

Local Roads and Streets

Mission

To provide funding to local units of government for the construction and maintenance of local roads and streets.

Summary of Activities

The majority of the roads in Indiana are under the jurisdiction of local governments. 87.89% of Indiana's roads are built and maintained under the administration of municipal and county governments. Local units of government are responsible for 61,491 miles of roads and 12,502 bridges.

There are a number of programs that distribute funding to local units of governments for the purposes of assisting them in the building and maintenance of roads and streets. The sources of revenue for these programs are the state gasoline tax, the special fuels tax, vehicle license fees, state court fees and several smaller sources of revenue. Approximately 50% of all state revenue collected for the purposes of funding transportation is distributed to local units of government. Local governments receive funding from the Motor Vehicle Highway Fund, the Highway, Road, and Street Fund, and the Special Distribution Account. These funds are distributed by the **Auditor of State**.



Each of these funds has a distribution formula that determines how much revenue each local unit of government receives. Money from the Motor Vehicle Highway Fund is allocated based on population, the number of motor vehicle registrations, and the number of miles of local road. The Highway, Road, and Street Fund is distributed based on the number of passenger car (but not truck) registrations. Depending on the size of the county, various weights are also given to the size of the population and the ratio of city and town street mileage to county road mileage. The Special Distribution Account uses both formulas weighted equally.

Local units of government also receive federal funding, primarily from the federal gas tax. Historically, local units of government have received 25% of the federal funds received by the state. The passage of the federal Transportation Equity Act for the 21st Century (TEA-21), enacted June 9, 1998, provides a 6-year surface transportation plan with which to finance federally-funded highway programs. TEA-21 sets the ground rules under which Indiana's program can operate. These rules include the amount of funds available to the program for each fiscal year, a description of how those funds are to be distributed; the length of time during which the funds may be used, and a listing of eligible activities.

Rather than trying to maintain separate relationships with every city, town and county transportation agency nationwide, the Federal Highway Administration (FHWA) works through the **Indiana Department of Transportation (INDOT)** on all local agency projects. There is a special appropriation created to account for federal participation on local-federal projects.

External Factors

There are a number of external factors which could affect funding of the local road and street programs. The passage of the six-year TEA-21 gives some stability as to the amount of federal funds that will be received during the biennium, as

well as the guidelines in spending the revenue. There are ways in which spending levels can be increased or decreased. The guaranteed spending level is adjusted each year due to revenue projections for the coming year being different than the revenues estimated for the year stated in TEA-21. Another would be that Congress could, but rarely does, pass legislation to rescind previously authorized funds. In such a case, the amounts rescinded, or eliminated, are not available to the states in future years.

The level of both federal funding and the majority of state funds for local roads and streets is dependent on the sale of fuel. An economic downturn or a disruption in fuel availability could affect the amount of tax revenue collected and as a result reduce the amount of funds available to local units of government.

Evaluation and Accomplishments

During the FY 2000 / 2001 biennium, the state provided \$200 million in additional state general fund distributions to local units of government, increasing the quality of local infrastructure and decreasing the local property tax burden.

According to INDOT, 70% of all local bridges in Indiana are at or above standards for construction and safety. This compares with the national average of 66%.



Covered Bridges of Parke County, Indiana

<u>Program: 0710</u>	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Appropriation (All Funds)	\$504,196,266	\$611,098,364	\$630,270,331	\$607,629,183	\$628,288,944
Expenditures	\$635,479,662	\$770,926,510	\$686,413,308		

**Sources of Funds
FY 2001 (Approp)**

■ General
 ■ Dedicated
 ■ Federal
 ■ Other

**Uses of Funds
FY 2001 (Approp)**

■ Personal Services
 ■ Distributions
 ■ Capital
 ■ Other