



February 9, 2005

HOUSE BILL No. 1729

DIGEST OF HB 1729 (Updated February 3, 2005 11:09 am - DI 92)

Citations Affected: IC 6-6; IC 8-14; IC 8-14.5; IC 8-23.

Synopsis: Securitization of federal transportation grants. Provides that the gasoline tax applies to gasoline used or sold in Indiana (current law provides that the tax applies to gasoline used in Indiana). Authorizes the transportation finance authority to issue bonds or notes secured by lease rentals relating to highway improvement projects and anticipated to be paid by the department of transportation from federal transportation revenues received in the current federal fiscal year or to be received in a future federal fiscal year. Limits the total amount of the lease rentals securing the bonds or notes during any state fiscal year to 50% of the increase in the amount of federal transportation revenues received by the state since the federal fiscal year ending September 30, 2004. Makes conforming changes.

Effective: July 1, 2005.

Friend, Espich

January 19, 2005, read first time and referred to Committee on Ways and Means.
February 8, 2005, amended, reported — Do Pass.

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HB 1729—LS 7332/DI 44+



February 9, 2005

First Regular Session 114th General Assembly (2005)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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HOUSE BILL No. 1729

A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

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

1 SECTION 1. IC 6-6-1.1-201 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 201. A license tax of
3 eighteen cents (\$0.18) per gallon is imposed on the use of all gasoline
4 used **or sold** in Indiana, except as otherwise provided by this chapter.
5 The distributor shall initially pay the tax on the billed gallonage of all
6 gasoline the distributor receives in this state, less any deductions
7 authorized by this chapter. The distributor shall then add the per gallon
8 amount of tax to the selling price of each gallon of gasoline sold in this
9 state and ~~collected~~ **collect the tax** from the purchaser so that the
10 ultimate consumer bears the burden of the tax.

11 SECTION 2. IC 8-14-10-8 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. The department may
13 use the money in the fund only to pay the following costs:

- 14 (1) The cost of construction or reconstruction of a state highway.
15 (2) The cost of acquisition of all land, rights-of-way, property,
16 rights, easements, and any other legal or equitable interests
17 acquired by the department for the construction or reconstruction

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1 of a state highway, including the cost of any relocations incident
 2 to the acquisition.
 3 (3) The cost of demolishing or removing any buildings, structures,
 4 or improvements on property acquired by the department for the
 5 construction or reconstruction of a state highway.
 6 (4) Engineering and legal expenses, and the costs of plans,
 7 specifications, surveys, estimates, and any necessary feasibility
 8 studies.
 9 (5) Payment of rentals and performance of other obligations under
 10 contracts or leases ~~relating to projects securing bonds issued~~
 11 ~~under IC 8-14-5. IC 8-14.5-6.~~
 12 SECTION 3. IC 8-14-10-9 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) The crossroads
 14 2000 fund is established for the purpose of constructing or
 15 reconstructing state highways. The crossroads 2000 fund consists of
 16 distributions received under IC 9-29-1-2, IC 9-29-15-1, IC 9-29-15-3,
 17 and IC 9-29-15-4.
 18 (b) The crossroads 2000 fund shall be administered by the
 19 department. The treasurer of state shall invest the money in the
 20 crossroads 2000 fund not currently needed to meet the obligations of
 21 the crossroads 2000 fund in the same manner as other public funds may
 22 be invested.
 23 (c) Money in the crossroads 2000 fund at the end of a state fiscal
 24 year does not revert to the state general fund.
 25 (d) The department may use the money in the crossroads 2000 fund
 26 only to pay the following costs:
 27 (1) The cost of construction or reconstruction of a state highway.
 28 (2) The cost of acquisition of all land, rights-of-way, property,
 29 rights, easements, and any other legal or equitable interests
 30 acquired by the department for the construction or reconstruction
 31 of a state highway, including the cost of any relocations incident
 32 to the acquisition.
 33 (3) The cost of demolishing or removing any buildings, structures,
 34 or improvements on property acquired by the department for the
 35 construction or reconstruction of a state highway.
 36 (4) Engineering and legal expenses and the costs of plans,
 37 specifications, surveys, estimates, and any necessary feasibility
 38 studies.
 39 (5) Payment of rentals and performance of other obligations under
 40 contracts or leases ~~relating to projects securing bonds issued~~
 41 ~~under IC 8-14.5. IC 8-14.5-6.~~
 42 SECTION 4. IC 8-14-10-10 IS ADDED TO THE INDIANA CODE

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1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2005]: **Sec. 10. (a) The grant anticipation fund is established to
3 construct and reconstruct state highways. The grant anticipation
4 fund consists of distributions of federal transportation revenues (as
5 defined in IC 8-14.5-7-1) made under IC 8-23-3-11.**

6 **(b) The grant anticipation fund shall be administered by the
7 department. The treasurer of state shall invest the money in the
8 grant anticipation fund not currently needed to meet the
9 obligations of the grant anticipation fund in the same manner as
10 other public funds may be invested. Interest that accrues from
11 these investments shall be deposited in the grant anticipation fund.**

12 **(c) Money in the grant anticipation fund at the end of a state
13 fiscal year does not revert to the state general fund.**

14 **(d) The department may use the money in the grant anticipation
15 fund only to pay the following costs:**

16 **(1) The cost of construction or reconstruction of a highway
17 improvement project.**

18 **(2) The cost of acquisition of all land, rights-of-way, property,
19 rights, easements, and any other legal or equitable interests
20 acquired by the department for the construction or
21 reconstruction of a highway improvement project, including
22 the cost of any relocations incident to the acquisition.**

23 **(3) The cost of demolishing or removing any buildings,
24 structures, or improvements on property acquired by the
25 department for the construction or reconstruction of a
26 highway improvement project.**

27 **(4) Engineering and legal expenses and the costs of plans,
28 specifications, surveys, estimates, and any necessary
29 feasibility studies.**

30 **(5) Payment of rentals and performance of other obligations
31 under contracts or leases relating to highway improvement
32 projects securing grant anticipation revenue bonds or notes
33 issued under IC 8-14.5-7. However, amounts in the grant
34 anticipation fund may not be pledged to such payments.**

35 **(e) A holder of grant anticipation revenue bonds or notes issued
36 under IC 8-14.5-7 may not compel the payment of federal
37 transportation revenues to the department.**

38 SECTION 5. IC 8-14.5-2-3 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. "Bonds" refers to
40 bonds of the authority issued under IC 8-14.5-6 or IC 8-14.5-7.

41 SECTION 6. IC 8-14.5-2-8 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. "Notes" refers to

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1 notes of the authority issued under IC 8-14.5-6 or **IC 8-14.5-7** and
2 includes any evidences of indebtedness of the authority except bonds.

3 SECTION 7. IC 8-14.5-5-5 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. The department shall
5 pay lease rentals for leases entered into under this chapter **and**
6 **securing bonds issued under IC 8-14.5-6** from revenues transferred
7 to the state highway road construction and improvement fund or the
8 crossroads 2000 fund before making any other disbursements from
9 those ~~revenues~~ **funds. The department shall pay lease rentals for**
10 **leases entered into under this chapter and for securing grant**
11 **anticipation revenue bonds or notes issued under IC 8-14.5-7 from**
12 **federal transportation revenues (as defined in IC 8-14.5-7-1)**
13 **transferred to the grant anticipation fund before making any other**
14 **disbursements from the grant anticipation fund.**

15 SECTION 8. IC 8-14.5-7 IS ADDED TO THE INDIANA CODE
16 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2005]:

18 **Chapter 7. Grant Anticipation Revenue Bonds and Notes**

19 **Sec. 1. As used in this chapter, "federal transportation**
20 **revenues" means:**

- 21 (1) money and obligation authority apportioned or allocated,
- 22 or anticipated to be apportioned or allocated in the current
- 23 federal fiscal year or a future federal fiscal year, to Indiana
- 24 by the United States Department of Transportation under 23
- 25 U.S.C., as amended, for use on a project; or
- 26 (2) other federal money that may be used for a project and is
- 27 available or anticipated to be available in the current federal
- 28 fiscal year or a future federal fiscal year.

29 **Sec. 2. As used in this chapter, "grant anticipation revenue**
30 **bond" or "grant anticipation revenue note" means a bond or note,**
31 **respectively, secured by lease rentals relating to highway**
32 **improvement projects and anticipated to be paid from federal**
33 **transportation revenues deposited in the grant anticipation fund.**

34 **Sec. 3. As used in this chapter, "highway improvement project"**
35 **means a project for which the department may use federal**
36 **transportation revenues.**

37 **Sec. 4. The authority may, by resolution, issue grant anticipation**
38 **revenue bonds or notes for any purpose that is authorized by**
39 **IC 8-14.5-6 and for which the department may use federal**
40 **transportation revenues.**

41 **Sec. 5. (a) Before grant anticipation revenue bonds or notes may**
42 **be issued under this chapter, the department shall prepare a**

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1 revenue declaration providing a specified amount or percentage of
 2 federal transportation revenues received by the state during a state
 3 fiscal year to be deposited in the grant anticipation fund and the
 4 number of years the deposits shall be made. A revenue declaration
 5 prepared under this section is subject to approval of the budget
 6 agency and the authority.

7 (b) The total amount of lease rentals securing grant anticipation
 8 revenue bonds or notes issued under this chapter and scheduled to
 9 be paid during any state fiscal year, determined as of the date of
 10 issuance of each series of grant anticipation revenue bonds or
 11 notes, may not exceed an amount equal to fifty percent (50%) of
 12 the remainder of:

13 (1) the total amount of federal transportation revenues
 14 apportioned or allocated to the department during the federal
 15 fiscal year immediately preceding the state fiscal year in
 16 which the series of bonds or notes is issued; minus

17 (2) seven hundred thirty-four million eight hundred fifty
 18 thousand three hundred ninety dollars (\$734,850,390), which
 19 is the total amount of federal transportation revenues
 20 apportioned or allocated to the department during the federal
 21 fiscal year beginning October 1, 2003, and ending September
 22 30, 2004.

23 (c) All other provisions of IC 8-14.5-6 apply to the issuance of
 24 grant anticipation revenue bonds or notes under this chapter.

25 **Sec. 6. Grant anticipation revenue bonds or notes:**

26 (1) constitute the corporate obligations of the authority;

27 (2) do not constitute an indebtedness of the state within the
 28 meaning or application of any constitutional provision or
 29 limitation; and

30 (3) are payable solely as to both principal and interest from:

31 (A) the revenues from a lease to the department, if any;

32 (B) proceeds of bonds or notes, if any; or

33 (C) investment earnings on proceeds of bonds or notes, if
 34 any.

35 SECTION 9. IC 8-23-3-11 IS ADDED TO THE INDIANA CODE
 36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 37 1, 2005]: **Sec. 11. Notwithstanding any other provision of this**
 38 **chapter, if grant anticipation revenue bonds or notes have been**
 39 **issued under IC 8-14.5-7, the department shall collect or cause to**
 40 **be collected federal transportation revenues (as defined in**
 41 **IC 8-14.5-7-1) and shall, as provided by the department in the**
 42 **revenue declaration relating to the issuance of the grant**

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1 **anticipation revenue bonds or notes, deposit or cause to be**
2 **deposited the specified part of the federal transportation revenues**
3 **in the grant anticipation fund.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1729, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, reset in roman "used".

Page 1, line 4, after "used" insert "**or**".

Page 1, line 9, strike "collected" and insert "**collect the tax**".

and when so amended that said bill do pass.

(Reference is to HB 1729 as introduced.)

ESPICH, Chair

Committee Vote: yeas 20, nays 0.

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