HOUSE BILL No. 1002

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-5-41; IC 6-2.5-10-1; IC 6-3.5; IC 6-6; IC 6-8.1; IC 8-2.1-28; IC 8-14; IC 8-14.5; IC 8-15; IC 8-23; IC 9-18.1; IC 9-20-18-14.5; IC 36-9-42.2.

Synopsis: Transportation infrastructure funding. Provides for a one-time fuel tax rate increase using a multiyear index factor based on the last time the particular fuel tax rate was increased and the current fuel tax rate per gallon. (Gasoline tax is currently $0.18, special fuel tax is currently $0.16, and motor carrier surcharge tax is currently $0.11.) Limits the one-time increase to $0.10 per gallon. Provides for an annual rate increase in fuel tax rates based on an annual index factor. Increases alternative fuel decal fees by 50%. Establishes a $15 transportation infrastructure improvement fee that applies to all motor vehicle registrations. Requires a person who registers an electric vehicle to pay a supplemental registration fee of $150 with an increase every five years based on an index factor. Provides that the gasoline use tax is distributed to highway funds over a phase-in period. Repeals restrictions on when a tolling project can be undertaken. Requires the Indiana department of transportation (INDOT) to seek a Federal Highway Administration waiver to toll interstate highways. Imposes other duties on INDOT. Amends the assessment procedures for motor carrier civil penalties under IC 9-20-18-14.5. Establishes the

Effective: Upon passage; March 23, 2016 (retroactive); June 30, 2017; July 1, 2017.

Soliday, Brown T, Steuerwald, Sullivan

January 4, 2017, read first time and referred to Committee on Roads and Transportation.
weigh-in-motion pilot program. Makes various changes to the local road and bridge matching grant program. Permits INDOT to approve certain railroad crossing projects, and authorizes the Indiana finance authority to finance an approved project subject to a maximum annual debt service limit of $10,000,000. Annually appropriates $250,000 to INDOT for the local technical assistance program to develop and maintain a centralized electronic statewide asset management data base. Makes various changes to the transportation funding exchange program between the state and counties and municipalities. Adds various study requirements. Continues the funding Indiana's roads for a stronger, safer tomorrow task force through December 31, 2018.
HOUSE BILL No. 1002

A BILL FOR 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:

SEC. 1. IC 2-5-41 is added to the Indiana Code as a new chapter to read as follows [effective June 30, 2017]:

Chapter 41. Funding Indiana's Roads for a Stronger, Safer Tomorrow Task Force
   Sec. 1. As used in this chapter, "task force" refers to the funding Indiana's roads for a stronger, safer tomorrow task force established by HEA 1001-2016, SECTION 21, subsection (b).
   Sec. 2. The funding Indiana's roads for a stronger, safer tomorrow task force is continued through December 31, 2018.
   Sec. 3. (a) The task force consists of the members serving ex officio and those individuals who were appointed under HEA 1001-2016, SECTION 21. Ex officio members become members on the date of any change in the position and members may be appointed by the appointing authority at the appointing authority's
discretion. The members are as follows:

1. The chairperson of the house of representatives ways and means committee.
2. The chairperson of the senate appropriations committee.
3. The chairperson of the senate tax and fiscal policy committee.
4. The chairperson of the house of representatives roads and transportation committee.
5. The chairperson of the senate homeland security and transportation committee.
6. The director of the office of management and budget.
7. The public finance director of the Indiana finance authority.
8. One (1) member who represents counties and is appointed by the governor after considering the recommendation of the Association of Indiana Counties.
9. One (1) member who represents municipalities and is appointed by the governor after considering the recommendation of the Indiana Association of Cities and Towns.
10. One (1) member appointed by the governor after considering the recommendation of the Build Indiana Council.
11. One (1) member appointed by the governor who is an employee of the Indiana department of transportation.
12. One (1) member appointed by the governor who is a member of the Indiana Motor Truck Association.
13. One (1) member appointed by the governor who represents taxpayers.
14. One (1) member of the general assembly who is a member of the majority party of the house of representatives and is appointed by the speaker of the house of representatives.
15. One (1) member of the general assembly who is a member of the minority party of the house of representatives and is appointed by the speaker of the house of representatives in consultation with the minority leader of the house of representatives.
16. One (1) member of the general assembly who is a member of the minority party of the senate and is appointed by the president pro tempore of the senate in consultation with the minority leader of the senate.
(b) The chairperson of the house of representatives ways and means committee and the chairperson of the senate appropriations committee shall serve as co-chairpersons of the task force.

Sec. 4. The task force shall review and study funding for transportation infrastructure.

Sec. 5. The legislative services agency shall provide staff support to the task force.

Sec. 6. This chapter expires June 30, 2019.

SECTION 2. 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) 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) 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).
local road and bridge matching grant fund established under (IC 8-23-30).

(C) Thirty-five and seven hundred fourteen thousandths percent (35.714%) of the collections shall be deposited in the state highway fund (IC 8-23-9-54).

(C) Sixty-four and two hundred eighty-five thousandths percent (64.285%) to Twenty-eight and five hundred seventy-one thousandths percent (28.571%) shall be deposited in the state general fund.

(4) For state fiscal year 2020, 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 (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 (IC 8-23-30-2).

(C) Fifty percent (50%) of the collections shall be deposited in the state highway fund (IC 8-23-9-54).

(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 3. 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 November 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 October 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 4. 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 November
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 5. 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 before July November 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 October 31 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 6. 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 to the commissioner of the bureau of motor vehicles. To be put into effect the following year, the ordinance must be received by the bureau of motor vehicles before November 15 of the year the ordinance is adopted. An ordinance that is received by the bureau of motor vehicles after the November 15 deadline is to be treated as an ordinance adopted after November 1 of that year.

SECTION 7. IC 6-3.5-4-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 14. (a) On or before August December 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 December 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 8. 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 November 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
October 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 9. 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 before July November
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 10. 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
before July November 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 October 31 but before July +
of the following year January 1 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 11. 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 to:

(1) the commissioner of the bureau of motor vehicles; and

(2) the department of state revenue.

To be put into effect the following year, the ordinance must be received by the bureau of motor vehicles before November 15 of the year the ordinance is adopted. An ordinance that is received by the bureau of motor vehicles after the November 15 deadline is to be treated as an ordinance adopted after November 1 of that year.

SECTION 12. IC 6-3.5-5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 16. (a) On or before August 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 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 13. 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 thousand (10,000); five thousand (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 14. 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 before
July November 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 October 31 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 15. 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 November
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 16. 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 before July November
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 October 31 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 17. 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 to the commissioner of the bureau of motor vehicles. To be put into effect the following year, the ordinance must be received by the bureau of motor vehicles before November 15 of the year the ordinance is adopted. An ordinance that is received by the bureau of motor vehicles after the November 15 deadline is to be treated as an ordinance adopted after November 1 of that year.

SECTION 18. 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 December 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 19. IC 6-3.5-11-1, AS ADDED BY P.L.146-2016, SECTION 12, 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(a).

(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.
"Semitrailer" has the meaning set forth in IC 9-13-2-164(a).

"State agency" has the meaning set forth in IC 34-6-2-141.

"Tractor" has the meaning set forth in IC 9-13-2-180.

"Trailer" has the meaning set forth in IC 9-13-2-184(a).

"Transportation asset management plan" includes planning for drainage systems and rights-of-way that affect transportation assets.

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

"Wheel tax" means the tax imposed under this chapter.

SECTION 20. 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 before July November 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 October 31 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 21. 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 before July November 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 22. 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 before July November 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
October 31 but before July 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 23. 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 to:

(1) the commissioner of the bureau of motor vehicles; and

(2) the department of state revenue.

To be put into effect the following year, the ordinance must be
received by the bureau of motor vehicles before November 15 of
the year the ordinance is adopted. An ordinance that is received by
the bureau of motor vehicles after the November 15 deadline is to
be treated as an ordinance adopted after November 1 of that year.

SECTION 24. 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 December 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 25. 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:
Before July 1, 2017, eighteen cents ($0.18).

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).

Beginning July 1, 2018, and each July 1 thereafter, 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). 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 26. 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. 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.

SECTION 27. 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 28. 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 thereafter, 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). 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.

(++) (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.

(++) (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.

(++) (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.

(e) (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 29. 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 30. 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 31. 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) As used in this section, "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.
(b) 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 (c). 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:
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.

(c) The surcharge tax described in subsection (b) is imposed at
the following applicable rate:

(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 thereafter, 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). 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) (d) 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.

(e) (e) 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.

(f) (f) 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 32. 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(f) 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(f) 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(f) 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 33. 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(f) 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) 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(f) 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 34. 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 

<table>
<thead>
<tr>
<th>Motor Vehicle</th>
<th>Annual Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A passenger motor vehicle, truck, or bus, the declared gross weight of which is equal to or less than 9,000 pounds.</td>
<td>$100 $150</td>
</tr>
<tr>
<td>A recreational vehicle.</td>
<td>$100 $150</td>
</tr>
<tr>
<td>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.</td>
<td>$175 $262.50</td>
</tr>
<tr>
<td>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.</td>
<td>$250 $375</td>
</tr>
<tr>
<td>A truck or bus, the declared gross weight of which is greater than 11,000 pounds, except an alternative fuel delivery truck.</td>
<td>$300 $450</td>
</tr>
<tr>
<td>A tractor, designed to be used with a semitrailer.</td>
<td>$500 $750</td>
</tr>
</tbody>
</table>

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 35. IC 6-8.1-3-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) The department shall research and analyze the methods and systems used to collect taxes comparable to the motor carrier surcharge tax (IC 6-6-4.1). The department shall include in the study its research findings on the following:

(1) The estimated amount of surcharge taxes that are not being collected using the current quarterly reporting and payment system.

(2) The methods and systems used by other states to collect a tax comparable to the motor vehicle surcharge tax.

(3) Options for replacing the current system.

(4) Findings on the positives and negatives of each system and option.

(5) Findings on the potential unintended consequences of each system and option.

(6) An estimate of the costs of implementing the options to replace the current system.

(b) A written report of the research, analysis, and findings shall be delivered to the funding Indiana's roads for a stronger, safer tomorrow task force under IC 2-5-41 before September 1, 2017.

(c) The department shall provide its data, sources, and assumptions, and any documents prepared by the department as part of the report to the legislative services agency in an electronic format under IC 5-14-6.

(d) This section expires December 31, 2017.

SECTION 36. IC 6-8.1-3-27 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) The department shall research and analyze the following:

(1) The imposition of the gross retail tax on special fuel in Indiana and other states.

(2) The gross retail tax exemptions that apply to special fuel purchases and the methods used to provide each exemption.

(3) The use of a special fuel tax gallonage rate as a replacement for the gross retail tax on special fuel.

(4) Options for replacing the current system.

(5) Findings on the positives and negatives of each option.

(6) Findings on the potential unintended consequences of each
(7) An estimate of the costs of implementing each option.
(b) A written report of the research, analysis, and findings shall be delivered to the funding Indiana’s roads for a stronger, safer tomorrow task force under IC 2-5-41 before September 1, 2017.
(c) The department shall provide its data, sources, and assumptions, and any documents prepared by the department as part of the report to the legislative services agency in an electronic format under IC 5-14-6.
(d) This section expires December 31, 2017.

SECTION 37. 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 38. 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 state revenue.
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 shall adopt rules under IC 4-22-2 to
carry out this chapter. 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 commission under IC 4-22-2-22.5 through IC 4-22-2-36.

SECTION 39. 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 funding Indiana's roads for a stronger, safer tomorrow task force under IC 2-5-41 in an electronic format under IC 5-14-6 before November 1, 2017.

SECTION 40. 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, 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 41. 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, 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 highway railroad crossing upgrade project described in IC 8-14.5-8; and

(2) after June 30, 2025, for a highway 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 42. 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. State Highway Railroad Crossing Remediation Projects

Sec. 1. (a) The department may approve state highway 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 project meets the following conditions:

(1) The crossing is at a state highway.

(2) The crossing is at a stage of critical need.

Sec. 3. A project under this chapter may include building an
overpass over 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 43. 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

2017
IN 1002—LS 7350/DI 58
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:

(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 44. 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 45. 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 (c); 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:

(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 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:

SECTION 46. 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.

(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) A written report on the feasibility study shall be delivered to the funding Indiana's roads for a stronger, safer tomorrow task force under IC 2-5-41 in an electronic format under IC 5-14-6 before November 1, 2017.

SECTION 47. 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.
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 48. IC 8-23-2-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 20. (a) The department shall review and analyze the following:
(1) The published research on using a system to fund transportation infrastructure based on vehicle miles traveled.
(2) Research findings on the positives and negatives of each system.
(3) Research findings on the potential unintended consequences of each system.
(4) Estimated costs of implementation and fee collection of each system.
(b) A written report on the review, analysis, and findings shall be delivered to the funding Indiana's roads for a stronger, safer tomorrow task force under IC 2-5-41 before November 1, 2017.
(c) The department shall provide its data, sources, and assumptions, and any documents prepared by the department, as part of the report to the legislative services agency in an electronic format under IC 5-14-6.
(d) This section expires December 31, 2017.
SECTION 49. 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
Section 50. 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 amount of the grant from the fund is equal to may not exceed four (4) times the amount that the local unit commits to contribute to the proposed eligible project.

Section 51. 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 forty percent (40%) 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 52. 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 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) 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 6-6-1.6-3.

The fee shall be rounded to the nearest dollar.

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

SECTION 53. 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. This chapter applies to annual motor vehicle
registrations occurring after December 31, 2017.
Sec. 2. (a) The owner of a motor vehicle that is registered in
Indiana shall pay an annual transportation infrastructure
improvement fee.

(b) The amount of the annual fee is fifteen dollars ($15).
(c) The bureau shall transfer fees collected under this chapter
to the department of state revenue for deposit.
(d) Fees collected under this chapter shall be deposited in the
local road and bridge matching grant fund established under
IC 8-23-30.
Sec. 3. The annual fee imposed under section 2 of this chapter
is due on or before the regular annual registration date in each
year that the owner of the motor vehicle is required to register the
motor vehicle under the motor vehicle registration laws of Indiana.
Sec. 4. (a) Payment of the fee imposed under section 2 of this
chapter is a condition to the right to register or reregister a motor
vehicle. The fee is in addition to all other conditions, taxes, and fees
prescribed by law.

(b) The bureau may accept a voucher from the department of
state revenue showing payment of the fee for a motor vehicle that
is base registered in Indiana under the terms of the International
Registration Plan.
Sec. 5. The annual fee imposed under section 2 of this chapter
must be reduced proportionately on a monthly basis if:

(1) the motor vehicle is registered in a calendar month
following the month in which:

(A) the owner's annual registration date occurs; or

(B) the owner is required to register motor vehicles under
the International Registration Plan; and

(2) the motor vehicle is newly:

(A) purchased; or
Sec. 6. (a) A person is entitled to a refund of a fee paid under section 3 of this chapter if the motor vehicle is sold or destroyed before the person's registration year elapses. Subject to subsection (b), the amount of the refund is equal to:

1. the amount of the fee paid; multiplied by
2. the quotient of:
   (A) the number of full calendar months occurring after the date of the sale or destruction of the motor vehicle and before the date on which the person would have been required to reregister the motor vehicle; divided by
   (B) twelve (12).

(b) The amount of a refund determined under subsection (a) must be rounded up to the next full dollar amount.

SECTION 54. 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) 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) 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) 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.
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 55. 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:

(1) is eligible, or if not eligible for the program, would otherwise be eligible to receive directly or indirectly, federal funds; and

(2) is not a part of a metropolitan planning organization.

SECTION 56. 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 state funds allocated to the program in accordance with this chapter.

SECTION 57. 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 allocated by the federal government to the state.

SECTION 58. 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 59. 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 60. IC 36-9-42.2-3.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3.7. As used in this chapter, "MPO member" means a county or municipality that is part of a metropolitan planning organization (MPO).

SECTION 61. 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 62. 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 or to an MPO member 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. Except for design-build projects, the following must be substantially complete for a project before exchanged funds are awarded:
   (A) Engineering.
   (B) Design.
   (C) Acquisition of rights-of-way.
   (D) Reimbursable utility relocation.

3. Exchanged funds may be expended on any phase of a project, including:
   (A) Periodic project oversight services;
   (B) Full-time construction inspection services; and
   (C) Reimbursement for items listed in subdivision (2) 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. 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 or an MPO member may apply to the department or metropolitan planning organization, whichever is applicable, to receive up to an additional five percent (5%) of the initial award of exchanged funds 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 or MPO member determines to be reasonable.

(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 shall be permitted at the discretion of the eligible entity or MPO member.

SECTION 63. 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. By November 1 of each year, the department shall designate the exchanged funds by allocating state funds to the program in an amount that is equal to the local share.

(b) The department may allocate additional state funds to the program that exceed the local share. In making its determination to exceed the local share, the department shall consider the following:

(1) whether adequate state funds are available to allocate additional state funds to the program beyond the local share amount 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.

(c) The department shall make the exchanged funds available for award to eligible entities and metropolitan planning organizations through the program on an annual basis.

SECTION 64. 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 the department to receive exchanged funds if:

(1) the project is part of a transportation asset management plan approved by the department;

(2) the project is capital in nature;

(3) the primary objective of the project is not general maintenance or routine maintenance; and

(4) using any available revenue source, the eligible entity's...
fiscal body commits to a local match of twenty percent (20%) of the amount of the exchanged funds the eligible entity is requesting to receive.

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

(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 65. IC 36-9-42.2-7.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.2. To receive exchanged funds as part of the department's annual distribution to metropolitan planning organizations, a metropolitan planning organization must enter into an exchange agreement with the department that provides that the metropolitan planning organization will ensure that:

(1) all recipient MPO members of exchanged funds have completed a transportation asset management plan;

(2) using any available revenue source, the fiscal body of an MPO member has committed to a twenty percent (20%) local match of the amount of exchanged funds the MPO member is requesting to receive; and

(3) the projects awarded exchanged funds are capital in nature and the primary objective of the projects is not general maintenance or routine maintenance.

SECTION 66. IC 36-9-42.2-7.5 IS REPEALED [EFFECTIVE JULY
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 67. 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 68. 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 "awarded exchanged funds to eligible entities and exchange agreements entered into with metropolitan planning organizations" during the previous state fiscal year; and
2. A status report on the implementation of projects funded through the program.

SECTION 69. IC 36-9-42.2-10, AS ADDED BY P.L.141-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 2017 IN 1002—LS 7350/DI 58...
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 projects funded through the program.

SECTION 70. 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 71. [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) This SECTION expires June 30, 2018.

SECTION 72. An emergency is declared for this act.