



Bloomington **WHEEL TAX**

Jacob Alder & Matthew Bricker

PC: Richard Windsor: Matthews Bridge, Bean Blossom, IN

WHO WE ARE

JACOB ALDER

'20 B.S. Economics
'23 M.P.A. Public
Financial Admin.



MATTHEW BRICKER

'21 B.A. Poli. Science
'23 M.P.A. Public
Financial Admin.



WHO YOU ARE

Presentation to

Bloomington City Council

4/27/2022

01

Motivation Discussion

Why should
Bloomington consider a
new tax?

02

Historical Background

In 2016, the IN Legislature
defined a municipal tax
option

03

Tax Design Overview

How would the new tax
apply to drivers and how
would it affect them?

04

Revenue Implications

How much revenue
could a new tax raise for
the city?



01

Motivation

Ask yourself:

- How do you feel about Bloomington's roads?
- How do constituents feel?

Community Survey

“Roads are dirty and not kept up. There are a lot of pot holes that put a lot of wear on your vehicle.”

—2017 Community Survey

“Many roads in the city are in bad condition”

—2019 Community Survey

“Sooooooo many potholes!!”

—2021 Community Survey

Bloomington Pavement Condition Index

(2018 Transmap Assessment: Asphalt Pavement)



FAIR

27%
61.55 mi
713 sct

56-70



SATISFACTORY

23%
52.45 mi
610 sct

71-85



GOOD

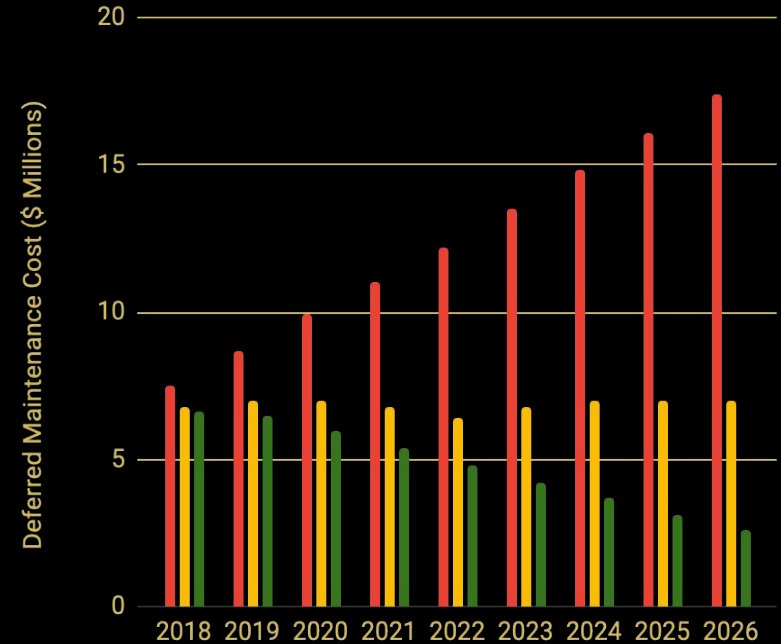
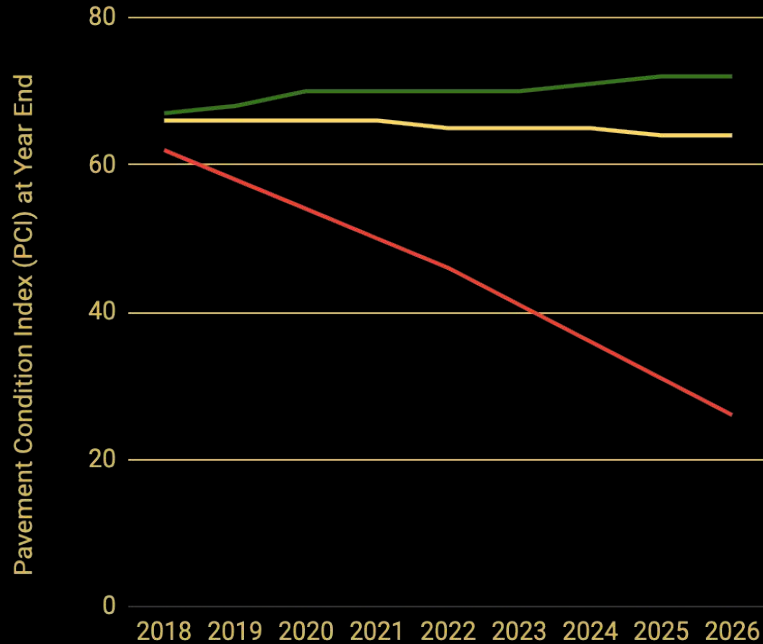
14%
30.74 mi
362 sct

85+

\$5,667,144

2018 Cost for Repair: Preventative = \$508,452 Conventional = \$5,158,692

PCI Scenarios: Do Nothing, Maintain 66, Achieve 70



● Do Nothing Scenario ● Maintain 66 PCI ● Achieve Average 70 PCI



02

SOLUTIONS

Additional revenue generation:
Vehicle Excise Tax & Wheel Tax

Excise Tax Overview

IC 6-3.5-10-2 clearly outlines the requirements for the Excise Tax...

Sec. 2. (a) The fiscal body of **an eligible municipality may**, subject to subsections (c) and (d), **adopt** an ordinance to impose a **municipal vehicle excise tax** on each vehicle that is subject to the vehicle excise tax under IC 6-6-5 and that is registered in the eligible municipality. The eligible municipality may impose the surtax at a specific amount of:

- (1) **at least** seven dollars and fifty cents (**\$7.50**); and
- (2) **not more than** twenty-five dollars (**\$25**).

The eligible municipality shall state the surtax rate or amount in the ordinance that imposes the tax. ...

(c) The fiscal body of an eligible municipality **may not adopt** an ordinance to impose the surtax **unless the fiscal body concurrently adopts** an ordinance under IC 6-3.5-11 to impose **the municipal wheel tax**. ...



Wheel Tax Overview

... and the Wheel Tax in IC 6-3.5-11-2

Sec. 2. (a) The fiscal body of an **eligible municipality may**, subject to subsections (b) and (c), adopt an ordinance to **impose a municipal wheel tax** in accordance with this chapter on each vehicle that:

- (1) is included in one (1) of the classes of vehicles listed in section 3 of this chapter;
- (2) is not exempt from the wheel tax under section 4 of this chapter; and
- (3) is registered in the eligible municipality.

...

(d) ...the **wheel tax rate** for a particular class or weight classification of vehicles **may not be less than five dollars (\$5) and may not exceed forty dollars (\$40)** ...





03

Tax Design

Will a wheel tax increase
autonomy?

TECHNICAL OVERVIEW

Base

Wheel: HDV
Excise: LDV

Wheel: IC 6-3.5-10-2-C
Excise: IC 6-3.5-11-3

Trigger

BMV registration
online / in person

IC 6-3.5-10-7
IC 6-3.5-11-5

Audit

BMV is a state
agency; state audit

NA
NA

Rate

Wheel: \$25
Excise: \$40

IC 6-3.5-10-2-C
IC 6-3.5-11-3

Remittance

BMV collects and
administers tax

IC 6-3.5-10-9
IC 6-3.5-11-12

Penalty

Class B
misdemeanor

IC 6-3.5-10-13
IC 6-3.5-11-16



04

Revenue Implications

Can a wheel tax **make a difference** in Bloomington's roads?

HOW TO EVALUATE THE TAX



Adequacy

Will the tax cover sufficient M&R in the City?

Estimation

What method will generate precise estimates?



Fairness

How will the tax affect vehicle distribution?

Efficiency

How will the tax affect vehicle registrations?



Adequacy

The 2018 Cost of Deferred
Maintenance

\$5,667,144



Estimation

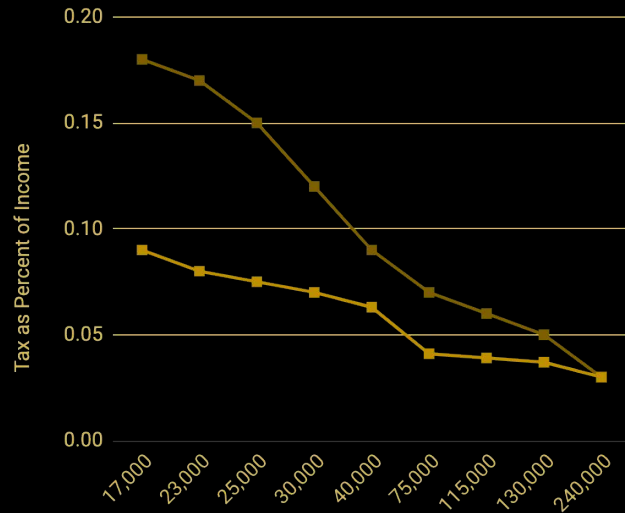
Three methods produce a
mean estimate:

\$2,057,050





Equity



● Fixed \$25 Surtax ● 10% of Excise Tax, \$7.50



Efficiency

Estimated 2022
Registrations
78,122

Excise: Estimated Change
<1%

Wheel: Estimated Change
1-2%



Thank you



Questions?

Jacob: alderjc@iu.edu

Matthew: matbrick@iu.edu