

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

**LS 7116**

**BILL NUMBER:** HB 1396

**NOTE PREPARED:** Jan 6, 2026

**BILL AMENDED:**

**SUBJECT:** Abandoned Local Roadways.

**FIRST AUTHOR:** Rep. Morris

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill extinguishes certain easements and encumbrances on a vacated right-of-way.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** The bill could require the State Comptroller and INDOT to update lane mileage data from road funding distribution formulae. Increases in workload are within the routine administrative function of each agency and expected to be accomplished within existing resource and funding levels.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local units of government could be required to take on responsibility of maintenance of an easement or encumbrance of roadways that are extinguished. Any increase in local expenditures for maintenance could be offset with an increase in distributions of Motor Vehicle Highway Account and Highway Road and Street Account revenue that is predicated on lane mileage under the responsibility of a local unit of government. Any change in local maintenance expenditure and associated increase in revenue is indeterminable, but expected to be small.

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

**State Agencies Affected:** State Comptroller, INDOT.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 317-232-9559; James Johnson, 317-232-9869.