

MINI QUICK GUIDE: **HEA 1461 - ROAD FUNDING**

House Enrolled Act (HEA) 1461 includes major updates to Indiana's local road funding system. Key provisions impact the CCMG program, Wheel Tax incentives, TRAX funding, and MVH spending requirements. Aim successfully advocated for increased flexibility and fairness, particularly for smaller communities.

COMMUNITY CROSSINGS MATCHING GRANT PROGRAM (CCMG)

- Reduces the match requirement for municipalities with a population of 10,000 or less to 20% (previously 25%).
- Changes the funding allocation for the CCMG fund as follows:
 - Beginning Fiscal Year (FY) 26 and every year thereafter: \$100M for the traditional CCMG matching grant program.
 - Beginning FY 27 for the next 5 years, \$20M for the TRAX program (rail grade separation projects) or the Railroad Tax Credit for Qualified Infrastructure Investment.
 - Beginning FY 28, \$50M for the City of Indianapolis if they can match with new revenue (likely through a wheel tax).
 - Beginning FY 28, the remainder of the money in the fund, following the above obligations, will be distributed based on a lane mile calculation only for all cities, towns, and counties that have adopted a wheel tax.
 - If a municipality receives a distribution through the lane miles formula, their maximum CCMG award is reduced by the amount they receive through the formula.
 - Funding distributed through the lane miles formula has the same restrictions as CCMG money and must be placed in its own fund.

LOCAL MOTOR VEHICLE HIGHWAY (MVH)

- Under current law, 50% of local MVH funding must be used for construction, reconstruction, or preservation (capital expenditures).
- Beginning July 1, 2026, the municipality may reduce this amount to 40% if the municipality maintains:
 - An average PASER rating of at least 6 or higher, and
 - 15% or less of roads with a PASER rating of 1 or 2.
- LTAP will certify the PASER ratings to verify eligibility for additional flexibility.

BRIDGE OVERSIGHT AND RESPONSIBILITY

- Clarifies that bridges under 20ft, small structures and culverts within a municipality are the municipality's responsibility.
- Clarifies that bridges over 20ft in length are the responsibility of the county whether or not they are inside of a municipality.
- New bridge construction must be completed with respect to the county overseeing the bridge, and the county must be notified of any construction.

ANNUAL OPERATIONS REPORT

- Requires all municipalities with a population of at least 5,000 (previously 15,000) to complete an annual operations report.

TOWNSHIPS

- Requires townships to create a memorandum of understanding with the overlapping county and municipality to transfer unencumbered reserves to the overlapping unit for road projects in the township.
- The unencumbered reserves are those not already pledged to the townships' contracts, capital improvement plans, or other legal restrictions.