

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6258

BILL NUMBER: SB 448

NOTE PREPARED: Nov 22, 2022

BILL AMENDED:

SUBJECT: Highway Finances.

FIRST AUTHOR: Sen. Doriot

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Reduces the required percentage amount of the motor vehicle highway account distributions that counties, cities, and towns must use for the construction, reconstruction, and preservation of highways from 50% in current law to 40% in calendar years beginning January 1, 2024, and ending December 31, 2025.
- (2) Provides that, for a period in which the reduction applies, the term "preservation" includes both snow removal and expenditures for deicing road salt or similar deicing agents.
- (3) Requires counties, cities, and towns that apply the reduced required percentage amounts authorized under the bill to submit to the Local Technical Assistance Program (LTAP) at Purdue University in conjunction with the Indiana Department of Transportation (INDOT) a detailed itemization of the uses of the funds in the calendar year that were for: (a) purposes other than construction, reconstruction, and preservation; and (b) preservation that included only snow removal and expenditures for deicing road salt or similar deicing agents.
- (4) Requires the LTAP to present a statewide aggregate report of the results received from counties, cities, and towns to the State Budget Committee for each year.

Effective Date: July 1, 2023.

Explanation of State Expenditures: *Summary* - The bill would increase the workload of INDOT and the Local Technical Assistance Program (LTAP) to meet the reporting requirements in the bill.

Additional Information - For the FY 2022-FY 2023 biennium, LTAP received an annual appropriation of \$250,000. The bill's requirements represent an additional workload on the agency outside of the agency's

routine administrative functions. Existing staffing and resource levels, if currently being used to capacity, may be insufficient to fulfill the requirement. To the extent the report requires additional funds for LTAP to meet the bill's requirements, these funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - By reducing the 50% restriction on county use of MVHA funds to 40%, this bill could increase local expenditures on other items permitted by statute. Increases in local expenditures would depend on the decision of local administrators on how to spend amounts that are no longer earmarked for use.

Additional Information - Counties, cities, and towns are currently required to use at least 50% of MVHA funds received for the construction, reconstruction, and preservation of a county's highways. Amounts that are not expended from these distributions due to a lack of eligible expenses would remain with the local unit for future use.

Reducing the 50% requirement to 40% could allow the local units to use current funds and previous distributions for other items. Other allowable uses of local MVHA funds include; (1) the purchase, rental and repair of highway equipment, (2) painting of bridges and acquisition of grounds for erection and construction of storage buildings, (3) acquisition of rights of way and the purchase of fuel oil, and (4) supplies necessary to the performance of construction, reconstruction, preservation, and maintenance of highways.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected:

Local Agencies Affected: Counties, cities, and towns

Information Sources: HEA 1001 - 2021.

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