



ICC – December 4, 2024

Road Funding 101

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Indiana LTAP

Assist street departments, highway departments, and local elected officials to better meet the needs of the public by acting as a resource for training, technical assistance, and technology transfer.



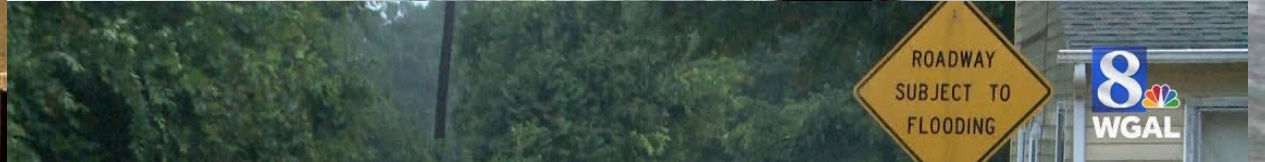
Road Funding – What does it Cover?

Road Funding Expenses

- Asphalt
- Concrete
- Chip Seal
- Gravel
- Bridge Construction
- Engineering Services

And So Much More.....





Road Funding 101

- Motor Vehicle Highway (MVH)
- Local Road and Street (LRS)
- Community Crossings Matching Grant Fund (CCMG)

- Wheel Tax and Excise Surtax (LOHUT)
- Cumulative Bridge Fund
- Major Bridge Fund

- General Fund
- River Boat
- Rainy Day
- LOIT
- TIF
- et cetera



\$949 Million

State Dedicated Highway Funds



\$190 Million

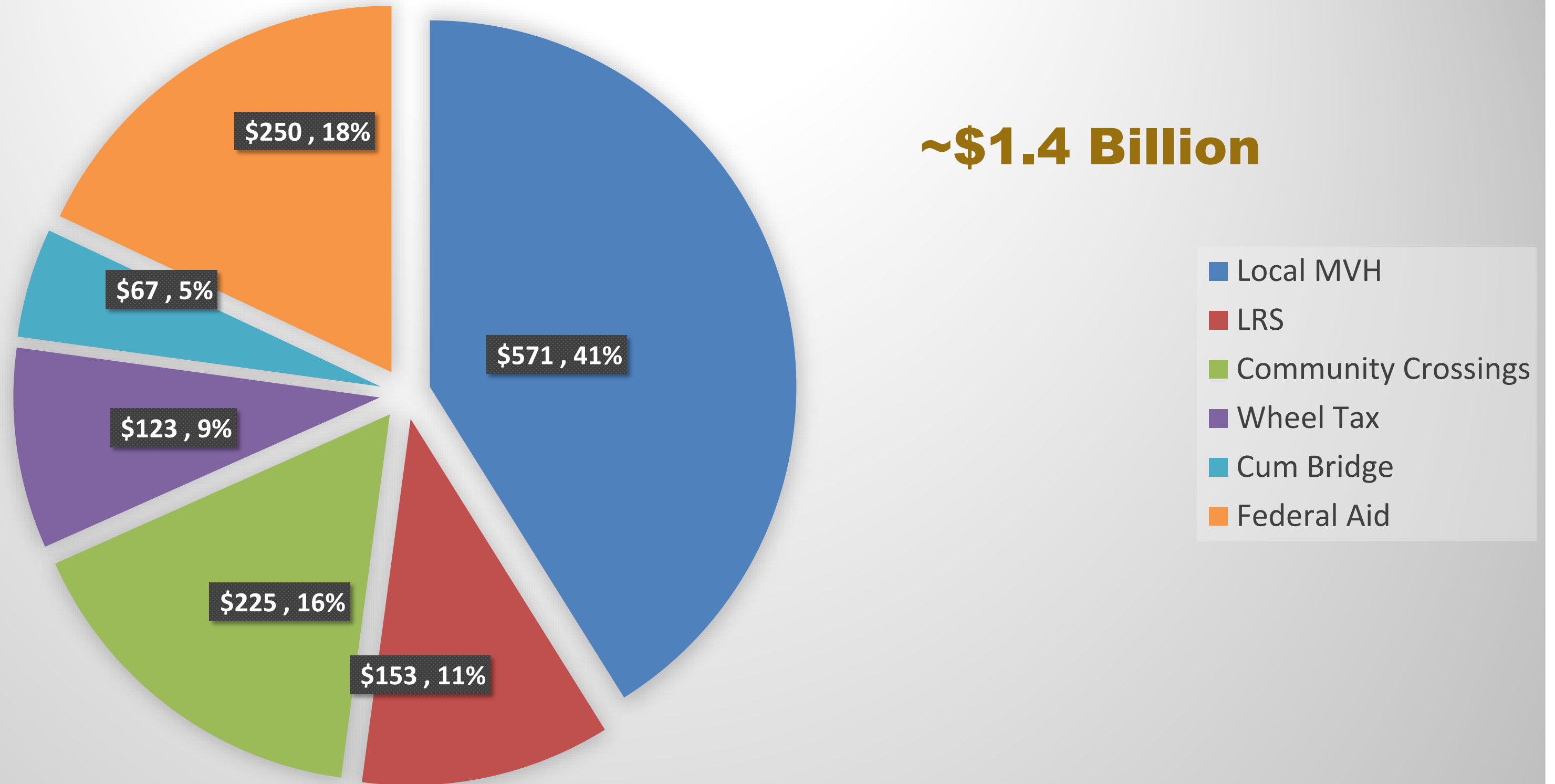
Local Dedicated Highway Funds



\$1.6 Billion

Other Supplemental Funds

Dedicated Local Road and Bridge funds - 2023



Road Funding 101

Gas Tax - Overview



Gasoline

\$0.184 Federal Gas Tax
\$0.35 Indiana Gas Tax
7% State Gas Use Tax

Special Fuel (SF)

\$0.244 Federal Diesel Tax
\$0.59 Indiana SF Tax

December 2024

DOR - \$2.376/gallon



\$0.184 Federal
\$0.35 Indiana Gas Tax
\$0.166 Indiana Gas Use Tax
\$0.70

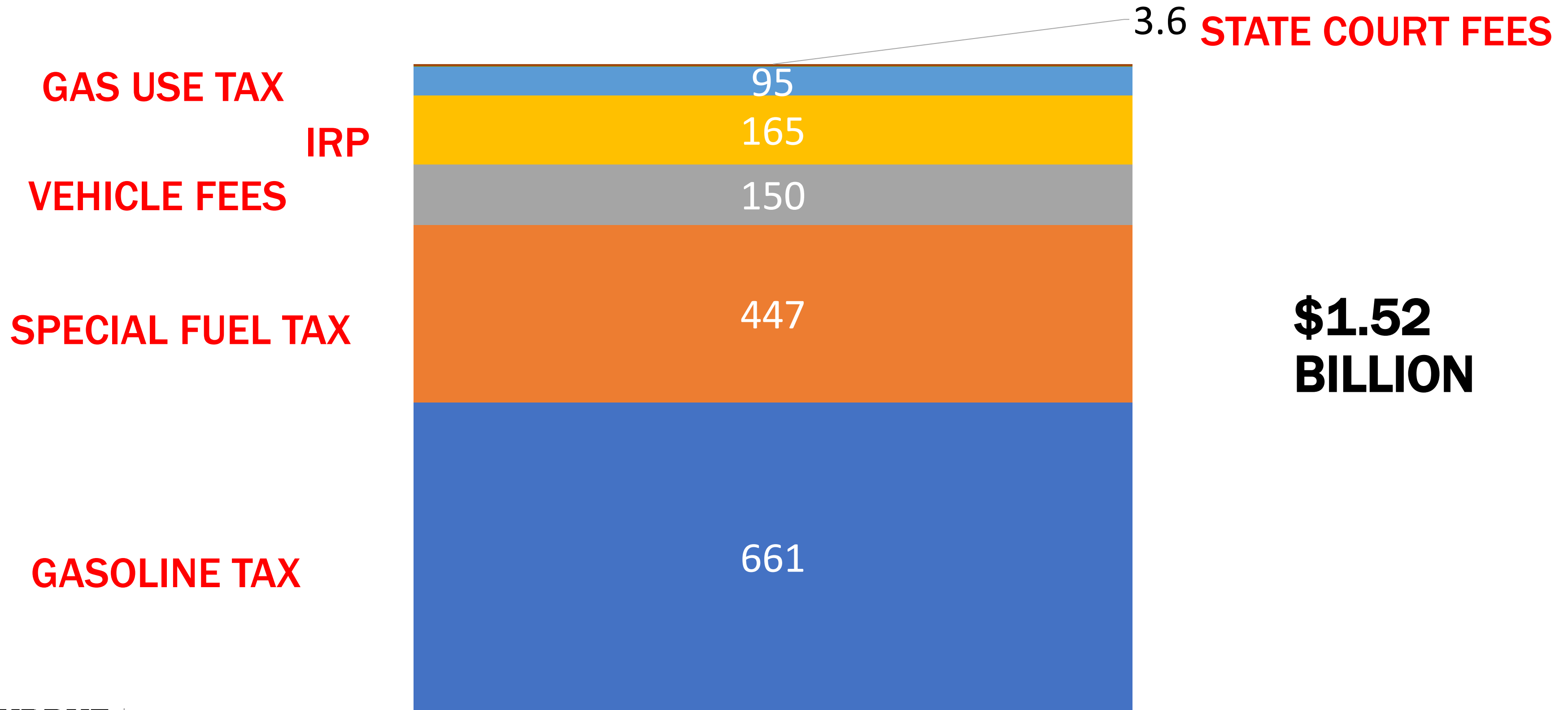
~80% of MVH comes from Fuel Taxes

Road Funding 101

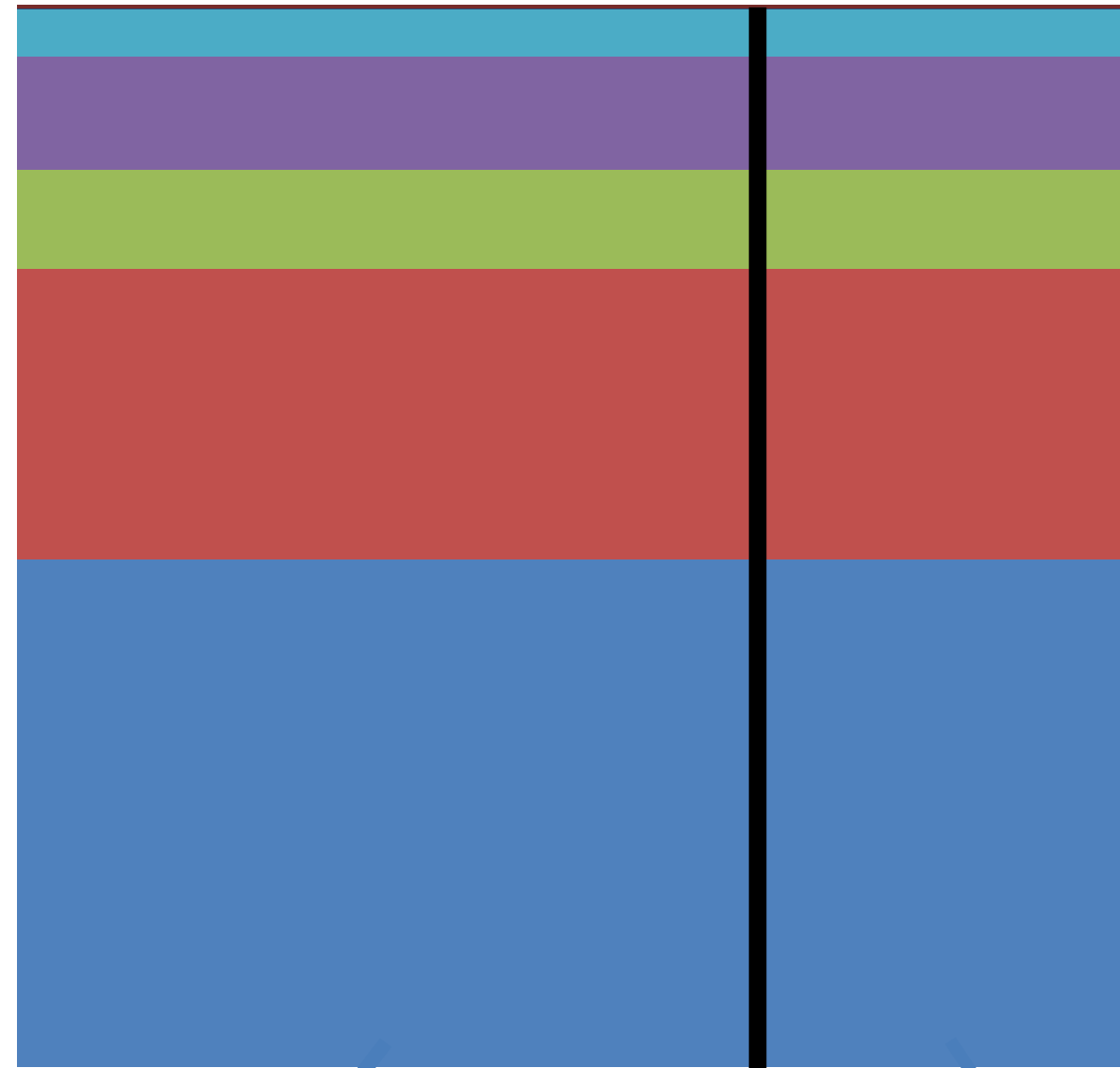
Motor Vehicle Highway Account “MVH”



Motor Vehicle Highway Account – FY 2023



Motor Vehicle Highway Account



\$1.52 Billion

62%
\$940

38%
\$576

INDOT

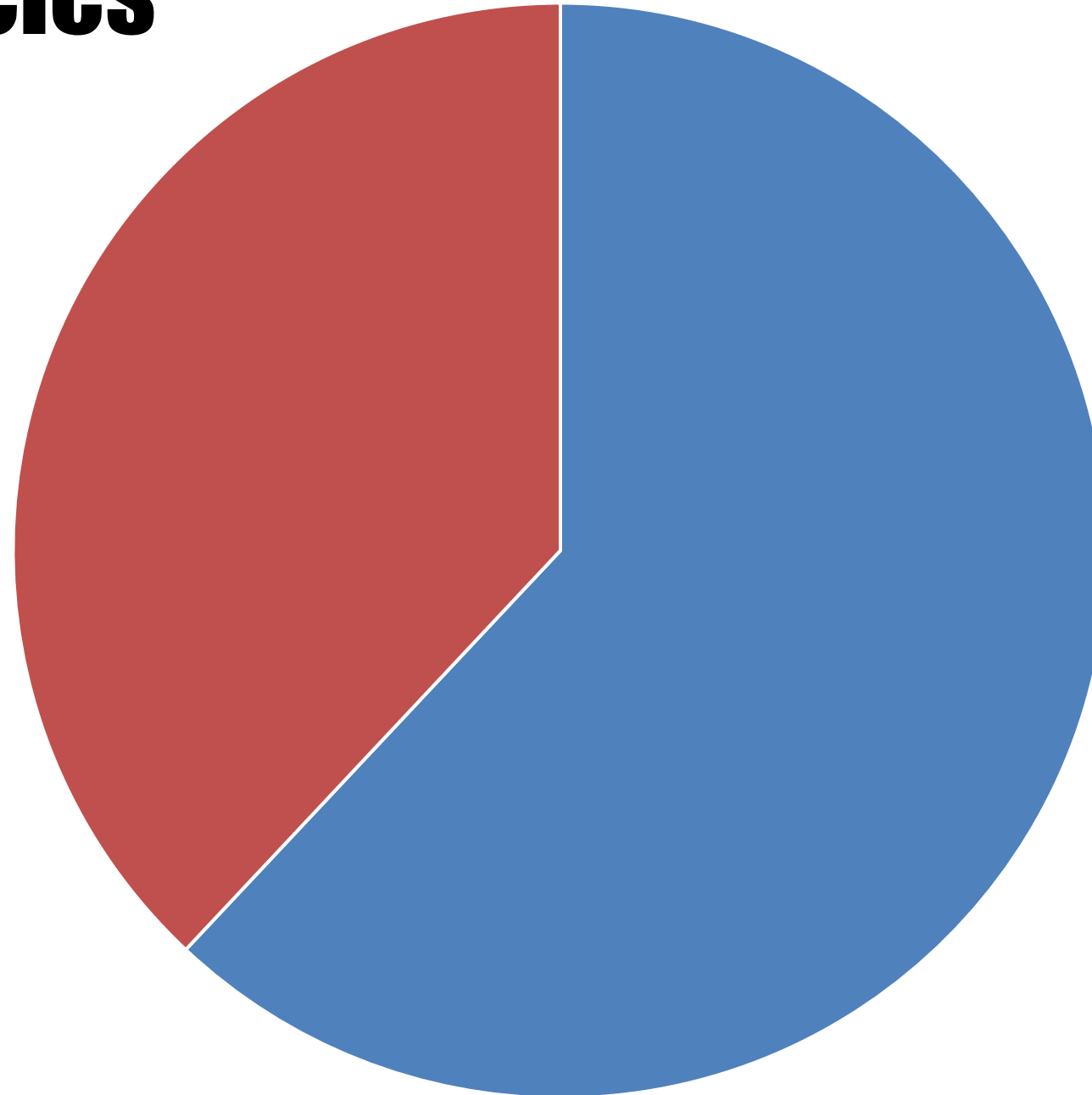
Local Agencies

Motor Vehicle Highway Account – FY 2023

Local Agencies

32%

\$576



INDOT

68%

\$940

\$1.52 Billion

Motor Vehicle Highway Account – FY 2023

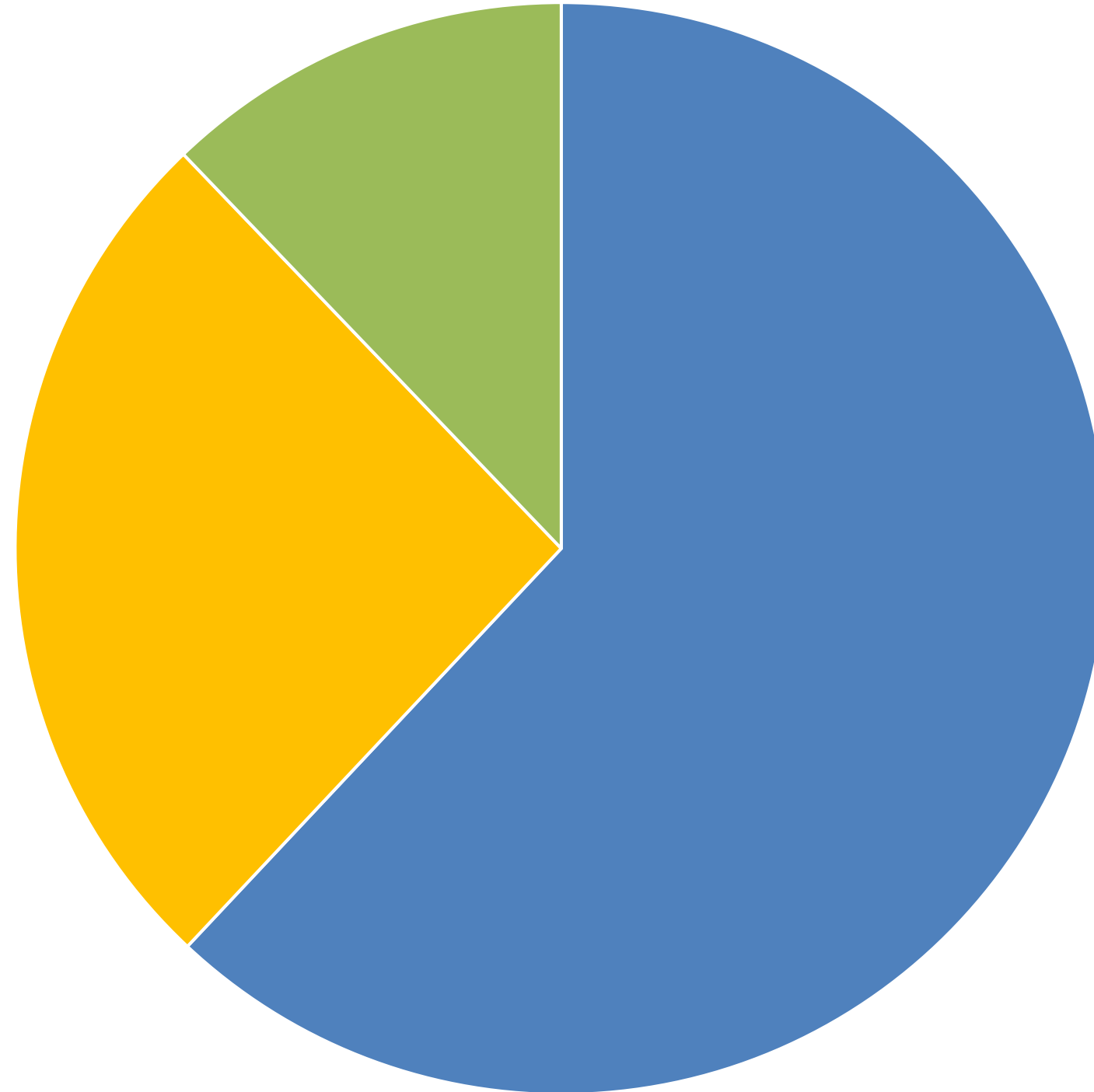
Cities & Towns

12.1%
\$184

Counties

25.9%
\$392

INDOT
68%
\$940



\$1.52 Billion

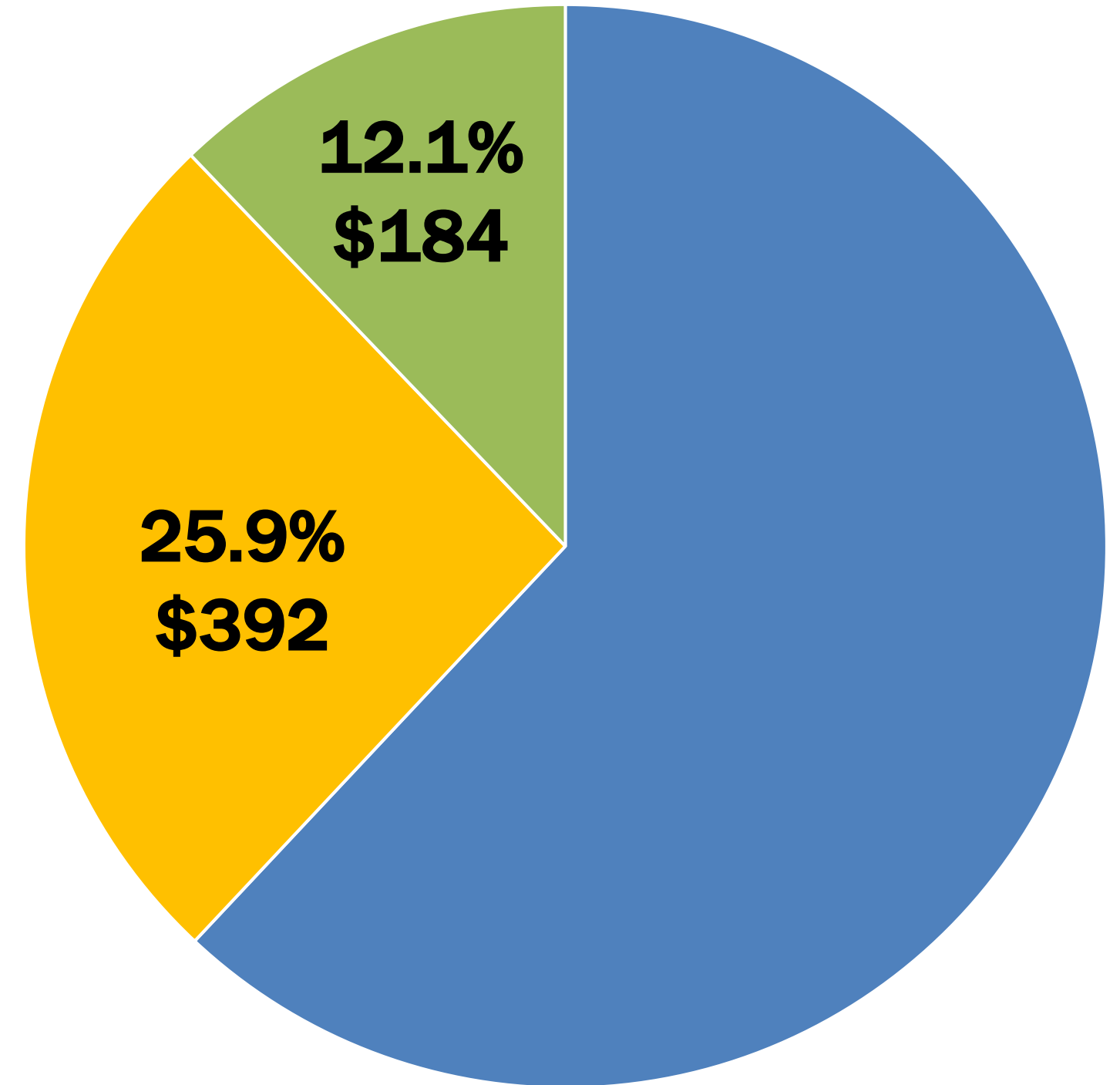
Motor Vehicle Highway Account – FY 2023

Cities/Towns - 567

- 1) evenly distribute based on population

Counties - 92

- 1) 5% evenly distributed
- 2) 30% based on vehicle registration
- 3) 65% based on mileage



\$576 Million

Road Funding 101

Local Road and Street Account “LRS”



Local Road and Street Account – FY 2023

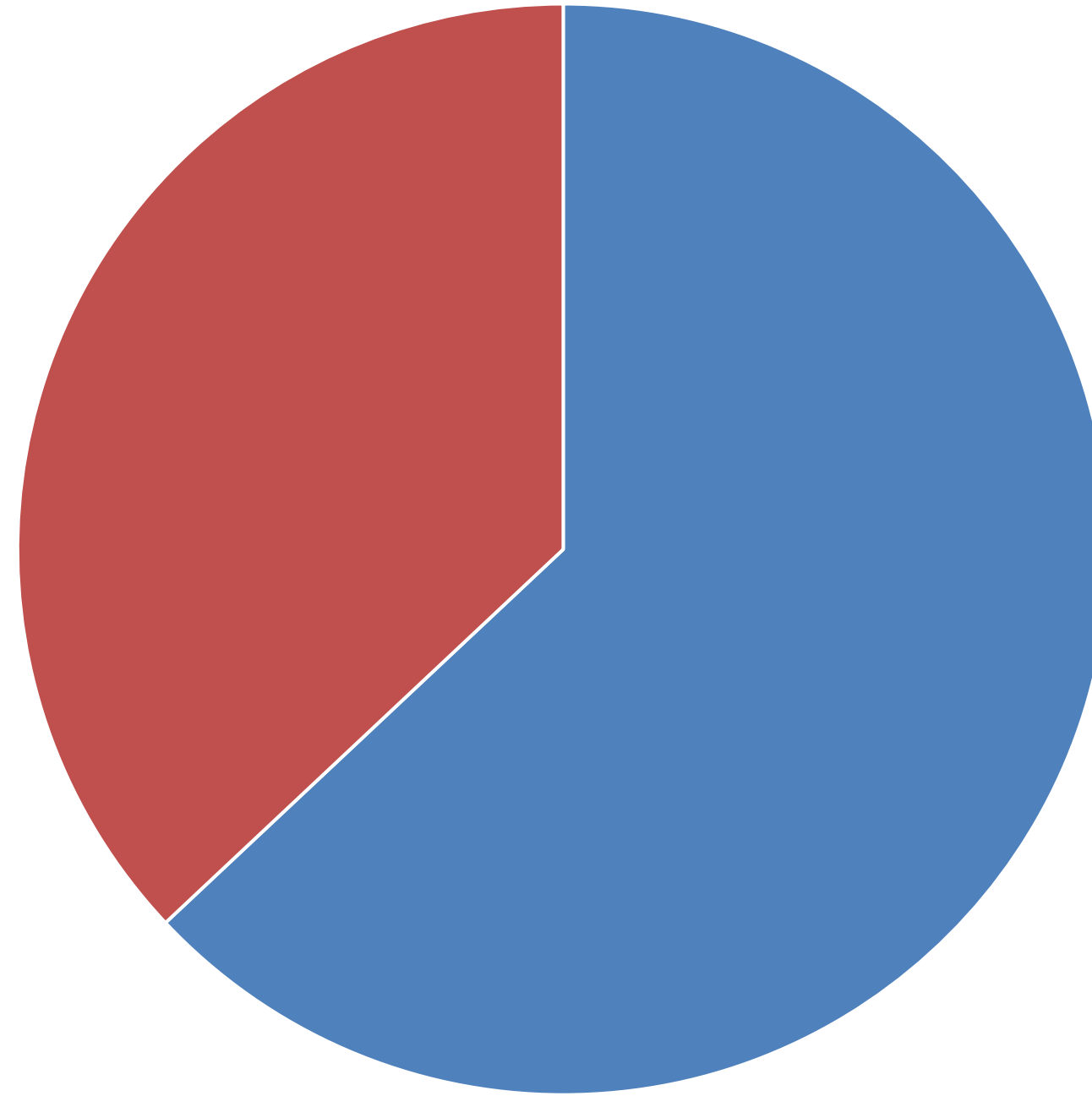
Local Agencies

37%
\$153.1

Evenly Distributed based
on car registrations



- *Counties > 50,000 population*
 - *60% based on population*
 - *40% based on mileage*
- *Counties < 50,000 population*
 - *20% based on population*
 - *80% based on mileage*



\$414 Million

INDOT

63%
\$260.9

Revenue Sources

Vehicle Fees:	\$21 Million
25% Special Fuel Tax:	\$161 Million
25% Gasoline Tax:	\$232 Million

Road Funding 101

Local Road and Bridge
Matching Grant Fund
or
Community Crossings
Matching Grant
“CCMG”



Community Crossings Matching Grant Fund – FY 2023

Electric cars and Hybrid cars



IC 9-18.1-5-12

(f) The fee shall be deposited in the local road and bridge matching grant fund established by IC 8-23-30-2.

Total Revenue for CCMGF
~ \$0.5 million / year

50% Distribution Rule

Matching Grant ratio

Counties > 50,000 - 50/50 match

Counties < 50,000 - 25/75 match

- INDOT will have a call for Projects in January and July
- Max Grant Value ~ **\$1.5** million/per community/year
- Revenue:
 - 1) 1.5/7% **Gasoline Use Tax** ~ \$142.5 million
 - 2) \$15 **Transportation Improvement Fee** ~ \$102 million
 - 3) \$72 **Hybrid Supplemental Fee**
 - 4) \$214 **Electric Car Supplemental Fee**

Total Estimated > \$200 million/year

Road Funding 101

LOHUT
or
Wheel Tax and
Excise Surtax



LOHUT: Wheel Tax and Excise Surtax

- **L**ocal **O**ption **H**ighway **U**ser **T**ax.
- Local optional user tax designated for local road and bridge funding.
 - Some Counties deposit in MVH Unrestricted Account
- Passed Indiana legislature in 1980.

2014 – Revised to allow County Income Tax Council to be able adopt ordinance.

2015 – Revised to add Motor Driven cycles (MOPEDES) and variable rates for the Excise Surtax

2016 – Allowed Municipalities > 10,000 able to adopt LOHUT.

Doubled the amount of the rates if county has an Asset Management Plan.

2017 – Allowed Municipalities > 5,000 able to adopt LOHUT.

Change the effective date to adopt.

LOHUT: Wheel Tax and Excise Surtax

LOHUT is 2 different taxes

Excise Surtax

- Cars
- Trucks < 11,000 pounds
- Motorcycles
- Motor Driven Cycles

Rates:

•\$7.50 - \$25 (**\$50** w/AMP)

Or

•Or 2%-10% (**20%** w/ amp) of Excise Tax (\$7.50 min.)

•Rates may vary between classes

Wheel Tax

- Trucks > 11,000 pounds
- Trailers
- Semi's
- Buses

Rates:

•\$5.00 - \$40 (**\$80** w/AMP)

•Rates may vary between classes and weights

- **Must be Adopted by August 31st to start collecting the next January**

LOHUT: Wheel Tax and Excise Surtax

- One of 2 or 3 only locally-generated dedicated road funds available to counties and certain municipalities is through the adoption and implementation of a local wheel tax and excise surtax, also referred to as the Local Option Highway User Tax (LOHUT).

Local Agency LOHUT - Wheel Tax/Excise Surtax			
Agency	Estimated Maximum Value	2022 Actual Receipts	Estimated Available Capacity
County-wide	\$366,000,000	\$106,548,731	\$259,000,000
Municipalities > 5,000	\$92,000,000	\$16,211,000	\$76,000,000
Total	\$458,000,000	\$122,759,731	\$335,000,000

Visit the Indiana LTAP Local Road & Bridge Dashboard for a complete breakdown of receipts and expenditures of local street & highway departments: <https://www.purdue.edu/inltap/>

Road Funding 101

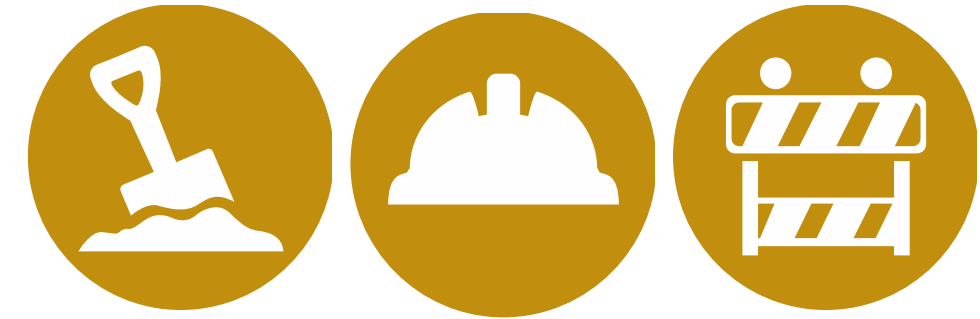
Recent Legislative Changes



Indiana Local Road Funding

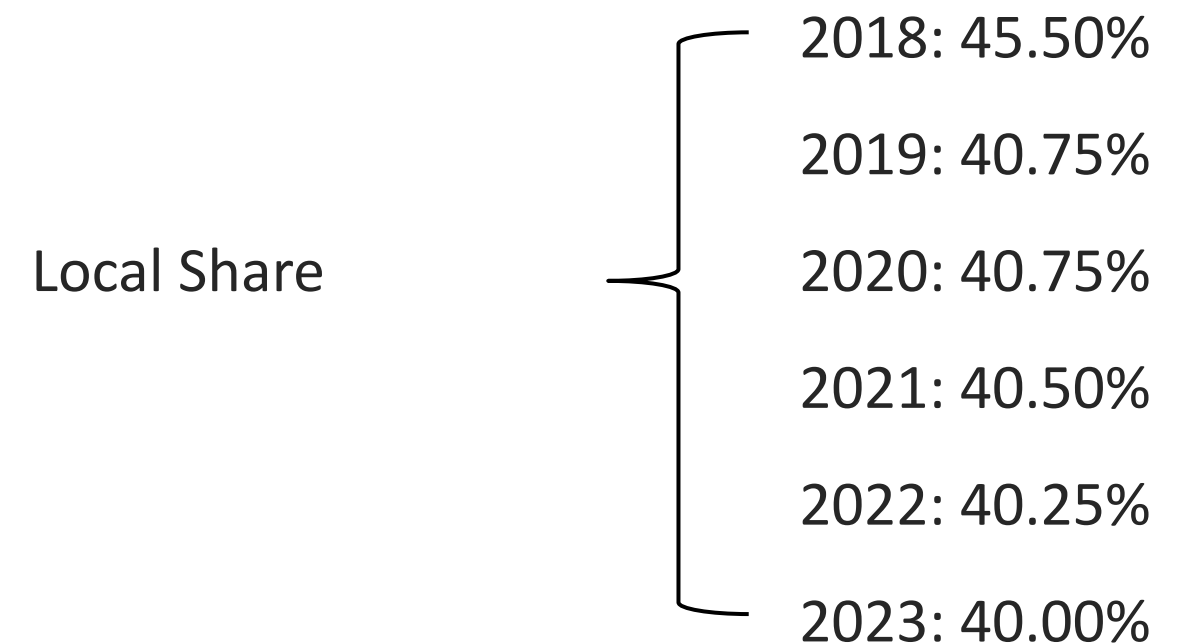
Legislative Changes

2017: HB 1002



- 10 cent/gal Gas Tax Increase
 - 10 cent/gal Special Fuel Tax Increases
 - 10 cent/gal Motor Carrier Surtax Increase
 - Increase in IRP
 - Eliminates sales tax on special fuel
 - **New requirements on how MVH to be used**
- * Annually Indexed

- Eliminated the 1 cent/gal to INDOT
- Eliminated the 1 cent/gal to Local MVH
- Eliminated Special Distributions Account
- Changes the MVH distribution from 53/47 (INDOT/Local) to 60/40

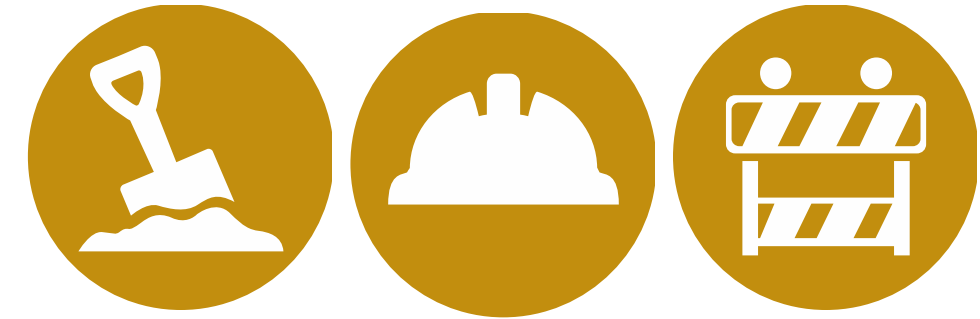


Indiana Local Road Funding

Legislative Changes

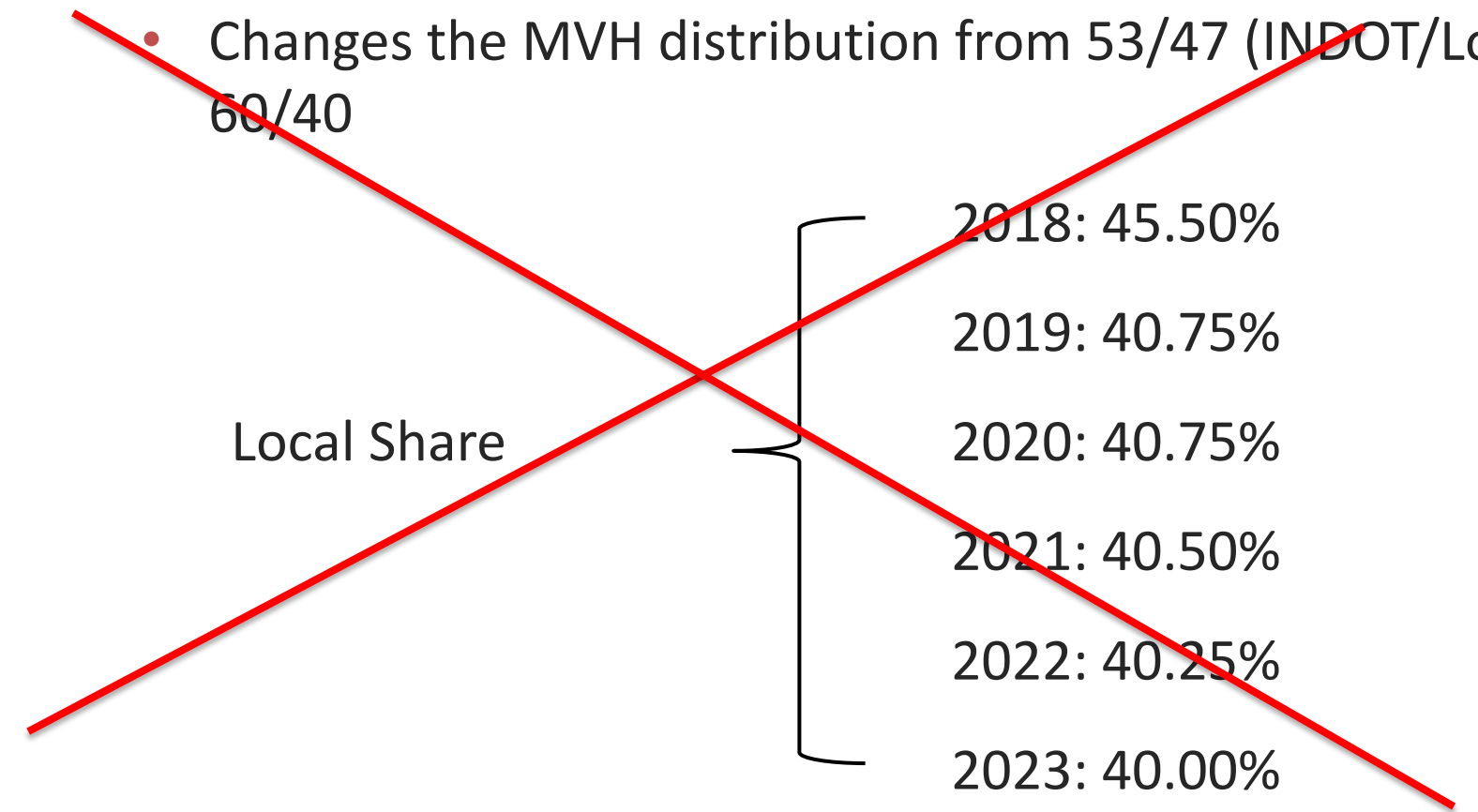
2017: HB 1002

2018: Changes



- 10 cent/gal Gas Tax Increase
 - 10 cent/gal Special Fuel Tax Increases
 - 10 cent/gal Motor Carrier Surtax Increase
 - Increase in IRP
 - Eliminates sales tax on special fuel
 - New requirements on how MVH to be used
- * } Annually Indexed
- 50% to spent on Construction, Reconstruction, Preservation**

- Eliminated the 1 cent/gal to INDOT
- Eliminated the 1 cent/gal to Local MVH
- Eliminated Special Distributions Account
- Changes the MVH distribution from 53/47 (INDOT/Local) to 60/40



2018: Changed to straight 62/38 (INDOT/Local) Split

Indiana Local Road Funding

History: Indiana Gas Tax

Gas Tax

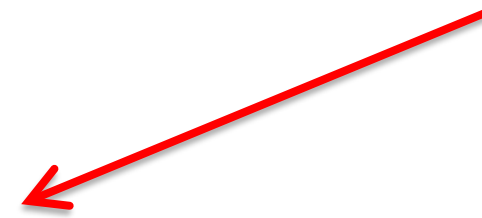
- 1980: 8% or \$0.12 max per gal
- 1985: \$0.14 per gal
- 1988: \$0.15 per gal
- 2002: \$0.18 per gal
- **2017: \$0.28 per gal**
- 2022: \$0.33 per gal
- 2023: \$0.34 per gal
- **2024: \$0.35 per gal**

Special Fuel Tax

- 1980: 8% or \$0.12 max per gal
- 1985: \$0.15 per gal
- 1988: \$0.16 per gal
- **2017: \$0.26 per gal**
- **2018: \$0.47 per gal**
- 2022: \$0.55 per gal
- 2023: \$0.57 per gal
- **2024: \$0.59 per gal**

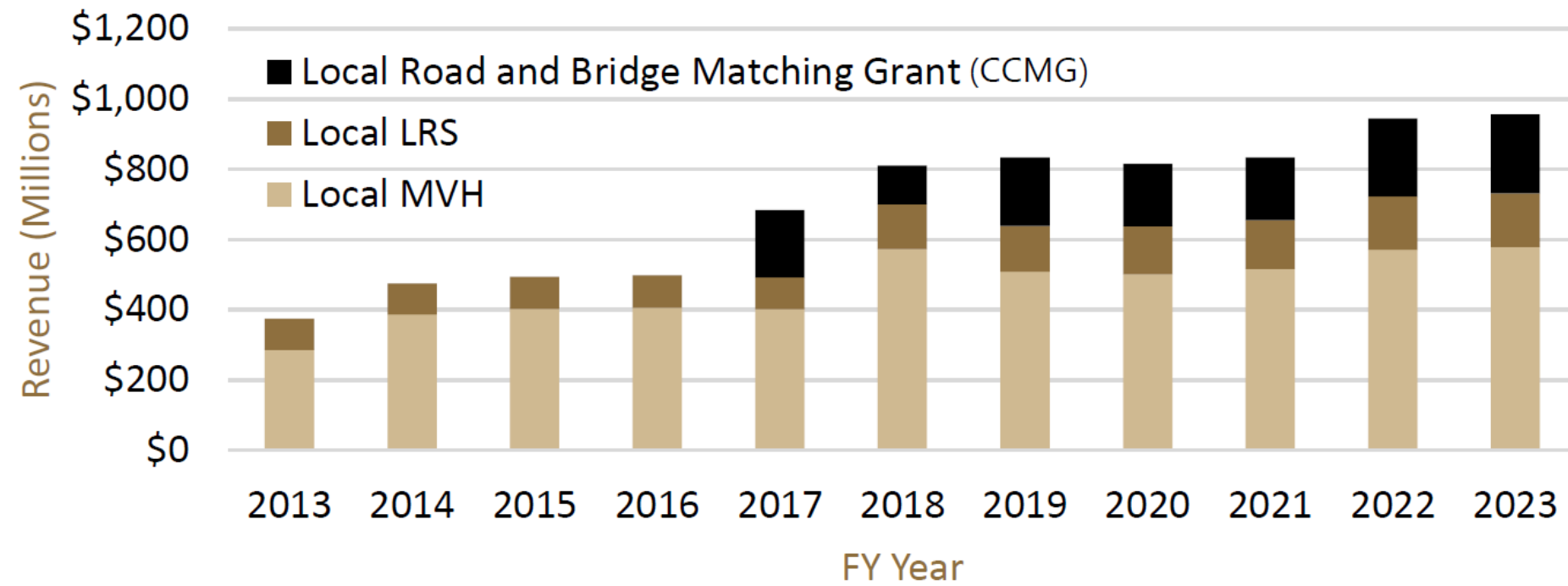
Motor Carrier Surtax

- 1985: \$0.08 per gal
- 1988: \$0.11 per gal
- **2017: \$0.21 per gal**
- **2018: \$0.00 per gal**

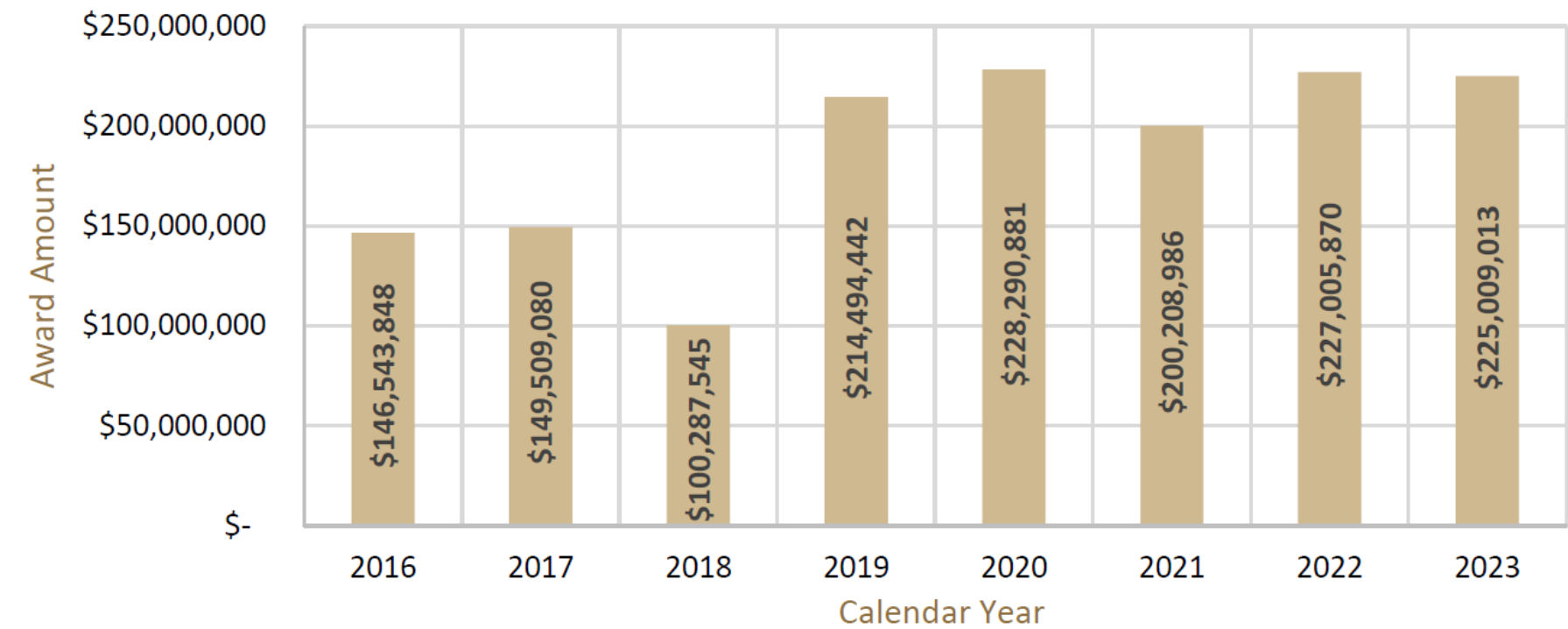


Indiana Local Road Funding

State Generated Road Funding for Local Agencies



Community Crossings Matching Grant Awards



Local agencies have received an increase of \$575 million in state-generated dedicated local road and bridge funding from 2013 to 2023. Note: \$225 million in 2023 is attributed to the Community Crossings Matching Grant program.

INDIANA LOCAL ROAD AND BRIDGE REPORT

- Local road network
- Road funding
- Local bridge network
- Bridge funding
- Local street and highway funding sources
- Local road and bridge funding gap



INDIANA LTAP LOCAL ROAD & BRIDGE REPORT

TECHNICAL REPORT

2024

Indiana Local Roads

Local agencies in Indiana are responsible for 89% of all Indiana centerline miles.

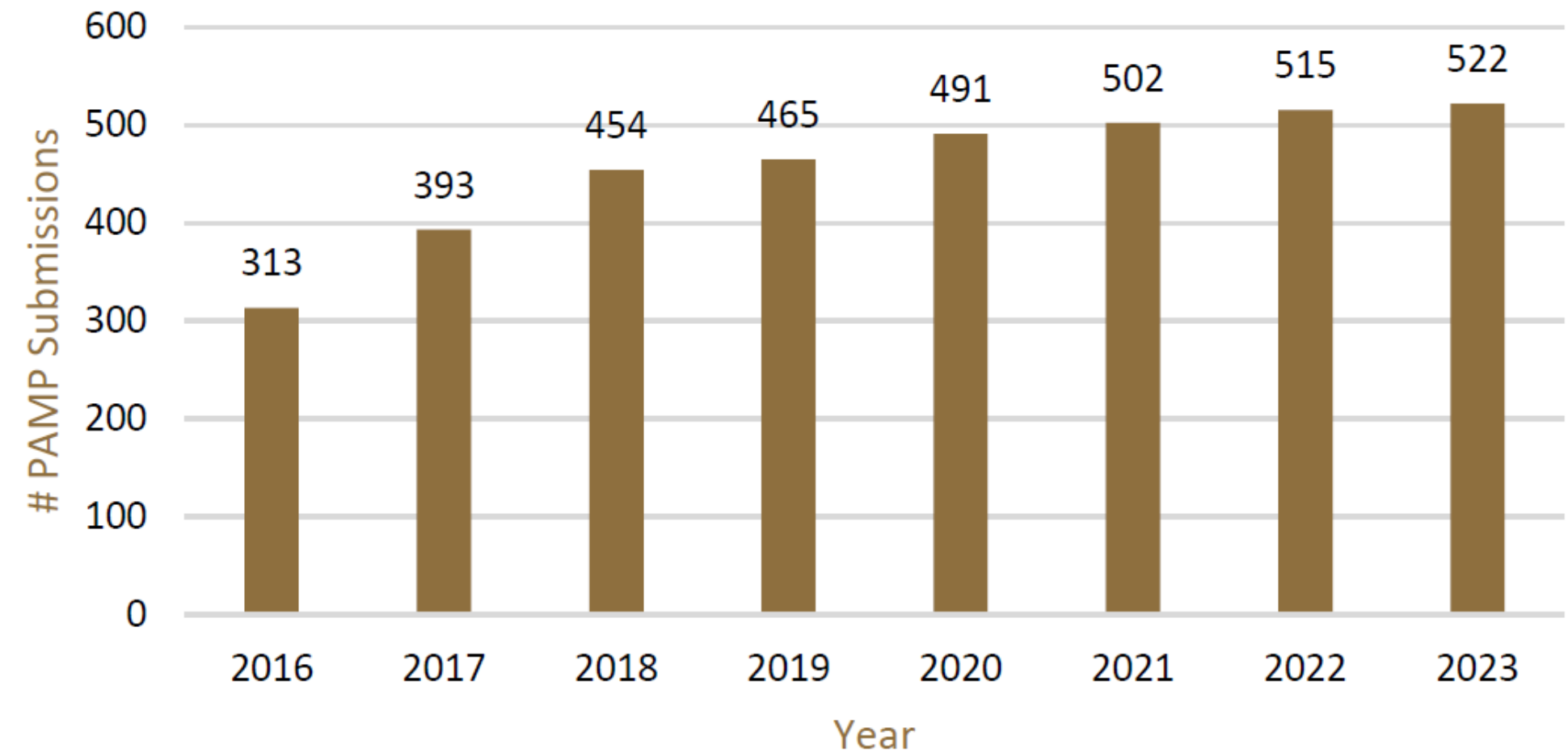


Asset Management Plan Requirements – Page 15

- Objectives and Measures
- Inventory
- 5-Year Treatment Plan

Represents 99% of the existing local road inventory

Pavement Asset Management Plan Submissions



INDIANA LOCAL ROAD AND BRIDGE REPORT

County Pavement Conditions– Page 24

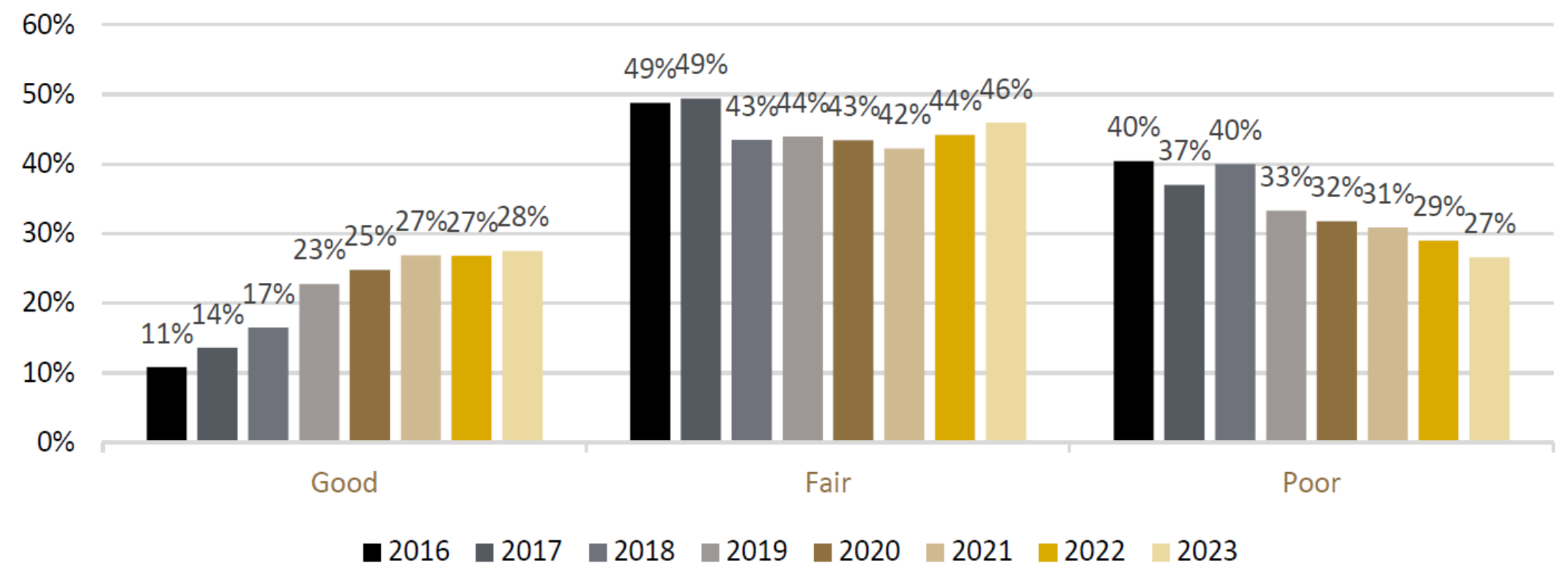
Data Collected (2023):

- 92 counties (Marion County reported with city data)
- 62,977 centerline miles
- 99% of paved road network

Conditions Reported (2023):

- 28% Good
- 46% Fair
- 27% Poor

County Historical Road Condition Summary



Road Funding

Estimates do not include added capacity projects or new road corridors, both of which are essential to a local community's development and growth



INDIANA LOCAL ROAD AND BRIDGE REPORT

Local Road Funding – Page 33

- Estimates are for construction costs only
- Unit costs were derived using INDOT average unit prices

PASER Rating	Condition	Category	Recommended Treatments	Estimated Unit Cost Range (\$/mile)
10	Good	Preservation	Crack Seal, Crack Fill, Fog Seals, Asphalt Rejuvenators	\$1,000 - \$7,500
9				
8				
7	Fair	Minor Rehabilitation	Crack Seal, Chip Seal, Slurry Seal, Cape Seal, Microsurface, Thin Overlay, Mill and Overlay	\$25,000 - \$70,000
6				
5				
4	Poor	Major Rehabilitation / Reconstruction	Structural Overlay (>2"), Concrete Overlay, Patching and Overlay, Reconstruction, Full Depth Reclamation	\$150,000 - \$1,500,000
3				
2*				
1*				

**PASER 2 and PASER 1 are considered failed roads and the only viable treatment is reconstruction which is the costliest pavement treatment for a road facility.*

Local Road Investment Levels – Page 59

***Preserve Network Conditions** – adds years of service life, reduces the percentage of local roads in poor condition to less than 20% of the network, but does not address enough failed roads to "move the needle" on the local network*

***Improve Network Conditions** – adds additional years of service life to the network, further reduces the percentage of poor roads to less than 10% of the network, and addresses failed roads earlier in the network strategy*

***Eliminate Poor and Failed Roads** – eliminates poor and failed roads in the local road network over a ten-year period*

Local Road Investment Levels – Page 59

Investment Levels	Annual Local Road Investment Need over 10-Years		
	City/Town	County*	Total
Preserve Network Conditions	\$ 625,000,000	\$ 635,000,000	\$ 1,260,000,000
Improve Network Conditions	\$ 900,000,000	\$ 1,135,000,000	\$ 2,035,000,000
Eliminate Poor & Failed Roads	\$ 1,150,000,000	\$ 1,535,000,000	\$ 2,685,000,000

**Costs to preserve unpaved local roads (\$35M per year) is included in the county need.*

Preserve Network Conditions – adds years of service life, reduces the percentage of local roads in poor condition to less than 20% of the network, but does not address enough failed roads to "move the needle" on the local network

Improve Network Conditions – adds additional years of service life to the network, further reduces the percentage of poor roads to less than 10% of the network, and addresses failed roads earlier in the network strategy

Eliminate Poor and Failed Roads – eliminates poor and failed roads in the local road network over a ten-year period

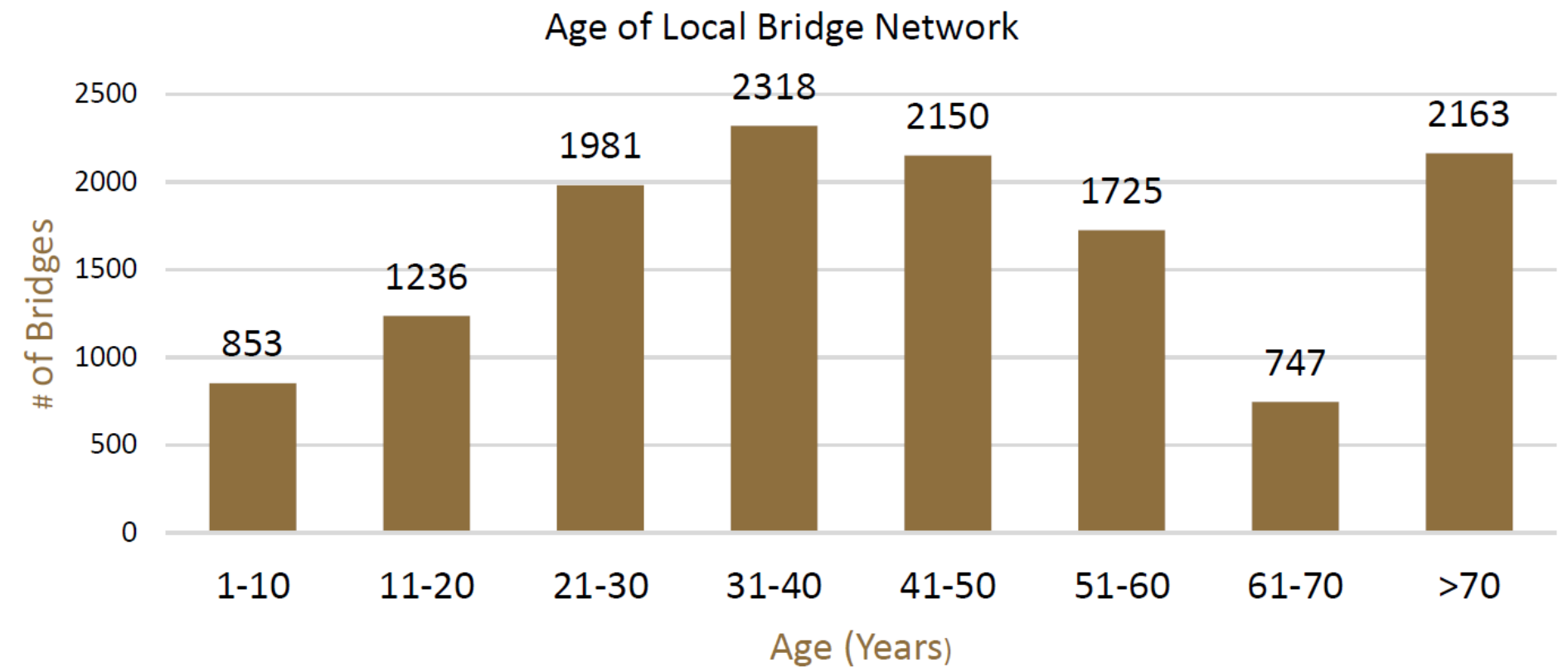
Indiana Local Bridges

Indiana local agencies are responsible for approximately 70% of all Indiana bridges.



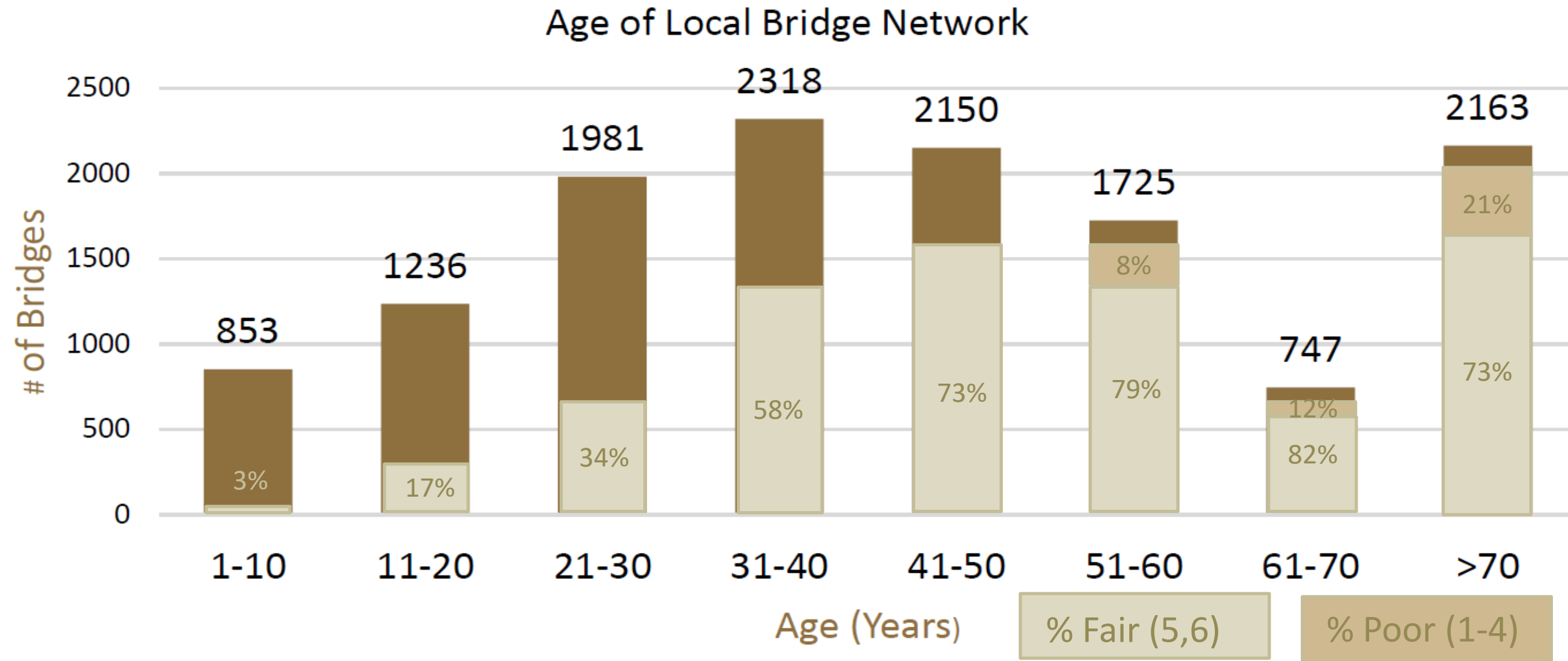
Local Bridge Inventory – Page 51

- A bridge is defined as a structure with a span of 20 feet or greater
- Over 2,000 bridges in the local network are 70 years or older, which is the average lifespan of a bridge



The average age of a local bridge in Indiana is 46 years with 16% of the local bridge network age 70 years or older.

INDIANA LOCAL ROAD AND BRIDGE REPORT



77% of the bridges > 50 years old are in Fair Condition

92% of bridges > 50 years old are Fair or Poor Conidtion

INDIANA LOCAL ROAD AND BRIDGE REPORT

Replacement Criteria

- Separate criteria based on age
- 2,363 bridges \geq 50 years old;
- 746 bridges < 50 years old
- **3,109 bridges need replaced**

Rehabilitation Criteria

- Evaluated for bridges < 50 years
- **598 bridges need rehabilitated**

Preservation Criteria

- Evaluated for bridges < 50 years
- **Included bridges that qualify for a thin polymer overlay treatment**

Replacement Criteria
Bridges \geq 50 Years Old

Element	Condition Rating	Total Bridges
Substructure \leq	6	4,980,790 ft ² 2,363 bridges
Superstructure \leq	5	
Substructure \leq	6	
Deck \leq	5	
Culvert \leq	5	
Substructure \leq	5	

Replacement Criteria
Bridges < 50 Years Old

Element	Condition Rating	Total Bridges
Substructure \leq	5	1,263,658 ft ² 746 bridges
Superstructure \leq	5	
Substructure \leq	5	
Deck \leq	5	
Culvert \leq	5	
Substructure \leq	5	

Rehabilitation Criteria
Bridges < 50 Years Old

Element	Condition Rating	Total Bridges
Substructure \geq	6	1,511,190 ft ² 598 bridges
Superstructure \leq	5	
Substructure \geq	6	
Deck \leq	5	

Local Bridge Funding – Page 56

Annual Local Bridge Investment Need per Treatment Type over 10-Years*

Replacement	\$ 522,200,000
Rehabilitation	\$ 43,300,000
Preservation	\$ 14,300,000
Total Annual Local Bridge Need	\$ 579,800,000

**Costs include estimated construction costs only. Does not include any small structures (<20 ft span), engineering design, construction inspection costs, right-of-way acquisition, or permitting fees.*

Local Road and Bridge Funding

Indiana local agencies utilize many diverse sources of funding to support highway and street department responsibilities.



INDIANA LOCAL ROAD AND BRIDGE REPORT

Annual Local Funding Required for Construction, Reconstruction, and Preservation Activities Only Over a Ten-Year Period – Page 60

Investment Levels	Local Road Need	Local Bridge Need	Total Local Road & Bridge Need	Available Dedicated Funding*	Funding Gap
Preserve Network Conditions	\$1,260,000,000	\$579,800,000	\$1,839,800,000	\$853,217,940	\$ (986,582,060)
Improve Network Conditions	\$2,035,000,000	\$579,800,000	\$2,614,800,000	\$853,217,940	\$ (1,761,582,060)
Eliminate Poor & Failed Roads	\$2,685,000,000	\$579,800,000	\$3,264,800,000	\$853,217,940	\$ (2,411,582,060)

*Available dedicated funding includes MVH-Restricted, LRS, CCMG, wheel tax/excise surtax, and cumulative bridge funds. Not included are MVH Unrestricted funds (\$285M in FY 2023) due to other street and highway department responsibilities.

An annual investment gap of \$987 million to \$2.41 billion is estimated for the local road & bridge network over the next ten years

THANK YOU