



ASSOCIATION OF INDIANA COUNTIES, INC.

101 W. Ohio St., Suite 1575
Indianapolis, Indiana 46204-2051

(317) 684-3710
Fax: (317) 684-3713
E-mail: aic@indianacounties.org
www.indianacounties.org

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CONTACT:

Karen Avery

(317) 829-3656

kavery@indianacounties.org

www.indianacounties.org

State budget bill could ease road funding crisis for Indiana counties

INDIANAPOLIS (Feb. 22, 2013) — Local governments would receive some much needed funding for road maintenance and improvement projects in the 2013 state budget which passed out of the Indiana House Ways and Means committee this week. Association of Indiana Counties (AIC) members met with legislators this week to offer their support of the bill during the AIC's annual legislative conference.

"Many of our member counties have not been able to fully fund routine maintenance projects, forcing counties to return some roads to gravel," said AIC President Penny Lukenbill. "This added funding would help counties to begin reclaiming some of the roads that have fallen into severe disrepair as a result of the \$800 million per year road funding need."

The Indiana House version of the budget increases road funding overall across the state by \$250 million each year of the biennium. Counties would receive \$68.15 million, each of the next two years.

The House Ways and Means committee found new funding by redirecting all gas taxes to roads. Current law allows gas taxes to be used to fund a variety of state agencies including Indiana State Police, the Bureau of Motor Vehicles, and the Department of Revenue. The new formula also redirects 1.5 percent of sales tax money to roads.

Indiana Association of County Commissioners President Ken Paust said, "We look forward to working with the Senate to continue the discussion on the need for the increase in road funding as proposed by the House."

Road funding is a top priority for counties this session and is critical to economic development. Counties understand that because this is not a complete solution they must partner with the legislature to fund road projects by continuing with local efforts such as the wheel tax, income tax and gaming revenue.

The bill is expected to be heard early next week in the full House for a final reading.

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The Association of Indiana Counties, Inc. is a nonprofit organization established in 1957 for the betterment of county government. The various functions of the AIC include lobbying the Indiana General Assembly on behalf of counties, serving as liaison among counties, state and federal agencies as well as providing technical assistance and training to county officials and employees.

Note to reporters: the fiscal note for the road funding portion of HB 1001 can be viewed by [clicking here](#). You may also see below for specific language.

Page 11 - Tax Provisions Distribution of Sales and Use Taxes: The bill changes the distribution of Sales and Use Taxes, but will not affect the total amount collected. It reduces the amount deposited in the state General Fund and deposits a portion of Sales and Use Tax revenue in the Motor Vehicle Highway Account (MVHA). Under current statute, 99.848% of Sales and Use Tax revenue is deposited in the state General Fund, 0.123% is deposited in the Commuter Rail Service Fund, and 0.029% is deposited in the Industrial Rail Service Fund. The new distribution will not affect the Commuter Rail Service Fund or the Industrial Rail Service Fund, but will allocate 98.348% to the General Fund and 1.5% to the MVHA. MVHA Funds are primarily used for traffic safety programs and for construction, reconstruction, improvement, maintenance, and policing of state highways. These funds are allocated to the Department of Transportation, the Department for Traffic Safety, and the State Police Department, as well as local units of government. Of the additional distributions to the MVHA, INDOT is estimated to receive an additional \$56.7M in FY 2014 and \$59.0 M for FY 2015.

Page 17 - Shifting State Police Expenses from MVH to Other Funds: The bill removes the requirement that the MVH pay one-half of the amount appropriated to the State Police Department for its operations. Shifting the responsibility for payment of net State Police expenses from the MVH to other funds would result in approximately \$80 M - \$90 M in additional MVH funding available for distribution to INDOT, counties, and cities and towns each year, depending upon the level of State Police appropriations for the biennium. General Fund expenditures will be affected by a corresponding amount, depending on appropriations. Additional distributions to INDOT are estimated to total from \$42.4 M to \$47.7 M annually. Additional local funds are estimated to be \$37.6 to \$42.3 M (\$25.6 M to \$28.8 M for counties and \$12.0 M to \$13.5 M for cities and towns).