



# **BUILD INDIANA COUNCIL**

## **Infrastructure Media Summary**

**December 20, 2016**

### **Task Force Announces Road Funding Recommendations**

Inside INdiana Business

Alex Brown

12/19/16

A legislative task force has announced its recommendations for generating revenue to be used to improve Indiana's transportation infrastructure. Funding Indiana's Roads for a Stronger Safer Tomorrow, or FIRSST, has identified several potential funding options, including a gasoline tax increase, tolling and vehicle fees. After several meetings throughout 2016, the task force concluded that "current funding levels are insufficient to meet the critical transportation infrastructure needs of the state" and additional revenue sources need to be identified. The list of funding recommendations includes: Immediately increase the gasoline tax to recover some or all of the purchasing power lost since the gasoline tax was last increased in 2003. Immediately increase the special fuel tax to recover some or all of the purchasing power lost since the special fuel tax was last increased in 1988. Immediately increase the motor carrier surcharge tax to recover some or all of the purchasing power lost since the motor carrier surcharge tax was last increased in 1988. Index the rates for the gasoline tax, special fuel tax, and motor carrier surcharge tax on an annual basis to ensure funding stability. Implement road usage fees on alternative fuel vehicles, electric vehicles, and other vehicles which pay little or no fuel tax in support of their use of the roads. Explore options to implement equitable and modern tolling systems on state-controlled highways and interstates to fund major highway and interstate improvement projects. Implement a per vehicle fee on all vehicles registered in Indiana. <http://www.insideindianabusiness.com/story/34092126/task-force-announces-road-funding-recommendations>

### **Indiana road, bridge plan hits a bump**

New and Tribune

Maureen Hayden

12/15/16

INDIANAPOLIS — As budget-makers look for a way to raise billions for key public works projects, they face an obstacle at the convenience store. Plans to use a cigarette tax hike to free up money for roads and bridges are hitting resistance from an industry that relies heavily on tobacco sales. Some leading lawmakers seem ready to raise cigarette taxes to \$1 or \$1.50 per pack, more than doubling it, as part of a larger plan that also could include interstate tolls and higher gas taxes. But they face a fight from the influential Indiana Petroleum Marketers and Convenience Store Association, representing thousands of stores for which cigarettes represent half their sales. Association director Scott Imus called a tax hike "unacceptable" to his members and smokers. "Is the General Assembly going to pass any other tax increase that would be a 100 percent tax increase or 150 percent increase?" he said. "That's a remarkably huge percentage increase that

falls on a select group of Hoosiers.” A \$1 per pack hike could raise about \$300 million a year in new revenue. Millions more could be out there since the state spends almost \$600 million in Medicaid dollars on tobacco-related illness, and tax-hike advocates say the increase would curb smoking. At an annual conference Wednesday sponsored by the law firm Bingham Greenebaum Doll LLP, legislative leaders and Governor-elect Eric Holcomb called for a long-term infrastructure plan that’s “sustainable” — code for revenue streams that would be available for years to come. Holcomb, for the first time announcing his legislative priorities, called for an infrastructure plan based on data and not politics. [http://www.newsandtribune.com/news/indiana-road-bridge-plan-hits-a-bump/article\\_d260df36-c306-11e6-b87b-9b1b1195dd43.html](http://www.newsandtribune.com/news/indiana-road-bridge-plan-hits-a-bump/article_d260df36-c306-11e6-b87b-9b1b1195dd43.html)

### **Tribune-Star: Double barrel plan to fix our roads**

12/16/16

State’s cigarette tax increase would have dual purpose. Anyone who drives a truck or car along Indiana’s highways and county roads knows that many of those byways desperately need repair and replacement. Thankfully, the state’s incoming governor, Eric Holcomb, seems to accept that reality, too. Holcomb has called for a long-term infrastructure plan fueled by “sustainable” funding. That is a gentle synonym for steady tax revenue. Its need is a harsh reality. The American Society of Civil Engineers gave a “poor” rating to one in six major Indiana roads in 2013. Ten percent of bridges were structurally deficient, the engineers concluded. Last February, the Interstate 70 overpass of U.S. 41 crumbled so extensively that the highway below was visible through a hole in the I-70 bridge deck. Only clumps of concrete clinging to bent rebar prevented a massive opening. Other road and bridge failures around Indiana have been documented, as well. The cost of restoring the “Crossroads of America” to a safe, smooth status will not be cheap. Infrastructure experts estimate the state must invest \$1 billion annually to maintain adequate roads and bridges. Ironically, an impediment to a comprehensive plan to revitalize Indiana’s roads has been pressure from lobbyists, a force vice president-elect Mike Pence (also the state’s current governor, officially) and president-elect Donald Trump claim to want to neutralize in Washington. Such pressure threatens to derail a proper infrastructure program again in the upcoming session of the General Assembly. Holcomb, state legislators and the Republican machine controlling the Statehouse should nonetheless stand firm and act reasonably. [http://www.tribstar.com/opinion/editorials/tribune-star-double-barrel-plan-to-fix-our-roads/article\\_bfc70192-3c87-5ee7-864b-c3ed4b9525cf.html](http://www.tribstar.com/opinion/editorials/tribune-star-double-barrel-plan-to-fix-our-roads/article_bfc70192-3c87-5ee7-864b-c3ed4b9525cf.html)

### **Editorial: Now, it's official -- state tax hike coming**

News Sentinel

12/16/16

Key Republican leaders in the General Assembly have reached what must have been a painful decision for them: They must approve some kind of tax increase if they are to be successful in plans to improve the state’s crumbling infrastructure. Senate President Pro Tem David Long, House Speaker Brian Bosma and chief Senate budget writer Luke Kenley have all signed on. Question of the moment: Can a tax hike be justified? Our infrastructure certainly needs the work. Indiana’s roads and bridges have been rated in the bottom third of U.S. states, officials say. But that is not enough. And it’s fair to say that the state can’t afford a long-term infrastructure program without affecting other state programs. Consultants say the state needs to spend \$1 billion a year or more, and Gov. Mike Pence and Gov. Mitch Daniels before him have cut spending to the bone. That’s not enough, either. Even if a project is needed and the money doesn’t seem to be there, a tax hike can be justified only if the state can convince us that the money it is now spending is being spent wisely. Are some programs being overfunded? Is the state doing some things it doesn’t need to do? Answering such questions is especially important when the state is sitting on a \$2 billion surplus. If all those conditions can be met -- and we suspect they can be -- then the debate can start over what type of tax increase is best. The most talked-about possibilities are a \$1 cigarette tax hike, an increase in gas and excise taxes and the designation of more toll roads.

For what it's worth, we'd prefer the state stay away from increases that target just one group of Hoosiers, like the cigarette tax. For one thing, if it were successful in reducing smoking, there would be a diminishing return on revenues. For another, it would not get the most money from the people who use the roads the most. Preferable would be a tax that acts as a user fee, targeting the drivers who put the stress on our infrastructure in the first place. A gas tax is logical, although increased fuel efficiency will affect future revenues, too. Another idea is a wheel tax based on the size and weight of the vehicle. Oh, by the way: Republicans for a tax hike, Democrats might oppose it. Did Hell just freeze over? <http://www.news-sentinel.com/opinion/Editorial--Now--it-s-official---state-tax-hike-coming>

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