

Motor Vehicle Highway (MVH) Distribution Changes

**Auditor of State's Office Presentation
100th Annual Purdue Road School
March 11, 2014**

**Presented by
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100th ANNUAL PURDUE ROAD SCHOOL
MARCH 11, 2014

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MVH Distribution Changes

- **A substantial change in the MVH Monthly Distribution happened with the passage of HEA 1001-2013. The August 2013 distribution was the first distribution to reflect the change**
- **On the next few slides I will present the MVH Distribution calculation prior to the August 2013 distribution**
- **Following those slides I will repeat the slides with a line through the items that will no longer be a part of the calculation and present the one new item to the distribution calculation**
- **Lastly I will give you the results of these changes**

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MVH Monthly Distribution Calculation Prior to August 2013 Distribution

- **First step, determine amount available**
- **Amount available equals**
 - Revenues for the month
 - Minus net expenses for the month
 - Net expenses equals gross expenses minus state police and forensic science reimbursements from
 - State general fund
 - Motor carrier fund
- **Second step, allocate amount available**
 - 53% INDOT
 - 32% Counties
 - 15% Cities & Towns
- **Third step, adjust allocations**
 - Statutory adjustments
 - One cent gas tax adjustment
- **Final step, distribute adjusted allocations**

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MVH Revenues Prior to August 2013 Distribution

- 75% of 14 cents of the gas tax after the first \$25M collected
- 75% of the special fuel gas tax after the first \$25M collected
- 45.5% motor carrier surtax
- Motor Carrier Fund balance exceeding \$500K at fiscal year end
- Vehicle registration and title fees not including 1969 increase
- \$3.6M of the state's share of court cost
- State police expense reimbursements from:
 - Motor Carrier
 - Toll Road
 - Gaming Commission
- State Police, BMV, Traffic Safety Programs, School Safety Programs miscellaneous revenues

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MVH Expenses Prior to August 2013 Distribution

- 61.3262% state police expenses
- 61.4% forensic science expenses
- Department of revenue fuel tax collection expenses
- BMV expenses not including license branch expenses
- Vehicle license plate production expenses
- Traffic safety programs
- School safety programs
- Fuel tax refunds

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MVH Allocation Adjustments Prior to August 2013 Distribution

- **Statutory adjustments**
 - IC 8-14-1-10 Covered Bridge Distributions to counties reduce the INDOT, County and the City and Town allocations
 - IC 8-17-5-8 & 11.1 County Engineer Distributions to counties reduce the County allocation
 - IC 8-14-1-3(6), IC 8-23-2-5(7) LTAP Budget and IC 8-23-5-7 Access Road construction expenses reduce the County and the City and Town allocations

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MVH Allocation Adjustments Prior to August 2013 Distribution

- **1 Cent Gas Tax Allocation Adjustment**
 - One cent of the 2003 three cent gas tax increase is distributed to counties, cities and towns through the MVH Distribution
 - This is done by increasing the County and increasing the City and Town MVH allocations by their proportional share of the one cent gas tax
 - 1 cent of the 18 cent gas tax is deposited into a separate state fund
 - The County MVH allocation is increased by 68% of the gas tax deposited into the separate fund
 - The City and Town MVH allocation is increased by 32% of the gas tax deposited into the separate fund

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MVH Distributions of Adjusted Allocations Prior to August 2013 Distribution

- **INDOT adjusted allocation is transferred from MVH Fund to INDOT state fund**
- **County adjusted allocation is distributed to counties and is allocated between counties as follows**
 - 5% distributed equally
 - 65% distributed by county road mileage basis
 - 30% distributed by vehicle registration basis
- **City and Town adjusted allocation is distributed to cities and towns and is allocated between cities and towns on the basis of population**

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MVH Monthly Distribution Calculation After July 2013 Distribution

- First step, determine amount available
- Amount available equals
 - Revenues for the month
 - ~~Minus net expenses for the month~~
 - ~~Net expenses equals gross expenses minus state police and forensic science reimbursements from~~
 - ~~State general fund~~
 - ~~Motor carrier fund~~
- Second step, allocate amount available
 - 53% INDOT
 - 32% Counties
 - 15% Cities & Towns
- Third step, adjust allocations
 - Statutory adjustments
 - One cent gas tax adjustment
- Final step, distribute adjusted allocations

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MVH Revenues After July 2013 Distribution

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- Motor Carrier Fund balance exceeding \$500K at fiscal year end
- Vehicle registration and title fees not including 1969 increase
- \$3.6M of the state's share of court cost
- ~~State police expense reimbursements from:~~
 - ~~Motor Carrier~~
 - ~~Toll Road~~
 - ~~Gaming Commission~~
- ~~State Police, BMV, Traffic Safety Programs, School Safety Programs miscellaneous revenues~~
- **NEW REVENUE - 1% of sales tax collections**

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MVH Expenses

After July 2013 Distribution

- ~~• 61.3262% state police expenses~~
- ~~• 61.4% forensic science expenses~~
- ~~• Department of revenue fuel tax collection expenses~~
- ~~• BMV expenses not including license branch expenses~~
- ~~• Vehicle license plate production expenses~~
- ~~• Traffic safety programs~~
- ~~• School safety programs~~
- Fuel tax refunds

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MVH Allocation Adjustments

After July 2013 Distribution (no changes)

- Statutory adjustments
 - IC 8-14-1-10 Covered Bridge Distributions to counties reduce the INDOT, County and the City and Town allocations
 - IC 8-17-5-8 & 11.1 County Engineer Distributions to counties reduce the County allocation
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MVH Allocation Adjustments After July 2013 Distribution (no changes)

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 - This is done by increasing the County and increasing the City and Town MVH allocations by their proportional share of the one cent gas tax
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MVH Distributions of Adjusted Allocations After July 2013 Distribution (no changes)

- **INDOT adjusted allocation is transferred from MVH Fund to INDOT state fund**
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 - 5% distributed equally
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**Estimated Changes in Amount Available for
MVH Distributions
After July 2013 Distribution**

- Based on actual CY2012 data the increase in amount available for distribution to INDOT, Counties, Cities and Towns from the
 - Elimination of expenses is as follows
 - State police and forensic sciences \$95,144,080
 - BMV \$39,230,417
 - Dept of revenue fuel tax collection \$9,784,042
 - Traffic Safety \$621,578
 - New revenue to MVH Distribution
 - 1% of CY2012 sales tax \$66,937,356
- Based on actual CY2012 data the decrease in amount available for distribution to INDOT, Counties, Cities and Towns from the
 - Elimination of miscellaneous revenues is as follows
 - State Police, BMV, Traffic Safety Programs, School Safety Programs miscellaneous revenues expenses \$4,600,978

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**Estimated Increases in Amount Available
for MVH Distributions
After July 2013 Distribution**

- Based on actual CY2012 data the total increase in the amount available for distribution is
 - \$207,128,158
- 32% of the \$207,128,158 or \$66,281,011 is an increase to Counties
 - A 36% increase in county distributions
- 15% of the \$207,128,158 or \$31,069,223 is an increase to Cities and Towns
 - A 36% increase in city and town distributions

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**Actual Increases in Amount Available for
MVH Distributions
August 2013 to February 2014**

- For the period of August 2013 to February 2014 compared to the period of August 2012 to February 2013
 - MVH revenues increased by
 - \$40.6 million
 - MVH expenses decreased by
 - \$87.3 million
 - The result of the increase in revenues and the decrease in expenses is an increase in the amount available for distribution of
 - \$127.9 million

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**Actual Percentage Increases in
MVH Distributions
August 2013 to February 2014**

- For the period of August 2013 to February 2014 compared to the period of August 2012 to February 2013
 - Total distributions to counties have increased by
 - 45% (estimated increase 36%)
 - Total distributions to cities and towns have increased by
 - 45% (estimated increase 36%)
 - Individual county, city or town results may differ due to changes in one or more of the distribution factors
 - Mileage and/or vehicle registrations for counties
 - Population count for cities and towns

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Other Local Highway Funding State Distributions

- **Local Road and Street (LRS)**
 - IC 8-14-2
- **Accelerated Motor Vehicle Highway #1 (MVH#1)**
 - IC 6-6-1.1-801.5 & IC 6-6-2.5-68
- **Accelerated Motor Vehicle Highway #2 (MVH#2)**
 - IC 6-6-1.1-801.5 & IC 6-6-2.5-68

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LRS Distribution

- **Frequency - Monthly**
- **LRS distribution is a distribution of fuel taxes and vehicle fees**
- **There are no expenses deducted or adjustments to allocations**
- **Fuel taxes and vehicle fees are:**
 - 25% of 14 cents of the gas tax after the first \$25M collected
 - 25% of the special fuel gas tax after the first \$25M collected
 - 1969 increase in vehicle registration and title fees
- **Allocations of fuel taxes and vehicle fees**
 - 55% INDOT
 - 45% Counties, Cities and Towns

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LRS Distribution of Allocations

- **INDOT allocation is transferred to INDOT state fund**
- **Distribution of 45% Counties, Cities and Towns allocation is a two step process**
- **First step determines the total county allocation**
- **Second step allocates the total county allocation between the county and the cities and towns within the county**

LRS Distribution of 45% Counties, Cities and Towns Allocation

- **In the first step of the two step distribution process the 45% allocation is allocated between all 92 counties on the basis of passenger car registrations**
- **In the second step of the two step distribution process the first step allocation is allocated between the county and the cities and towns within the county on the basis of road and street mileage and population**

Step Two of the Two Step LRS Distribution Process

- The road mileage allocation percentage and the population allocation percentage used to allocate the step one amount in step two varies according to the total population of the county
- The percentages for counties with a total population of 50,000 or less
 - 80% allocated by road mileage
 - 20% allocated by population
- The percentages for counties with a total population greater than 50,000
 - 40% allocated by road mileage
 - 60% allocated by population

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MVH#1 & MVH#2 Distributions

- **MVH#1 and MVH#2 Distributions are distributions of fuel taxes**
- **Fuel taxes**
 - First \$25M of 14 cents of the gas tax
 - First \$25M of special fuel tax
- **Allocations**
 - 40% INDOT
 - 60% Counties, Cities and Towns

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MVH#1 & MVH#2 Distributions

- One-half of the 60% Counties, Cities and Towns allocations is designated MVH#1
- MVH#1 is distributed to counties, cities and towns using the LRS Distribution Formula
- The other half of the 60% Counties, Cities and Towns allocations is designated MVH#2
- MVH#2 is distributed to counties, cities and towns using the MVH Distribution Formula

Gas Tax Distribution Recap

- 18 cent gas tax
 - First 4 cents
 - 2 cent State Highway Road Construction and Improvement Fund (deposited directly to fund)
 - 1 cent INDOT (deposited directly to INDOT Fund)
 - 1 cent counties, cities and towns distributed through MVH Distribution (increase to MVH allocation)
 - Remaining 14 cents
 - First \$25M collected in fiscal year distributed through MVH#1 and MVH#2 Distributions
 - After first \$25M is collected and distributed, then for the remainder of the fiscal year
 - 75% MVH
 - 25% LRS

Special Fuel Tax Distribution Recap

- **16 cent special fuel tax**
 - **First \$25M collected in fiscal year distributed through MVH#1 and MVH#2 Distributions**
 - **After first \$25M is collected and distributed, then for the remainder of the fiscal year**
 - **75% MVH**
 - **25% LRS**