



MVH/LRS/CIGARETTE TAX/ALCOHOLIC BEVERAGE FACTOR BASED DISTRIBUTION FORMULAS STATE FY 2024

The following provides a description of the revenue sources, distribution formulas, and allowable uses of the factor-based distributions for the state fiscal year (FY) 2024, which comprise of Motor Vehicle Highway, Local Road and Street, Cigarette, and Alcoholic Beverage taxes.

All counties and municipalities with a population over 15k are required to have a Highway Annual Operational Report on file with the State Board of Accounts. Failure to do so could result in Motor Vehicle Highway dollars being withheld until the locality is compliant. Questions about the report can be submitted to the State Board of Accounts at HighwayReport@sboa.in.gov.

Any questions regarding the distribution changes can be directed to the Auditor of State (AOS) Local Government Division at localgovernment@auditor.in.gov.

MOTOR VEHICLE HIGHWAY DISTRIBUTION

Motor Vehicle Highway distributions are made monthly to the Indiana Department of Transportation (INDOT), counties, cities, and towns in the following manner.

REVENUE SOURCES:

- 14.286% of Gasoline Use Tax in FY 2023 [IC 6-2.5-10-1\(c\)\(4\)](#)
- 75% Gasoline Tax after the first \$70 million minus fuel tax refunds also minus gas taxes deposited in the fish and wildlife fund [IC 6-6-1.1-201\(b\)](#), [IC 6-6-1.1-801.5](#), [IC 6-6-1.1-802](#)
- Residue Balance of the Motor Fuel Tax Fund [IC 6-6-1.1-805](#)
- 75% Special Fuel Tax minus refunds after the transfer to the Motor Carrier Regulation Fund [IC 6-6-2.5-68](#)
- Vehicle registration and title fees (excluding 1969 increase)
- Drivers' license fees and defensive driver school fees
- 40% of the amount deposited to the motor vehicle odometer fund [IC 9-14-14-2](#)
- International Registration Plan fees after the first \$125,000 [IC 9-18.1-5-10.5](#)
- 19.05% of the state's share of court costs [IC 33-37-7-9](#)
- Investment Income
- 35% of certain special trip permit fees under [IC 6-6-4.1-13 \(IC 6-6-4.1-5\)](#)

LESS EXPENSES:

- Motor Vehicle Highway Fund audit cost
- Railroad Crossing Improvement
- LTAP Budget [IC 8-14-1-3\(6\)](#),
- Annual appropriation of \$250,000 to INDOT for asset management data base [IC 8-14-3-3](#)
- Road tax credits refunded are payable from the Motor Vehicle Highway account established under [IC 8-14-1](#), [IC 6-6-12-8](#)
- Monthly transfer of \$325,000 to the Motor Carrier Regulation Fund [IC 8-14-1-3](#)

EQUALS AMOUNT AVAILABLE FOR DISTRIBUTIONS:

Equals monthly revenues, less monthly expenses and/or adjustments.

LESS ADJUSTMENTS TO THE AMOUNT AVAILABLE FOR DISTRIBUTIONS:

Indiana statute and state budget adjustments are made to the amount available for disbursement before distributions are made to INDOT, counties, cities and towns.

Adjustment that reduces the amount distributed to the **INDOT, counties, cities and towns:**

- Covered Bridge Distribution [IC 8-14-1-10](#)

Adjustment that reduces the amount distributed to **counties:**

- County Engineer Distribution [IC 8-17-5-8 & 11.1](#)

Adjustments that reduce the amount distributed to **counties, cities and towns:**

- Local Assistance Expenses [IC 8-14-1-3\(6\)](#) & [IC 8-23-2-5\(a\)\(6\)](#)
- Access Road construction [IC 8-23-5-7](#)

EQUALS DISTRIBUTION AVAILABLE AFTER EXPENSES & ADJUSTMENTS: [IC 8-14-1-3](#)

Motor Vehicle Highway distributions are made monthly as follows:

- **12.13%** of the amount available for distribution less adjustments, is distributed to cities and towns. The amount distributed to cities and towns is allocated on the basis of population.
- **25.87%** of the amount available for distribution less adjustments is distributed to counties as follows:
 - **5%** equally;
 - **65%** road mileage basis; and
 - **30%** total vehicle registrations basis.
- **Remainder** of the dollars are distributed to the State Highway Fund

PERMISSIBLE USES:

For Counties: [IC 8-14-1-4](#)

- Construction, reconstruction, preservation, and maintenance of the county's highways.
- The purchase, rental and repair of highway equipment, painting of bridges and acquisition of grounds for erection and construction of storage buildings, acquisition of rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways, shall be paid out of the highway account of the various counties.

- **Except as provided for a county containing a consolidated city, as detailed below the county shall use at least 50% of the Motor Vehicle Highway Allocation (MVHA) distribution for construction, reconstruction, and preservation of the county's highways.**
- A consolidated city shall use at least 65% of the MVHA distribution for the construction, reconstruction, and preservation of the county's highways.

For Cities and Towns: [IC 8-14-1-5](#)

- Construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as defined by [IC 8-14-1-1\(3\)](#), and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices, and the painting of surfaces in highways for purposes of safety and traffic regulation.
- Payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.
- **Except as provided for a county containing a consolidated city, for distributions from the MVHA, the city or town shall use at least 50% of the money for construction, reconstruction, and preservation of the city's or town's highways.**
- For funds distributed to a consolidated city from the motor vehicle highway account, the consolidated city shall use at least 65% of the money for the construction, reconstruction, and preservation of the consolidated city's highways.
- **Municipalities can no longer use MVHA funds for law enforcement purposes.**

Preservation of Highways: [IC 8-14-1-1\(7\)](#)

- The term "preservation" means the preventative treatment, nonstructural treatment, rehabilitation, or structural repairs made to transportation infrastructure and related drainage that are included in an asset management plan approved by the Indiana department of transportation in collaboration with the local technical assistance program at Purdue University.

LOCAL ROAD AND STREET DISTRIBUTION

Distributions from the Highway Road and Street Fund are made monthly to INDOT, counties, cities and towns from the following revenue sources and in the following manner:

REVENUE SOURCES:

- 25% of the Gasoline Tax after the first \$70 Million [IC 6-6-1.1-801.5](#) & [IC 6-6-1.1-802](#)
- 25% of the Special Fuel Tax [IC 6-6-2.5-68](#) & [IC 6-6-1.1-802](#)
- 1969 increase in vehicle registration and title fees

DISTRIBUTION PERCENTAGES:

- 37% to the Local Road and Street Account which is distributed to counties, cities, and towns
- 63% to the State Highway Fund which is managed by the Indiana Department of Transportation

DISTRIBUTION METHOD: [IC 8-14-2-4](#)

The counties, cities and towns distribution calculation is a **two-step process**.

1. Step One determines the county total allocation for each county on the basis of passenger car registrations.
2. Step Two determines the sub-allocation between the county and the cities and towns within the county as follows:

A county with a population of more than 50,000 the distribution is calculated as follows:

- 60% of the money shall be distributed on the basis of the population of the unit compared to the total county population.
- 40% of money shall be distributed on the basis of road and street miles of the unit compared to the total county road mileage.

A county with a population of 50,000 or less the distribution is calculated as follows:

- 20% of the money shall be distributed on the basis of the population of the unit compared to the total county population.
- 80% of the money shall be distributed on the basis of road and street miles of the unit compared to the county total road mileage.

PERMISSIBLE USES: [IC 8-14-2-5](#)

Local Road and Street distributions can be used by counties, cities and towns for:

- Engineering, land acquisition, construction, resurfacing, maintenance, restoration, of local and arterial road and street systems;
- Payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;
- Any local costs required to undertake a recreational or reservoir road project under [IC 8-23-5](#); or
- The purchase, rental, or repair of highway equipment.

CIGARETTE TAX DISTRIBUTION

Cigarette taxes are allocated as follows [IC 6-7-1-28.1](#)

- **4.22% to the cigarette tax fund**
- 56.84% to the state general fund
- 5.43% to the pension relief fund established by [IC 5-10.3-11](#)
- 27.05% to the healthy Indiana plan trust fund established by [IC 12-15-44.2-17](#)
- 2.46% to the state general fund for Medicaid current obligations appropriations
- 4.0% to the state retiree health benefit trust fund established by [IC 5-10-8-8.5](#)

The cigarette tax fund is allocated as follows

- 1/6 to the Department of Natural Resources [IC 6-7-1-29.1](#)
- 1/6 to the clean water Indiana fund established by [IC 14-32-8-6](#) ([IC 6-7-1-29.3](#))
- **2/3 to be distributed each June and December to cities and towns on the basis of population. ([IC 6-7-1-30.1](#))**

Annual Appropriations to local government entities [IC 6-7-1-29.1](#), [IC 6-7-1-29.3](#), [IC 6-7-1-30.1](#)

- For cities or towns not located in the same county as a consolidated city:
 - 3/14 of the funds shall be deposited in the city or town's general fund.
 - 11/14 of the funds shall be deposited in the city or town's cumulative capital improvement fund.
- For a consolidated city, or a city or town which is located in the same county as a consolidated

city:

- 3/14 of the funds are issued to the city or town's fiscal officer for deposit in the city's or town's general fund.
- 11/14 of the funds are distributed to the county treasurer.
 - At each June and December distribution the Marion County Treasurer distributes the first \$175,000 to the capital improvement bond fund and the remainder to the City of Indianapolis department of transportation.

ALCOHOLIC BEVERAGE GALLONAGE TAX DISTRIBUTION

Alcoholic Beverage Gallonage taxes are collected from beer, liquor, wine, malt beverages and hard cider and the revenues are allocated as follows [IC 7.1-4-7](#)

- 50% to the general fund
- 50% to cities and towns on the basis of population

The quarterly distributions are made in January, April, July and October. These dollars are general fund revenue for cities and towns.