to counties,
 3 cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3),
 4 **except that for purposes of making the allocations:**

5 **(1) the population of a city or town that is an adopting**
 6 **municipality in which the municipal vehicle excise tax went**
 7 **into effect after June 30, 2025, is considered to be zero (0);**

8 **(2) the street mileage of a city or town that is an adopting**
 9 **municipality in which the municipal vehicle excise tax went**
 10 **into effect after June 30, 2025, is considered to be zero (0)**
 11 **miles; and**

12 **(3) the allocation to a city or town that is an adopting**
 13 **municipality in which the municipal vehicle excise tax went**
 14 **into effect after June 30, 2025, is zero dollars (\$0).**

15 (c) Before the twenty-fifth day of each month, the county treasurer
 16 shall distribute to the county and the cities and towns in the county the
 17 money deposited in the county surtax fund during that month. The
 18 county treasurer shall base the distribution on allocations made by the
 19 county auditor for that month under subsection (b).

20 (d) A county, city, or town may only use the surtax revenues it
 21 receives under this section:

22 (1) to construct, reconstruct, repair, or maintain streets and roads
 23 under its jurisdiction; or

24 (2) for the county's, city's, or town's contribution to obtain a grant
 25 from the local road and bridge matching grant fund under
 26 IC 8-23-30.

27 SECTION 7. IC 6-3.5-5-2, AS AMENDED BY P.L.178-2019,
 28 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2025]: Sec. 2. (a) The adopting entity of any county may,
 30 subject to the limitation imposed by subsection (b), adopt an ordinance
 31 to impose a county wheel tax in accordance with this chapter on each
 32 vehicle that:

33 (1) is included in one (1) of the classes of vehicles listed in
 34 section 3 of this chapter;

35 (2) is not exempt from the wheel tax under section 4 of this
 36 chapter; ~~and~~

37 (3) is registered in the county; ~~and~~

38 **(4) is not registered in an adopting municipality of the county**
 39 **where the municipal vehicle excise tax went into effect after**
 40 **June 30, 2025, in the adopting municipality.**

41 (b) The adopting entity of a county may not adopt an ordinance to
 42 impose the wheel tax unless it concurrently adopts an ordinance under



IC 6-3.5-4 to impose the county vehicle excise tax.

(c) The adopting entity may impose the wheel tax at a different rate for each of the classes of vehicles listed in section 3 of this chapter. In addition, the adopting entity may establish different rates within the classes of buses, semitrailers, trailers, tractors, and trucks based on weight classifications of those vehicles that are established by the bureau of motor vehicles for use throughout Indiana. ~~However, Except~~ **as otherwise provided in subsection (f),** the wheel tax rate for a particular class or weight classification of vehicles:

(1) may not be less than five dollars (\$5) and may not exceed forty dollars (\$40), if the county does not use a transportation asset management plan approved by the Indiana department of transportation; or

(2) may not be less than five dollars (\$5) and may not exceed eighty dollars (\$80), if the county uses a transportation asset management plan approved by the Indiana department of transportation.

The adopting entity shall state the initial wheel tax rates in the ordinance that imposes the tax.

(d) Subject to subsection (e), a wheel tax imposed by this chapter for a vehicle is due and shall be paid each year at the time the vehicle is registered.

(e) If the county wheel tax imposed by this chapter was not paid for one (1) or more preceding years, the bureau may collect only the county wheel tax imposed by this chapter for the:

(1) registration year immediately preceding the current registration year;

(2) current registration year; and

(3) registration year immediately following the current registration year.

(f) Beginning July 1, 2025, if a county containing a consolidated city uses a transportation asset management plan approved by the Indiana department of transportation, the wheel tax rate for a particular class or weight classification of vehicles may not be less than five dollars (\$5) and may not exceed two hundred forty dollars (\$240).

SECTION 8. IC 6-3.5-5-5, AS AMENDED BY P.L.218-2017, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 5. If an adopting entity adopts an ordinance imposing the wheel tax after December 31 but before September 1 of the following year, ~~a vehicle described in section 2(a) of this chapter is subject to the wheel tax if it is registered in the county applies~~ after



December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the wheel tax after August 31 but before the following January 1, ~~a vehicle described in section 2(a) of this chapter is subject to the wheel tax if it is registered in the county~~ **applies** after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the tax is effective, the tax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the tax is first effective.

SECTION 9. IC 6-3.5-5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 14. (a) **Except as provided in subsection (b),** in the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the wheel tax to:

- (1) the department of transportation established by IC 36-3-5-4 for use by the department under law; or
- (2) an authority established under IC 36-7-23.

(b) Beginning July 1, 2025, the city-county council must appropriate money derived from the wheel tax for the purposes allowed under IC 8-14-1-4(c).

~~(b)~~ **(c)** The city-county council may not appropriate money derived from the wheel tax for any other purpose.

SECTION 10. IC 6-3.5-5-15, AS AMENDED BY P.L.146-2016, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 15. (a) In the case of a county that does not contain a consolidated city, the county treasurer shall deposit the wheel tax revenues in a fund to be known as the "County Wheel Tax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county wheel tax fund during that month among the county and the cities and the towns in the county **that are not adopting municipalities (as defined in IC 6-3.5-11-1) in which the municipal wheel tax went into effect after June 30, 2025.** The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3), **except that for purposes of making the allocations:**

- (1) the population of a city or town that is an adopting municipality in which the municipal wheel tax went into effect after June 30, 2025, is considered to be zero (0);
- (2) the street mileage of a city or town that is an adopting municipality in which the municipal wheel tax went into effect after June 30, 2025, is considered to be zero (0) miles; and
- (3) the allocation to a city or town that is an adopting



1 **municipality in which the municipal wheel tax went into effect**
 2 **after June 30, 2025, is zero dollars (\$0).**

3 (c) Before the twenty-fifth day of each month, the county treasurer
 4 shall distribute to the county and the cities and towns in the county the
 5 money deposited in the county wheel tax fund during that month. The
 6 county treasurer shall base the distribution on allocations made by the
 7 county auditor for that month under subsection (b).

8 (d) A county, city, or town may only use the wheel tax revenues it
 9 receives under this section:

10 (1) to construct, reconstruct, repair, or maintain streets and roads
 11 under its jurisdiction;

12 (2) as a contribution to an authority established under IC 36-7-23;
 13 or

14 (3) for the county's, city's, or town's contribution to obtain a grant
 15 from the local road and bridge matching grant fund under
 16 IC 8-23-30.

17 SECTION 11. IC 8-14-1-4, AS AMENDED BY P.L.179-2023,
 18 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2025]: Sec. 4. (a) The funds allocated to the respective
 20 counties of the state from the motor vehicle highway account shall
 21 annually be budgeted as provided by law, and, when distributed shall
 22 be used for construction, reconstruction, preservation, and maintenance
 23 of the highways of the respective counties, including highways which
 24 traverse the streets of incorporated towns, the cost of the repair and
 25 maintenance of which prior to the tenth day of September, 1932, was
 26 paid from the county gravel road repair fund excepting where the
 27 department is charged by law with the maintenance or construction of
 28 any such highway so traversing such streets. Subject to subsection (b),
 29 any surplus existing in the funds at the end of the year shall thereafter
 30 continue as a part of the highway funds of the said counties and shall
 31 be rebudgeted and used as already provided in this chapter. The
 32 purchase, rental and repair of highway equipment, painting of bridges
 33 and acquisition of grounds for erection and construction of storage
 34 buildings, acquisition of rights of way and the purchase of fuel oil, and
 35 supplies necessary to the performance of construction, reconstruction,
 36 preservation, and maintenance of highways, shall be paid out of the
 37 highway account of the various counties.

38 (b) Except as provided in subsection (c) **and section 4.1 of this**
 39 **chapter**, for funds distributed to a county from the motor vehicle
 40 highway account, the county shall use at least fifty percent (50%) of the
 41 money for the construction, reconstruction, and preservation of the
 42 county's highways.



(c) This subsection applies to a county containing a consolidated city. For funds distributed to a county from the motor vehicle highway account, the county shall use at least sixty-five percent (65%) of the money for the construction, reconstruction, and preservation of the county's highways.

SECTION 12. IC 8-14-1-4.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 4.1. (a) This section applies:**

(1) beginning after June 30, 2026; and

(2) to all counties except a county containing a consolidated city as described in section 4(c) of this chapter and only if the county uses the PASER rating system.

(b) As used in this section, "PASER" refers to the pavement surface evaluation and rating system used as part of a transportation asset management plan submitted to the local technical assistance program at Purdue University.

(c) If in the preceding calendar year:

(1) a county's highways have an average PASER rating of at least six (6); and

(2) not more than fifteen percent (15%) of the county's highways are in failed condition, as represented by a PASER rating of one (1) or two (2);

the county shall use at least forty percent (40%) of the money distributed from the motor vehicle highway account for the construction, reconstruction, and preservation of the county's highways.

SECTION 13. IC 8-14-1-5, AS AMENDED BY P.L.179-2023, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 5. (a)** Subject to subsection (c), all funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, preservation, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction, preservation, and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices, and the painting of surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

(b) In addition to purposes for which funds may be expended under



1 subsection (a), monies allocated to cities and towns under this chapter
 2 may be expended for the payment of principal and interest on bonds
 3 sold primarily to finance road, street, or thoroughfare projects.

4 (c) Except as provided in subsection (d) **and section 5.1 of this**
 5 **chapter**, for funds distributed to a city or town from the motor vehicle
 6 highway account, the city or town shall use at least fifty percent (50%)
 7 of the money for the construction, reconstruction, and preservation of
 8 the city's or town's highways.

9 (d) This subsection applies to a consolidated city. For funds
 10 distributed to a consolidated city from the motor vehicle highway
 11 account, the consolidated city shall use at least sixty-five percent (65%)
 12 of the money for the construction, reconstruction, and preservation of
 13 the consolidated city's highways.

14 SECTION 14. IC 8-14-1-5.1 IS ADDED TO THE INDIANA CODE
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 16 1, 2025]: **Sec. 5.1. (a) This section applies:**

17 (1) beginning after June 30, 2026; and

18 (2) to all cities and towns except a consolidated city as
 19 described in section 5(d) of this chapter and only if the city or
 20 town uses the PASER rating system.

21 (b) As used in this section, "PASER" refers to the pavement
 22 surface evaluation and rating system used as part of a
 23 transportation asset management plan submitted to the local
 24 technical assistance program at Purdue University.

25 (c) If in the preceding calendar year:

26 (1) a city or town's highways have an average PASER rating
 27 of at least six (6); and

28 (2) not more than fifteen percent (15%) of the city or town's
 29 highways are in failed condition, as represented by a PASER
 30 rating of one (1) or two (2);

31 the city or town shall use at least forty percent (40%) of the money
 32 distributed from the motor vehicle highway account for the
 33 construction, reconstruction, and preservation of the city or town's
 34 highways.

35 SECTION 15. IC 8-14-3-3, AS AMENDED BY P.L.10-2019,
 36 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2025]: **Sec. 3. (a) As used in this section, "PASER" refers**
 38 **to the pavement surface evaluation and rating system used as part**
 39 **of a transportation asset management plan submitted to the local**
 40 **technical assistance program at Purdue University.**

41 (b) There is annually appropriated two hundred fifty thousand
 42 dollars (\$250,000) from the motor vehicle highway account to the



department to develop and maintain a centralized electronic statewide asset management data base that may be used to aggregate data on local road conditions. The data base shall be developed in cooperation with the department and the office of management and budget.

(c) The department, in coordination with the local technical assistance program at Purdue University, shall administer:

(1) a PASER certification program for PASER raters submitting data to the statewide asset management data base; and

(2) a quality assurance program for PASER data, consisting of a team of certified PASER raters throughout the state.

SECTION 16. IC 8-14.5-6-1, AS AMENDED BY P.L.218-2017, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 1. Except as provided in sections 2 and 5 of this chapter, the authority may, by resolution, issue and sell bonds or notes of the authority for the purpose of providing funds to carry out the provisions of this article with respect to the construction of a project or projects or the refunding of any bonds or notes, together with any reasonable costs associated with a refunding. ~~However, except as provided in IC 8-15.5-5-6.1, the authority may not issue any bonds or notes for the construction of a project:~~

~~(1) after July 1, 2007, for a project that is not a railroad crossing upgrade project described in IC 8-14.5-8; and~~

~~(2) after June 30, 2025, for a railroad crossing upgrade project described in IC 8-14.5-8.~~

The amount of the bonds or notes issued for ~~purposes of subdivision~~ **(2) a railroad crossing upgrade project described in IC 8-14.5-8** may not cause the annual payments on all the bonds and notes for this purpose to exceed ten million dollars (\$10,000,000).

SECTION 17. IC 8-14.5-7-5, AS ADDED BY P.L.246-2005, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 5. The authority may, by resolution, ~~before July 1, 2009,~~ issue grant anticipation revenue bonds or notes for any purpose that is authorized by IC 8-14.5-6 and for which the department may use federal highway revenues.

SECTION 18. IC 8-15-3-36, AS ADDED BY P.L.218-2017, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 36. (a) ~~Before July 1, 2017, the department shall submit a request to the Federal Highway Administration for a waiver to toll lanes on interstate highways. If~~

~~(1) a waiver is granted under this subsection; and~~

~~(2) the department, with the approval of the governor, decides to~~



1 establish toll lanes, **the department shall submit a request to**
 2 **the Federal Highway Administration for a waiver to toll lanes**
 3 **on interstate highways. If a waiver is granted under this**
 4 **section, toll lanes may be established in accordance with this**
 5 **title. under the waiver;**

6 (b) The first toll lanes established on an interstate highway must be
 7 located at least seventy-five (75) miles from an interstate highway or
 8 bridge on which travel is subject to tolling as of July 1, 2017. **This**
 9 **subsection does not apply if a waiver is applied for under**
 10 **subsection (a) after January 1, 2025.**

11 (b) The department shall engage an outside consulting firm to
 12 conduct a feasibility study on tolling the interstate highways; including
 13 revenue projections based on an analysis of optimal tolling rates;
 14 vehicle counts and types by state of registration; and traffic diversion.

15 (c) The feasibility study described in subsection (b) must consider
 16 the following:

17 (1) The economic impact and feasibility of tolling particular
 18 interstate highways.

19 (2) The ability to provide discounts, credits, or otherwise lessen
 20 the impact of tolling on local, commuter, and in-state operators.

21 (3) Information related to the number and impact of out-of-state
 22 operators expected to use interstate highways in Indiana.

23 (4) The rationale for the federal authorization of any tolling plan
 24 that may be submitted by the state to the United States
 25 Department of Transportation.

26 (5) The optimal levels at which tolls may reasonably be expected
 27 to be set for passenger vehicles and other vehicles.

28 (6) Appropriate tolling rules regarding population center local
 29 traffic.

30 (7) The state's ability to enter into monetization agreements or
 31 long term contracts for initial construction, long term
 32 maintenance, installation, and operation of tolling facilities.

33 (8) Any estimates of which highway facilities would be conducive
 34 to tolling operations.

35 (9) Goals for participation by women-owned and minority owned
 36 business enterprises.

37 (10) Ways to maximize the use of Indiana workers and products
 38 made in Indiana.

39 (d) A written report on the feasibility study shall be delivered before
 40 November 1, 2017, to the governor, the legislative council, and the
 41 budget committee. The report to the legislative council must be in an
 42 electronic format under IC 5-14-6. This subsection expires December



31; 2017.

(e) If, after review of the feasibility study, the governor determines that tolling is the best means of achieving major interstate system improvements in Indiana, the governor shall create a strategic plan for tolling interstate highways and submit the strategic plan to the budget committee before December 1, 2018.

SECTION 19. IC 8-15.5-1-2, AS AMENDED BY P.L.19-2023, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 2. (a) This article contains full and complete authority for public-private agreements between the authority, a private entity, and, where applicable, a governmental entity. Except as provided in this article, no law, procedure, proceeding, publication, notice, consent, approval, order, or act by the authority or any other officer, department, agency, or instrumentality of the state or any political subdivision is required for the authority to enter into a public-private agreement with a private entity under this article, or for a project that is the subject of a public-private agreement to be constructed, acquired, maintained, repaired, operated, financed, transferred, or conveyed.

(b) Before the authority or the department may issue a request for proposals for or enter into a public-private agreement under this article that would authorize an operator to impose user fees for the operation of motor vehicles on all or part of a toll road project, the general assembly must adopt a statute authorizing the imposition of user fees. However, during the period beginning July 1, 2011, and ending June 30, 2031, the general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement to authorize an operator to impose user fees for the operation of motor vehicles on all or part of the following projects:

(1) A project on which construction begins after June 30, 2011, not including any part of Interstate Highway 69 other than a part described in subdivision (3);

(2) The addition of toll lanes, including high occupancy toll lanes, to a highway, roadway, or other facility in existence on July 1, 2011, if the number of nontolled lanes on the highway, roadway, or facility as of July 1, 2011, does not decrease due to the addition of the toll lanes;

(3) A project that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.

However, neither the authority nor the department may issue a request



1 for proposals for a public-private agreement under this article that
 2 would authorize an operator to impose user fees unless the budget
 3 committee has reviewed the request for proposals.

4 ~~(c)~~ **(b)** Except as provided in subsection ~~(b)~~, Before the authority or
 5 an operator may carry out any of the following activities under this
 6 article, the general assembly must enact a statute authorizing that
 7 activity:

8 (1) Imposing user fees on motor vehicles for use of Interstate
 9 Highway 69.

10 **(2) Except for a project for which a waiver is granted under**
 11 **IC 8-15-3-36**, imposing user fees on motor vehicles for use of a
 12 nontolled highway, roadway, or other facility in existence or
 13 under construction on July 1, 2011, including nontolled interstate
 14 highways, U.S. routes, and state routes.

15 ~~(d)~~ **(c)** The general assembly is not required to enact a statute
 16 authorizing the authority or the department to issue a request for
 17 proposals or enter into a public-private agreement for a freeway
 18 project.

19 ~~(e)~~ **(d)** The authority may enter into a public-private agreement for
 20 a facility project if the general assembly, by statute, authorizes the
 21 authority to enter into a public-private agreement for the facility
 22 project.

23 ~~(f)~~ **(e)** As permitted by subsection ~~(e)~~, **(d)**, the general assembly
 24 authorizes the authority to enter into public-private agreements for a
 25 state park inn and related improvements at Potato Creek State Park.

26 SECTION 20. IC 8-16-3-1 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 1. Notwithstanding
 28 IC 8-18-8-5, all municipal corporations and county executives may
 29 provide a cumulative bridge fund to provide funds for the cost of
 30 construction, maintenance, and repair of bridges, approaches, **small**
 31 **structures, culverts, and grade separations under their jurisdiction.**
 32 ~~However, in those counties in which a cumulative bridge fund has been~~
 33 ~~established, the county executive is responsible for providing funds for~~
 34 ~~all bridges, including those in municipalities, within the counties~~
 35 ~~except those bridges on the state highway system.~~ The county executive
 36 may use this fund for making county wide bridge inspection and safety
 37 ratings of all bridges in a county not on the state highway system. The
 38 inspection and safety ratings shall meet all the criteria of the National
 39 Bridge Inspection Standards promulgated by the Federal Highway
 40 Administration, U.S. Department of Transportation and shall be
 41 supervised and approved by a competent, qualified engineer, registered
 42 in the state.



SECTION 21. IC 8-17-1-0.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 0.3. As used in this chapter, "bridge" means a structure, including supports, erected over a depression or an obstruction, such as water, a highway, or a railway that has:**

- (1) a track or passageway for carrying traffic or moving loads; and
- (2) an opening measured along the center of the roadway of more than twenty (20) feet between under copings of abutments or spring lines of arches or extreme ends of opening for multiple boxes.

SECTION 22. IC 8-17-1-46 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 46. (a) This section does not apply to an eligible county (as defined in IC 8-16-3.1-1) that complies with the provisions in IC 8-16-3.1-4.**

(b) A county is responsible for the construction, reconstruction, maintenance, and inspection of a bridge that meets the following requirements:

- (1) Is located in the county, including a bridge that is located within the corporate limits of a municipality.
- (2) Has a span length greater than twenty (20) feet.
- (3) Is not part of the state highway system.
- (4) Meets either of the following:
 - (A) The bridge was inspected by the county before January 1, 2024.
 - (B) The bridge was added to the county inventory by the county executive after December 31, 2024.

(c) A municipality is responsible for the construction, reconstruction, and maintenance of a bridge that meets the following requirements:

- (1) Is located within the corporate limits of the municipality.
- (2) Has a span length equal to or less than twenty (20) feet.
- (3) Is not part of the state highway system.

(d) A new bridge that may be the responsibility of the county under subsection (b) must be developed in consultation with the county.

SECTION 23. IC 8-17-4.1-1, AS AMENDED BY P.L.185-2018, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 1. (a) This chapter applies to:**

- (1) all counties; and
- (2) municipalities with a population of at least ~~fifteen thousand~~



1 ~~(+5,000):~~ **five thousand (5,000).**

2 (b) As used in this chapter, "governing body" means the county
3 executive, the city executive, or the town legislative body.

4 SECTION 24. IC 8-18-22-6, AS AMENDED BY P.L.256-2017,
5 SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2025]: Sec. 6. (a) Except as provided in subsection (b), the
7 county fiscal body may pledge revenues for the payment of principal
8 and interest on the bonds and for other purposes under the ordinance
9 as provided by IC 5-1-14-4, including revenues from the following
10 sources:

11 (1) The motor vehicle highway account.

12 (2) The local road and street account.

13 (3) The county vehicle excise tax.

14 (4) The county wheel tax.

15 (5) The local income tax (IC 6-3.6).

16 (6) Assessments.

17 (7) Any other unappropriated or unencumbered money.

18 (b) The county fiscal body may ~~not~~ pledge to levy ad valorem
19 property taxes for these purposes. ~~except for revenues from the~~
20 ~~following:~~

21 ~~(1) IC 8-16-3:~~

22 ~~(2) IC 8-16-3.1:~~

23 (c) If the county fiscal body has pledged revenues from the local
24 income tax as set forth in subsection (a), the local income tax council
25 (as defined in IC 6-3.6-2-12) may covenant that the council will not
26 repeal or modify the tax in a manner that would adversely affect owners
27 of outstanding bonds issued under this chapter. The local income tax
28 council may make the covenant by adopting an ordinance using
29 procedures described in IC 6-3.6-3.

30 SECTION 25. IC 8-23-30-1, AS ADDED BY P.L.146-2016,
31 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2025]: Sec. 1. The following definitions apply throughout this
33 chapter:

34 (1) "Eligible project" means a project:

35 (A) that is undertaken by a local unit;

36 (B) that repairs or increases the capacity of local roads and
37 bridges; and

38 (C) that is part of the local unit's transportation asset
39 management plan.

40 (2) "Fund" refers to the local road and bridge matching grant fund
41 established by section 2 of this chapter.

42 (3) "Local unit" means a county or municipality.



(4) "Transportation asset management plan" includes planning for drainage systems and rights-of-way that affect transportation assets.

(5) "Wheel tax" means the tax imposed in an ordinance adopted under:

(A) IC 6-3.5-5, in the case of a county; and

(B) IC 6-3.5-11, in the case of a municipality.

SECTION 26. IC 8-23-30-2, AS AMENDED BY P.L.165-2021, SECTION 134, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 2. (a) The local road and bridge matching grant fund is established to provide matching grants to local units for eligible projects.

(b) The department shall administer the fund.

(c) The fund consists of the following:

(1) Appropriations by the general assembly.

(2) Interest deposited in the fund under subsection (d).

(3) Money deposited in or transferred to the fund from any other source.

(d) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

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

(f) The state comptroller shall determine the balance of the money in the fund on December 31, 2025, and on December 31 of each year thereafter. After determining the balance of money in the fund under this subsection, the money in the fund must be allocated in accordance with subsection (g), transferred in accordance with subsections (h) and (i), and distributed in accordance with subsection (j).

(g) Beginning on December 31, 2025, and on December 31 of each year thereafter, the department must allocate the first one hundred million dollars (\$100,000,000) of money in the fund to make matching grants in the next calendar year to all local units. Local units that have not adopted a wheel tax are eligible for not more than fifty percent (50%) of the funds available under this subsection.

(h) This subsection applies only in calendar year 2026. After the department allocates money in the fund under subsection (g) for 2026, the state comptroller shall transfer the amount of money in the fund that is more than one hundred million dollars



1 (\$100,000,000) to the department for deposit in the state highway
 2 road construction and improvement fund established under
 3 IC 8-14-10 for the department's use in financing a railroad
 4 crossing upgrade project as described in IC 8-14.5-8. Money
 5 transferred to the department for the purposes set forth in this
 6 subsection is continuously appropriated.

7 (i) Beginning on December 31, 2026, and on December 31 of
 8 each year thereafter, after the department allocates money in the
 9 fund under subsection (g), the state comptroller shall transfer in
 10 the next calendar year the lesser of:

11 (1) the balance of money in the fund; or

12 (2) fifty million dollars (\$50,000,000);

13 to the consolidated city in Marion County for use on secondary
 14 streets in the consolidated city in Marion County only if the
 15 consolidated city in Marion County matches those funds with new
 16 funds.

17 (j) Beginning on December 31, 2026, and on December 31 of
 18 each year thereafter, after the state comptroller makes a transfer
 19 under subsection (i), the state comptroller shall distribute in the
 20 next calendar year the remainder of funds to each:

21 (1) county; and

22 (2) municipality with a population of at least five thousand
 23 (5,000);

24 proportionally based on total lane mileage in local units described
 25 in subdivisions (1) and (2). The department shall provide to the
 26 state comptroller the total lane mileage for purposes of making the
 27 distribution under this subsection.

28 ~~(k)~~ (k) Money in the fund is continuously appropriated for the
 29 purpose of the fund.

30 ~~(l)~~ (l) Money in the fund may not be transferred, assigned, or
 31 otherwise removed from the fund by the state board of finance, the
 32 budget agency, or any other agency until after budget committee
 33 review, except that for either or both of the following purposes:

34 (1) The department may distribute funds to a local unit that has
 35 been approved for a grant under this chapter without budget
 36 committee review.

37 (2) To transfer money in the fund under subsections (h) and
 38 (i) or to make a distribution under subsection (j) without
 39 budget committee review.

40 SECTION 27. IC 8-23-30-3.5 IS ADDED TO THE INDIANA
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2025]: Sec. 3.5. In each calendar year



beginning after December 31, 2026, if a local unit receives a distribution under section 2(j) of this chapter in an amount equal to the maximum grant amount set under section 8 of this chapter, the local unit is not eligible to receive a matching grant under this chapter.

SECTION 28. IC 8-23-30-6, AS AMENDED BY P.L.218-2017, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 6. If the department approves a grant to a local unit under this chapter, the required local matching amount by the local unit is equal to the following applicable percentage of the total cost of the eligible project:

(1) For a county applicant, the following:

(A) Fifty percent (50%), if the county has a population greater than or equal to ~~fifty thousand (50,000)~~: **fifty-five thousand (55,000)**.

(B) ~~Twenty-five~~ **Twenty** percent (~~25%~~); **(20%)**, if the county has a population of less than ~~fifty thousand (50,000)~~: **fifty-five thousand (55,000)**.

(2) For a city or town applicant, the following:

(A) Fifty percent (50%), if the city or town has a population greater than or equal to ten thousand (10,000).

(B) ~~Twenty-five~~ **Twenty** percent (~~25%~~); **(20%)**, if the city or town has a population of less than ten thousand (10,000).

SECTION 29. IC 8-23-30-7, AS AMENDED BY P.L.218-2017, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 7. **(a)** The department shall allocate at least fifty percent (50%) of the amount available to the department to make grants in a state fiscal year to local units located in counties having a population of less than fifty thousand (50,000).

(b) This section expires December 31, 2025.

SECTION 30. IC 34-28-5-5, AS AMENDED BY P.L.19-2023, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 5. (a) A defendant against whom a judgment is entered is liable for costs. Costs are part of the judgment and may not be suspended except under IC 9-30-3-12. Whenever a judgment is entered against a person for the commission of two (2) or more civil violations (infractions or ordinance violations), the court may waive the person's liability for costs for all but one (1) of the violations. This subsection does not apply to judgments entered for violations constituting:

(1) Class D infractions; or

(2) Class C infractions for unlawfully parking in a space reserved



for a person with a physical disability under IC 5-16-9-5 or IC 5-16-9-8.

(b) If a judgment is entered:

(1) for a violation constituting:

(A) a Class D infraction; or

(B) a Class C infraction for unlawfully parking in a space reserved for a person with a physical disability under IC 5-16-9-5 or IC 5-16-9-8; or

(2) in favor of the defendant in any case;

the defendant is not liable for costs.

(c) Except for costs, and except as provided in subsections (e) and (f) and IC 9-21-5-11(e), the funds collected as judgments for violations of statutes defining infractions shall be deposited in the state general fund.

(d) A judgment may be entered against a defendant under this section or section 4 of this chapter upon a finding by the court that the defendant:

(1) violated:

(A) a statute defining an infraction; or

(B) an ordinance; or

(2) consents to entry of judgment for the plaintiff upon a pleading of nolo contendere for a moving traffic violation.

(e) The funds collected for an infraction judgment described in section 4(h) of this chapter shall be transferred to a dedicated county fund. The money in the dedicated county fund does not revert to the county general fund or state general fund and may be used, after appropriation by the county fiscal body, only for the following purposes:

(1) To pay compensation of commissioners appointed under IC 33-33-49.

(2) To pay costs of the county's guardian ad litem program.

(f) The funds collected for an infraction judgment described in section 4(i) of this chapter shall be transferred to a dedicated toll revenue fund created as part of a project ~~under IC 8-15.5-1-2(b)(3);~~ **that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.** The money in the fund does not revert to the county general fund or state general fund and may be used only to pay the cost of operating, maintaining, and repairing the tolling system for a project ~~under IC 8-15.5-1-2(b)(3);~~ **that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of**



Kentucky, including major repairs, replacements, and improvements.

SECTION 31. IC 36-6-9-5, AS ADDED BY P.L.129-2019, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 5. **(a) Before July 1, 2025**, this chapter applies to a township if the total amount of funds in a township's capital improvement funds exceeds:

(1) one hundred fifty percent (150%) of the township's total annual budget estimate prepared under IC 6-1.1-17-2 for the ensuing year; and

(2) two hundred thousand dollars (\$200,000).

(b) After June 30, 2025, this chapter applies to all townships.

SECTION 32. IC 36-6-9-7, AS ADDED BY P.L.129-2019, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 7. A township that meets the requirements of section 5 of this chapter must:

(1) adopt a capital improvement plan not later than September 30 ~~2020~~; **of each calendar year**; and

(2) submit a copy of the adopted capital improvement plan to the department of local government finance in the manner prescribed by the department.

SECTION 33. IC 36-6-9-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 12. **(a) Beginning July 1, 2025, a township must adopt a plan on an annual basis. The township must file the plan with the department of local government finance in the form and manner prescribed by the department of local government finance.**

(b) A plan must include:

(1) the balance of all unrestricted funds that exceed the township's budget for the following year; and

(2) the purpose for which all unrestricted funds are being retained.

SECTION 34. IC 36-6-10 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]:

Chapter 10. Township Roads and Infrastructure Fund

Sec. 1. A township shall establish a fund for the improvement and maintenance of the roads and infrastructure within the township's boundaries.

Sec. 2. A township must enter into a written memorandum of understanding with a city, town, or county, as applicable, for, subject to section 3 of this chapter, the transfer of funds from a fund established under section 1 of this chapter to the city, town,



or county for the purpose of bidding out projects that are:

- (1) for the improvement of roads and infrastructure within the township's boundaries; and
- (2) approved by the township.

Sec. 3. A transfer of funds from a fund established under section 1 of this chapter for a purpose allowed under this chapter must be accomplished in the same manner that a township makes transfers from the rainy day fund as set forth in IC 36-1-8-5.1, except that the amount of the transfer of unobligated cash balances as described in IC 36-1-8-5.1(d)(2)(B)(iii) shall contribute thirty percent (30%) of the balance of all unrestricted funds that exceed the township's budget for the following year, as provided in the township's capital improvement plan under IC 36-6-9-12(b)(1).

SECTION 35. [EFFECTIVE JULY 1, 2025] (a) As used in this SECTION, "department" means the Indiana department of administration created by IC 4-13-1-2.

(b) As used in this SECTION, "Indiana road data" means information, in any form, that:

- (1) is controlled or readily accessible by the state of Indiana; and
- (2) can be used to provide information regarding:
 - (A) road and bridge conditions; and
 - (B) the deterioration or life cycle status of roads and bridges.

(c) Not later than October 1, 2025, the department shall issue a request for information regarding computer technology that can be used to:

- (1) enhance:
 - (A) the collection of Indiana road data;
 - (B) the evaluation of Indiana road data; and
 - (C) the display, visualization, and monitoring of data concerning:
 - (i) the condition, maintenance, and repair of; or
 - (ii) other capital investment in;

Indiana roads based on Indiana road data; and

(2) allow members of the public to voluntarily submit data, information, or other feedback regarding Indiana road conditions for purposes of augmenting Indiana road data; with the goal of better informing Indiana citizens and informing decision making regarding road and bridge maintenance.

(d) The department shall report the results of the request for information to:



1 (1) the legislative council (IC 2-5-1.1-1);
 2 (2) the department; and
 3 (3) the local technical assistance program at Purdue
 4 University.
 5 The information provided to the legislative council under this
 6 subsection must be submitted in an electronic format under
 7 IC 5-14-6.
 8 (e) If the department receives no responses to the request for
 9 information, the department shall report that result under
 10 subsection (d).
 11 (f) This SECTION expires December 31, 2026.
 12 SECTION 36. An emergency is declared for this act.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Roads and Transportation, to which was referred House Bill 1461, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 9 through 15.

Page 2, delete lines 1 through 12.

Page 5, delete lines 27 through 42.

Page 6, delete lines 1 through 11.

Page 8, line 25, delete "seven (7);" and insert "**six (6);**".

Page 9, line 33, delete "seven (7);" and insert "**six (6);**".

Page 11, line 16, delete "not later than July 1, 2025." and insert "**after January 1, 2025.**".

Page 14, delete lines 17 through 31, begin a new paragraph and insert:

"SECTION 20. IC 8-17-1-46 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 46. (a) A county is responsible for the construction, reconstruction, maintenance, and inspection of a bridge that meets the following requirements:**

(1) Is located in the county, including a bridge that is located within the corporate limits of a municipality.

(2) Has a span length greater than twenty (20) feet.

(3) Is not part of the state highway system.

(4) Meets either of the following:

(A) The bridge was inspected by the county after January 1, 2024.

(B) The bridge was added to the county inventory by the county executive after December 31, 2024.

(b) A municipality is responsible for the construction, reconstruction, and maintenance of a bridge that meets the following requirements:

(1) Is located within the corporate limits of the municipality.

(2) Has a span length equal to or less than twenty (20) feet.

(3) Is not part of the state highway system.

(c) A new bridge that may be the responsibility of the county under subsection (a) must be developed in consultation with the county."

Page 16, line 30, delete "one hundred fifty million dollars" and insert "**two hundred million dollars (\$200,000,000)**".

Page 16, line 31, delete "(\$150,000,000)".

Page 16, line 33, delete "Ninety million dollars (\$90,000,000)" and

EH 1461—LS 7736/DI 137



insert **"One hundred million dollars (\$100,000,000)".**

Page 16, line 37, delete "sixty million dollars (\$60,000,000)" and insert **"one hundred million dollars (\$100,000,000)".**

Page 17, line 4, delete "one hundred fifty million dollars (\$150,000,000)," and insert **"two hundred million dollars (\$200,000,000),"**

Page 17, line 6, delete "one hundred fifty million dollars (\$150,000,000)" and insert **"two hundred million dollars (\$200,000,000)".**

Page 17, line 15, delete "one" and insert **"two hundred million dollars (\$200,000,000)".**

Page 17, line 16, delete "hundred fifty million dollars (\$150,000,000)".

Page 17, line 18, delete "one hundred fifty million dollars (\$150,000,000)" and insert **"two hundred million dollars (\$200,000,000)".**

Page 17, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 25. IC 8-23-30-3, AS AMENDED BY P.L.218-2017, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 3. **(a) Subject to subsection (b),** a local unit may apply to the department for a grant from the fund for an eligible project if the local unit:

(1) uses a transportation asset management plan approved by the department; and

(2) commits to a local match by using one (1) or more of the following:

(A) Any money the local unit is authorized to use for a local road or bridge project.

(B) Money received by the local unit as a special distribution of local income taxes under IC 6-3.6-9-17.

(C) Money in the local unit's rainy day fund under IC 36-1-8-5.1.

The application must be in the form and manner prescribed by the department.

(b) Beginning January 1, 2028, a local unit must impose the surtax and wheel tax to apply for a grant from the fund. This subsection does not apply to a municipality that is not eligible to adopt an ordinance to impose the surtax and the wheel tax."

Page 18, delete lines 1 through 12.

Page 20, delete lines 11 through 12, begin a new paragraph and insert:



"SECTION 29. IC 36-6-9-7, AS ADDED BY P.L.129-2019, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 7. A township that meets the requirements of section 5 of this chapter must:

- (1) adopt a capital improvement plan not later than September 30 ~~2020~~; **of each calendar year**; and
- (2) submit a copy of the adopted capital improvement plan to the department of local government finance in the manner prescribed by the department."

Page 20, delete lines 17 through 23, begin a new paragraph and insert:

"Sec. 1. A township shall establish a fund for the improvement and maintenance of the roads and infrastructure within the township's boundaries."

Page 20, line 25, delete "for" and insert **"for, subject to section 3 of this chapter,"**.

Page 20, delete lines 32 through 42, begin a new paragraph and insert:

"Sec. 3. A transfer of funds from a fund established under section 1 of this chapter for a purpose allowed under this chapter must be accomplished in the same manner that a township makes transfers from the rainy day fund as set forth in IC 36-1-8-5.1, except that the amount of the transfer of unobligated cash balances as described in IC 36-1-8-5.1(d)(2)(B)(iii) shall contribute thirty percent (30%) of the township's total annual budget adopted under IC 6-1.1-17."

Delete pages 21 through 27.

Page 28, delete lines 1 through 28.

Page 28, delete lines 34 through 42.

Delete pages 29 through 33.

Page 34, delete lines 1 through 41.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1461 as introduced.)

PRESSEL

Committee Vote: yeas 13, nays 0.

EH 1461—LS 7736/DI 137



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1461, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 13, line 15, after "(a)" insert "**This section does not apply to an eligible county (as defined in IC 8-16-3.1-1) that complies with the provisions in IC 8-16-3.1-4.**

(b)".

Page 13, line 27, delete "(b)" and insert "(c)".

Page 13, line 33, delete "(c)" and insert "(d)".

Page 13, line 34, delete "(a)" and insert "(b)".

and when so amended that said bill do pass.

(Reference is to HB 1461 as printed February 10, 2025.)

THOMPSON

Committee Vote: yeas 14, nays 9.

 HOUSE MOTION

Mr. Speaker: I move that House Bill 1461 be amended to read as follows:

Page 1, line 15, after "is" insert ":

(1)".

Page 1, line 15, delete "." and insert "; **and**

(2) not registered in an adopting municipality of the county where the municipal vehicle excise tax went into effect after June 30, 2025, in the adopting municipality."

Page 3, between lines 18 and 19, begin a new paragraph and insert:
 "SECTION 2. IC 6-3.5-4-3, AS AMENDED BY P.L.178-2019, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 3. If an adopting entity adopts an ordinance imposing the surtax after December 31 but before September 1 of the following year, ~~a vehicle is subject to the tax if it is registered in the county~~ **surtax applies** after December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the surtax after August 31 but before the following January 1, ~~a vehicle is subject to the tax if it is registered in the county~~ **surtax**

EH 1461—LS 7736/DI 137



applies after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the surtax is effective, the surtax does not apply to the registration of a vehicle for the registration year that commenced in the calendar year preceding the year the surtax is first effective."

Page 3, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 3. IC 6-3.5-4-13, AS AMENDED BY P.L.146-2016, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 13. (a) In the case of a county that does not contain a consolidated city of the first class, the county treasurer shall deposit the surtax revenues in a fund to be known as the " _____ County Surtax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county surtax fund during that month among the county and the cities and the towns in the county **that are not adopting municipalities (as defined in IC 6-3.5-10-1) in which the municipal vehicle excise tax went into effect after June 30, 2025.** The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3), **except that for purposes of making the allocations:**

- (1) the population of a city or town that is an adopting municipality in which the municipal vehicle excise tax went into effect after June 30, 2025, is considered to be zero (0);**
- (2) the street mileage of a city or town that is an adopting municipality in which the municipal vehicle excise tax went into effect after June 30, 2025, is considered to be zero (0) miles; and**
- (3) the allocation to a city or town that is an adopting municipality in which the municipal vehicle excise tax went into effect after June 30, 2025, is zero dollars (\$0).**

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county surtax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b).

(d) A county, city, or town may only use the surtax revenues it receives under this section:

- (1) to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; or
- (2) for the county's, city's, or town's contribution to obtain a grant from the local road and bridge matching grant fund under IC 8-23-30."



Page 3, line 39, strike "and".

Page 3, line 40, after "county" delete "." and insert "; and

(4) is not registered in an adopting municipality of the county where the municipal vehicle excise tax went into effect after June 30, 2025, in the adopting municipality."

Page 4, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 5. IC 6-3.5-5-5, AS AMENDED BY P.L.218-2017, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 5. If an adopting entity adopts an ordinance imposing the wheel tax after December 31 but before September 1 of the following year, ~~a vehicle described in section 2(a) of this chapter is subject to the wheel tax if it is registered in the county applies~~ after December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the wheel tax after August 31 but before the following January 1, ~~a vehicle described in section 2(a) of this chapter is subject to the wheel tax if it is registered in the county applies~~ after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the tax is effective, the tax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the tax is first effective."

Page 5, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 6. IC 6-3.5-5-15, AS AMENDED BY P.L.146-2016, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 15. (a) In the case of a county that does not contain a consolidated city, the county treasurer shall deposit the wheel tax revenues in a fund to be known as the "County Wheel Tax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county wheel tax fund during that month among the county and the cities and the towns in the county **that are not adopting municipalities (as defined in IC 6-3.5-11-1) in which the municipal wheel tax went into effect after June 30, 2025.** The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3), **except that for purposes of making the allocations:**

- (1) the population of a city or town that is an adopting municipality in which the municipal wheel tax went into effect after June 30, 2025, is considered to be zero (0);**
- (2) the street mileage of a city or town that is an adopting municipality in which the municipal wheel tax went into effect after June 30, 2025, is considered to be zero (0) miles; and**
- (3) the allocation to a city or town that is an adopting**



municipality in which the municipal wheel tax went into effect after June 30, 2025, is zero dollars (\$0).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county wheel tax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b).

(d) A county, city, or town may only use the wheel tax revenues it receives under this section:

- (1) to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction;
- (2) as a contribution to an authority established under IC 36-7-23; or
- (3) for the county's, city's, or town's contribution to obtain a grant from the local road and bridge matching grant fund under IC 8-23-30."

Renumber all SECTIONS consecutively.

(Reference is to HB 1461 as printed February 17, 2025.)

PRESSEL

HOUSE MOTION

Mr. Speaker: I move that House Bill 1461 be amended to read as follows:

Page 16, line 1, after "(2)." insert "**Local units that have not adopted a wheel tax are eligible for not more than fifty percent (50%) of the funds available under this subdivision.**".

Page 16, line 7, after "(100,000)" delete "." and insert "**that have adopted a wheel tax.**".

Page 16, line 8, delete "cities." and insert "**cities that have adopted a wheel tax.**".

Page 16, delete lines 20 through 28, begin a new paragraph and insert:

"(i) This subsection applies to a state fiscal year ending on June 30, 2027, and on June 30 of each fiscal year thereafter. After the department allocates money in the fund under subsection (g), the state comptroller shall transfer fifty million dollars (\$50,000,000) to the consolidated city in Marion County for use on secondary



streets in the consolidated city in Marion County only if the consolidated city in Marion County matches those funds with new funds that are not transportation funds.

(j) This subsection applies to a state fiscal year ending on June 30, 2027, and on June 30 of each fiscal year thereafter. After the state comptroller makes a distribution under subsection (i), the state comptroller shall distribute the remainder of funds to each county and city based on total lane mileage in each county and city."

Page 16, line 29, delete "(j)" and insert "(k)".

Page 16, line 31, delete "(k)" and insert "(l)".

Page 16, line 39, after "(i)" insert "or make a distribution under subsection (j)".

Renumber all SECTIONS consecutively.

(Reference is to HB 1461 as printed February 17, 2025.)

PRESSEL

COMMITTEE REPORT

Mr. President: The Senate Committee on Homeland Security and Transportation, to which was referred House Bill No. 1461, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 2. IC 6-3.1-38.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]:

Chapter 38.1. Railroad Tax Credit for Qualified Infrastructure Investment

Sec. 1. As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

Sec. 2. As used in this chapter, "qualified applicant" means:

- (1) a short line rail company located in whole or in part in Indiana that is classified by the United States Surface Transportation Board as a Class II or Class III railroad that



makes qualified railroad expenditures; or

(2) an owner or lessee of a rail siding, industrial spur, or industry track located:

(A) on or adjacent to a Class II or Class III railroad in Indiana; or

(B) in a qualified rural county;

that makes qualified new rail infrastructure expenditures.

Sec. 3. As used in this chapter, "qualified new rail infrastructure expenditures" means gross expenditures for new rail infrastructure, including:

(1) construction of new track infrastructure such as industrial leads, switches, spurs, sidings, rail loading docks, and transloading structures, and engineering and site preparation involved with servicing new customer locations;

(2) the expansion by a Class II or Class III railroad; or

(3) construction of new track infrastructure involved with servicing new customer locations located in a qualified rural county.

Sec. 4. As used in this chapter, "qualified railroad expenditures" means gross expenditures for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, crossings, signals, industrial leads and sidings, and track related structures, owned or leased by a Class II or Class III railroad located in Indiana. The term does not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant.

Sec. 5. As used in this chapter, "qualified rural county" means a county in Indiana with a population of not more than three hundred thousand (300,000).

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax), as computed after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means a qualified applicant that has any state tax liability, or a qualified applicant that is considered a tax exempt entity (owned by a port or governmental entity).

Sec. 8. (a) A taxpayer wishing to claim a tax credit under this chapter must apply to the department after completion of the project for which qualified railroad expenditures or qualified new rail infrastructure expenditures were incurred. The department



shall prescribe the form and manner of the application, which must include:

- (1) the number of miles of railroad track owned or leased in Indiana; and
 - (2) a description and certification of the amount of the taxpayer's qualified railroad expenditures or qualified new rail infrastructure expenditures.
- (b) The department shall evaluate a taxpayer's eligibility for a tax credit under this chapter.
- (c) The department shall certify the eligibility of a taxpayer that meets the requirements for a tax credit under this chapter.

Sec. 9. (a) Subject to subsection (b), if the department certifies a taxpayer under section 8 of this chapter, the taxpayer is entitled to a tax credit against the taxpayer's state tax liability equal to:

- (1) the taxpayer's:
 - (A) qualified railroad expenditures; or
 - (B) qualified new rail infrastructure expenditures; multiplied by
 - (2) fifty percent (50%).
- (b) The amount of a tax credit allowed under subsection (a) shall not exceed the following:
- (1) For qualified railroad expenditures, the product of:
 - (A) the number of miles of Class II or Class III railroad track owned or leased by the taxpayer in Indiana at the close of the taxable year; multiplied by
 - (B) five thousand dollars (\$5,000).
 - (2) For qualified new rail infrastructure expenditures, the lesser of:
 - (A) fifty percent (50%) of the qualified new rail expenditures for each new rail served customer project completed by the taxpayer in the taxable year; or
 - (B) five hundred thousand dollars (\$500,000) per rail served customer project.

Sec. 10. (a) If a pass through entity is entitled to a credit under section 9 of this chapter but does not have state tax liability against which the credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

- (1) the credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.



(b) The credit provided under subsection (a) is in addition to a credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same qualified railroad expenditure or qualified new rail infrastructure expenditure.

Sec. 11. To obtain a credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the allowance of the credit provided by this chapter.

Sec. 12. (a) If the credit provided by this chapter exceeds a taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for five (5) taxable years following the unused credit year.

(b) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 13. (a) A taxpayer may assign any part of the credit that the taxpayer may claim under this chapter. A credit that is assigned under this section remains subject to this chapter. If a taxpayer assigns a part of a credit during a taxable year, the assignee may not subsequently assign all or part of the credit to another taxpayer. A taxpayer may make only one (1) assignment of a credit.

(b) An assignment of a credit must be in writing, and both the taxpayer and assignee shall report the assignment on the taxpayer's and assignee's state tax returns for the year in which the assignment is made, in the manner prescribed by the department. A taxpayer may not receive value in connection with an assignment under this section that exceeds the value of the part of the credit assigned.

(c) If the transferor is a tax exempt entity, the transfer must be completed on or before the date that is one (1) year after the close



of the tax year for which the credit was certified. As used in this subsection, "tax exempt entity" means a government agency or an organization that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code.

Sec. 14. For each state fiscal year beginning after June 30, 2025, the aggregate amount of state tax credits permitted:

(1) for qualified railroad expenditures allowed under this chapter may not exceed nine million five hundred thousand dollars (\$9,500,000); and

(2) for qualified new rail infrastructure expenditures allowed under this chapter may not exceed ten million dollars (\$10,000,000)."

Page 7, delete lines 32 through 42.

Delete page 8.

Page 15, line 14, after "approaches," insert "**small structures, culverts,**".

Page 16, line 8, delete "after" and insert "**before**".

Page 17, delete lines 26 through 29.

Page 17, line 30, reset in roman "(4)".

Page 17, line 30, delete "(5)".

Page 17, line 33, delete "(6)" and insert "**(5)**".

Page 17, delete lines 37 through 42.

Delete page 18.

Page 19, delete lines 1 through 28, begin a new paragraph and insert:

"SECTION 26. IC 8-23-30-2, AS AMENDED BY P.L.165-2021, SECTION 134, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 2. (a) The local road and bridge matching grant fund is established to provide matching grants to local units for eligible projects.

(b) The department shall administer the fund.

(c) The fund consists of the following:

(1) Appropriations by the general assembly.

(2) Interest deposited in the fund under subsection (d).

(3) Money deposited in or transferred to the fund from any other source.

(d) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

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



(f) The state comptroller shall determine the balance of the money in the fund on December 31, 2025, and on December 31 of each year thereafter. After determining the balance of money in the fund under this subsection, the money in the fund must be allocated in accordance with subsection (g), transferred in accordance with subsections (h) and (i), and distributed in accordance with subsection (j).

(g) Beginning on December 31, 2025, and on December 31 of each year thereafter, the department must allocate the first one hundred million dollars (\$100,000,000) of money in the fund to make matching grants in the next calendar year to all local units. Local units that have not adopted a wheel tax are eligible for not more than fifty percent (50%) of the funds available under this subsection.

(h) This subsection applies only in calendar year 2026. After the department allocates money in the fund under subsection (g) for 2026, the state comptroller shall transfer the amount of money in the fund that is more than one hundred million dollars (\$100,000,000) to the department for deposit in the state highway road construction and improvement fund established under IC 8-14-10 for the department's use in financing a railroad crossing upgrade project as described in IC 8-14.5-8. Money transferred to the department for the purposes set forth in this subsection is continuously appropriated.

(i) Beginning on December 31, 2026, and on December 31 of each year thereafter, after the department allocates money in the fund under subsection (g), the state comptroller shall transfer in the next calendar year the lesser of:

- (1) the balance of money in the fund; or
- (2) fifty million dollars (\$50,000,000);

to the consolidated city in Marion County for use on secondary streets in the consolidated city in Marion County only if the consolidated city in Marion County matches those funds with new funds.

(j) Beginning on December 31, 2026, and on December 31 of each year thereafter, after the state comptroller makes a transfer under subsection (i), the state comptroller shall distribute in the next calendar year the remainder of funds to each:

- (1) county; and
- (2) municipality with a population of at least five thousand (5,000);

proportionally based on total lane mileage in local units described



in subdivisions (1) and (2). The department shall provide to the state comptroller the total lane mileage for purposes of making the distribution under this subsection.

~~(f)~~ **(k)** Money in the fund is continuously appropriated for the purpose of the fund.

~~(g)~~ **(l)** Money in the fund may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other agency until after budget committee review, **except that for either or both of the following purposes:**

(1) The department may distribute funds to a local unit that has been approved for a grant under this chapter without budget committee review.

(2) To transfer money in the fund under subsections (h) and (i) or to make a distribution under subsection (j) without budget committee review."

Page 19, delete lines 29 through 42.

Page 20, delete lines 1 through 7.

Page 20, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 26. IC 8-23-30-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 3.5. In each calendar year beginning after December 31, 2026, if a local unit receives a distribution under section 2(j) of this chapter in an amount equal to the maximum grant amount set under section 8 of this chapter, the local unit is not eligible to receive a matching grant under this chapter."**

Page 20, line 16, strike "fifty thousand (50,000)." and insert **"fifty-five thousand (55,000)."**

Page 20, line 18, strike "fifty thousand (50,000)." and insert **"fifty-five thousand (55,000)."**

Page 20, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 29. IC 8-23-30-7, AS AMENDED BY P.L.218-2017, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: **Sec. 7. (a)** The department shall allocate at least fifty percent (50%) of the amount available to the department to make grants in a state fiscal year to local units located in counties having a population of less than fifty thousand (50,000).

(b) This section expires December 31, 2025."

Page 20, delete lines 24 through 34.

Page 22, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 31. IC 36-6-9-5, AS ADDED BY P.L.129-2019, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2025]: Sec. 5. **(a) Before July 1, 2025**, this chapter applies to a township if the total amount of funds in a township's capital improvement funds exceeds:

- (1) one hundred fifty percent (150%) of the township's total annual budget estimate prepared under IC 6-1.1-17-2 for the ensuing year; and
- (2) two hundred thousand dollars (\$200,000).

(b) After June 30, 2025, this chapter applies to all townships."

Page 22, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 33. IC 36-6-9-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 12. **(a) Beginning July 1, 2025, a township must adopt a plan on an annual basis. The township must file the plan with the department of local government finance in the form and manner prescribed by the department of local government finance.**

(b) A plan must include:

- (1) the balance of all unrestricted funds that exceed the township's budget for the following year; and**
- (2) the purpose for which all unrestricted funds are being retained."**

Page 22, line 36, delete "township's total annual budget adopted under" and insert "**balance of all unrestricted funds that exceed the township's budget for the following year, as provided in the township's capital improvement plan under IC 36-6-9-12(b)(1).**".

Page 22, delete lines 37 through 42.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Appropriations.

(Reference is to HB 1461 as reprinted February 20, 2025.)

CRIDER, Chairperson

Committee Vote: Yeas 7, Nays 0.

