Use of Expected Results of
The Indiana Highway Needs Study

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Highway Needs Study Committee

Each session of the Indiana General Assembly is faced with a different set of problems but always at the top of the list in importance are two items—schools and highways. We begin each session with agreement that Indiana should have the best possible school system and the best possible roads and streets. As the session wears on, however, and we get into the specifics of just how good these government services should be and who should pay for them, the wheels of representative government sometimes grind on very slowly.

I've mentioned the two—schools and highways—together because to legislators they have much in common. These two involve by far the largest items to the state's budget. The state collects general revenues and distributes a large percentage of these monies back to local government for schools. The state collects revenues from the Motor Fuel Tax and registration fees and distributes nearly half back to the local units of government. The distribution checks by themselves don't give us schools or roads. It takes competent and efficient local government to use these funds to the best advantage. The legislature can enact laws that set guidelines but the execution of good school programs and good highway plans rest with the people elected and appointed to positions of local governmental responsibility.

Each legislature in which I've served has considered, and often enacted, legislation dealing with highway management, how state collected highway funds can be used, and often permitting local communities to take steps which they feel will improve their road and street programs. We consider closely the State Highway Commission's proposed budget in the same sense as county or city councils review local budgets.

In recent years, an interim highway study committee has been authorized by each session of the General Assembly to study, with much help from people in the highway industry and in government, highway problems and to make recommendations to the next legislature. Many of the questions which have been explored by these committees, especially the financial questions, have been difficult ones. Each
question seemed to raise more questions until it became apparent that any major change in financing Indiana's roads and streets would require a detailed needs study of each system. With facts developed as a result of the current highway study the legislature should be in a position to give the citizens of Indiana a sound basis for building, maintaining and operating their road systems.

The establishment, in 1937, of the Motor Vehicle Highway Account has proved to be a sound method of managing highway funds collected from several sources and then distributed to those agencies and units of government with highway responsibilities. The last major change in the distribution formula was made in 1949. Many legislators have felt the distribution formula should be examined and, if necessary, changed. Legislation to this effect has been introduced in each of the recent sessions. As a matter of fact, in one session my name appeared as author of a bill which would have changed the formula. But even if we had agreed that a change should be made, the question of how the formula should be changed and how much always led us down a dead end road where solidly based information was needed to arrive at the answer—and none was available.

Who should pay for the roads and streets is another perennial question. Indiana, according to recent comparative studies, finances a larger share of highway costs from the highway user than do nearly all other states. There is a case to be made that the nonuser also benefits from our highways in lower transportation costs and certain parcels of real estate are enhanced in value by highways. If this is true, then perhaps a greater share of the cost of highways should be paid from general revenues, but again the question—how large a share? Indiana highway users also point out that the personal property tax paid on autos and trucks, when considered a user cost, puts Indiana at, or near, the top of the list of states in taxes imposed on highway users. There are many sound reasons for using autos and trucks as part of the property tax base, particularly, since the dropping of the household tax. It gives property tax a broader base and causes persons who would contribute little or nothing otherwise to local government to assume at least a share of their responsibility. My purpose here today is not to argue the pros and cons of state finance, but rather to give you an insight into the questions of policy which must be met by your legislators. I do feel that the 1967 legislature will have a great advantage over past legislatures while acting upon highway questions as a result of this highway needs and fiscal study.

As I've watched this study develop and listened to engineers, economists and representatives of the various interested groups, I'm con-
vinced that each will benefit from the study along with all the citizens of Indiana. Perhaps we are reaching for an idealistic goal, and the ideal situation is difficult to reach in state government, but with the tools provided by this study the 1967 legislature should be able to give local government fair consideration in both money and authority. The state, with its increasing responsibilities in both rural and urban areas and the maintenance problems imposed by the interstate system, should be able to support its case, too, for a fair share of the state's highway user revenues. The decisions which are made probably won't please everyone, but the opportunity for your elected representatives will be here to build a solid and equitable base for the financing and operation of Indiana's roads and streets for at least 20 years. By visiting here with you today, we've tried to point out the difficulty in reaching fair and equitable decisions in highway finance. Next January, the senator and representatives from your communities will consider the recommendations, whatever they may be, of this committee. I hope I've been able to make the point that these recommendations will have a solid basis in facts and that, with support from persons like yourselves, should be enacted into sound legislation benefiting all of Indiana.