



# **BUILD INDIANA COUNCIL**

## **Infrastructure Media Summary**

**April 4, 2017**

### **Attempt to revive Indiana cigarette tax increase fails**

Tribune Star

Scott L. Miley, CMHI Statehouse Bureau

4/4/17

Indiana Senate Democrats tried unsuccessfully Monday to restore an increase in the cigarette tax in a controversial roads infrastructure funding plan. Sen. Karen Tallian, D-Portage, offered an amendment reinserting a \$1-a-pack cigarette tax into the bill for roads funding. The cigarette tax had been removed when the bill passed the House 61-36. Tallian's amendment was voted down Monday. "If you would like to have some bipartisan support on this bill, then we would like to have a little bipartisan input on this bill," she told the state Senate, which is controlled by Republicans. Other amendment efforts sought to ensure that Indiana businesses and minority-owned businesses receive preferential bidding consideration. The attempts were voted down by the full Senate. House Bill 1002 now faces a third reading in the Senate. Sen. Luke Kenley, R-Noblesville, said bidding procedures for the Indiana Department of Transportation are currently in place to include minority contractors in bidding for jobs. The roads bill is expected to raise about \$347 million in its first year through an increase of 10 cents a gallon on the gasoline tax. [http://www.tribstar.com/news/indiana\\_news/attempt-to-revive-indiana-cigarette-tax-increase-fails/article\\_20f89d59-aa7c-549f-b356-7fac0e9d6241.html](http://www.tribstar.com/news/indiana_news/attempt-to-revive-indiana-cigarette-tax-increase-fails/article_20f89d59-aa7c-549f-b356-7fac0e9d6241.html)

### **Tolls, trolls, taxes fuel debate**

Indianapolis Star

John Tuohy and Kaitlin L. Lange

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Olmstead is not the only driver blowing a gasket about tollways in Indiana. Truckers, anti-tax groups and good government types also dislike the idea for various reasons. If the proposal gains traction in the coming years, legislators could hear more and louder voices in opposition, among them AAA, experts said. But transportation analysts and politicians say toll roads, although years away, are all but inevitable. In short, legislators are in a jam about as bad as any rush hour snarl. That's because Indiana highways are deteriorating and the primary way we pay for them, with federal and state gas taxes, is not keeping up. The federal tax on gasoline has not been raised since 1993, while the cost of fixing and building roads has gone up. In response, many states have been forced to raise their own fuel taxes to pay for highways, a much tougher political decision than letting Congress do it for them. Indiana hasn't raised its gas tax since 2003. At the same time, the new taxes aren't going to generate as much money in the future as they used to because gas consumption is slowing thanks to high mileage cars, electric vehicles and a fewer drivers. Which is why more states are implementing tolls. "The gas tax as a sufficient means of funding our roads will be obsolete in 20 years," said Robert Poole, director of transportation at Reason Foundation, which has advised four presidents on transportation policy. "Tolls should be

part of the permanent replacement of per-gallon fuel taxes.” The Indiana Senate President Pro Tempore David Long, R-Fort Wayne, said lawmakers know that, too, even if drivers don’t yet see it. “I do believe as states become more and more responsible for their roads, tolling is the future,” Long said. “That’s definitely going to happen. We’ve been told that by the federal government. The (gas revenue) is going to change dramatically in about four years.”

<http://www.indystar.com/story/news/2017/04/02/tolls-tolls-taxes-fuel-debate/99817918/>

### **The Road to Compromise**

WIBC

Abdul Hakim-Shabazz

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There are now two distinct plans circulating through the Statehouse with regards to road funding. Both House and Senate Republicans have put forth proposals on how to pay for Indiana’s infrastructure, long-term. The House plan includes a 10-cent increase in the gas tax, shifting the entire sales tax on gasoline to road funding, and increasing the cigarette tax by 60 cents to help indirectly fill the budget gap created by the sales tax shift. The Senate plan also raises the gas tax by a dime but does it over a two-year period. There is no change in the sales tax on roads, and a cigarette tax is left out. It also includes a \$5 new tire fee, an additional \$15 vehicle registration fee and \$150 fee for electrical vehicles and \$75 for hybrids. Both plans also encourage the exploration of tolling. While there seems to be agreement on the gas tax and fees, lawmakers are split on using the sales tax on gasoline for roads and the inclusion of a cigarette tax to help indirectly close a budget hole. The Senate isn’t crazy about the sales tax shift and wants to save the cigarette tax discussion for another day. Governor Eric Holcomb seems to agree with the Senate. However, it takes all three parties to get something done. So if I may be so bold, allow me to offer a compromise for my friends at the Legislature. While I fundamentally agree with the Senate that the sales tax on gasoline should stay as is there is the public perception that the sales tax on gasoline should go for roads. So might I suggest shifting the all sales tax on gasoline to road funding, but over a 7-10 year period? <http://www.wibc.com/blogs/abdul-large/road-compromise>

### **5 burning issues in Indiana's budget debate**

Indianapolis Star

Kaitlin L. Lange

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Missing from the Senate proposal is a cigarette tax increase pushed for by the House and health advocates. House Republican leaders proposed a \$1 increase per carton to fill a hole that would be created in the state’s general fund if the House plan to divert all gas sales tax revenue to road funding becomes a reality in the road-funding plan. Kenley has consistently spoken against both shifting the sales tax entirely to roads and the cigarette tax itself. He said a cigarette tax increase should be reserved to help fund health care if the federal government makes cuts to Medicaid. “Indiana could have a big liability so I think at that time a cigarette tax would be a logical thing to look at,” Kenley said. “But today, my feeling is, if you don’t need a tax, don’t enact it.” Indiana health groups have been advocating for the state to raise cigarette taxes in an attempt to make the state healthier. In 2016, Indiana was the 11th least healthy state in the country, according to America’s Health Rankings’ annual report. Bryan Mills, chairman for Alliance for a Healthier, said he was disappointed in the Senate’s version of the budget. “It has been proven that raising the cigarette tax is the single most important step in preventing youth from ever starting to smoke and the greatest motivator to get adults to quit,” Mills said in a statement. “The Alliance will work hard the remaining three weeks of the legislative session to pass a meaningful increase in the cigarette tax in the final state budget.” Although not a part of the budget, transportation spending will impact the final budget passed by the state. Both the Senate and House called for a gas tax increase and for the state to consider tolling, among other fees in order to pay for the state’s road

funding needs over the next 20 years. While the Senate road funding plan mirrors most of the House's plan, there are some differences.

<http://www.indystar.com/story/news/politics/2017/03/30/indiana-senate-budget-dedicates-more-money-education/99814716/>

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