# THE PATH AHEAD

## Road Funding Key Part of Next Legislative Session

**By Matt Ottinger**

Navigating construction cones, lingering potholes and the occasional wildlife encounter are frequent rites of summer for Hoosier drivers.

It's also the season for policy-oriented organizations, like the Indiana Chamber of Commerce, to plot their course for the following year's Indiana General Assembly. No doubt, road funding and the biennial budget will be top priorities in 2027.

Krista Ricci has a great deal of experience navigating the topic in the state, having served as director of fiscal policy and as an analyst in the Indiana Senate, among other relevant positions. She's now advocating for the business community as the Indiana Chamber's vice president of taxation and fiscal policy.

When asked if current road infrastructure investments are enough, Ricci stresses that further investment is needed, reflecting on findings from Indiana's FIRSST (Funding Indiana's Roads for a Stronger, Safer Tomorrow) Task Force several years ago, which is a state legislative committee tasked with evaluating and updating long-term infrastructure funding.

"At the conclusion of that task force, it demonstrated a pretty large state and local road funding gap of between $2.2 to $3.6 billion combined annual need," she quantifies. "The state portion was about $1.3 billion, and for the local portion, there was a range given from about $990 million to preserve roads all the way to a maximum of $2.4 billion to eliminate the poor conditions in local communities."

### Taking a toll?

House Enrolled Act 1461 in 2025 provided infrastructure funding for local governments by increasing flexibility in transportation taxes and grant opportunities. The law also provided local units with a means of securing additional revenue for road and bridge projects, enhancing the state's transportation network and economic development. Among other provisions, the measure allows the executive branch to implement tolls on interstates by requesting federal waivers, subject to state budget committee review.

"The largest step that's been taken since (the FIRSST Task Force) was that the bill allowed the Indiana Department of Transportation (INDOT) to create toll lanes with the Governor's approval," Ricci asserts.

The bill stipulates that INDOT must first ask the Federal Highway Administration (FHWA) for a waiver for toll lanes. And then if the waiver was granted, the toll lanes could be approved without the Indiana General Assembly passing a law, subject to state budget committee review. U.S. law generally bans user fees on the federally funded Interstate highway system, with some exceptions. Indiana's application, submitted last September, seeks a waiver under the Interstate System Reconstruction and Rehabilitation Pilot Program.

The likely tolling target is Interstate 70, which spans 156 miles across Indiana, connecting Illinois to Ohio, and plans are also underway for major reconstruction to widen the highway to six lanes.

Understandably, tolling methodologies will need to be convenient in order to be palatable for the public.

"A successful tolling process should include user-friendly customer experiences such as transparent toll rates, a modern, seamless, accurate and timely billing software, as well as prompt and responsible customer service," Ricci contends.




Funding Indiana's roads will be a top priority in the 2027 legislative session, with I-70 in the spotlight as legislators and the Governor consider tolling as a means to improve and widen the east-west corridor.

Under the state's proposal, tolling on I-70 would begin in early 2029, while highway modernization upgrades would be completed over the following eight to 10 years. The plan calls for passenger vehicles to pay 10 cents per mile. Commercial trucks would be charged 54 cents per mile, meaning a semi-trailer traveling the entire 156-mile stretch of I-70 across Indiana would pay approximately $84.24 in tolls.

### Wear and tear

Road and infrastructure technology is, broadly, an area that could be improved, according to Ricci.

"Indiana does research and development with Purdue (University) on testing new innovative technology sensors and materials, so having a large research institution like Purdue is helpful for Indiana in that area," she offers. "But when you look at smart road technologies, I think that is an opportunity for Indiana to grow."

Examples include an AI-driven road assessment from PaveX, a Purdue-connected startup using low-cost sensors and AI to survey over 3,400 miles of Indiana roads, improving speed, consistency and cost-effectiveness of pavement condition checks. Further, INDOT and Purdue are building the nation's first highway-speed wireless electric vehicle charging segment in West Lafayette. Plus, Purdue collaborated with INDOT and industry leaders to develop innovations in road design and construction as part of the Joint Transportation Research Program.

Regarding the state of Indiana's roads, there appear to be some discrepancies in perception.

Recent rankings from groups like *U.S. News & World Report*, *Consumer Affairs* and the *Journal of Consumer Research* have ranked the state best in the nation for road quality. These results were based on the state's (low) percentage of road miles in poor condition, per data from the FHWA.

However, the story might be more complex. *Overdrive's* 2025 Truckers' Highway Report Card survey of truck drivers and owner-operators ranked Indiana as having the worst roads in the nation. In

fact, the state drew nearly one-third of all "worst road" votes, with I-70 drawing ire as Indiana's most troubled route. Florida, Texas and Ohio received the highest marks in that particular report.

"I think when you look at the data, it's pretty good, but I also think it depends sometimes on who you ask," Ricci posits.

## Local level

The Community Crossings Matching Grant (CCMG) Program was created by HEA 1001 in 2016 as a partnership between INDOT and local communities to fund road and bridge improvements. The grant required local governments in larger communities to provide matching funds of 50% (25% for smaller communities) and have an asset management plan for maintaining existing roads and bridges. (Half of the funds were awarded to communities in counties with a population of 50,000 or fewer.)

Following the passage of HEA 1461, the CCMG still exists but the match requirement was lowered for smaller local units, and the matching grants are limited to $100 million a fiscal year. The remaining funds are to be allocated as follows: The first five years put $20 million toward railroad credits and projects, Marion County gets $50 million per year (100% match required), with the remainder distributed based on lane miles for units with a surtax/wheel tax.

## Big picture

This also comes as funding concludes this year from the federal Infrastructure Investment and Jobs Act (also known as the Bipartisan Infrastructure Law), passed in 2021, which authorized $550 billion in new federal investments in transportation funding for roads, bridges, transit, airports, ports and rail. The largest portion of that was allocated for highway construction, and INDOT initially reported the law increased the state's core federal program by approximately $970 million through fiscal year 2026.

Ricci notes that Indiana has largely utilized user fees for road funding as opposed to the state general fund. With its centralized location and reputation as the "Crossroads of America," out-of-state travelers play a key role in funding mechanisms. She anticipates that sentiment will remain in the future.

"If the current state revenue forecast holds true through the next session and the April forecast, the state could have the ability to make some large one-time investments in infrastructure," she anticipates. "Revenues right now are outpacing appropriations and so there's some opportunities potentially in this upcoming budget cycle.

"If there's a lot of one-time money, I could see a large investment in some particular infrastructure or transportation projects as has been done in the past," Ricci adds.

For the business community, the Indiana Chamber is expected to keep highway funding squarely in the infrastructure frame as lawmakers look for ways to close long-term funding gaps. That includes continued attention to fuel tax indexing, which helps revenue keep pace with inflation.

"If Indiana is going to extend indexing, the 2027 budget session would likely be the right time to act since the provision is currently set to expire in fiscal year 2028," Ricci concludes. "Keeping that conversation moving will be important to maintaining the roads, bridges and transportation network that support Indiana's economy."

**RESOURCE:** Krista Ricci, Indiana Chamber of Commerce, at www.indianachamber.com




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