

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7584**

**BILL NUMBER:** HB 1801

**NOTE PREPARED:** Jan 6, 2005

**BILL AMENDED:**

**SUBJECT:** Federal Highway Funds.

**FIRST AUTHOR:** Rep. Thomas

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **X FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Department of Transportation (INDOT) to retain 70% of federal highway funds received by the state in certain categories and distribute 30% of the funds to units of local government.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This proposal changes the current distribution of federal highway funds from 75% for INDOT and 25% for units of local government to 70% for INDOT and 30% for units of local government. The specific impact over time will depend upon the amount of federal funds received for the sharing arrangement between the INDOT and units of local government.

Had this proposal been in place for FY 2001 through FY 2003, the annual difference in distributions would have ranged from an additional \$29 M to \$34 M distributed to local units with a corresponding reduction in federal revenues retained by INDOT. Below is a table which shows the sharing arrangement for the last three fiscal years had this proposal been in place.

<b>UNIT</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
INDOT Current (75%)	\$513,666,181	\$497,156,418	\$428,065,731
LOCAL Current (25%)	\$171,255,179	\$165,718,806	\$142,021,911
INDOT Proposed (70%)	\$479,444,952	\$464,012,657	\$399,061,349
LOCAL Proposed (30%)	\$205,476,408	\$198,862,567	\$171,026,293
Difference to INDOT	- \$34,221,229	- \$33,143,761	- \$29,004,382
Difference to LOCALs	+ 34,221,229	+ \$33,143,761	+ \$29,004,382

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** Department of Transportation.

**Local Agencies Affected:** Units which receive federal funds from the sharing arrangement.

**Information Sources:** Rick Whitney, Deputy Commissioner and Chief Financial Officer of the INDOT, 317-232-1472.

**Fiscal Analyst:** James Sperlik, 317-232-9866.