

HOUSE BILL No. 1085

DIGEST OF INTRODUCED BILL

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

Synopsis: Road funding. Provides that the amounts currently distributed from the motor vehicle highway account and the local road and street account to counties, cities, and towns based upon the proportionate share of road and street mileage shall instead be distributed based on the proportionate share of road and street vehicle miles traveled. Provides that the Indiana department of transportation shall establish guidelines outlining the procedures required to determine vehicle miles traveled.

Effective: July 1, 2025.

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January 8, 2025, read first time and referred to Committee on Roads and Transportation.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1085



A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

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.141-2024,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]: Sec. 3. (a) The money collected for the motor vehicle
4 highway account fund and remaining after refunds and the payment of
5 all expenses incurred in the collection of the money and after
6 transferring three hundred twenty-five thousand dollars (\$325,000)
7 each month to the motor carrier regulation fund (IC 8-2.1-23), shall be
8 allocated to and distributed among the department and subdivisions
9 designated as follows:

10 (1) Of the net amount in the motor vehicle highway account the
11 state comptroller shall set aside for the cities and towns of the
12 state twelve and thirteen hundredths percent (12.13%). This sum
13 shall be allocated to the cities and towns upon the basis that the
14 population of each city and town bears to the total population of
15 all the cities and towns and shall be used for the construction or
16 reconstruction and maintenance of streets and alleys and shall be
17 annually budgeted as now provided by law. However, no part of



1 such sum shall be used for any other purpose than for the
 2 purposes defined in this chapter. If any funds allocated to any city
 3 or town shall be used by any officer or officers of such city or
 4 town for any purpose or purposes other than for the purposes as
 5 defined in this chapter, such officer or officers shall be liable
 6 upon their official bonds to such city or town in such amount so
 7 used for other purposes than for the purposes as defined in this
 8 chapter, together with the costs of said action and reasonable
 9 attorney fees, recoverable in an action or suit instituted in the
 10 name of the state of Indiana on the relation of any taxpayer or
 11 taxpayers resident of such city or town. A monthly distribution
 12 thereof of funds accumulated during the preceding month shall be
 13 made by the state comptroller.

14 (2) Of the net amount in the motor vehicle highway account, the
 15 state comptroller shall set aside for the counties of the state
 16 twenty-five and eighty-seven hundredths percent (25.87%).
 17 However, as to the allocation to cities and towns under
 18 subdivision (1) and as to the allocation to counties under this
 19 subdivision, in the event that the amount in the motor vehicle
 20 highway account fund remaining after refunds and after the
 21 payment of all expenses incurred in the collection thereof is less
 22 than twenty-two million six hundred fifty thousand dollars
 23 (\$22,650,000) in any fiscal year, then the amount so set aside in
 24 the next calendar year for distributions to counties shall be
 25 reduced fifty-four percent (54%) of such deficit and the amount
 26 so set aside for distribution in the next calendar year to cities and
 27 towns shall be reduced thirteen percent (13%) of such deficit.
 28 Such reduced distributions shall begin with the distribution
 29 January 1 of each year.

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

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

35 (B) Sixty-five percent (65%) of the amount allocated to the
 36 counties to be divided on the basis of the ratio of the actual
 37 **vehicle miles now traveled and in use, of county roads**
 38 **traveled** in each county to the total ~~mileage of county roads~~
 39 **vehicle miles traveled** in the state, which shall be annually
 40 determined, accurately, by the department and submitted to the
 41 state comptroller before April 1 of each year. **The department**
 42 **shall determine total vehicle miles traveled in each county**



1 **according to procedures adopted by the department.**

2 (C) Thirty percent (30%) of the amount allocated to the
3 counties to be divided on the basis of the ratio of the motor
4 vehicle registrations of each county to the total motor vehicle
5 registration of the state. The bureau of motor vehicles shall
6 annually determine the number of motor vehicle registrations
7 by county under this clause and submit its determination to the
8 state comptroller before April 1 each year.

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

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

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

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

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

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

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

37 **(b) The department shall establish guidelines outlining the**
38 **procedures required to determine vehicle miles traveled as**
39 **required under subsection (a).**

40 SECTION 2. IC 8-14-1-11, AS AMENDED BY P.L.9-2024,
41 SECTION 289, IS AMENDED TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2025]: Sec. 11. (a) The department may create



1 a local agency revolving fund from money appropriated under section
 2 ~~3(7)~~ **3(a)(7)** of this chapter for the purpose of maintaining a sufficient
 3 working balance in accounts established primarily to facilitate the
 4 matching of federal and local money for highway projects.

5 (b) The revolving fund balance must be maintained through
 6 reimbursement from a local unit for money used by that unit to match
 7 federal funds.

8 (c) If the local unit fails to reimburse the revolving fund, the
 9 department shall notify the local unit that the department has found the
 10 outstanding accounts receivable to be uncollectible.

11 (d) The attorney general shall review the outstanding accounts
 12 receivable and if the attorney general agrees with the department's
 13 assessment of the account's status, the attorney general shall certify to
 14 the state comptroller that the outstanding accounts receivable is
 15 uncollectible and request a transfer of funds as provided in subsection
 16 (e).

17 (e) Upon receipt of a certificate as specified in subsection (d), the
 18 state comptroller shall:

- 19 (1) immediately notify the delinquent local unit of the claim; and
- 20 (2) if proof of payment is not furnished to the state comptroller
 21 within thirty (30) days after the notification, transfer an amount
 22 equal to the outstanding accounts receivable to the department
 23 from the delinquent local unit's allocations from the motor vehicle
 24 highway account for deposit in the local agency revolving fund.

25 (f) Transfers shall be made under subsection (e) until the unpaid
 26 amount has been paid in full under the terms of the agreement.
 27 However, the agreement may be amended if both the department and
 28 the unit agree to amortize the transfer over a period not to exceed five
 29 (5) years.

30 (g) Money in the fund at the end of a fiscal year does not revert to
 31 the state general fund.

32 SECTION 3. IC 8-14-2-4, AS AMENDED BY P.L.9-2024,
 33 SECTION 292, IS AMENDED TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2025]: Sec. 4. (a) The state comptroller shall
 35 establish a special account to be called the "local road and street
 36 account" and credit this account monthly with thirty-seven percent
 37 (37%) of the money deposited in the highway, road and street fund.

38 (b) The state comptroller shall distribute to units of local
 39 government money from this account each month. Before making any
 40 other distributions under this chapter, the state comptroller shall
 41 distribute E85 incentive payments to all political subdivisions entitled
 42 to a payment under section 8 of this chapter (**before its expiration**).



1 (c) After distributing E85 incentive payments required under section
 2 8 of this chapter (**before its expiration**), the state comptroller shall
 3 allocate to each county the remaining money in this account on the
 4 basis of the ratio of each county's passenger car registrations to the total
 5 passenger car registrations of the state. The state comptroller shall
 6 further determine the suballocation between the county and the cities
 7 within the county as follows:

8 (1) In counties having a population of more than fifty thousand
 9 (50,000), sixty percent (60%) of the money shall be distributed on
 10 the basis of the population of the city or town as a percentage of
 11 the total population of the county and forty percent (40%)
 12 distributed on the basis of the ratio of city and town street ~~mileage~~
 13 **vehicle miles traveled** to county road ~~mileage~~: **vehicle miles**
 14 **traveled.**

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

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

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

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

34 (e) **The department shall establish guidelines outlining the**
 35 **procedures required to determine vehicle miles traveled as**
 36 **required under subsection (c).**

37 SECTION 4. IC 8-23-9-54, AS AMENDED BY P.L.47-2006,
 38 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2025]: Sec. 54. (a) To provide funds for carrying out the
 40 provisions of this chapter, there is created a state highway fund from
 41 the following sources:

42 (1) All money in the general fund to the credit of the state



- 1 highway account.
- 2 (2) All money that is received from the Department of
- 3 Transportation or other federal agency and known as federal aid.
- 4 (3) All money paid into the state treasury to reimburse the state
- 5 for money paid out of the state highway fund.
- 6 (4) All money provided by Indiana law for the construction,
- 7 maintenance, reconstruction, repair, and control of public
- 8 highways, as provided under this chapter.
- 9 (5) All money that on May 22, 1933, was to be paid into the state
- 10 highway fund under contemplation of any statute in force as of
- 11 May 22, 1933.
- 12 (6) All money that may at any time be appropriated from the state
- 13 treasury.
- 14 (7) Any part of the state highway fund unexpended at the
- 15 expiration of any fiscal year, which shall remain in the fund and
- 16 be available for the succeeding years.
- 17 (8) Any money credited to the state highway fund from the motor
- 18 vehicle highway account under ~~IC 8-14-1-3(4)~~: **IC 8-14-1-3(a)(4)**.
- 19 (9) Any money credited to the state highway fund from the
- 20 highway road and street fund under IC 8-14-2-3.
- 21 (10) Any money credited to the state highway fund under
- 22 IC 6-6-1.1-801.5, IC 6-6-4.1-5, or IC 8-16-1-17.1.
- 23 (11) Any money distributed to the state highway fund under
- 24 IC 8-14-14, IC 8-15.5, or IC 8-15.7.
- 25 (b) All expenses incurred in carrying out this chapter shall be paid
- 26 out of the state highway fund.
- 27 SECTION 5. IC 8-23-15-1 IS AMENDED TO READ AS
- 28 FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 1. The department shall
- 29 periodically inventory the mileage, **vehicle miles traveled**, and use of
- 30 the local road systems under the jurisdiction of the counties and the
- 31 street systems under the jurisdiction of municipalities.
- 32 SECTION 6. IC 8-23-15-4 IS AMENDED TO READ AS
- 33 FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 4. The department shall
- 34 use the inventory developed under this chapter in its annual
- 35 certification of county road ~~mileage~~: **vehicle miles traveled**.

