

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6716**  
**BILL NUMBER: HB 1174**

**NOTE PREPARED: Dec 28, 2005**  
**BILL AMENDED:**

**SUBJECT:** Highway Modernization Projects.

**FIRST AUTHOR:** Rep. Denbo  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State

**Summary of Legislation:** The bill requires the Department of Transportation (INDOT) to add to its biennial work program a category of projects that are designed to improve the capacity of a state highway without constructing new travel lanes.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The provisions of this proposal should have no fiscal impact with respect to the receipt of federal funds, based on the statement below from the Federal Highway Administration. This bill may, however, influence the types of projects which will be included in the Department's biennial work program. The funds affected are federal funds and the State Highway Fund.

*Background Information:* The Federal Highway Administration (FHWA) does not have a definition for "modernization," but they include many types of work under the term "reconstruction." When a road is scheduled for reconstruction, the FHWA frequently uses the terms. The FHWA also uses phrases such as "3-R" and "4-R" standards to communicate that they are bringing a facility up to a current design standard to maintain safe and adequate highways. The very factors listed as "modernization," such as curve corrections, sight-distance corrections, and improving road geometrics would be included in the FHWA reconstruction of an existing highway. The FHWA would also include as eligible the upgrade of existing signs and lighting, as well. All of these types of improvement are eligible for reimbursement with federal-aid highway funds even if they were defined by the state as "modernization." Therefore, "modernization" does not appear to have any impact. However, a final determination by the FHWA would need to be based upon whatever the final legislation passed by the state legislature includes.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

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

**Local Agencies Affected:**

**Information Sources:** Jay DuMontelle, Federal Highway Administration, Indiana, 317-226-7482

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