

March 1, 2013

Attn: Local Public Agency (LPA) Official

Dear LPA Official:

Attached is a copy of the *2005 Summary of Highway Revenues, Distributions, and Expenses for Indiana Counties, Cities & Towns*. This report is as accurate as the information made available to us. Many sources were used to gather the information contained herein. The 2004 County Operational Report (No. 16) and the City and Town Operational Report (No. 225) were used extensively. Please review the information contained in this report carefully, especially for your own LPA. If you discover erroneous or missing information, please inform us so future versions of this report will be more accurate. The cities and towns listed in this report are only those who have filed a Form 225 i.e., population of 20,000 or greater (IC 8-17.4.1) or who are located in a county that has passed the LOHUT. If your city or town is not listed and you are using innovative financing for your roads and streets, please contact us for additional information.

We would like to draw your attention to the Appendix of this report. In the Appendix, you will find a flow chart detailing how the Motor Vehicle Highway Account (MVHA) and the Local Road and Street Account (LRSA) monies are distributed among the LPAs of Indiana. To further help you understand this flow chart, we have designed a spreadsheet that calculates the distribution amounts for individual counties, cities, and towns. If your agency would like an electronic copy of this spreadsheet, contact our office and we will be happy to send you one.

Lastly, we would like you to know that some of the funding formulae are based on population. The 2000 Census data went into affect in May 2002. You can also request a special census count before 2010 if your area under goes unusual growth. You can obtain a special census count by calling the United States Department of Commerce, Bureau of Census at 301-457-1722.

It is our hope that your LPA will find this report useful and informative. We plan to publish this report at least every two years. All of these tables are available in Microsoft Excel format. Contact our office if you desire a copy of the spreadsheets. If you have questions or comments feel free to contact us at the address below or by calling 1-800-428-7639.

Sincerely,

Tom Martin
Program Manager
Indiana LTAP

***2005 Summary of Highway
Revenues, Distributions, & Expenses
for
Indiana Counties, Cities & Towns***

October 2005
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compiled by

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**A SUMMARY OF HIGHWAY REVENUES, DISTRIBUTIONS, AND EXPENSES
FOR
INDIANA COUNTIES, CITIES, AND TOWNS**

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INTRODUCTION

This report provides information on revenues, distributions, and expenses of state and local governments for highway, road and street work. Since the Motor Vehicle Highway (MVH) and Local Road and Street (LRS) Accounts are the principal source of funds for local road or street construction and maintenance operations, this summary may be used to see the trends in income sources and in the expenses charged to the funds prior to their being distributed to the highway, road and street agencies.

This report contains 22 Tables divided into 3 Sections. Section 1 presents the different revenues available. Section 2 presents the distribution of the revenues. In Section 3, you will find tables on expenses. It is interesting to note that many agencies report administrative and operating expenses roughly equal to their MVH distribution. This leads to the conclusion the only funds available for road and street improvements are the LRS monies.

Included in this report are all known funds used for highway and street construction and maintenance. These funds include, but not limited to: LOHUT, CAGIT, COIT, CEDIT, County General Fund, the Distressed Road Fund, River Boat Revenues, Bridge Funding and any Federal-Aid Funding granted for specific use in a local government.

For user information purposes, a table is included showing Highway and Street Department Statistics, i.e., population, miles of road, registered vehicles, etc. Some of these statistics are used in the funding allotment formulae.

At the end of this report, a flow chart shows the distribution of MVH and LRS monies. Just before the chart is a spreadsheet showing the actual calculations of different allotments. A copy of this spreadsheet is available on diskette from the Indiana LTAP office. Contact us if you would like to study and use it to understand how your particular highway or street department allocation is calculated. It also will help you understand what factors weigh heaviest in deciding how many dollars you receive and the impact of changes to any of the factors in the formulae. You will then find four Attachments that help clarify Motor Vehicle Highway Account uses, Local Road and Street Account uses, the detailed explanations of Federal Aid Funds, the history of the Gas Tax in Indiana.

The fiscal years of the various funding source, from which the tables are prepared, are not all the same. Some are calendar year, some are state fiscal year (July 1 to June 30) and some are federal fiscal year (October 1 to September 30). To assist in understanding the funding cycles, annotations are presented detailing the source of funds, the authority for the funds and the fiscal year for which the funds are distributed.

EXECUTIVE SUMMARY

The 2005 Summary of Highway Revenues, Distributions and Expenses shows significant changes in the funding available for local governments and the evolving funding options many local governments are using to fund their transportation needs. Revenue from a variety of sources and more reliance on local funding is evident in the annual operations reports. Supplemental revenues being used by counties, cities and towns include the financial institution tax, commercial vehicle excise tax, cigarette taxes, inn keeper taxes, and in some southern counties, funds from national forest distributions. While not a significant source of funds in governments with smaller populations, the presence of these funds clearly shows that local government officials understand the importance of their local transportation systems and are finding the means to ensure funding.

County Supplemental funding is down over previous years. Gaming revenues, Build Indiana Funds and county option income taxes are down significantly. The Build Indiana Funds are no longer available, and the total state Riverboat Funds decreased from a high of more than \$127 million in 2002 to \$80 million in 2004. The portion of these funds used for transportation decreased from \$18 million to just under \$12 million over the same time period. Funds such as the Financial Institution Tax (FIT), the Commercial Vehicle Excise Tax (CVET) and the Auto and Aircraft Excise Tax brought in \$1.5 million to Indiana county highway departments in 2004.

County option vehicle taxes more than doubled due to an increasing number of counties enacting the Local Option Highway User Tax (LOHUT). Forty-three counties now have a LOHUT tax in place, and several more are considering the tax. Total 2004 revenue for this category was approximately \$50 million. LOHUT alone brought in almost half of the supplemental revenues, and this source of revenue is projected to become even more prominent in future county budgets.

Based on data supplied by the State Auditors office and included in Table 8, Indiana counties received a total of \$274 million from the Motor Vehicle Highway (MVH) and Local Roads and Streets (LRS) distributions. Counties also raised approximately \$110 million in supplemental funding. This supplemental funding represents 29% of the total funding for MVH, LRS and Supplemental revenue.

City and town supplemental funding was robust for 2004. Bond funding provided the vast majority of supplemental revenue for city and town projects, \$54 million. Municipal Option Income Taxes consisted of the second largest amount of funds with more than \$20 million. The MVH and LRS funding to cities and towns for 2004 was \$144 million. The supplemental funding for cities and towns was approximately 40% of the total transportation funding in 2004.

Total distributions of LRS and MVH funds for counties, cities and towns increased in 2004 over 2003 levels. The MVH distribution was \$274,317,654, and LRS was \$144,199,728. The 10 year trend shows these funds increasing an average of 3.5% per year. Federal aid distributions were up over 2003 levels, but down significantly from the early 90's. Total funds distributed in 2004 were \$133 million, up \$4 million from 2004, but down approximately \$39 million from 2002.

County expenditures from these funds were down over previous years. MVH and LRS expenditures totaled \$280 million. City and Town expenditures were approximately \$98 million, similar to 2003 expenditures.