



2016 Legislation to Improve Local Roads and Bridges

Fact Sheet

Summary

House Bill 1001 and Senate Bill 67 both passed by the Indiana General Assembly and signed into law by Governor Mike Pence in 2016, make available additional funding to local communities for road and bridge improvements. House Enrolled Act 1001 provides \$186 million in state reserves for local road and bridge funding over the next two years, and provides \$277 million over the next four years by redirecting an additional 1.5 cents of the gasoline tax to local roads to be phased in over two years; \$100 million in funding will be available each year going forward providing long term road funding for locals.

Additional Funding for Local Road and Bridge Projects by the Numbers:

- Makes available **\$430 million** of Local Options Income Taxes (LOIT) reserve account for local governments to spend on roads
- Provides **\$186 million** in state reserves for the Local Roads and Bridge Matching Grant Fund over the next two years
- Provides local governments with the authority to raise up to **\$273 million** for roads
- Provides **\$104 million** through 2020 in federal FAST Act dollars for local roads
- Provides **\$500,000** to the Local Technical Assistance Program (LTAP) to help local government s develop asset management plans

House Enrolled Act 1001:

- Creates the Local Road and Bridge Matching Grant Fund
 - Provides funding to local governments for eligible project at a 50/50 match
 - An eligible project is one managed by a local government which repairs on increases capacity of local roads and bridges and is part of the local government's asset management plan.
 - To apply, a local government must:
 - Use an INDOT-approved transportation asset management plan. INDOT has worked with LTAP to develop an acceptable plan. This information will be released from LTAP soon. For information regarding this asset plan, please contact LTAP.
 - Commitment to the 50 percent match must come from one of three sources using:
 - Revenue from an increase in the local motor vehicle excise tax or wheel tax
 - Money received as a special distribution of local income taxes (LOIT)
 - Money in the local government's rainy day fund
 - INDOT will select projects for funding based on greatest regional economic significance
 - Each year, at least 50 percent of grants will be made to local governments in counties with

populations of less than 50,000

- Authorizes counties that use an INDOT-approved transportation asset management plan to impose the county motor vehicle license excise surtax and the county wheel tax at higher rates.
- Authorizes an eligible municipality to impose municipal motor vehicle license excise surtax and a municipal wheel tax.
- Appropriates \$500,000 for the LTAP to assist with the development and operation of local government transportation asset management plans for both roads and bridges.

Senate Enrolled Act 67

- Requires a one-time, special distribution of the balance of each county's local income tax trust account by May 2016, of which 75 percent must be used to for local road and bridge projects.

Frequently Asked Questions

- **How do local units receive money from the local road and bridge matching fund?**

Local units will need to submit eligible projects to INDOT for consideration. A call for projects through INDOT will be issued on May 31st, 2016 and close July 3, 2016. Eligible projects are road and bridge preservation type projects along with ADA sidewalk ramps that intersect with road projects. Trails and enhancement type work are not eligible.

Local units of government that perform their own work, such as chip sealing and crack sealing, can receive funds for the materials. Labor or equipment costs are not eligible. Road and bridge projects submitted must be included in the local unit's complete asset management plan.

- **What is the match percentage?**

Projects selected will be funded with a 50/50 match. Local units must provide 50 percent of the funding needed. Applications will require a financial commitment letter which should include the amount of funding the local unit is committing to contribute and the source of that funding.

- **Can a local unit use any funding source to provide the 50 percent match?**

No. Match funds from local units must come from:

- Revenue generated from an increase, after June 30, 2016, in the local unit's motor vehicle excise surtax or wheel tax.
- Money received by the local unit as a special distribution of local income taxes under SEA67.
- Money in the local unit's rainy day fund

- **How will projects be selected for funding?**

- INDOT is developing a scoring sheet which will be used to evaluate all projects. Projects with regional economic significance will be given a higher priority.

- **How much funding is available to each local unit?**

State law requires INDOT to allocate at least 50 percent of the total funds to counties with a population of less than 50,000. The remaining 50% will be awarded to local units who reside in counties over 50,000 in population. INDOT has capped the amount of award to \$1.0 million per local unit.

- **Can a local unit submit multiple projects?**

Local units may submit multiple projects as long as they do not exceed the \$ 1.0 million cap. Local units can have more than one project however INDOT will not exceed the established cap. Each local unit of government can only receive one grant per year unless additional funding becomes available.

- **When will INDOT announce which projects will receive grant funding for 2016?**

Call for projects will be issues May 31, 2016 and close July 3, 2016 COB. As soon as INDOT is informed when the distribution of funding is available, we will begin to award projects. At this point we're estimating mid July.

- **If a local unit's project is selected for funds, when will funding be received?**

The funding for the INDOT 50 percent match on selected projects will be distributed to local units as soon as INDOT receives the funding from the state. We are anticipating this to be sometime around mid August to mid September 2016.

- **If a local unit is awarded funds in 2016, will that unit be eligible to submit projects for funding in 2017?**

Yes, prior year grant awards will not preclude a local unit from being considered for funding for a project(s) in the following year.

- **Are funds received through the grant program required to be used for the project submitted?**

Yes, matching funds awarded to local units by INDOT must be used on the projects submitted by the local unit. The funds cannot be spent on other projects. INDOT will require a final proof of payment on the project and will make a site visit to insure that the project was completed based upon the original scope of work.

- **If a local unit receives grant funding for 2016, do the grant funds have to be spent entirely in 2016?**

INDOT will issue a check to the local units once a copy of the procured contractors bid has been submitted. Once the project is complete, a final billing will need to be sent to INDOT on exactly what the project cost was. If a project is completed under budget, the state's matching funds will be returned to INDOT within 30 days. Any overruns will be the responsibility of the local units at 100 percent.

- **If a local unit does not have an asset management plan, can that unit still pursue grant funding?**

No, asset management plans are required in order to receive consideration for funding. HB1001 provides \$500,000 to LTAP to help local units develop their plans and to provide technical assistance where needed.

- **If a local unit has not authorized an increase in the motor vehicle excise surtax or the wheel tax, is that local unit still eligible to pursue grant funding?**

Yes. However, the funding sources available to the local unit to provide the local 50% match would be required to come from either a special distribution of local income tax under SB67 or from the local unit's rainy day fund.

- **Do federal requirements need to be followed for any phase of the project?**

No, federal requirements do not need to be followed however all state laws must be followed. For example, any state historic preservation or permitting laws must be followed.