

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

INDIANA COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funding:

- Counties receive a portion of the revenues from a state tax on motor fuel. The funds must be allocated for the construction and maintenance of local highways.
- Counties receive a portion of the proceeds from the 22.5 percent state tax on gambling revenues. Counties can make agreements with cities about how to share these proceeds.
- Counties receive a portion of the revenues collected from taxes the state imposes per passenger on operators of gambling riverboats.

From County Funds:

- County supplemental funding, 2011 by revenue source and share
 - Local Option Highway User Tax (LOHUT) 27%
 - Refunds and Reimbursements 26%
 - County Option Income Taxes 12%
 - Miscellaneous 11%
 - Gaming Fund 5%
 - Permits and User Fees <1%
- Counties may levy one of two income taxes: One possibility is a county gross adjusted income tax with various rates no greater than 1 percent. Another possibility is a county option income tax with an established rate that increases a set amount each year until reaching a maximum of 0.6 percent for county residents and 0.15 percent for non-residents.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- There is an \$800 million per year funding need, according to a report from Purdue University's Local Technical Assistance Program (LTAP). Many roads have fallen to severe disrepair, and counties have had to return some roads to gravel.

Share of County Owned Road Miles Out of Public Roads Statewide	69%
Share of County Owned Bridges Out of Public Bridges Statewide	69%
Share of Structurally Deficient Bridges Out of County Owned Bridges	12%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties have limitations on property tax rates <i>and</i> limitations on revenue they can collect each year.
Levy Personal Property Taxes	X	Vehicles that are subject to license or excise taxes are exempt from personal property taxes.
Levy Local Option Sales Taxes		
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee	X	Counties may levy an annual wheel tax and a license fee on all commercial or personal vehicles.
Form Special Districts for Transportation	X	Charter counties have authority to crease special districts.

** Other taxes: Counties may levy one of two income taxes: One possibility is a county gross adjusted income tax with various rates no greater than 1 percent. Another possibility is a county option income tax with an established rate that increases a set amount each year until reaching a maximum of 0.6 percent for residents and 0.15 percent for non-residents.*

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- HB 1001 passed in April 2013, redirects all gas tax revenues to roads. The previous law allowed 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 revenues to roads. 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 revenues in the Motor Vehicle Highway Account (MVHA). The bill removes the requirement that the MVHA pay one-half of the amount appropriated to the State Police Department for its operations. Shifting the payments to State Police expenses from the MVHA to other funds would result in approximately \$90 million in additional MVHA funding available for distribution to Indiana Department of Transportation (INDOT), counties, and cities and towns each year, depending upon the level of State Police appropriations for the biennium.
- The Indiana House version of the budget increases overall road funding across the state by \$250 million each year of the biennium. Counties would receive \$68.15 million, each of the next two years.

BREAKDOWN OF COUNTY TRANSPORTATION FUNDING¹

County Supplemental	37%
State Share	61%
Federal Share	2%

¹ Purdue University, 2011 (includes roads and bridges)