

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1002

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AN ACT to amend the Indiana Code concerning transportation and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 4-12-16.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

**Chapter 16.5. Special Transportation Flexibility Fund**

**Sec. 1.** As used in this chapter, "fund" refers to the special transportation flexibility fund established by section 2 of this chapter.

**Sec. 2. (a)** The special transportation flexibility fund is established. The fund consists of amounts deposited in the fund under IC 6-2.5-10-1.

**(b)** The budget agency shall administer the fund.

**(c)** The expenses of administering the fund shall be paid from money in the fund.

**(d)** The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

**(e)** Money in the fund at the end of a state fiscal year does not revert to the state general fund.

**(f)** Except as provided in subsection (g), the budget agency shall, once every six (6) months, transfer the money in the fund to the



state highway fund (IC 8-23-9-54).

(g) If the governor determines that a transfer of money to the state highway fund should not occur, the governor must notify the budget committee of this determination at least thirty (30) days before that transfer is to be made. If the governor notifies the budget committee of a determination as provided in this subsection, the budget committee must review the governor's determination not later than sixty (60) days after receiving the notification. If the governor provides such a notification, the governor may after review by the budget committee reallocate the money in the fund to be used instead for kindergarten through grade 12 education, health care, or child services, if the governor determines that federal or state revenues are insufficient to support those programs. However, if the budget committee does not meet to review the governor's determination within sixty (60) days after receiving notification of the determination, the scheduled transfer of money to the state highway fund shall be made.

SECTION 2. IC 6-2.5-5-51 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 51. (a) As used in this section, "special fuel" has the meaning set forth in IC 6-6-2.5-22.

(b) The sale of special fuel is exempt from the state gross retail tax.

SECTION 3. IC 6-2.5-6-10, AS AMENDED BY P.L.227-2013, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) In order to compensate retail merchants and those required to remit gasoline use tax for collecting and timely remitting the state gross retail tax, the state use tax, and the gasoline use tax, every retail merchant or person required to remit the gasoline use tax, except as provided in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under ~~IC 6-2.5-7-5~~, IC 6-2.5-3.5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals a percentage of the retail merchant's state gross retail and use tax or the person's gasoline use tax liability accrued during a calendar year, specified as follows:

- (1) Seventy-three hundredths percent (0.73%), if the retail merchant's state gross retail and use tax or gasoline use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year did not exceed sixty thousand dollars (\$60,000).



(2) Fifty-three hundredths percent (0.53%), if the retail merchant's state gross retail and use tax or gasoline use tax liability accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year:

(A) was greater than sixty thousand dollars (\$60,000); and

(B) did not exceed six hundred thousand dollars (\$600,000).

(3) Twenty-six hundredths percent (0.26%), if the retail merchant's state gross retail and use tax liability or the person's gasoline use tax accrued during the state fiscal year ending on June 30 of the immediately preceding calendar year was greater than six hundred thousand dollars (\$600,000).

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section. A retail merchant is not entitled to the allowance provided by this section with respect to gasoline use taxes imposed by IC 6-2.5-3.5.

SECTION 4. IC 6-2.5-7-2 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 2: Except as provided in section 2.5 of this chapter, a retail merchant who uses a metered pump to dispense special fuel shall display on the pump the total price per unit of the special fuel: Subject to the provisions of section 2.5 of this chapter, a retail merchant may not advertise the special fuel at a price that is different than the price that the retail merchant is required to display on the metered pump.

SECTION 5. IC 6-2.5-7-2.5 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 2.5: (a) This section does not apply to alternative fuel (as defined by IC 6-6-2.5-1) dispensed after December 31, 2013; and before January 1, 2017.

(b) A retail merchant may designate any metered pumps at a business location that dispense special fuel as being "for trucks only". To do this, a retail merchant must place on the pump a sign that states that fuel dispensed from the metered pump may only be placed in the fuel supply tanks of a truck. A sign that reads "TRUCKS ONLY" is sufficient to meet the requirements of this subsection.

(c) A retail merchant may not dispense special fuel from a metered pump that is designated for trucks only into the supply tank of a vehicle that is not a truck.

(d) A retail merchant is not required to display the total price per unit of the special fuel on a metered pump if that particular metered pump is designated for trucks only.

(e) A retail merchant may advertise special fuel at a price that does not include gross retail taxes that may be due on the sale of the special fuel only if the retail merchant maintains a metered pump that is designated for trucks only. If a retail merchant advertises special fuel



at a price that does not include any gross retail taxes that may be due on the sale of the special fuel; the retail merchant must display in easily read lettering above or below the advertised price the words "EXEMPT TRUCKS ONLY".

SECTION 6. IC 6-2.5-7-3, AS AMENDED BY P.L.227-2013, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. With respect to the sale of ~~special fuel~~ or kerosene which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of ~~special fuel~~ or kerosene sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent (\$0.001), of:

- (1) the price per unit before the addition of state and federal taxes; multiplied by
- (2) seven percent (7%).

Unless the exemption certificate is provided, the retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

SECTION 7. IC 6-2.5-7-4 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 4: (a) ~~If a sale of special fuel is exempt from the state gross retail tax, the person who pays the tax to the retail merchant may file a claim for refund with the department. The person must file the claim on the form, in the manner, and with the supporting documentation, prescribed by the department. If a person properly files a claim for refund, the department shall refund to the person the state gross retail tax collected with respect to the exempt transaction.~~

(b) ~~Notwithstanding the other provisions of this section, the department may prescribe simplified procedures to make adjustments for exempt transactions.~~

SECTION 8. IC 6-2.5-7-5 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 5: (a) ~~Each retail merchant who dispenses special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:~~

- (1) ~~The total number of gallons of special fuel sold from a metered pump during the period covered by the report.~~
- (2) ~~The total amount of money received from the sale of special fuel during the period covered by the report.~~
- (3) ~~That portion of the amount described in subdivision (2) that represents state and federal taxes imposed under this article, IC 6-6-2.5, or Section 4041 or Section 4081 of the Internal Revenue Code.~~

(b) ~~Concurrently with filing the report, the retail merchant shall~~



remit the state gross retail tax in an amount which equals six and fifty-four hundredths percent (6.54%) of the gross receipts, including state gross retail taxes but excluding Indiana and federal special fuel taxes, received by the retail merchant from the sale of the special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which the merchant has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c); IC 6-2.5-6-10; and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) an amount equal to:

- (1) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus
- (2) the sum of prepayment amounts collected by the retail merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

SECTION 9. IC 6-2.5-7-6.5 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 6-5: (a) If the deduction under section 5(c) of this chapter exceeds the amount of gross retail tax required to be remitted under section 5(b) of this chapter, the retail merchant is entitled to a credit. The credit shall be used as follows:

- (1) First, the credit shall be applied against gross retail and use tax liability of the retail merchant that is required to be remitted under IC 6-2.5-6.
- (2) Second, any amount remaining shall be applied against the gasoline tax liability of the retail merchant, as determined under IC 6-6-1.1, excluding any liability for gasoline delivered to a taxable marine facility.

A retail merchant may file a claim for a refund instead of taking a credit or for a refund of any excess tax payment remaining after the credits allowed by this section:

(b) A retail merchant that is entitled to a refund under this section must file a claim for the refund on the refund claim form approved by the department and must include any supporting documentation reasonably required by the department. If a retail merchant files a completed refund claim form that includes all supporting documentation, the excess tax payment that is not refunded within ninety (90) days accrues interest as provided in IC 6-8.1-9-2.



(c) Before the fifth day of each month, the department shall determine and notify the treasurer of state of the amount of credits applied during the preceding month against the gasoline tax under this section. The treasurer of state shall transfer from the general fund:

- (1) to the highway, road and street fund; twenty-five percent (25%) of the amount set forth in the department's notice; and
- (2) to the motor fuel tax fund of the motor vehicle highway account; seventy-five percent (75%) of the amount set forth in the department's notice.

SECTION 10. IC 6-2.5-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) ~~Except as provided in IC 6-2.5-7, A person who:~~

- (1) displays an advertised price, marked price, or publicly stated price that includes the state gross retail or use taxes;
- (2) offers to assume or absorb part of a customer's state gross retail or use tax on a sale; or
- (3) offers to refund part of a customer's state gross retail or use tax as a part of a sale;

commits a Class B infraction.

(b) ~~A retail merchant who:~~

- (1) uses a metered pump to dispense gasoline; or special fuel;
- (2) is required to display on the pump the total price per unit of the gasoline or special fuel under IC 6-2.5-7-2; and
- (3) advertises the gasoline or special fuel at a price other than that required by IC 6-2.5-7-2;

commits a Class B infraction.

SECTION 11. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2016, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) Of all the state gross retail and use taxes that the department collects, the department shall determine separately the parts that:

- (1) the department collects under IC 6-2.5-3.5 (**gasoline use tax**); and
- (2) the department collects under this article, less the amount described in subdivision (1).

(c) The department shall deposit the collections described in subsection (b)(1) in the following manner:

- (1) For state fiscal year 2017, the following:
  - (A) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the motor vehicle highway account established under IC 8-14-1.



- (B) Eighty-five and seven hundred fourteen thousandths percent (85.714%) to the state general fund.
- (2) For state fiscal year 2018, the following:
- (A) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the motor vehicle highway account established under IC 8-14-1.
  - (B) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the local road and bridge matching grant fund established under IC 8-23-30.
  - (C) Seventy-one and four hundred twenty-eight thousandths percent (71.428%) to the state general fund.
- (3) For state fiscal year 2019, ~~and thereafter~~, the following:
- (A) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the motor vehicle highway account established under IC 8-14-1.
  - (B) Twenty-one and four hundred twenty-nine thousandths percent (21.429%) of the collections shall be deposited in the local road and bridge matching grant fund established under IC 8-23-30.
  - (C) Sixty-four and two hundred eighty-five thousandths percent (64.285%) ~~to~~ **shall be deposited in** the state general fund.
- (4) For state fiscal year 2020 and for each state fiscal year thereafter, the following:**
- (A) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the motor vehicle highway account established under IC 8-14-1.**
  - (B) Twenty-one and four hundred twenty-nine thousandths percent (21.429%) of the collections shall be deposited in the local road and bridge matching grant fund established under IC 8-23-30.**
  - (C) The following shall be deposited in the state general fund:**
    - (i) For state fiscal year 2020, fifty-three and five hundred seventy-five thousandths percent (53.575%) shall be deposited in the state general fund.**
    - (ii) For state fiscal year 2021, forty-two and eight hundred sixty-five thousandths percent (42.865%) shall be deposited in the state general fund.**
    - (iii) For state fiscal year 2022, thirty-two and one**



hundred fifty-five thousandths percent (32.155%) shall be deposited in the state general fund.

(iv) For state fiscal year 2023, twenty-one and four hundred forty-five thousandths percent (21.445%) shall be deposited in the state general fund.

(v) For state fiscal year 2024, ten and seven hundred thirty-five thousandths percent (10.735%) shall be deposited in the state general fund.

(D) The following shall be deposited in the special transportation flexibility fund established by IC 4-12-16.5-2:

(i) For state fiscal year 2020, eight and five hundred sixty-eight thousandths percent (8.568%) of the collections shall be deposited in the special transportation flexibility fund established by IC 4-12-16.5-2.

(ii) For state fiscal year 2021, twelve and eight hundred fifty-two thousandths percent (12.852%) of the collections shall be deposited in the special transportation flexibility fund established by IC 4-12-16.5-2.

(iii) For state fiscal year 2022, twelve and eight hundred fifty-two thousandths percent (12.852%) of the collections shall be deposited in the special transportation flexibility fund established by IC 4-12-16.5-2.

(iv) For state fiscal year 2023, eight and five hundred sixty-eight thousandths percent (8.568%) of the collections shall be deposited in the special transportation flexibility fund established by IC 4-12-16.5-2.

(E) The following shall be deposited in the state highway fund:

(i) For state fiscal year 2020, two and one hundred forty-two thousandths percent (2.142%) of the collections shall be deposited in the state highway fund.

(ii) For state fiscal year 2021, eight and five hundred sixty-eight thousandths percent (8.568%) of the collections shall be deposited in the state highway fund.

(iii) For state fiscal year 2022, nineteen and two hundred seventy-eight thousandths percent (19.278%) of the collections shall be deposited in the state highway fund.

(iv) For state fiscal year 2023, thirty-four and two hundred seventy-two thousandths percent (34.272%) of





**the collections shall be deposited in the state highway fund.**

**(v) For state fiscal year 2024, fifty-three and fifty-five hundredths percent (53.55%) of the collections shall be deposited in the state highway fund.**

**(vi) For state fiscal year 2025, and for each state fiscal year thereafter, sixty-four and two hundred eighty-five thousandths percent (64.285%) of the collections shall be deposited in the state highway fund.**

(d) The department shall deposit those collections described in subsection (b)(2) in the following manner:

(1) Ninety-nine and eight hundred thirty-eight thousandths percent (99.838%) of the collections shall be paid into the state general fund.

(2) Thirty-one thousandths of one percent (0.031%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(3) One hundred thirty-one thousandths of one percent (0.131%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 12. IC 6-3.5-4-3, AS AMENDED BY P.L.205-2013, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. If an adopting entity adopts an ordinance imposing the surtax after December 31 but before ~~July~~ **September 1** of the following year, a motor vehicle is subject to the tax if it is registered in the county after December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the surtax after ~~June 30~~ **August 31** but before the following January 1, a motor vehicle is subject to the tax if it is registered in the county after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the surtax is effective, the surtax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the surtax is first effective.

SECTION 13. IC 6-3.5-4-4, AS AMENDED BY P.L.205-2013, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) After January 1 but before ~~July~~ **September 1** of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the surtax. If the adopting entity adopts such an ordinance, the surtax does not apply to a motor vehicle registered after December 31 of the year the ordinance is adopted.



(b) The adopting entity may not adopt an ordinance to rescind the surtax unless it concurrently adopts an ordinance under IC 6-3.5-5 to rescind the wheel tax. In addition, the adopting entity may not adopt an ordinance to rescind the surtax if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; or
- (2) any bonds issued by the county under IC 8-14-9 are outstanding.

SECTION 14. IC 6-3.5-4-5, AS AMENDED BY P.L.205-2013, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) The adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to increase or decrease the surtax rate or amount. The new surtax rate or amount must be within the range of rates or amounts prescribed by section 2 of this chapter. A new rate or amount that is established by an ordinance that is adopted after December 31 but **on or before July September 1** of the following year applies to motor vehicles registered after December 31 of the year in which the ordinance to change the rate or amount is adopted. A new rate or amount that is established by an ordinance that is adopted after ~~June 30~~ **September 1** but before January 1 of the following year applies to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to decrease the surtax rate or amount under this section if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; or
- (2) any bonds issued by the county under IC 8-14-9 are outstanding.

SECTION 15. IC 6-3.5-4-6, AS AMENDED BY P.L.205-2013, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. If an adopting entity adopts an ordinance to impose, rescind, or change the rate or amount of the surtax, the adopting entity shall send a copy of the ordinance, **and, if applicable, a copy of the letter from the Indiana department of transportation approving the adopting entity's transportation asset management plan,** to the ~~commissioner~~ of the bureau of motor vehicles **on or before September 1 to be effective January 1 of the following calendar year.**

SECTION 16. IC 6-3.5-4-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 14. (a) On or before ~~August~~ **October 1** of each year, the auditor of a county that contains a



consolidated city of the first class and that has adopted the surtax shall provide the county council with an estimate of the surtax revenues to be received by the county during the next calendar year. The county shall show the estimated surtax revenues in its budget estimate for the calendar year.

(b) On or before ~~August~~ **October** 1 of each year, the auditor of a county that does not contain a consolidated city of the first class and that has adopted the surtax shall provide the county and each city and town in the county with an estimate of the surtax revenues to be distributed to that unit during the next calendar year. The county, city, or town shall show the estimated surtax revenues in its budget estimate for the calendar year.

SECTION 17. IC 6-3.5-5-5, AS AMENDED BY P.L.205-2013, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. If an adopting entity adopts an ordinance imposing the wheel tax after December 31 but before ~~July~~ **September** 1 of the following year, a vehicle described in section 2(a) of this chapter is subject to the tax if it is registered in the county after December 31 of the year in which the ordinance is adopted. If an adopting entity adopts an ordinance imposing the wheel tax after ~~June 30~~ **August 31** but before the following January 1, a vehicle described in section 2(a) of this chapter is subject to the tax if it is registered in the county after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the tax is effective, the tax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the tax is first effective.

SECTION 18. IC 6-3.5-5-6, AS AMENDED BY P.L.205-2013, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) After January 1 but ~~on or~~ before ~~July~~ **September** 1 of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the wheel tax. If the adopting entity adopts such an ordinance, the wheel tax does not apply to a vehicle registered after December 31 of the year the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to rescind the wheel tax unless it concurrently adopts an ordinance under IC 6-3.5-4 to rescind the annual license excise surtax. In addition, the adopting entity may not adopt an ordinance to rescind the wheel tax if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; or
- (2) any bonds issued by the county under IC 8-14-9 are



outstanding.

SECTION 19. IC 6-3.5-5-7, AS AMENDED BY P.L.205-2013, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. (a) The adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to increase or decrease the wheel tax rates. The new wheel tax rates must be within the range of rates prescribed by section 2 of this chapter. New rates that are established by an ordinance that is adopted after December 31 but **on or before July September 1** of the following year apply to vehicles registered after December 31 of the year in which the ordinance to change the rates is adopted. New rates that are established by an ordinance that is adopted after ~~June 30~~ **September 1** but before ~~July~~ **January 1** of the following year apply to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to decrease the wheel tax rate under this section if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; or
- (2) any bonds issued by the county under IC 8-14-9 are outstanding.

SECTION 20. IC 6-3.5-5-8, AS AMENDED BY P.L.205-2013, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. If an adopting entity adopts an ordinance to impose, rescind, or change the rates of the wheel tax, the adopting entity shall send a copy of the ordinance **and, if applicable, a copy of a letter from the Indiana department of transportation approving the adopting entity's transportation asset management plan**, to:

- (1) the ~~commissioner of the~~ bureau of motor vehicles; and
- (2) the department of state revenue;

**on or before September 1 to be effective January 1 of the following calendar year.**

SECTION 21. IC 6-3.5-5-9.5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2017 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9.5. (a) This section applies to a wheel tax **that is:**

- (1) adopted after June 30, 2007; or
- (2) **collected after June 30, 2017.**

(b) An owner of one (1) or more commercial vehicles paying an apportioned registration to the state under the International Registration Plan that is required to pay a wheel tax shall pay an apportioned wheel tax calculated by dividing in-state actual miles by total fleet miles



generated during the preceding year. If in-state miles are estimated for purposes of proportional registration, these miles are divided by total actual and estimated fleet miles. The apportioned wheel tax under this section shall be paid at the same time and in the same manner as the commercial ~~motor~~ vehicle excise tax under IC 6-6-5.5.

(c) A voucher from the department of state revenue showing payment of the wheel tax may be accepted by the bureau of motor vehicles in lieu of the payment required under section 9 of this chapter.

SECTION 22. IC 6-3.5-5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 16. (a) On or before ~~August~~ **October** 1 of each year, the auditor of a county that contains a consolidated city of the first class and that has adopted the wheel tax shall provide the county council with an estimate of the wheel tax revenues to be received by the county during the next calendar year. The county shall show the estimated wheel tax revenues in its budget estimate for the calendar year.

(b) On or before ~~August~~ **October** 1 of each year, the auditor of a county that does not contain a consolidated city of the first class and that has adopted the wheel tax shall provide the county and each city and town in the county with an estimate of the wheel tax revenues to be distributed to that unit during the next calendar year. The county, city, or town shall show the estimated wheel tax revenues in its budget estimate for the calendar year.

SECTION 23. IC 6-3.5-10-1, AS ADDED BY P.L.146-2016, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. The following definitions apply throughout this chapter:

- (1) "Adopting municipality" means an eligible municipality that has adopted the surtax.
- (2) "Eligible municipality" means a municipality having a population of at least ~~ten~~ **five** thousand (~~10,000~~): **(5,000)**.
- (3) "Fiscal body" has the meaning set forth in IC 36-1-2-6.
- (4) "Fiscal officer" has the meaning set forth in IC 36-1-2-7.
- (5) "Motor vehicle" means a vehicle that is subject to the annual license excise tax imposed under IC 6-6-5.
- (6) "Municipality" has the meaning set forth in IC 36-1-2-11.
- (7) "Surtax" means the annual license excise surtax imposed by the fiscal body of an eligible municipality under this chapter.
- (8) "Transportation asset management plan" includes planning for drainage systems and rights-of-way that affect transportation assets.

SECTION 24. IC 6-3.5-10-3, AS ADDED BY P.L.146-2016,



SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. If the fiscal body of an eligible municipality adopts an ordinance imposing the surtax after December 31 but **on or** before ~~July~~ **September 1** of the following year, a motor vehicle is subject to the tax if the motor vehicle is registered in the adopting municipality after December 31 of the year in which the ordinance is adopted. If the fiscal body of an eligible municipality adopts an ordinance imposing the surtax after ~~June 30~~ **September 1** but before the following January 1, a motor vehicle is subject to the tax if the motor vehicle is registered in the adopting municipality after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the surtax is effective, the surtax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the surtax is first effective.

SECTION 25. IC 6-3.5-10-4, AS ADDED BY P.L.146-2016, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) After January 1 but before ~~July~~ **September 1** of any year, the fiscal body of an adopting municipality may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the surtax. If a fiscal body adopts an ordinance to rescind the surtax, the surtax does not apply to a motor vehicle registered after December 31 of the year in which the ordinance is adopted.

(b) A fiscal body may not adopt an ordinance to rescind the surtax unless the fiscal body concurrently adopts an ordinance under IC 6-3.5-11 to rescind the municipal wheel tax.

SECTION 26. IC 6-3.5-10-5, AS ADDED BY P.L.146-2016, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. The fiscal body of an adopting municipality may adopt an ordinance to increase or decrease the surtax amount. The new surtax amount must be within the range of amounts prescribed by section 2 of this chapter. A new amount that is established by an ordinance that is adopted after December 31 but **on or** before ~~July~~ **September 1** of the following year applies to motor vehicles registered after December 31 of the year in which the ordinance to change the amount is adopted. A new amount that is established by an ordinance that is adopted after ~~June 30~~ **September 1** but before January 1 of the following year applies to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

SECTION 27. IC 6-3.5-10-6, AS ADDED BY P.L.146-2016, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. If the fiscal body of an eligible municipality



adopts an ordinance to impose, rescind, or change the amount of the surtax, the fiscal body shall send a copy of the ordinance **and a copy of a letter from the Indiana department of transportation approving the eligible municipality's transportation asset management plan** to the commissioner of the bureau of motor vehicles on or before September 1 to be effective January 1 of the following calendar year.

SECTION 28. IC 6-3.5-10-11, AS ADDED BY P.L.146-2016, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 11. On or before ~~August~~ **October** 1 of each year, the fiscal officer of an adopting municipality shall provide the fiscal body of the adopting municipality with an estimate of the surtax revenues to be received by the adopting municipality during the next calendar year. The adopting municipality shall include the estimated surtax revenues in the adopting municipality's budget estimate for the calendar year.

SECTION 29. IC 6-3.5-11-1, AS AMENDED BY HEA 1492-2017, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. The following definitions apply throughout this chapter:

- (1) "Adopting municipality" means an eligible municipality that has adopted the wheel tax.
- (2) "Branch office" means a branch office of the bureau of motor vehicles.
- (3) "Bus" has the meaning set forth in IC 9-13-2-17.
- (4) "Commercial vehicle" has the meaning set forth in IC 6-6-5.5-1(c).
- (5) "Department" refers to the department of state revenue.
- (6) "Eligible municipality" means a municipality having a population of at least ~~ten~~ **five** thousand (~~10,000~~): **(5,000)**.
- (7) "In-state miles" has the meaning set forth in IC 6-6-5.5-1(i).
- (8) "Political subdivision" has the meaning set forth in IC 34-6-2-110.
- (9) "Recreational vehicle" has the meaning set forth in IC 9-13-2-150.
- (10) "School bus" has the meaning set forth in IC 9-13-2-161(a).
- (11) "Semitrailer" has the meaning set forth in IC 9-13-2-164(a).
- (12) "State agency" has the meaning set forth in IC 34-6-2-141.
- (13) "Tractor" has the meaning set forth in IC 9-13-2-180.
- (14) "Trailer" has the meaning set forth in IC 9-13-2-184(a).
- (15) "Transportation asset management plan" includes planning for drainage systems and rights-of-way that affect transportation



assets.

(16) "Truck" has the meaning set forth in IC 9-13-2-188(a).

(17) "Wheel tax" means the tax imposed under this chapter.

SECTION 30. IC 6-3.5-11-5, AS ADDED BY P.L.146-2016, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. If the fiscal body of an eligible municipality adopts an ordinance imposing the wheel tax after December 31 but **on or before July September 1** of the following year, a vehicle described in section 2(a) of this chapter is subject to the tax if the vehicle is registered in the adopting municipality after December 31 of the year in which the ordinance is adopted. If a fiscal body adopts an ordinance imposing the wheel tax after ~~June 30~~ **September 1** but before the following January 1, a vehicle described in section 2(a) of this chapter is subject to the tax if the vehicle is registered in the adopting municipality after December 31 of the year following the year in which the ordinance is adopted. However, in the first year the tax is effective, the tax does not apply to the registration of a motor vehicle for the registration year that commenced in the calendar year preceding the year the tax is first effective.

SECTION 31. IC 6-3.5-11-6, AS ADDED BY P.L.146-2016, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) After January 1 but **on or before July September 1** of any year, the fiscal body of an adopting municipality may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the wheel tax. If a fiscal body adopts an ordinance to rescind the wheel tax, the wheel tax does not apply to a vehicle registered after December 31 of the year the ordinance is adopted.

(b) The fiscal body of an adopting municipality may not adopt an ordinance to rescind the wheel tax unless the fiscal body concurrently adopts an ordinance under IC 6-3.5-10 to rescind the annual license excise surtax.

SECTION 32. IC 6-3.5-11-7, AS ADDED BY P.L.146-2016, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. The fiscal body of an adopting municipality may adopt an ordinance to increase or decrease the wheel tax rates. The new wheel tax rates must be within the range of rates prescribed by section 2 of this chapter. New rates that are established by an ordinance that is adopted after December 31 but **on or before July September 1** of the following year apply to vehicles registered after December 31 of the year in which the ordinance to change the rates is adopted. New rates that are established by an ordinance that is adopted after ~~June 30~~ **September 1** but before ~~July~~ **January 1** of the following year apply to





motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

SECTION 33. IC 6-3.5-11-8, AS ADDED BY P.L.146-2016, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. If the fiscal body of an eligible municipality adopts an ordinance to impose, rescind, or change the rates of the wheel tax, the fiscal body shall send a copy of the ordinance **and a copy of a letter from the department of transportation approving the eligible municipality's transportation asset management plan** to:

- (1) the ~~commissioner of the~~ bureau of motor vehicles; and
- (2) the department of state revenue;

**on or before September 1 to be effective January 1 of the following calendar year.**

SECTION 34. IC 6-3.5-11-15, AS ADDED BY P.L.146-2016, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 15. On or before ~~August~~ **October** 1 of each year, the fiscal officer of an adopting municipality shall provide the fiscal body of the adopting municipality with an estimate of the wheel tax revenues to be received by the adopting municipality during the next calendar year. The adopting municipality shall include the estimated wheel tax revenues in the adopting municipality's budget estimate for the calendar year.

SECTION 35. IC 6-6-1.1-201 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 201. **(a)** A license tax of ~~eighteen cents (\$0.18) per gallon~~ is imposed on the use of all gasoline used in Indiana **at the applicable rate specified in subsection (b)**, except as otherwise provided by this chapter. The distributor shall initially pay the tax on the billed gallonage of all gasoline the distributor receives in this state, less any deductions authorized by this chapter. The distributor shall then add the per gallon amount of tax to the selling price of each gallon of gasoline sold in this state and collected from the purchaser so that the ultimate consumer bears the burden of the tax.

**(b) The license tax described in subsection (a) is imposed at the following applicable rate per gallon:**

- (1) Before July 1, 2017, eighteen cents (\$0.18).**
- (2) For July 1, 2017, through June 30, 2018, the lesser of:**
  - (A) the rate resulting from using the factors determined under IC 6-6-1.6-2; or**
  - (B) twenty-eight cents (\$0.28).**
- (3) Beginning July 1, 2018, and each July 1 through July 1,**



**2024, the department shall determine an applicable rate equal to the product of:**

- (A) the rate in effect on June 30; multiplied by**
- (B) the factor determined under IC 6-6-1.6-3.**

**The rate shall be rounded to the nearest cent (\$0.01). However, after June 30, 2018, the new applicable rate may not exceed the rate in effect on June 30 plus one cent (\$0.01). The department shall publish the rate that will take effect on July 1 on the department's Internet web site not later than June 1.**

SECTION 36. IC 6-6-1.1-801.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 801.5. (a) The administrator shall transfer ~~one-ninth (1/9)~~ **the first seventy million dollars (\$70,000,000)** of the taxes that are collected under this chapter **during a state fiscal year** to the state highway road construction and improvement fund.

(b) The administrator shall transfer ~~one-eighteenth (1/18)~~ of the taxes that are collected under this chapter to the state highway fund.

(c) The administrator shall transfer ~~one-eighteenth (1/18)~~ of the taxes that are collected under this chapter to the auditor of state for distribution to counties, cities, and towns. The auditor of state shall distribute the amounts transferred under this subsection to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1. Money distributed under this subsection may be used only for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1.

(d) After the transfers required by subsections (a) through (c), the administrator shall transfer the next twenty-five million dollars (\$25,000,000) of the taxes that are collected under this chapter and received during a period beginning July 1 of a year and ending June 30 of the immediately succeeding year to the auditor of state for distribution in the following manner:

- (1) thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the local road and street account under IC 8-14-2 and in the same proportion among the counties, cities, and towns as funds are distributed under IC 8-14-2-4;
- (2) thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the



counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1; and

(3) forty percent (40%) to the Indiana department of transportation;

(e) The auditor of state shall hold all amounts of collections received under subsection (d) from the administrator that are made during a particular month and shall distribute all of those amounts pursuant to subsection (d) on the fifth day of the immediately succeeding month.

(f) All amounts distributed under subsection (d) may only be used for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1.

SECTION 37. IC 6-6-1.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 1.6. Fuel Tax Index Factors**

**Sec. 1. The following definitions apply throughout this chapter:**

(1) "CPI-U" means the Consumer Price Index for all Urban Consumers, U.S. city average, all items, using the index base period of 1982-84 equal to one hundred (100), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) "Department" refers to the department of state revenue.

(3) "IPI" means Indiana personal income.

**Sec. 2. (a) The department shall determine a new tax rate for gasoline, special fuel, and the motor carrier surcharge tax to take effect July 1, 2017. The department shall determine the new rate before June 1, 2017. The new rate shall be determined by using annual factors and applying a method that is based on an annual factor being in place each year from the beginning of the period specified for each factor and that uses the resulting rounded rate for purposes of determining the following year rate change.**

**(b) The gasoline tax index factor to be used each year equals the following:**

**STEP ONE: Determine the year over year change in the CPI-U beginning in 2003 through 2016.**

**STEP TWO: Determine the year over year change in the IPI beginning in 2003 through 2016.**

**STEP THREE: Add for each year:**

**(A) the STEP ONE result; and**

**(B) the STEP TWO result.**

**STEP FOUR: Divide the STEP THREE result by two (2).**



(c) The special fuel index factor and motor carrier surcharge tax index factor to be used each year equals the following:

STEP ONE: Determine the year over year change in the CPI-U beginning in 1989 through 2016.

STEP TWO: Determine the year over year change in the IPI beginning in 1989 through 2016.

STEP THREE: Add for each year:

(A) the STEP ONE result; and

(B) the STEP TWO result.

STEP FOUR: Divide the STEP THREE result by two (2).

Sec. 3. (a) The department shall calculate an annual index factor to be used for the rate to take effect each July 1 beginning in 2018 through July 1, 2024. The department shall determine the index factor before June 1 of each year using the method described in subsection (b).

(b) The annual gasoline tax index factor, special fuel index factor, and motor carrier surcharge tax index factor equals the following:

STEP ONE: Divide the annual CPI-U for the year preceding the determination year by the annual CPI-U for the year immediately preceding that year.

STEP TWO: Divide the annual IPI for the year preceding the determination year by the annual IPI for the year immediately preceding that year.

STEP THREE: Add:

(A) the STEP ONE result; and

(B) the STEP TWO result.

STEP FOUR: Divide the STEP THREE result by two (2).

SECTION 38. IC 6-6-2.5-22.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22.5. As used in this chapter, "special fuel gallon" means:

(1) except as provided in subdivisions (2) and (3), a gallon of special fuel;

(2) a diesel gallon equivalent (as defined in IC 6-6-4.1-1(f)), in the case of a special fuel that is liquid natural gas; or

(3) a gasoline gallon equivalent (as defined in IC 6-6-4.1-1(g)), in the case of a special fuel that is compressed natural gas.

SECTION 39. IC 6-6-2.5-28, AS AMENDED BY P.L.190-2014, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) A license tax of sixteen cents (\$0.16) per:



- ~~(1)~~ gallon;
- ~~(2)~~ diesel gallon equivalent (as defined in IC 6-6-4.1-1(f)); in the case of a special fuel that is liquid natural gas; or
- ~~(3)~~ gasoline gallon equivalent (as defined in IC 6-6-4.1-1(g)); in the case of a special fuel that is compressed natural gas;

is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles, except fuel used under section 30(a)(8) or 30.5 of this chapter, **at the applicable rate specified in subsection (b)**. The tax shall be paid at those times, in the manner, and by those persons specified in this section and section 35 of this chapter.

**(b) The license tax described in subsection (a) is imposed at the following applicable rate per special fuel gallon:**

- (1) Before July 1, 2017, sixteen cents (\$0.16).**
- (2) For July 1, 2017, through June 30, 2018, the lesser of:**
  - (A) the rate resulting from using the factors determined under IC 6-6-1.6-2; or**
  - (B) twenty-six cents (\$0.26).**
- (3) Beginning July 1, 2018, and each July 1 through July 1, 2024, the department shall determine an applicable rate equal to the product of:**
  - (A) the rate in effect on June 30; multiplied by**
  - (B) the factor determined under IC 6-6-1.6-3.**

**The rate shall be rounded to the nearest cent (\$0.01). However, after June 30, 2018, the new applicable rate may not exceed the rate in effect on June 30 plus one cent (\$0.01). The department shall publish the rate that will take effect on July 1 on the department's Internet web site not later than June 1.**

~~(b)~~ **(c)** The department shall consider it a rebuttable presumption that all undyed or unmarked special fuel, or both, received in Indiana is to be sold for use in propelling motor vehicles.

~~(c)~~ **(d)** Except as provided in subsection ~~(d)~~; **(e)**, the tax imposed on special fuel by subsection (a) shall be measured by invoiced gallons (or diesel or gasoline gallon equivalents in the case of a special fuel described in ~~subsection (a)(2) or (a)(3)~~ **section 22.5(2) or 22.5(3) of this chapter**) of nonexempt special fuel received by a licensed supplier in Indiana for sale or resale in Indiana or with respect to special fuel subject to a tax precollection agreement under section 35(d) of this chapter, such special fuel removed by a licensed supplier from a terminal outside of Indiana for sale for export or for export to Indiana and in any case shall generally be determined in the same manner as the tax imposed by Section 4081 of the Internal Revenue Code and Code of Federal Regulations.



(d) (e) The tax imposed by subsection (a) on special fuel imported into Indiana, other than into a terminal, is imposed at the time the product is entered into Indiana and shall be measured by invoiced gallons received at a terminal or at a bulk plant.

(e) (f) In computing the tax, all special fuel in process of transfer from tank steamers at boat terminal transfers and held in storage pending wholesale bulk distribution by land transportation, or in tanks and equipment used in receiving and storing special fuel from interstate pipelines pending wholesale bulk reshipment, shall not be subject to tax.

(f) (g) The department shall consider it a rebuttable presumption that special fuel consumed in a motor vehicle plated for general highway use is subject to the tax imposed under this chapter. A person claiming exempt use of special fuel in such a vehicle must maintain adequate records as required by the department to document the vehicle's taxable and exempt use.

(g) (h) A person that engages in blending fuel for taxable sale or use in Indiana is primarily liable for the collection and remittance of the tax imposed under subsection (a). The person shall remit the tax due in conjunction with the filing of a monthly report in the form prescribed by the department.

(h) (i) A person that receives special fuel that has been blended for taxable sale or use in Indiana is secondarily liable to the state for the tax imposed under subsection (a).

(i) (j) A person may not use special fuel on an Indiana public highway if the special fuel contains a sulfur content that exceeds five one-hundredths of one percent (0.05%). A person who knowingly:

- (1) violates; or
- (2) aids or abets another person to violate;

this subsection commits a Class A infraction. However, the violation is a Class A misdemeanor if the person has committed one (1) prior unrelated violation of this subsection, and a Level 6 felony if the person has committed more than one (1) unrelated violation of this subsection.

SECTION 40. IC 6-6-2.5-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. (a) The following are exempt from the special fuel tax:

- (1) Special fuel sold by a supplier to a licensed exporter for export from Indiana to another state or country to which the exporter is specifically licensed to export exports by a supplier, or exports for which the destination state special fuel tax has been paid to the supplier and proof of export is available in the form of a destination state bill of lading.



- (2) Special fuel sold to the United States or an agency or instrumentality thereof.
- (3) Special fuel sold to a post exchange or other concessionaire on a federal reservation within Indiana. However, the post exchange or concessionaire shall collect, report, and pay quarterly to the department any tax permitted by federal law on special fuel sold.
- (4) Special fuel sold to a public transportation corporation established under IC 36-9-4 and used for the transportation of persons for compensation within the territory of the corporation.
- (5) Special fuel sold to a public transit department of a municipality and used for the transportation of persons for compensation within a service area, no part of which is more than five (5) miles outside the corporate limits of the municipality.
- (6) Special fuel sold to a common carrier of passengers, including a business operating a taxicab (as defined in IC 6-6-1.1-103(l)) and used by the carrier to transport passengers within a service area that is not larger than one (1) county, and counties contiguous to that county.
- (7) The portion of special fuel determined by the commissioner to have been used to operate equipment attached to a motor vehicle, if the special fuel was placed into the fuel supply tank of a motor vehicle that has a common fuel reservoir for travel on a highway and for the operation of equipment.
- (8) Special fuel used for nonhighway purposes, used as heating oil, or in trains.
- (9) Special fuel sold by a supplier to an unlicensed person for export from Indiana to another state and the special fuel has been dye additized in accordance with section 31 of this chapter.
- (10) Sales of transmix between licensed suppliers.
- (11) Special fuel sold or removed via truck or rail from a terminal or refinery, if the destination is an Indiana terminal or refinery.**
- (12) Special fuel received at an Indiana terminal or refinery, if the tax on the special fuel has previously been paid. If this subdivision applies, the receiving supplier is entitled to a credit on the receiving supplier's Indiana Special Fuel Supplier's Tax Return for the tax paid to the receiving supplier's vendor or directly to the state.**
- (b) The exemption from tax provided under subsection (a)(4) through (a)(7) shall be applied for through the refund procedures established in section 32 of this chapter.
- (c) The department shall provide information to licensed suppliers



of the destination state or states to which exporters are authorized to export.

(d) Subject to gallonage limits and other conditions established by the department, the department shall provide for refund of the tax imposed by this chapter to a wholesale distributor exporting undyed special fuel out of a bulk plant in this state in a vehicle capable of carrying not more than five thousand four hundred (5,400) gallons if the destination of that vehicle does not exceed twenty-five (25) miles from the border of Indiana.

SECTION 41. IC 6-6-2.5-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) The tax on special fuel received by a licensed supplier in Indiana that is imposed by section 28 of this chapter shall be collected and remitted to the state by the supplier who receives taxable gallons in accordance with subsection (b).

(b) On or before the fifteenth day of each month, licensed suppliers and licensed permissive suppliers shall make an estimated payment of all taxes imposed on transactions that occurred during the previous calendar month equal to:

- (1) one hundred percent (100%) of the amount remitted by the licensed supplier or licensed permissive supplier for the month preceding the previous calendar month; or
- (2) ninety-five percent (95%) of the amount actually due and payable by the licensed supplier or licensed permissive supplier for the previous month.

Any remaining tax imposed on transactions occurring during a calendar month shall be due and payable on or before the twentieth day of the following month, except as provided in subsection (i). Underpayments of estimated taxes due and owing the department are not subject to a penalty under section 63(a) of this chapter.

(c) A supplier who sells special fuel shall collect from the purchaser the special fuel tax imposed under section 28 of this chapter. At the election of an eligible purchaser, the seller shall not require a payment of special fuel tax from the purchaser at a time that is earlier than the date on which the tax is required to be remitted by the supplier under subsection (b). This election shall be subject to a condition that the eligible purchaser's remittances of all amounts of tax due the seller shall be paid by electronic funds transfer on or before the due date of the remittance by the supplier to the department, and the eligible purchaser's election under this subsection may be terminated by the seller if the eligible purchaser does not make timely payments to the seller as required by this subsection.





(d) As used in this section, "eligible purchaser" means a person who has authority from the department to make the election under subsection (c) and includes every person who is licensed and in good standing as a special fuel dealer or special fuel user, as determined by the department, as of July 1, 1993, who has purchased a minimum of two hundred forty thousand (240,000) taxable gallons of special fuel each year in the preceding two (2) years, or who otherwise meets the financial responsibility and bonding requirements of subsection (e).

(e) Each purchaser that desires to make an election under subsection (c) shall present evidence of the purchaser's eligible purchaser status to the purchaser's seller. The department shall determine whether the purchaser is an eligible purchaser. The department may require a purchaser that pays the tax to a supplier to file with the department a surety bond payable to the state, upon which the purchaser is the obligor or other financial security, in an amount satisfactory to the department. The department may require that the bond indemnify the department against bad debt deductions claimed by the supplier under subsection (g).

(f) The department shall have the authority to rescind a purchaser's eligibility and election to defer special fuel tax remittances upon a showing of good cause, including failure to make timely payment under subsection (c), by sending written notice to all suppliers and eligible purchasers. The department may require further assurance of the purchaser's financial responsibility, or may increase the bond requirement for that purchaser, or any other action that the department may require to ensure remittance of the special fuel tax.

(g) In computing the amount of special fuel tax due, the supplier and permissive supplier shall be entitled to a deduction from the tax payable the amount of tax paid by the supplier that has become uncollectible from a purchaser. The department shall adopt rules establishing the evidence a supplier must provide to receive the deduction. The deduction shall be claimed on the first return following the date of the failure of the purchaser if the payment remains unpaid as of the filing date of that return or the deduction shall be disallowed. The claim shall identify the defaulting purchaser and any tax liability that remains unpaid. If a purchaser fails to make a timely payment of the amount of tax due, the supplier's deduction shall be limited to the amount due from the purchaser, plus any tax that accrues from that purchaser for a period of ten (10) days following the date of failure to pay. No additional deduction shall be allowed until the department has authorized the purchaser to make a new election under subsection (e). The department may require the deduction to be reported in the same



manner as prescribed in Section 166 of the Internal Revenue Code.

(h) The supplier and each reseller of special fuel is considered to be a collection agent for this state with respect to that special fuel tax, which shall be set out on all invoices and billings as a separate line item.

(i) Except as provided in subsection (e), the tax imposed by section 28 of this chapter on special fuel imported from another state shall be paid by the licensed importer who has imported the nonexempt special fuel not later than three (3) business days after the earlier of:

- (1) the time that the nonexempt special fuel entered into Indiana;
- or
- (2) the time that a valid import verification number was assigned by the department under rules and procedures adopted by the department.

However, if the importer and the importer's reseller have previously entered into a tax precollection agreement as described in subsection (j), and the agreement remains in effect, the supplier with whom the agreement has been made shall become jointly liable with the importer for the tax and shall remit the tax to the department on behalf of the importer. This subsection does not apply to an importer with respect to imports in vehicles with a capacity of not more than five thousand four hundred (5,400) gallons.

(j) The department, a licensed importer, the reseller to a licensed importer, and a licensed supplier or permissive supplier may jointly enter into an agreement for the licensed supplier or permissive supplier to precollect and remit the tax imposed by this chapter with respect to special fuel imported from a terminal **or refinery** outside of Indiana in the same manner and at the same time as the tax would arise and be paid under this chapter if the special fuel had been received by the licensed supplier or permissive supplier at a terminal **or refinery** in Indiana. If the supplier is also the importer, the agreement shall be entered into between the supplier and the department. However, any licensed supplier or permissive supplier may make an election with the department to treat all out-of-state terminal **or refinery** removals with an Indiana destination as shown on the terminal-issued **or refinery-issued** shipping paper as if the removals were received by the supplier in Indiana pursuant to section 28 of this chapter and subsection (a), for all purposes. In this case, the election and notice of the election to a supplier's customers shall operate instead of a three (3) party precollection agreement. The department may impose requirements reasonably necessary for the enforcement of this subsection.



(k) Each licensed importer who is liable for the tax imposed by this chapter on nonexempt special fuel imported by a fuel transport truck having less than five thousand four hundred (5,400) gallons capacity, for which tax has not previously been paid to a supplier, shall remit the special fuel tax for the preceding month's import activities with the importer's monthly report of activities. A licensed importer shall be allowed to retain two-thirds ( $\frac{2}{3}$ ) of the collection allowance provided for in section 37(a) of this chapter for the tax timely remitted by the importer directly to the state, subject to the same pass through provided for in section 37(a) of this chapter.

(l) A licensed importer shall be allowed to retain two-thirds ( $\frac{2}{3}$ ) of the amount allowed in section 37(a) of this chapter of the tax timely remitted by the licensed importer directly to the state, subject to the same pass through provided for in section 37(a) of this chapter.

SECTION 42. IC 6-6-2.5-62, AS AMENDED BY P.L.158-2013, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 62. (a) No person shall import, sell, use, deliver, or store in Indiana special fuel in bulk as to which dye or a marker, or both, has not been added in accordance with section 31 of this chapter, or as to which the tax imposed by this chapter has not been paid to or accrued by a licensed supplier or licensed permissive supplier as shown by a notation on a terminal-issued shipping paper subject to the following exceptions:

(1) A supplier shall be exempt from this provision with respect to special fuel manufactured in Indiana or imported by pipeline or waterborne barge and stored within a terminal in Indiana.

(2) An end user shall be exempt from this provision with respect to special fuel in a vehicle supply tank when the fuel was placed in the vehicle supply tank outside of Indiana.

(3) A licensed importer, and transporter operating on the importer's behalf, that transports in vehicles with a capacity of more than five thousand four hundred (5,400) gallons shall be exempt from this prohibition if the importer or the transporter has met all of the following conditions:

(A) The importer or the transporter before entering onto the highways of Indiana has obtained an import verification number from the department not earlier than twenty-four (24) hours before entering Indiana.

(B) The import verification number must be set out prominently and indelibly on the face of each copy of the terminal-issued shipping paper carried on board the transport truck.



(C) The terminal origin and the importer's name and address must be set out prominently on the face of each copy of the terminal-issued shipping paper.

(D) The terminal-issued shipping paper data otherwise required by this chapter is present.

(E) All tax imposed by this chapter with respect to previously requested import verification number activity on the account of the importer or the transporter has been timely remitted.

In every case, a transporter acting in good faith is entitled to rely upon representations made to the transporter by the fuel supplier or importer and when acting in good faith is not liable for the negligence or malfeasance of another person. A person who knowingly violates or knowingly aids and abets another person in violating this subsection commits a Level 6 felony.

(b) No person shall export special fuel from Indiana unless that person has obtained an exporter's license or a supplier's license or has paid the destination state special fuel tax to the supplier and can demonstrate proof of export in the form of a destination state bill of lading. A person who knowingly violates or knowingly aids and abets another person in violating this subsection commits a Level 6 felony.

(c) No person shall operate or maintain a motor vehicle on any public highway in Indiana with special fuel contained in the fuel supply tank for the motor vehicle that contains dye or a marker, or both, as provided under section 31 of this chapter. This provision does not apply to persons operating motor vehicles that have received fuel into their fuel tanks outside of Indiana in a jurisdiction that permits introduction of dyed or marked, or both, special fuel of that color and type into the motor fuel tank of highway vehicles or to a person that qualifies for the federal fuel tax exemption under Section 4082 of the Internal Revenue Code and that is registered with the department as a dyed fuel user. A person who knowingly:

(1) violates; or

(2) aids and abets another person in violating;

this subsection commits a Class A infraction. However, the violation is a Class A misdemeanor if the person has committed one (1) prior unrelated violation of this subsection, and a Level 6 felony if the person has committed more than one (1) prior unrelated violation of this subsection.

(d) No person shall engage in any business activity in Indiana as to which a license is required by section 41 of this chapter unless the person shall have first obtained the license. A person who knowingly violates or knowingly aids and abets another person in violating this



subsection commits a Level 6 felony.

(e) No person shall operate a motor vehicle with a capacity of more than five thousand four hundred (5,400) gallons that is engaged in the shipment of special fuel on the public highways of Indiana and that is destined for a delivery point in Indiana, as shown on the terminal-issued shipping papers, without having on board a terminal-issued shipping paper indicating with respect to any special fuel purchased:

- (1) under claim of exempt use, a notation describing the load or the appropriate portion of the load as Indiana tax exempt special fuel;
- (2) if not purchased under a claim of exempt use, a notation describing the load or the appropriate portion thereof as Indiana taxed or pretaxed special fuel; or
- (3) if imported by or on behalf of a licensed importer instead of the pretaxed notation, a valid verification number provided before entry into Indiana by the department or the department's designee or appointee, and the valid verification number may be handwritten on the shipping paper by the transporter or importer.

A person is in violation of subdivision (1) or (2) (whichever applies) if the person boards the vehicle with a shipping paper that does not meet the requirements described in the applicable subdivision (1) or (2). A person in violation of this subsection commits a Class A infraction (as defined in IC 34-28-5-4).

(f) A person may not sell or purchase any product for use in the supply tank of a motor vehicle for general highway use that does not meet ASTM standards as published in the annual Book of Standards and its supplements unless amended or modified by rules adopted by the department under IC 4-22-2. The transporter and the transporter's agent and customer have the exclusive duty to dispose of any product in violation of this section in the manner provided by federal and state law. A person who knowingly:

- (1) violates; or
- (2) aids and abets another in violating;

this subsection commits a Level 6 felony.

(g) This subsection does not apply to the following:

- (1) A person that:
  - (A) inadvertently manipulates the dye or marker concentration of special fuel or coloration of special fuel; and
  - (B) contacts the department within one (1) business day after the date on which the contamination occurs.
- (2) A person that affects the dye or marker concentration of



special fuel by engaging in the blending of the fuel, if the blender:

- (A) collects or remits, or both, all tax due as provided in section ~~28(g)~~ **28(h)** of this chapter;
- (B) maintains adequate records as required by the department to account for the fuel that is blended and its status as a taxable or exempt sale or use; and
- (C) is otherwise in compliance with this subsection.

A person may not manipulate the dye or marker concentration of a special fuel or the coloration of special fuel after the special fuel is removed from a terminal or refinery rack for sale or use in Indiana. A person who knowingly violates or aids and abets another person to violate this subsection commits a Level 6 felony.

(h) This subsection does not apply to a person that receives blended fuel from a person in compliance with subsection (g)(2). A person may not sell or consume special fuel if the special fuel dye or marker concentration or coloration has been manipulated, inadvertently or otherwise, after the special fuel has been removed from a terminal or refinery rack for sale or use in Indiana. A person who knowingly:

- (1) violates; or
- (2) aids and abets another to violate;

this subsection commits a Level 6 felony.

(i) A person may not engage in blending fuel for taxable use in Indiana without collecting and remitting the tax due on the untaxed portion of the fuel that is blended. A person who knowingly:

- (1) violates; or
- (2) aids and abets another to violate;

this subsection commits a Level 6 felony.

SECTION 43. IC 6-6-2.5-64 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 64. (a) If any person liable for the tax files a false or fraudulent return, there shall be added to the tax an amount equal to the tax the person evaded or attempted to evade.

(b) The department shall impose a civil penalty of one thousand dollars (\$1,000) for a person's first occurrence of transporting special fuel without adequate shipping papers as required under sections 40, 41(g), and 62(e) of this chapter, unless the person shall have complied with rules adopted under IC 4-22-2. Each subsequent occurrence described in this subsection is subject to a civil penalty of five thousand dollars (\$5,000).

(c) The department shall impose a civil penalty on the operator of a vehicle of two hundred dollars (\$200) for the initial occurrence, two thousand five hundred dollars (\$2,500) for the second occurrence, and



five thousand dollars (\$5,000) for the third and each subsequent occurrence of a violation of either:

(1) the prohibition of use of dyed or marked special fuel, or both, on the Indiana public highways, except for a person that qualifies for the federal fuel tax exemption under Section 4082 of the Internal Revenue Code and that is registered with the department as a dyed fuel user; or

(2) the use of special fuel in violation of section ~~28(i)~~ **28(j)** of this chapter.

(d) A supplier that makes sales for export to a person:

(1) who does not have an appropriate export license; or

(2) without collection of the destination state tax on special fuel nonexempt in the destination state;

shall be subject to a civil penalty equal to the amount of Indiana's special fuel tax in addition to the tax due.

(e) The department may impose a civil penalty of one thousand dollars (\$1,000) for each occurrence against every terminal operator that fails to meet shipping paper issuance requirements under section 40 of this chapter.

(f) Each importer or transporter who knowingly imports undyed or unmarked special fuel, or both, in a transport truck without:

(1) a valid importer license;

(2) a supplier license;

(3) an import verification number, if transporting in a vehicle with a capacity of more than five thousand four hundred (5,400) gallons; or

(4) a shipping paper showing on the paper's face as required under this chapter that Indiana special fuel tax is not due;

is subject to a civil penalty of ten thousand dollars (\$10,000) for each occurrence described in this subsection.

(g) This subsection does not apply to a person if section 62(g) of this chapter does not apply to the person. A:

(1) person that manipulates the dye or marker concentration of special fuel or the coloration of special fuel after the special fuel is removed from a terminal or refinery rack for sale or use in Indiana; and

(2) person that receives the special fuel;

are jointly and severally liable for the special fuel tax due on the portion of untaxed fuel plus a penalty equal to the greater of one hundred percent (100%) of the tax due or one thousand dollars (\$1,000).

(h) A person that engages in blending fuel for taxable sale or use in



Indiana and does not collect and remit all tax due on untaxed fuel that is blended is liable for the tax due plus a penalty that is equal to the greater of one hundred percent (100%) of the tax due or one thousand dollars (\$1,000).

SECTION 44. IC 6-6-2.5-68 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 68. (a) The administrator shall transfer the next twenty-five million dollars (\$25,000,000) of the taxes that are collected under this chapter and received during a period beginning July 1 of a year and ending June 30 of the immediately succeeding year to the auditor of state for distribution in the following manner:

(1) Thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the local road and street account under IC 8-14-2 and in the same proportion among the counties, cities, and towns as funds are distributed under IC 8-14-2-4;

(2) Thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1;

(3) Forty percent (40%) to the Indiana department of transportation;

(b) The auditor of state shall hold all amounts of collections received from the administrator that are made during a particular month and shall distribute all of those amounts under subsection (a) on the fifth day of the immediately succeeding month;

(c) All amounts distributed under subsection (a) may only be used for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1;

(d) All revenue collected under this chapter shall be used in the same manner as the revenue collected under IC 6-6-1.1. The administrator shall after the transfers specified in subsection (a); deposit the remainder of the revenues collected under this chapter in the same manner that revenues are deposited under IC 6-6-1.1-802.

SECTION 45. IC 6-6-4.1-1, AS AMENDED BY P.L.277-2013, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

(a) "Carrier" means a person who operates or causes to be operated a commercial motor vehicle on any highway in Indiana.

(b) "Commercial motor vehicle" means a vehicle which is listed in section 2(a) of this chapter and which is not excluded from the





application of this chapter under section 2(b) of this chapter.

(c) "Commissioner" means the commissioner of the Indiana department of state revenue.

(d) "Declared gross weight" means the weight at which a motor vehicle is registered with:

- (1) the bureau of motor vehicles; or
- (2) a state other than Indiana.

(e) "Department" means the Indiana department of state revenue.

(f) "Diesel gallon equivalent" means the amount of an alternative fuel that produces the same number of British thermal units of energy as a gallon of diesel fuel.

(g) "Gasoline gallon equivalent" means the amount of an alternative fuel that produces the same number of British thermal units of energy as a gallon of gasoline.

(h) "Highway" means the entire width between the boundary lines of every publicly maintained way that is open in any part to the use of the public for purposes of vehicular travel.

(i) "Motor fuel" means gasoline (as defined in IC 6-6-1.1), special fuel (as defined in IC 6-6-2.5), and alternative fuel (as defined in IC 6-6-2.5).

(j) "Quarter" means calendar quarter.

(k) "Motor vehicle" has the meaning set forth in IC 6-6-1.1-103.

(l) "Recreational vehicle" means motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure. A vehicle is not a recreational vehicle if the vehicle is used in connection with a business.

(m) "Alternative fuel" has the meaning set forth in IC 6-6-2.5-1.

(n) "Special fuel" has the meaning set forth in IC 6-6-2.5-22.

**(o) "Surcharge gallon" means, as applicable:**

- (1) a gallon of gasoline or special fuel (other than natural gas or an alternative fuel commonly or commercially known or sold as butane or propane);**
- (2) a diesel gallon equivalent of a special fuel that is liquid natural gas; or**
- (3) a gasoline gallon equivalent of a special fuel that is compressed natural gas or an alternative fuel commonly or commercially known or sold as butane or propane.**

SECTION 46. IC 6-6-4.1-4, AS AMENDED BY P.L.277-2013, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) A tax is imposed on the consumption of motor fuel by a carrier in its operations on highways in Indiana. The rate of this tax is determined as follows:



(1) When imposed upon the consumption of gasoline or special fuel (other than a special fuel that is an alternative fuel), the tax rate is the same rate per gallon as the rate per gallon at which special fuel is taxed under IC 6-6-2.5 **plus, for a carrier that has paid the surcharge tax at the time of purchasing special fuel that is not an alternative fuel, the surcharge tax rate under section 4.5 of this chapter for those gallons purchased.**

(2) When imposed upon the consumption of a special fuel that is an alternative fuel, the tax rate is either of the following:

(A) The same rate per diesel gallon equivalent as the rate per gallon at which special fuel is taxed under IC 6-6-2.5, in the case of liquid natural gas.

(B) The same rate per gasoline gallon equivalent at which special fuel is taxed under IC 6-6-2.5, in the case of compressed natural gas or an alternative fuel commonly or commercially known or sold as butane or propane.

The tax shall be paid quarterly by the carrier to the department on or before the last day of the month immediately following the quarter.

(b) The amount of motor fuel consumed by a carrier in its operations on highways in Indiana is the total amount of motor fuel consumed in its entire operations within and without Indiana, multiplied by a fraction. The numerator of the fraction is the total number of miles traveled on highways in Indiana, and the denominator of the fraction is the total number of miles traveled within and without Indiana.

(c) The amount of tax that a carrier shall pay for a particular quarter under this section equals the product of the tax rate in effect for that quarter, multiplied by the amount of motor fuel consumed by the carrier in its operation on highways in Indiana and upon which the carrier has not paid tax imposed under IC 6-6-1.1, ~~or~~ IC 6-6-2.5, **or section 4.5 of this chapter.**

(d) Subject to section 4.8 of this chapter, a carrier is entitled to a proportional use credit against the tax imposed under this section for that portion of motor fuel used to propel equipment mounted on a motor vehicle having a common reservoir for locomotion on the highway and the operation of the equipment, as determined by rule of the commissioner. An application for a proportional use credit under this subsection shall be filed on a quarterly basis on a form prescribed by the department.

SECTION 47. IC 6-6-4.1-4.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4.3. (a) Persons having title to motor fuel in storage and held for sale to a carrier in the**



carrier's operations on highways in Indiana on the effective date of an increase in the surcharge tax rate imposed under section 4.5 of this chapter are subject to an inventory tax based on the surcharge gallons in storage as of the close of the business day preceding the effective date of the increased surcharge tax rate.

(b) Persons subject to the tax imposed under this section shall:

- (1) take an inventory to determine the surcharge gallons in storage for purposes of determining the inventory tax;
- (2) report the surcharge gallons listed in subdivision (1) on forms provided by the commissioner; and
- (3) pay the tax due not more than thirty (30) days after the prescribed inventory date.

In determining the amount of surcharge tax due under this section, the person may exclude the amount of motor fuel that will not be pumped out of the storage tank because the motor fuel is below the mouth of the draw pipe. For this purpose, the person may deduct two hundred (200) surcharge gallons for a storage tank with a capacity of less than ten thousand (10,000) surcharge gallons, and four hundred (400) surcharge gallons for a storage tank with a capacity that exceeds ten thousand (10,000) surcharge gallons.

(c) The amount of the inventory tax is equal to the inventory tax rate times the surcharge gallons in storage as determined under subsection (b). The inventory tax rate is equal to the difference of the increased surcharge tax rate minus the previous surcharge tax rate.

(d) The inventory tax shall be considered a listed tax for the purposes of IC 6-8.1.

SECTION 48. IC 6-6-4.1-4.5, AS AMENDED BY P.L.277-2013, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) A surcharge tax is imposed on the consumption of motor fuel by a carrier in its operations on highways in Indiana **at the applicable rate specified in subsection (b).** ~~The rate of this surcharge tax is eleven cents (\$0.11) per:~~

- ~~(1) gallon of gasoline or special fuel (other than natural gas or an alternative fuel commonly or commercially known or sold as butane or propane);~~
- ~~(2) diesel gallon equivalent of a special fuel that is liquid natural gas; or~~
- ~~(3) gasoline gallon equivalent of a special fuel that is compressed natural gas or an alternative fuel commonly or commercially known or sold as butane or propane.~~

**Beginning July 1, 2017, the surcharge tax that applies to special**



fuel that is not an alternative fuel shall be collected and remitted in the manner specified for the special fuel tax under IC 6-6-2.5 as required by the department. A carrier shall reconcile the amount owed under this section as part of the carrier's motor fuel use tax reconciliation under this chapter. However, for a carrier that has not paid any surcharge tax at the time of purchase, the tax shall be paid quarterly by the carrier to the department on or before the last day of the month immediately following the quarter.

**(b) The surcharge tax described in subsection (a) is imposed at the following applicable rate per surcharge gallon:**

**(1) Before July 1, 2017, eleven cents (\$0.11) per surcharge gallon.**

**(2) For July 1, 2017, through June 30, 2018, the lesser of:**

**(A) the rate resulting from using the factors determined under IC 6-6-1.6-2; or**

**(B) twenty-one cents (\$0.21).**

**(3) Beginning July 1, 2018, and each July 1 through July 1, 2024, the department shall determine an applicable rate equal to the product of:**

**(A) the rate in effect on June 30; multiplied by**

**(B) the factor determined under IC 6-6-1.6-3.**

**The rate shall be rounded to the nearest cent (\$0.01). However, after June 30, 2018, the new applicable rate may not exceed the rate in effect on June 30 plus one cent (\$0.01). The department shall publish the rate that will take effect on July 1 on the department's Internet web site not later than June 1.**

~~(b)~~ **(c)** The amount of motor fuel consumed by a carrier in its operations on highways in Indiana is the total amount of motor fuel consumed in its entire operations within and without Indiana, multiplied by a fraction. The numerator of the fraction is the total number of miles traveled on highways in Indiana, and the denominator of the fraction is the total number of miles traveled within and without Indiana.

~~(c)~~ **(d)** The amount of tax that a carrier shall pay for a particular quarter under this section equals the product of the tax rate in effect for that quarter, multiplied by the amount of motor fuel consumed by the carrier in its operation on highways in Indiana.

~~(d)~~ **(e)** Subject to section 4.8 of this chapter, a carrier is entitled to a proportional use credit against the tax imposed under this section for that portion of motor fuel used to propel equipment mounted on a motor vehicle having a common reservoir for locomotion on the highway and the operation of this equipment as determined by rule of



the commissioner. An application for a proportional use credit under this subsection shall be filed on a quarterly basis on a form prescribed by the department.

SECTION 49. IC 6-6-4.1-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4.7. (a) This section applies only to a claim for a proportional use credit under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter for taxes first due and payable after July 31, 1999.

(b) A carrier must be certified by the department in order to qualify for a proportional use credit under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter.

(c) A carrier must apply to the department for certification before April 1 of the first calendar year for which the proportional use credit will be claimed. An application for certification must be in writing upon forms prescribed by the department and must be signed and verified by the carrier. The department must include on all application forms suitable spaces for a listing of the following:

- (1) The carrier's federal Social Security number or federal tax identification number.
- (2) The address of the carrier's principal place of business.
- (3) A description of each of the carrier's vehicles that has a common fuel supply reservoir for both locomotion on a public highway and a commercial purpose.
- (4) The vehicle identification number for each vehicle described in subdivision (3).

(d) The department may certify that a carrier is qualified to claim a proportional use credit under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter only upon payment by the carrier to the department of a one (1) time fee of seven dollars (\$7). The carrier must pay the fee at the time the application for certification is submitted to the department. The department shall deposit the fee in the motor carrier regulation fund established by IC 8-2.1-23-1.

(e) A carrier must notify the department, on forms prescribed by the department, of any change of address by the carrier. The carrier must provide the notice not more than ten (10) days after the change of address. The department may revoke or suspend the certification of a carrier that fails to comply with this subsection.

(f) All certificates issued under this section are personal and may not be transferred.

(g) The department may require a carrier that has been issued a certificate under this section to submit additional information from time to time at reasonable intervals, as determined by the department.



(h) The department may adopt rules under IC 4-22-2 to carry out this section.

SECTION 50. IC 6-6-4.1-4.8, AS AMENDED BY P.L.176-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4.8. (a) This section applies only to a claim for a proportional use credit under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter for taxes first due and payable after July 31, 1999.

(b) In order to obtain a proportional use credit against taxes imposed under section 4 or 4.5 of this chapter, a carrier must file a claim with the department. The claim must be submitted on a form prescribed by the department and must be filed with the quarterly return for the taxable period for which the proportional use credit is claimed. A carrier is not entitled to a proportional use credit under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter unless the carrier:

- (1) has paid in full the taxes to which the credit applies; and
- (2) has filed a claim for the credit on or before the due date of the corresponding quarterly return for the taxable period for which the proportional use credit is claimed.

A credit approved under this section shall, subject to this section, be refunded to the carrier without interest.

(c) The department shall determine the aggregate amount of proportional use credits claimed under section 4(d) or ~~4.5(d)~~ **4.5(e)** of this chapter for each quarter. The department may approve the full amount of a proportional use credit claimed by a carrier if the aggregate amount of proportional use credits claimed for the quarter and for the fiscal year do not exceed the limits set forth in subsection (d). If the aggregate amount of proportional use credits claimed in a quarter exceeds the limits set forth in subsection (d), the department shall pay the claims for that quarter on a pro rata basis.

(d) The department may not approve more than three million five hundred thousand dollars (\$3,500,000) of proportional use credits under this section in a state fiscal year. In addition, the amount of proportional use credits the department may approve under this section for a quarter may not exceed the following:

- (1) For the quarter ending September 30 of a year, an amount equal to one million three hundred seventy-five thousand dollars (\$1,375,000).
- (2) For the quarter ending December 31 of a year, an amount equal to:
  - (A) six hundred twenty-five thousand dollars (\$625,000); plus
  - (B) the greater of zero (0) or the result of:
    - (i) the limit determined for the previous quarter under this



subsection; minus

(ii) the aggregate amount of claims approved for the previous quarter.

(3) For the quarter ending March 31 of a year, an amount equal to:

(A) six hundred twenty-five thousand dollars (\$625,000); plus

(B) the greater of zero (0) or the result of:

(i) the limit determined for the previous quarter under this subsection; minus

(ii) the aggregate amount of claims approved for the previous quarter.

(4) For the quarter ending June 30 of a year, an amount equal to:

(A) eight hundred seventy-five thousand dollars (\$875,000);

plus

(B) the greater of zero (0) or the result of:

(i) the limit determined for the previous quarter under this subsection; minus

(ii) the aggregate amount of claims approved for the previous quarter.

SECTION 51. IC 6-6-4.1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) The department shall deposit revenue collected under sections 4 and 12 of this chapter in the state highway fund (IC 8-23-9-54).

(b) The department shall deposit revenue collected under ~~section~~ **sections 4.3 and 4.5** of this chapter as follows:

(1) ~~Forty-five and one-half percent (45.5%)~~ **Forty-seven and seventy-five hundredths percent (47.75%)** in the state highway fund (IC 8-23-9-54).

(2) ~~Forty-five and one-half percent (45.5%)~~ **Forty-seven and seventy-five hundredths percent (47.75%)** in the motor vehicle highway account (IC 8-14-1).

(3) ~~Nine percent (9%)~~ **Four and five-tenths percent (4.5%)** in the motor carrier regulation fund administered by the department.

(c) The department shall deposit revenue collected under section 13 of this chapter as follows:

(1) Thirty-five percent (35%) in the motor vehicle highway account (IC 8-14-1).

(2) Sixty-five percent (65%) in the state highway fund (IC 8-23-9-54).

SECTION 52. IC 6-6-4.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) A carrier is entitled to a credit against the tax imposed under section 4 of this



chapter if the carrier, or a lessor operating under the carrier's annual permit, has:

- (1) paid the tax imposed under IC 6-6-1.1 or IC 6-6-2.5 **and section 4.5 of this chapter** on motor fuel purchased in Indiana;
  - (2) consumed the motor fuel outside Indiana; and
  - (3) paid a gasoline, special fuel, or road tax with respect to the fuel in one (1) or more other states or jurisdictions.
- (b) The amount of credit for a quarter is equal to the tax paid under IC 6-6-1.1, ~~and~~ IC 6-6-2.5, **and section 4.5 of this chapter** on motor fuel that:
- (1) was purchased in Indiana;
  - (2) was consumed outside Indiana; and
  - (3) with respect to which the carrier paid a gasoline, special fuel, or road tax to another state or jurisdiction.
- (c) To qualify for the credit, the carrier shall submit any evidence required by the department of payment of the tax imposed under IC 6-6-1.1 or IC 6-6-2.5 **and section 4.5 of this chapter**.
- (d) A credit earned by a carrier in a particular quarter shall be applied against the carrier's tax liability under this chapter for that quarter before any credit carryover is applied against that liability under section 7 of this chapter.

SECTION 53. IC 6-6-4.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. (a) As used in this section, the credit of a carrier for any quarter is the amount by which the credit to which the carrier is entitled under section 6 of this chapter for that quarter exceeds the tax liability of the carrier under ~~section~~ **sections 4 and 4.5** of this chapter for that quarter.

(b) The credit for any quarter shall be allowed as a credit against the tax for which the carrier would otherwise be liable in the quarter in which the credit accrued.

(c) A carrier is entitled to the refund of any credit not previously used to offset a tax liability or for any erroneously paid tax or penalty. To obtain the refund, the carrier shall submit to the department a properly completed application in accordance with rules adopted by the department under IC 4-22-2. The application must be submitted within three (3) years after the end of:

- (1) the quarter in which the credit accrued; or
- (2) the calendar year that contains the taxable period in which the tax or penalty was erroneously paid.

Along with the application, the carrier shall submit any evidence required by the department and any reports required by the department under this chapter.





(d) The department shall pay interest on any part of a refund that is not made within ninety (90) days after the date on which all of the following have been completed:

(1) The filing of:

(A) the properly completed application for refund; or

(B) the quarterly return on which a refund is claimed.

(2) The submission of any evidence required by the department of payment of the tax imposed under IC 6-6-1.1 or IC 6-6-2.5 **and section 4.5 of this chapter.**

(3) The submission of reports required by the department under this chapter.

(4) The furnishing of a surety bond, letter of credit, or cash deposit under section 8 of this chapter.

(e) The department shall pay interest at the rate established under IC 6-8.1-9 from the date of:

(1) the refund application;

(2) the due date of a timely filed quarterly return on which a refund is claimed; or

(3) the filing date of a quarterly return on which a refund is claimed, if the quarterly refund is filed after the due date of the quarterly return;

to a date determined by the department that does not precede the date on which the refund is made by more than thirty (30) days.

SECTION 54. IC 6-6-4.1-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 21. A ~~person~~ **carrier** subject to the taxes imposed under sections 4 through 4.5 of this chapter who fails to file a quarterly report as required by section 10 of this chapter shall pay a civil penalty of three hundred dollars (\$300) for each report that is not filed.

SECTION 55. IC 6-6-4.1-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 22. (a) If a ~~person~~ **carrier**:

(1) fails to file a return for taxes due under this chapter;

(2) fails to pay the full amount of tax shown on the ~~person's~~ **carrier's** return by the due date for the return or the payment; or

(3) incurs a deficiency upon a determination by the department;

the ~~person~~ **carrier** is subject to interest on the nonpayment.

(b) The interest for a failure described in subsection (a) is the rate of interest calculated under the interest provisions of the International Fuel Tax Agreement entered into by the department under IC 6-8.1-3-14.

SECTION 56. IC 6-6-13-6, AS ADDED BY P.L.288-2013,



SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) Except as provided in section 7 of this chapter, an excise tax of ~~ten~~ **twenty** cents (~~\$0.10~~) (**\$0.20**) per gallon is imposed on the gross retail income received by a retailer on each gallon of aviation fuel purchased in Indiana. A retailer shall add the per gallon amount of tax to the selling price of each gallon of aviation fuel sold by the retailer so that the ultimate consumer bears the burden of the tax.

(b) For purposes of this chapter, the gross retail income received by the retailer from the sale of aviation fuel does not include the amount of any excise tax imposed upon the sale under federal law.

SECTION 57. IC 6-6-13-15, AS ADDED BY P.L.288-2013, SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 15. The department shall transfer aviation fuel excise taxes collected under this chapter to the treasurer of state for deposit:

- (1) **before July 1, 2017**, in the state general fund; **and**
- (2) **after June 30, 2017**, as follows:
  - (A) **Fifty percent (50%) in the state general fund.**
  - (B) **Fifty percent (50%) in the airport development grant fund established by IC 8-21-11-4.**

SECTION 58. IC 6-6-14-4, AS ADDED BY P.L.212-2014, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) The owner of one (1) of the following motor vehicles that is registered in Indiana and that is propelled by alternative fuel shall obtain an alternative fuel decal for the motor vehicle and pay an annual fee in accordance with the following schedule:

#### SCHEDULE

Motor Vehicle	Annual Fee
A passenger motor vehicle, truck, or bus, the declared gross weight of which is equal to or less than 9,000 pounds.	<del>\$100</del> <b>\$150</b>
A recreational vehicle.	<del>\$100</del> <b>\$150</b>
A truck or bus, the declared gross weight of which is greater than 9,000 pounds but equal to or less than 11,000 pounds.	<del>\$175</del> <b>\$262.50</b>
An alternative fuel delivery truck powered by alternative fuel, which is a truck the declared gross weight of which is greater than 11,000 pounds.	<del>\$250</del> <b>\$375</b>
A truck or bus, the declared gross weight of which is greater than 11,000 pounds, except an alternative fuel delivery truck.	<del>\$300</del> <b>\$450</b>



A tractor, designed to be used with a semitrailer.

~~\$500~~ **\$750**

Only one (1) fee is required to be paid per motor vehicle per year.

(b) The annual fee may be prorated on a quarterly basis if:

- (1) application is made after June 30 of a year; and
- (2) the motor vehicle is newly:
  - (A) converted to alternative fuel;
  - (B) purchased; or
  - (C) registered in Indiana.

SECTION 59. IC 6-8.1-10-13, AS ADDED BY P.L.176-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 13. (a) A person that:

- (1) obtains a permit, license plate, cab card, or any other credential issued by the registration center established under IC 6-8.1-4-4; and
- (2) alters **or violates the terms of** the permit, license plate, cab card, or other credential **under IC 6-8.1-4-4;**

is subject to a civil penalty of five hundred dollars (\$500) for the first violation and one thousand dollars (\$1,000) for each subsequent violation.

(b) A person that:

- (1) is required to obtain a permit, a license plate, a cab card, or other credential issued by the registration center established under IC 6-8.1-4-4; and
- (2) operates without obtaining ~~the required~~ a permit, license plate, cab card, or other credential **required under IC 6-8.1-4-4 or operates with an expired permit, license plate, cab card, or other credential required under IC 6-8.1-4-4;**

is subject to a civil penalty of five thousand dollars (\$5,000) for each violation.

(c) A civil penalty imposed under this section:

- (1) shall be deposited in the motor carrier regulation fund established by IC 8-2.1-23-1; and
- (2) is in addition to any fines levied by a court.

SECTION 60. IC 8-2.1-28 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

#### **Chapter 28. Weigh-in-Motion Pilot Program**

**Sec. 1. As used in this chapter, "department" means the department of transportation.**

**Sec. 2. The department may:**

- (1) plan;



- (2) develop;
- (3) install;
- (4) maintain;
- (5) monitor; and
- (6) finance;

electronic weigh-in-motion equipment to facilitate the enforcement of size and weight restrictions under IC 9-20.

**Sec. 3.** The department may enter into any contracts and agreements necessary to carry out this chapter.

**Sec. 4.** The department may adopt rules under IC 4-22-2 to carry out this chapter. If the department adopts rules under this section, the rules must establish the following:

- (1) Technical standards for the installation of electronic weigh-in-motion stations, including:
  - (A) roadway sensors;
  - (B) cameras;
  - (C) laser measurement devices;
  - (D) roadway pressure sensors;
  - (E) speed sensors; and
  - (F) all other equipment necessary to establish electronic weigh-in-motion stations.
- (2) Weight tolerances for electronic weigh-in-motion stations, frequency of testing of weight tolerances, and certification programs for weight tolerances.
- (3) Smoothness standards for approach and departure pavement, and a program to monitor roadway smoothness affecting electronic weigh-in-motion stations.

**Sec. 5. (a)** The department may adopt emergency rules in the manner provided under IC 4-22-2-37.1 to carry out this chapter.

**(b)** An emergency rule adopted under subsection (a) expires on the date a rule that supersedes the emergency rule is adopted by the department under IC 4-22-2-22.5 through IC 4-22-2-36.

SECTION 61. IC 8-14-1-3, AS AMENDED BY P.L.2-2014, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. The money collected for the motor vehicle highway account fund and remaining after refunds and the payment of all expenses incurred in the collection thereof, and after the deduction of the amount appropriated to the department for traffic safety, shall be allocated to and distributed among the department and subdivisions designated as follows:

- (1) Of the net amount in the motor vehicle highway account the auditor of state shall set aside for the cities and towns of the state



~~fifteen percent (15%) thereof.~~ **the applicable percentage set forth in section 3.5(a) of this chapter.** This sum shall be allocated to the cities and towns upon the basis that the population of each city and town bears to the total population of all the cities and towns and shall be used for the construction or reconstruction and maintenance of streets and alleys and shall be annually budgeted as now provided by law. However, no part of such sum shall be used for any other purpose than for the purposes defined in this chapter. If any funds allocated to any city or town shall be used by any officer or officers of such city or town for any purpose or purposes other than for the purposes as defined in this chapter, such officer or officers shall be liable upon their official bonds to such city or town in such amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of said action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. A monthly distribution thereof of funds accumulated during the preceding month shall be made by the auditor of state.

(2) Of the net amount in the motor vehicle highway account, the auditor of state shall set aside for the counties of the state ~~thirty-two percent (32%) thereof.~~ **the applicable percentage set forth in section 3.5(b) of this chapter.** However, as to the allocation to cities and towns under subdivision (1) and as to the allocation to counties under this subdivision, in the event that the amount in the motor vehicle highway account fund remaining after refunds and after the payment of all expenses incurred in the collection thereof ~~shall be~~ **is** less than twenty-two million six hundred and fifty thousand dollars (\$22,650,000) in any fiscal year, then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of such deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of such deficit. Such reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the provisions of subdivision (2) shall be allocated monthly upon the following basis:

- (A) Five percent (5%) of the amount allocated to the counties to be divided equally among the ninety-two (92) counties.
- (B) Sixty-five percent (65%) of the amount allocated to the



counties to be divided on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state, which shall be annually determined, accurately, by the department and submitted to the auditor of state before April 1 of each year.

(C) Thirty percent (30%) of the amount allocated to the counties to be divided on the basis of the ratio of the motor vehicle registrations of each county to the total motor vehicle registration of the state.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on such county highways within such county.

(4) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.

(5) Money in the fund may not be used for any toll road or toll bridge project.

(6) Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the ~~forty-seven percent (47%)~~ **amounts** distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.

(7) Notwithstanding any other provisions of this section or of IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:

(A) One-half (1/2) from the ~~forty-seven percent (47%)~~ **amounts** set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).

(B) One-half (1/2) from the distressed road fund under IC 8-14-8.

SECTION 62. IC 8-14-1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 3.5. (a) The following percentages apply to the amounts set aside for the cities and towns of the state under section**



**3(1) of this chapter:**

- (1) Before July 1, 2017, fifteen percent (15%).**
- (2) After June 30, 2017, and before July 1, 2018, fourteen and fifty-two hundredths percent (14.52%).**
- (3) After June 30, 2018, and before July 1, 2019, thirteen and one hundredth percent (13.01%).**
- (4) After June 30, 2019, and before July 1, 2020, thirteen and one hundredth percent (13.01%).**
- (5) After June 30, 2020, and before July 1, 2021, twelve and ninety-three hundredths percent (12.93%).**
- (6) After June 30, 2021, and before July 1, 2022, twelve and eighty-five hundredths percent (12.85%).**
- (7) After June 30, 2022, twelve and seventy-seven hundredths percent (12.77%).**

**(b) The following percentages apply to the amounts set aside for the counties of the state under section 3(2) of this chapter:**

- (1) Before July 1, 2017, thirty-two percent (32%).**
- (2) After June 30, 2017, and before July 1, 2018, thirty and ninety-eight hundredths percent (30.98%).**
- (3) After June 30, 2018, and before July 1, 2019, twenty-seven and seventy-four hundredths percent (27.74%).**
- (4) After June 30, 2019, and before July 1, 2020, twenty-seven and seventy-four hundredths percent (27.74%).**
- (5) After June 30, 2020, and before July 1, 2021, twenty-seven and fifty-seven hundredths percent (27.57%).**
- (6) After June 30, 2021, and before July 1, 2022, twenty-seven and forty hundredths percent (27.40%).**
- (7) After June 30, 2022, twenty-seven and twenty-three hundredths percent (27.23%).**

SECTION 63. IC 8-14-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. **(a)** The funds allocated to the respective counties of the state from the motor vehicle highway account shall annually be budgeted as provided by law, and, when distributed shall be used for construction, reconstruction, and maintenance of the highways of the respective counties, including highways which traverse the streets of incorporated towns, the cost of the repair and maintenance of which prior to the tenth day of September, 1932, was paid from the county gravel road repair fund excepting where the department is charged by law with the maintenance or construction of any such highway so traversing such streets. **Subject to subsection (b)**, any surplus existing in the funds at the end of the year shall thereafter continue as a part of the highway



funds of the said counties and shall be rebudgeted and used as already provided in this chapter. The purchase, rental and repair of highway equipment, painting of bridges and acquisition of grounds for erection and construction of storage buildings, acquisition of rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways, shall be paid out of the highway account of the various counties.

**(b) For funds distributed to a county from the motor vehicle highway account after June 30, 2017, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and maintenance of the county's highways.**

SECTION 64. IC 8-14-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) **Subject to subsection (c)**, all funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices, and the painting of ~~structures, objects,~~ surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

~~(b)~~ In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations:

(1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes.

(2) For cities and towns other than those specified in subdivision (1) of this subsection, no more than ten percent (10%) may be spent for law enforcement purposes.

~~(c)~~ **(b)** In addition to purposes for which funds may be expended under ~~subsections~~ **subsection** (a), and ~~(b)~~ of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.

**(c) For funds distributed to a city or town from the motor vehicle highway account after June 30, 2017, the city or town shall**





use at least fifty percent (50%) of the money for the construction, reconstruction, and maintenance of the city's or town's highways.

SECTION 65. IC 8-14-3-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 3. (a) There is annually appropriated two hundred fifty thousand dollars (\$250,000) from the motor vehicle highway account to the department to develop and maintain a centralized electronic statewide asset management data base that may be used to aggregate data on local road conditions. The data base shall be developed in cooperation with the department and the office of management and budget.**

**(b) The department shall submit a written report on the department's progress in developing the data base described in subsection (a) to the legislative council in an electronic format under IC 5-14-6 before November 1, 2017. This subsection expires December 31, 2017.**

SECTION 66. IC 8-14-10-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 4. As used in this chapter, "state highway" means any highway that is designated as part of the state highway system under IC 8-23-4. The term includes all bridges, tunnels, overpasses, underpasses, highway railroad crossings, other public railroad crossings as determined by the department, interchanges, entrance plazas, approaches, buildings, and facilities that the department considers necessary for the operation of the highway, together with all property, rights, easements, and interests that are acquired by the department for the construction or reconstruction of the highway.**

SECTION 67. IC 8-14.5-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 1. Except as provided in sections 2 and 5 of this chapter, the authority may, by resolution, issue and sell bonds or notes of the authority for the purpose of providing funds to carry out the provisions of this article with respect to the construction of a project or projects or the refunding of any bonds or notes, together with any reasonable costs associated with a refunding. However, except as provided in IC 8-15.5-5-6.1, the authority may not issue any bonds or notes for the construction of a project:**

- (1) after July 1, 2007, for a project that is not a railroad crossing upgrade project described in IC 8-14.5-8; and**
- (2) after June 30, 2025, for a railroad crossing upgrade project described in IC 8-14.5-8.**

**The amount of the bonds or notes issued for purposes of**



subdivision (2) may not cause the annual payments on all the bonds and notes for this purpose to exceed ten million dollars (\$10,000,000).

SECTION 68. IC 8-14.5-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

**Chapter 8. Railroad Crossing Remediation Projects**

**Sec. 1. (a)** The department may approve railroad crossing remediation projects under this chapter for financing under this article.

**(b)** The department shall establish a documented policy and procedure consistent with the requirements of IC 8-6-1 for making determinations of whether a project should be approved under this chapter.

**Sec. 2.** To approve a project under this chapter, the department must determine that the crossing is at a stage of critical need.

**Sec. 3.** A project under this chapter may include building a grade separation of the railroad if the department determines that is the best solution for the crossing.

**Sec. 4.** The department may seek financing by the authority under this article for a project approved under this chapter.

**Sec. 5.** The authority may issue bonds or notes to finance a project approved by the department under this chapter using lease rentals for bond or note repayments. However, the annual payments on all the bonds and notes outstanding may not exceed ten million dollars (\$10,000,000).

**Sec. 6.** The department shall make lease rental payments from the state highway road construction and improvement fund established by IC 8-14-10.

SECTION 69. IC 8-15-2-1, AS AMENDED BY P.L.94-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. (a) In order to remove the handicaps and hazards on the congested highways in Indiana, to facilitate vehicular traffic throughout the state, to promote the agricultural and industrial development of the state, and to provide for the general welfare by the construction of modern express highways embodying safety devices, including center division, ample shoulder widths, long sight distances, multiple lanes in each direction, and grade separations at intersections with other highways and railroads, the authority may:

(1) subject to subsection (d), construct, reconstruct, maintain, repair, and operate toll road projects at such locations as shall be approved by the governor;



(2) in accordance with such alignment and design standards as shall be approved by the authority and subject to IC 8-9.5-8-10, issue toll road revenue bonds of the state payable solely from funds pledged for their payment, as authorized by this chapter, to pay the cost of such projects;

(3) finance, develop, construct, reconstruct, improve, or maintain improvements for manufacturing, commercial, or public transportation activities within a county through which a toll road passes;

(4) in cooperation with the Indiana department of transportation or a political subdivision, construct, reconstruct, or finance the construction or reconstruction of an arterial highway or an arterial street that is located within a county through which a toll road passes and that:

(A) interchanges with a toll road project; or

(B) intersects with a road or a street that interchanges with a toll road project;

(5) finance improvements necessary for developing transportation corridors in northwestern Indiana; and

(6) exercise these powers in participation with any governmental entity or with any individual, partnership, limited liability company, or corporation.

(b) Notwithstanding subsection (a), the authority shall not construct, maintain, operate, nor contract for the construction, maintenance, or operation of transient lodging facilities on, or adjacent to, such toll road projects.

(c) This chapter:

(1) applies to the authority only when acting for the purposes set forth in this chapter; and

(2) does not apply to the authority when acting under any other statute for any other purpose.

(d) Before the authority or an operator selected under IC 8-15.5 may ~~carry out any of the following activities under this chapter; the general assembly must enact a statute authorizing that activity:~~ **enter into an agreement for the financing, construction, maintenance, or operation of a toll road project, the budget committee must first review the proposed agreement.**

~~(1) Imposing tolls on motor vehicles for use of Interstate Highway 69;~~

~~(2) Imposing tolls on motor vehicles for use of a nontolled highway, roadway, or other facility in existence or under construction on July 1, 2011; including nontolled interstate~~



~~highways, U.S. routes, and state routes.~~

SECTION 70. IC 8-15-3-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. As used in this chapter, "authority" refers to the Indiana finance authority established under IC 4-4-11.**

SECTION 71. IC 8-15-3-9, AS AMENDED BY P.L.94-2015, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Subject to subsection (e), the governor must approve the location of any tollway.

(b) The department may, in any combination, plan, design, develop, construct, reconstruct, maintain, repair, police, finance, and operate tollways, public improvements, and arterial streets and roads at those locations that the governor approves.

(c) The department may, in any combination, plan, design, develop, construct, reconstruct, improve, finance, operate, repair, or maintain public improvements such as roads and streets, sewer lines, water lines, and other utilities if these improvements are:

- (1) adjacent or appurtenant to a tollway; or
- (2) necessary or desirable for the financing, construction, operation, or maintenance of a tollway.

(d) The department may, in any combination, plan, design, develop, construct, reconstruct, improve, maintain, repair, operate, or finance the construction or reconstruction of an arterial highway or an arterial street that:

- (1) is adjacent to, appurtenant to, or interchanges with a tollway; or
- (2) intersects with a road or street that interchanges with a tollway.

(e) Before the governor, the department, or an operator may ~~carry out any of the following activities under this chapter; the general assembly must enact a statute authorizing that activity:~~ **enter into an agreement for the financing, construction, maintenance, or operation of a toll road project, the budget committee must first review the proposed agreement.**

~~(1) Approve the location of a tollway other than a tollway that is approved before July 1, 2011.~~

~~(2) Impose tolls on motor vehicles for use of Interstate Highway 69.~~

~~(f) Notwithstanding subsection (e), during the period beginning July 1, 2011, and ending June 30, 2021, the general assembly is not required to enact a statute authorizing the governor, the department, or an operator to approve the location of a tollway with respect to the~~



following projects:

- (1) A project on which construction begins after June 30, 2011, not including any part of Interstate Highway 69 other than a part described in subdivision (4);
- (2) The addition of toll lanes, including high occupancy toll lanes, to a highway, roadway, or other facility in existence on July 1, 2011, if the number of nontolled lanes on the highway, roadway, or facility as of July 1, 2011, does not decrease due to the addition of the toll lanes;
- (3) The Ellettsville Expressway, a limited access facility connecting Interstate Highway 65 in northwestern Indiana with an interstate highway in Illinois;
- (4) A project that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.

SECTION 72. IC 8-15-3-36 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 36. (a) Before July 1, 2017, the department shall submit a request to the Federal Highway Administration for a waiver to toll lanes on interstate highways. If:**

- (1) a waiver is granted under this subsection; and**
- (2) the department, with the approval of the governor, decides to establish toll lanes under the waiver;**

**the first toll lanes established on an interstate highway must be located at least seventy-five (75) miles from an interstate highway or bridge on which travel is subject to tolling as of July 1, 2017.**

**(b) The department shall engage an outside consulting firm to conduct a feasibility study on tolling the interstate highways, including revenue projections based on an analysis of optimal tolling rates, vehicle counts and types by state of registration, and traffic diversion.**

**(c) The feasibility study described in subsection (b) must consider the following:**

- (1) The economic impact and feasibility of tolling particular interstate highways.**
- (2) The ability to provide discounts, credits, or otherwise lessen the impact of tolling on local, commuter, and in-state operators.**
- (3) Information related to the number and impact of out-of-state operators expected to use interstate highways in Indiana.**
- (4) The rationale for the federal authorization of any tolling**



**plan that may be submitted by the state to the United States Department of Transportation.**

**(5) The optimal levels at which tolls may reasonably be expected to be set for passenger vehicles and other vehicles.**

**(6) Appropriate tolling rules regarding population center local traffic.**

**(7) The state's ability to enter into monetization agreements or long term contracts for initial construction, long term maintenance, installation, and operation of tolling facilities.**

**(8) Any estimates of which highway facilities would be conducive to tolling operations.**

**(9) Goals for participation by women-owned and minority owned business enterprises.**

**(10) Ways to maximize the use of Indiana workers and products made in Indiana.**

**(d) A written report on the feasibility study shall be delivered before November 1, 2017, to the governor, the legislative council, and the budget committee. The report to the legislative council must be in an electronic format under IC 5-14-6. This subsection expires December 31, 2017.**

**(e) If, after review of the feasibility study, the governor determines that tolling is the best means of achieving major interstate system improvements in Indiana, the governor shall create a strategic plan for tolling interstate highways and submit the strategic plan to the budget committee before December 1, 2018.**

SECTION 73. IC 8-15.5-1-2, AS AMENDED BY P.L.181-2016, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) This article contains full and complete authority for public-private agreements between the authority, a private entity, and, where applicable, a governmental entity. Except as provided in this article, no law, procedure, proceeding, publication, notice, consent, approval, order, or act by the authority or any other officer, department, agency, or instrumentality of the state or any political subdivision is required for the authority to enter into a public-private agreement with a private entity under this article, or for a project that is the subject of a public-private agreement to be constructed, acquired, maintained, repaired, operated, financed, transferred, or conveyed.

(b) Before the authority or the department may issue a request for proposals for or enter into a public-private agreement under this article that would authorize an operator to impose tolls for the operation of



motor vehicles on all or part of a toll road project, the general assembly must adopt a statute authorizing the imposition of tolls. However, during the period beginning July 1, 2011, and ending June 30, 2021, and notwithstanding subsection (c), the general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement to authorize an operator to impose tolls for the operation of motor vehicles on all or part of the following projects:

- (1) A project on which construction begins after June 30, 2011, not including any part of Interstate Highway 69 other than a part described in subdivision (4).
- (2) The addition of toll lanes, including high occupancy toll lanes, to a highway, roadway, or other facility in existence on July 1, 2011, if the number of nontolled lanes on the highway, roadway, or facility as of July 1, 2011, does not decrease due to the addition of the toll lanes.
- (3) The Illiana Expressway, a limited access facility connecting Interstate Highway 65 in northwestern Indiana with an interstate highway in Illinois.
- (4) A project that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.

**However, neither the authority nor the department may issue a request for proposals for a public-private agreement under this article that would authorize an operator to impose tolls unless the budget committee has reviewed the request for proposals.**

(c) Before the authority or an operator may carry out any of the following activities under this article, the general assembly must enact a statute authorizing that activity:

- (1) Imposing tolls on motor vehicles for use of Interstate Highway 69.
- (2) Imposing tolls on motor vehicles for use of a nontolled highway, roadway, or other facility in existence or under construction on July 1, 2011, including nontolled interstate highways, U.S. routes, and state routes.

(d) The general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement for a freeway project.

(e) The authority may enter into a public-private agreement for a facility project if the general assembly, by statute, authorizes the authority to enter into a public-private agreement for the facility



project.

(f) As permitted by subsection (e), the general assembly authorizes the authority to enter into public-private agreements for the following facility projects:

(1) A state park inn and related improvements in an existing state park located in a county with a population of more than two hundred thousand (200,000) and less than three hundred thousand (300,000).

(2) Communications systems infrastructure, including:

(A) towers and associated land, improvements, foundations, access roads and rights-of-way, structures, fencing, and equipment necessary, proper, or convenient to enable the towers to function as part of the communications system;

(B) any equipment necessary, proper, or convenient to transmit and receive voice and data communications; and

(C) any other necessary, proper, or convenient elements of the communications system.

(3) Larue D. Carter Memorial Hospital in Indianapolis.

(g) The following apply to a public-private agreement for communications systems infrastructure under subsection (f)(2):

(1) The authority may:

(A) use the procedures set forth in IC 8-15.5-4; or

(B) at the authority's option and in its sole discretion, negotiate an agreement with a single offeror.

The authority must issue a request for information before entering into negotiations with a single offeror. If an agreement is negotiated with a single offeror, IC 8-15.5-4-11 and IC 8-15.5-4-12 are the only sections in IC 8-15.5-4 that apply.

(2) This article, and any other applicable laws with respect to establishing, charging, and collecting user fees, including IC 8-15.5-7, do not apply, and the operator may establish, charge, and collect user fees as set forth in the public-private agreement.

(3) Notwithstanding IC 8-15.5-5-2(2) providing that all improvements and real property must be owned by the authority in the name of the state or by a governmental entity, or both, the public-private agreement may provide that any improvements on any real property interests may be owned by the authority, a governmental entity, an operator, or a private entity.

(4) The authority shall transfer money received from an operator under a public-private agreement to the state bicentennial capital account established under IC 4-12-1-14.9.

SECTION 74. IC 8-15.5-4-1.5, AS AMENDED BY P.L.213-2015,





SECTION 110, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1.5. (a) This section applies only to a toll road project and not to a freeway project or a facility project.

(b) The authority may not issue a request for proposals for a toll road project under this article unless the authority has received a preliminary feasibility study and an economic impact study for the project from the department, **conducted a public hearing, and concluded the periods for public comments and the authority's replies.**

(c) The economic impact study must, at a minimum, include an analysis of the following matters with respect to the proposed project:

- (1) Economic impacts on existing commercial and industrial development.
- (2) Potential impacts on employment.
- (3) Potential for future development near the project area, including consideration of locations for interchanges that will maximize opportunities for development.
- (4) Fiscal impacts on revenues to local units of government.
- (5) Demands on government services, such as public safety, public works, education, zoning and building, and local airports.

The authority shall post a copy of the economic impact study on the authority's Internet web site and shall also provide copies of the study to the governor and the legislative council (in an electronic format under IC 5-14-6).

(d) After completion of the economic impact study, the authority must conduct a public hearing on the results of the study in the county seat of the county in which the proposed project would be located. At least ten (10) days before each public hearing, the authority shall:

- (1) post notice of the public hearing on the authority's Internet web site;
- (2) publish notice of the public hearing one (1) time in accordance with IC 5-3-1 in two (2) newspapers of general circulation in the county; and
- (3) include in the notices under subdivisions (1) and (2):
  - (A) the date, time, and place of the hearing;
  - (B) the subject matter of the hearing;
  - (C) a description of the purpose of the economic impact study;
  - (D) a description of the proposed project and its location; and
  - (E) a statement concerning the availability of the study on the authority's Internet web site.

At the hearing, the authority shall allow the public to be heard on the economic impact study and the proposed project.



(e) For the thirty (30) days following the public hearing on the results of the economic impact study, the authority shall receive comments from the public on the proposed project. The comments may address any aspect of the proposed project.

(f) Within fifteen (15) days following the close of the public comment period, the authority shall publish on the authority's Internet web site the authority's replies to the public comments submitted to the authority during the public comment period.

SECTION 75. IC 8-15.5-5-6.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.1. (a) If a public-private agreement is terminated or the authority exercises its right or remedies under the public-private agreement with respect to the project before the completion of the construction, reconstruction, improvement, extension, or expansion of the project as specified by the public-private agreement, the authority, subject to subsection (b), may take any or all of the following actions in order to facilitate completion of the project:

(1) Employ or contract with contractors, subcontractors, suppliers, architects, engineers, and such other advisers, consultants, and agents as may be necessary in its judgment to complete the project, and to fix their compensation.

(2) Contract with or enter into a public-private agreement with a new operator, and to fix its compensation.

(3) Assume and assign any contracts, subcontracts, and supply agreements.

(4) Enter into one (1) or more agreements with the department to manage the completion of the project, in which case the department may employ or contract with contractors, subcontractors, suppliers, architects, engineers, and such other advisers, consultants, and agents as may be necessary in its judgment to complete the project, and to fix their compensation.

(5) Issue bonds and refunding bonds under IC 4-4-11 or IC 8-14.5-6 to provide funding for the completion of the project, to provide funding for any losses or additional costs incurred by the authority under the public-private agreement, or to refund any bonds previously issued by the authority.

(6) Such other actions as the authority considers reasonable and appropriate in order to complete the project.

(b) Any actions taken by the authority under subsection (a)(2) or (a)(5) must be submitted to the budget committee for review.



**The budget committee shall hold a meeting and conduct a review of the actions taken by the authority under this section not later than thirty (30) days after the date the authority submits its actions for review.**

**(c) Unless otherwise provided by federal law, neither the authority, the department, nor any operator, contractor, or subcontractor engaged in completion of the project under this section is required to comply with IC 4-13.6 or IC 5-16 concerning state public works, IC 5-17 concerning purchases of materials and supplies, or any other statutes concerning procedures for procurement of public works or personal property as a condition of being awarded and performing work on the project.**

**SECTION 76. IC 8-15.7-4-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 0.5. If the governor pursues tolling on an interstate highway, the governor shall submit to the budget committee for review any:**

- (1) request submitted to the United States Department of Transportation for a waiver to toll existing interstate highways; or**
- (2) plan to implement the tolling of an interstate highway; before issuing a request for proposals on a specific highway.**

**SECTION 77. IC 8-15.7-4-1, AS AMENDED BY P.L.163-2011, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. (a) The department may request proposals from private entities for all or part of the development, financing, and operation of one (1) or more projects.**

**(b) If all or part of the project will consist of a tollway, the department shall take the following steps before the commencement of the procurement process under this chapter:**

- (1) Except as provided by subsection (c), the department shall cause to be prepared a preliminary feasibility study and an economic impact study on that part of the project consisting of a tollway by a firm or firms internationally recognized in the preparation of studies or reports on the financial feasibility and economic impact of proposed toll road projects. Before the preparation of the preliminary feasibility study and the economic impact study, the department must conduct a public hearing on the proposed studies in the county seat of the county in which the proposed project would be located. At least ten (10) days before each public hearing, the authority shall:**

- (A) post notice of the public hearing on the department's**



Internet web site;

(B) publish notice of the public hearing one (1) time in accordance with IC 5-3-1 in two (2) newspapers of general circulation in the county in which the proposed project would be located; and

(C) include in the notices under clauses (A) and (B):

- (i) the date, time, and place of the hearing;
- (ii) the subject matter of the hearing;
- (iii) a description of the purpose of the proposed preliminary feasibility study and economic impact study; and
- (iv) a description of the proposed project and its location.

At the hearing, the department shall allow the public to be heard on the proposed studies and the proposed project.

(2) The preliminary feasibility study must be based upon a public-private financial and project delivery structure. The economic impact study must, at a minimum, include an analysis of the following matters with respect to the proposed project:

(A) Economic impacts on existing commercial and industrial development.

(B) Potential impacts on employment.

(C) Potential for future development near the project area, including consideration of locations for interchanges that will maximize opportunities for development.

(D) Fiscal impacts on revenues to local units of government.

(E) Demands on government services, such as public safety, public works, education, zoning and building, and local airports.

The department shall post copies of the preliminary feasibility study and the economic impact study on the department's Internet web site and shall also provide copies of the studies to the governor and to the legislative council (in an electronic format under IC 5-14-6).

(3) After the completion of the preliminary feasibility study and the economic impact statement, the department shall schedule a public hearing on the proposed project and the studies in the county seat of the county that would be an affected jurisdiction for purposes of the proposed project. At least ten (10) days before the public hearing, the department shall:

(A) post notice of the public hearing on the department's Internet web site;

(B) publish notice of the hearing one (1) time in accordance with IC 5-3-1 in two (2) newspapers of general circulation in



the county; and

(C) include the following in the notices under clauses (A) and (B):

- (i) The date, time, and place of the hearing.
- (ii) The subject matter of the hearing.
- (iii) A description of the proposed project, its location, the part of the project consisting of a tollway, and, consistent with the assessments reached in the preliminary feasibility study, the estimated total cost of the acquisition, construction, installation, equipping, and improving of the proposed project, as well as the part of the project consisting of a tollway.
- (iv) The address and telephone number of the department.
- (v) A statement concerning the availability of the preliminary feasibility study and the economic impact study on the department's Internet web site.

(4) At the hearing, the department shall allow the public to be heard on the proposed project, the preliminary feasibility study, and the economic impact study.

**(5) For the thirty (30) days following the public hearing on the proposed project, the department shall receive comments from the public on the proposed project. The comments may address any aspect of the proposed project.**

**(6) Within fifteen (15) days following the close of the public comment period, the department shall publish on the department's Internet web site the department's replies to the public comments submitted to the department during the public comment period.**

**(5) (7) After the completion of the public hearings response period described in subdivision (3); (6), the department shall submit the preliminary feasibility study, and the economic impact study, the public comments received, and the department responses to the public comments to the budget committee for its review before the commencement of the procurement process under this chapter. If the preliminary feasibility study or the economic impact study submitted for review provides for any tolls, the budget committee shall hold a meeting and conduct a review of the preliminary feasibility study and the economic impact study not later than ninety (90) days after the date the preliminary feasibility study and the economic impact study are submitted for review.**

(c) The following provisions apply if the department determines that



a feasibility study for the Illiana Expressway that was prepared before March 15, 2010, meets the requirements of subsection (b) concerning the preparation of a preliminary feasibility study:

- (1) The department is not required to prepare an additional preliminary feasibility study.
- (2) The requirement under subsection (b)(1) for a public hearing before preparation of a preliminary feasibility study does not apply. However, the requirement under subsection (b)(1) for a public hearing on the economic impact study does apply.
- (3) The feasibility study prepared before March 15, 2010, is considered to be the preliminary feasibility study for purposes of subsection (b)(3) through ~~(b)(5)~~: **(b)(7)**.

SECTION 78. IC 8-15.7-4-3, AS AMENDED BY P.L.163-2011, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) After the procedures required in this chapter have been completed, the department shall make a determination as to whether the successful offeror should be designated as the operator for the project and shall submit its decision to the governor. ~~and the budget committee.~~

~~(b) After review of the department's determination by the budget committee;~~ The governor may accept or reject the determination of the department. If the governor accepts the determination of the department, the governor shall designate the successful offeror as the operator for the project. The department shall publish notice of the designation of the operator one (1) time, in accordance with IC 5-3-1.

(c) After the designation of the successful offeror as the operator for the project, the department may execute the public-private agreement.

(d) An action to contest the validity of a public-private agreement entered into under this chapter may not be brought after the fifteenth day following the publication of the notice of the designation of the operator under the public-private agreement under subsection (b).

~~(e) If the department's determination submitted for review provides for any tolls, the budget committee shall hold a meeting and conduct a review of the determination not later than ninety (90) days after the date the determination is submitted for review.~~

SECTION 79. IC 8-23-2-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 19. (a) **The department shall:**

- (1) establish a single statewide set of state and local road and bridge condition metrics;**
- (2) use the metrics in subdivision (1) to:**
  - (A) evaluate and compare state and local road and bridge**



conditions in local units within Indiana; and

(B) evaluate and compare Indiana's statewide road and bridge conditions to road and bridge conditions in states with similar climate, soil, and traffic conditions; and

(3) develop goals, timelines, and milestones to ensure that Indiana's state and local road and bridge conditions are in the top quarter of the states included in the comparison in subdivision (2).

(b) The department shall develop a state and local road and bridge project prioritization system and project priority list. The project prioritization system must be based on a model that includes at least the following variables:

- (1) Safety.
- (2) Congestion.
- (3) Environment.
- (4) Regional and state economic contribution.
- (5) Potential intermodal connectivity.
- (6) Total cost of ownership.

(c) The commissioner shall appoint two (2) economic professionals and two (2) engineering professionals to establish and administer the project prioritization system and model. The appointees:

- (1) serve at the pleasure of the commissioner; and
- (2) are entitled to compensation set by the budget agency.

(d) The department shall use the results of the model established under this section to determine short term and long term budgetary needs. The determination must achieve the following infrastructure goals:

- (1) Preserve and maintain current infrastructure resources.
- (2) Provide for projected mobility needs for movement of people and goods.

(e) The department may adjust the project priority list established under this section if the department determines that unforeseen circumstances require an adjustment.

(f) The general assembly may not approve or disapprove projects on the department's project priority list.

SECTION 80. IC 8-23-30-3, AS ADDED BY P.L.146-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 23, 2016 (RETROACTIVE)]: Sec. 3. A local unit may apply to the department for a grant from the fund for an eligible project if the local unit:

- (1) uses a transportation asset management plan approved by the



department; and

(2) commits to a local match by using one (1) or more of the following:

(A) ~~Revenue attributable to an increase, after June 30, 2016, in Any money the local unit's motor vehicle excise surtax or wheel tax rate under IC 6-3.5.~~ **unit is authorized to use for a local road or bridge project.**

(B) Money received by the local unit as a special distribution of local income taxes under IC 6-3.6-9-17.

(C) Money in the local unit's rainy day fund under IC 36-1-8-5.1.

The application must be in the form and manner prescribed by the department.

SECTION 81. IC 8-23-30-6, AS ADDED BY P.L.146-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. If the department approves a grant to a local unit under this chapter, the **required local matching amount of the grant from the fund by the local unit** is equal to the ~~amount that the local unit commits to contribute to the proposed eligible project.~~ **following applicable percentage of the total cost of the eligible project:**

(1) For a county applicant, the following:

(A) Fifty percent (50%), if the county has a population greater than or equal to fifty thousand (50,000).

(B) Twenty-five percent (25%), if the county has a population of less than fifty thousand (50,000).

(2) For a city or town applicant, the following:

(A) Fifty percent (50%), if the city or town has a population greater than or equal to ten thousand (10,000).

(B) Twenty-five percent (25%), if the city or town has a population of less than ten thousand (10,000).

SECTION 82. IC 8-23-30-7, AS ADDED BY P.L.146-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. The department shall allocate at least fifty percent (50%) of the ~~grants to be made~~ **amount available to the department to make grants** in a state fiscal year to local units located in counties having a population of less than fifty thousand (50,000).

SECTION 83. IC 8-23-30-8, AS ADDED BY P.L.146-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. The department may adopt guidelines to implement this chapter, including guidelines that establish a maximum amount that any one (1) local unit may receive as a grant. **However, if:**





**(1) the department establishes a maximum amount per local unit; and**

**(2) multiple local units, including any combination of cities, towns, and counties, apply jointly for a matching grant under this chapter to undertake a project that extends across multiple jurisdictions;**

**the maximum amounts of the joint applicants may be aggregated.**

SECTION 84. IC 9-18.1-5-8, AS ADDED BY P.L.198-2016, SECTION 326, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 8. (a) Except as provided in section 11 of this chapter, the fee to register a trailer is as follows:

Declared Gross Greater than	Weight (Pounds) Equal to or less than	Fee (\$)
0	3,000	\$ 16.35
3,000	9,000	25.35
9,000	12,000	72
12,000	16,000	108
16,000	22,000	168
22,000		228

**(b) A fee described in subsection (a) that is collected under the International Registration Plan shall be distributed as set forth in section 10.5 of this chapter.**

~~(b)~~ **(c) A fee described in subsection (a) that is not required to be distributed under subsection (b) shall be distributed as follows:**

- (1) Twenty-five cents (\$0.25) to the state police building account.
- (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- (3) Two dollars and ninety cents (\$2.90) to the highway, road and street fund.

(4) Four dollars (\$4) to the crossroads 2000 fund.

~~(5) For a vehicle registered before July 1, 2019, as follows:~~

~~(A) (5) One dollar and twenty-five cents (\$1.25) to the integrated public safety communications fund.~~

~~(B) (6) Three dollars and ten cents (\$3.10) to the commission fund.~~

~~(6) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents (\$4.35) to the commission fund.~~

(7) Any remaining amount to the motor vehicle highway account.

SECTION 85. IC 9-18.1-5-9, AS ADDED BY P.L.198-2016, SECTION 326, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Except as provided in section 11 of this chapter, the fee to register a truck, a tractor used with a



semitrailer, or a for-hire bus is determined as follows:

Declared Gross Greater than	Weight (Pounds) Equal to or less than	Fee (\$)
0	11,000	\$ 30.35
11,000	16,000	144
16,000	26,000	180
26,000	36,000	<del>300</del> 372
36,000	48,000	<del>504</del> 624
48,000	66,000	<del>720</del> 900
66,000	78,000	<del>960</del> 1,200
78,000		<del>1,356</del> 1,692

**(b) A fee described in subsection (a) that is collected under the International Registration Plan shall be distributed as set forth in section 10.5 of this chapter.**

**~~(b)~~ (c) A fee described in subsection (a) that is not required to be distributed under subsection (b) shall be distributed as follows:**

- (1) Twenty-five cents (\$0.25) to the state police building account.
- (2) For a truck with a declared gross weight of eleven thousand (11,000) pounds or less, thirty cents (\$0.30) to the spinal cord and brain injury fund.
- (3) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- (4) Two dollars and ninety cents (\$2.90) to the highway, road and street fund.
- (5) Four dollars (\$4) to the crossroads 2000 fund.
- ~~(6) For a vehicle registered before July 1, 2019, as follows:~~
- ~~(A) (6) One dollar and twenty-five cents (\$1.25) to the integrated public safety communications fund.~~
- ~~(B) (7) Three dollars and ten cents (\$3.10) to the commission fund.~~
- ~~(7) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents (\$4.35) to the commission fund.~~
- (8) Any remaining amount to the motor vehicle highway account.

**~~(c)~~ (d) A trailer that is towed by a truck must be registered separately, and the appropriate fee must be paid under this chapter.**

SECTION 86. IC 9-18.1-5-10, AS ADDED BY P.L.198-2016, SECTION 326, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) The following vehicles shall be registered as semitrailers:

- (1) A semitrailer converted to a full trailer through the use of a converter dolly.
- (2) A trailer drawn behind a semitrailer.



(3) A trailer drawn by a vehicle registered under the International Registration Plan.

(b) The fee for a permanent registration of a semitrailer is eighty-two dollars (\$82).

**(c) A fee described in subsection (b) that is collected for a registration issued through an Indiana based International Registration Plan account shall be distributed as set forth in section 10.5 of this chapter.**

**(d) The fee described in subsection (b) that is not required to be distributed under subsection (c) shall be distributed as follows:**

- (1) Twenty-five cents (\$0.25) to the state police building account.
- (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- (3) Two dollars and ninety cents (\$2.90) to the highway, road and street fund.

(4) Twelve dollars (\$12) to the crossroads 2000 fund.

~~(5) For a vehicle registered before July 1, 2019, as follows:~~

~~(A) (5) One dollar and twenty-five cents (\$1.25) to the integrated public safety communications fund.~~

~~(B) (6) Three dollars and ten cents (\$3.10) to the commission fund.~~

~~(6) For a vehicle registered after June 30, 2019, four dollars and thirty-five cents (\$4.35) to the commission fund.~~

(7) Any remaining amount to the motor vehicle highway account.

~~(e)~~ **(e) A permanent registration under subsection (b) must be renewed on an annual basis to pay all applicable excise taxes. There is no fee to renew a permanent registration under subsection (b). The fee to renew a permanent registration is eight dollars and seventy-five cents (\$8.75). The fee is in addition to any applicable excise tax and shall be distributed as follows:**

- (1) Twenty-five cents (\$0.25) to the state police building account.
- (2) Fifty cents (\$0.50) to the state motor vehicle technology fund.
- (3) Three dollars (\$3) to the crossroads 2000 fund.
- (4) Three dollars and ten cents (\$3.10) to the commission fund.
- (5) Any remaining amount to the motor vehicle highway account.

~~(d)~~ **(f) A permanent registration under subsection (b) may be transferred under IC 9-18.1-11.**

~~(e)~~ **(g) A semitrailer that is registered under IC 9-18-10-2(a)(2) (before its expiration) or IC 9-18-10-2(a)(3) (before its expiration) remains valid until its expiration and is not subject to renewal under subsection (e). (e). This subsection expires July 1, 2020.**

**SECTION 87. IC 9-18.1-5-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS**



[EFFECTIVE JULY 1, 2017]: **Sec. 10.5. (a)** This section applies after June 30, 2017.

(b) This section applies only to fees described in sections 8(a), 9(a), and 10(b) of this chapter that are collected under the International Registration Plan or through an Indiana based International Registration Plan account.

(c) The fees collected as described in subsection (b) during each state fiscal year shall be distributed as follows:

- (1) The first one hundred twenty-five thousand dollars (\$125,000) to the state police building account.
- (2) Any remaining amounts to the motor vehicle highway account.

SECTION 88. IC 9-18.1-5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 12. (a)** The supplemental fee in this section applies after December 31, 2017, to each electric vehicle and hybrid vehicle that is required to be registered under IC 9-18.1.

(b) As used in this section, "electric vehicle" means a vehicle that:

- (1) is propelled by an electric motor powered by a battery or other electrical device incorporated into the vehicle; and
- (2) is not propelled by an engine powered by the combustion of a hydrocarbon fuel, including gasoline, diesel, propane, or liquid natural gas.

(c) As used in this section, "hybrid vehicle" means a vehicle that:

- (1) draws propulsion energy from both an internal combustion engine and an energy storage device; and
- (2) employs a regenerative braking system to recover waste energy to charge the energy storage device that is providing propulsion energy.

(d) In addition to any other fee required to register an electric vehicle under this chapter, the supplemental fee to register an electric vehicle is one hundred fifty dollars (\$150) through December 31, 2022. Before October 1, 2022, and before each October 1 of every fifth year thereafter, the bureau shall determine a new fee amount to take effect as of January 1 of the following year by determining the product of:

- (1) the fee in effect for the determination year; multiplied by
- (2) the factor determined under IC 6-6-1.6-2.

The fee shall be rounded to the nearest dollar.



(e) In addition to any other fee required to register a hybrid vehicle under this chapter, the supplemental fee to register a hybrid vehicle is fifty dollars (\$50) through December 31, 2022. Before October 1, 2022, and before each October 1 of every fifth year thereafter, the bureau shall determine a new fee amount to take effect as of January 1 of the following year by determining the product of:

- (1) the fee in effect for the determination year; multiplied by
- (2) the factor determined under IC 6-6-1.6-2.

The fee shall be rounded to the nearest dollar.

(f) The fee shall be deposited in the local road and bridge matching grant fund established by IC 8-23-30-2.

SECTION 89. IC 9-18.1-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

**Chapter 15. Transportation Infrastructure Improvement Fee**

**Sec. 1. (a)** This chapter applies to annual motor vehicle registrations occurring after December 31, 2017.

**(b)** This chapter does not apply to the following vehicles:

- (1) Trailers.
- (2) Semitrailers.
- (3) Nonmotive recreational vehicles.
- (4) Special machinery.
- (5) Vehicles registered as military vehicles under IC 9-18.1-8.
- (6) Vehicles registered as collector vehicles under IC 9-18.1-5.
- (7) Motor driven cycles.
- (8) Trucks, tractors used with a semitrailer, and for-hire buses with a declared gross weight greater than twenty-six thousand (26,000) pounds.

**Sec. 2. (a)** Each year, the owner of a motor vehicle that is registered in Indiana shall pay a transportation infrastructure improvement fee.

**(b)** The amount of the annual transportation infrastructure improvement fee is fifteen dollars (\$15).

**(c)** The transportation infrastructure improvement fee for a vehicle to which this chapter applies:

- (1) is due and shall be paid each year at the time the vehicle is registered;
- (2) is a condition to the right to register or reregister the vehicle; and
- (3) is in addition to all other conditions, taxes, and fees prescribed by law.



(d) Except as provided in IC 9-33-3, a person is not entitled to a refund of any unused transportation infrastructure improvement fee.

**Sec. 3. Fees collected under this chapter shall be deposited in the local road and bridge matching grant fund established by IC 8-23-30.**

SECTION 90. IC 9-20-18-14.5, AS AMENDED BY P.L.45-2011, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 14.5. (a) The civil penalties imposed under this section are in addition to the other civil penalties that may be imposed under IC 8 and IC 9. Notwithstanding section 12 of this chapter, a civil penalty imposed under this section:

- (1) is imposed on the person whose United States Department of Transportation number is registered on the vehicle transporting the load;
- (2) shall be deposited in the motor carrier regulation fund established by IC 8-2.1-23-1; ~~and~~
- (3) is in addition to any fines imposed by a court; ~~and~~
- (4) is assessed by the department of state revenue in accordance with the procedures in IC 6-8.1-5-1.**

~~(b) A person who violates IC 9-20-5-7 is subject to a civil penalty of not more than five hundred dollars (\$500) for each violation.~~

~~(c)~~ (b) A person who obtains a permit under this article and violates this article is subject to a civil penalty of not more than five hundred dollars (\$500) for the first violation and not more than one thousand dollars (\$1,000) for each subsequent violation.

~~(d)~~ (c) A person who transports heavy vehicles or loads subject to this article and fails to obtain a permit required under this article is subject to a civil penalty of not more than five thousand dollars (\$5,000) for each violation.

~~(e)~~ (d) **A person against whom** a civil penalty is imposed under this section ~~may be assessed against a person only after an protest the penalty and request an administrative hearing. has been conducted~~ **If a hearing is requested, the department shall hold an administrative hearing** at which the person has an opportunity to present information as to why the civil penalty should not be assessed.

**(e) The department of state revenue's notice of proposed assessment under IC 6-8.1-5-1 is presumptively valid.**

SECTION 91. IC 36-9-42.2-2, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. As used in this chapter, "eligible entity" means ~~a county or municipality that receives,~~ **any entity eligible to receive,**



directly or indirectly, federal funds **through the state or a metropolitan planning organization or otherwise.**

SECTION 92. IC 36-9-42.2-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2017]: **Sec. 2.5. As used in this chapter, "exchanged funds" means the part of the local share exchanged for state dollars in accordance with section 6(b) of this chapter.**

SECTION 93. IC 36-9-42.2-3, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 3. As used in this chapter, "federal funds" means the total amount of federal transportation funds received by an eligible entity through the federal surface transportation program provided by the federal government to the state.**

SECTION 94. IC 36-9-42.2-3.3 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2017]: **Sec. 3.3. As used in this chapter, "local share" means twenty-five percent (25%) of the federal funds received by the state in a year.**

SECTION 95. IC 36-9-42.2-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2017]: **Sec. 3.5. As used in this chapter, "metropolitan planning organization" means a federally mandated transportation policy making organization that:**

- (1) is designated to serve a particular transportation planning area within the state; and**
- (2) receives, directly or indirectly, federal funds.**

SECTION 96. IC 36-9-42.2-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2017]: **Sec. 4.5. As used in this chapter, "transportation asset management plan" has the meaning set forth in IC 8-23-30-1(4).**

SECTION 97. IC 36-9-42.2-5, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 5. The federal fund exchange program is established to provide eligible entities and the department with greater flexibility in funding transportation projects. The department shall administer the program as follows:**

- (1) Exchanged funds awarded to an eligible entity may be carried over for up to three (3) years at the discretion of the department or the metropolitan planning organization, whichever is applicable.**
- (2) Exchanged funds may be expended for any transportation**



purpose allowable under federal law.

(3) Exchanged funds may be expended on any phase of a project, including:

- (A) periodic project oversight services;
- (B) construction inspection services; and
- (C) reimbursement for items that were conducted before the application or request for exchanged funds or before the award of exchanged funds.

(4) A recipient of exchanged funds must provide a twenty percent (20%) local match payable by any available revenue source, except as provided by federal law. Awards shall be made by the department or metropolitan planning organization, whichever is applicable, in an amount that is twenty percent (20%) less than the total cost of the project to accomplish the required match.

(5) After the initial award of exchanged funds for a project and before the department's closeout of the project, an eligible entity may apply to the department or metropolitan planning organization, whichever is applicable, to be awarded additional exchanged funds as considered necessary to pay for project change orders.

(6) All contracts for professional services paid for with exchanged funds must be made on the basis of competence and qualifications for the type of services to be performed and compensation shall be negotiated as the eligible entity determines to be reasonable after its selection of a consultant or consultants.

(7) Professional services must be performed by an entity that is prequalified by the department.

(8) The department's design manual must provide guidance for projects funded with exchanged funds. However, exceptions to the design manual guidance are permitted at the discretion of the eligible entity.

SECTION 98. IC 36-9-42.2-6, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) Not later than fifteen (15) days after receiving information from the federal government regarding the state's distribution of federal funds, the department shall ~~determine the amount of state funds available for the program.~~ calculate the local share for that year and notify the budget agency of the amount.

(b) After approval by the budget director, the department may exchange up to one hundred percent (100%) of the local share for





state dollars.

(c) The department shall allocate the exchanged funds for the following purposes:

(1) To be distributed to eligible entities for projects under the program in accordance with federal law regarding distributions between areas within a metropolitan planning organization and areas not within a metropolitan planning organization.

(2) To be available for direct distribution to eligible entities for projects or annual services including, but not limited to, federally required bridge inspections.

(d) The department may allocate additional state funds to the program at any time. In making the its determination the department shall consider the following:

(+) whether adequate additional state funds are available to fund for the program without putting at risk other transportation activities or projects needing state funds.

(2) Whether the department can readily and effectively use federal funds received through the program.

SECTION 99. IC 36-9-42.2-7, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. (a) An eligible entity is eligible to participate in the program upon entering into an exchange agreement with may apply to the department or to a metropolitan planning organization to receive exchanged funds if:

(1) the project:

(A) is eligible under federal law; or

(B) is part of a transportation asset management plan approved by the department; and

(2) using any available revenue source, the eligible entity commits to a local match of twenty percent (20%), or a match consistent with federal law, of the amount of the exchanged funds the eligible entity is requesting to receive.

(b) The department shall consider the following before entering into an exchange agreement with awarding exchanged funds to an eligible entity:

(1) The amount of federal funds the eligible entity wants to exchange and the proposed exchange rate: exchanged funds the eligible entity has requested.

(2) A brief description of each project the eligible entity wants to fund, including the estimated cost of the project.

(3) The benefit to a project described in subdivision (2) from the



~~removal of federal funding; in receiving exchanged funds~~ due to the project's size, type, location, or other features.

~~(4) The availability of state funds. The nature of the project and whether it has an economic significance for the region in which the eligible entity is located.~~

~~(5) Whether or not the eligible entity wishes to carry over its award of exchanged funds to the following year.~~

Subject to section 7.5 of this chapter, an eligible entity may enter into an exchange agreement with respect to a project at any time during the project development process:

SECTION 100. IC 36-9-42.2-7.5 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 7.5: (a) The department may enter into an exchange agreement only if the exchange agreement is first approved by the office of management and budget and the attorney general:

(b) The executive of an eligible entity may enter into an exchange agreement on behalf of the eligible entity. However, the executive of an eligible entity may enter into an exchange agreement only if the exchange agreement is first approved by the fiscal body of the eligible entity:

SECTION 101. IC 36-9-42.2-8 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 8: An exchange agreement must provide the following:

(1) The eligible entity may exchange only federal funds for state funds:

(2) The eligible entity may use state funds only for a capital project that will fulfill the purpose of the original federal project award and that is approved by the department:

(3) If the eligible entity uses state funds to replace local funds in order to use the local funds for purposes unrelated to transportation, the eligible entity:

(A) must repay the state funds to the department; and

(B) may not participate in the program during the succeeding fiscal year:

(4) An exchange rate of not less than seventy-five cents (\$0.75) of state funds for each one dollar (\$1) of federal funds:

(5) The eligible entity agrees to provide local matching funds equal to not less than ten percent (10%) of the estimated project cost:

(6) The department will disburse the state funds to the eligible entity on a reimbursement basis:

SECTION 102. IC 36-9-42.2-9, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9. Not later than November 1 of each year, the



department shall submit a report on the program to the general assembly in an electronic format under IC 5-14-6. A report submitted under this section must include:

- (1) a summary of the ~~exchange agreements entered into~~ **awarded exchanged funds to eligible entities** during the previous state fiscal year; and
- (2) a status report on the implementation of projects funded through the program.

SECTION 103. IC 36-9-42.2-10, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10. ~~An eligible entity that participates in the program shall comply with~~ Applicable public purchasing laws and competitive bidding requirements **must be complied with respect to** for projects funded through the program.

SECTION 104. IC 36-9-42.2-11, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 11. The department may adopt rules under IC 4-22-2 **or guidelines, or both,** to implement this chapter.

SECTION 105. [EFFECTIVE JULY 1, 2017] (a) **IC 6-6-14-4, as amended by this act, applies to decals issued after June 30, 2017.**

(b) **An alternative fuel decal that is effective from April 1, 2017, through March 31, 2018, remains valid through March 31, 2018, without the payment of an additional fee.**

(c) **IC 9-18.1-5-9, as amended by this act, applies to registrations after June 30, 2017.**

(d) **This SECTION expires June 30, 2018.**

SECTION 106. [EFFECTIVE UPON PASSAGE] (a) **IC 6-6-4.1-4.5, as amended by this act, applies to the collection of the motor fuel surcharge tax imposed on the consumption of special fuel that is not an alternative fuel as follows:**

- (1) **For special fuel received by a licensed supplier in Indiana for sale or resale in Indiana, the special fuel received after June 30, 2017.**
- (2) **For special fuel subject to a tax precollection agreement under IC 6-6-2.5-35(j), the special fuel removed after June 30, 2017, by a licensed supplier from a terminal outside Indiana for sale for export or for export to Indiana.**
- (3) **For special fuel imported into Indiana, other than into a terminal, the special fuel imported into Indiana after June 30, 2017, as measured by invoiced gallons received at a terminal or at a bulk plant.**

(b) **This SECTION expires June 30, 2018.**



**SECTION 107. An emergency is declared for this act.**



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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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