

Hello my fellow residents; your Mayor, John Cannon, here. We have been having brief week-by-week conversations on the current state of your City in an effort to have an open and transparent dialog with you. Many of you have commented that you enjoy the conversations but have been asking if we could dive deeper into specific subjects. The truth is, there are some subjects you and I both find important, but the details behind the subject can be confusing. I'll be the first to say, "That's the government for you!" So I'd like to break it down a little. This week we will have two conversations about 4 buckets and the controversial wheel tax. So let's dive in and explore the controversial wheel tax.

My goal today is to give you some background and knowledge on the source of road reconstruction funds and how they can be used. Also today, with regard to the Wheel Tax, I will be giving you some important details and background that many residents may not be aware of. I will also discuss why Portage and 8 other neighboring municipalities have approved a wheel tax. Because I'd like to inform you of these important details without boring you to tears, I'll leave out the detailed explanations and will generalize when possible. So let's get started!

The source of road reconstruction funds for the City of Portage is the same as every other municipalities throughout Indiana, including county governments. Generally speaking, excise tax and sales tax are the major sources of our road reconstruction and maintenance funds for local municipalities. Excise tax is collected by the State. They are then distributed to town, city and county governments throughout the State. Property taxes are also used, but to a limited degree. Excise tax is separate from the 7% sales tax that we are all used to paying. Excise tax includes a per gallon tax on gasoline and diesel fuel. Excise tax also includes a tax on beer, wine, and alcohol sales, along with cigarette and tobacco sales.

When choosing how much money to distribute to municipalities, the State looks at a variety of factors, such as how many miles of roads a municipality has. The state also looks at factors such as if your city streets are used as a corridor for major traffic between major highways and landmarks. An example of such a corridor for secondary traffic between major highways and landmarks is the segment of Willowcreek Road and Crisman Road between the toll road. Many shipments to and from the various Steel Mills and the Port of Indiana go through that segment of city road. One unique shipment that comes through that segment of road are the large windmill turbines. The turbines are loaded from a cargo ship onto a special hauler and are escorted from the Port of Indiana, south onto Crisman Road and Willowcreek Road and make their way onto the toll road.

In recent years, three things have squeezed road construction money from Municipal, City, and State Governments. In a few moments I will explain the major sources of road construction money in our state. To give you a preview, one of the sources is a per gallon excise tax on gasoline and diesel fuel. The first squeeze is...During the recession, folks simply started driving less. The second squeeze is that vehicle manufacturers have always been in a push to make more fuel-efficient vehicles. Since this time, fuel efficiency efforts have been ramped up. Yes, fuel prices do keep going up, but over the years, because more fuel-efficient vehicles such as hybrids and electric vehicles are on the streets, we are simply purchasing less gallons of fuel than years past.

The result is what you may already be thinking, less gallons purchased at the pump which means less excise tax for road reconstruction. Let's also remember more people are switching over to electric vehicles, which put just as much wear and tear on the road as gasoline vehicles, but since they do not purchase fuel, they do not contribute to the gasoline excise tax. This means that in recent years, you and I as regular citizens have purchased less gallons at the pump, and we emit less pollutants from our vehicle's exhaust. The bad of it is that the squeeze is felt at the state and local project to fund road projects. The City of Portage like other local governments throughout the state have felt the squeeze.

As you may know, in January Portage requested a \$1,000,000 MATCHING grant for road reconstruction projects for this year. Portage submitted an application that we would use \$1,000,000 of our own city funds for road projects this year from INDOT's Community Crossing's Matching Grant program. We were awarded the grant which means \$2,000,000 will go 100% towards road reconstruction in Portage. My administration projects we can continue asking for the maximum for years to come. As we learned earlier in our conversation together, the state sources most of the road construction funds to local municipalities for road projects from excise and sales tax. The income the state receives for these fluctuates year by year. As a result, funding for local municipalities can fluctuate, creating a feast or famine situation. In addition, gathering up enough resources to match \$1,000,000 would not only be a challenge, but would likely cause budget constraints for other parts of the city who share a piece of the pie in terms of our budget.

Two years ago, in a four to three vote, your city council passed a wheel tax, which includes \$25 per residential vehicle and \$40 for commercial vehicles registered in the city of Portage. With our share of Excise Tax or the portion of property tax, that can be used for roads and streets. To clarify, it would be extremely hard, if not impossible, for Portage to put up \$1,000,000 a year every single year for road construction projects, but because of the wheel tax, we project to collect that much every year of the foreseeable future.

There are two very important factors in Portage's Wheel Tax. The first important factor is that even though tax revenue is collected from the BMV, 100% of the revenue comes back to Portage. 100% - Not 99%; not 98%, etc. The second important factor is local control. The wheel tax provides 100% local control of road construction and maintenance funds. The funds can only be used on road projects and cannot be legally shifted anywhere else.

Now be assured of one thing, Portage will still receive our portion of the excise and sales tax. One of my jobs as Mayor is to create dialog and discussion with our state lawmakers and INDOT. It is my job to advocate for every dollar we can, but with local control of the revenue, we bring decision-making closer to "we the people." We the people can hold local elected officials accountable for the uses of local funds.

I also want residents to know in regard to the wheel tax, I am willing to look at exemptions for antique and seniors. I hope that today's conversation about the wheel tax provided you with some useful information. Please stayed for more updates, and see you soon.