GOVERNMENTAL COOPERATION
IN TRANSPORTATION ACTIVITIES

(Panel Discussion-Part IV)

Federal-State-Local Relations In Road Building

JAMES R. WILLIAMSON
Mayor
West Lafayette, Indiana

CITIES AND TOWNS ARE NOT GETTING AN EQUITABLE SHARE OF REVENUE

I'm sure you are aware when one is asked to remark upon the subject of intergovernmental relations either as it relates to road building or any other phase of governmental responsibility, you know in advance that you are going to hear a biased and prejudiced view. My remarks do not depart from this premise.

The experience of cities and towns in Indiana in dealing with their partners in government, the counties, the state, and the federal government, has been one of disappointment and struggle. We have been disappointed in the failure of otherwise responsible officials to recognize that the unit of government with 70 percent of the population is entitled as a matter of equity and right to a greater share in the revenue collected for the purpose of preforming what I would like to call people functions. Since road building is most definitely a people function and since, as we have so often said, cities and towns contain 70 percent of the people in the State of Indiana, there must be something basically wrong with a legislative scheme which collects user taxes from all the people and returns only 15 percent to the governmental unit responsible for serving 70 percent.

STATE HIGHWAY FUNDS JUSTIFIED

Now we recognize that state highways constitute a great financial burden upon all the population of the state and provide a most necessary conduit for transportation. We, therefore, find nothing objectionable to the majority of the funds collected going to the State Highway Commission for the construction and maintenance of the major arteries, without which Indiana and its people would perish. By the same token, we expect the state to assume all of its obligations.

CRITICISM AIMED AT VEHICLE HIGHWAY ACCOUNT FORMULA

It must be obvious by now that I am aiming most of my criticism at the Motor Vehicle Highway Account formula which bears no relationship between the *use of roads* and the *amount of funds granted* for the construction and maintenance of these roads. I am sure you know that I am speaking of the many, many miles of almost unused county roads which figure so largely in determining the amount of money which units of local government receive from state-collected taxes and fees.

The Motor Vehicle Highway Account allocation was first developed in 1937 and the General Assembly allocated to cities and towns the munificent sum of $2,000,000 per year. Of the remainder, one-third went to the counties. At that time, Indiana cities and towns had a population of 2,439,000 which represented 64.5 percent of the state's people.

In 1941 the formula was changed and the cities were allocated $3,000,000. The 1941 city and town populations as compared with the total represented 64.8 percent.

In 1949 the General Assembly changed the formula again and established as the amount to go to cities and towns 15 percent of the net amount in the Motor Vehicle Highway Account. Under the new formula, the counties receive 32 percent, more than twice the amount allocated to cities and towns. Interestingly enough prior to the 1949 amendment, when the cities were receiving $3,000,000, the counties were allocated $3,050,000.

In 1949 at the time of the most recent amendment the percentage of people living in urban Indiana was 66.2 percent. Twenty years later in 1970, with 71 percent of the people living in cities and towns, the formula still provides the same ridiculously low 15 percent as it did in the immediate post World War II era.

VETO OF H.B. 1415 SEEN AS A SETBACK TO EQUITABLE TREATMENT

Without resorting to statistics, it is obvious to anyone who has been through our state, that the cities require grater assistance in developing surface transportation. During the last session of the General Assembly our association sponsored H.B. 1415 which would have required the State Highway Commission to build the storm drain sewers necessary to drain state highways which are constructed through the annexed areas of cities and towns. Since this is the practice in the unincorporated areas of the state, and since the State Highway Commission receives such a lion's share of the user taxes collected, it seemed appropriate for everyone to endorse this measure. And, although it did in fact pass both houses of the General Assembly by nearly a unanimous ballot, the governor, evidently not recognizing the true fiscal impact of the measure on *property taxpayers,* vetoed this measure because of its supposed harmful fiscal effect. Much soul searching on my part fails to reveal how this can affect any fiscal structure since the money for construction is appropriated to the State Highway Commission, and most always on a matching fund basis. It is my sincere hope that the 1971 session of the General Assembly will pass this measure again and the governor will in fact realize the benefits which would be obtained by signing such a measure into law, a measure which merely corrects an unfair treatment to cities and towns. Equal treatment is all we ask for.

COUNTY BRIDGE TAXING CRITICIZED

One of the most interesting aspects of intergovernmental relations in regard to highway construction revolves about the legislation which enables counties to levy tax for the construction of bridges. Although the tax is collected from all the taxpayers which in many jurisdictions means that the city taxpayers are paying upwards of 70 percent to 90 percent of the bill, past experience reveals that pitifully few bridges were built within the incorporated cities and towns. As a result, the General Assembly granted permission to the cities and towns to levy their own cumulative bridge fund taxes. Unfortunately, the taxpayer in the city which has decided to levy a bridge tax must still pay the levy which was established by the county even though there is little likelihood he will ever receive any direct benefit therefrom. I am sure you will all agree with me that this is no way to run a railroad and any measure which eliminates double taxation should be supported by all.

There really is no necessity for such discussions, and if county officials responsible for the construction of these very necessary bridges will realize that the cities are a most important part of their jurisdiction and that bridge building within its cities is as needed as it is out in the country, then there would be no necessity for eliminating double taxation since there would be no need for a city to establish its own cumulative bridge fund.

COUNTY OFFICIALS ARE ASKED TO COOPERATE IN DEVELOPING BENEFITS FOR ALL PEOPLE

As a mayor, I appeal to all county officials in this audience to recognize that it is the taxpayers within the incorporated cities and towns who not only vote for you but also provide an overwhelming majority of the funds which you have the responsibility of administering. The doors of every city hall in the state are open to county officials who wish to cooperate in developing governmental schemes which will truly benefit all the people within each county and within the State of Indiana. This is the true meaning of better intergovernmental relations.