Indiana Gasoline Tax Rebate—
Income and Allocation

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As your state auditor, I have been asked to speak on the subject of Indiana Gas Tax Rebate—Income and Allocation. Although I realize you are interested mainly in the allocation of state funds as regards the cities and towns, it is necessary for us to have a complete discussion on the gasoline tax rebate so that it will help you to understand your own local situation.

As street commissioners, you have the most important job in your community. If you are successful in keeping the streets paved, the chuckholes filled and the sewers unclogged, you have helped in a large way to make your mayor's administration a successful one.

The first and last impression a newcomer to your city gets is from the streets; good, well paved streets with excellent curbs and gutters go a long way in selling a new industry to come to your city. That is why it is important that your job be treated with the consideration necessary in selecting men whose qualifications meet the exacting requirements of city street commissioner.

However, before we can spend money on our streets and highways, we must know where the revenue is derived and how it is apportioned to the various city, county and state agencies receiving it.

The following are the sources of revenue, and the amounts received in 1957 and 1958:

<table>
<thead>
<tr>
<th>Source</th>
<th>1957</th>
<th>1958</th>
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<tbody>
<tr>
<td>From Motor Vehicle Registration Fees</td>
<td>$34,067,398.35</td>
<td>$34,820,254.06</td>
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<tr>
<td>From Motor Fuel Tax</td>
<td>91,215,084.72</td>
<td>100,583,133.72</td>
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<tr>
<td>Other Miscellaneous Fees</td>
<td>1,122,161.31</td>
<td>1,214,792.75</td>
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From these receipts, we pay the refunds on fuel tax and motor vehicle fees which in 1957 amounted to $6,392,737.44, leaving a net receipts figure for that year of $120,011,906.94.

In 1958 the refunds amounted to $6,813,734.48, leaving a net receipts figure for that year of $129,804,446.05.
Now from that net receipts figure, before distribution can be made it is necessary that Administrative Expenses be deducted. Some of these expenses are Motor Fuel Tax Division, State Police, Public Service Commission, Bureau of Motor Vehicles, Traffic Safety Commission, Public Service Commission Weight Check. This total expense that is deducted amounted to $6,932,499.24 in 1957 and to $8,674,037.54 in 1958.

This leaves a total available for distribution in 1957 of $113,079,407.70, and in 1958 of $121,130,408.51, or approximately 88 per cent of the original total receipts.

This distribution is made every quarter from the State Auditor's office and is allocated as follows:

- 15% to cities and towns based on the 1950 census.
- 32% to counties as follows:
  - 5% equally among all 92 counties.
  - 65% on road miles certified to auditor of state by state highway commission.
- 30% on amount of motor vehicle registration of each community.

The balance of the money (53%) is distributed to the state highway commission.

Breaking this $113 million down we find that the state highway commission received $59,932,086.08 in 1957. The counties received $36,185,410.47, and the cities and towns received the small end of the distribution, or $16,961,911.15.

In 1958, the $121 million available was distributed as follows: the state highway commission $64,199,116.52, the counties $38,761,730.71, and the cities and towns $18,169,561.28.

The funds that are distributed to counties can be used for construction, reconstruction and maintenance of county highways including highways which traverse streets of incorporated towns. Any surplus existing at the end of the year shall continue as a part of highway funds and shall be budgeted and used the next year.

Also, the counties can use this money for the purchase, rental and repair of highway equipment, and for painting of bridges, acquisition of rights of way, purchase of fuel oil and supplies necessary for construction and maintenance of highways.

The cities and towns by statute are required to use the funds for construction, reconstruction repair and maintenance for all their streets and curbs. They can use this money also for the purchase, erection, operation and maintenance of traffic signs and signals, safety zones and devices and for payment of any part of the cost of traffic policing and traffic safety.
The money can also be used in the painting of structures, objects and surfaces on highways for the purpose of safety and traffic regulation; for the oiling, sprinkling and cleaning of streets; and for the purchase, rental and repair of street and highway equipment.

In first class cities, the legislative bodies shall have the power, if there is an excess of funds, to appropriate an amount out of the motor vehicle highway fund to pay the city's share of the cost of the separation of the grades of crossing of public highways and steam or electric railroads, if such use of said funds shall be first determined by the board having jurisdiction.

A new law passed by the recent legislature, H.B. 152, increased from 50 per cent to 75 per cent the amount of money that must be budgeted and spent for construction, reconstruction, repair, widening and/or grade separation.

Another piece of legislation which affects the motor fuel receipts and distribution is H.B. 141, which reduces from 3 per cent to 2 per cent the amount of allowance taken by fuel distributors in their collection of taxes for the state. It is estimated that this 1 per cent reduction of allowance will mean an extra income to the state each year of $1,000,000. This million dollars will come back to the cities on their 15 per cent basis, or a total of $150,000 more to be distributed.

On the other hand, H.B. 176 exempts all local transit systems from paying state gasoline tax. At first it was thought this would amount to approximately $250,000 in loss of revenue to the state, but it is now believed it will not be that much since most buses use diesel fuel, and this act covers only gasoline.

As I stated earlier, the importance of the street commissioner cannot be emphasized enough. In many cases, good public relations with the local newspapers will help make his work easier. Lots of times extra work, and time spent by the commissioner and his staff go by unnoticed, when a call to the reporters would give credit where it is due.

It is important in this fast moving vehicle-world of ours to have a long range plan for your city paving the way for your mayor and the council. Taxpayers understand quickly when they can see the results of excellent street conditions, and by the same token, it only takes one or two bumps in an unfilled chuckhole to jolt them into an unfriendly attitude towards the city administration.

You commissioners have a tough job. You rarely ever get a pat on the back for sanding the streets or clearing away the snow, or repairing holes in the street, but you are the first to be blamed if weather conditions keep you from performing your tasks.