



AIM Webinar – July 29, 2025

# ***Wheel Tax and Excise Surtax***

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# ***What is Indiana LTAP?***

The Indiana Local Technical Assistance Program (LTAP) helps street departments, highway departments and local elected officials to better meet the needs of the public by acting as a resource for **training, technical assistance, and technology transfer**. Our reach extends throughout Indiana and across the nation.

Local public agencies oversee more than 80,000 miles of Indiana roadway. We provide these agencies better access to available resources by offering technical assistance and training for all counties, cities, and towns within the state. Some of LTAP's avenues for outreach include **workshops, conferences, training programs, and resources**.

Indiana LTAP is also part of a nationwide system of technology transfer centers, established by the Federal Highway Administration, that is designed to improve transportation department performance.



# Indiana LTAP

## Mission

Assist street departments, highway departments, and local elected officials to better meet the needs of the public by acting as a resource for training, technical assistance, and technology transfer.





# ***Wheel Tax & Excise Surtax (LOHUT)***

- ▶ What is it and why are we discussing it?
- ▶ How is it implemented, distributed, and used?
- ▶ How are revenues estimated?
  - ▶ County
  - ▶ City/Town
- ▶ How does it impact other funding mechanisms?







# ***Wheel Tax & Excise Surtax***

***What is it and why  
discuss it now?***

### What is LOHUT?

**L**ocal **O**ption **H**ighway **U**ser **T**ax

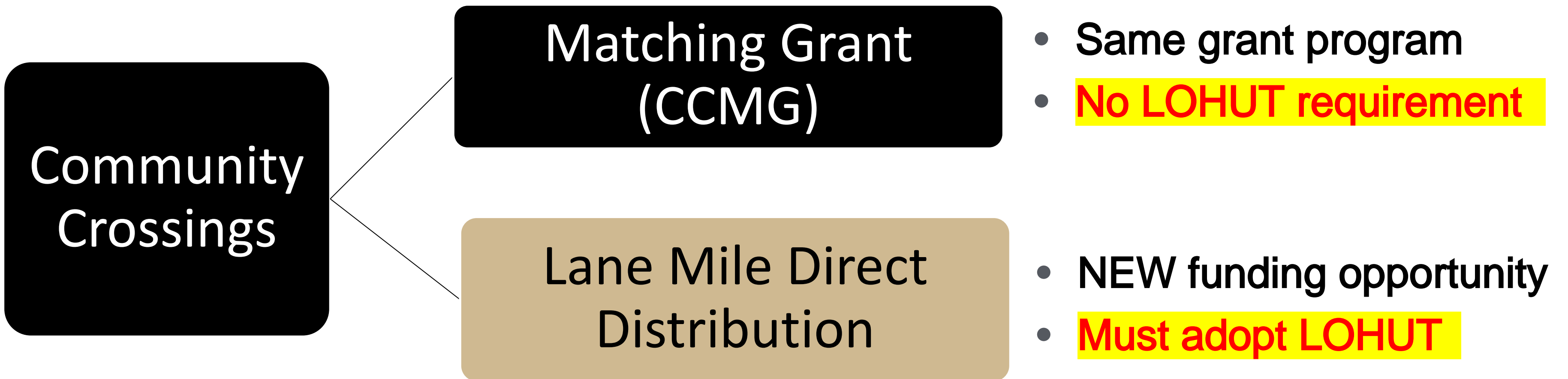
- Comprised of two separate taxes that must be adopted concurrently
  1. Wheel Tax
  2. Excise Surtax
- Designated for local road and bridge funding
- Passed Indiana Legislature in 1980 (Counties)
- Passed Indiana Legislature in 2016 (Municipalities)

## Changes to the Law

- **2015** – Revised to add Motor Driven Cycles (mopeds) and variable rates for Excise Surtax
- **2016** – 1) Allowed municipalities >10,000 to adopt LOHUT  
2) Doubled the amount of rates if county has an Asset Management Plan
- **2017** – 1) Allowed municipalities >5,000 to adopt LOHUT  
2) Changed the effective date to adopt
- **2023** – Exemption of trailers <3,000 pounds with a “Permanent” registration

## Changes to the Law

- **2025** – Required for the Local Road and Bridge Matching Grant Lane Mile Distribution





# ***Wheel Tax & Excise Surtax***

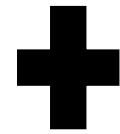
***How is it implemented,  
distributed, and used?***



# *Wheel Tax and Excise Surtax (LOHUT)*

## LOHUT is TWO different taxes

Excise Surtax



Wheel Tax

- Both taxes must be adopted, amended, or rescinded concurrently
- Cannot have one without the other

## Municipal Eligibility

- Population > 5,000
- Current Transportation Asset Management Plan



# *Wheel Tax and Excise Surtax (LOHUT)*

## LOHUT

### Municipal Vehicle Excise Surtax

#### ***Applicable Vehicles:***

- Passenger Cars
- Trucks  $\leq 11,000$  lbs
- Motorcycles
- Motor Driven Cycles (mopeds)
- Trailers  $\leq 9,000$  lbs

#### ***Rates:***

- \$7.50 - \$25
- Rates may vary between vehicle classes

### Municipal Wheel Tax

#### ***Applicable Vehicles:***

- Trucks  $> 11,000$  lbs
- Trailers  $> 9,000$  lbs
- Semi's
- Buses
- Recreational Vehicles

#### ***Rates:***

- \$5 - \$40
- Rates may vary between vehicle classes and weights

## *Wheel Tax and Excise Surtax (LOHUT)*

- Municipal Wheel Tax is a tax per plated vehicle; NOT a tax per wheel
- Rates may vary between vehicle classifications and must be outlined in the adopted ordinance

### *Example:*

*A municipality may set the rate for a pickup truck weighing 13,000 pounds at \$30 per registration and set the rate for a semi-trailer at \$40 per registration.*



## Vehicle Exemptions

LOHUT does not apply to vehicles that are (IC 6-3.5-5-4):

- Owned by the state
- Owned by a state agency
- Owned by a political subdivision
- School bus
- A bus owned and operated by a religious or nonprofit youth organization and used to haul persons to religious services or for the benefit of their members
- Motor vehicle that is funeral equipment and is used in the operation of funeral services

## Effective Date (Adoption, Changing, Rescinding)

- If passed after January 1 and on or before August 31, then tax would be collected the following January
  - Passed on or before August 31, 2025 ➡ effective January 2026
- If passed on or after September 1 but before January 1, then tax would be collected in 1 to 1.25 years
  - Passed on or after September 1, 2025 ➡ effective January 2027



## After Adoption of Ordinance

- Send a copy of 1) Ordinance and Letter of 2) Approved Asset Management Plan to:

- 1) Bureau of Motor Vehicles
- 2) Indiana Department of Revenue

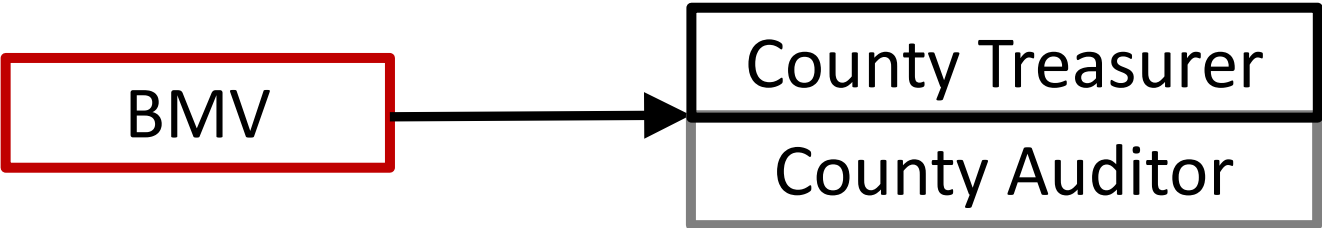
Needs to be submitted by September 1<sup>st</sup> for it to go into affect the upcoming calendar year.

# Wheel Tax and Excise Surtax (LOHUT)

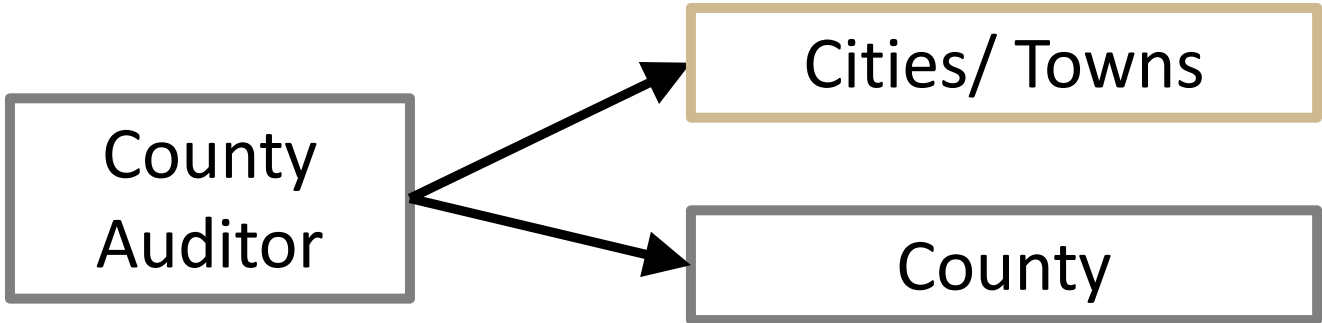
## LOHUT

### County-Enacted Wheel Tax & Excise Surtax

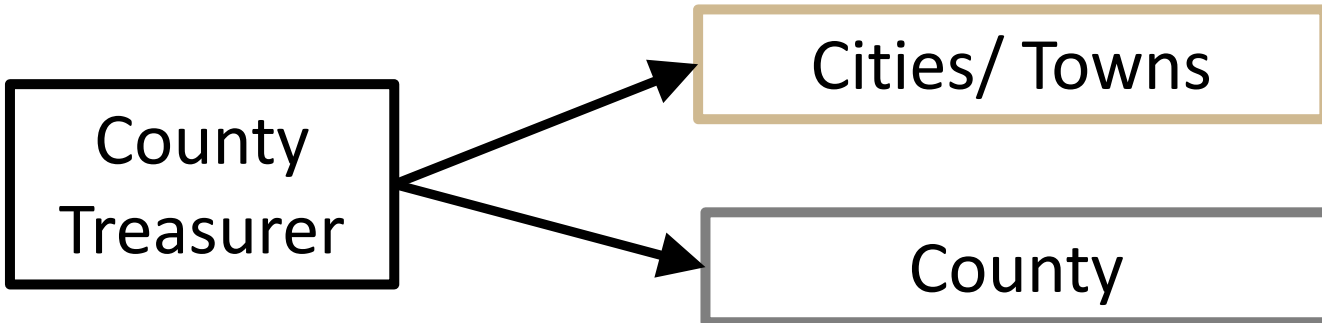
*Collects & Transfers*



*Allocates*

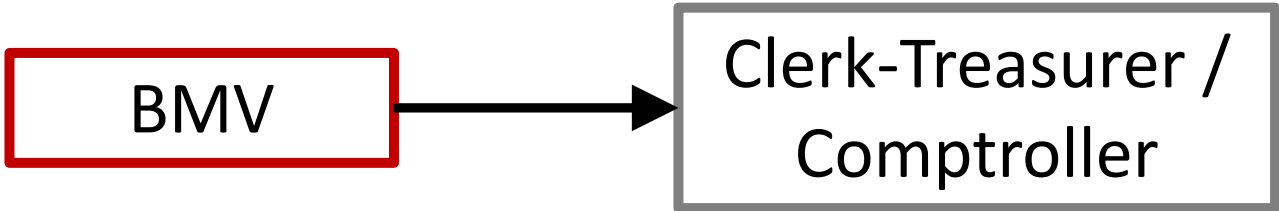


*Distributes*



### Municipal Wheel Tax & Excise Surtax

*Collects & Transfers*



Eligible Municipality = Population >5,000  
and current transportation asset  
management plan



## Local Road and Street Distribution Formula

- If the total county population is more than 50,000
  - 60% based on relative population
  - 40% based on relative mileage
- If the total county population is less than 50,000
  - 20% based on relative population
  - 80% based on relative mileage

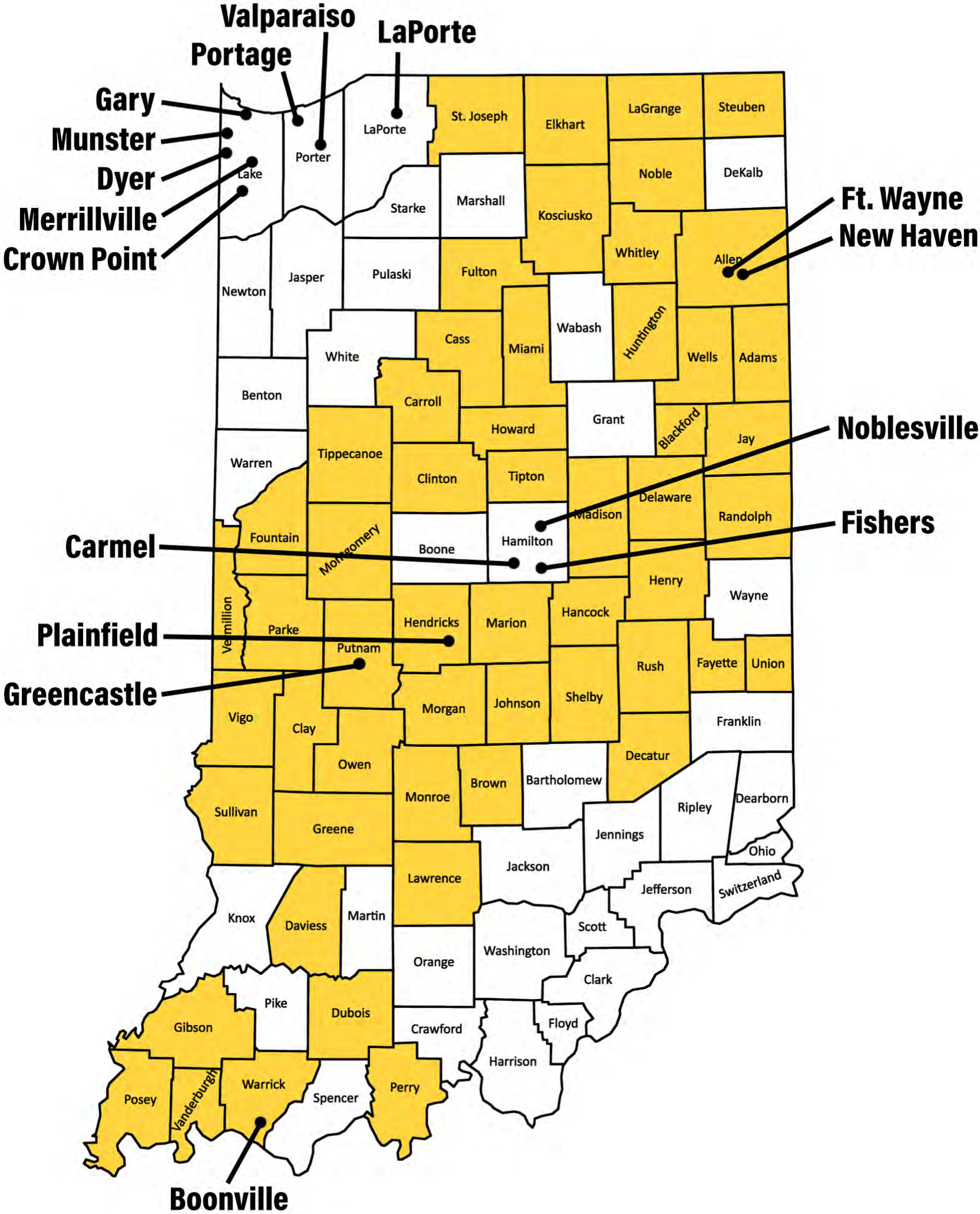
Indiana LTAP can assist with estimating revenues:

[www.purdue.edu/intap/asset\\_management/LOHUT.php](http://www.purdue.edu/intap/asset_management/LOHUT.php)

## How funds can be used

- A county, city, or town may only use the surtax revenues it receives to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; or
- For the county's, city's, or town's contribution to obtain a grant from the local road and bridge matching grant fund under [IC 8-23-30](#).
- As a contribution to a Multiple County Infrastructure Authority (IC 36-7-23)
  - (Wheel Tax Only)

Counties (55)



Cities/Towns (16)

- Boonville
- Carmel (2026)
- Crown Point
- Dyer
- Fishers
- Fort Wayne
- Gary
- Greencastle
- La Porte
- Merrillville
- Munster
- New Haven
- Noblesville
- Plainfield
- Portage
- Valparaiso





# ***Wheel Tax & Excise Surtax***

***How are revenues  
estimated?***

### Information needed to estimate revenue

1. Vehicle registration data for the entity imposing LOHUT
2. Selected tax rate for Wheel Tax and Excise Surtax
3. Mileage and population data for each local unit

# Wheel Tax and Excise Surtax (LOHUT)

## City of Lafayette Excise Surtax – (\$7.50 minimum; \$25 maximum)

### Municipal Excise SurTax Vehicles

	<u># Registrations</u>	<u>Maximum Rates</u>	<u>BMV Branch Fees</u>	<u>\$ 7.5 Surtax (Min)</u>	<u>\$25 Surtax (Max)</u>
Passenger Vehicles	45625	\$ 25.00	\$ 6,843.75	\$ 335,343.75	\$ 1,133,781.25
Trucks <11,000 lbs	10928	\$ 25.00	\$ 1,639.20	\$ 80,320.80	\$ 271,560.80
Motorcycles	1749	\$ 25.00	\$ 262.35	\$ 12,855.15	\$ 43,462.65
Motor Driven Cycles	339	\$ 25.00	\$ 50.85	\$ 2,491.65	\$ 8,424.15
Trailer (Permanent New)	38	\$ -	\$ -	\$ -	\$ -
Trailer (Permanent - Renewal)	30	\$ -	\$ -	\$ -	\$ -
Trailer <= 3,000 lbs	1865	\$ 25.00	\$ 279.75	\$ 13,707.75	\$ 46,345.25
Trailer <= 9,000 lbs	727	\$ 25.00	\$ 109.05	\$ 5,343.45	\$ 18,065.95
<b>Total</b>	<b>61,301</b>		<b>\$ 9,184.95</b>	<b>\$ 450,062.55</b>	<b>\$ 1,521,640.05</b>

\*2023 BMV Registration Data



Wheel Tax and Excise Surtax (LOHUT)

City of Lafayette Wheel Tax – (\$5 minimum; \$40 maximum)

Municipal Wheel Tax Vehicles

		Maximum	BMV Branch		
	# Registrations	Rates	Fees	\$5 - Tax (Min)	\$40 - Tax (Max)
BUS	18	\$ 40.00	\$ 2.70	\$ 87.30	\$ 717.30
BUS - CHURCH	32	\$ -	\$ -	\$ -	\$ -
FARM SEMI TRACTOR	12	\$ 40.00	\$ 1.80	\$ 58.20	\$ 478.20
FARM SEMI TRAILER	15	\$ 40.00	\$ 2.25	\$ 72.75	\$ 597.75
FARM TRAILER	13	\$ 40.00	\$ 1.95	\$ 63.05	\$ 518.05
FARM TRUCK	24	\$ 40.00	\$ 3.60	\$ 116.40	\$ 956.40
RECOVERY VEHICLE	33	\$ 40.00	\$ 4.95	\$ 160.05	\$ 1,315.05
RECREATIONAL VEHICLE	557	\$ 40.00	\$ 83.55	\$ 2,701.45	\$ 22,196.45
SEMI TRACTOR	33	\$ 40.00	\$ 4.95	\$ 160.05	\$ 1,315.05
SEMI TRAILER	299	\$ 40.00	\$ 44.85	\$ 1,450.15	\$ 11,915.15
TRAILER > 9,000 lbs	419	\$ 40.00	\$ 62.85	\$ 2,032.15	\$ 16,697.15
TRUCK > 11,000 lbs	390	\$ 40.00	\$ 58.50	\$ 1,891.50	\$ 15,541.50
TRUCK CAMPER	1	\$ 40.00	\$ 0.15	\$ 4.85	\$ 39.85
Totals	1,846		\$ 272.10	\$ 8,797.90	\$ 72,287.90

\*2023 BMV Registration Data

*Wheel Tax and Excise Surtax (LOHUT)*

**Estimated Municipal LOHUT Revenue (Excise Surtax & Wheel Tax)**

<u>City/Town</u>	<u>Population</u>	<u>Road Mileage</u>	Revenue Min Rates	Revenue Max Rates
Lafayette	70,783	288.98	\$ 458,860.45	\$ 1,593,927.95

\*2023 BMV Registration Data  
\*\*2024 State Comptroller Mileage and Population Data

# Wheel Tax and Excise Surtax (LOHUT)

## Sample Vehicle Registration

INDIANA CERTIFICATE OF VEHICLE REGISTRATION														
Class 14	Age 13	Issue Date 09/01/24	Pur Date 11/01/10	County 86 - Steuben		TP R	PL YR 24	PL TP GT	Plate XXXXXX	Weight 11	Pr Yr 23	LS N	Type GT	Prior Yr Pl XXXXXX
Expiration Date XX/XX/XXXX		Municipality Angola		Vehicle Year 11	Make JEP	Model LRO	Vehicle Identification Number XXXXXXXXXXXXXX					Type 4W	Color Gry	
Current Year Tax		Ex Tax 36.00	Ex Credit 0.00	Dav Credit 0.00	Net Ex Tax 36.00	Co. Wheel/Sur 18.17	Mun. Wheel/Sur 0.00		State Reg Fee 45.35		Admin Fee 0.00		Total Due 106.35	
Prior Year Tax		Ex Tax 0.00	Ex Credit 0.00	Dav Credit 0.00	Ex Tax Due 0.00	Co. Wheel/Sur 0.00	Mun. Wheel/Sur 0.00		State Reg Fee 0.00		Admin Fee 0.00		Total Due 0.00	
Registration License Type Truck 11,000 General Truck New Format														

**Yellow** – information used to determine appropriate fee (age & vehicle classification, weight because of a truck plate)

**Green** - county of registration and associated wheel tax or excise surtax fee – Steuben County has a 20% excise surtax fee

**Blue** – municipality of registration and associated wheel tax or excise surtax fee – Angola does not have LOHUT in place currently

**Orange** – state registration fee that is charged on every vehicle in the state of which \$15 is deposited into the CCMG fund



# ***Wheel Tax & Excise Surtax***

***How does it impact  
other funding  
mechanisms?***



## Changes to the Law

- 2025 – HEA 1461 (Public Law 173)
  - Requires eligible local units to adopt a wheel tax/excise surtax to be eligible for a direct distribution of community crossings funds via a lane mile distribution formula

### Matching Grant (CCMG)

- Same grant program
- State fiscal year cycle
- All local units eligible to apply
- **No LOHUT requirement**

### Lane Mile Direct Distribution (LMDD)

- NEW funding opportunity
- Only available to local units that are eligible to adopt LOHUT
- **Must adopt LOHUT to receive**
- Impacts CCMG maximum grant amount for eligible local units

*Example: CCMG max. award – LMDD = CCMG award eligibility*

# HEA 1461 – Lane Mile Direct Distribution

**FY 2026 - (July 1, 2025 – June 30, 2026)**

FY 2026 Funds  
(July 1, 2025)  
\$248.9M\*

**\*Per Legislative Services Fiscal Impact Statement.  
Previously, 100% of these funds were directed to the Community Crossings Matching Grant program.**

Community Crossings Matching Grant  
(\$100M)

Railroad Tax Credit Transfer (General Fund)  
& TRAX (SHRCIF)  
(\$20M)

Carry-Over to  
FY 2027  
(~\$115M)

**FY 2026 (July 1, 2025 – June 30, 2026)**

- **\$100M** available to CCMG program
- No Lane Mile Direct Distribution (LMDD) available to local units



# HEA 1461 – Lane Mile Direct Distribution

**FY 2027 - (July 1, 2026 – June 30, 2027)**

FY 2027 Funds  
(July 1, 2026)  
\$374.5M\*

**\*Per Legislative Services Fiscal Impact Statement.**  
Includes \$115M carry-over from FY 2026 plus estimated new revenue.

Community Crossings  
Matching Grant  
(\$100M)

Railroad Tax Credit Transfer (General Fund)  
& TRAX (SHRCIF)  
(\$20M)

Indy  
(\$50M)

**FY 2027 (July 1, 2026 – June 30, 2027)**

- **\$100M** available to CCMG program
- Estimated **\$190M - \$255M** available for lane mile direct distribution
- Anticipate lane mile direct distributions (LMDD) being made on **June 30, 2027** per language in HEA 1461
- Amounts for LMDD will vary based on funds available, number of eligible units that have adopted LOHUT and the apportionment of funds based on lane miles

**Lane Mile Direct  
Distribution**  
**(\$190M - \$254.5M)\***

# HEA 1461 – Lane Mile Direct Distribution

## FY 2028 - (July 1, 2027 – June 30, 2028)

FY 2028 Funds  
(July 1, 2027)  
\$274.4M\*

Estimated  
New Revenue

Community Crossings  
Matching Grant  
(\$100M)

Railroad Tax Credit Transfer  
(General Fund) &  
TRAX (SHRCIF)  
(\$20M)

Indy (\$50M)

Lane Mile Direct Distribution  
(\$89M - \$154.5M)\*

- FY 2028  
*(July 1, 2027 – June 30, 2028)*
- \$100M CCMG
  - \$89M - \$155M LMDD
  - LMDD on June 30, 2028
  - LMDD amounts vary

## FY 2029 - (July 1, 2028 – June 30, 2029)

FY 2029 Funds  
(July 1, 2028)  
\$293.6M\*

Estimated  
New Revenue

Community Crossings  
Matching Grant  
(\$100M)

~~Railroad Tax Credit Transfer~~  
~~(General Fund) &~~  
TRAX (SHRCIF)  
(\$20M)

Indy (\$50M)

Lane Mile Direct Distribution  
(\$123.6M - \$173.6M)\*

- FY 2029  
*(July 1, 2028 – June 30, 2029)*
- \$100M CCMG
  - \$124M - \$174M LMDD
  - LMDD on June 30, 2029
  - LMDD amounts vary

ESTIMATES ONLY

\*Per Legislative Services Fiscal Impact Statement.

\*Per Legislative Services Fiscal Impact Statement.

# HEA 1461 – Lane Mile Direct Distribution

FY 2026 (July 1, 2025) through FY 2029 (July 1, 2028)      \*Per Legislative Services Fiscal Impact Statement

Distributions of Community Crossings Fund Revenue (\$M)	FY 2026	FY 2027	FY 2028	FY 2029
Total Funds Available	\$248.9	\$374.5	\$274.4	\$293.6
CCMG Grant Program	(\$100)	(\$100)	(\$100)	(\$100)
Railroad Tax Credit & TRAX	(\$20)	(\$20)	(\$20)	(\$20)
Indianapolis (if matched)	--	(\$50)	(\$50)	(\$50)
Lane Mile Direct Distribution*	--	(\$190.0) - (\$254.5)	(\$89.9) - (\$154.4)	(\$123.6) - (\$173.6)

Lane mile direct distributions will impact the maximum grant award allowable for a local unit via the CCMG program.

**Scenario 1:** Boiler City receives \$1M in lane mile direct distribution. The CCMG maximum award amount is \$1.5M as set by INDOT. Boiler City is only eligible to apply for \$500,000 in CCMG funds since they received \$1M in lane mile distributions.

**Scenario 2:** CCMG max. award (\$1M) – LMDD (\$700,000) = CCMG award eligibility (\$300,000)





# ***Wheel Tax & Excise Surtax***

***Summary of Wheel Tax,  
Excise Surtax, CCMG,  
and Lane Mile Direct  
Distribution***



# *Wheel Tax/Excise Surtax, CCMG, and Lane Mile Direct Distribution*

## What We Know

- **LOHUT** is comprised of two taxes
  - Wheel Tax and Excise Surtax
    - Both must be passed concurrently and apply to different types of vehicles
- **Wheel Tax** = Flat Fee (\$5 min.; \$40 max.)
- **Excise Surtax**
  - Flat Fee (\$7.50 min.; \$25 max.)
- To qualify for lane mile direct distributions starting in FY 2027, an eligible unit **must adopt LOHUT**
- Eligible units include municipalities w/ population > 5,000 and a current approved asset management plant
- Estimated **lane mile direct distribution** amounts range from \$90M to \$255M apportioned among all eligible units

## What We Don't Know

- **When** a local unit must adopt a wheel tax/excise surtax to be eligible for the Lane Mile Direct Distribution (conservatively August 31, 2026 for June 30, 2027 lane mile disbursement)
- **When** the Lane Mile Direct Distributions will be disbursed to local units (legislation indicates June 30 beginning in 2027)
- **When** the Lane Mile Direct Distribution will impact CCMG award eligibility (anticipate June 30, 2027 distribution to impact FY 2028 CCMG eligibility)
- **How** the Lane Mile Direct Distribution funds will be disbursed
- **Amount** of Lane Mile Direct Distribution funds available for disbursement each year
- **Amount** individual units will receive from Lane Mile Direct Distributions

# ***FAQ - Wheel Tax/Excise Surtax, CCMG, and Lane Mile Direct Distribution***

## **Frequently Asked Questions**

**Q1: The county has LOHUT in place, does that automatically qualify the municipalities in that county to be eligible for the lane mile direct distribution?**

A1: No. EACH eligible unit must adopt LOHUT to qualify for the lane mile direct distribution

**Q2: If a municipality adopts LOHUT, do they still receive distributions from a county LOHUT?**

A2: Yes. Current law treats county LOHUT and municipal LOHUT separately.

**Q3: Would a vehicle pay both a county LOHUT and municipal LOHUT?**

A3: Yes. Current law treats county LOHUT and municipal LOHUT separately. A resident in a municipality with a wheel tax/excise surtax would pay the appropriate municipal LOHUT fee in addition to the appropriate county LOHUT fee.

**Q4: Would a vehicle pay both a wheel tax and excise surtax?**

A4: No. Wheel taxes and excise surtaxes apply to different types of vehicles. No vehicle would pay both a wheel tax and excise surtax.

# ***QUESTIONS?***

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