

SENATE BILL No. 203

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-14; IC 8-23-30.

Synopsis: Local infrastructure funding. Amends the percentage split between the state highway fund and local road and street account to 60%/40%. Amends the allocation percentage for the motor vehicle highway account. Amends the grant amount determination and the maximum amount for grants made from the local road and bridge matching grant fund. Requires the Indiana department of transportation to approve certain eligible projects for a grant from the local road and bridge matching grant fund. Appropriates \$300,000,000 from the state general fund or money received by the state from the Infrastructure Investment and Jobs Act, or a combination of both, to the local road and bridge matching grant fund for each state fiscal year of the budget biennium. Changes the allocation determination for distributions from the local road and street account.

Effective: July 1, 2023.

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January 10, 2023, read first time and referred to Committee on Appropriations.



First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

SENATE BILL No. 203

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 8-14-1-3, AS AMENDED BY P.L.108-2019,
2 SECTION 152, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2023]: Sec. 3. The money collected for the
4 motor vehicle highway account fund and remaining after refunds and
5 the payment of all expenses incurred in the collection of the money and
6 after transferring three hundred twenty-five thousand dollars
7 (\$325,000) each month to the motor carrier regulation fund (IC
8 8-2.1-23), shall be allocated to and distributed among the department
9 and subdivisions designated as follows:
10 (1) Of the net amount in the motor vehicle highway account the
11 auditor of state shall set aside for the cities and towns of the state
12 ~~twelve and thirteen hundredths percent (12.13%).~~ **fourteen**
13 **percent (14%).** This sum shall be allocated to the cities and
14 towns upon the basis that the population of each city and town
15 bears to the total population of all the cities and towns and shall
16 be used for the construction or reconstruction and maintenance of
17 streets and alleys and shall be annually budgeted as now provided



by law. However, no part of such sum shall be used for any other purpose than for the purposes defined in this chapter. If any funds allocated to any city or town shall be used by any officer or officers of such city or town for any purpose or purposes other than for the purposes as defined in this chapter, such officer or officers shall be liable upon their official bonds to such city or town in such amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of said action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. A monthly distribution thereof of funds accumulated during the preceding month shall be made by the auditor of state.

(2) Of the net amount in the motor vehicle highway account, the auditor of state shall set aside for the counties of the state ~~twenty-five and eighty-seven hundredths percent (25.87%)~~ **twenty-six percent (26%)**. However, as to the allocation to cities and towns under subdivision (1) and as to the allocation to counties under this subdivision, in the event that the amount in the motor vehicle highway account fund remaining after refunds and after the payment of all expenses incurred in the collection thereof is less than twenty-two million six hundred fifty thousand dollars (\$22,650,000) in any fiscal year, then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of such deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of such deficit. Such reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the provisions of subdivision (2) shall be allocated monthly upon the following basis:

(A) Five percent (5%) of the amount allocated to the counties to be divided equally among the ninety-two (92) counties.

(B) Sixty-five percent (65%) of the amount allocated to the counties to be divided on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state, which shall be annually determined, accurately, by the department and submitted to the auditor of state before April 1 of each year.

(C) Thirty percent (30%) of the amount allocated to the counties to be divided on the basis of the ratio of the motor



vehicle registrations of each county to the total motor vehicle registration of the state. The bureau of motor vehicles shall annually determine the amount under this clause and submit its determination to the auditor of state before April 1 each year.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on such county highways within such county.

(4) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.

(5) Money in the fund may not be used for any toll road or toll bridge project.

(6) Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the amounts distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.

(7) Notwithstanding any other provisions of this section or of IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:

(A) One-half (1/2) from the amounts set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).

(B) One-half (1/2) from the distressed road fund under IC 8-14-8.

SECTION 2. IC 8-14-2-3, AS AMENDED BY P.L.185-2018, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 3. (a) The auditor of state shall credit the state highway fund established under IC 8-23-9-54 monthly with ~~sixty-three percent (63%)~~ **sixty percent (60%)** of the money deposited in the highway, road and street fund.

(b) Funds allocated to the department under this chapter must be appropriated.

SECTION 3. IC 8-14-2-4, AS AMENDED BY P.L.185-2018,



SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 4. (a) The auditor of state shall establish a special account to be called the "local road and street account" and credit this account monthly with ~~thirty-seven percent (37%)~~ **forty percent (40%)** of the money deposited in the highway, road and street fund.

(b) The auditor shall distribute to units of local government money from this account each month. Before making any other distributions under this chapter, the auditor shall distribute E85 incentive payments to all political subdivisions entitled to a payment under section 8 of this chapter.

(c) After distributing E85 incentive payments required under section 8 of this chapter, the auditor of state shall allocate to each county the remaining money in this account on the basis of the ratio of each county's passenger car registrations to the total passenger car registrations of the state. The auditor shall further determine the suballocation between the county and the cities within the county as follows:

(1) In counties having a population of more than fifty thousand (50,000), sixty percent (60%) of the money shall be distributed on the basis of the population of the city or town as a percentage of the total population of the county and forty percent (40%) distributed on the basis of ~~the ratio of city and town street mileage to county road mileage.~~ **actual vehicle miles traveled in each.**

(2) In counties having a population of fifty thousand (50,000) or less, twenty percent (20%) of the money shall be distributed on the basis of the population of the city or town as a percentage of the total population of the county and eighty percent (80%) distributed on the basis of ~~the ratio of city and town street mileage to county road mileage.~~ **actual vehicle miles traveled in each.**

(3) For the purposes of allocating funds as provided in this section, towns which become incorporated as a town between the effective dates of decennial censuses shall be eligible for allocations upon the effectiveness of a corrected population count for the town under IC 1-1-3.5.

(4) Money allocated under the provisions of this section to counties containing a consolidated city shall be credited or allocated to the department of transportation of the consolidated city.

(d) Each month the auditor of state shall inform the department of the amounts allocated to each unit of local government from the local road and street account.

SECTION 4. IC 8-23-30-5, AS ADDED BY P.L.146-2016,



SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 5. (a) In the evaluation of an application for a grant from the fund, the department shall give preference to projects that are anticipated by the department to have the greatest regional economic significance for the region in which the local unit is located.

(b) **Notwithstanding any other provision of this chapter, the department shall approve each eligible project for the construction or maintenance of a local major thoroughfare if the project:**

- (1) exceeds five (5) miles in length;
- (2) has four (4) or more travel lanes in all directions;
- (3) crosses two (2) or more counties; and
- (4) was previously designated as a state highway.

The entire grant amount for an eligible project approved under this subsection shall be a dollar for dollar match.

SECTION 5. IC 8-23-30-6, AS AMENDED BY P.L.218-2017, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: 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).
 - (B) ~~Twenty-five percent (25%);~~ **Twenty percent (20%)**, if the county has a population of less than fifty thousand (50,000).
- (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 percent (25%);~~ **Twenty percent (20%)**, if the city or town has a population of less than ten thousand (10,000).

SECTION 6. IC 8-23-30-8, AS AMENDED BY P.L.218-2017, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 8. (a) The department may adopt guidelines to implement this chapter, including guidelines that establish a maximum amount that any one (1) local unit may receive as a grant, **subject to subsection (b)**. However, if:

- (1) the department establishes a maximum amount per local unit; and
- (2) multiple local units, including any combination of cities, towns, and counties, apply jointly for a matching grant under this chapter to undertake a project that extends across multiple



jurisdictions;
the maximum amounts of the joint applicants may be aggregated.

(b) Beginning after June 30, 2023, the department shall establish the following maximum amounts under subsection (a) for local units:

(1) For a first class city, fifty million dollars (\$50,000,000).

(2) For a second class city, twenty-five million dollars (\$25,000,000).

(3) For a third class city, five million dollars (\$5,000,000).

(4) For all other local units, one million dollars (\$1,000,000).

If a local unit has multiple projects, the amount for each project shall be aggregated in determining the maximum amount for the local unit under this subsection.

SECTION 7. [EFFECTIVE JULY 1, 2023] (a) For the state fiscal year beginning July 1, 2023, and ending June 30, 2024, three hundred million dollars (\$300,000,000) is appropriated from either the state general fund or money received by the state from the Infrastructure Investment and Jobs Act (P.L. 117-58), or a combination of both, to the local road and bridge matching grant fund established by IC 8-23-30-2.

(b) For the state fiscal year beginning July 1, 2024, and ending June 30, 2025, three hundred million dollars (\$300,000,000) is appropriated from the state general fund or money received by the state from the Infrastructure Investment and Jobs Act (P.L. 117-58), or a combination of both, to the local road and bridge matching grant fund established by IC 8-23-30-2.

(c) This SECTION expires July 1, 2025.

