will be $10,000 a year and the total savings at the end of the tenth year will have been $100,000 instead of $55,000, as under the "pay-as-you-go" plan. The $25,000 per year available funds will be ample to pay the interest and retire the bonds.

I do not, by any means, recommend indiscriminate bond issues, but I wish to call attention to the fact that, when properly used, this is a sound financial policy. It is adopted by the majority of our largest and most successful corporations and there are doubtless many cases where it can be used to advantage in connection with highway construction.

Another point to which I should like to call attention in the general matter of highway finance is the fact that if the people of the United States pay out, say $1,000,000,000, in a year for roads it does not mean that the "annual" highway cost for that year is $1,000,000,000. The annual cost is the sum of one year's depreciation, plus interest and maintenance costs for all the roads in the country, and the rest is a capital expenditure to be enjoyed in future years.

CONCLUSIONS

To summarize, I may say that, in my opinion, all highway projects should be analyzed as to costs and savings to be sure that they are economically justified. I may add that in most cases the annual savings far exceed the annual costs.

Motor vehicle taxes should be so divided among the state, counties, and the cities that the motorists will receive the greatest benefits for what they pay.

If the motor taxes, when so divided, do not furnish enough funds for local roads, I can see no fair and just way to make up the difference except by taxation of local property.

AN INTERPRETATION OF THE NEW INDIANA ROAD LAWS

By W. M. Holland, Executive Secretary, Indiana Highway Constructors, Inc., Indianapolis, Indiana

The subject assigned me has been construed to cover the measures enacted at the special session of the 77th General Assembly, begun on the 7th day of July, 1932. I shall endeavor to interpret these laws in their order of importance to this assembly.

DIVERSION OF MOTOR VEHICLE REVENUE

The laws which divert motor vehicle revenues from the state highway commission to the counties, cities, and towns of Indiana are certainly of the highest order of importance and
affect every community in the state. Chapters 11 and 12 of the Acts of 1932 provide for the diversion of these funds. Chapter 11 amends the act which provides for the registration and licensing of motor vehicles, while Chapter 12 amends the act which imposes a license fee on the use of gasoline in the state of Indiana.

The provisions of these laws as relate to the allocation of motor vehicle revenues, the method of distribution, and the purpose for which such funds shall be used are identical. The laws differ only in that Chapter 11 has to do with the collection and distribution of automobile license fees, whereas Chapter 12 deals solely with gasoline fees.

After expenses incurred for the administration of each of these acts have been deducted from moneys collected, the remainder becomes available for allocation as follows: one-half to the state highway fund and one-half to an account of the general fund of the state to be known as the county, cities, and towns motor vehicle fund or gasoline fund, as the case may be.

Of the one-half, 50 per cent, allocated to the county, cities, and towns fund, 40 per cent, or 4/5, shall be divided among the 92 counties, 12 1/2 per cent, or 1/8, on the basis of county population, and 87 1/2 per cent, or 7/8, on the basis of county road mileage. One exception is provided in the case of Marion County (containing Indianapolis, which is the only first-class city in the state), wherein half of the allotment goes to the county and half to Indianapolis. The remaining 10 per cent, or 1/5, of the county, cities, and towns fund shall be distributed on the basis of population to the cities and incorporated towns of the state. The statutes require that the distribution from the county, cities, and towns fund be made quarterly.

The statutes provide for the new allocation and distribution, as hereinbefore outlined, to become effective as of January 1, 1933. A reasonable estimate of revenues accruing from the motor vehicle license fees and the gasoline fees for the calendar year of 1932 would approximate $24,000,000. If this figure is indicative of total revenues for the calendar year of 1933, then the amount accruing to each of the funds for which provision is made by statute would be as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>To State Highway Commission</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>To Counties</td>
<td>9,600,000</td>
</tr>
<tr>
<td>To Cities and Towns</td>
<td>2,400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,000,000</strong></td>
</tr>
</tbody>
</table>

**BOND RETIREMENT AND POOR RELIEF**

Since the enactment of these laws, there has developed in some of the counties of the state an agitation to use these funds for the payment of principal and interest on outstanding
road bonds and for poor relief purposes. I would, therefore, direct your attention to the following language which appears in Section 1 of Chapter 11 and Section 1 of Chapter 12 of the Acts of 1932: “All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and may be used by the board of commissioners of any county in the construction, maintenance or repair of any county highways or bridges on such county highways within such county.” The use of the word “may” becomes especially significant when we consider that a similar clause in Section 1 of each of the acts, reference being had to the use of funds for the cities and incorporated towns, reads differently and as follows: “All moneys so distributed to the several cities and incorporated towns of the state shall constitute a special street fund of each such city or incorporated town and shall be used as directed by the common council of such city or board of trustees of such town in the maintenance and repair of any street or streets or bridges within the corporate limits of such cities or towns, and to pay any part of the cost of resurfacing, widening, constructing, or reconstructing any street or part thereof which any such city or town may be liable to pay pursuant to any law authorizing the improvement of streets, preference being given to those streets connecting with state highways.” To what extent “may” vests the county commissioners with discretionary power is debatable, but certainly there is no discretionary power with reference to that portion of the fund belonging to the cities and incorporated towns, because the statute, as cited, clearly says the funds shall be used for street purposes.

Bearing directly on the question of proper and legal use of these funds is an opinion by the Attorney-General concerning this very question, which opinion was rendered as of August 3, 1932.

As originally enacted and submitted to the Governor for action, Chapter 12 of the Acts of 1932, then known as House Bill 603, contained a section, numbered 3, which read:

“The excess of any moneys distributed under the provisions of this act to the various counties of the state over their needs for the construction, maintenance and repair of county highways may be used to pay the interest and/or to retire the principal of any county unit or three-mile gravel road bonds issued on and after March 9, 1923.”

When the bill was submitted to the Attorney-General for approval as to legality and form, he rendered the following opinion to the Governor: “The General Assembly has not power to appropriate state funds, either directly or indirectly, to the payment of the existing bonded indebtedness of counties and townships as attempted in Section 3 of this amendment, such appropriation being in violation of Article 10, Section 6 of the State Constitution, which provides ‘nor shall
the General Assembly ever on behalf of the State assume the
depts of any county, town or township nor of any corporation
whatever'."

Because of this opinion, the General Assembly reconsidered
the action by which House Bill 603 was enacted into law,
amended the bill by eliminating Section 3, cited above, and
then re-enacted it. In the light of these facts, it would seem
that there is little likelihood of these funds being available
for general purposes or purposes other than construction,
maintenance, or repair of highways and bridges.

**AID TO STATE HIGHWAY COMMISSION**

Both Chapters 11 and 12 of the Acts of 1932 provide for
contributions from the county, cities, and towns fund to the
state highway commission. Section 1 of each of the acts with
reference thereto, reads: "That if the state highway com­
mission shall establish a state highway in such county, or any
city or incorporated town therein be beneficially affected, then
in that event, the board of county commissioners of such
county or common council of such city or board of trustees
of such incorporated town may make such contributions to
the state highway commission to aid in the construction of
such state highway as they may deem proper. Such contribu­
tions shall be made in the manner provided for in Chapter 122
of the Acts of the General Assembly of 1923." And Chapter
122 of the Acts of 1923 authorizes the several counties, cities,
and towns of the state to aid the state highway commission
in the construction or maintenance of state highways and
bridges located within such counties, cities, and towns.

**TRANSFER OF TOWNSHIP ROADS TO COUNTY**

Chapter 16 of the Acts of 1932 transfers all township high­
ways to the respective counties in which such townships are
situated, provides for the maintenance, repair, and preserva­
tion of such highways, and prohibits the levy of a tax for the
maintenance, repair, and preservation of county highways.

This act is closely associated with the diversion of motor
vehicle revenues from the state highway commission to the
counties, in that it prohibits the levy of a tax for the main­
tenance of these roads, except by unanimous vote of the county
council in a case of extraordinary emergency or indispens­
able necessity and requires that "Hereafter all expenses incurred
in the maintenance, repair and preservation of county high­
ways, including all township highways which are transferred
to the counties and incorporated in the county highway sys­
tem, shall be paid out of such funds as may be derived from
the gasoline tax and the motor vehicle registration fees."

This act became effective as of September 10, 1932, and
on that date the jurisdiction of all township highways passed
from the township trustee to the board of commissioners and
became a part of the county highway system, to be maintained by the county highway superintendent as other county highways are maintained.

TRANSFER OF FUNDS AND EQUIPMENT

All funds, property, supplies, machinery, equipment, material, and any and all other things belonging to the township and used in the maintenance of the township highways were required to be transferred to the board of commissioners as of the effective date of this act, September 10, 1932.

Of especial interest in this matter of transfer is the disposition and use of township highway funds transferred. Section 4 of Chapter 16, Acts of 1932, provides: “The highway funds of each township, so transferred to the board of county commissioners, shall be kept in separate funds, a fund being maintained for each township in the county, and shall be expended exclusively on the highways of the township in which such fund was originally raised, until expended. Thereafter the township highways so transferred to the county shall be maintained in the same manner as other county highways, and the cost of maintenance shall be paid from the same funds used in the maintenance, repair, and preservation of other county highways.”

MORATORIUM ON BOND ISSUES FOR ROADS

Chapters 15 and 53 of the Acts of 1932 provide for a moratorium on the building of county-unit and township-unit highways, respectively. These acts became effective on the first day of September, 1932, and are operative for a period of five years. Stated briefly, it shall be unlawful for the board of commissioners or any county to issue any bonds or other evidences of indebtedness, payable by taxation, for the construction or improvement of any county-unit, gravel or macadamized road prior to September 1, 1937.

Section 2 of each of these acts provides for the validity of any bonds or other evidences of indebtedness then outstanding or authorized or to be issued prior to September 1, 1932.

WAGES FOR LABOR ON STATE HIGHWAYS

Chapter 60 of the Acts of 1932 provides for the fixing of a minimum wage for laborers employed to perform labor in connection with the construction, reconstruction, and betterments of state highways and state highway bridges. Briefly stated, when any person submits a bid on state highway work, such person shall stipulate in his bid the hourly wage which he proposes to pay to the laborers who are employed in the performance of such work, and upon which his computations in arriving at the bid so submitted are based. The hourly wage for labor upon which such computations are based shall,
in no case, be less than the hourly wage paid by the state highway commission for common labor on its highways, thus giving some flexibility to the minimum wage to be paid. The wage so stipulated by the successful bidder shall become and be a part of the contract, and, for failure to comply with his wage stipulation, the contractor shall be liable as he would be for failure to comply with any other provision of contract.

Since the enactment of this law, effective August 17, 1932, the lowest wage paid for common labor on state highway work has been thirty cents an hour.

OTHER HIGHWAY LEGISLATION

Other highway legislation enacted at the 1932 Special Session of the Indiana General Assembly is of a minor nature, especially as compared with the foregoing: Chapter 52, Acts of 1932, amends Section 22 of the State Highway Law with especial reference to the widening of streets to a width greater than that of the highway outside city or town and provides a method of payment therefor. Chapter 62 of the Acts of 1932 provides a method of procedure for the construction of viaducts by the state highway commission and authorizes the commission to defray the total cost of such construction from its funds. Chapter 2 of the Acts of 1932 repeals an act concerning the construction and maintenance of highways connecting cemeteries or graveyards with improved highways.

THE RELATIONSHIP OF THE STATE BOARD OF TAX COMMISSIONERS TO HIGHWAY IMPROVEMENT

By James Showalter, Member, Indiana State Board of Tax Commissioners, Indianapolis, Indiana

This subject opens the field to a wide discussion on a question of vital importance to the people in the State of Indiana. A good highway system to accommodate our modern transportation needs is an essential to a prosperous and happy civilization.

The improvement of highways in Indiana has progressed in a general way in harmony with the development of all other activities. The advent of the automobile and truck has revolutionized the systems and methods of road construction. Their construction has necessitated the provision of plans and methods of financing by taxation, which involves bond issues and tax levies upon the taxpayers of the state.

In 1919, the State Board of Tax Commissioners was established and it was clothed with the power to approve all bond