

A GUIDE TO REPORTING HIGHWAY STATISTICS

**Procedures for the compilation, analysis,
and reporting of:**

- ! State motor-fuel, motor-vehicle,
driver-license and motor-carrier data**
- ! Highway finance data of State and
local governments**

**U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
Office of Highway Policy Information**

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PREFACE

A Guide to Reporting Highway Statistics is a principal part of the Federal Highway Administration's (FHWA) comprehensive highway information collection effort. The Congress recognized the need for information to support highway policy development and created the Office of Road Inquiry in the Department of Agriculture in 1893. As early as 1904, the Federal Government began inquiring about highway taxation, sources of revenue for highways, and highway expenditures. The role of the Federal Government in highway transportation has changed greatly since 1893, but its role in assembling highway data has continued.

The Department of Transportation (DOT) Act of 1966 (Pub. L. 89-670), which brought together the Federal programs for many modes of transportation into a single, Cabinet level organization, charges the Secretary of Transportation to promote and undertake development, collection, and dissemination of technological, statistical, economic, and other information relevant to domestic and international transportation. The DOT is also authorized to engage in studies to collect data concerning highway planning, development, financing, construction, operation, modernization, maintenance, safety, and traffic conditions and to publish the results of such research (Title 23 U.S. Code, section 307(a)).

Certain data are needed by the FHWA to meet its responsibilities to Congress and the public. "These data include but are not limited to information required for proposed legislation and reports to Congress; evaluating the extent, performance, condition and use of the Nation's transportation systems; analyzing existing and proposed Federal-aid funding methods and levels, and the assignment of user-cost responsibility; maintaining a critical information base on fuel availability, use, and revenues generated; and calculating apportionment factors." (Title 23 U.S. Code, section 420.105 (b)). The forms and instructions in *A Guide to Reporting Highway Statistics* are designed to address this need.

A Guide to Reporting Highway Statistics was first issued in 1979 to organize into one volume the instructions for various reporting forms and other related data needs that had been issued over a period of several years. The Guide was revised and reissued in 1982 following an extensive review and a concerted effort by the FHWA to reduce the burden of reporting highway statistics. The Guide was also reissued in 1985, 1987, 1990, 1994 and 1997. This edition continues previously established reporting requirements with the addition of minor modifications and clarifications to some forms and the instructions.

This Guide has two objectives:

- 1) To serve as a reference to the reporting system that the Federal Highway Administration desires the States to use in reporting State and local highway statistical data.

In consultation with the States, FHWA has designed a series of reporting forms to account for motor-fuel consumption; motor-vehicle registrations; driver licensing; motor-carrier taxation; and the source, distribution, and expenditures of funds for highways. This Guide presents detailed procedures for the preparation and submission of these forms; page iv lists each form and identifies the chapter in which it is discussed.

In addition to these periodic reports, the FHWA needs other information from the States for various program and policy analyses and to perform its role as a national clearinghouse for highway statistics. This includes supplemental tabulations concerning motor fuel, motor vehicles, and driver licenses; specialized financial reports; and copies of State highway laws. The Guide outlines the types of additional information that the States should try to systematically obtain and forward to the FHWA as part of the ongoing cooperative process of compiling highway statistics.

- 2) To foster a working understanding of the unified concept behind the national reporting system for highway statistics and of the interrelationships among different reporting areas. This objective is the chief reason why different reporting areas—fuel, vehicles, licenses, and finance—have been covered in a single volume instead of a separate volume for each area. This Guide is intended as a companion volume to FHWA's *Highway Performance*

Monitoring System Field Manual. The two guides together provide the rationale and procedures involved in the national reporting system for highway statistics.

The FHWA recognizes that many of the State planners and analysts who complete the reporting forms are responsible for several different reporting areas and, thus, need to understand how the different reports interrelate, why certain forms require reconciliation, and how to accomplish it. They need a broad enough understanding—beyond the details of the individual reports—of the national reporting system to be able to assure effective coordination of their work with the other State and local agencies involved in the process of compiling highway statistics as well as with the FHWA. This is important, because the FHWA needs a consistent, comprehensive overview of the source and application of funds for highway purposes for each State to be able to build a comparable overview for the Nation.

The reports covered in this Guide are used to develop highway legislation and to keep Congress and the State governments informed. They are indispensable to the development of FHWA national tables and other publications; and they aid highway planning, programing, budgeting, forecasting, and fiscal management. When published, these statistical information developed from these reports are also used by other Federal agencies, local governments, the private sector, academic institutions, and national organizations.

The Guide, along with other FHWA documents (*Highway Statistics, Highway Taxes and Fees*, and the *HPMS Field Manual*) may be accessed at the FHWA web site at <http://www.fhwa.dot.gov/ohim>.

DISCLOSURE OF ESTIMATED BURDEN

Public reporting burden for this collection of information is estimated to vary from 4 hours to 380 hours per form, with an average of 22.4 hours per form, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to:

Federal Highway Administration
Office of Highway Policy Information, HPPI
400 Seventh Street, SW.
Washington, D.C. 20590;

and to:

Office of Information and Regulatory Affairs
Office of Management and Budget
Washington, D.C. 20503.

Estimated Reporting Burden

<u>Form</u>	<u>Average Response Time</u>
FHWA-531	40 hours
FHWA-532	40 hours
FHWA-534	9 hours (average of 14 responses per State per year)
FHWA-536	380 hours (annually. Biennial total of 760 hours)
FHWA-541	5 hours
FHWA-542	4 hours
FHWA-551M	6 hours (12 responses per year per State)
FHWA-556	12 hours
FHWA-561	32 hours
FHWA-562	15 hours
FHWA-566	24 hours
FHWA-571	12 hours

Expiration Date

The expiration date for this approval is 3/31/2003.

CHAPTER 1

GENERAL PROCEDURES

This chapter presents a brief overview of: (1) some considerations involved in determining which State unit should be responsible for developing, coordinating, and evaluating highway-related data for the Federal Highway Administration's (FHWA) information needs; (2) the FHWA's series of reporting forms and general procedures, including due dates for their submission by the States; and (3) the procedures that the States should follow in developing and reviewing the reports before sending them to the FHWA.

Responsibility for highway statistics.—The objective of this Guide is to develop a consistent, coordinated and comprehensive national overview on specific aspects of State and local transportation. For the various FHWA report forms, data are collected from several State agencies and departments, and from many local units of government. A central location within the State DOT can effectively insure the consistency, accuracy, and comprehensiveness of the information by coordinating the State's data reporting efforts. The planning division of the State highway agency often assumes the role of clearinghouse for highway statistics on a Statewide basis to serve its own data needs and those of the Governor, the State legislature, and other State agencies. The FHWA suggests that the unit responsible for coordinating highway-related data within the State should also be responsible for coordinating the reporting of such data to the FHWA.

FHWA State Planning and Research (SPR) Program funds are available to all States to defray the cost of obtaining and reporting statistical information to FHWA. The FHWA strongly encourages States to include the data collection and reporting activities of *A Guide to Reporting Highway Statistics* in their annual SPR programs (Title 23 U.S. Code, section 420.105 (a)).

FHWA reporting forms.—The FHWA has designed a series of reporting forms to account for certain quantitative and financial aspects in two major areas relating to highway transportation, i.e., highway use - the ownership and operation of motor-vehicles on the nation's highways; and highway funding - the receipts and expenditures for highways by public agencies. The forms are listed below by category.

To identify motor-fuel consumption and motor-vehicle use including the receipts and distributions from State highway-user taxation:

- FHWA-551M Monthly Motor Fuel Consumption
- FHWA-556 State Motor-Fuel Tax Receipts and Initial Distribution by Collection Agencies
- FHWA-561 State Motor-Vehicle Registrations, Registration Fees, and Miscellaneous Receipts
- FHWA-562 State Driver Licenses and Fees
- FHWA-566 State Motor-Vehicle Registration Fees and Other Receipts: Initial Distribution by Collecting Agencies
- FHWA-571 Receipts from State Taxation of Motor Vehicles Operated for Hire and Other Motor Carriers

To identify the highway funding activities of State and local governments:

- FHWA-531 State Highway Income
- FHWA-532 State Highway Expenditures
- FHWA-534 State Highway Capital Outlay and Maintenance Expenditures
- FHWA-536 Local Highway Finance (Required biennially for odd-numbered data years, optional for even-numbered data years)
- FHWA-539 Toll Facility Receipts and Disbursements (Optional form)
- FHWA-541 State Transportation Obligations Issued During Year and Allotment of Proceeds
- FHWA-542 Status of State Transportation Debt
- FHWA-543 State Transportation Sinking Fund and Debt Service Transactions (Optional form)

FHWA report timing.—States may report on either a calendar or State fiscal year basis. That choice determines the due date for most of the FHWA forms. The FHWA report forms fall into the following two groups:

The following forms are due on January 1, if prepared on a State fiscal year basis, or April 1, if prepared on a calendar year basis:

FHWA-531
FHWA-532
FHWA-539
FHWA-541
FHWA-542
FHWA-543
FHWA-556
FHWA-561
FHWA-562
FHWA-566
FHWA-571

The remaining reports are due as follows:

FHWA-534 February 15 if prepared on a fiscal year basis, May 15 if prepared on a calendar year basis.

FHWA-536 Required biennially for odd-numbered data years, and due on October 1 of the following even-numbered year. (For example, data for calendar or fiscal years ending in 1995 would be due October 1, 1996.) Reporting for even-numbered data years is optional.

FHWA-551M Due 90 days after the close of the month for which fuel volume data are being reported. (For example, the June report is due September 1.)

All forms reporting on State highway funding activities must be prepared on the same basis and for the same reporting year. If forms FHWA-531 and FHWA-532 are developed on a fiscal year basis, then form FHWA-534 for State highway capital outlay and maintenance expenditures and the FHWA-540 series forms for State transportation debt must be prepared on the same fiscal year basis.

Forms identifying motor-fuel consumption and motor-vehicle use and the related receipts and distributions of State highway-user taxation, FHWA-556, FHWA-561, FHWA-562, FHWA-566, and FHWA-571 do not need

to be prepared on the same reporting year as the report forms for the highway funding activities of State governments. States should evaluate each of these forms individually, to determine if it will be easier to prepare them on a calendar or fiscal year basis.

States choosing to report driver license information, form FHWA-562, on a fiscal year basis should note the additional special instructions in Chapter 4.

The due dates have been set as late as possible to permit the States the maximum time for preparation of the FHWA reports while allowing FHWA a reasonable amount of time for review and subsequent compilation of State information into summaries for *Highway Statistics*. The staggered due dates for calendar and fiscal year reporting allow FHWA to process and analyze State data more efficiently. For the majority of States with fiscal years ending June 30, fiscal year reporting allows an extra three months for report preparation over States that choose calendar year reporting. The due dates are considered to be reasonable targets that all States can meet by using modern information systems and efficient management practices.

The State and FHWA Division office should work out a schedule that provides for timely reporting. This will ensure their receipt in FHWA's Washington Headquarters on or about the due dates, and will afford adequate time for report review in the FHWA Division offices.

State review of reports.—In reviewing the reports prior to releasing them to FHWA, the State highway planning division or State coordinating office should compare the entries with the basic report cross checks listed in Appendix A. A comparison should also be made with equivalent entries on the preceding year's reports. Particular attention should be given to any reviews and evaluations of prior reporting by the FHWA's Washington Headquarters or field offices.

The FHWA's Washington Headquarters on occasion finds it necessary to request supplemental statements or comments from the State to obtain a better understanding of the data, of the relationship of one report to another, or to maintain uniformity in the statistics. By comparing the requests of the prior year with the material assembled for the current year, the State highway planning division or coordinating office will be able to judge whether the current reports are sufficiently detailed and, thus, minimize the possibility of a repetition of requests for additional information and the attendant delays.

The State's review should also take into account changes out of the ordinary in either the magnitude of amounts or the appearance or disappearance of entries in the current reports compared with prior years. Legislative enactments, court decisions freezing or releasing funds, and policy and program changes can all cause substantial changes in the data reported. Whether addition or deletion of entries, or increases or decreases in amounts, significant changes should be explained in footnotes to the reports or in transmittal letters.

The test of what constitutes a significant change is a matter of judgment that the State is in the best position to make. The mere fact that highway revenues or expenditures have increased or decreased is not noteworthy. However, when changes are the result of extraordinary circumstances, they should be noted.

Reporting to FHWA.—As a general procedure, each report should be forwarded to the FHWA Division office when completed. The FHWA Division office should review all forms submitted and forward the original to the Washington Headquarters, attention, Office of Highway Policy Information, HPPI.

The State and FHWA Division office should not delay sending in a number of reports when one report is incomplete. When a report is expected to be delayed beyond the due date, the State should notify FHWA of the delay, giving the probable completion date. In extreme circumstances, estimates may have to suffice when the classification or segregation of certain items is expected to be significantly delayed or is unattainable.

As an option, but only with the concurrence of the FHWA Division office, highway statistical reports may be transmitted directly to the Washington Headquarters by the State. When this option is followed, the State should provide copies to the FHWA Division office.

Microcomputer templates in Lotus 1-2-3 are available for reporting data for all forms included in this Guide. States are encouraged to use the microcomputer templates for these forms when reporting to FHWA. See Appendix B for information about these templates and options for electronic transmission of data to FHWA.

In lieu of using the various report forms included in this Guide, the Commonwealth of Puerto Rico and the U.S. Territories—American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands—may provide the information shown in Appendix C. Although the Commonwealth of Puerto Rico may elect to use this option, it is still responsible for

developing and providing the monthly report form FHWA-551M.

Metrication.—States have the option of reporting information on form FHWA-551M in either metric or English units of measurement. Motor-fuel use may be reported in either gallons or liters. The units of measurement used must be indicated on forms FHWA-551M in the space provided.

FHWA Adjustments - All of the State-reported data are analyzed by FHWA for consistency and for adherence to reporting guidelines. In a number of cases, data may be adjusted or modeled to improve consistency and uniformity across the States. The analysis and adjustment is accomplished in close consultation with the State supplying the data. In cases where Federal funds distribution relies on State-reported data, FHWA may, as a final resort, adjust State data where insufficient justification for year-to-year change exists.

CHAPTER 2

REPORTS IDENTIFYING MOTOR-FUEL USE AND TAXATION

This chapter covers the reporting of State motor-fuel consumption and motor-fuel tax revenues. Form FHWA-551M, Monthly Motor-Fuel Consumption, provides for the monthly reporting of motor-fuel volume data. Form FHWA-556, State Motor-Fuel Tax Receipts and Initial Distribution by Collection Agencies, provides for the annual reporting of revenue data. The data reported on form FHWA-551M are widely considered to provide the most complete and accurate information on gasoline usage, and as such, are invaluable for a variety of analyses within the Department of Transportation and by other agencies. The data also provide the source for the report Monthly Motor Fuel Reported by States. Both forms FHWA-551M and FHWA-556 are used in compiling tables which are published in the annual Highway Statistics. These tables showing motor-fuel volume by tax status and by use and motor-fuel revenues are extensively used for highway planning and highway-user tax revenue projections.

This chapter contains the following parts: (1) introduction and background, (2) a discussion of the most common adjustments that the FHWA makes to the State motor-fuel data; (3) instructions for form FHWA-551M, including submission instructions, a discussion of the fuel type columns of the form, assessment data, International Fuel Tax Agreement (IFTA) data, line-by-line entries, and notes and technical information descriptions; and (3) instructions for form FHWA-556, which covers reporting of the revenue data related to motor fuel volumes.

Background

The volume data are used by FHWA to attribute Federal Highway Trust Fund receipts to the States, which in turn are used in the Federal-aid highway fund apportionment process. Highway motor fuel consumption data impact the distribution of Federal-aid highway program funds in the following program categories: Interstate Maintenance (IM), National Highway System (NHS), Surface Transportation Program (STP), and the 90.5 percent Minimum Guarantee.

The FHWA recognizes that the States' motor-fuel information systems, and, therefore, the data they are able to submit, are organized primarily for the purpose of administering State fuel-tax programs. Because of variations in individual State requirements, reported data are sometimes not comparable among the States. In

order to treat States equitably in motor fuel attributions, and include information from all States in the national summary tables published in Highway Statistics on a comparable basis, the FHWA often has to adjust parts of the States' submissions. The adjustment process fits the data to uniform categories so that national characteristics and trends can be analyzed and projected. Refer to page 1-4 for a general policy statement on FHWA adjustments to the data.

FHWA ADJUSTMENTS TO STATE DATA

Generally State motor-fuel taxes are levied on road users, and refunds of the taxes paid or exemptions to the tax are given for nonhighway use of motor fuel. However, not all States offer refunds or exemptions for all classes of nonhighway use, and not all available refunds are actually claimed. Thus, often the net volume of fuel taxed is not the same as the volume consumed on highways. Consequently, it is necessary to make various adjustments to the tax-status information provided by the States to show fuel volume on a use basis when used for motor fuel attribution and published in Highway Statistics.

Federal Government highway gasoline use.—Most States exempt from taxation gasoline used by the Federal Government, including the military. Since the only Federal use of gasoline included in FHWA tables is highway civilian use, the FHWA estimates this category for most States based on information obtained from Federal agencies. State-reported Federal use in excess of the FHWA estimate is presumed to be either civilian nonhighway or military use and is eliminated from the Federal figure reported by the State as well as from the gross volume.

State and local government gasoline use.—Most States exempt from taxation gasoline used by State and local government entities or offer refunds of the tax paid, and many States are not able to provide a segregation between highway and nonhighway uses. In such cases, FHWA must estimate the segregation to arrive at a highway use figure for the State.

Off-highway and public use of special fuels (diesel and liquefied petroleum gases).—In order to include comparable data for all States in the national summary tables, the FHWA has chosen to show only private and commercial highway use of special fuels in its

consumption tables. (Transit use, regardless of the ownership of the transit system, is treated as private and commercial use.) Many States exempt from taxation all off-highway use and public use—use by Federal, State, and local government entities. This, coupled with the fact that the special fuel taxes in some States are imposed at the retail level, makes it impossible for some States to report off-highway and/or public use. FHWA deducts any identifiable nonhighway or public use of special fuels in the State-reported figures.

Gasohol.—While many States can differentiate gasohol from gasoline and report them as separate fuel types, few States recognize the same types of gasohol as does the Federal Government. For compatibility with Federal definitions, and to treat all States equitably, (including those that can not report gasohol separately) FHWA developed a model to estimate gasohol usage in all States. The model uses Internal Revenue Service gasohol tax collections by Federal gasohol type as control totals, allocating State-reported gasohol gallons to States that meet reliability criteria, estimates gasohol usage in the States where data does not meet reliability criteria, and leaves out of the calculation States with no gasohol usage. The results of the model are reported as gallons of gasohol by Federal type, and is used in the attribution of motor fuel tax receipts.

Gasoline loss allowances.—A majority of States allow the gasoline wholesaler and/or retailer a flat percentage allowance against the tax owed for losses in storage and handling or, in some cases, for both losses and the expense of tax collection. Analyses of data from States that allow only actual losses to be claimed have shown that actual losses seldom exceed one-half of 1 percent. Therefore, where a flat percentage loss allowance is involved, FHWA allows a maximum of 1 percent for such losses in its usage tables. Since retailers sell fuel at a tax-included price, FHWA considers that the loss volume in excess of 1 percent is actually taxed (even though the State does not receive the money) and used on the highways. Since the FHWA intent is to show the actual fuel volume on which tax is paid and that is used on the highways, appropriate adjustments are made in the State data. The State should report all gallons subject to its loss allowance; FHWA will make the adjustment described as part of its analysis.

INSTRUCTIONS FOR FORM FHWA-551M

Form FHWA-551M should be completed by the State agency that collects the motor-fuel tax. A copy of FHWA-551M should be sent directly from the agency preparing it to:

There is no need to revise reports in the event of late tax returns, to compensate for the lag in claims for refunds,

Office of Highway Policy Information (HPPI-10)
Federal Highway Administration
Washington, D.C. 20590

Electronic transmittal of the data is encouraged. See Appendix B for further information. Direct transmittal to the Washington Headquarters does not preclude review by the FHWA Division office.

Form FHWA-551M should be transmitted to the FHWA Washington Headquarters not later than 90 days after the close of the month for which data are being reported. Information that is not available on a monthly schedule should be included on the next monthly report submitted after it becomes available; its presence and the period covered by the amount(s) should be noted (e.g., "Gasoline and gasohol refunds shown in items 4.a. to h. on page 1 of this report cover the July 1 - September 30 period."). Similarly, the absence of such an item should be noted on the monthly reports where it is not available (e.g., "Gasoline and gasohol refunds are available quarterly only and will next be reported on the September report.").

Identifying Information

In the upper, right-hand corner of form FHWA-551M, there is space for the following entries:

State.—Enter the State name.

Year and month of sale or transfer.—Enter the calendar year and the month for which the data are reported in the blanks provided.

The month entered should be the month of sale or transfer of the fuel volume being reported, rather than the month that tax collections are received by the State or the month that the FHWA-551M is submitted to FHWA. For example: In a State with a wholesale gasoline tax, the tax on a wholesale transaction that takes place in January is remitted to the State in February; the fuel volume for this transaction should be reported on the *January* report. This is only a general rule.

or to report audit assessments. Such items should be included on the next monthly report.

Reporting Assessment Data

Assessments are taxes which the State determines, through audits or reviews of taxpayer returns, that the taxpayer owes and did not previously report and pay. This data is typically months or even years behind the date of sale or transfer, and therefore somewhat distorts periodic motor fuel reporting. However, its reporting, no matter how late, is important. The following paragraph discusses how to report assessment data

The fuel volume represented by assessments or late returns should be reported for the month in which payment is received, or on the first FHWA-551M submitted following the month in which this information becomes available. The volume reported for assessments should be included in item 1., Gross Volume Reported, and described in a note on page 2. Gallons from audit assessments should be reported in the month collected, since it is unrealistic to adjust reports that may be many months or years old. Actual collections are reported to assure that sometimes lengthy appeal procedures have been exhausted and the assessment is ultimately sustained before being included in the gallons reported.

Assessments that cannot be collected should **not** be included; however, gallons represented by these assessments can be reported, with a note describing them as gallons consumed (but no revenue was collected) on the highways in the State.

Units.—Check the appropriate box to indicate the units of measurement—gallons or liters—used in the report. To prevent errors, FHWA recommends that form FHWA-551M be reported in the same units in which the fuel-tax records are kept.

Instructions for Entering Fuel-Type Data in the Columns of Form FHWA-551M

Fuel type.—Columns (1) through (4) provide for reporting volume by fuel type. The following definitions are used for fuels to be reported in columns (1) and (2). If the State's definition of a fuel differs from the corresponding definition in this section, provide the volume data for the fuel on page 1 of the form and record the State's definition of the fuel in a note on page 2. This should be done once a year (on the January report) unless the definition changes. Both motor gasoline and aviation gasoline as defined below should be reported in column (1). Include in "Notes and Comments" (page 2) information on alternative fuel use (other than those covered below), in whatever quantity available. To the extent possible, use Federal definitions of fuel types. Where decal fees are used in lieu of per gallon taxes,

estimate the gallons by showing the computation using the decal fee formula (annual amounts can be reported in the month collected).

Motor Gasoline: A complex mixture of relatively volatile hydrocarbons with or without small quantities of additives, which have been blended to form a fuel suitable for use in spark-ignition engines. (10 CFR, 211-225, Appendix A)

Aviation Gasoline: Aviation gasoline includes only gasoline used in airplanes with internal combustion, piston engines (not jets or turboprops). A more technical definition is: petroleum-based fuel designed for use in aircraft internal combustion engines and complying with MIL-G-5572 specification (or ASTM specification D-91-79). Note: Jet fuel should not be included. FHWA will supply aviation gas use if not reported.

Neat alcohol: Any liquid at least 85 percent of which consists of methanol, ethanol, or other alcohol produced from a substance other than petroleum or natural gas. Neat alcohol should be included with gasoline in column (1) and quantities, if known, should be shown in a note on page 2 of the form.

Gasohol: A blend of motor gasoline with alcohol in which 5.7 percent or more of the product is alcohol. The term alcohol includes methanol and ethanol but does not include alcohol produced from petroleum, natural gas, or coal, nor does it include alcohol with a proof of less than 190. Fuels meeting these criteria should be entered in column (2) and the volume entered should include both the gasoline and alcohol components of the fuel. Amounts reported in column (2) should be excluded from column (1). All other gasoline-alcohol blends where alcohol is less than 5.7 percent of the finished volume should be included with gasoline in column (1).

Federal law defines three different types of gasohol: (1) *5.7 percent gasohol*, where the alcohol content is at least 5.7 percent but less than 7.7 percent; (2) *7.7 percent gasohol*, where the alcohol content is at least 7.7 percent but less than 10 percent; and (3) *10 percent gasohol*, where the alcohol content is at least 10 percent. A stratification of the gross volume reported in column (2) into these three types should be entered in item 3. on page 2 of the Form. Either actual volume or percentage shares may be reported.

Typically, current State fuel tax laws recognize only the 10 percent blend as gasohol, but a number of States provide for alcohol producer or blender credits for other blend ratios. Records of such credits may be a source of data for completing form FHWA-551M. The lower blend

ratios are sometimes used to meet the oxygenated fuel requirements for areas not meeting the National Ambient Air Quality Standards. The State implementation plan (SIP) for meeting air quality standards may be another source for gasohol information. Note that oxygenated gasoline made with ethers (MTBE or ETBE) is *not* gasohol and should be reported in column (1) as gasoline.

For any State where gasohol is sold, the amount should be identified in column (2), or marked “N/A” for data not available. And the quantities by percentage blend should be shown on page 2, or marked “N/A.” FHWA will estimate quantities of gasohol by percentage wherever N/A is noted.

Diesel fuel volume (private and commercial highway-use only) should be entered in column (3). Dyed diesel fuel should never be included in column (3) since dyed diesel fuel is not sold for highway use in highway vehicles.

Kerosene should be included in column (3) only if sold or blended for highway use in private, public transit, or commercial vehicles.

Liquefied petroleum gases (LPG), including butane, propane, and liquefied compressed gas, should be entered in column (4) if information is available on its private and commercial highway-use.

Note: Several lines in columns (3) and (4) are shaded. For States that tax diesel and LPG at the retail sale level, i.e., when they are placed in the tank of a highway vehicle, items such as losses and refunds are generally not applicable. Those States that tax diesel and LPG at the wholesale level and for which losses and refunds are applicable, should subtract from the gross amounts actual losses and refunds for off-highway use and enter the resulting number in item 1, Gross Volume Reported. If the State prefers, it may show the actual gross volume along with exempted and refunded fuel volumes and provide the detail necessary for FHWA to deduct losses as well as nonhighway and public use.

Column (5) is the total of columns (1) through (4).

International Fuel Tax Agreement (IFTA)

Considerations.—Interstate motor-carrier fuel use is treated differently from other fuel categories. The intent is to tax major interstate fuel users (typically motor carriers), on the basis of the quantity of fuel used within the State rather than on the basis of fuel purchased in the State. All fuel volume taxed on a use basis should be reported as IFTA usage. While most of the motor fuel is diesel, gasoline and special fuels are reported. In some States, motor carriers report to a State agency other than the fuel-tax agency; therefore, it may be necessary for the agency responsible for completing form FHWA-551M to

obtain this information from another source. All States and Canadian Provinces except Alaska, Hawaii, and Oregon use IFTA provisions for taxing motor fuel used by interstate motor carriers. (There is little or no interstate motor-carrier travel in Alaska, none in Hawaii, and Oregon imposes a weight-distance tax in lieu of a fuel-volume tax on vehicles regulated by the Public Utility Commissioner.)

Motor Carriers file IFTA reports quarterly. The IFTA returns, compiled by one of several IFTA processing centers (or by the State itself) are submitted to other States in the second month after the quarter ends. Each IFTA member receives a quarterly report from every other member which includes the net taxable gallons (positive or negative) accumulated from all the base-State carrier returns for that period. The sum of these net adjustments is the amount to be added or subtracted from the motor fuel gallons reported. Gallons of motor fuel are always tabulated on the State IFTA reports, and should be obtained from your State’s revenue department. If not, the gallons may be calculated by dividing the net dollars (less penalty and interest) by the tax rate of the State where the fuel was consumed. The quarterly net data should be included on the FHWA-551M monthly motor fuel report (in the month it becomes available) as an adjustment to the total gallons of special fuel used in a State

Line-by-line Instructions

Item 1. Gross Volume Reported.—Show as accurately as possible the total consumption of motor fuel within the State during the month. The data reported are needed by FHWA for the monthly motor-fuel analysis and are the starting point for the annual motor-fuel consumption, taxation, and attribution analyses.

The starting point for gross volume is the tax returns of sellers (position holders at fuel terminals, wholesalers, or retailers depending on the point of taxation in the State). Include the gross sales reported by these taxpayers, including fully taxed sales, exempt sales, volume subject to full or partial refund, and sales taxed at a reduced rate. **Include** gasoline volume subject to exemption due to actual loss or subject to shrinkage allowance. Aviation gasoline, but not jet fuel, should be included in the gross gasoline volume. **Exclude** export sales and dealer-to-dealer sales exempted to prevent duplication of tax payments. Also exclude sales of special fuels to government agencies, actual losses of special fuels, and nonhighway use of special fuels.

Next, the tax returns of users (generally IFTA returns) must be incorporated. The gross volume reported by the sellers should be adjusted to reflect net use in the State. To the gross sales volume as described above, net IFTA

gallons must be added. To determine the net IFTA position of a State, add the fuel volume transferred in from other States, then deduct the fuel volume transferred to other States. The net IFTA position may be positive or negative. Enter the combined gross sales volume and net IFTA calculation in item 1, Gross Volume Reported. To supplement the volume information, item 2 on page 2, Computation of Gross Volume Reported, should be completed. Note that the adjustment must reflect both motor fuel reported directly to the State and that reported through IFTA agreements.

Some States retain only revenue data from the tax returns of motor carriers and cannot use the method described above to adjust gross sales for fuel use. In such cases, compute the adjusted figure as follows: To the gross sales volume described above, add the revenue remitted with motor carrier tax returns divided by the tax rate. From the result subtract the refunds and credits issued to motor carriers divided by the tax rate. Enter the result in item 1. If using this method of adjustment, show the details in a note on page 2.

IFTA adjustments are required to be available at the end of the second month after the reporting quarter. This makes monthly reporting impossible for IFTA data. States should report the quarterly information on the monthly report for the second month after the reporting quarter, e.g., IFTA data for January through March should be reported on the May report. If obtaining IFTA figures will prevent timely data submissions, the figures should be provided on the next month's report.

See page 2-7 for a discussion of gallons of fuel sold for highway (non-tribal government) use on Native American reservations.

The gross volume reported in line 1 is the sum of the components to be listed in items 2. (fully tax exempt volumes), 4. (fully refunded volumes), and 5. (net volume taxed.) It is important to note that quantities that do not represent actual consumption should not be reported. A common example is a refund of an overpayment. This should not be shown as a fuel-volume transaction. It is a monetary transaction and the dollar amount should be reported on FHWA-556.

Item 2.a. Losses—flat percentage.—Show the volume on which shrinkage or loss allowances were calculated or claimed during the month. Some States make flat-percentage allowances for losses in handling. Others make allowances for actual losses (generally, not to exceed a certain percentage) such as losses through evaporation, destruction by fire, explosion, and so forth, or which permit a distributor to reconcile inventory.

As discussed on page 2-2, flat percentage loss allowances are capped at 1 percent for gasoline, even if a larger percentage is allowed by the State. For diesel fuel, all losses should be deducted from the gross reported on Line 1. Flat percentage losses for diesel are generally not applicable, but if allowed by the State, these losses should be excluded from gross gallons reported on Line 1. A description of the percentage allowance and number of gallons excluded should be included under “Notes and comments,” page 2.

A number of States provide allowances (discounts) for prompt payment of taxes due, or for expense incurred by the distributor in keeping records and collecting the tax. Such allowances are merely deductions from the gross amount of tax due the State and do not in any sense affect the motor-fuel consumption. For this reason, these deductions should not be entered as loss allowances in item 2.a. They should be considered deductions from the tax only, and the corresponding fuel volume should be included in the taxed volume reported in items 3. and 5. The amounts of allowances for expenses, prompt tax payments, and so forth are to be recorded as deductions from gross tax collections on form FHWA-556, item 1.a.(2).

In a few States, a percentage allowance is made in consideration of both losses in handling and expense of collection. Since losses in handling affect the distribution of motor fuel and allowances for expenses do not, it is necessary in the analysis of motor-fuel usage to divide the total allowance into two parts: one part representing the estimated losses in handling and any applicable actual losses, such as through evaporation, destruction by fire, explosion, and so forth; and the other part representing the estimated allowances for expenses.

Item 2.b. Losses—actual.—In many States, a distinction is made between losses in storage and handling and losses through evaporation, destruction by fire, explosion, and so forth, and generally any provable losses regardless of amount are tax exempt or eligible for refund. Where the information is available, the exempt portion should be reported here. Also, net gains or losses (i.e., volume expansion or shrinkage) resulting from temperature adjustments should be recorded here, with the appropriate sign (+ or -). Note: Expansion is a negative loss and shrinkage is a positive loss.

Items 2.c. to i. Other fully tax exempt.—Show only motor-fuel volume on which no tax was paid in the first instance. Amounts not representing motor fuel actually consumed in the State, such as export sales and fuel moving in interstate commerce, and amounts exempted to avoid duplication of tax payments should be excluded

from item 1. (Gross Volume,) and, therefore, also from item 2 (Fully Tax Exempt.) Motor-fuel tax refunds should not be reported in this item.

All amounts completely exempted from taxation, other than loss allowances and the types of exemptions stated above, should be listed in items 2.c. to i. In many States, Federal use is the only class of exemption reported. It should be entered in item 2.c. Other common classes of exemption include:

- ! State and local government use
- ! Nonhighway use by distributors
- ! Nonhighway use when sold in large quantities
- ! All nonhighway use
- ! Specific classes of nonhighway use, such as farm, industrial, railway, and aviation use

Note that government use is included for gasoline and excluded for diesel (except transit which is included in diesel). To the extent possible, when government exemption or refund categories are reported, separate "Federal" from "State/Local." Native American tribal government should not be combined with "Federal" or "State/Local," but should be reported on a separate line.

Gallons of fuel sold for highway (non-tribal government) use on Native American reservations should be included on the FHWA-551M, since these are highway use gallons taxed by the Federal Government and need to be included to make attributions of Highway Trust Fund (HTF) revenue to each State in which reservations are located. Gasoline and special fuel gallons sold on Native American reservations should be included in gross gallons. Tax-exempt gallons and tax-refunded gallons for tribal member use should be reported for all fuel types under Items 2 and 4 respectively. List separately as "Native American use" to distinguish these gallons from other exempt or refunded categories such as Federal Government use. Payments to Native American tribes under fuel tax collection or revenue sharing agreements, in lieu of motor fuel tax refunds, should be identified separately on the FHWA-556 under Item 8.

If there are sales on Native American reservations not reported to the State in any manner that can be quantified, add a note similar to the following in Notes and Comments, page 2: "Motor fuel sales on certain Native American reservations are not included." Indicate the number of retail locations involved, if known.

The above categories should be entered in items 2.d. to i. Always identify refund and exemption categories as

highway use fuel or non-highway use fuel, and **do not mix** highway and non-highway uses in a miscellaneous category. The highway and non-highway gallons are treated differently in attributing State revenue to the Federal Highway Trust Fund. Some States do not maintain records in sufficient detail to provide a statement of the amounts of motor fuel exempted from taxation. In such cases, an estimate of the exemptions (particularly Federal use) could be provided, including a note on page 2 describing how the estimate is generated. Such a description is only needed the first time the estimate is reported.

When changes in tax law introduce a new exemption category, please provide a brief narrative description with the first report on which it appears. This information allows FHWA to interpret the data properly in its analyses. Once an exemption type has been assigned a line number, it should be retained there for all future submissions. Data, including line numbers, are entered directly from form FHWA-551M, and consistent coding makes it possible to track specific categories.

The total of items 2.a. to i. should be entered in item 2.j. (Total.)

Item 3. Gross volume taxed.—Show the gross fuel volume assessed for taxation. The amounts reported should equal the gross volume reported in item 1. minus the exempt volume reported in item 2.j.

Item 4. Fully refunded.—In theory, at least, this item should show for each month the volume of motor fuel sold or distributed on which refunds of the tax were subsequently granted. Such a listing would correlate with the data reported in items 1. (Gross Volume Reported) or 3. (Gross Volume Taxed,) which are based on the distributors' reports of the distribution and sales for the month. However, refunds are generally paid to the purchaser, and very few States maintain a record of refunds classified by month of fuel purchase.

In practice, most states report refunds and corresponding fuel volumes (obtained by dividing the amount of money by the refund tax rate) in the month in which refunds were paid. Some States also maintain and report a record of refunds certified in each month, as well as refunds paid. Either approach is acceptable for form FHWA-551M.

The following kinds of refund categories for all motor fuels are typical:

- ! Private and commercial vs. public (government) entity
- ! Within public use, Federal vs. State and local

! Highway vs. nonhighway

Within the private and commercial nonhighway gasoline category, the following classes are typical:

! Agriculture

! Aviation

! Industrial and commercial

! Construction

! Marine

These five categories are listed as items 4.a. to e. on FHWA-551M. Refund classifications that do not fall into these categories (e.g., transit, charitable institutions, etc.) should be entered on the blank lines provided, 4.f. through 4.s. When changes in tax law introduce a new refund category, please provide a brief narrative description with the first report on which it appears in Notes and Comments on page 2. This information allows FHWA to interpret the data properly in its analyses. Once an refund type has been assigned a line number, it should be retained for all future submissions. Data, including line numbers, are entered directly from form FHWA-551M, and consistent coding makes it possible to track specific categories.

Item 4.t. is the total of items 4.a. to 4.s.

Item 5. Net volume taxed.—Record in this section the fuel volume which was ultimately taxed, either at the maximum rate or a lower rate.

Item 5.a. At full rate.—Enter the volume taxed at the full prevailing highway-user tax rate after deducting full exemptions, full refunds, and the volume effectively taxed at less than the full rate (see below).

Items 5.b. to i. Taxed at initial lower rate, partially exempt, partially refunded—Enter the fuel volume on which the State ultimately retains some tax payments, but less than the highest rate for the particular fuel type. This includes classes taxed at an initially lower rate (aviation is common), those granted a partial exemption (such as transit), and those categories for which only part of the initial tax payment is refundable (e.g., 4 cents of 7 cents refunded for agricultural use equals an effective tax rate of 3 cents). Enter each category of use, or user granted special tax treatment, on a separate line. When changes in tax law introduce a new category, please provide a brief narrative description with the first report on which it appears in Notes and Comments on page 2. This

information allows FHWA to interpret the data properly in its analyses. Once a category has been assigned a line number, it should be retained for all future submissions. Data, including line numbers, are entered directly from form FHWA-551M, and consistent coding makes it possible to track specific categories.

Item 5.j. Total.—This item is the total of items 5.a. through i. and is also equal to item 3. less item 4.t.

Item 6. Source of data.—Enter the following: (a) the name of the agency preparing the report and, (b) the name of the person compiling the data.

Notes and Technical Information (page 2) Instructions

Identifying Information.—Complete the upper right-hand corner as on page 1.

Item 1. Rate of tax at end of month, in cents per gallon or liter.—Complete this item on the January report and whenever the fuel tax rates change. Give the basic rate(s) of motor-fuel tax as of the last day in the month in the blanks provided (1.a. to 1.j.). Please specify the volume unit (gallon or liter) associated with the tax rate. Fuel types or special tax rates not covered in the first eight blanks can be entered in 1.i. and 1.j. If the State has a fuel tax levied as a percentage of price, rather than on a cents-per-volume basis, enter the percentage in the blank(s) and briefly explain the application basis (e.g., "3 percent of wholesale gasoline price excluding Federal tax") in a note. Note the effective date of changes reported.

Item 2. Computation of gross volume reported (page 1.) item 1.—Enter the information used to adjust gross sales by wholesalers or retailers to reflect IFTA fuel consumption in the State. Specify the month or months covered by the IFTA fuel volume used to adjust the gross sales.

Item 3. Stratification of gasohol by blend ratio.—Indicate the stratification of the gasohol volume reported in item 1. on page 1 into the three categories shown. Enter actual or estimated volumes (gallons or liters) or percentage shares.

INSTRUCTIONS FOR FORM FHWA-556

Form FHWA-556 is designed to record the actual collections of the State motor-fuel tax during a calendar or State fiscal year and to record other receipts incidental to the administration of this tax. It also shows, by major items, the distribution of tax receipts. Form FHWA-556

serves as a measurement of the flow of funds from collecting agency to expending agency. Receipts should be segregated to show revenues derived from gasoline (including gasohol and neat alcohol) (page 1, column (A)) and from other motor fuels (page 1, column (B)) separately. Total receipts and refunds should reconcile closely to the fuel volume reported on FHWA-551M with proper allowance for lag between amounts due and paid. If they do not, a reconciliation should accompany FHWA-556.

Form FHWA-556 report should be compiled from records of the State motor-fuel tax collecting agency and other agencies responsible for the collection and distribution of the funds. However, if the only action taken by the collecting agency is to turn the receipts over to the State treasurer, who distributes the money to the agencies that expend it, then it is preferable that form FHWA-556 be prepared from records of the State treasurer, auditor, or comptroller, depending on which of these officers maintains the authoritative record of the distribution of the funds concerned.

Page 1 of the form provides for an accounting of the receipt and distribution of funds. Separate columns are provided to record column (A) gasoline, gasohol, and neat alcohol taxes, column (B) diesel and other special-fuel taxes, and column (C) other receipts. All entries should be rounded to whole dollars. Page 2 of the form contains space for entering the State name, the year, notes and comments, a reconciliation with form FHWA-551M if needed, and a reference to identify the source of the records. In the following instructions, all items are numbered to correspond to the appropriate items on form FHWA-556.

Item 1. Receipts for year.—Enter the total collections from motor-fuel taxes and other fees and taxes incidental to motor-fuel tax administration as described below:

Item 1.a. Volume tax collections.—Report the collections from fuel-volume taxes—taxes imposed per gallon or liter of fuel. There is usually a lag of 1 or 2 months between the use of the gasoline, as reported on form FHWA-551M, and the payment of the tax to the State. However, since the lag in any given year is very similar to the preceding year's pattern, collections should be reported in the year received.

Collections from the taxation of motor fuel used by interstate motor carriers, often referred to as motor-carrier road taxes or fuel use taxes, should be reported on form FHWA-556 and not on form FHWA-571. (Form FHWA-571, described in Chapter 5 of this Guide, is designed to record other taxes and fees on motor carriers that do not fall under the motor-fuel tax laws.)

Since motor fuel tax receipts, including IFTA revenues received from other States, are volume-tax receipts, they should be included with other volume-tax receipts in item 1.a.(1) or 1.a.(3), of columns (A) and (B) for gasoline and special fuels respectively. The amounts refunded or credited to interstate motor carriers, or IFTA receipts sent to other States, should be reported in item 1.a.(4) of columns (A) and (B) with other volume-tax refunds. Consequently, the net collections of motor-carrier road taxes, whether positive or negative, will be reflected in item 1.a.(5), net receipts. Please note on page 2 if IFTA revenues have been included in the items discussed in this paragraph.

In order for the FHWA to be able to reconcile the receipts reported on form FHWA-556 and the fuel volume reported on form FHWA-551M, the following information should be footnoted by fuel type on page 2 of form FHWA-556:

- ! Reported IFTA fuel tax receipts—the funds remitted with the fuel tax returns under IFTA.
- ! Refunds or credits of fuel tax under IFTA.
- ! Net IFTA fuel tax receipts (may be either positive or negative)

Item 1.a.(1) Gross collections by distributors.—Record the gross amount collected under the volume tax on motor fuel prior to deduction of allowances granted to distributors for collection expenses. Show total gasoline, neat alcohol, and gasohol tax receipts in column (A) and tax receipts from other motor fuels, including diesel, propane, butane, and other special fuels, in column (B).

Item 1.a.(2) Less: distributor allowance for collection expense.—Record the total amount of the cash allowances made during the year to distributors (or deducted by them) in consideration of prompt payment, the costs of collecting the tax and preparing reports, and so forth. Do not include loss allowances either here or in item 1.a.(1).

Item 1.a.(3) Gross receipts by State.—Record the gross amount actually received by the State from the volume tax during the year. In States that make no allowances for distributors' collection expenses, items 1.a.(1) and 1.a.(3) should be identical.

Item 1.a.(4) Less: refunds and credits.—Actual refunds and credits of the motor-fuel tax issued during the year should be entered here.

Item 1.a.(5) Net receipts.—Record the net receipts of the volume tax remaining for distribution after payment of refunds.

Item 1.b. All other receipts under motor-fuel tax laws.—Record the receipts from sources other than the volume tax. These receipts are collected as incidental to the administration of the motor-fuel tax laws or the inspection of motor fuel.

Item 1.b.(1) Distributor and dealer licenses.—Enter the amount collected from motor-fuel distributor licenses and from special dealer licenses, pump inspection fees, and other direct taxes or fees imposed on sellers of motor-fuel. Receipts from general retail licenses or chain store taxes, which are levied on all types of business, are not regarded as special taxes on motor fuel and should not be included on the report.

Item 1.b.(2) Motor-fuel inspection fees.—Show the amount of fees collected for the inspection of motor fuel. In some States, these fees are imposed merely to defray the cost of inspection; in others, they are a source of considerable revenue. It is desirable to exclude from the report, insofar as possible, all fees charged for the inspection of petroleum products other than motor fuels and also to exclude inspection fees paid on motor fuel used for nonhighway purposes, such as agriculture, aviation, and so forth.

If the receipts from inspection fees on petroleum products are not segregated according to products inspected or their use, the amount received from the inspection of motor fuel may be estimated on the basis of data reported on form FHWA-551M or form FHWA-556. The amount thus estimated should be entered in item 1.b.(2). If estimates are made as outlined above, the entry in item 1.b.(2) should be supported by a note or supplementary statement giving the total receipts from inspection fees and setting forth the computation by means of which the entry in item 1.b.(2) was estimated.

Item 1.b.(3) Fines, penalties, and interest.—Report the amount of fines and penalties collected in connection with the administration of the motor-fuel tax and inspection laws. Also include interest on delinquent collections.

Item 1.b.(4) Motor-carrier fuel tax registration (decals).—Report the income from the fuel tax registration decal fees required of motor carriers. States generally require motor carriers to display proof of fuel-tax registration in the form of a decal. Include the fees for decals issued under IFTA and any other base-State fuel tax agreement.

Items 1.b.(5) Alternative fuel tax decals (in lieu of volume tax).—Many States provide for the issuance of decals or other markers to vehicles that burn alternative

fuels, such as liquefied petroleum gases, liquefied natural gas, and compressed natural gas. The fees collected are in lieu of the collection of fuel tax on the fuel the vehicle consumes. Enter the income from such decals.

Items 1.b.(6)-(9).—Space is provided here for other receipts that do not fall under the first five classifications of item 1.b. The nature of any entries in these four lines should be described in the space provided or in notes on page 2 of the form. State sales tax applied to motor-fuel purchases should be reported in item B.4. on form FHWA-531. (See FHWA table S-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* for examples and Chapter 8 of this Guide for instructions.)

Assessments are an example of receipts that may be reported in these lines. Assessments are taxes which the State determines, through audits or reviews of taxpayer returns, that the taxpayer owes and did not previously report and pay. Assessments should be reported for the year that payment was received, regardless of the year or years for which the assessments were made. If assessments are subsequently reduced or canceled, adjustments should be reported for the year in which the adjustments are made. The revenue represented by assessments should be reported on form FHWA-556, and identified a note on form FHWA-551M, page 2. Some States cannot separate assessments from other motor fuel receipts and therefore should report assessments in item 1.a.3., Gross Receipts by State.

Some States have imposed special environmental taxes for leaking underground storage tanks or spill cleanup. These should not be reported on form FHWA-556 unless (1) the imposition is exclusively on motor fuels or (2) the rate for motor fuels differs from that imposed for any other petroleum products (heating fuel, jet fuel, etc.).

Items 1.b.(10).—Enter the total of items 1.b.(1) through 1.b.(9).

Item 1.c. Net total receipts.—Record total receipts for the year for each column.

Item 2. Nonhighway dedications of volume tax from nonhighway gasoline.—Show the proceeds from the taxes on *nonhighway* uses of gasoline (only) that were dedicated for the improvement and/or operation of *nonhighway* facilities or for related activities. A typical example is the dedication of the receipts (known or estimated) from motorboat use of gasoline to construction and maintenance of boating facilities such as ramps and docks. Some States dedicate the revenue from aviation gasoline to an airport improvement fund. To be included in item 2., the funds must be *both* (1) from the taxation of

gasoline used for nonhighway purposes and (2) dedicated for nonhighway purposes.

Item 3. Adjusted total receipts.—Subtract item 2.e. from 1.c. and enter it here.

Item 4. Deductions by State collecting agency.—Record the amounts retained or deducted by the collecting agency prior to depositing the net collections in the State treasury or otherwise disposing of them. The amount deducted may represent either actual amounts expended, or a flat percentage of collections.

In some cases, the total collections are deposited to the credit of the State highway agency fund, and expenses of the collecting agency are paid or appropriated from the fund. In such cases, no entry need be made in item 4., and the entire distribution should be shown in item 8. Collection expenses paid by State highway agencies should be deducted on form FHWA-531, item B.1.b., rather than on this form.

If collecting agency expenses are funded by another revenue source not reported in item 1., then that revenue source should be identified in a note, along with the actual expenditures of the collecting agency.

Item 4.a. Expense of collecting and administering volume taxes.—Self-explanatory.

Item 4.b. Expense of inspecting motor fuel.—The cost of inspection may be interpreted to include the cost of administering the fuel inspection laws as well as the actual inspection and testing. In States where the cost of motor-fuel inspection is not kept separately from the cost of inspecting kerosene and other petroleum products, the cost may be prorated on the same basis as the receipts from inspection fees and only the motor fuel portion reported on the form. In States that grant refunds for nonhighway uses, it will be possible to compute, on a pro rata basis, the cost of inspecting motor fuel used for highway purposes. This reduced amount should be entered in item 4.b. When such computations are made, the details should be given in notes on the form or on an attached schedule.

Item 4.c.—Record other costs or deductions by the collecting agency, such as those in connection with the miscellaneous receipts in items 1.b.

Item 4.d. Total.—Add all the deductions recorded in item 4.

Item 5. Net proceeds available for distribution.—Record net receipts after deducting item 4.d. from item 1.c.

Item 6. Balance undistributed at end of previous year.—Any balances in the hands of the State collecting agency, or to its credit, at the beginning of the year should be recorded in item 6. If the amount differs from that reported as undistributed at the end of the previous year, a note should explain the adjustment. If form FHWA-556 is prepared from the records of the State treasurer, auditor, or comptroller, the balance may be the amount on hand in a revolving fund; in some cases, this fund balance may need to be combined with any amounts in the hands of the collecting agency to account for the total amount of undistributed funds.

Item 7. Total funds available for distribution.—Enter the sum of items 6. and 7.

Item 8. Amounts distributed.—The allocation of motor-fuel revenues to the expending agencies or funds should be shown in item 8. In general, the distribution should be consistent with the provisions of table MF-106 in *Highway Taxes and Fees, How They Are Collected and Distributed*, or current statutes where they differ from those in table MF-106. In the event motor-fuel revenues, together with other road-user taxes, are placed in an intermediate clearing fund, such as a highway-users tax distribution fund, a balanced statement of the clearing fund should accompany form FHWA-556.

In several States, net income from inspection fees is credited to the State general fund. The prorating of receipts from inspection fees to exclude receipts from petroleum products other than motor fuel and receipts from motor fuel used for nonhighway purposes should be carried through to the data on distribution of these revenues.

Items 8.a.-8.j.—Use these lines as necessary to record the distribution of motor-fuel tax revenues as provided under State law—for example, funds allocated to counties or cities for roads, county general funds, schools, State general funds, and the State highway agency or department of transportation. (These distributions appear in table MF-106.) Amounts reported should be consistent with comparable amounts reported on forms FHWA-531 and FHWA-536.

Item 8.k. Total.—Add all the amounts distributed in item 8.

Item 9. Balance undistributed at end of year.—Enter the amounts remaining after deducting item 8.k. from item 7.

CHAPTER 3

REPORT IDENTIFYING MOTOR-VEHICLE REGISTRATIONS AND TAXATION

This chapter details the procedures for completing form FHWA-561, Report Identifying Motor-Vehicle Registration and Taxation. This form has been developed to report motor-vehicle ownership and registration features, including all fees and charges (except motor-fuel tax) associated with vehicles and their operation.

States may prepare form FHWA-561 on either a calendar year or State fiscal year basis. The selected 12-month reporting period must be indicated on page 1 of form FHWA-561. (See Chapter 1 for more information on report period options.)

The FHWA collects motor vehicle registration information from the States and disseminates that information to the public. Registration information is used by regulators and analysts at both the national and State levels to perform such tasks as forecasting tax revenue, highway deterioration, fuel consumption, and motor vehicle emissions. The raw data used to address these tasks and produce the tables published in *Highway Statistics* come mainly from the States. Thus it is critical that the registration information that FHWA receives and publishes is accurate, comprehensive and timely. FHWA also uses other sources of information on the vehicle fleets such as the Truck Inventory and Use Survey (TIUS), which is conducted by the Bureau of the Census every five years.

A microcomputer template using Lotus 1-2-3 is available for form FHWA-561. States are encouraged to use the microcomputer template. See Appendix B for information about the template and options for electronic transmission of data to FHWA.

INSTRUCTIONS FOR FORM FHWA-561

Form FHWA-561 is designed to record the total number of motor vehicles registered during a year, classified by types of vehicles, kinds of use, and the corresponding payments of registration fees, together with miscellaneous receipts connected with motor-vehicle registration and operation. Federally owned vehicles should be excluded from all entries on form FHWA-561.

Section I. Registration of Motor Vehicles, Trailers, etc., Classified by Type of Vehicle

The registrations recorded in section I should not include animal-drawn vehicles, streetcars, trolley buses, or such vehicles as agricultural tractors or road machinery not designed or licensed for highway transportation. All other vehicles, registered for use on the highways, whether operated privately or for hire, should be reported by vehicle type in section I.

Section I is designed to facilitate the recording of the net number of licenses sold or issued for individual vehicles of each type or class. It is recognized that the classification of registered vehicles called for in section I does not coincide with the registration classes in effect in some States. However, the States are urged to make an effort to fit the vehicles into these classes if at all possible. It is most important for national summaries and studies to have consistency and comparability among the States. The proper identification of light trucks and truck tractors is especially critical to studies of the highway costs occasioned by different vehicle types and their corresponding contributions to highway revenues. The number of truck tractor-trailer combinations is crucial because these are the heaviest vehicles, cause the most pavement damage and require design and structural features not needed for other classes. The light trucks, which have weights and operating features closer to automobiles, tend to bias study results when included with heavier trucks.

Whenever a space opposite a given type of vehicle is left blank, a note should explain where the missing entry is included—for example, "Included with personal passenger vehicles," "Included with light trucks," and so forth.

The following discussion includes some major considerations for determining types of vehicles and for supplying the information called for in section I.

Item I.A.1. Automobiles.—Record all sedans and station wagons, including taxicabs, rentals, ambulances and hearses.

Item I.B.1. Commercial buses.—Record here all buses used in intercity, charter and local transit operations.

Item I.B.2. School and other.—Record here school and other nonrevenue buses (e.g., buses owned by churches and social groups). This classification does not include buses operated by commercial carriers in transportation of school children that should be included in item I.B.1.

Item I.C.1. Light trucks.—All single-unit trucks of 4,500 kilograms (10,000 pounds) or less GVW other than those classified as farm trucks should be reported here. This class will include all pickups, panels, freight vans, and most two-axle, four-tire delivery vehicles. Indicate by footnote whether vans or sport-utility type vehicles are included with automobiles or with light trucks. Trucks that cannot be classified into one of the above categories are to be classified as other light vehicles. “Other” include a small number of large trucks, car-based pickups, unknown truck types and trucks older than 15 model years. If the State cannot give the break at 4,500 kilograms (10,000 pounds), the closest verifiable approximation to it or an estimate should be given. When a weight break other than 4,500 kilograms (10,000 pounds) or an estimate is given, it should be indicated in a separate note. If no entry is given, the FHWA will estimate.

Item I.C.2. Heavy single-unit trucks.—All single-unit trucks exceeding 4,500 kilograms (10,000 pounds) GVW other than those classified as farm trucks should be recorded here.

Item I.C.3. Farm trucks.—States having a special registration class for farm trucks should report them here. Space is provided for truck tractors if registered as farm vehicles and if the number is readily available.

Item I.C.4. Truck tractors (other than farm).—Enter the number of truck tractors registered other than those classified as farm trucks. Truck tractors are defined as motor vehicles designed primarily for pulling truck trailers and semitrailers and constructed to carry part of the weight and load of a semitrailer. Truck tractors registered as farm vehicles should be entered in item I.C.3.(b).

In some States, truck tractor-semitrailer and/or truck-trailer combinations, although segregated as a class from single-unit trucks, are registered as a single entity. In reporting such combinations, enter the number of these units in the appropriate category under item I.C., Trucks, and also item I.E.1.(a) or I.E.1.(b), Commercial trailers or semitrailers, as applicable. The exact situation regarding the registration of these combination vehicles should be explained in a note.

Item I.C.5. Motorhomes.—Self-propelled vehicles equipped as living quarters, if they can be identified as a distinct vehicle type, should be entered here. Do not include house trailers which should be reported in item I.E.1.(c).

Item I.E.1. Trailers and semitrailers.—A trailer (full trailer) is a vehicle without motive power that is designed for carrying property or passengers wholly on its own structure and must be drawn by a motor vehicle. A semitrailer is used in conjunction with a motor vehicle so that some significant part of its weight and load rests upon or is carried by the other vehicle. Numbers of trailers and semitrailers including extra trailer units should be entered opposite the appropriate sidehead under item I.E.1.

Item I.E.2. Motorcycles.—This item includes two-wheeled and three-wheeled motorcycles. Sidecars are not regarded as separate vehicles—a motorcycle and sidecar are reported as a single unit.

Item I.E.3. Motor bicycles and scooters.—Mopeds should be included with motor-driven cycles (motor bicycles) in the States that require their registration.

Item I.E.4. Miscellaneous motorized equipment.—This class includes cranes, snowmobiles and any other equipment registered for highway use, that does not readily fit into one of the regular vehicle types. Special equipment, such as repair vehicles, fire trucks and tow trucks should be classed with trucks. The type of vehicles shown in this category should be identified by a footnote. If fees are collected for these vehicles, they should be reported under this category in section II.

The information tabulated in columns (1) through (4) should be based on the registration procedure in the individual State. Columns (2), (3), and (4) should be deducted from the total transactions in column (1). However, in some States, the deductions from gross registrations indicated by columns (2) and (3) are not applicable. The number of transfer tags or re-registrations reported (column (2)) should not be deducted from gross registrations (column (1)) unless failure to do so would result in a duplication or overstatement of registrations. Similarly, the number of nonresident registrations (column (3)) should not be deducted unless they represent temporary or limited permits that are not bona fide registrations. Regular registrations by nonresidents are not a deductible item. The objective is that columns (4) and (5) should give the net total number of registrations issued, subdivided as indicated between those for publicly owned vehicles and those for privately owned vehicles.

The instructions below should be followed to obtain the net figure in column (5).

Column (1) Total license tags sold or issued.—Record the total number of sets of license tags issued or sold.

Column (2) Transfer tags or reregistrations.—Record additional registrations caused by transfers. If no extra registrations are involved, the number of transfers may be tabulated with a note to the effect that the entries are not deductible; such a note is important, since column (2) ordinarily will be deducted from column (1).

Column (3) Nonresident tags.—Enter any registrations issued for nonresident vehicles. Include in this number, as a deductible item, any nonresident vehicles that are being counted in their home States.

Column (4) Official vehicles, State, county and municipal.—Enter the total number of vehicles owned by State, county, and municipal governments, so far as the State records make such a tabulation possible. If only State-owned vehicles are included, or if any considerable group of publicly owned vehicles is omitted, the fact should be stated in a note. Segregation of publicly owned vehicles, by type, is very useful, and every effort should be made to provide this distribution each year.

In some States, license tags are issued, under certain circumstances, to private individuals or corporations without charge. Such free registrations should be included in the tabulation in column (5). The number of free registrations issued for privately owned vehicles of each type should be given in a note.

Column (6) Active Registrations.—Record the number of active registrations. Specifically, the data reported in column (1) is based on transactions (registrations) in a given year and is therefore not necessarily an estimate of all registered vehicles “in use” at a particular time. The problem of providing an estimate of the total number of registered vehicles based on a single year of issuances is particularly troublesome in States that use multi-year registration. The data recorded in column (6) will provide this vehicle total.

Item G. Diesel and alternative fuel vehicles.—Vehicles using other than gasoline should be reported as part of the appropriate group in Items A through E, above, and also reported by fuel type.

Section II. Registration Fees Paid by Motor Vehicles, Trailers, etc., Classified by Type of Vehicle

In this section, enter the receipts, classified by type of vehicle, from fees charged for the registration of vehicles. Omit cents.

The vehicle classification scheme used in section II is the same as that used in section I. This permits a direct correspondence (for example, between column (5) in section I and column (5) in section II) between numbers of licenses issued for each type of vehicle and the fees derived from them. The decisions made regarding vehicle type segregation in section II should follow the same reasoning used in section I. For example, sidecars are not regarded as separate vehicles and are included with motorcycles in section I (item I.E.2.); thus, in section II, sidecar fees are included with motorcycle registration fees (item I.E.2.).

The receipts reported in section II should be the actual collections during the report year of fees for vehicles registered during the year. Do not include: (1) registration fees assessed but not collected during the report year or (2) back collections of fees charged for the registrations in prior years.

Do not report refunds paid during the year of excess fees charged on registrations of the year; deduct these refunds before tabulation of section II. If State records do not provide a segregation of current year refunds by type of vehicle, the total amount of the refunds may be entered as a deduction in one of the blank spaces of item III.G. (miscellaneous receipts).

Refunds on payments in prior years should not be deducted in section II. Collections and refunds related to prior years should be shown in item III.G.

In some States, registration fees are collected by county or local officers who make a deduction (usually a fixed amount per registration issued) for collection expenses. The amounts tabulated in section II should be the total registration fees collected and should include the actual amounts deducted by county or local collecting officers if these deductions are of record in the State motor-vehicle department. Those States where the amounts of such service charges are not of record, the State motor-vehicle department should provide either an estimate for each type of vehicle or the information from which an estimate can be developed by the FHWA. If estimated rather than of record, service charges should be given in a note to section II or in a schedule attached to form FHWA-561.

To prevent duplication, do not report any portion of the registration fees collected for another State or jurisdiction under a proration agreement such as the International

Registration Plan (IRP) on any FHWA form. Show only the portion retained by the State in this section. The portion of State registration fees collected by, and received from, other States under a proration agreement should be entered on form FHWA-571.

The instructions below should be followed for the entries in columns (1) through (5) of section II.

Column (1) Gross collections including transfer or reregistration fees.—Enter the gross registration receipts (which should equal the sum of columns (2) through (5)).

Column (2) Transfer or reregistration fees.—Enter transfer or reregistration fees.

Column (3) Nonresident tag fees.—Show the receipts from the sale of temporary or limited registrations of nonresident vehicles.

Column (4) Fees for official vehicles, State, county, and municipal.—Enter the receipts from the fees, if any, charged for the registration of publicly owned vehicles. Do not include Federally owned vehicles.

Column (5) Net regular registration fees collected.—To show the net regular registration fees collected for private and commercial vehicles of each type, enter the amount remaining after deducting the total of columns (2), (3), and (4) from the amount entered in column (1).

If the data available cannot be tabulated exactly in the form indicated, the method may be adapted to the individual case while placing the greatest emphasis on the entries in column (5).

Additional fees (commonly called "excess weight fees") charged when registration tags are transferred to a heavier vehicle should be included with the net regular registration fees in column (5) and not with transfer fees.

In some States, special taxes are imposed on State-based for-hire carriers in lieu of registration fees. In such cases, the special taxes paid in lieu of registration fees should be regarded as registration fees and included, with an explanatory note, in the amounts entered in columns (1) and (5) of section II. Otherwise, special taxes paid by motor carriers should be reported on form FHWA-571 instead of on form FHWA-561. The regular registration fees paid by motor carriers should, in all cases, be included under the proper vehicle types in section II of form FHWA-561.

Section III. Receipts Other than Regular Registration Fees

In this section, enter all receipts of the motor-vehicle department other than the regular registration fees dealt with in section II. Omit cents.

Exceptions.—The following types of receipts are exceptions to the general requirement that all receipts of the motor-vehicle department should be included in sections II and III:

! *Receipts not related to motor-vehicle ownership or operation.*—If the department that handles motor-vehicle registrations collects fees or taxes not related in any way to the ownership and operation of motor vehicles, such receipts should be omitted from form FHWA-561.

! *Agricultural tractors and other vehicles.*—Receipts from the licensing of agricultural tractors, motorized equipment not used on the highways, and animal-drawn vehicles should be omitted from form FHWA-561.

! *Special taxes imposed on motor carriers.*—The collection of special taxes imposed, in addition to registration fees, on vehicles operated for hire and other special classes of commercial carriers is frequently a function of the State public service commission or similar body. In some States, however, the motor-vehicle department collects these taxes. The classes of special taxes referred to are gross receipts taxes; distance, weight-distance, or passenger-distance taxes; special license fees or weight taxes; franchise or permit fees; and fees for certificates of convenience or necessity. As the receipts from these types of taxation are to be entered on form FHWA-571, ordinarily they should not be entered on form FHWA-561, even though they are a part of the receipts of the motor-vehicle department. The one exception is when such taxes are imposed in lieu of registration fees on State-based vehicles and, thus, are regarded as registration fees and reported in section II of form FHWA-561.

In some States, certain items of motor-vehicle revenue, such as driver-license fees, highway patrol fines, and fees for periodic inspection of motor vehicles, are collected by the State highway department (in which case they will be reported as motor-vehicle revenue on form FHWA-531) or by some other agency independent of the motor-

vehicle department. All such receipts, however, should be reported on form FHWA-561 or form FHWA-562, as appropriate, or on a schedule attached thereto, regardless of which agency collects them.

Some States have enacted special taxes to be paid at the time of purchase, first registration, or titling of a motor vehicle. As such taxes are usually imposed in connection with a general State sales tax, there may be some question whether a given excise tax of this character is a special impost upon the motor-vehicle user or merely a part of a general State tax. The following discussion should be used as a guide in determining whether the receipts from such an impost should be reported on form FHWA-561.

If there is a general sales tax that applies to the purchase of motor vehicles as well as all other commodities (or to commodities in general with stated exceptions, such as food), the receipts from the tax as applied to motor vehicles should not be reported on form FHWA-561.

If, however, the excise tax was imposed under a separate act and the law states or implies that the tax is to be paid as a compensation for the use of the highways, it is to be considered as a special tax on the motor-vehicle user. Also, if the tax is imposed on motor vehicles alone, it is to be considered as a user tax, even though the consideration is not stated or implied in the law. If, judged by these considerations, the impost is found to be a highway-user tax, the proceeds therefrom should be reported as miscellaneous receipts in item III.G. on form FHWA-561.

In case of doubt as to whether the receipts from a given tax on motor vehicles should be reported on form FHWA-561 or regarded as part of a general State tax and thus omitted from form FHWA-561, the matter should be taken up by correspondence with the FHWA.

The instructions below should be followed for the entries in the specific items in section III.

Item III.A. Dealers' licenses or permits.—Report special dealers' or garage licenses issued by the agencies regulating or licensing motor vehicles, inspection, repair, and so forth. Do not include regular licenses that are required of all businesses. Include all dealers' license plates whether "original" or "extra" plates, as well as motorcycle plates.

Item III.B. Certificates of title.—Enter the number of certificates of title (called certificates of ownership in some States) issued and the amount of collections.

Item III.C. Fines and penalties.—Enter here all receipts of the motor-vehicle department (or other State agencies) from fines and penalties imposed for infractions of motor-vehicle laws and regulations, including oversize and overweight penalties. (Excess weight fees, however, should not be reported in item III.C., but should be included in column (5) of section II.)

The State's receipts from fines and penalties imposed for infractions of traffic laws, i.e., moving violations and parking violations, should not be shown in this report.

Item III.D. Transfer or reregistration fees.—Enter the amount of these fees that were shown as deductions in column (2), section II.

Item III.E. Estimated service charges, local collections.—The instructions for section II state that deductions by local collecting officers of a part of the registration fee for collection expenses should be included in the receipts from regular registration fees reported in section II. Item III.E. should be restricted to those service charges by local officials that are in addition to the regular registration fees. For example, the State registration fee may be \$10.00, but the local collection officer is permitted to charge \$10.50 and to retain \$0.50 as a service charge. These charges, and similar ones levied for titles or other transactions, should be shown in item III.E. and explained fully in notes.

Item III.F. Caravan fees.—Enter special in-transit fees, towing fees, auto transporter fees, and so forth.

Item III.G. Miscellaneous receipts.—This item provides for adding back into FHWA-561 (in items III.G.1. and III.G.3.) the receipts deducted in columns (3) and (4) of section II. Item III.G.2. provides for any receipts related to temporary entry permits that were not accounted for in column (3) of section II. In item III.G.4., enter all receipts derived from the issuance of duplicates of all kinds (tags, registration cards, and so forth). In item III.G.5., enter receipts derived from vehicle inspection fees. In item III.G.6., enter receipts from additional fees charged for personalized (vanity) license plates; the regular registration fees should be shown in section II. In item III.G.7., show the receipts for oversize and/or overweight permits permitting use of large vehicles, generally for a limited time. This item should not be confused with the excess weight fees that are described above under section II and included with the net regular registration fees in column (5) of section II. In item III.G.8., enter receipts for title liens. In item III.G.9. enter special titling taxes and do not include special titling taxes that are included under general sales tax levies. In

item III.G.10., report all adjustments such as unclassified refunds (deductions).

Items III.G.11. through III.G.12. provide for other miscellaneous receipts of the motor-vehicle department or other agencies involved that do not fit the categories above. As noted in the instructions under section II, this is also the proper place to record collections and refunds related to prior years. Very small items need not be detailed, but any item in excess of \$10,000 should be reported separately. If the space provided is not sufficient, the complete classification of miscellaneous receipts may be given in a note or a supplemental statement.

Note that the section IV grand total should agree or be reconciled to the amount reported in item I.A., column (A), FHWA-566.

SUPPLEMENTAL INFORMATION

To assist the FHWA in interpreting the data on form FHWA-566, the States should provide supplemental schedules (such as balanced statements of the motor-vehicle inspection fund or highway patrol fund) with form FHWA-561 where appropriate. Also any new motor-vehicle registration forms and sample title forms should be sent when they become available.

CHAPTER 4

REPORT IDENTIFYING STATE DRIVER LICENSES AND FEES

This chapter outlines procedures for completing form FHWA-562, State Driver Licenses and Fees. This form is designed to record, on an annual basis, the total number of drivers licensed during a year, classified by kinds of permits or licenses issued, term of licenses, renewal dates, and fees collected. The number of licensed drivers, classified by age and sex, is also reported. The FHWA uses this information to develop its DL series of national tables on driver licenses. The National Highway Traffic Safety Administration also uses these data for safety analyses.

A microcomputer template using Lotus 1-2-3 is available for form FHWA-562. States are encouraged to use the microcomputer template. See Appendix B for information about the template and options for electronic transmission of data to FHWA.

INSTRUCTIONS FOR FORM FHWA-562

In the following instructions, those aspects of the procedures that may not be self-explanatory are emphasized.

Calendar/fiscal year. The data on driver licenses are reported on a calendar year basis for all States when possible. If calendar year reporting is causing a hardship on the reporting agency, it may substitute fiscal year reporting and so note on the form.

Section I. Net Number of Licensed Drivers

Annual Information--This section should contain the net number of driver licenses in force at the end of the reporting year stratified by age and sex. The entries should **exclude**: learner permits; licenses issued solely for the operation of motorcycles, scooters, or mopeds; limited-use permits (most juvenile, hardship, and DWI permits); nondriver identification cards; and any license in a suspended status as of the end of the reporting year. Licenses cancelled due to emigration, death, or revocation should also be excluded.

Beginning with the 1989 data, a strict standard was adopted to determine how many persons under the age of 16 actually held an unrestricted license. The definition for an "unrestricted driver" is: "A person that can drive inclusively between the hours of 5:00 AM and 12 midnight without another licensed driver in the vehicle." If a license holder cannot drive any portion of these hours, he/she does not qualify as a holder of an unrestricted

license and, therefore, should not be counted in the "under 16" category.

Section II. Driver licenses issued

Annual Information--

Item A only requires the breakout of learner permits that are commercial or non-commercial.

Item B requires all classes of licenses to be listed including bus, motorcycle, and scooter driver licenses. A few of the more common class breakouts have been provided for your convenience. The separation of renewals and new licenses has also been listed to help those that have a different pay scale for new licenses versus renewals. These breakouts are only there as a guide because they are the most common classes; if your State has different classes, they may be added below the regular listing. The Commercial Driver License (CDL) group is as described in the Federal Motor Carrier Safety Regulations, Subpart F, Section 383.91. Non-CDL license groups vary by the individual State's or Commonwealths administrative practice as defined by law. The wide variety of license types can be reviewed in the biennial FHWA report "Driver License Administration Requirements and Fees."

COMMERCIAL DRIVER LICENSE: The Commercial Motor Vehicle Safety Act of 1986 establishes minimum standard requirements and requires a single State-issued license for operators of commercial motor vehicles. As the regulations are implemented and any necessary changes are made in a State's classification scheme, the license classes reported in this section will change. If a class includes both commercial and noncommercial licenses, specify the number of commercial licenses included in a note. If fees are charged for commercial license examinations, show the number of tests administered, the fees charged, and the resulting revenue under Item G.

Item D (Duplicates) is a single entry for all duplicates.

Item E (Endorsements) is a single entry for all endorsements.

Item F (Non-driver Identification Cards) is for non-driver identification cards only.

Item G (Miscellaneous) is a breakout of miscellaneous fees associated with driver licensing in general. This is only a small portion of the types of breakouts that may or may not be pertinent to your State. You may add any different breakouts or you may combine all the miscellaneous fees into the miscellaneous line item.

The following is a list of general terms or column headings and definitions:

Term for which issued. Enter the time length of each class or kind of license issued. If the State has optional terms, show the optional terms and the number of licenses issued for each on separate lines.

Renewal date. Enter the renewal date (such as birthday or issuance) for each class or kind of license.

Number of licenses issued during year. Record the total number of licenses issued during the reporting year, classified by kinds issued (as listed in Item B). This includes all types of licenses and permits, including restricted, DWI, and hardship permits. Non-driver identification cards (if issued by the licensing agency) should be shown in Item F on the form.

Fee per issue. Show the fee per license. If there is a local service charge or agent's fee in addition to the basic issuance fee, it should be shown in item G and explained in a "Notes and Comments" space. Learner or beginner permit fees should be shown separately when there is a separate charge. Where part of the learner permit fee is applied to the driver license fee, show that amount with the driver license fee and explain in "Notes and Comments."

Total collections. Include all receipts for the licenses or permits shown in previous columns. If you are using a Lotus template, these will be calculated automatically.

Net licenses in force at end of reporting year. Enter the number of driver licenses in force by class. This is determined by deducting from the number of unexpired licenses any cancellations resulting from licensing in another State or deaths, revoked licenses, and any licenses in a "suspended" status at the end of the year. Each driver should be counted only once in this column and should be included in the category for the highest class license he or she holds. The total of this column will not be equivalent to the total in Section I in most cases because of the various kinds of permits and licenses issued in some States that will not be included in Section I.

Section III. Commercial Driver License-- Number of Licensed Driver Disqualified

The total count of disqualified holders of commercial driver licenses by indicated categories is also requested annually. This count should also include disqualified holders of commercial driver instruction permits. The driver is counted as disqualified in the year his/her disqualification commenced. If a driver is disqualified for more than one offense, the driver should be counted only once.

SUPPLEMENTAL INFORMATION

Any legislative actions or administrative decisions made during the reporting year that affect driver license administration or fees should be described in "Notes and Comments." Copies of new legislation and administrative regulations affecting driver licensing should be sent to the FHWA, Office of Highway Policy Information, HPPI, Washington, DC 20590.

CHAPTER 5

REPORT IDENTIFYING STATE TAXATION OF MOTOR CARRIERS

Form FHWA-571, Receipts from State Taxation of Motor Vehicles Operated for Hire and Other Motor Carriers, is designed to show the taxes and fees associated with the operation of motor carriers.

The Trucking Industry Regulatory Reform Act of 1994, effective January 1, 1995, abolished the necessity to register and collect fees and taxes on motor carriers by category or type of vehicle.

Although the States are no longer required to register and collect fees and taxes on motor carriers by category or type of vehicle the States have the option of continuing to do so.

Vehicles operated for hire and certain other vehicles that, because of the special character of their operations, are subject to taxation not imposed on motor vehicles in general, are known as motor carriers.

A microcomputer template using Lotus 1-2-3 is available for form FHWA-571. States are encouraged to use the microcomputer template. See Appendix B for information about the template and options for electronic transmission of data to FHWA.

INSTRUCTIONS FOR FORM FHWA-571

Form FHWA-571 is designed to provide a record of the special State taxes, in addition to registration fees, paid by each type and class of motor carrier. All State-imposed motor-carrier taxes should be reported regardless of the collecting agency. Taxes imposed by county or municipal governments on motor vehicles operated for hire and on other motor carriers should not be reported.

In some States, special motor-carrier taxes, although imposed by the State, may be collected by county or local officers who deduct certain amounts for collection expenses (or for other purposes) and forward the net collections to the State collecting agency. If this is the case, the amounts deducted should be included. If the deductions are not of State record, an estimate should be supplied.

Registration fees received for vehicles with base plates from other States under a proration agreement such as the International Registration Plan (IRP) should be reported on this form either in one of the columns or by a

notation on the front of the form. If a State is not required to submit this form for reporting other data a separate notation showing these fees should be entered on form FHWA-561.

Page 1 of form FHWA-571 provides space for entering the State name, the year being reported, notes and comments, and a reference to identify the source of the records.

The following instructions apply to the entries to be made on page 2. Motor-carrier taxes are divided into the following general types and a column is provided for each:

Column (1) Gross receipts taxes.—Only taxes levied specifically on motor carriers should be shown. Receipts from general taxes, such as State sales taxes or gross receipts taxes applying to business operations in general (or to a restricted class of business operations such as public utilities) should not be reported as special taxes on motor carriers.

Column (2) Distance taxes.—Show distance, weight-distance, or passenger-distance taxes.

Column (3) Weight or capacity taxes.—Show special-license taxes based upon weight or capacity, but separate from registration fees.

Column (4) Flat rate fees.—Show flat business fees or occupation license fees.

Column (5) Certificate or permit fees.—Show fees imposed for the issuance of certificates of convenience and necessity.

Column (6) Miscellaneous fees.—Show receipts that do not fit in other categories.

Column (7) Total motor-carrier taxes paid.—Enter the sum of columns (1) through (6).

No specific place is provided on FHWA-571 to show delayed collections of motor-carrier taxes. However, these should be included, and notes should be given to show the amounts that relate to the taxation of prior years.

Type of vehicle and class of service.—The classification scheme is intended to provide for all the major classes of motor carriers found in the States. It should be followed as closely as the data will permit, but the *classification headings on the left side of form FHWA-571* may be modified as necessary to report correctly the classification in effect in any given State. A full explanation of the modification should be given in a note.

Item 1. Passenger cars for hire.—Include taxicabs, livery cars, U-Drive-It cars and other automobiles operated for hire.

Items 2., 4., 5., and 7. provide for reporting two classes of service by for-hire carriers, intrastate and interstate. This information should be reported to the extent that the data are available.

Item 2. Motor buses.—All motor vehicles that seat more than 11 passengers and that are operated for hire or are otherwise subject to taxation as motor carriers should be included here. School buses should not be included on this form unless they are subject to special motor-carrier taxes, in which case, the details should be given in notes to the form.

Items 2.A., 4.A., 5.A., and 7A. Common carriers.—The term "common carrier" is applied to vehicles that are offered indiscriminately to the public for hire at published rates. (The term "public carrier," often applied to buses, is interchangeable with the term "common carrier.") The term is commonly restricted to those carriers that operate over regular routes or between fixed termini and under schedules, but some States recognize a class of common carriers that does not operate over regular routes or between fixed termini. Those vehicles that are defined under State laws as common carriers in addition to those whose operations conform, in general, to the definition of a common carrier given above should be listed as such on form FHWA-571.

Item 2.B. Other motor-carrier buses.—Include here all sightseeing, charter and contract buses.

Item 3. Total passenger motor carriers.—Enter the sum of items 1. and 2.C.

Item 4. Motor trucks.—Enter motor-carrier taxes imposed on single-unit (straight) trucks.

In some States, certain classes of commercial operators who transport their own goods or property are required to pay motor-carrier taxes. Items 4.C., 5.C., and 7.C.,

"Private motor carriers," are reserved for this class of carrier.

In a few States, the term "private carrier" is used to distinguish for-hire carriers other than common carriers. Care should be taken that such vehicles are reported as for-hire carriers, in items 4.B., 5.B., or 7.B., and not as private carriers.

Item 5. Tractor trucks, road tractors, etc.—Report motor-carrier taxes on all trucks equipped as power units for combination vehicles.

In many States, tractor trucks, road tractors, etc., are not segregated from trucks. If such is the case, the fact should be noted. If tractor-semitrailer combinations are registered as trucks, that fact should also be explained. If, as is sometimes the case, tractor-semitrailer combinations are not reported separately but as single entities, the fees paid by such combinations should be recorded in item 5. and so indicated. Extra trailer units should be reported in item 7.

In some States, motor-carrier taxes are imposed on trailers and semitrailers as separate vehicles. In other States, the tax that would ordinarily be charged against the trailer or semitrailer is included in the tax imposed on the hauling vehicle. If, in a given State, the charges against trailers and semitrailers are included in the payments of motor-carrier taxes reported for trucks (item 4.) or tractors (item 5.), the fact should be explained in a note.

Items 6., 8., and 9.—Intended as summary entries. In item 9., enter the total figures for all motor carriers—passenger and freight.

Item 10.—The instructions for the completion of form FHWA-561 (Chapter 3) state that motor-carrier taxes imposed in lieu of registration fees on State-based vehicles should be included with the registration fees reported on that form. On form FHWA-571, such payments should be reported as motor-carrier taxes with a note explaining that they are imposed in lieu of registration fees and are included on form FHWA-561. This procedure is adopted so that the total of motor-carrier taxes, as such, may be obtained. Taxes imposed in lieu of registration fees on out-of-State vehicles should be reported on form FHWA-571.

CHAPTER 6

REPORT IDENTIFYING DISPOSITION OF STATE MOTOR-VEHICLE AND MOTOR-CARRIER REVENUE

This chapter provides instructions for preparing form FHWA-566, State Motor-Vehicle Registration Fees and Other Receipts: Initial Distribution by Collecting Agencies. This form summarizes the gross revenues collected from the State taxation of motor vehicles, driver licenses and motor carriers and then reports the initial distribution of those tax receipts. Form FHWA-566 provides a measurement of the funds flowing from collecting agencies to expending agencies.

The revenues reported on form FHWA-566 should be consistent with the receipts reported on forms FHWA-561, FHWA-562, and FHWA-571, and the distributions reported on form FHWA-531. (See Chapters 3, 4, 5, and 8 for discussions of the respective reports and the data being reported.) Completing form FHWA-566 does not eliminate or alter the requirement for the completion of forms FHWA-561, FHWA-562, and FHWA-571.

GENERAL CONSIDERATIONS

In most cases, form FHWA-566 should be prepared from the records of the State agencies that are responsible for the collection and distribution of funds from the taxation of motor vehicles, drivers, motor carriers, and other for-hire vehicles, i.e., State department of motor vehicles, State department of public safety, State public utilities commission, etc. When the collecting agency is not the distributing agency and only serves as a conduit to transfer the funds to the distributing agency, form FHWA-566 should be prepared by the State office or agency that maintains the most complete record of the funds and their distributions, i.e., State treasurer, State comptroller, State auditor, etc.

When separate forms have been prepared by different collecting agencies, the combined revenue totals of the individual forms should be reported in the appropriate column or columns on form FHWA-566. For example, if two State agencies are involved in the collection of State motor-carrier taxes and each agency prepares a separate form FHWA-571, total revenues should be combined and reported in column (C), FHWA-566.

If the State has a preference, it may prepare separate FHWA-566 forms for each collecting and distributing agency to account for funds shown on forms FHWA-561, FHWA-562, and FHWA-571. When separate

FHWA-566 forms are used, the source agency for each form must be clearly identified.

Ordinarily, refunds should have been deducted from receipts on forms FHWA-561, FHWA-562, and FHWA-571. If not, they should be deducted and identified on form FHWA-566 in items 1.D, 1.E., or 1.F., so that item 1.G. will record net receipts after refunds.

Some States include on forms FHWA-561, FHWA-562, or FHWA-571 only the receipts collected by the department of motor-vehicles, public utilities commission, or similar agency and exclude receipts (such as truck-weighing fees or overload permit fees) that are collected and retained by the State highway agency or the State department of public safety. However, the intent of these forms is to capture and report all motor-vehicle, driver-license, and motor-carrier receipts, and any others related to vehicle ownership and operations. Any receipts not reported on the FHWA forms should be reported and identified on a schedule attached to forms FHWA-561, FHWA-562 or FHWA-571 and similarly accounted for on form FHWA-566 in items 1.D, 1.E., or 1.F.

Table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* should be used as a guide for the taxes and fees to be accounted for on form FHWA-566 and the disposition of those revenues in item 8. of form FHWA-566.

INSTRUCTIONS FOR FORM FHWA-566

Page 1 of form FHWA-566 provides space for entering the State name, the fiscal or calendar reporting year, notes and comments, and a reference to identify the source of the information reported on the form.

Page 2 of form FHWA-566 provides for an accounting of the receipt and allocation of funds reported on forms FHWA-561, FHWA-562 and FHWA-571.

Item 1. Reconciliation of receipts.—Enter the total receipts during the fiscal or calendar year as reported on (1) form FHWA-561, registration fees, title fees, dealer licenses, and other receipts in column (A); (2) form FHWA-562, driver licenses in column (B), and (3) form FHWA-571, motor-carrier taxes in column (C).

Ordinarily the receipts reported on form FHWA-566, item 1. will be the same as those reported on form FHWA-561, section IV, on form FHWA-562, item II.F., column (5), and on form FHWA-571, item 9., column (7). However, if these are compiled for a registration year that does not coincide with the year being reported, differences may exist. When differences exist, a reconciliation statement should be completed (items 1.D. through 1.F. may be used for this purpose), or an explanation provided in a note or in a supplemental statement.

Instructions for forms FHWA-561 and FHWA-571 provide for recording, on both forms, the payments of motor-carrier taxes imposed in lieu of registration fees. To avoid any duplication, the amounts included on form FHWA-571 should be deducted in item 1. (items 1.D. through 1.F.), FHWA-566, column (A) with the notation that the distribution has been accounted for on form FHWA-566, column (C) or on a separate form FHWA-566.

Item 2 Deductions by county and local officials.—Record the collection and administrative expenses deducted by county and other local officials that act for the State in processing motor-vehicle registrations, issuing driver licenses, and handling other functions normally associated with a State Department of Motor Vehicles (DMV) or similar agency. Local officials include both agents of local governments, and private agents authorized to issue registrations and drivers licenses.

Item 2.A. Collection and administrative expense—Enter the amount either retained by or paid to county and other local governments for their expenses in: collecting motor-vehicle and driver license fees, administering motor-vehicle registration laws, issuing driver licenses, and providing other services normally associated with a State department of motor vehicles.

When estimated service charges for local collection expenses are included in item III.E, FHWA-561, those local service charges for motor-vehicle registrations and driver licensing should also be included in this item.

Item 2.B. Other—Enter and specifically identify any other deductions by county or other local officials, for services other than those reported in item 2.A.

In some cases, the local officials also deduct the proportion of receipts provided by law to be turned over to the local governments for highway or other purposes. The amount of such deductions should not be entered

here. Instead, these State-to-local transfers should be identified and reported in item 8.

Item 3. Net receipts by State collecting agency.—Enter net receipts after deducting item 2.C. from item 1.G.

Item 4. Deductions by State collecting agency for operation and administration.—Enter the amount retained or deducted by the State collecting agency for revenue collection expenses associated with the administration of motor-vehicle, driver-license, and motor-carrier taxation prior to depositing the net collections in the State treasury or otherwise disposing of them. Additional information on collection expenses is recorded in item 10.

When total collections are deposited in the State treasury as a credit to a transportation trust fund, a highway trust fund, or the State highway agency, without any deduction for collection expenses, no entry needs to be made in item 4. The entire distribution should be shown in item 8. This may occur when the expenses of the collecting agency are paid from a highway or transportation fund after the initial distribution of revenues is made.

When total collections are deposited in the State general fund for State general purposes, and collection agency costs are paid by the State general fund, then such costs should be entered in item 4., with the net proceeds shown as distributed to the State general fund in item 8. If actual collection agency costs are unavailable, then they should be estimated.

Item 5. Net funds available for distribution.—Enter the amount remaining after subtracting item 4. from item 3.

Item 6. Balance undistributed at end of previous year.—Record any balances in the hands of the State collecting agency, or to its credit, at the beginning of the reporting year. If the amount differs from that reported as undistributed at the end of the prior year, a note should explain the adjustment.

If form FHWA-566 is prepared from records of the State treasurer, auditor, or comptroller, the balance may be the amount on hand in a revolving fund, the State general fund, or a highway-user distribution account in the State treasury. In some cases, it may be necessary to combine this fund balance with any amounts in the hands of the collecting agency to account for the total amount of undistributed funds.

Item 7. Total funds available for distribution.—Enter the sum of items 5. and 6.

Item 8. Amounts distributed.—Record the allocation of motor-vehicle, driver-license, and motor-carrier revenues to the expending agencies or funds. In general, the distributions in items 8.A. through 8.J. should be consistent with the information in table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or current statutes where they supplant those given in table MV-106. In the event these revenues, together with other road-user taxes, are placed in an intermediate clearing fund, such as a highway-user tax distribution fund, a balanced statement of the clearing fund should accompany form FHWA-566.

Item 9. Balance undistributed at end of year.—Enter the amount remaining after subtracting item 8.K. (total funds distributed) from item 7. (total funds available for distribution).

Item 10. Expenditures by State collecting agency.—Record amounts expended by the State department of motor-vehicles or other collecting agency. In most cases, the entry in this item will equal the State collecting agency deductions reported in item 4.

When the collection expenses reported in item 4. represent appropriations rather than actual expenditures, there may be differences between items 4. and 10. If the collection agency's retained revenues differ from its actual expenditures in a given year, then the difference should be explained in a note and reconciled by providing the collecting agency's opening and closing cash balances.

Item 10 may also be used to report additional collection expenses that were funded by other revenue sources, such as State general funds or highway funds. A note should be provided to identify the funding source of any additional expenditures that are included.

The expenditure categories shown in items 10.A. through 10.G. reflect the typical activities of a State department of motor-vehicles or similar collecting agencies. Some State collecting agencies perform highway law enforcement and safety functions, in addition to the administration of motor-vehicle, and driver-license taxes and fees. To the extent possible, collecting agency expenditures should be classified by the major categories shown in items 10.A. through 10.G. If a State collecting agency is not involved in some of the activities listed, then those items should be left blank.

Items 10.A. through 10.D.—Enter any State collecting agency expenditures on highway law enforcement and safety activities. For detailed definitions of these items,

refer to the Chapter 8 instructions for item A.5., FHWA-532.

Expenditures for highway law enforcement and safety activities made by other State agencies should be excluded from these items, and reported on form FHWA-532, item A-5.

Amounts reported in these items are combined with amounts reported on form FHWA-532, items A.5.a. through A.5.d, to arrive at a total figure for expenditures on highway law enforcement and safety by all State agencies. To avoid duplication, any amounts reported on form FHWA-566, item 10., should not be reported on form FHWA-532.

Items 10.E. through 10.G.—Enter the collecting agency expenses for the administration of motor-vehicle, driver-license, and motor-carrier taxation. These expenses should not be duplicated in any item on form FHWA-532.

Item 10.H.—Enter and identify any expenditures of the State collecting agency included in item 4. that are not easily categorized into items 10.A. through 10.G. Expenditures reported in this item should not be duplicated in any item on form FHWA-532.

SUPPLEMENTAL INFORMATION

Form FHWA-566 is a condensed statement of finances. To assist the FHWA Washington Headquarters in interpreting the data on the form and in understanding the transactions, it would be helpful if the States provided supplemental schedules, such as balanced statements of the motor-vehicle inspection fund, driver training fund, and highway patrol fund, with form FHWA-566 where appropriate. Copies of annual reports or budgets of the department of motor-vehicles, the department of public safety (highway patrol), and other collecting agencies should be supplied to the Washington Headquarters as reference material. Also, when legislation affects the amount or distribution of motor-vehicle or motor-carrier revenues, a copy of the legislation should be provided to the Washington Headquarters (HPPI-10).

CHAPTER 7

PERIODIC SPECIAL REQUESTS FOR MOTOR-FUEL, MOTOR-VEHICLE, DRIVER-LICENSE, AND FINANCIAL INFORMATION

The reports on motor fuels, motor vehicles, driver licensing, motor carriers, and highway finance in this Guide provide FHWA with data and information for the national summary tables. These tables and information are published in *Monthly Motor Fuel Reported by States*, annually in *Highway Statistics*, and in *Our Nation's Highways*.

The FHWA also produces a wide variety of other materials, including special tables, that provide valuable background detail on, for example, motor-vehicle and motor-fuel tax laws and various aspects of the administration of these tax systems. These materials are supported from information requested in this chapter. To obtain data for these materials, the FHWA makes periodic special requests of the States for certain motor-fuel, motor-vehicle, driver-license, highway-finance, and toll facility information that is not obtained through the standardized reports in this Guide. This chapter outlines the nature of these periodic special requests, the procedures involved, and the use of the information obtained.

HIGHWAY TAXES AND FEES

Approximately every 2 years, the FHWA requests each State to provide current information on State taxation of motor-fuels, motor-vehicles, licensed drivers, and motor-carriers; and on the administration and disposition of these highway-user taxes and other State taxes that were dedicated for highways. This is usually accomplished by reviewing certain FHWA tables from the publication, *Highway Taxes and Fees - How They Are Collected and Distributed*, and updating the information to reflect current laws and practices.

State motor-fuel taxation and administration.—State authorities are requested to review the motor-fuel information for their State in FHWA tables MF-101, 102, 103, 104, 105, 107, 108, 109, and 110; and to make any changes necessary to update the information and to reflect new effective dates.

State motor-vehicle registration fee schedule.—Certain vehicles are selected to show the range of registration fees, from small passenger cars through commercial vehicle combinations. Information is requested by sending each State copies of the most recent information

for that State in the form of FHWA table MV-103 and asking the State to update its data.

Disposition of motor-fuel, motor-vehicle and motor-carrier tax receipts and other State taxes for highways.—Each State is provided the latest published FHWA tables MF-106, MV-106, and S-106 for their State. The States are requested to review and update the information for the next publication of the tables and to forward current information on the disposition of highway-user taxes and taxes dedicated to highways as provided by State law. Table MF-106 presents the legal and administrative provisions for allocating State motor-fuel taxes. Table MV-106 provides similar information on State motor-vehicle registration fees, driver-license fees, and motor-carrier taxes. Table S-106 provides similar information for State taxes and fees dedicated for highways that are not classified as highway-user taxes and fees.

DRIVER LICENSE ADMINISTRATION, REQUIREMENTS, AND FEES

Approximately every 2 years, State authorities are requested to review the entries for their State on FHWA tables DL-101 through 107 and make any changes necessary to update that information for the publication *Driver License Administration Requirements and Fees*. The information, provided by the State and Provincial driver licensing authorities, details the administrative requirements and qualifications to obtain a driver license in all States, the District of Columbia, Puerto Rico, and the Provinces of Canada. Information on driver license content and driver improvement provisions are also included.

STATUS OF TOLL FACILITIES

The report, *Toll Facilities in the United States, Bridges-Roads-Tunnels-Ferries*, contains selected information on toll facilities in the United States. The information is based on a survey of toll facilities in operation, financed, or under construction. The report contains information on the name, financing or operational authority, location and termini, feature crossed, length, and road system for toll roads, bridges, tunnels, and ferries that connect highways. It also contains a list of those projects that are under serious consideration as toll facilities, awaiting

completion of financing arrangements, or proposed as new toll facilities that are being studied for financial and operational feasibility. Finally, it contains data on the receipts and disbursements of public toll facilities. This report is not intended to be a complete reference on toll facilities nor is it intended to duplicate data published by other organizations.

This report is updated every 2 years. The States are requested to provide current information on the status of toll facilities with an effective date of the following January 1.

CHAPTER 8

REPORTS IDENTIFYING HIGHWAY INCOME AND EXPENDITURES OF STATE GOVERNMENTS

This chapter details the procedures for completing form FHWA-531, State Highway Income, and form FHWA-532, State Highway Expenditures. These forms have been designed to record information on a State government's highway and *mass transit financing* activities.

Form FHWA-531 reports the State government's highway-user revenue and other revenues used to fund a State's highway and mass transit expenditures. Form FHWA-532 reports the State government's highway and mass transit expenditures, and any nontransportation distributions from highway-user revenues. This reporting is inclusive of all State agencies with highway and mass transit functions. These agencies include: departments of transportation (DOT), highway departments or highway agencies, State Police or State Highway Patrol agencies, toll authorities, quasi-State and multi-State agencies, and others. References to State DOTs include State highway departments and agencies.

Forms FHWA-531 and FHWA-532 together are intended to provide an *annual cash flow statement for highways and mass transit in which major revenue sources and major expenditure items are identified*. Together, forms FHWA-531 and FHWA-532 provide a balanced statement of all funds controlled or administered by State agencies that perform highway-related functions. The data reported on these forms provide the basis for entries in the FHWA's SF series of highway finance tables.

The FHWA highway finance tables (State and local) are the basis of important national summaries of highway finance information that are used by FHWA, the U.S. Department of Transportation, the Office of Management and Budget, the Congress and other groups to develop national transportation policy and programs. For example, highway finance data are used in a report to Congress on the future highway needs of the Nation that the Secretary of Transportation is required to prepare biennially (Title 23 U.S. Code, section 502(g)).

The finance summaries in combination with Highway Performance Monitoring System (HPMS) data permit FHWA to infer relationships and trends about changes in highway conditions and performance to changes in highway expenditures and investment patterns for all levels of government. These data are used in estimating

highway needs and promote discussion in the development of the appropriate future Federal responsibility in highway transportation.

Each form provides spaces for entering the State name, the reporting year, notes and comments, the data reporting source and the preparer of the forms. Pages 2 and 3 of each form provide eight columns, columns (b) through (i), for the State's convenience in identifying and reporting at least the major funds administered by the State DOT or other reporting agency. The columns may also be used to report data by agency, function, or activity. This structure makes it relatively easy for the user of the two reports to trace the flow of revenues into, and expenditures out of, each fund. Page 1 of forms FHWA-531 and FHWA-532 provide for recording essential details of various summary entries on pages 2 and 3. Additional detail may be provided on page 4 or in a note or supplemental schedule.

This chapter presents the detailed instructions for each form separately, but neither form can be completed without a working knowledge of the other. The two reports constitute an integral unit. Before discussing how to complete each form, the chapter covers important general considerations regarding the forms. It is strongly suggested that the user of this chapter become familiar with this material and with the instructions for both forms before attempting to complete either form.

IMPORTANT GENERAL CONSIDERATIONS

Reporting year.—States may choose to report data for a either a calendar year, or the State fiscal year. Indicate the selected 12-month reporting period on page 1. The due dates for forms FHWA-531 and FHWA-532 are set according to the data reporting year on the forms. See Chapter 1 for information on form due dates. Once the State has chosen the time period basis for its reports, it should continue to use the same reporting year basis for future reporting.

The FHWA-531 and FHWA-532 reports are part of a group of statistical and economic evaluators of State highway operations and are not intended to be strictly accounting records. A State should use the reporting year that permits it to provide the most accurate and complete data by the required due dates. Forms

FHWA-531, FHWA-532, FHWA-534, FHWA-541, FHWA-542, and FHWA-543 must all be prepared for the same time period.

State highway receipts and expenditures should correlate and reconcile with other reported information on State highway operations, i.e., DOT annual financial reports, annual State Budget, etc. Differences between data reported on form FHWA-531 and that reported on forms FHWA-556 and FHWA-566 caused by the use of *different reporting years* should be noted on form FHWA-531.

Accounting methods.—Many State DOTs keep accounts on an accrual basis, while others record transactions on a cash basis. Forms FHWA-531 and FHWA-532 should be compiled on a cash basis. Because States differ in their handling of accrued revenues and expenditures, reporting on a cash basis ensures comparability of data among State agencies and functions.

Converting from an accrual to a cash basis primarily involves the handling of accounts receivable and payable. The State must avoid reporting receivables as income and payables as expenses. The principal method of conversion is the use of net entries, that is, add prior year and subtract current year entries to the appropriate accounts.

Under accrual accounting procedures, some State DOTs carry an "accounts payable" account, which usually consists of contractors' retainage and similar reserves. In converting to a cash basis, the net change (plus or minus) in "accounts payable" from beginning to end of the year should be absorbed in the appropriate expenditure item on form FHWA-532. If the entry mostly reflects amounts retained for construction work, then the net change should be absorbed in FHWA-532, item A.1. If the proper expenditure item cannot be identified, the net change in "accounts payable" should be reported in item A.4. on form FHWA-532 and described in a note.

Coverage.—Forms FHWA-531 and FHWA-532 are designed to accommodate the accounting transactions of State DOTs and all other State agencies which have highway or mass transit functions. Receipts and expenditures of other State agencies should be shown in separate columns from those of the State DOT on the forms.

States that prefer not to commingle State DOT transactions with the highway transactions of other State agencies on the same forms should provide an additional form FHWA-531 and form FHWA-532 or a similar

supplemental report for each State agency not included on the primary report. Provision must be made to report the highway and mass transit related activities of State agencies such as State park boards, conservation commissions, departments of public safety (State police and highway patrol), Governor's office of highway safety, motor-vehicle departments, special toll (or free road) authorities and State bond commissions.

In some States, aid to local governments for highway purposes is derived from Federal shared revenues or from State taxes, fees, or appropriations (other than road-user taxes) that do not pass through State DOT accounts. Any Federal or State funds known to have been distributed to local governments for highway activities during the year should be included on forms FHWA-531 and FHWA-532 or reported on a supplemental statement. (See the discussion later in this chapter regarding items B.6., B.7., and B.8. on form FHWA-531 and item A.10. on form FHWA-532.)

Receipts and disbursements by the State government for mass transit activities are included on forms FHWA-531 and FHWA-532. The reporting of mass transit information should exclude public and private mass transit operators. Operator data are reported through the Federal Transit Administration's (FTA) Section 15 program, and should be omitted from FHWA-531 and FHWA-532. Only State government subsidies of mass transit operators, or independent programs operated by the State Government should be reported. A separate column on form FHWA-531 and FHWA-532 should be used for mass transit data.

Toll facility data.—Toll facility data should be identified and reported separately from other State highway finance data on forms FHWA-531 and FHWA-532. Toll facility data may be reported through annual audit reports, on optional form FHWA-539, or in separate columns on forms FHWA-531 and FHWA-532. See Chapter 10 for specific instructions on toll facility reporting.

Classification of local governments.—Local governments are defined to include counties, townships, municipalities and agencies subordinate to them. Subordinate agencies to local governments may include special highway authorities and districts, regional authorities, and special multi-jurisdictional authorities. Local government highway funding should be reported on form FHWA-536. See Chapter 11 for specific instructions on local highway finance reporting.

Funds to be reported.—Columns (B) through (H) on pages 2 and 3 of forms FHWA-531 and FHWA-532 should be used to record at least the major funds

administered by the State for highways and mass transit. If reporting by fund categories, each major fund should be reported in a separate column. Column (B) should be used to identify funds from the Federal Highway Administration (FHWA). Minor funds can be grouped in a single column. In addition, since forms FHWA-531 and FHWA-532 together constitute a balanced statement of income and expense, transactions in each fund should be in balance between forms FHWA-531 and FHWA-532.

If a single highway fund is responsible for all of the highway-related activities in the State, or if highway transactions are made entirely through the State general fund, column (a) should be used to represent the highway fund's financial transactions. The State should use additional columns for informational purposes, for reporting by activity, function, or State agency, and for reporting mass transit activities.

When all highway and mass transit activities are funded through a transportation fund, separate columns for highways and mass transit should be used. Additional columns should be used for informational purposes and for reporting by activity, function, or State agency.

Sinking funds or other debt reserves for highway debt should be reported in a separate column. If the State DOT allocates funds for debt service to an account maintained by the State treasurer, State bond commission, or other State fiscal officer, the complete transactions of the debt funds should be recorded on forms FHWA-531 and FHWA-532. If the State prefers, the State may report sinking fund and debt service transactions on optional form FHWA-543 instead of on forms FHWA-531 and FHWA-532. See Chapter 9 for specific instructions on reporting State transportation debt.

Sinking funds and debt service for mass transit should be reported separately from information on highway debt. Debt service for mass transit should be reported in item A.11.d. on form FHWA-532.

When highway activities are funded through several sources, the State may find that reporting information in separate columns by activity, function, or fund provides a clearer presentation of its highway finance.

Income and Expenditures to be reported.—For information on specific State taxes and fees to be accounted for, see tables MF-106, MV-106, and S-106 in the publication *Highway Taxes and Fees, How They Are Collected and Distributed*. These tables identify motor-fuel, motor-vehicle and other State tax revenue distributions for highways and mass transit.

In general, all motor-fuel and motor-vehicle distributions shown on form FHWA-556, item 8, and form FHWA-566, item 8., should be included as receipts on form FHWA-531. Any distributions that are not included on form FHWA-531 should be identified in a note.

The following types of expenditures should be recorded as expenditures on form FHWA-532 and the associated revenues should be included in gross income on form FHWA-531:

- ! Expenditures for State highway police or other law enforcement activities related to State highways should be reported on form FHWA-532.
- ! Payments to other State agencies for services on State highways or debt service on State highway bonds should be included on form FHWA-532. Highway costs include payments to the State attorney general's office for legal services, to the State auditor for auditing services, or to a State fiscal officer for debt administration or debt service payments in connection with State highway bonds.
- ! Payments to local governments for work on local roads and streets are reported as transfers on form FHWA-532.
- ! Expenditures on public roads for the benefit of private interests and the associated private contribution or reimbursement are included on form FHWA-532. An example is when the State constructs an interchange to give a business access to the State highway system and the company either partially or fully reimburses the State for the cost of the interchange.
- ! State expenditures and transfers for mass transit activities should be included on form FHWA-532.
- ! Expenditures of highway-user revenues for nonhighway purposes are identified and reported on form FHWA-532.

All other receipts and expenditures related to highway and mass transit activities should be recorded on forms FHWA-531 and FHWA-532 with the following exceptions:

- ! Any refunds and costs associated with the collection and administration of highway-user

taxes and fees that are not deducted on forms FHWA-556 and FHWA-566, should be deducted in the detail section for items B.1. and B.2. on form FHWA-531. Refunds, collection expenses and administrative costs of highway-user taxes and fees should not appear in item A.4. or A.13. on form FHWA-532.

! Receipts and disbursements of State toll facilities should not be reported with other State information on forms FHWA-531 and FHWA-532. Toll facility information should be reported according to the instructions in Chapter 10. The only toll-related information reported on forms FHWA-531 and FHWA-532 involves State transfers to toll facilities and toll facility transfers to State highway programs. (See instructions for form FHWA-532, item A.8. and for form FHWA-531, item B.5.)

! The proceeds from and redemption of short-term notes should be omitted from forms FHWA-531 and FHWA-532. Notes outstanding should be included as negative adjustments to the opening and closing balances on FHWA-531 and FHWA-532. Interest costs on notes should be reported on FHWA-532 in item A.6.b.

! Receipts that are reductions of previous expenditures should not be reported on form FHWA-531. Instead those receipts should be removed from the associated expenditure items on form FHWA-532. For example, the sale of land originally purchased for right-of-way should be offset against item A.1.a. on form FHWA-532.

! When construction projects cross State lines and involve expenditures by two States, each State should report only its share of the total project expenditures. For example, the State awarding the contracts and administering the project should report only its share of expenditures from its own revenues. The reimbursing State should include its share of project costs as a direct expenditure and not as a transfer. The net result is that each State will receive credit for its respective share of the projects costs. No fund transfers are reported between the States. This treatment avoids duplicating revenues and expenditures when State data are combined into national tables.

! When construction projects are controlled jointly by State and local governments, only the State's share of the costs would appear on form FHWA-532. The local government's share of costs would appear on form FHWA-536. For example, if a local government performed work on a road under State jurisdiction, but the State retained responsibility for engineering and oversight functions, then the local government's construction costs would be reported on form FHWA-536, while the State's engineering and overhead costs would be reported on form FHWA-532.

! When a local government has controlled all aspects of a project, such projects would be reported on form FHWA-536, and excluded from form FHWA-532. This is true even if the local government has contracted with the State to perform some of the work. If the State has acted only as a subcontractor to a local government, then the State work on the local project is omitted from form FHWA-532 and the associated reimbursements to the State are omitted from form FHWA-531. This avoids duplication between forms FHWA-536 and FHWA-532, by assigning project costs to the responsible level of government.

! Reimbursements to the State from private sources for nonhighway expenditures are omitted from form FHWA-531. The nonhighway expenditure would also be omitted from form FHWA-532. Examples are when the State is reimbursed for paving the driveway of a private individual while it is repaving a neighborhood street, or when it resurfaces a shopping center parking lot for a private developer or a private street in a townhouse development for a homeowners' association. In these cases, the State has acted as a private paving contractor and neither the reimbursement nor the expenditure should be reported. Similarly, if the State sells bags of salt to private individuals for private use, the State's salt and snow removal expenditures should be reduced by the cost of salt sold to private individuals.

INSTRUCTIONS FOR FORM FHWA-531

The following procedures should be followed in recording data for the items on page 2 and in providing

the detail for the supporting schedule on page 1 (the items on page 1 are numbered to correspond to the items on page 2).

Item A. Balances on hand at beginning of year.—This item records the balances available at the beginning of the reporting year. The balances are composed of cash and the value of investments at cost. These balances should include (a) balances in all funds standing to the credit of the State DOT, including bond sinking and debt service funds, (b) highway and mass transit fund balances to the credit of other State agencies that are included on forms FHWA-531 and FHWA-532, and (c) unexpended or unallocated proceeds of previous years' bond sales. The balances are identified by fund, agency, or activity in columns (A) through (H).

Item A.1. Reported at end of prior year.—Enter the amount of cash and investments reported as an unexpended balance in item C. on form FHWA-532, for the prior year.

Item A.2. Adjustments of balance.—Enter any adjustments to the prior year's ending balances. Generally, beginning year balances should be revised only as a result of an audit or to add a fund or agency to the reporting. Lapsed appropriations or allocations should not be shown as revisions of the balances because they may not represent cash transfers.

When lapsed appropriations or allocations result in a reversion of funds to the State general fund, the resulting cash transfer should be accounted for as a transfer to the State General Fund in item A.13.a. on form FHWA-532.

When adjustments are made in item A.2. to revise a balance in item A.1., an explanation of the revision should be provided in a note.

Transfers among the funds reported on form FHWA-531 should not be recorded as adjustments of balances. Transfers are reported in item C. on form FHWA-531 and in item B. on form FHWA-532.

Item A.3. Balance at beginning of year.—Enter the result of item A.1. and adjustments from item A.2.

Item B. Income.—Ten categories are provided for summarizing and reporting income by fund, agency, or activity.

Item B.1. State motor-fuel taxes.—Record the net amount of State revenue that was raised from State taxation of motor-fuels. Net motor-fuel revenues are

directly related to the taxation on the highway use and highway users of gasoline, gasohol and special fuels as reported on form FHWA-556.

The revenue distributions represented in this item should correspond to information provided on State revenue distributions in table MF-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in table MF-106.

The detail for this item assists in reconciling forms FHWA-556 and FHWA-531. If form FHWA-556 is not available at the time form FHWA-531 is prepared, then the detail for this item should be left blank. When form FHWA-556 is provided, the State should also prepare a reconciliation between item 8., FHWA-556 and this item. The reconciliation can be either a revised page 1 of form FHWA-531 or a supplemental statement containing information similar to detail items B.1.a. through B.1.f.

Item B.1.a. Total Distributed.—Enter the amount of net motor-fuel tax revenue that was distributed by the collecting agency. This amount should correspond to the total distributions reported on form FHWA-556, item 8. If form FHWA-556 is prepared for a different reporting year than form FHWA-531, the amount reported on form FHWA-556, item 8 is still reported in this item. Compensating adjustments are made in item B.1.b.

Item B.1.b. Adjustments due to Timing Differences.—Report any differences between form FHWA-531 and form FHWA-556 attributable to timing differences. Timing differences may be caused by differences in reporting years used for the two reports, or because of delays between the time funds are reported as distributed in collecting agency records, and the time funds are reported as received in highway agency records.

Before any amount is entered in this item, it should be verified that timing differences are the reason for differences between the reports, and that differences in definition are not a factor. Forms FHWA-531 and FHWA-556 should be prepared using the same definitions of motor-fuel taxes.

Item B.1.c. Less Collection costs not shown on FHWA-556.—Enter costs incurred in the collection of motor-fuel taxes that were not deducted on form FHWA-556, item 4. Typically, deductions from motor-fuel tax revenues for collection expenses and administrative costs made by the collecting agency prior to the funds being distributed should be reported on form

FHWA-556. If the collection expenses are paid after the distribution of motor-fuel tax revenues and are not reported on form FHWA-556, they should be reported in this item.

Item B.1.d. and B.1.e. Less Other (Specify).—Enter any other amounts distributed on form FHWA-556, item 8 that are not fully accounted for on forms FHWA-531 and FHWA-532. Specify the agency, activity, or purpose of the distribution in the space provided or in a footnote.

All distributions reported in item 8 of form FHWA-556 should be fully accounted for on forms FHWA-531 and FHWA-532. If the State excludes some nonhighway distributions of motor-fuel tax revenue from form FHWA-532, then the excluded amounts should be reported in this item, and identified separately. For example, if form FHWA-556, item B.8. includes distributions to a School Fund but the State prefers not to account for these expenditures on form FHWA-532, item A.13., these amounts should be reported as a deduction in this item and identified as a distribution to the School Fund. If multiple nonhighway funds or accounts are excluded, then each should be listed separately in this item or in a note.

Item B.1.f. Net Income.—Enter the sum of items B.1.a through B.1.e. This amount should equal the total shown for item B.1. on page 2.

Item B.2. State motor-vehicle, driver license, and motor carrier taxes and fees—Record the net amount of State revenue that was raised from State taxation of motor-vehicles, drivers, and motor-carriers. These net revenues are directly related to State taxation imposed on the ownership and operation of motor-vehicles for highway purposes through motor-vehicle registration fees, dealer licenses, driver licenses, certificates of title, gross receipts taxes, distance taxes, weight/capacity taxes, permit fees, fines and penalties for infractions of the motor-vehicle registration laws, and miscellaneous receipts of the State motor-vehicle agency. The information reported in this item should be consistent with that reported on form FHWA-566.

The revenue distributions reported in this item should correspond to information provided on State revenue distributions in table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in table MV-106.

The detail for this item assists in reconciling forms FHWA-566 and FHWA-531. If form FHWA-566 is not

available at the time form FHWA-531 is prepared then the detail for this item should be left blank. When form FHWA-566 is provided, the State should also prepare a reconciliation between item 8., FHWA-566 and this item. The reconciliation can be either a revised page 1 of form FHWA-531 or a supplemental statement containing information similar to detail items B.2.a. through B.2.f.

Item B.2.a. Total Distributed.—Enter the amount of net motor vehicle revenue that was distributed by the collecting agency. This should correspond to the amount reported on form FHWA-566, item 8.

If form FHWA-566 is prepared for a different reporting year than form FHWA-531, the amount reported on form FHWA-566, item 8 is still reported in this item. Compensating adjustments are reported in item B.2.b.

Item B.2.b. Adjustments due to Timing Differences.—Enter any differences between forms FHWA-531 and FHWA-566 attributable to timing differences. Timing differences may be caused by differences in reporting years used for the two reports, or because of delays between the time funds are reported as distributed in collecting agency records, and the time funds are reported as received in highway agency records.

Before any amount is entered in this item, it should be verified that timing differences are the true reason for differences between the reports, and that differences in definition are not a factor. Forms FHWA-531 and FHWA-566 should be prepared using the same definitions of motor-vehicle, driver license, and motor-carrier taxes, fees, and revenues.

Item B.2.c. Less Collection costs not shown on form FHWA-566.—Enter costs incurred in the collection of motor-vehicle, driver license, and motor-carrier taxes and fees that were not deducted on form FHWA-566, items 2 or 4. Deductions for collection expenses and administrative costs made by the collecting agency prior to the revenue distribution, should be reported on form FHWA-556. Collection costs paid after the distribution of motor-vehicle, driver license, and motor-carrier tax revenues and not reported on form FHWA-566 should be reported in this item.

Item B.2.d.-B.2.e. Less Other (Specify).—Enter any other amounts distributed on form FHWA-566, item 8 that are not fully accounted for on forms FHWA-531 and FHWA-532. Specify the agency, activity, or purpose of the distribution in the space provided or in a footnote.

All distributions reported on FHWA-566, item 8, should be fully accounted for on forms FHWA-531 and FHWA-532. If the State excludes some nonhighway distributions of revenues from motor-vehicle, driver license, and motor-carrier taxes and fees from form FHWA-532, the excluded amounts should be reported in this item, and identified separately. For example, if form FHWA-566, item B.8. includes distributions to a School Fund but the State prefers not to account for these expenditures on form FHWA-532, item A.13., then these amounts should be reported as a deduction in this item and identified as distributed to the School Fund. If multiple nonhighway funds or accounts are excluded, then each should be listed separately in this item or in a note.

Item B.2.f. Net Income.—Enter the sum of items B.2.a. through B.2.e. This amount should equal the total shown for item B.2. on page 2.

Item B.3. Appropriations from State general funds.—Enter the net revenues that were received from appropriations for all highway and mass transit activities from State general funds. The purpose of the appropriations should be identified in the detail section on page 1.

Although most of a State's funding for transportation programs is through dedicated highway and mass transit accounts and trust funds, some highway and mass transit related functions may be funded by the State General Fund. Some non-DOT agencies involved in highway activities are not funded from a State highway account or trust fund. For example, appropriations made to State agencies other than the State DOT for road work on roads that are not on the designated State or local system. State park, forest, and institutional roads are examples of the types of roads that may be funded by general fund appropriations. The highway law enforcement and safety activities of the State police or other State highway safety agencies are further examples of activities that could be funded from the State general fund. Also, the State general fund may support debt service on State obligations that were issued for highway or mass transit purposes.

If another State agency provides funds to a State DOT for road work, then the revenue should be reported according to the ultimate source of the other agency's funding. Frequently, the State general fund is the source of funds for the other State agency.

In States that operate predominately through the general fund, all highway appropriations should be recorded in this item. Generally, the "one-fund" States do not have

specific highway funds receiving dedicated highway-user tax revenue. Instead, all State taxes and fees are deposited into the State general fund and lose their identities.

Item B.4. Other State taxes or fees.—Enter the amount of other State taxes or fees that were dedicated and used for highway and mass transit purposes. Examples of tax revenues reported in this item include: sales and use taxes, oil royalties, severance taxes, corporate income taxes, specific ownership taxes, traffic impact fees, benefit assessments, etc. Only the proceeds of these and other taxes and fees that are legislatively allocated or dedicated for highways and mass transit should be recorded in this item. The net revenues for highways from special assessment or taxing districts should appear in this item. The tax source should be identified in the supporting schedule on page 1. The other taxes or fees that are reported in this item are not classified as highway-user revenues and are not included in items B.1. or B.2. on form FHWA-531.

Table S-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* should be used as a guide to the major taxes and fees to be accounted for as other State taxes for highways. All other State taxes or fees transferred to local governments for highways should be reported in this item, even if the funds do not pass through the State DOT.

Item B.5. Funds from toll facilities.—Enter all funds transferred from toll facilities to nontoll State accounts for State highways, mass transit, and other activities. Do not include reimbursements for road work on State toll facilities performed by the State DOT.

State DOT expenditures on toll facilities should be included in the toll facility reports, not on forms FHWA-531 and FHWA-532. Reimbursed expenditures are considered as expenditures of the toll facility. If the toll facility report submitted by the State excludes work performed on its behalf by the State DOT, then the State should submit a supplementary statement showing these amounts.

Item B.6. Funds from Federal Highway Administration.—Record in this item the total amount of funds received by the State during the year from the FHWA. The funds should be recorded on the basis of actual payments (checks received) and not on the basis of obligations, earnings, or vouchers submitted but not paid.

Many States maintain separate funds for Federal-county, Federal-State-county, or Federal-city programs. In these

cases, Federal payments for projects on roads and streets that are under local jurisdiction should be identified and recorded in appropriate fund columns on page 2. However, when no separate account or fund has been established, it is still desirable to identify and segregate the Federal, State, and local funds for work on roads that are under local jurisdiction in separate columns. These income items can then be related to the direct State expenditures that are entered in item A.9. or the State transfers in item A.10. on form FHWA-532. If sufficient columns for these entries are not available, the transactions should be reported in a supplemental statement or in a note.

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) provides Federal credit assistance to major transportation investment projects of critical national importance. Federal credit assistance takes the form of secured loans, loan guarantees, and standby lines of credit. Amounts received under this program should be identified in a note that also indicates how the funds were used.

Federal funds used to capitalize a State Infrastructure Bank (SIB) or infrastructure revolving fund should be identified in a note. The receipt and expenditure of those funds should also be shown in a separate column on forms FHWA-531 and FHWA-532.

Federal funds used on a toll road project should be identified in a note that indicates the toll facility and the use of the Federal funds.

Item B.6.a. Highway purpose.—Enter the amount of FHWA funds that were expended for highway purposes.

Item B.6.b. Transit purpose.—Enter the amount of FHWA funds that were expended for mass transit purposes. FHWA's Surface Transportation Program (STP) or Congestion Mitigation and Air Quality Improvement (CMAQ) funds transferred to transit projects administered by the FTA should be reported in this item.

Item B.6.c. Total.—Enter the sum of items B.6.a. and B.6.b.

Item B.7. Funds from other Federal agencies.—Record in this item all funds for highways and mass transit received from Federal agencies other than the FHWA. The agencies and amounts should be identified in the supporting schedule on page 1. Table F-106 in *Highway Taxes and Fees, How They Are Collected and*

Distributed should be used as a guide to highway and road assistance programs of other Federal agencies.

Sometimes, one Federal agency will administer funds provided by another Federal agency. To the extent possible, the amounts should be identified as payments from the source agency, not the administering agency. For example, Federal Transit Administration (FTA) funds administered by FHWA should be identified as payments from FTA to the State.

All Federal funds paid to, shared with, or expended by the State for road purposes should be reported in this item including Federal funds that were paid to State agencies other than the State DOT or were paid in the final instance to local governments.

Item B.7.a. Federal Transit Administration-highway purpose.—Enter all FTA funds that were expended for highway projects.

Item B.7.b. Federal Transit Administration-transit purpose.—Enter all FTA funds that were expended by the State for mass transit projects.

Item B.7.c. National Highway Traffic Safety Administration.—Exclude FHWA funds administered by NHTSA under provisions of Title 23 sections 402, 403, 405, 406, 407, 408, 410, and 411. Include all other funds administered by NHTSA.

Item B.7.d. Forest Service.—Enter all funds received from the U. S. Forest Service that have been or will be used for highways.

The National Forest Fund transfers a portion of timber sale receipts to States for roads and schools in counties where forests are situated. Often, these funds are passed through to county governments by State agencies other than the State DOT. This may make it difficult for the State DOT to determine the actual amount used for roads during the current year.

The State may elect to report this information in a footnote indicating the approximate percentage of its Forest Service receipts that have been used for roads in the past. FHWA will estimate this item based on the percentage supplied by the State and on current year payment data supplied by the Forest Service.

Items B.7.e. through B.7.o. Other Federal agencies.—Enter all other Federal funds received by the State for highway and mass transit purposes. Identify the

amount and Federal agency in the appropriate item on page 1.

Item B.7.p. Total.—Enter the sum of items B.7.a. through B.7.o.

Item B.8. Funds from local governments.—Enter the funds provided by local governments for expenditure by the State on highways or mass transit. If there were contributions from other rural units, such as county road improvement districts, this fact should be given in a note.

Funds from local governments that were advanced to the State prior to expenditure or as a loan should also be recorded in this item. Unexpended amounts should be included in the balances. The repayment of advances by the State should be shown in item A.10., FHWA-532. However, loan advances and repayments made in the same year should be omitted. The proceeds of local bonds on which the State is responsible for meeting the interest and/or principal payments should be reported in item B.9. instead of in this item.

In some cases, a portion of the local governments' share of State highway-user revenues is not paid directly to local governments, but is retained by the State and used to match Federal-aid funds for road projects for local governments, to reimburse the State for work performed at the request of local governments, or for other purposes. Since the funds were never actually transferred by the State to the local government, these funds should be treated as if they were generated and expended solely by the State. In such cases, no transfer of funds would be shown in this items, or in item A-10 on FHWA-532.

When the funds transferred from local governments are earmarked for a specific purpose, the amounts should be identified in an appropriate column that shows the linkage between the local funds and their object of expenditure.

When local governments provide at least part of the matching funds for State-administered Federal-aid projects, any funds for these projects should be recorded in this item, whether the State expenditures occur on State jurisdiction roads, or local jurisdiction roads.

Item B.9. Proceeds of sale of bonds.—Enter the net proceeds of bonds issued for the construction of highways and public mass transit. The net proceeds of obligations issued for the purpose of refunding existing debt should also be included in this item. The amount reported should agree with FHWA-541, item 9.A.(7). Any differences should be explained in a footnote.

The net proceeds of State bonds issued by the State for local roads and streets, and the financial transactions associated with local bonds assumed by the State should be recorded in a separate column.

The proceeds of the issue of State highway notes or other evidences of indebtedness that will be redeemed within 2 years should not be recorded on form FHWA-531. Instead, the amount of the temporary indebtedness outstanding at the beginning and the end of the year should be deducted from the beginning of year balances in item A., FHWA-531 and the end of year balances in item C. on form FHWA-532. The issuance of warrants (if any) for payments on construction or maintenance work should be handled in the same manner, with the transactions recorded on form FHWA-532 as expenditures during the period in which the warrants were issued. The cost will then be shown for the year in which it was incurred and the necessity for recording the retirement of the warrants will be avoided.

Item B.10. Miscellaneous State highway income.—Record in this item those types of revenue that cannot be specifically classified under another item listed on form FHWA-531. Identify major items in the detail section on page 1, or in a footnote.

Transfers from other State agencies to the State DOT should not be included in this item. Instead, they should be recorded according to the original source of the revenue provided the other agency. In many cases, the source would be the State general fund, so the amounts transferred by other State agencies would be reported in item B.3.,FHWA-531.

Revenue from transactions that are in effect reductions of expenditures should not appear as income on form FHWA-531 (or as a balance adjustment), but should be deducted from the appropriate expenditure item or items on form FHWA-532. For example, proceeds from the sale of right-of-way would be excluded from this item and would instead be deducted from right-of-way costs reported in item A.1.a., FHWA-532. Similarly, proceeds from the sale of maps or plans would be deducted from the gross cost of creating these items, which would be reported in item A.4.a., FHWA-532.

Item B.10.a. Investment income, bond sinking funds.—Enter the investment income of sinking fund accounts or other accounts specifically established for debt service transactions. Investment income includes the interest on deposits and investments, plus the net profit or loss from exchange of cash and investments. This information is needed for States that have established reserves for the

retirement of outstanding debt or for the payment of interest and retirement charges on bonds.

Item B.10.b. Interest on investments, other accounts.—Enter all revenues from interest on deposits and investments and investment income from the net profit or loss from the purchase and sale of investments from all accounts other than bond sinking funds.

Item B.10.c. Private contributions.—Enter all contributions from private sources. Private sector participation in financing highway projects can take the form of cash contributions, transfers of real property, construction of facilities, and services such as engineering. When the value of donated land, facilities or services is reported in this item, a like amount should be added to items A.1., A.7. or A.9. on form FHWA-532 as appropriate, and should also be identified in a note on form FHWA-532.

Items B.10.d. through B.10.h.—Identify large items of miscellaneous income. If additional room is needed, this information can be provided in a note on page 4.

Item B.10.i. Total.—Enter the sum of items B.10.a. through B.10.h.

Item B.11. Total income.—Enter total State highway income by adding items B.1. through B.10.

Item C. Interfund transfers, in.—Enter the sum of all interfund transfers in. In conjunction with item B. on form FHWA-532, item C. records transfers among the funds reported, such as from State highway funds to the sinking fund, or from the construction fund to the maintenance fund, and so forth. Transfers from State motor-fuel and motor-vehicle revenues to the State general fund should not be entered here, but should be shown as expenditures in item A.13.a. on form FHWA-532. Similarly, transfers from the State general fund to highway agency funds should be shown in item B.3. on form FHWA-531.

The sum of the entries in item C. on form FHWA-531 must equal the sum of the entries in item B. on form FHWA-532. If not, the reason for any difference should be explained in a note.

Item D. Total funds to be accounted for.—Enter the sum of items A.3., B.11. and C. The entries in item D. must equal the entries in item D. on form FHWA-532.

INSTRUCTIONS FOR FORM FHWA-532

The following procedures should be followed in recording data for the items on page 2 and in providing the detail for the supporting schedule on page 1 (the items on page 1 are numbered to correspond to the items on page 2).

As a rule, the classification of highway construction and maintenance expenditures should be consistent with the criteria provided in the American Association of State Highway and Transportation Officials publication, *AASHTO Maintenance Manual-1987*. Exceptions to the expected classification of expenditures are provided in the instructions. Since not all situations can be anticipated in these instructions, States are encouraged to use judgment in the classification and recording of expenditures.

All expenditures should be classified according to purpose, and not necessarily according to funds. For example, a number of States expend "maintenance" funds for resurfacing, additions and betterments which should be classified as construction. Such expenditures should be shown as a capital outlay in item A.1. instead of a maintenance expenditure in item A.2.

Item A.1. Capital outlay on State system.—Record in this item capital outlay for highways, roads and streets that are part of the State highway system. Capital outlay includes (1) acquisition of right-of-way, (2) preliminary and construction engineering, and (3) construction of roads and structures, and installation of traffic service facilities.

The cost of construction materials and supplies and, if possible, construction machinery and equipment costs, should be included in the construction expenditures reported. Administrative costs directly assignable to specific capital outlay projects should be included here, but all other administrative costs should be reported in item A.4.

Capital outlay for toll facilities should not be included under this item. See instructions for item A.8. and Chapter 10 for information on toll facility reporting. Mass transit capital expenditures should also be excluded from item A.1. Capital outlay for mass transit should be included only in items A.11. and A.12.

Item A.1.a. Cost of acquiring right-of-way.—Include the following expenditures: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

Item A.1.b. Preliminary and construction engineering.—Include the following expenditures: field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

Item A.1.c. Construction of highways.—Record in this item all expenditures for construction, relocation, resurfacing, restoration, rehabilitation and reconstruction (3R/4R), widening, safety and capacity improvements, restoration of failed components, additions and betterments of roads and bridges. Some aspects of construction are as follows:

- ! Construction of roads includes: roadway earth work and grading; drainage and related protective structures; base and surface or resurfacing; shoulder and approach surfacing, including turnouts, interchanges, frontage roads, climbing lanes and parking areas; utility relocation; major and minor widening; safety related improvements; and environmentally related improvements.
- ! Construction of structures includes: bridges; viaducts; grade separation structures, overpasses and underpasses; vehicular tunnels and subways; sewer and drainage systems, walls and roads over dams; and ferries and landings. This also includes the installation of protective systems on structures subject to particularly harsh environments and chemical damage.
- ! Installation of traffic service facilities includes the cost of building or installing specialized facilities and equipment designed to aid, direct, regulate or control vehicular use of the highways. For example, weather monitors installed along an Interstate highway as part of an Intelligent Transportation System (ITS) project. (Report costs of inspection, highway patrol, and vehicle weight facilities in item A.5.)

Further examples of construction expenditures can be found in the instructions for form FHWA-534 in Chapter 12.

Item A.1.d. Total.—Enter the sum of items A.1.a. through A.1.c.

Item A.2. Maintenance of State system.—Enter all expenditures classified as maintenance for highways, roads, and streets that are part of the State highway system.

The cost of materials and supplies that are used in maintenance activities and maintenance equipment costs should be included in the maintenance expenditures reported. As with construction expenditures, the maintenance expenditures reported should include all administrative and engineering costs directly assignable to maintenance projects.

The term maintenance as used on form FHWA-532 is defined as the function of preserving and keeping the entire highway, including surface, shoulders, roadsides, structures, and traffic control devices, as close as possible to the original condition as designed and constructed. For improved or reconstructed facilities, subsequent maintenance work only insures continued service as redesigned.

Maintenance on form FHWA-532 also includes preventive maintenance activities. These activities extend pavement and bridge service life to at least achieve the design life of the facility. Preventive maintenance involves programs that delay or eliminate the necessity for future resurfacing, restoration, rehabilitation, and reconstruction of the roads or structures.

General maintenance does not include improvements, additions and betterments, or resurfacing, restoration, rehabilitation, and reconstruction expenditures (3R/4R) which should be recorded in item A.1. The purpose of maintenance is to offset the effects of deterioration from age, weather, use, damage, failure, and design and construction faults.

Roadway maintenance includes all expenditures for routine roadway surface, shoulder, roadside and drainage operations. Structure maintenance includes expenditures for repair and maintenance of bridges, tunnels, subways, overhead grade separations, and other structures, including substructure, superstructure, stream bed operations, and bridge painting. Highway and structure maintenance also includes: spot patching and crack sealing of roadways and bridge decks, the maintenance and repair of highway utilities and safety devices, including repair and painting of route markers, signs, guard rails, fences, signals and highway lighting.

Maintenance expenditures for toll facilities should not be included on form FHWA-532. See Chapter 10 for data reporting requirements for toll facilities.

Item A.3. Highway and traffic services.—Record in this item operational expenditures for: (1) traffic control operations and facilities, (2) snow removal and sanding,

and (3) other miscellaneous traffic operation and service expenditures.

Item A.3.a. Traffic control operations.—Enter expenditures for operation of intelligent and other traffic control and surveillance systems that are designed to monitor and control traffic by managing vehicle flow on streets and highways. The purpose of these systems is to improve transportation performance, safety, fuel economy, and air quality. These systems include: traffic signal control; freeway, tunnel and bridge surveillance and control; electronic message boards; video monitoring; traffic information radio stations; motorist aid; etc. Also included is operation of toll-free drawbridges, tunnels and ferries.

Only the operating costs of traffic control facilities should be included in this item. The construction of traffic control facilities is included in item A.1. Maintenance of these facilities is included in item A.2.

Item A.3.b. Snow and ice removal.—Enter expenditures for removal of snow from roadway or roadside, sanding and chemical applications, and the erection and removal of snow fences.

Item A.3.c. Other.—Enter expenditures for highway beautification, junkyard control, control of outdoor advertising, litter pickup and mowing. Also include vegetation management, erosion control programs and programs which monitor highway air quality in nonattainment areas. Air quality programs should be identified in a note on page 4. Expenditures for planning air quality programs should be reported only in item A.4.b.

Item A.3.d. Total.—Enter the sum of items A.3.a. through A.3.c.

Item A.4. General administration and miscellaneous expenditures for State highways.—Record in this item general and miscellaneous expenditures that are not readily distributable to specific construction or maintenance projects. Expenses associated with the administration of State mass transit programs are reported in items A.11.c. or A.12.c.

Item A.4.a. General administration and engineering.—Enter all general expenses of administration, engineering, and miscellaneous expenditures not otherwise classified. Examples include executive salaries and expenses of the State DOT, general engineering and office expenses, operation of department-wide or agency-wide support functions, payment to other State offices for services rendered on behalf of the State DOT, construction and

maintenance of State DOT administrative buildings, cost of insuring buildings and structures, and payment of damage claims and judgments arising from litigation.

Because of varying accounting practices, the reporting of general administrative and engineering expenditures is not uniform among the States. In preparing form FHWA-532, all costs directly attributable to specific projects should be assigned to the appropriate classification in items A.1., A.2., A.7. or A.9. to the extent possible, and eliminated from item A.4.a. For FHWA purposes, expenditures not specifically chargeable to projects or functions should be reported in item A.4. The salaries, wages, related payroll expenses, and fringe benefit costs incurred for the time an employee is actively involved in a function or activity should govern the allocation of those costs to capital outlay, maintenance, administration, etc. These expenses include social security, retirement, insurance premiums, and other payroll benefits.

Administrative expenses such as those for general administration, supervision, and State DOT overhead for management, supervision, and control of the State DOT as an operational State highway agency should not be allocated to capital outlay and maintenance. Such administrative costs would include directors, department heads, other transportation and management officials, legal departments, accounting sections, budget administrations, personnel functions, procurement operations, etc.

The collection and administrative costs associated with motor-fuel and motor-vehicle revenue collections should *not* be included in item A.4. These amounts should be deducted on forms FHWA-556 and FHWA-566, or in items B.1.c. and B.2.c., on page 1 of form FHWA-531.

Many States have established secondary roads divisions for administering State-local programs. To the extent that expenditures of these divisions are restricted to programs for improvement of roads off the State system, the costs of administration should be reported in items A.7.c. and A.9.c. rather than in item A.4.a.

Item A.4.b. Highway planning and research.—Enter all expenditures for highway planning, research and investigation, including laboratory and field research in road and bridge materials and design, traffic research, technical and financial studies, and similar investigations by the State highway planning division or equivalent. Include expenditures for all activities funded under the State Planning and Research Program with SPR funds from FHWA.

Item A.4.c. Total.—Enter the sum of items A.4.a. and A.4.b.

Item A.5. Highway law enforcement and safety.—Record in this item highway law enforcement and safety expenditures by the State DOT, State police, department of public safety, traffic safety commission, and other agencies. These expenditures are classified as: (1) traffic supervision and the enforcement of State highway laws and ordinances; (2) highway, traffic, and driver safety programs; (3) motor-vehicle inspection programs; and (4) enforcement of vehicle size and weight limitations.

To avoid the possibility of duplication, amounts reported in item 10 on form FHWA-566 should not be included in this item. (See the instructions for form FHWA-566 in Chapter 6.) Item 10 on form FHWA-566 should capture any highway law enforcement and safety activities performed by State agencies involved in the collection of motor-vehicle taxes and fees. All other State agencies highway law enforcement and highway safety activities should be reported in this item.

The highway law enforcement activities of other State agencies funded independently of the State DOT should be reported in a separate column on forms FHWA-531 and FHWA-532. If the State prefers, it may report the activities of these other agencies on a separate supplement, instead. Any supplement provided should use the same classification of expenditures as shown in item A.5. The supplement should also show the revenue source that funded the highway law enforcement and safety expenditures. Frequently, other State agencies such as the State highway patrol, State police, or department of public safety, receive their funding from the State general fund.

Highway safety expenditures should include, to the extent possible, the Federal safety programs such as the those provided by sections 402, 403, 405, 406, 407, 408, 410, and 411 of Title 23 of the United States Code conducted by the National Highway Traffic Safety Administration (NHTSA) and the Motor-Carrier Safety Assistance Program (MCSAP) which was reauthorized in the Transportation Equity Act for the 21st Century (TEA-21).

Highway safety construction expenditures should be reported in item A.1.c. on form FHWA-532.

Item A.5.a. Traffic supervision.—Enter the expenses of the State highway patrol or similar agency for providing traffic supervision and patrolling the highways. Traffic supervision includes enforcement of traffic laws, supervision and direction of traffic, accident investigation,

and incidental service functions such as aid to distressed motorists. It includes salaries, benefits, pensions, and equipment costs of officers engaged in these activities.

Costs of criminal investigations and other general policing activities should not be shown in item A.5. If they are financed from highway revenues, they should be reported in item A.13.

Item A.5.b. Highway, traffic, and driver safety.—Enter all expenses of safety programs and similar activities relating to the promotion of highway safety and traffic accident prevention, whether conducted by the State DOT, the highway patrol, a traffic safety commission, or other State agency. Examples of highway safety programs include driver education, motorcycle safety, driver awareness, drunk or impaired driving, accident reduction, and emergency medical services for highway accident victims.

The cost of job safety and accident prevention programs for State employees and highway safety research programs should be recorded in item A.4.

Item A.5.c. Vehicle inspection.—Enter the expenses of inspecting vehicles, operating inspection stations, and other activities related to periodic motor-vehicle inspection programs, including motor-vehicle emissions inspection and motor-carrier safety inspection.

Item A.5.d. Vehicle size and weight enforcement.—Enter expenditures for installing, maintaining, and operating truck weighing stations and other devices involved in the enforcement of vehicle equipment and size and weight limitations on highways. Costs of installing and operating ports-of-entry should be included here if the ports are primarily used as weighing stations. If the ports are used also as information centers, quarantine stations, tax collection points, and so forth, the costs charged to highway funds should be distributed to the other activities as appropriate. Include vehicle weight enforcement facilities eligible for Federal aid under section 101(a) of Title 23 U.S.C.

Item A.5.e. Total.—Enter the sum of items A.5.a. through A.5.d.

Item A.6. Debt service on State obligations for highways.—Record in this item interest and redemption payments for bonds that were issued for highway purposes. Debt service also includes all expenditures incidental to the sale and retirement of highway debt.

When transfers are made from the highway fund to a debt service fund or sinking fund outside of the highway fund or agency, the payment may be entered in item B. on form FHWA-532 as a transfer from the highway fund column and recorded in item C. on form FHWA-531 as a receipt to the debt service fund. Separate columns should be established on forms FHWA-531 and FHWA-532 to record all allocations of debt service funds and debt service expenditures including the transactions of highway debt sinking funds. The State may report debt service and sinking fund transactions on optional form FHWA-543. (See Chapter 9 for instructions on reporting data for debt service on form FHWA-543.)

Debt service on obligations not maintained by the highway agency may also involve revenues not included in the highway fund. States should include this data in the separate columns for highway debt on forms FHWA-531 and FHWA-532 or on form FHWA-543.

Payments of interest and redemption charges on State bonds issued for the construction of local roads and streets should also be entered in item A.6. and posted in a separate column established for that purpose or the details should be given in a note.

Debt service for toll facilities should be reported separately from highway debt. Debt service on mass transit issues is reported in item A.12.d.

Item A.6.a. Paying agents fees, etc.—Enter all debt-related administrative expenses including the costs of preparing and issuing bonds, fiduciary fees, and bond handling charges.

Item A.6.b. Interest.—Enter interest paid during the year including accrued interest received on the sale of bonds or paid on redemptions in advance of maturity.

Interest paid on short-term notes or warrants, should be included in this item, even though the proceeds and redemption of short-term loans that will be redeemed within 2 years are not reported on forms FHWA-531 and FHWA-532. (See the discussion presented under item B.10., FHWA-531.)

Item A.6.c. Retirement by current income.—Enter the amount of net redemption payments for highway debt, that were funded by current income, or sinking funds. Net redemptions are the amount of funds expended to retire or redeem outstanding obligations and consist of the par value of bonds redeemed, as reported on FHWA-542, column 5, plus any premiums or less any discounts. Such premiums or discounts may occur if bonds were

purchased on the open market in advance of the time they would normally have been redeemed. Any large differences between the net amount reported in this item, and the par amount reported on FHWA-542, column 5, should be explained in a note.

Item A.6.d. Retirement by refunding.—Enter the amount of net redemption payments for highway debt, that were funded by the proceeds of refunding bonds. Net redemptions are the amount of funds expended to retire or redeem outstanding obligations and consist of the par value of bonds redeemed by refunding issues, as reported on FHWA-542, column 6, plus any premiums or less any discounts. In many cases, a premium must be paid to retire bonds before their maturity.

Also enter the net amount of outstanding bonds that were refunded through the deposit of refunding bond proceeds into escrow accounts that use those proceeds and investment income to make bond administrative costs, and all remaining principal and interest payments.

Item A.7. Expenditures on other State roads not on State system.—Record in this item all direct expenditures and allocations made by State agencies for capital outlay, maintenance, and administration of highways, roads and bridges that are under State jurisdiction but are not on the State system. These roads are usually in State parks, forests, reservations, or institutions. In many States, such roads are not under the control of the State DOT. Data for expenditures on these roads and the revenues that funded them will need to be obtained from the responsible State agencies.

If the State DOT is responsible for all State jurisdiction roads, including those in parks, forests, reservations, and institutions, then the amounts spent on State roads on and off the State system may not be separable. In this case, the State may leave this item blank, and report the combined amounts in items A.1. through A.4. The State should provide a note to indicate that they have elected to report combined amounts.

The general instructions and classification criteria for items A.1. through A.4. (State highway capital outlay, maintenance, operations and administration, respectively) apply as well to items A.7.a. through A.7.c.

Item A.7.a. Capital outlay.—Enter all State capital outlay for roads and streets that are under State jurisdiction but are not on the State system.

Item A.7.b. Maintenance and traffic services.—Enter all expenditures for State maintenance and for highway and

traffic services for State roads and streets that are not on the State system.

Item A.7.c. Administration.—Enter all administrative costs directly attributable to State work on State roads and streets that are off the State system.

Item A.7.d. Total.—Enter the sum of items A.7.a. through A.7.c.

Item A.8. Transfers to toll facilities.—Enter all State subsidies of or payments to toll facilities. State direct expenditures on State toll facilities should be reported with the transactions of the toll facility. They should be included and noted in this item as if they were a subsidy. See Chapter 10 for data reporting requirements for toll facilities.

Item A.9. Expenditures by State on locally administered roads.—This item records all State expenditures for work either contracted or performed on highways, roads, and streets that are under the jurisdictional control of local governments. A separate column on page 2 should be used on forms FHWA-531 and FHWA-532 to identify the receipts, expenditures, and balances applicable to direct State work on local roads and streets.

Federal laws permit the expenditure of Federal-aid highway funds (and other funds) on roads off the State systems. Expenditures by the State on such projects involving Federal funds and local matching funds should be included in this item. The amount of local matching funds should be identified in item B.9. on form FHWA-531.

The general instructions and classification criteria for items A.1. through A.4. (State highway capital outlay, maintenance, highway and traffic services, and administration, respectively) apply as well to expenditures reported in items A.9.a. through A.9.c.

State DOT expenditures for machinery and equipment used on local road work should be included in this item if identifiable and separable from other equipment expenditures.

State capital outlay on local roads and streets as a part of co-supported projects should be reported in these items. State capital outlay on State highways as a part of co-supported projects should be reported in item A.1.

Item A.9.a. Capital outlay.—Enter all expenditures on highways, roads and streets that are under local jurisdiction made directly by the State or under State

supervision. Any expenditures for acquisition of right-of-way or for preliminary and construction engineering should be identified in a note.

Item A.9.b. Maintenance and traffic services.—Enter all State expenditures for maintenance and highway and traffic services on local roads and streets. Expenditures for highway and traffic services should be identified in a note.

Item A.9.c. Administration.—Enter all expenditures for State administrative expenses that can be specifically allocated to managing State work on local roads and streets or assisting local governments in their road programs.

Item A.9.d. Total.—Enter the sum of items A.9.a. through A.9.c.

Item A.10. Grants-in-aid to local governments.—Enter all funds paid as grants-in-aid or otherwise transferred to local governments or local road improvement districts. Payments to counties and other local units should correspond to information provided on State-to-local revenue distributions for each State in tables MF-106, MV-106, S-106, and F-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in the tables.

If the revenue sources for State grants to local governments are separately identified from those for direct State expenditures, separate columns on forms FHWA-531 and FHWA-532 should be used to account for these transactions. This would clearly show the expenditures and the specific revenues and revenue sources that funded them.

Federal-aid highway funds and other Federal funds passed through to local governments should be included in this item, and should be separately identified. These funds should be identified either in a separate column on the forms FHWA-531 and FHWA-532, or in a note showing the amount of Federal funds transferred and the Federal agency.

The statutory allocations of highway-user revenues to local governments should be reported in this item. However, when the State withholds a portion of the funds as reimbursement for prior expenditures or advances, or as local matching funds for State-local projects, the amounts withheld should be excluded from form FHWA-532 and from item B.9. on form FHWA-531. This avoids the duplication of these funds as income and expenditures for two levels of government.

Do not include in this item payments to counties or other local units under contract to the State for maintenance or construction of State highways. These payments are considered as State expenditures and should be shown in item A.1. or item A.2. Such expenditures should not be included on form FHWA-536.

Payments on obligations assumed as reimbursement for local roads added to the State system are recorded in item A.6. on form FHWA-532.

Any amounts reported in this item should be included in the State and Federal receipts shown in items I.C. and I.D. on form FHWA-536.

Item A.11. Expenditures by State for mass transit purposes.—Record all direct expenditures by the State for mass transit purposes. The amounts reported should be limited to State-wide mass transit programs and should not include the direct expenditures of State-owned mass transit operators. State-wide programs may include such activities as car pools, van pools, specialized transit for the elderly or handicapped, park-and-ride lots and other mass transit programs not tied to specific mass transit operators.

Information on the receipts and expenditures of mass transit operators are reported through the Federal Transit Administration's (FTA) Section 15 program. To avoid duplication, information for State-owned mass transit operators that are reported to FTA should be omitted from forms FHWA-531 and FHWA-532. This item is intended to capture only the State's mass transit activities that are not included in FTA's Section 15 reports.

For the purpose of providing balanced statements, a separate column or columns on page 2 of forms FHWA-531 and FHWA-532 should be used to record income (including Federal aid and other Federal funds), expenditures, and fund balances for direct mass transit activities.

Federal funding for mass transit activities is primarily from the Federal Transit Administration. A number of other Federal agencies and programs also support mass transit activities. The funds provided by other Federal agencies should be identified and reported in item B.7., FHWA-531. Federal Highway Administration funds used for mass transit should be identified in item B.6.b. on FHWA-531.

Item A.11.a. Capital outlay.—Enter direct capital expenditures of the State for mass transit. This includes expenditures for the following: transit right-of-way and

engineering, park-and-ride and other parking facilities, transit malls, transfer facilities, intermodal terminals, shelters, bus maintenance facilities, vehicle support equipment, transit traffic management or operational support systems, rolling stock, and the replacement, rehabilitation and remanufacture of equipment and facilities. For example, this item records State expenditures bus lanes and for the purchase of specialized vehicles for the transportation of elderly or handicapped individuals.

Item A.11.b. Operations.—Enter direct State payments for the operational expenses of mass transit programs. For example, this item records State expenditures for operating State sponsored van pool services, including vehicle leases, maintenance, driver salaries, fuel, tires, insurance, and marketing.

Item A.11.c. Administration.—Enter the expenditures associated with program administration, technical studies, planning and research, and demonstration of mass transit programs and project.

Item A.11.d. Debt service.—Enter the interest and redemption payments for State obligations issued for mass transit purposes. This also includes all expenditures incidental to the sale and retirement of the bonds.

Item A.11.e. Total.—Enter the sum of items A.11.a. through A.11.d.

Item A.12. Grants-in-aid for mass transit purposes.—Record all funds paid as grants-in-aid, subsidies, or otherwise transferred to State, local and private mass transit operators. Also include amounts transferred to local governments or regional authorities for mass transit purposes.

The transfers to mass transit operators reported in this item should be consistent with information on State funding of mass transit as reported by mass transit operators through the Federal Transit Administration's Section 15 program. If any funds were transferred to local governments, regional authorities, or other governmental entities that do not provide information to the Federal Transit Administration, that amount should be reported in a note.

For the purpose of providing balanced statements, a separate column or columns on page 2 of forms FHWA-531 and FHWA-532 should be used to record income, expenditures, and fund balances for mass transit grants-in-aid.

Federal funds passed through the State to mass transit operators, or local governments for mass transit purposes should be included in this item, and identified separately. Amounts transferred by Federal agencies directly to mass transit operators should be omitted.

Item A.12.a. Grants-in-aid for capital assistance.—Enter State capital assistance payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators. Capital assistance payments can be for the purchase of buses, rail cars or other capital activities described in item A.11.a..

Item A.12.b. Grants-in-aid for operations.—Enter State operating assistance payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators. Operating assistance payments can be for reduced fares for elderly or handicapped or for operating activities described in item A.11.b.

Item A.12.c. Grants-in-aid for administration.—Enter State mass transit planning and research payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators.

Item A.12.e. Total.—Enter the sum of items A.12.a. through A.12.c.

Item A.13. Expenditures for nontransportation purposes.—Record in this item all expenditures for purposes not related to highways or mass transit, that were funded by revenues reported on form FHWA-531. The types of expenditures to be entered under this heading include:

- ! Dedications of State motor-fuel, motor-vehicle, or motor-carrier revenue from items B.1. and B.2., FHWA-531 for State general purposes, or for specific nonhighway non-mass transit purposes.
- ! Expenditures for other modes of transportation made from a consolidated State DOT fund, if all revenues for that fund were included on form FHWA-531. If revenues used for aviation, marine, and freight rail modes are separately identifiable from those used for highways, then the revenue and expenditures for these nonhighway modes should be excluded from forms FHWA-531 and FHWA-532.

! Diversions from highway balances reported in item A., FHWA-531 to nontransportation purposes.

! Payments for services that are not related to highways or mass transit. This would include statewide prorated costs assigned to a State DOT, a State highway revenue fund, or a State Transportation Trust Fund for the support of the State legislature, other State agencies, or general government services. Any payments made to other State agencies for specific administrative services related to the operation of the highway program would be reported in item A.4.a., FHWA-532.

The collection and administrative costs associated with motor-fuel and motor-vehicle collections should not be included in this item. These amounts should either be deducted on forms FHWA-556 and FHWA-556, or deducted in items B.1.c. or B.2.c., FHWA-531.

Note that some State definitions of certain categories of highway expenditures are broader than those of form FHWA-532. In some instances, this will result in the need to report an amount in this item that the State normally treats as a highway expenditure in its own records.

Items A.13.a. Transfers to State general fund for State general purposes.—Enter any amounts transferred to the State general fund for State general purposes. Include motor-fuel and motor-vehicle revenues dedicated to the State general fund. Also include any surplus revenue that reverts to the general fund.

Amounts that are transferred to the State general fund for a specific nonhighway purpose should be excluded from this item, and reported in Items A.13.b through A.13.f.

Items A.13.b. through A.13.f. Expenditures for nontransportation purposes.—Enter and specify the amount, funding source, and purpose of other nontransportation expenditures that are reported in this item.

Item A.13.g. Total.—Enter the sum of items A.13.a through A.13.f.

Item A.14. Total expenditures.—Enter total State highway expenditures by adding items A.1. through A.13.

Item B. Interfund transfers, out.—This item is used in conjunction with item C. on form FHWA-531, and records the transfers among the funds reported on the two forms. Transfers for nonhighway purposes or to the State general fund should be recorded in item A.13. The sum of the entries in item B. must equal the sum of the entries in item C. on form FHWA-531. Any differences should be explained in a note.

Item C. Unexpended balances at end of year.—Enter the balances remaining at the end of the reporting year for all funds identified on forms FHWA-531 and FHWA-532. The discussion of balances presented in connection with item A. on form FHWA-531, is applicable in general to item C. on form FHWA-532.

Item D. Total funds accounted for.—Enter the sum of items A.14., B. and C. The entries in item D. on form FHWA-532 must equal the entries in item D. on form FHWA-531.

CHAPTER 9

REPORTS IDENTIFYING STATE TRANSPORTATION DEBT

This chapter provides instructions on preparing forms that focus on and provide additional information on State transportation debt activities. These forms are:

FHWA-541 State Transportation Obligations Issued During Year and Allotment of Proceeds.—Provides specific details of the sale of State transportation bonds and the use of the bond proceeds.

FHWA-542 Status of State Transportation Debt.—Provides information on the par value amount of outstanding State transportation debt.

FHWA-543 (Optional) State Transportation Sinking Fund and Debt Service Transactions.—Provides balanced calendar or fiscal year statements of sinking funds, or interest and redemption funds, that are maintained to service State obligations for highways or mass transportation. This form may be used as an alternative to identifying the debt service transactions in separate columns on forms FHWA-531 and FHWA-532.

IMPORTANT GENERAL CONSIDERATIONS

These forms supplement the annual State highway finance forms FHWA-531 and FHWA-532, and should be coordinated to cover the same calendar or fiscal year. They provide information on the amount and nature of annual bond financing by the States for highways and mass transit, and on the change in debt during the year. Debt service payments for bond interest, redemption, allied costs, and the associated revenue may be reported on forms FHWA-531 and FHWA-532 (see Chapter 8 for instructions) or on optional form FHWA-543.

In preparing the bond reports, the State should take care to ensure that these reports are in agreement with forms FHWA-531 and FHWA-532. For instance, the income from bond sales reported on form FHWA-531 should agree with the amounts reported on form FHWA-541 as allotments or transfers of net proceeds for highway and mass transit purposes. Debt service payments reported on form FHWA-532 should be consistent with debt service reported on the FHWA-543. A reconciliation should be provided if information between these forms differ.

States that have no transportation debt do not need to submit forms FHWA-541 or FHWA-542. However, the fact that no State obligations for highways or mass transit were issued or are outstanding should be noted on forms FHWA-531 and FHWA-532.

The Chapter 8 instructions for forms FHWA-531 and FHWA-532 indicate that transactions relating to the refunding of obligations should be included and specifically noted. Refunding involves the replacement of one bond issue by another. Outstanding bonds are retired through refunding in one of two ways. In one method, a call notice is issued to immediately redeem the outstanding bonds. In another method, refunding bond proceeds are escrowed and invested to provide sufficient monies to make all remaining interest payments on the outstanding bonds and to retire them at their stated maturities. By either method, a refunded issue is assumed to have been retired during the current time period. Complete details of all refunding transactions should be given on the bond reports.

All obligations issued for a term of two or more years should be reported. Obligations for shorter terms should not be reported unless they are part of a regular bond issue, such as serial bonds for which the maturities begin the first year after issue.

Ordinary outstanding warrants and claims should not be reported as State transportation obligations, but interest on stamped warrants or similar obligations should be recorded as debt service payments on form FHWA-532 or on optional form FHWA-543. When warrants, claims, or other short-term notes are funded, the obligations that replace them should be reported if they have been issued for a term of two or more years.

For zero-coupon or capital appreciation bonds, the par value of the bond reported on forms FHWA-541, FHWA-542 and FHWA-543 should be the amount that the State will pay at maturity to retire the bonds. Zero coupon bonds pay no direct interest. Instead, they provide their return to investors by being sold at a large discount. The interest rate on the bonds is implied by the size of the discount and the term of the bond. Since forms FHWA-532 and FHWA-543 are prepared on a cash basis, rather than on an accrual basis, no interest expenditures are shown for a zero-coupon bond. The full amount of debt service on a zero-coupon bond will

appear as a redemption expenditure. Therefore, the full amount that the State will have to pay to retire the bonds at maturity should be carried on the FHWA-542 report as outstanding transportation debt.

Bonds should be classified according to (1) the purpose of issue (such as highway, mass transit or refunding) and (2) the type of security, as defined below:

- ! *General obligation bonds.*—Although interest and redemption can be paid from specified revenues or State general revenues, these bonds are backed by the full faith and credit of the State. Occasionally, the State issues bonds to finance the construction of toll facilities. When the State guarantees these bonds, they should be included with general obligation issues.
- ! *Limited obligation bonds.*—Also called revenue bonds, these bonds are usually secured only by the revenue from specific taxes and fees. For toll projects, the security may not be restricted to the revenue earned by the project. However, they are still classified as limited obligation bonds unless backed by the full faith and credit of the State.
- ! *Toll revenue bonds.*—These are bonds, generally issued by the separate State commissions or authorities responsible for the facilities, that are secured solely by the earnings of the facilities.
- ! *Reimbursement obligations.*—These are obligations to reimburse local governments for the cost of local roads taken into the State system. Separate identification of these obligations is preferable because of the circumstances under which they are incurred.

Some States have issued bonds to provide funds for multimodal capital projects rather than just for highway projects. Since forms FHWA-531 and FHWA-532 include the financial transactions of State involvement in mass transit, bond transactions for such activities should be included on the bond reports. If specific allocations between highways and mass transit projects have not been made, estimates will suffice. These percentages should then be used to determine the amount of debt service payments to be assigned to highways and the amount to be assigned to mass transit. As subsequent issues are sold, the percentages should be revised to represent the totals assigned to highways and to mass transit, respectively. This approach will require fewer

computations than using a separate percentage for each bond issue.

In multimodal issues with highway and other transportation allocations, the other transportation allocations, i.e., airports, railroad, and marine, should be included in item 9.B. on form FHWA-541.

Airport, railroad, and marine bond issues are usually not considered as highway or mass transit issues and are usually not reported on form FHWA-541. For example, an airport bond that is for the construction of an airport tower and hangers should not be reported on form FHWA-541.

When an airport, railroad, or marine bond issue funds a highway or mass transit project, it should be reported on form FHWA-541. For example, an airport bond may be funding highway and access improvements into the airport and an intermodal linkage to a mass transit system. However, only information for the allocation of proceeds to highways and mass transit should be reported on forms FHWA-531 and FHWA-532.

When annual reports and audits are published by special highway authorities, bond commissions, and so forth, the data are usually in sufficient detail to identify transportation related debt transactions and the amount of outstanding debt. These reports should be included as supplementary debt service information with the other forms that supply debt information.

Any available data supplementary to the bond reports and important to an understanding of the transactions should be forwarded to the FHWA Washington Headquarters with the annual bond forms. For example, copies of bond prospectuses, and official bond statements should be provided with form FHWA-541. Copies of the laws that authorize bonds or otherwise affect the status of State highway debt or debt service, any printed financial reports, special bond studies, reorganization plans, etc., that give additional data on the nature and mechanisms of a State's bonding program and their debt service are of particular importance and should be forwarded to the FHWA Washington Headquarters when available.

INSTRUCTIONS FOR FORM FHWA-541

Form FHWA-541 is designed to report all bond issues whose proceeds were used, in whole or in part, for highway and mass transit purposes. In general, bond issues sold during the year should be listed separately when issued under separate authorizations and statutory provisions or when carrying different issue dates. The

data shown must cover the same 12-month reporting period as forms FHWA-531 and FHWA-532.

In the instructions below, all items are numbered to correspond to the appropriate items on form FHWA-541.

Item 1. Statute authorizing issue.—Record the chapter, section number, and year of the law authorizing the bond issue listed in each column.

Item 2. Total bonds authorized.—Record the total amount of bonds authorized under the statute, even when the entire amount has not been sold at the end of the current year.

Item 3. Total bonds sold to end of current year.—Record the total cumulative amount of bonds sold to the end of the current year.

Item 4. Posted interest rate(s)—percent.—Record the rate or rates of interest printed on the bonds.

Item 5. Source of funds for debt service.—Record and identify the source of funds for payment of debt service. Examples of sources of funds for debt service are: motor-fuel taxes, motor-vehicle revenues, State highway fund, general funds, road tolls, Federal funds, etc. If the bond issue is secured by a pledge of full faith and credit of the State, even though debt service may be payable out of specific revenues, the issue should also be identified by the symbol "G.O." for general obligation. When Federal funds are shown as the source of funds for debt service, the agency and amount of funds should be provided in a note.

Item 6. Nominal date of issue.—Record the nominal or official date of issue of a bond. This is the date stated on the face of the bond and interest accrues as of that date. If the bond begins to bear interest on other than the nominal issue date, information on when interest accrues should be provided in a note.

Item 7. Date of sale.—Record the actual date of sale. If bonds having one nominal date of issue are sold over a period of time, the word "various" should also be entered in item 7.

Item 8. Proceeds of sales during current year.—Record in this item the transaction information on each bond sale.

Item 8.A. Par value.—Enter the par value of the bond sold. The par value is the principal amount or amount found on the face of the bond. This is the amount that

must be paid to retire the bond at the end of its term or at maturity.

Item 8.B. Premium (plus) or discount (minus).—Enter any premiums or discounts involved in the bond sale.

When a bond's posted interest rate is higher than current market rates, the bonds are usually sold at a premium. When the posted interest rate is less than current market rates, the bonds are usually sold at a discount. Zero-coupon bonds are sold at a large discount.

Item 8.C. Accrued interest.—Enter the amount of interest accrued in the selling price of a bond between the date of issue and the date of sale.

The amount of accrued interest from the sale of a given amount of bonds should equal the interest on that amount for one day multiplied by the number of days that elapsed between the date when the bonds began to bear interest and the date of sale. Any discrepancies should be explained in a note.

Item 8.D. Total.—Enter the net proceeds of the sale of a bond. Net proceeds equal the sum of a bond's par value, premiums or discounts, and accrued interest.

Item 9. Allotment of proceeds of sales.—Record in this item the allocation of bond proceeds. The allocation of proceeds reflects the distribution of funds to various purposes and accounts, and is not the actual expenditure of proceeds.

Item 9.A. Allotments for Highways and mass transit.—Record in this item the allocation of bond proceeds for highway or mass transit purposes.

Item 9.A.(1). For construction of State highways.—Enter the allocation of bond proceeds for State highways.

Item 9.A.(2). For construction of local roads and streets.—Enter the allocation of bond proceeds for local roads and streets.

Item 9.A.(3). For construction of toll facilities.—Enter the allocation of proceeds for toll facilities.

Item 9.A.(4). For construction of mass transit facilities.—Enter the allocation of bond proceeds for mass transit facilities and projects.

Item 9.A.(5). Other.—Enter and identify the allocation of bond proceeds for highways and mass transit purposes other than those listed above.

Item 9.A.(6). For debt service.—Record in this item all required allocations of bond proceeds for debt service

Item 9.A.(6).(a). For bond sale and other administrative expenses.—Enter all allocations of bond proceeds for the administrative costs of issuing the bond. These include commissions and agent fees.

Item 9.A.(6).(b). For interest.—Enter all allocations of bond proceeds for interest payments including accrued interest.

Item 9.A.(6).(c). For redemption.—Enter all allocations of bond proceeds for redemption payments.

Item 9.A.(6).(d). For refunding bonds, or funding notes.—Enter all allocations of bond proceeds for refunding outstanding bonds.

Item 9.A.(7). Total.—Enter the sum of allocations in items 9.A.(1) through 9.A.(6). This amount should be carried onto form FHWA-531, item B.10.

Item 9.B. Allotments for other purposes.—Enter the allocation of bond proceeds from highway and mass transit bond issues for nonhighway or nonmass transit purposes. The purpose of the allocation must be specified. The construction of airports, marine facilities, or railroad yards are examples of bond proceed allocations that should be reported in this item.

Item 9.C. Total Allotments.—Enter the sum of allocations in items 9.A. and 9.B.

This sum will typically equal net bond proceeds from bond sales reported in item 8.D. The allotments of bond proceeds reported might differ from the net proceeds from bond sales if a portion of the proceeds was unallotted in the current year, or if amounts unallotted from prior year bond sales were allocated in the current year.

Item 10. Amount unallotted at end of year.—Enter any bond proceeds that remain to be allocated at the end of the year. Allocation of this remainder should be accounted for on form FHWA-541 in subsequent years until the entire amount has been allocated.

Unallocated amounts are proceeds that have not been distributed to a fund or account. These should not be confused with unexpended balances of allocated proceeds. The unexpended balance of allocated proceeds are accounted for in the balances of the funds or accounts that they were distributed to, and appear in the balances

reported on FHWA-531 and FHWA-532, rather than in this item.

INSTRUCTIONS FOR FORM FHWA-542

Form FHWA-542 is designed to be a (par value) record of the status of all State transportation obligations issued, redeemed, and outstanding for the reporting year. Information is recorded on each line for individual issues. A grand total line is provided at the top of the form for a summation of all issues included on the form. The data shown must cover the same calendar or fiscal year reported on forms FHWA-531 and FHWA-532. The amount reported as outstanding

Column (1) Description of issue.—Record a description identifying individual bond issues. The listings for bond issues should distinguish among the issues as descriptive identifications on form FHWA-541 described and identified separate bond issues.

Typically, bond issues sold during the year are listed separately when issued under separate authorizations and statutory provisions, or when carrying different issue dates. The State may prefer to group together all bonds issued under one authorization even though issued over a period of years. Separate forms FHWA-542 may be used for different major groups of obligations (for example, trunk highway bonds, secondary road bonds, transportation bonds). Issues for toll facilities should be reported and identified separately. Enter the total for each sheet on the first line and the grand total on the last sheet.

Column (2) Year of issue.—Record the year in which the bonds were sold.

Column (3) Amount outstanding, beginning of year.—Record the par value amount of bonds outstanding at the end of the prior year. The par value is the principal amount found on the face of the bond. This is the amount that is paid at maturity to retire the bond. Entries in this column should agree with the entries in column (7) on form FHWA-542 for the previous year. This advice applies to the grand total line and the individual bond issue lines. Any differences should be explained in a note.

For zero-coupon or capital appreciation bonds that pay no direct interest, the full amount that the State will have to pay at maturity to retire the bonds should be carried on the FHWA-542 report as outstanding transportation debt.

Column (4) Amount issued during year.—Record the par value of all bonds issued during the reporting year. This entry should agree with the corresponding entry in item 8.A. on form FHWA-541.

Column (5) Current redemption during year (par value).—Record the par value of all bonds retired during the year, from current revenue, or sinking funds. Exclude from this column bonds that were redeemed from the proceeds of a refunding issue. See the column (6) instructions for redemptions involving refunding bonds. It is not necessary to separately report the redemptions made at different times during the year for the same bond issue.

This item reports the par value of redemptions from current revenue or sinking funds while form FHWA-532 (or optional form FHWA-543) reports the net redemption payment. Therefore, differences in the amounts shown for redemption are likely. Where differences for reasons other than premiums and discounts occur, a reconciliation or note explaining the differences between the redemption amounts reported on the two forms should be supplied.

For example, redemption payment may have been made to an agent on the last day of one reporting year while the actual redemption may have occurred sometime in the first month of the next reporting year. Irregularities, such as failure of bondholders to present bonds for redemption, occur occasionally and will also result in differences between the two report forms.

Column (6) Refunding redemption during year (par value).—Record the par value of all bonds retired by the proceeds of refunding issues. Obligations defeased through refunding issues are considered retired.

This item reports the par value of redemptions by refunding, while form FHWA-532 (or optional form FHWA-543) reports the net payment made to redeem these bonds. Therefore, differences in the amounts shown for redemption are likely. Where differences for reasons other than premiums and discounts occur, a reconciliation or note explaining the differences between the redemption amounts reported on the two forms should be supplied.

Column (7) Amount outstanding, end of year.—Record the par value amount of bonds outstanding at the end of the current reporting year. Bonds that mature on the first day of a given year are considered to have been outstanding at the end of the prior year, even if

redemption payment was entered on State records as a disbursement during the prior year.

Column (8) Sinking fund or bond redemption reserves, end of year.—Record the balances (cash plus the value of investments) in sinking funds or other reserves for retirement of State highway or mass transit debt for the last day of the year. If reserves are not held against individual issues, balances should be entered as a part of the total for the group of issues involved. Disbursements for maturities during the next year should be considered as reserves against the next year's retirements and included in balances. Identify any such entries in a note.

INSTRUCTIONS FOR OPTIONAL FORM FHWA-543

In some States, sinking funds or other reserves for debt service are not under the jurisdiction of the State highway agency, and debt service information must be obtained from the State treasurer, bond commission, transportation finance agency, toll authority, auditor, or comptroller. This form substitutes for reporting debt service transactions and financing on forms FHWA-531 and FHWA-532.

Form FHWA-543 is designed to report balanced statements of sinking funds or debt service funds. These funds are maintained for making interest and redemption payments on State obligations for highways or mass transit. The reported information must cover the same 12-month period reported on forms FHWA-531 and FHWA-532. (Debt transactions of each fund can also be identified by means of separate columns on forms FHWA-531 and FHWA-532.) In some States, there are no separate funds, particularly in connection with serial bond issues, and annual payments for interest and principal are met from current revenues or appropriations. In these cases, entries for the balances in items 1. and 4. on form FHWA-543 should be left blank because current disbursements for debt service will be paid for by the necessary funds from current revenues.

If two or more debt service funds are reported on form FHWA-543, a separate column should be used for each fund. Additional sheets may be used, if necessary.

Item 1. Balance, beginning of year.—Enter the sinking fund and debt fund balances available at the beginning of the reporting year. The balances are composed of cash and the value of investments at cost and should agree with item 4. on form FHWA-543 from the previous year. If a sinking fund is partially invested in the bonds that it was created to retire, those bonds should be considered

part of outstanding debt as long as they are held in the sinking fund or until they are canceled.

Item 2. Income during year.—Record in this item all sinking fund income from current State revenues.

Item 2.A.(1). Highway-user revenues.—Enter revenue from highway-user taxation, i.e., motor-fuel, motor-vehicle, and motor-carrier taxes and fees, in item 2.A.(1). Revenues from these taxes and fees may include specific dedications that are identified and reported on forms FHWA-556 and FHWA-566 and stated in tables MF-106 and MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed*.

Item 2.A.(2). Tolls on State roads, bridges, etc.—Enter toll income allocated for debt service by the State highway agency or by State authorities. Identify the toll facility that provided the funds.

Item 2.A.(3) Other.—Enter all other State income used for debt service. The funding source of amounts entered in this item should be identified. Appropriations from State general revenues for debt service on State obligations, sales tax revenues, other State taxes and fees, or Federal funds are all examples of funding sources that should be identified. See table S-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* for guidance.

Item 2.A.(4). Total.—Enter the sum of items 2.A.(1) through 2.A.(3).

Item 2.B. Funds from other governments.—Record in this item all funds received from other levels of government that are used for debt service.

Item 2.B.(1). Federal funds.—Enter any Federal funds used for debt service. The agency and amount should be specified in a note.

Item 2.B.(2). Local governments.—Enter any funds from local governments that were used for debt service.

Item 2.B.(3). Total.—Enter the sum of items 2.B.(1) through 2.B.(2).

Item 2.C. Proceeds from the sale of bonds.—Record in this item all funds derived from bond proceeds. In most cases, this entry will be identical to item 9.A.(6) on form FHWA-541. The instructions for this item are essentially the same as those for similar items on form FHWA-541. Differences may arise because: (1) accrued interest or the premium on bond sales received in one year may not

have been transferred to the debt service fund until a subsequent year, or (2) proceeds of bond sales allotted to construction in the year of sale may have been redirected into the debt service fund in the year for which the form FHWA-543 is prepared. Unless the explanation is obvious, any differences between item 9.A.(6) on form FHWA-541 and item 2.B. on form FHWA-543, should be reconciled in a note.

Item 2.C.(1). Principal applied to debt service.—Enter any bond proceeds that were used for debt service. Bond proceeds are reported as either from refunding issues in item 2.C.(1).(a) or new issues in item 2.C.(1).(b). Exceptions may occur where bond proceeds have been allocated to pay interest (otherwise known as capitalized interest) during the construction period of projects financed by revenue bonds.

Item 2.C.(2). Premium (plus) or discount (minus) on sale.—Enter any premiums or discounts on the sale of debt service issues.

Item 2.C.(3). Accrued interest on sales.—Enter any interest accrued on the sale of debt service issues.

Item 2.C.(4). Total.—Enter the sum of items 2.C.(1) through 2.C.(3).

Item 2.D. Net earnings of sinking fund or investments.—Enter the amount of net income to the debt service fund from interest and investment transactions. For a simple revolving fund having no investments, this item would include only interest on deposits. For a sinking fund that has investments, the net gain or loss of the investment account transactions should also be included in this item.

Item 3. Disbursements during year.—Record in this item all sinking fund disbursements. The information reported in this item should be consistent with the instructions in Chapter 8 for debt service transactions and transfers.

Item 3.A. Bond administrative and finance charges.—Enter all bond administrative and finance charges, including the cost of printing, advertising, and legal fees incident to the sale of bonds; service charges paid to fiscal agents; and any other costs of record incidental to debt service.

Item 3.B. Interest payments.—Enter the total of interest payments during the year, including accrued interest received on sale of bonds or paid on redemptions in advance of maturity.

Item 3.C. Redemption payments.—Record in this item information on redemption payments.

Item 3.C.(1). Principal.—Enter the par value of redemption payments.

Item 3.C.(2). Premium or (discount).—Enter the amount of the premium or discount.

Item 3.C.(3). Total.—Enter the sum of item 3.C.(1), plus premiums or minus discounts in item 3.C.(2), as appropriate. The resulting total is the amount of net redemption payments.

Because form FHWA-542 records redemption of bonds with beginning of year maturities in the year due and form FHWA-543 records them in the year paid, differences in the amounts shown for redemption are likely. Also, irregularities caused by the failure of bondholders to present bonds for redemption will occasionally occur and result in differences between the two reports. Where differences occur, a reconciliation between the redemptions reported on the two forms should be supplied.

The instructions for form FHWA-542 provide that in cases where disbursements in the last month of the year were made for maturities occurring in the next year, the amount of such disbursements should be considered part of the retirement reserve and included in the balance to be reported in column (8) of that form. If this is done, the balance reported in FHWA-542 and the balance reported in item 4. of FHWA-543 will differ. A reconciliation of these two balances should be supplied.

Item 3.D. Transfers to other funds.—Record in this item the transfer of any funds out of the sinking fund or dedicated debt service fund. Funds previously accumulated for debt service may be redirected to another purpose. Details of such transactions should be given in items 3.D.(1), through 3.D.(3).

Item 3.E. Total disbursements.—Enter the sum of items 3.A. through 3.D.

Items 4. Balance, end of year.—Record in this item the sinking fund and debt fund balances available at the end of the reporting year. The balances are composed of cash and the value of investments at cost.

CHAPTER 10

REPORTING OF INCOME AND EXPENDITURES FOR TOLL HIGHWAY AND BRIDGE AUTHORITIES

Many States have legislated special arrangements to finance, build, and operate highway facilities. Some States have created special authorities or public corporations. Other States have permitted the establishment of public/private partnerships. The key feature of all these special arrangements is the use of tolls to finance the construction and operation of highways, bridges, tunnels, and ferries. Some toll facilities are integrated with the State department of transportation (DOT), State highway agency or a local government. Other toll facilities are independent State or local agencies. Toll facilities can also be State or local government partnerships with private corporations. In any event, information about the finances and programs of State and local toll facilities are essential in measuring the total highway activities within a State.

IMPORTANT GENERAL CONSIDERATIONS

The following instructions should be followed in compiling information for State and local toll facilities. Information is reported for all toll facilities that are owned by State or local governments, or by public entities chartered by State or local governments. The FHWA report, *Toll Facilities in the United States*, should be used as a reference for the toll facilities existing in each State.

Reporting Requirement Exemptions.—Information on all publicly and privately owned toll facilities is of interest to FHWA. The reporting requirements that are detailed in this chapter extend only to public toll facilities. Privately owned and operated toll facilities are exempt from these reporting requirements. A private toll facility determines its own toll rate schedule, operates as business that is free to succeed or fail through its own business decisions and operating practices, and owns the toll facility.

For a toll facility to be exempt from these reporting requirements, a determination must be made as to the ownership of the toll facility, i.e., public or private. In the case of public/private partnerships, an examination must also be made of the relationship between the private corporation and the responsible State or local government.

When the toll facility is considered owned by a State or local government and part of the State or local highway

system, information for that toll facility must be reported. When a private corporation enters into a lease agreement with a State or local government to operate an existing public facility, the toll facility is still considered to be publicly owned, and reporting is necessary.

Toll facilities built as public/private partnerships are considered public facilities when a State or local government assumes functional control over the facility. Until then, such facilities are exempt from reporting.

Under a "build-operate-transfer" type of partnership, a private company is permitted by a State or local government to build a toll facility and operate it over a number of years in exchange for pledging to turn it over to its public partner at the end of that period. If the State or local government has no direct control over the facility, and no legal liability, the facility is considered to be privately owned, and exempt from reporting, until the State or local government takes it over.

Under a "build-transfer-operate type" of partnership, a private company builds a toll facility and immediately turns it over to a State or local government in exchange for a lease to operate the facility for a set number of years. If the private company cedes control to a public authority, and is required to provide the public authority with financial data for the facility, then reporting is required for that facility.

Copies of the authorizing legislation or contractual agreements for toll facilities built as public/private partnerships should be provided. While not required, any publicly available reports on the funding of private facilities would be of interest to FHWA.

Initial phase.—The following information should be furnished to the Washington Headquarters as appropriate during the initial phase of an authority's program.

- ! Copies of enabling legislation creating toll or non-toll authorities, or laws creating study committees or similar bodies to investigate the feasibility of the proposed undertaking.
- ! Copies of legislation authorizing and regulating the relationships between governments and private corporations for the purpose of

financing, constructing, and operating transportation facilities.

- ! Copies of the official statement or bond prospectus issued, usually by bond underwriters, in connection with the sale of bonds. These should be copies of the final document that contains financial information on the bond issue, the application of bond proceeds and debt service requirements.
- ! Copies of the trust indenture or trust agreement issued in connection with the sale of bonds.
- ! Copies of monthly, quarterly, or other progress report prepared by the authority, auditors or consultants which provide information on the financial transactions of the project.

Annual operations.—Most toll authorities are required by statute, trust agreement, or lease agreement to publish the results of an annual financial audit that presents financial information on receipts, disbursements, and debt status. Toll authority financial reports should be furnished to the Washington Headquarters as soon as they become available. In many cases, the annual financial report is sufficient for the FHWA's Office of Highway Policy Information to prepare a financial summary of receipts and disbursements.

Data on the receipts, disbursements, and bonded indebtedness of State toll authorities are published in the annual *Highway Statistics* tables SF-3B, SF-4B, SB-2T, and SB-3T. Information for local toll authorities is published in the tables LGF-3B, LGF-4B, and LGB-2T.

Care must be taken to identify any payments or reimbursements of funds between the authority and the State highway agency so that duplications can be avoided in summarizing State information. Typical of such payments are advances and repayments of State highway funds and contributions in the form of lease/rental payments.

Methods of reporting toll facility information.—Toll facility data should be identified and reported separately from non-toll State highway finance data on forms FHWA-531, FHWA-532, and FHWA-534 and from local highway finance data on form FHWA-536. There are several ways that toll facility information can be reported to FHWA.

The State should provide an annual audit report or financial statement for each State and local toll facility.

The annual report should be of sufficient detail to identify and segregate data elements by the categories on optional form FHWA-539. If the annual audit or financial statement provides adequate detail, additional State report preparation is unnecessary.

When published audit or financial reports are not available or their information is not sufficient, the State should prepare a statement of the toll facility's receipts and disbursements. Optional form FHWA-539 should be used as a model.

For State or local toll facilities, the State may decide to provide toll facility information in separate columns on optional form FHWA-539. A microcomputer template using Lotus 1-2-3 is available for this form. See Appendix B for information about the template and options for electronic transmission of data to FHWA.

A State may also elect to provide State toll facility information on forms FHWA-531, FHWA-532, and FHWA-534. The forms used to report toll facility information should be separate from the forms used to report nontoll information. By using separate forms, toll and nontoll data are kept separate. The toll and nontoll information are combined in the summary tables appearing in *Highway Statistics*.

When forms FHWA-531 and FHWA-532 are used, each toll facility should be reported in a separate column, and several adaptations are needed. Toll revenues should be reported on FHWA-531 in item B.5. Concessions and rental income should be identified separately with miscellaneous revenues on FHWA-531, item B.12. Toll collection expenses should be included on FHWA-532, item A.3.c., and identified separately in a footnote. When form FHWA-534 is used to report toll facility improvement type and functional class data, a separate series of forms should be provided, showing the facility or facilities included.

A State may also elect to provide local toll facility information on form FHWA-536. When form FHWA-536 is used, each toll facility should be reported on a separate form from the form used to report nontoll information. Several adaptations to form FHWA-536 are also needed. Item II.A.5. should be used to report toll revenues. Concessions and rental income should be identified with miscellaneous revenues in item II.A.4.b. Toll collection expenses should be included in item III.A.3.a.

In a few special cases, toll facility information may not be readily separated from financial information of the State

DOT. These are usually facilities that the State DOT finances and operates but for which the DOT has not established a separate fund or account to record the financial transactions. To the extent possible, the transactions of these toll facilities should be identified and reported separately from those of the State DOT. This reporting may be in separate columns on forms FHWA-531 and FHWA-532, on optional form FHWA-539, or as notes to the items on forms FHWA-531 and FHWA-532 that include information on the toll facility.

Supplemental data.—The following types of information should be furnished to the FHWA's Office of Highway Policy Information (HPPI) when available.

- ! Copies of annual reports or other periodic statements of operations, giving toll revenues, operating costs, and traffic, where such data are prepared and published by the authority
- ! Date of initiation or termination of tolls
- ! Upon termination of tolls, information on final disposition of assets, outstanding obligations of the toll facility, and assumption of jurisdictional responsibility for the facility
- ! Copies of recently passed legislation regulating the structure or financial transactions of toll facilities
- ! Copies of public/private partnership agreements including lease agreements

INSTRUCTIONS FOR OPTIONAL FORM FHWA-539

This optional form consolidates the information needed from toll facilities and is also a simplification of forms FHWA-531, FHWA-532, FHWA-534, and FHWA-536. The following procedures should be followed in recording data for the items on page 1 and in providing the detail for the supporting schedule on page 2. (Note that the items on page 2 correspond to the items on page 1.)

Page 1 of this form is a simplification of forms FHWA-531, FHWA-532, and FHWA-536. Separate columns should be used to report on individual facilities or additional forms can be used for individual facilities. If a single toll facility is being reported on form FHWA-539, the columns should be used to report data for accounts, activities, funds, or fund transfers.

The individual data items are directly related to information requested for State and local highway programs. For more detailed information on items appearing on page 1 on this form, refer to the instructions in Chapter 8.

Page 2 of this form is a simplification of form FHWA-534. Individual columns should be used to identify spending by functional class, and to identify amounts spent on and off the NHS. For example, if one segment of a toll road is classified as rural other principal arterial off the NHS, while another segment is classified as urbanized other freeway and expressway on the NHS, then the amounts spent on each segment should be recorded in separate columns on page 2. For more detailed information on items appearing on page 2 on this form, refer to the instructions for form FHWA-534 in Chapter 12.

The general reporting instructions in Chapter 8 on fiscal or calendar year reporting, cash or accrual based reporting, and other considerations also apply to toll facility reporting.

Item I. Opening balance.—This item records the balances available at the beginning of the reporting year. The balances are composed of cash and the value of investments at cost and should agree with item IV. from the previous year's report.

Item II. Receipts.—Eleven items are provided to record the receipts of the toll facility.

Item II.A. Tolls.—Enter all toll revenue collected by the facility. If more than one facility is being reported on this form, separate columns should be used for each toll facility. This instruction on the separation of data applies to all items on this form.

Item II.B. Concessions and rentals.—Enter all concession and rental revenues received as income by the toll facility.

Item II.C. State highway-user revenue.—Enter all State revenue from the taxation of motor fuels, motor vehicles, motor carriers, and driver licenses fees transferred to, or received by, the toll facility.

Information provided in this item and in items II.D. through II.F. should be comparable to information reported in item A.8., FHWA-532, which reports State and Federal revenues transferred by the State to toll facilities.

Item II.D. Other State funds.—Enter all other State funds received that are not identified and included as highway-user revenues. Most often, these funds will be State general funds. However, if any of the funds represented in this item are from a State tax specifically dedicated to the toll facility or to highways, the tax and amount should be identified in a note.

Item II.E. Funds from the Federal Highway Administration.—Enter all FHWA funds received by the toll facility.

Item II.F. Funds from other Federal agencies.—Enter all other Federal funds received by the toll facility. The agency and amount should be identified in a note.

Item II.G. Funds from local governments.—Enter all funds received from local governments by the toll facility.

Information provided in this item should be comparable to information reported in item III.D. on form FHWA-536 which reports local government revenue transferred to local and State toll facilities.

Item II.H. Proceeds of sale of bonds.—Enter net proceeds received from the sale of bonds.

Item II.I. Investment income.—Enter all income received by the toll facility from interest on deposits and investments and investment income from the net profit or loss from the purchase and sale of investments. Interest and investment income from sinking fund transactions should be included in this item.

Item II.J. Miscellaneous income.—Enter all income received by the toll facility from sources that are not otherwise categorized on this form.

Item II.K. Total income.—Enter the sum of items II.A. through II.J.

Item III. Expenditures.—Fifteen items are provided to record the toll facility's expenditures. Refer to the instructions in Chapter 8 for additional identification and explanation of expenditures to include in each data item.

Item III.A. Right-of-way.—Enter expenditures for purchase of land, improvements, and easements. Show additional information for this type of expenditure on page 2 in item VI.

Item III.B. Engineering.—Enter all engineering expenditures by the facility. Show additional information for this type of expenditure on page 2 in item VI.

Item III.C. Construction.—Record expenditures for construction of roadways, structures, and traffic service facilities. Show additional information for this type of expenditure on page 2 in item VI.

Item III.D. Maintenance.—Enter all maintenance expenditures by the facility. Show detail by functional class and NHS on page 2 in item VII.

Item III.E. Operations.—Enter all expenditures for toll collection, operation of traffic control systems, snow removal and sanding, and miscellaneous traffic operation and service expenditures.

Item III.F. Administration.—Enter the expenditures of the toll facility for general administration.

Item III.G. Law enforcement and safety.—Enter all expenditures by the toll facility for highway law enforcement and highway safety programs. In cases where the toll facility has a contractual arrangement with the State police for a dedicated detachment of State police officers or for periodic patrolling, the expenditures for police traffic supervision and control activities are reported in this item. These expenditures should not be included in any transfer item on this form.

Item III.H. Bond administration.—Enter all bond administrative expenses and agent fees of the toll facility.

Item III.I. Bond interest.—Enter all bond and note interest paid by the toll facility.

Item III.J. Bond redemption (net).—Enter the actual net amount expended by the facility to retire or redeem outstanding bonds.

Item III.K. Transfer to State highway fund.—Enter the amount of any toll facility funds transferred to the State highway fund for expenditure on State highways.

Information in this item should be comparable to information appearing in item B.5. on form FHWA-531 which reports State income from toll facility revenues.

Item III.L. Transfer to local governments.—Enter the amount of any toll facility funds transferred to local governments for highway, road, or street purposes. Any funds expended for nonhighway purposes included in this item should be identified in a note.

Information in this item should be comparable to information appearing in item II.A.5. on form

FHWA-536 which reports local government income from State or local toll facility revenues.

Item III.M. Transfer to mass transit.—Enter the amount of any toll facility funds transferred for mass transportation activities. The mass transit operator or government agency receiving the funds should be identified in a note.

Item III.N. Transfer to other.—Enter the amount of any toll facility funds transferred for unspecified or non-transportation purposes or to the general fund. When funds are transferred to an identifiable fund, purpose, or activity, information on the disposition should be provided in a note.

Item III.O. Total expenditures.—Enter the sum of items III.A. through III.N.

Item IV. Closing balance.—This item records the balances of cash and investments remaining at the end of the reporting year for all funds and accounts of the toll facility.

Item V. Debt status.—This item records the par value status of toll facility debt, including par value of outstanding beginning and ending obligation balances, and the par value of obligations issued and redeemed during the year. If more than one facility is being reported on this form, separate debt status data for each facility with obligations outstanding should be included in a note.

Item V.A. Total debt.—Enter the par value totals of all toll facility issues in the appropriate columns, i.e., amount outstanding at the beginning of the year, amount issued during the year, amount redeemed during the year, and amount outstanding at the end of the year. Any difference between the amount outstanding at the beginning of the year and the amount outstanding at the end of the prior year needs to be explained in a note.

Item V.A.1. Refunding issues.—Enter for each column the par value totals of any refunding issues reported in item V.A.

Item VI. Capital Outlay.—This item records information about capital outlay by four categories of improvement type and by functional system. The four improvement type categories are: 1) new facilities, 2) capacity additions to existing facilities, 3) system preservation, and 4) system enhancements and operations. The improvement type information is recorded on the lines for each item. The functional system data is recorded in

the columns and identifies expenditures both on and off the National Highway System (NHS).

The FHWA report, *Toll Facilities in the United States*, should be used as a reference for mileage and functional system information. See Chapter 12 for additional information on improvement types and the classification of highways by functional system.

For local government toll facilities only, States can use the modified instructions that follow item VII. for reporting detail information on construction improvement types.

Item VI.A. New Facilities—Record expenditures for new highways, roads, streets, and bridges. This item excludes expenditures on existing highways, roads, streets, and bridges. Record expenditures by improvement types for: 1) right-of-way; 2) engineering costs; 3) construction of new highways, roads, and streets; 4) construction of new bridges.

Item VI.A.1. Right-of-way costs.—Enter expenditures for right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

Item VI.A.2. Engineering Costs.—Enter expenditures for construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

Item VI.A.3. Construction of New Roads.—Enter expenditures for construction of a new facility that will not replace or relocate an existing facility. A new facility will provide: (1) a facility where none existed, or (2) an additional and alternate facility to an existing facility that will remain open and continue to serve through traffic.

Item VI.A.4. Construction of New Bridges.—Enter expenditures for construction of a new bridge that will not replace or relocate an existing facility. A new bridge will provide: (1) a bridge where none existed, or (2) an additional and alternate bridge to an existing bridge or ferry that will remain open and continue to serve through traffic.

Item VI.A.5. Total.—Enter the sum of items VI.A.1 to VI.A.4.

VI.B. Capacity Additions to Existing Facilities.—Record all expenditures on highways, roads, streets, and bridges that includes the addition of lanes to

an existing facility. Record expenditures by improvement types for: 1) right-of-way; 2) engineering costs; 3) relocation with added capacity; 4) reconstruction with added capacity; 5) major widening; 6) bridge replacement with added capacity; and 7) bridge rehabilitation with added capacity.

VI.B.1. Right-Of-Way Costs.—Enter expenditures for: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

VI.B.2. Engineering Costs.—Enter expenditures for: construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

VI.B.3. Relocation with Added Capacity.—Enter expenditures for construction of a facility with additional lanes on a new location that replaces an existing route. The new facility carries all the through traffic with the previous facility closed or retained as a land-service road only.

VI.B.4. Reconstruction with Added Capacity.—Enter expenditures for construction on the approximate alignment of an existing route where the old pavement structure is substantially removed and replaced. Reconstruction results in additional capacity through widening to provide additional through lanes, dualizing, adding or revising interchanges, replacing other highway elements such as a grade separation to replace an existing grade intersection, or otherwise improving the existing facility without changing the basic character of the facility.

VI.B.5. Major Widening.—Enter expenditures for the addition of lanes or dualization of an existing facility where the existing pavement is salvaged. Also included, where necessary, is the resurfacing of existing pavement and other incidental improvements such as drainage and shoulder improvements.

VI.B.6. Bridge Replacement with Added Capacity.—Enter expenditures for the total replacement of a structurally deficient or functionally obsolete bridge with a new bridge in the same traffic corridor. The replacement bridge is designed for an increased traffic flow. Construction of a dual structure to alleviate a capacity deficiency is also included. The replacement bridge carries all of the through traffic with the old bridge retained for local service only, removed, closed, or

converted to a purpose other than carrying through traffic.

VI.B.7. Bridge Rehabilitation with added Capacity.—Enter expenditures for major work required to restore the structural integrity of a bridge as well as work necessary to correct major safety defects. Bridge deck replacement (both partial and complete) and the widening of bridges to specified standards by widening lanes or adding lanes are included. Construction of a dual structure to alleviate a capacity deficiency is also included when the old structure is included in the dual structure.

VI.B.8. Total.—Enter the sum of items VI.B.1 to VI.B.7.

VI.C. System Preservation.—Record expenditures of activities which preserve and enhance the performance of highways, roads, and bridges. These can include infrastructure repair, reconstruction, and rehabilitation to maintain and maximize performance of the existing system. These activities are typically carried out on a continuous and timely basis as part of a State highway agency's maintenance program. Record expenditures by improvement types for: 1) right-of-way; 2) engineering costs; 3) relocation with no added capacity; 4) reconstruction with no added capacity; 5) restoration, rehabilitation, and resurfacing; 6) minor widening, 7) bridge replacement with no added capacity; and 8) bridge rehabilitation with no added capacity.

VI.C.1. Right-of-Way Costs.—Enter expenditures for right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

VI.C.2. Engineering Costs.—Enter expenditures for construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

VI.C.3. Relocation with No Added Capacity.—Enter expenditures for construction of a facility on a new location that replaces an existing route. The new facility does not have an increased capacity over the previous facility. The new facility carries all the through traffic with the previous facility closed or retained as a land-service road only.

VI.C.4. Reconstruction with No Added Capacity.—Enter expenditures for construction on the approximate alignment of an existing route where the old pavement structure is substantially removed and

replaced. Reconstruction does not result in additional capacity. It may involve widening the existing lanes or shoulders, but would not add to the number of through lanes. Improvements on the existing facility would not change its basic character.

VI.C.5. Restoration, Rehabilitation, and Resurfacing.—Enter expenditures for work required to return an existing pavement (including shoulders) to a condition of adequate structural support or to a condition adequate for placement of an additional stage of construction. There may be some upgrading of unsafe features or other incidental work in conjunction with restoration, rehabilitation, and resurfacing. Typical improvements would include replacing spalled or malfunctioning joints; substantial pavement stabilization prior to resurfacing; grinding or grooving of rigid pavements; replacing deteriorated materials; reworking or strengthening bases or subbases; and adding underdrains. Where surfacing is constructed by a separate project as a final stage of construction, the type of improvement should be the same as that of the preceding stage; i.e., new construction, relocation, reconstruction, minor widening, etc.

VI.C.6. Minor Widening.—Enter expenditures for widening the lanes or shoulders of an existing facility without adding more through lanes. In many cases, the improvement includes only the resurfacing of the existing pavement and other incidental improvements such as shoulder and drainage improvements. The existing pavement is salvaged.

VI.C.7. Bridge Replacement With No Added Capacity.—Enter expenditures for the total replacement of a structurally deficient or functionally obsolete bridge with a new bridge in the same traffic corridor. The new bridge does not have an increased capacity over the previous facility. The new bridge carries all of the through traffic with the old bridge removed, closed or converted to a purpose other than carrying through traffic.

VI.C.8. Bridge Rehabilitation With No Added Capacity.—Enter expenditures for work required to restore the structural integrity of a bridge as well as work necessary to correct major safety defects. Bridge deck replacement (both partial and complete) and the widening of bridges to specified standards are included. Construction of a dual structure to alleviate a capacity deficiency is not included.

VI.C.9. Total.—Enter the sum of items VI.C.1 to VI.C.8.

VI.D. System Enhancement and Operation.—Record expenditures that improve the quality of the natural environment by reducing highway-related pollution and by protecting and enhancing ecosystems, and for improvements that are not directly related to the physical structure or condition of roads and bridges. Record expenditures by improvement types for: 1) engineering costs; 2) safety improvements; 3) traffic management and traffic engineering; 4) environmental improvements; and 5) other enhancements.

VI.D.1. Engineering Costs.—Enter expenditures for construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

VI.D.2. Safety Improvements.—Enter expenditures for a project or a significant portion of a project that provides features or devices to enhance safety.

VI.D.3. Traffic management/traffic engineering.—Enter expenditures for traffic operation improvements which are designed to reduce traffic congestion and to facilitate the flow of traffic, both people and vehicles, on existing systems, or to conserve motor fuels; or which are designed to reduce vehicle use or to improve transit service. Expenditures for the following types of systems would be included in this item: intelligent transportation infrastructure (ITI), traffic signal controls, freeway management, incident management, road and bridge surveillance and control, electronic message boards, video monitoring, motorist information radio, freeway ramp control, weather monitors, etc.

VI.D.4. Environmental Improvements.—Enter expenditures for environmentally related features. This category includes improvements that do not provide any increase in the level of service, in the condition of the facility, or in safety features. Typical improvements which fall in this category would be noise barriers, beautification, and other environmentally related features not built as a part of the above identified improvement types.

VI.D.5. Other Enhancements.—Enter expenditures for improvements that are not categorized above, i.e., construction of bicycle and pedestrian facilities such as bike paths, bicycle rest areas, pedestrian overpasses, etc.

VI.D.6. Total.—Enter the sum of items VI.D.1 to VI.D.5.

VI.E. Total Capital Outlay.—Enter the sum of items VI.A.5, VI.B.8, VI.C.9, and VI.D.6.

Maintenance expenditures.—Record information on maintenance expenditures for the reported functional system according to the maintenance definition provided in Chapter 8. The information reported should be consistent with information reported in items A.2., A.7.b., and A.9.b. on form FHWA-532.

Item II. Maintenance costs.—Enter expenditures for maintenance for this functional system. Maintenance information should be reported in all three columns on form FHWA-534.

Modified instructions for local toll facility construction data in the detail section of item VI.—Record expenditures for construction of roadways, structures, and traffic service facilities. Show detail by the following improvement types, functional system, and NHS on page 2 in the following detail items.

Item VI.A.5. New Construction.—Enter amounts for construction of a new roadway that does not replace or relocate an existing roadway.

Item VI.B.8. Capacity Additions to Existing Facilities.—Enter amounts for improvements that add lane miles to the existing local toll facility. Include improvements related to relocation when the existing road remains in service, major widening that results in additional lanes, and reconstruction that adds capacity.

Item VI.C.4. System Preservation.—Enter amounts for improvements that preserve the existing system without adding capacity to the existing local toll facility. Include improvements related to minor widening, restoration, rehabilitation, resurfacing, bridge replacement and rehabilitation, and reconstruction that does not add capacity.

Item VI.D.6. System enhancements and operation.—Enter amounts for improvements that are not directly related to the physical structure or condition of roads and bridges. Include improvements related to safety, traffic management, enhancements, and the environment.

Item VI.E.. Total Construction.—Enter the sum of items VI.A.5., VI.B.8., VI.C.9., and VI.D.6.

CHAPTER 11

REPORT IDENTIFYING RECEIPTS AND EXPENDITURES OF LOCAL GOVERNMENTS

The Local Highway Finance Report, form FHWA-536, is a biennial report summarizing highway funding by local governments. Local governments include counties, townships, municipalities, special districts, and other general purpose authorities that are under the jurisdiction of local governments. Form FHWA-536 provides for the reporting of four basic areas of local highway finance: (1) disposition of highway-user revenues; (2) revenues used for roads and streets, identified by source and type of funds; (3) road and street expenditures identified by purpose or activity; and (4) local highway debt status.

Information reported on form FHWA-536 permits the FHWA to develop a series of national tables depicting the financing of highway activities at the local level. These and the more comprehensive State highway finance information permit FHWA to infer relationships and changes in revenue, expenditure and investment patterns and determine financial trends which are essential in policy and program development. The highway finance summaries in combination with the Highway Performance Monitoring System (HPMS) data permit FHWA to estimate highway needs and to develop the appropriate future Federal responsibility in highway transportation. The information developed in the national tables is used by public and private sector policy staff, including all levels of government, business firms, research groups, trade associations, universities, and other interested groups and individuals.

Although form FHWA-536 is a biennial report, the FHWA develops national summary tables annually. For the off years, the FHWA uses projections, estimates, and voluntarily submitted State data. Estimates are based on previously reported State data and on trends observed among those States that report annually. The State has the option of providing form FHWA-536 on an annual basis and is encouraged to report annually.

IMPORTANT GENERAL CONSIDERATIONS

Determination of reporting year. The State should consider the variety of fiscal years used by local governments when selecting the period or periods to report for a given year on form FHWA-536. The data on form FHWA-536 may include a mixture of calendar and fiscal years for the various local governments. The State should specify the reporting period used and should provide data that closely corresponds to that period.

Coverage and content of the local finance report.—Although reported biennially, form FHWA-536 is designed to cover a one-year period. The biennial reporting requires a single form FHWA-536 providing summary data for all units of local government.

Form FHWA-536 should report the disposition of all highway-user revenues available to local governments for expenditure, and all receipts and expenditures related to: (1) the construction, maintenance, operation, and administration of roads, streets, alleys, and other public ways; (2) traffic police and road patrols; and (3) debt service and status of bonds and notes issued to finance highway activities.

Private sector donations for roads and streets under local government jurisdiction should be included on form FHWA-536. As the magnitude of private contributions on the public highway system continues to escalate and become a significant source of highway funding, the reporting of data on private participation in the public highway system is needed to understand and portray the total picture of local highway finance.

Local governments may use either a cash or an accrual accounting method in reporting information to the State for compilation on form FHWA-536.

Toll facility data.—Local toll facility information must be reported for publicly owned facilities on an annual basis. Toll facility information should be identified and reported separately from other local highway finance data on form FHWA-536. There are several ways that toll facility information can be reported to FHWA. Instructions on local toll facility reporting are included in Chapter 10.

Toll facility data should be reported by one of the following methods: (1) as a copy of the toll facility's annual financial report; (2) on form FHWA-539 (see Chapter 10); or (3) on a separate form FHWA-536 for each toll facility.

Sampling and estimation.—FHWA recommends that States use sampling and estimation to prepare this form. Highway finance data may not be easily or economically obtainable for all units of local government. It will generally be advantageous to collect data for a selected sample of local governments and then expand the sample to obtain statewide totals.

Eighty percent of all municipalities have a population under 5,000. Data developed from past local highway finance reports indicate that this group accounts for less than 12 percent of highway expenditures by municipalities. The advantages of sampling become evident when considering the application of staff resources to the collection and reporting of data for form FHWA-536.

For a discussion of the basic concepts of sampling, with specific application in the field of local government highway finance, refer to Appendix D. The State must determine the sampling and estimation technique that fits its particular needs, resources, and local government structures. An explanation of the procedures used in developing the statewide summaries should accompany the FHWA-536 reports if sampling and estimation techniques are used.

When sampling is used as a data collection method, a 100 percent survey every 10 years of local governments is suggested. This survey would indicate if any problems exist with the sampling or estimation procedures, and if changes or fine tuning of the procedures are necessary.

Each State should carefully review its FHWA-536 reporting to assure that all local government finances for roads and streets are reported. Local government data for capital outlay on the National Highway System (NHS) should be correlated with mileage data supplied through the HPMS.

In preparing form FHWA-536, the State should also consider the number of governments and subordinate agencies conducting highway programs. In some instances, units subordinate to county, township, or municipal governments perform highway functions. The associated financial activities of these units should be included as local governments for the purpose of reporting information on form FHWA-536.

The road and street functions of subordinate agencies may be explicit in their names or can be determined through local knowledge of their activities. Subordinate units may include: road improvement districts; special taxing districts or areas; and special public authorities or commissions created to finance specific or self-supporting facilities, such as toll bridges and facilities acquired by lease-purchase agreements.

Capital outlay on the National Highway System.—Expenditures made on the NHS are of special interest to FHWA. For this reason, columns (a) and (b) on the page 2 detail section for Item A.1., "Capital

Outlay", split expenditures made on and off the NHS and provides specific items for improvement type data.

For the State to successfully obtain information on capital outlay on the NHS from local governments, the State may need: 1) to identify local governments which have NHS routes within their boundaries, and 2) to provide those local governments with a listing of NHS routes. Local officials may not be aware of which roads are on the NHS. Coordination with those in the State who prepare HPMS data may be of assistance in identifying those local governments that have NHS segments within their boundaries.

In many States, the local governments' share of capital outlay on the NHS may be relatively insignificant as only two percent of total NHS mileage is under local jurisdiction.

Transfers of funds between governments.—Fund transfers between local governments should not be reported on form FHWA-536. Fund transfers to or from the State and State agencies should be included on form FHWA-536.

Transfers to State agencies for highway purposes that are reported on form FHWA-536 should be consistent with amounts that are reported on form FHWA-531 as receipts from local governments. Differences should exist only if the forms are based on different reporting years.

Transfers from State agencies that are reported on form FHWA-536 should be consistent with amounts that are reported as transferred to local governments on forms FHWA-556, FHWA-566, and FHWA-532. In most cases, differences should exist only for reporting period differences. Differences also occur when local governments use a portion of multipurpose State or Federal block grants for roads and streets. In this case, the amount reported on form FHWA-536 may exceed comparable amounts reported on the State-level forms which only include grants required to be used on roads and streets. Any major differences should be explained in a note.

All Federal funds received by local governments should be identified and reported on form FHWA-536. This includes direct payments, grants-in-aid, and funds transferred through the State. The preceding discussion on State revenue transfers being in agreement with those reported on form FHWA-532 applies equally to Federal funds paid to local governments.

When the State retains the local portion of State tax revenues or Federal funds, the amount retained by the State should be omitted from form FHWA-536.

INSTRUCTIONS FOR FORM FHWA-536

The following procedures should be was in recording data for the items on page 1 and in providing the detail for the supporting schedule on page 2. (Note that the items on page 2 correspond to the items on page 1.)

Section I. Disposition of Highway-User Revenues Available for Local Governments

Section I records the disposition of all local, State, and Federal highway-user revenues that are available for local government expenditure. Highway-user revenues includes all proceeds from taxes and fees levied on the owners and operators of motor vehicles for their use of public roads and streets.

Item I.A. Local motor-fuel taxes—Record in this item the disposition of all revenue received from the imposition of local motor-fuel taxes. These revenues are directly related to local government taxation on the highway use of motor fuels.

When the State mandates the imposition by local governments of a uniform motor-fuel tax, the tax is considered a State motor-fuel tax and should not be included in this item. Any funds transferred to local governments from this tax are to be reported as a State transfer to local governments in item I.C.

Item I.A.1. Total receipts available—Enter the net revenues from local motor-fuel taxes. Amounts should be reported at net value, i.e., total receipts less refunds.

Item I.A.2. Minus amount used for collection expenses.—Enter the amount of local motor-fuel tax revenues that were deducted for the payment of collection expenses. If collection expenses were paid from another source, such as local general funds, no amount should be reported in this item.

Item I.A.3. Minus amount used for nonhighway purposes.—Enter the amount of local motor-fuel tax revenues that were used for nonhighway and nontransit purposes. This includes amounts that were used for local general purposes, other modes of transportation, or specific nonhighway purposes, i.e., aviation, marine, schools, etc.

Item I.A.4. Minus amount used for mass transit.—Enter the amount of local motor-fuel tax revenues that were used for mass transit.

Item I.A.5. Remainder used for highway purposes.—Enter the amount of local motor-fuel tax revenues that were used for highways. This should equal net receipts less the amounts used for collection expenses, nonhighway purposes, and mass transit.

Item I.B. Local motor-vehicle taxes.—Record in this item the disposition of all revenues received from the imposition of local motor-vehicle taxes and fees. These revenues are directly related to local government taxation on the operation and ownership of motor vehicles for their use on public highways, roads and streets. Local registration fees, plate fees, wheel taxes, etc. should all be included. Personal property taxes and sales taxes on motor vehicles should be reported under the instructions for item II.A.3.b.

Any revenue retained by local governments from State-imposed registration or driver-license fees should not be included in this item. Such amounts are reported as State transfers to local governments in items I.C. and II.C.

Item I.B.1. Total receipts available—Enter the net revenues from local motor-vehicle taxes. Amounts should be reported at net value, i.e., total receipts less refunds.

Item I.B.2. Minus amount used for collection expenses.—Enter the amount of local motor-vehicle tax revenues that were deducted for the payment of collection expenses. If collection expenses were paid from another source, such as local general funds, no amount should be reported in this item.

Item I.B.3. Minus amount used for nonhighway purposes.—Enter the amount of local motor-vehicle tax revenues that were used for nonhighway and nontransit purposes. This would include amounts used for local general purposes, other modes of transportation, or specific nonhighway purposes, i.e., aviation, marine, schools, etc.

Item I.B.4. Minus amount used for mass transit.—Enter the amount of local motor-vehicle tax revenues that were used for mass transit.

Item I.B.5. Remainder used for highway purposes.—Enter the amount of local motor-vehicle tax revenues that were used for highways. This should equal net receipts less the amounts used for collection expenses, nonhighway purposes, and mass transit.

Item I.C. Receipts from State Highway-user taxes.—Record in this item State highway-user taxes and fees that were transferred to local governments for

expenditure. These should include amounts received from the proceeds of State-imposed motor-fuel taxes, motor-vehicle registration fees, driver-licenses fees and motor-carrier taxes. For State-imposed taxes collected by local governments, the portion of revenues that are retained by or transferred back to local governments should be included in this item. (See comments for items I.A. and I.B.)

The amounts reported in this item should be consistent with the distributions of State highway-user revenues provided on forms FHWA-556, FHWA-566, and FHWA-532.

Item I.C.1. Total receipts available.—Enter all State highway-user revenues that were transferred to local governments. Amounts reported on form FHWA-566, item 2.A. as deductions by county and local officials for collection and administrative expense should be excluded.

Item I.C.2. Minus amount used for collection expenses.—Item is shaded. Nothing should be reported in this item. Expenses incurred by local governments in the collection of State-imposed motor-vehicle taxes should be reported on form FHWA-566, item 2.A.

Item I.C.3. Minus amount used for nonhighway purposes.—Enter the amount of State highway-user revenues that were used for nonhighway and nontransit purposes. This includes amounts used for local general purposes, other modes of transportation, or specific nonhighway purposes, i.e., schools, conservation programs, courthouses, etc.

Item I.C.4. Minus amount used for mass transit purposes.—Enter the amount of State highway-user revenues that were used for mass transit purposes.

Item I.C.5. Remainder used for highway purposes.—Enter the amount of State highway-user revenues that were used for highways. This should equal total receipts less the amounts used for mass transit and nonhighway purposes.

Item I.D. Receipts from Federal Highway Administration.—Record in this item all Federal Highway Administration (FHWA) funds that were received by local governments. Most of these revenues are attributable to the proceeds from Federal motor-fuel and motor-vehicle taxes and are passed through the State Department of Transportation to local governments.

Item I.D.1. Total receipts available—Enter all FHWA funds that were received by local governments.

Item I.D.2. Minus amount used for collection expenses.—Item is shaded. Nothing should be reported in this item.

Item I.D.3. Minus amount used for nonhighway purposes.—Item is shaded. Nothing should be reported. FHWA funds can only be used for highway and mass transit purposes.

Item I.D.4. Minus amount used for mass transit purposes.—Enter the amount of FHWA funds that were used for mass transit purposes.

Item I.D.5. Remainder used for highway purposes.—Enter the amount of FHWA funds that were used for highway purposes.

Section II. Receipts for Road and Street Purposes

Section II records the revenues from all sources that were dedicated or applied to local road and street purposes. The four fund sources identified are: local government, private, State government, and Federal government. Within each category, an attempt is made to identify the type and amount of revenues used in financing highway activities. The classification of revenues should be consistent with the classification and description of revenues appearing in Chapter 8.

Item II.A. Receipts from local government sources.—Record in this item all receipts generated from local government sources. Revenue generated from State taxes should not be reported here. Although some State taxes are collected by local governments for the State government, they should be reported under State sources in item II.C. For example, when State motor-vehicle registration fees are collected by county or other local officials and a share of this revenue is credited to local road funds without first being forwarded to the State government, those revenues are to be reported as a State transfer to local governments and not as a local revenue item.

Item II.A.1. Local highway-user taxes.—Record in this item all revenues from local taxes and fees on highway users that were used for highway, road or street purposes. Any revenues from State highway-user taxes are reported in item II.C. even if collected by local governments.

Item II.A.1.a. Motor fuel.—Enter the amount reported on item I.A.5. This should represent the portion of net revenues received from the imposition of local motor-fuel taxes, that were used for road and street purposes.

Item II.A.1.b. Motor vehicle.—Enter the amount reported on item I.B.5. This amount represents the portion of revenues received from local motor-vehicle taxes, that were used for road and street purposes.

Item II.A.1.c. Total.—Enter the sum of items II.A.1.a. and II.A.1.b.

Item II.A.2. General fund appropriations.—Enter all appropriations from local general funds that are used for roads and streets. Any excess general funds should not be included in this item as those funds are returned to the local general fund before any disbursement for highway purposes. Only the net amount from local general fund sources should be reported.

Item II.A.3. Other local imposts.—Record in this item the amount of other local taxes and fees that were specifically dedicated and used for roads and streets. The total reported on page 1 should match the sum of the detail items reported on page 2.

Item II.A.3.a. Property taxes and assessments.—Enter revenues generated from real property taxes and special assessments specifically levied for construction and maintenance of roads and streets or for highway debt service, including road district levies.

Item II.A.3.b. Other local imposts.—Enter revenues from other local government taxes and fees, including personal property taxes levied on motor vehicles, impact fees, sales taxes, and any other local taxes and fees that were used for highway purposes. The tax or fee should be identified in the detail for this item.

Item II.A.3.b.(1). Sales taxes.—Enter revenues from local government sales taxes.

Items II.A.3.b.(2). through II.A.3.b.(6).—Enter revenues from other local government taxes and fees that were specifically allocated and used for highway purposes. Specify the type of tax and amount in these detail items on page 2.

Item II.A.3.c. Total.—Enter the sum of items II.A.3.a. and II.A.3.b.

Item II.A.4. Miscellaneous local receipts.—Record all local income not otherwise identified as specifically dedicated for roads and streets, such as traffic fines and

penalties, investment income, net profit or loss from investment transactions, surplus funds applied to local highway activities (surplus parking or garage fees transferred to local agencies for road and street purposes), and other miscellaneous local receipts. The total reported on page 1 should match the sum of the detail items reported on page 2.

Item II.A.4.a. Interest on Investments.—Enter interest and investment income related to cash and investment balances in highway, roads and street accounts and funds.

Items II.A.4.b. through II.A.4.f.—Enter amounts from major sources of miscellaneous revenues that were used for highway purposes. Specify the source, type and amount of revenue in these detail items. If additional items are needed, a supplementary schedule can be used.

Item II.A.5. Transfers from toll facilities.—Enter fund transfers from toll facilities to local governments. The toll facility and amount of transferred funds should be identified in a note.

Item II.A.6. Proceeds of sale of bonds and notes.—Record in this item the net proceeds of debt issued by local governments for highway purposes. Bonds are obligations issued for a term of 2 or more years, unless they are a part of a serial bond issue where maturities begin in the first year after issue. Notes are issued for a term of less than two years.

The net proceeds are the actual cash amounts received by local governments. Net proceeds represent the remaining value after par value is adjusted for premiums, discounts, and accrued interest.

When debt issues are sold and used for both highway and nonhighway purposes, only the highway portion should be reported. However, if the highway share of an issue is not easily estimated, the issue should be excluded.

Item II.A.6.a. Bonds - Original Issues.—Enter the net proceeds received by local governments from the sale of bonds for road and street projects.

Item II.A.6.b. Bonds - Refunding Issues.—Enter the net proceeds received by local governments from the sale of bonds issued to retire existing road and street bonds.

Item II.A.6.c. Notes.—Enter the net proceeds received by local governments from the issue of notes for road and street purposes.

Item II.A.6.d. Total.—Enter the sum of items II.A.6.a. through II.A.6.c.

Item II.A.7. Total.—Record in this item the total revenue from local sources for road and street programs. Enter the sum of items II.A.1. through II.A.6.

Item II.B. Private contributions.—Enter all amounts received by local governments from the private sector as cash or services for road and street programs. Private participation in the public road system should be reported in this item. Donations, such as cash or the transfer of real property, the construction of facilities, and the performance of support services (surveys or preliminary and construction engineering) are ways the private sector participates in financing public highway projects.

When private donations are reported in item II.B., the amounts contributed as cash, land donations, construction or other improvement of facilities, and the performance of services should also be included in item III.A.

Item II.C. Receipts from State government.—Record in this item all State funds received by local governments for local road and street programs. State transfers take the form of grants-in-aid, loans, legal allocations or shares of State-imposed taxes, or payments to local governments under cooperative agreements.

Funds received by local governments under a State contract for work performed for the State should not be reported on form FHWA-536.

When preparing information on State transfers to local governments, the prior year's form FHWA-532 should be examined. Item A.10. on form FHWA-532 provides information on State transfers of State and Federal funds to local governments for roads and streets.

Item II.C.1. Highway-user taxes.—Enter the amount reported on item I.C.5. This amount should represent all transfers of State highway-user taxes and fees, including motor-fuel taxes, motor-vehicle registration fees, motor-carrier taxes, and similar taxes and fees, that were used for roads and streets.

Item II.C.2. State general funds.—Enter the allocation and transfer of State general funds to local governments for highway purposes.

Item II.C.3. Other State funds.—Enter and identify all other State funds transferred to local governments for highway purposes. These include funds such as bond sales, sales taxes, excise taxes, severance taxes, and mineral lease taxes.

Item II.C.3.a. State bond proceeds.—Enter amounts received from the proceeds of bonds sold by the State.

Items II.C.3.b. through II.C.3.f.—Enter the amounts and identify the sources of other State funds transferred to local governments.

Item II.C.4. Total.—Enter the sum of items II.C.1. through II.C.3.

Item II.D. Receipts from Federal Government.—Record in this item the total funds received by local governments from all Federal agencies for highway activities. This includes funds from FHWA and funds from other Federal agencies paid either directly to local governments or indirectly through the State government. This item should be coordinated with item A.10. on form FHWA-532, which provides information on State transfers of State and Federal funds to local governments for roads and streets.

Item II.D.1. Federal Highway Administration.—Enter the amount reported in item I.D.5. This amount should represent all FHWA funds passed through the State and used by local governments for highways.

Item II.D.2. Other Federal agencies.—Enter all funds received from other Federal agencies either directly or indirectly through the State.

Item II.D.2.a. Forest Service.—Enter the amount of funds received by local governments from the United States Forest Service that were used for roads and streets.

Item II.D.2.b. FEMA.—Enter the amount of funds received by local governments from the Federal Emergency Management Agency that were used for roads and streets.

Item II.D.2.c. HUD.—Enter the amount of funds received by local governments from the United States Department of Housing and Urban Development that were used for roads and streets.

Items II.D.2.d. through II.D.2.f.—Enter and identify by agency the amounts received from all other Federal agencies that transferred funds to local governments for highway purposes.

Item II.D.3. Total.—Enter the sum of items II.D.1. through II.D.2.

Item II.E. Total receipts.—Record in this item the total revenue from local, private, State, and Federal sources

for road and street programs of local governments. Enter the sum of items II.A. through II.D.

Section III. Expenditures for Road and Street Purposes

This section reports the expenditures of funds for highway purposes by local governments. Local highway expenditures are segregated into four classes: (1) local highway disbursements, (2) debt service on local obligations, (3) payments to State governments, and (4) payments to toll facilities.

The classification of expenditures should follow the guidelines established for form FHWA-532 in Chapter 8. Care should be taken to segregate payments to the State highway agency and other State agencies to avoid duplicate recording of expenditures between different units and levels of government.

Form FHWA-536 is intended to capture all local government expenditures on highways, roads and streets, including any work that local governments perform on State roads.

When projects are jointly controlled and funded by local and State governments, or co-supported, local government expenditures should be reported on form FHWA-536, while State expenditures are reported on form FHWA-532. When the State retains full control over a project, but contracts with a local government for some services or for some of the work, those expenditures should be reported on form FHWA-532, not on form FHWA-536.

The local share of matching funds for Federal-aid projects under State contract should be shown as a transfer to the State in item III.C.1. and not as a direct expenditure in item III.A.

Item III.A. Local highway expenditures.—Record and identify in this item all expenditures for highway activities by local governments.

Item III.A.1. Capital outlay.—Record in this item capital outlay for highways, roads, and streets by local governments. The information provided in this item should be consistent with the classification of capital outlay in Chapter 8.

The cost of construction materials and supplies and, if possible, construction machinery and equipment costs should be included in the construction expenditures reported. Administrative costs directly assignable to specific capital outlay projects should be included here,

but all other administrative costs should be reported in item III.A.4.

Capital outlay for toll facilities should not be included under this item. See instructions for item III.D. and Chapter 10 for information on toll facility reporting. Mass transit capital outlay should also be excluded from item III.A.1.

Capital outlay by local governments as a part of State-local co-supported projects should be reported in this item.

The total reported on page 1 for this item should match the detail reported on page 2.

Item III.A.1.a. Right-of-way.—Enter the following expenditures: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons. The amount expended on the National Highway System should be reported in column (a) while the amount spent off the National Highway System should be reported in column (b).

Item III.A.1.b. Engineering.—Enter the following expenditures: field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies. The amount expended on the National Highway System should be reported in column (a) while the amount spent off the National Highway System should be reported in column (b).

Item III.A.1.c. Construction.—Enter all expenditures for construction of roads and bridges. See the instructions and examples in Chapter 8 for item A.1.c. on form FHWA-532.

Item III.A.1.c.(1). New Facilities.—Enter expenditures for new highways, roads, and bridges. This item excludes expenditures on existing highways, roads, streets, and bridges. See the instructions in Chapter 12 for item I.A. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(2). Capacity improvements.—Enter expenditures for improvements that add capacity either by adding lanes to existing facilities. Include improvements such as relocation with added capacity, reconstruction with added capacity, major widening,

bridge replacement with added capacity, and bridge rehabilitation with added capacity. See the instructions in Chapter 12 for item I.B. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(3). System preservation.—Enter expenditures for improvements that preserve the existing system, without significantly adding capacity. Include improvements such as reconstruction (that does not add capacity), minor widening, restoration and rehabilitation, resurfacing, bridge replacement, major bridge rehabilitation, and minor bridge rehabilitation. See the instructions in Chapter 12 for item I.C. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(4). System enhancement and operation.—Enter expenditures that improve the quality of the natural environment by reducing highway-related pollution and by protecting and enhancing ecosystems, and for improvements that are not directly related to the physical structure or condition of roads and bridges. Include improvements such as safety, traffic management, traffic engineering, railroad grade crossings, vehicle weight enforcement facilities, enhancements, and environmental projects. See the instructions in Chapter 12 for item I.D. on form FHWA-534, for detailed definitions of individual improvement types.

Note that this detail is requested only for amounts spent on the National Highway System. Columns (b) and (c) are shaded for this reason.

Item III.A.1.c.(5). Total construction.—Enter all expenditures for construction of roads and bridges. Column (a) should represent total construction on the National Highway System, and should be the sum of the amounts reported in items III.A.1.c.(1) through III.A.1.c.(4). Total construction on roads off of the National Highway System should be reported in column (b).

Item III.A.1.d. Total.—Enter the sum of items II.A.1.a., II.A.b., and II.A.1.c.(5).

Item III.A.2. Maintenance.—Enter all expenditures that are classified as maintenance for highways, roads, streets, and bridges. The purpose of maintenance is to offset the effects of deterioration from age, weather, use, damage, failure, and design and construction faults. When recording costs incurred by maintenance forces, any expenditures for betterments or improvements should be treated as capital outlay. The information provided in this item should be consistent with the instructions and examples in Chapter 8 for item A.2. on form FHWA-532.

The term maintenance as used on form FHWA-536 is defined as the function of preserving and keeping the entire highway, including surface, shoulders, roadside, structures, and traffic control devices as close as possible to the original condition as designed and constructed. The maintenance function preserves and maintains a road or structure's serviceability.

The costs of materials, supplies, and equipment for maintenance activities should be included in the maintenance expenditures reported. When equipment costs cannot be assigned to capital outlay or maintenance, those costs should be prorated between the functions. As with construction expenditures, the maintenance expenditures reported should include all administrative and engineering costs directly assignable to maintenance projects.

Maintenance expenditures for toll facilities should not be included on form FHWA-536. See Chapter 10 for data reporting requirements for toll facilities.

Item III.A.3. Road and street services.—Record in this item the operational expenditures by local governments for roads, streets and bridges. The information provided in this item should be consistent with the classification of operational expenditures in Chapter 8 for item A.3. on form FHWA-532.

Item III.A.3.a. Traffic control operations.—Enter all expenditures for operation of traffic control and surveillance systems that are designed to monitor and control traffic by managing vehicle flow on streets and highways. Such systems include traffic signal control; roadway, tunnel and bridge surveillance and control; electronic message boards, etc.

Item III.A.3.b. Snow and ice removal.—Enter the following types of expenditures: removal of snow from roadway or roadside; sanding and chemical deicing applications; and the erection and removal of snow fences.

Item III.A.3.c. Other.—Enter expenditures for other road and street services including highway air quality monitoring, highway beautification, mowing, and litter removal.

Item III.A.3.d. Total.—Enter the sum of items III.A.3.a., III.A.3.b., and III.A.3.c.

Item III.A.4. General administration and miscellaneous.—Enter general and miscellaneous expenditures that are not readily classified as capital outlay, maintenance, or operations. Highway planning, traffic studies, and research activities are included in this item. The information provided in this item should be consistent with the instructions and examples provided in Chapter 8 for item A.4. on form FHWA-532.

Expenses associated with the administration of mass transit programs that are supported by local governments are not included in this item.

The collection and administrative costs associated with local motor-fuel and motor-vehicle revenue collections should *not* be included in this item. These costs should appear in items I.A.2. and I.B.2.

Item III.A.5. Highway law enforcement and safety.—Enter all highway and traffic police costs of local governments that are associated with traffic supervision and the enforcement of highway, traffic, and safety laws. When these costs are commingled with general police activities and lose their identity, estimates should be made. The information provided in this item should be consistent with the instructions and examples provided in Chapter 8 for item A.5. on form FHWA-532.

Item III.B. Debt service on local obligations.—Record in this item the interest and redemption payments for local highway, road, and street bonds in item III.B.1. and notes in item III.B.2. that were issued by local governments for highway purposes. Debt service also includes all expenditures incidental to the sale and retirement of highway debt. Identify only debt service on bonds and notes reported in item II.A.6. and in section IV.

Item III.B.1. Bonds—Record in this item debt service on bonds. Bonds are obligations originally issued for a term of two or more years.

Item III.B.1.a. Interest.—Enter bond interest costs and related financing costs such as agent fees, fiduciary charges, printing costs, and legal opinions.

Item III.B.1.b. Redemption.—Enter bond redemption payments at net value, i.e., the value after adjustments for discounts and premiums.

Item III.B.1.c. Total.—Enter the sum of items III.B.1.a. and III.B.1.b.

Item III.B.2. Notes.—Record in this item debt service on notes. Notes are obligations originally issued for a term of less than 2 years.

Item III.B.2.a. Interest.—Enter note interest costs and related financing costs such as agent fees, fiduciary charges, printing costs, and legal opinions.

Item III.B.2.b. Redemption.—Enter note redemption payments at net value, i.e., the value after adjustments for discounts and premiums.

Item III.B.2.c. Total.—Enter the sum of items III.B.2.a. and III.B.2.b.

Item III.B.3. Total.—Enter the sum of items III.B.1. and III.B.2.

Item III.C. Payments to State for highways.—Enter the amount of any funds transferred to the State for highway, road, and street purposes. These payments can be for reimbursements, repayments, or contributions. This item should be coordinated with item B.8. on form FHWA-531.

Item III.D. Payments to toll facilities.—Enter the amount of any funds transferred to either a State or local toll facility. The toll facility and amount transferred should be identified in a note.

Item III.E. Total expenditures.—Record in this item the total disbursements by local governments for road and street programs. Enter the sum of items III.A. through III.D.

Section IV. Local Highway Debt Status

This section records the status and change in local government highway debt. All amounts are recorded at par value, i.e., the face amount or value. See Chapter 9 for a general description and instructions for reporting highway debt information.

Item IV.A. Bonds (Total).—Enter the following information for all road and street bonds: bonds outstanding at the beginning of the year, bonds issued

during the year, bonds redeemed during the year, and bonds outstanding at the end of the year.

Item IV.A.1. Bonds (Refunding Portion).—Enter the portion of bond issues reported in item IV.A. that were involved in refunding. Enter the portion of bonds retired in item IV.A. that were refunded. All entries are at par value.

The par value amount of refunding bonds issued may differ from the par value amount of bonds refunded. For example, the net proceeds of a heavily discounted refunding issue would only be sufficient to refund a lesser par value amount of outstanding bonds. For another example, an outstanding bond that carried a large call premium would need a larger par value refunding bond to provide enough funds for the higher net redemption amount.

Item IV.B. Notes (Total).—Enter the following information for all road and street notes: notes outstanding at the beginning of the year, notes issued during the year, notes redeemed during the year, and notes outstanding at the end of the year.

CHAPTER 12

REPORT IDENTIFYING STATE HIGHWAY CAPITAL OUTLAY AND MAINTENANCE EXPENDITURES

This chapter presents the procedures for preparing form FHWA-534, State Highway Capital Outlay and Maintenance Expenditures. Form FHWA-534 is designed to expand on the highway capital outlay and maintenance expenditures by State governments, as reported on form FHWA-532. It classifies these expenditures by area type, functional system, on or off the National Highway System (NHS), and type of improvement. Information is reported for all roads on the NHS, and all other arterials and collectors. Reporting is optional for roads and streets functionally classified as local that are off the NHS. Roads and streets functionally classified as local are not to be confused with roads and streets that are under the jurisdictional control of local governments.

Form FHWA-534 is used to measure State investment priorities for the National Highway System, and for the arterial and collector functional systems. The FHWA uses this information in conjunction with the Highway Performance Monitoring System (HPMS) to develop relationships between system condition and performance, and expenditures on these functional systems. The information from form FHWA-534 permits the FHWA to determine trends in investment types by functional system, both on and off the NHS. By analyzing information on relationships between highway performance and condition and State investment patterns, judgments are made on future highway needs and the appropriate Federal role.

IMPORTANT GENERAL CONSIDERATIONS

Relationship between FHWA-534 and FHWA-532.—Amounts on form FHWA-534 correspond to highway capital outlay and maintenance expenditures reported on form FHWA-532. The sum of State FHWA-534 forms should equal the sum of items A.1., A.2., A.7., and A.9. on form FHWA-532, less any expenditures on the roads and streets functionally classified as local that are not on the NHS.

While there is a direct relationship between form FHWA-534 and expenditures on form FHWA-532, the FHWA-534 form is not considered an accounting report.

Since form FHWA-534 was developed in conjunction with the HPMS, close coordination with those in the State who prepare HPMS data is desirable when

developing the individual FHWA-534 forms. HPMS data will assist in identifying the functional system and jurisdiction of the mileage for the capital outlay and maintenance expenditures reported on form FHWA-534.

Toll facility data.—Toll facility data should be identified and reported separately from other State government highway capital outlay and maintenance expenditure data being reported on form FHWA-534.

A State has several options in reporting toll facility expenditure data by functional system: (1) States that provide an annual financial report for their toll facilities do not need to prepare form FHWA-534 if the annual report contains sufficient detail to identify capital outlay and maintenance expenditures by the criteria contained in this chapter; (2) States that provide their toll facility data on form FHWA-539 (refer to Chapter 10-5) may use the simplified reporting in the page 2 detail section on that form or they may prepare form FHWA-534 as necessary for each facility; and (3) States that elect to report toll facility data on forms FHWA-531 and FHWA-532 need to prepare form FHWA-534 for each facility or they can use the simplified reporting in the page 2 detail section on form FHWA-539.

Instructions on local toll facility reporting are included at the end of Chapter 10.

INSTRUCTIONS FOR FORM FHWA-534

One FHWA-534 form is needed for reporting each functional system. As included on form FHWA-532, special nontoll highway authorities should be included within the appropriate functional system on form FHWA-534.

In the upper right corner of the FHWA-534 form, there are three separate areas of information for the State to identify. These areas are:

State.—Record the full State name.

Year ending.—Record the last month of the reporting year and the reporting year (mm/yy) selected for each form FHWA-534. The reporting year (fiscal or calendar) must be the same as the reporting year for capital outlay

and maintenance information reported on form FHWA-532 (see Chapter 1).

Area type and functional system.—Record the functional system for the highways and roads for which expenditures are being reported. The area and functional system is to be reported by name or code. Functional systems are defined in the 1989 FHWA reference manual, *Highway Functional Classification: Concepts, Criteria, and Procedures*.

Area type designations and codes are:

<u>Code</u>	<u>Description</u>
1	Rural
2	Small Urban (population of 5,000 to 49,999)
3	Urbanized Area (population less than 200,000)
4	Urbanized Area (population equal to or greater than 200,000)

Functional system descriptions and codes are:

<u>Code</u>	<u>Description</u>
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Rural Functional Systems

Principal arterial system:	
01	Interstate
02	Other principal arterials
06	Minor arterial system
Collector system:	
07	Major collectors
08	Minor collectors
09	Local system

Small Urban and Urbanized Functional Systems

Principal arterial system:	
11	Interstate
12	Other freeways and expressways
14	Other principal arterials
16	Minor arterial system
17	Collector system
19	Local system

Thus, a capital expenditure on a project in a rural area on a minor arterial should be reported as "rural minor arterial" and coded as 106. An expenditure on a project in an urbanized area of less than 200,000 in population

on an Interstate highway should be reported as "urbanized < 200,000, Interstate" and coded as 311.

Functional codes 09 and 19 are provided for the local system (codes 109, 219, 319 and 419). Unless local system expenditures are on the NHS, these data are optional.

Data columns.—The three columns labeled "On National Highway System", "Off National Highway System", and "Total" are provided to report capital outlay and maintenance data.

On National Highway System.—Record in this column all expenditures for projects on the NHS. For the four FHWA-534 forms reporting data on the Interstate system (codes 101, 211, 311, and 411), all expenditures should be reported in this column, because the entire Interstate system is on the NHS.

Off National Highway System.—Record in this column all expenditures for projects not on the NHS.

Total.—Record in this column the total for expenditures both on and off the NHS. When all FHWA-534 forms are summarized, the only difference between amounts reported for capital outlay and maintenance expenditures by the State on form FHWA-534 and similar entries on form FHWA-532 should be State expenditures on non-NHS roads functionally classified as local. Include expenditures on NHS roads that are functionally classified as local on form FHWA-534.

Expenditures for capital outlay by improvement types.—Enter information on capital outlay for the indicated functional system according to the definitions provided for each item. The information reported should be consistent with information reported in items A.1., A.7.a., and A.9.a. on form FHWA-532 (see Chapter 8).

Item I. Capital Outlay.—Record for each functional system the expenditures by improvement type for the categories of: 1) new facilities, 2) capacity additions to existing facilities, 3) system preservation, and 4) system enhancement and operation.

Item I.A. New Facilities.—Record expenditures for new highways, roads, streets, and bridges. This item excludes expenditures on existing highways, roads, streets, and bridges. Record expenditures by improvement type for: 1) right-of-way; 2) engineering costs; 3) construction of new highways, roads, and streets; 4) construction of new bridges.

Item I.A.1. Right-of-way costs.—Enter expenditures for: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

Item I.A.2. Engineering Costs.—Enter expenditures for: construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

Item I.A.3. Construction of New Roads.—Enter expenditures for construction of a new facility that will not replace or relocate an existing facility. A new facility will provide: (1) a facility where none existed, or (2) an additional and alternate facility to an existing facility that will remain open and continue to serve through traffic.

Item I.A.4. Construction of New Bridges.—Enter expenditures for construction of a new bridge that will not replace or relocate an existing bridge. A new bridge will provide: (1) a bridge where none existed, or (2) an additional and alternate bridge to an existing bridge or ferry that will remain open and continue to serve through traffic.

Item I.A.5. Total.—Enter the sum of items I.A.1 to I.A.4.

I.B. Capacity Additions to Existing Facilities.—Record all expenditures on highways, roads, streets, and bridges that includes the addition of lanes to an existing facility. Record expenditures by improvement types for: 1) right-of-way; 2) engineering costs; 3) relocation with added capacity; 4) reconstruction with added capacity; 5) major widening; 6) bridge replacement with added capacity; and 7) bridge rehabilitation with added capacity.

I.B.1. Right-Of-Way Costs.—Enter expenditures for: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

I.B.2. Engineering Costs.—Enter expenditures for: construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

I.B.3. Relocation with Added Capacity.—Enter expenditures for construction of a highway, road, or street with additional lanes on a new location that replaces an existing route. The new facility carries all the through traffic with the previous facility closed or retained as a land-service road only.

I.B.4. Reconstruction with Added Capacity.—Enter expenditures for construction on the approximate alignment of an existing route where the old pavement structure is substantially removed and replaced. Reconstruction results in additional capacity through widening to provide additional through lanes, dualizing, adding or revising interchanges, replacing other highway elements such as a grade separation to replace an existing grade intersection, or otherwise improving the existing facility without changing the basic character of the facility.

I.B.5. Major Widening.—Enter expenditures for the addition of lanes or dualization of an existing facility where the existing pavement is salvaged. Also included, where necessary, is the resurfacing of existing pavement and other incidental improvements such as drainage and shoulder improvements.

I.B.6. Bridge Replacement with Added Capacity.—Enter expenditures for the total replacement of a structurally deficient or functionally obsolete bridge with a new bridge in the same traffic corridor. The replacement bridge is designed for an increased traffic flow. Construction of a dual structure to alleviate a capacity deficiency is also included. The replacement bridge carries all of the through traffic with the old bridge retained for local service only, removed, closed, or converted to a purpose other than carrying through traffic.

I.B.7. Bridge Rehabilitation with added Capacity.—Enter expenditures for major work required to restore the structural integrity of a bridge as well as work necessary to correct major safety defects. Bridge deck replacement (both partial and complete) and the widening of bridges to specified standards by widening lanes or adding lanes are included. Construction of a dual structure to alleviate a capacity deficiency is also included when the old structure is included in the dual structure.

I.B.8. Total.—Enter the sum of items I.B.1 to I.B.7.

I.C. System Preservation.—Record expenditures for activities which preserve and enhance the performance of highways, roads, and bridges. These can include infrastructure repair, reconstruction, and rehabilitation to maintain and maximize performance of the existing system. These activities are typically carried out on a continuous and timely basis as part of a State highway agency's maintenance program. Record expenditures by improvement types for: 1) right-of-way; 2) engineering costs; 3) relocation with no added capacity; 4) reconstruction with no added capacity; 5) restoration,

rehabilitation, and resurfacing; 6) minor widening, 7) bridge replacement with no added capacity; and 8) bridge rehabilitation with no added capacity.

I.C.1. Right-of-Way Costs.—Enter the following expenditures: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

I.C.2. Engineering Costs.—Enter the following expenditures: construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

I.C.3. Relocation with No Added Capacity.—Enter expenditures for construction of a facility on a new location that replaces an existing route. The new facility does not have an increased capacity over the previous facility. The new facility carries all the through traffic with the previous facility closed or retained as a land-service road only.

I.C.4. Reconstruction with No Added Capacity.—Enter expenditures for construction on the approximate alignment of an existing route where the old pavement structure is substantially removed and replaced. Reconstruction does not result in additional capacity. It may involve widening the existing lanes or shoulders, but would not add to the number of through lanes. Improvements on the existing facility would not change its basic character.

I.C.5. Restoration, Rehabilitation, and Resurfacing.—Enter expenditures for work required to return an existing pavement (including shoulders) to a condition of adequate structural support or to a condition adequate for placement of an additional stage of construction. There may be some upgrading of unsafe features or other incidental work in conjunction with restoration, rehabilitation, and resurfacing. Typical improvements would include replacing spalled or malfunctioning joints; substantial pavement stabilization prior to resurfacing; grinding or grooving of rigid pavements; replacing deteriorated materials; reworking or strengthening bases or subbases; and adding underdrains. Where surfacing is constructed by a separate project as a final stage of construction, the type of improvement should be the same as that of the preceding stage; i.e., new construction, relocation, reconstruction, minor widening, etc.

I.C.6. Minor Widening.—Enter expenditures for widening the lanes or shoulders of an existing facility without adding more through lanes. In many cases, the improvement includes only the resurfacing of the existing pavement and other incidental improvements such as shoulder and drainage improvements. The existing pavement is salvaged.

I.C.7. Bridge Replacement With No Added Capacity.—Enter expenditures for the total replacement of a structurally deficient or functionally obsolete bridge with a new bridge in the same traffic corridor. The new bridge does not have an increased capacity over the previous facility. The new bridge carries all of the through traffic with the old bridge removed, closed or converted to a purpose other than carrying through traffic.

I.C.8. Bridge Rehabilitation With No Added Capacity.—The major work required to restore the structural integrity of a bridge as well as work necessary to correct major safety defects. Bridge deck replacement (both partial and complete) and the widening of bridges to specified standards are included. Construction of a dual structure to alleviate a capacity deficiency is not included.

I.C.9. Total.—Enter the sum of items I.C.1 to I.C.8.

I.D. System Enhancement and Operation.—Record expenditures that improve the quality of the natural environment by reducing highway-related pollution and by protecting and enhancing ecosystems, and for improvements that are not directly related to the physical structure or condition of roads and bridges.

I.D.1. Engineering Costs.—Enter the following expenditures: construction engineering; field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

I.D.2. Safety Improvements.—Enter expenditures for a project or a significant portion of a project that provides features or devices to enhance safety.

I.D.3. Traffic management/traffic engineering.—Enter expenditures for traffic operation improvements which are designed to reduce traffic congestion and to facilitate the flow of traffic, both people and vehicles, on existing systems, or to conserve motor fuels; or which are designed to reduce vehicle use or to improve transit service. Expenditures for the following types of systems would be included in this item: intelligent transportation

infrastructure (ITI), traffic signal controls, freeway management, incident management, road and bridge surveillance and control, electronic message boards, video monitoring, motorist information radio, freeway ramp control, etc.

I.D.4. Environmental Improvements.—Enter expenditures for environmentally related features. This category includes improvements that do not provide any increase in the level of service, in the condition of the facility, or in safety features. Typical improvements which fall in this category would be noise barriers, beautification, and other environmentally related features not built as a part of the above identified improvement types.

I.D.5. Other Enhancements.—Enter expenditures for improvements that are not categorized above, i.e., construction of bicycle and pedestrian facilities such as bike paths, bicycle rest areas, pedestrian overpasses, etc.

I.D.6. Total.—Enter the sum of items I.D.1 to I.D.5.

I.E. Total Capital Outlay.—Enter the sum of items I.A.5, I.B.8, I.C.9, and I.D.6.

Maintenance expenditures.—Record information on maintenance expenditures for the reported functional system according to the maintenance definition provided in Chapter 8. The information reported should be consistent with information reported in items A.2., A.7.b., and A.9.b. on form FHWA-532.

Item II. Maintenance costs.—Record all expenditures for maintenance for this functional system. Maintenance information should be reported in all three columns on form FHWA-534.

CHAPTER 13

OTHER INFORMATION NEEDS

The total range of FHWA forms contained in *A Guide to Reporting Highway Statistics* together with the Highway Performance Monitoring System (HPMS), constitute a very comprehensive system of reporting highway statistics. Even so, it does not fully account for all the information that the FHWA needs to fulfill its objectives. This chapter outlines the types of additional information that State agencies and units—particularly the planning division of the State highway agency or DOT—should try to systematically obtain and forward to the Washington Headquarters. This important additional information includes: (1) supplemental tabulations concerning motor fuel, motor vehicles, and driver licenses; (2) miscellaneous traffic data; (3) State executive budgets; (4) certain published reports; (5) State highway and taxation laws; and (6) reports of special transportation authorities.

Supplemental tabulations.—In the normal course of preparing the FHWA reports, most States compile supplemental tabulations and statements concerning motor fuel, motor vehicles, and driver licenses. This supplemental information reflects detail not ordinarily provided on the reporting forms, but which can be extremely helpful in understanding transactions and clarifying entries that might otherwise require correspondence. Such tabulations should accompany the annual FHWA reports wherever appropriate.

Traffic data.—Three types of data are collected: 1) traffic volume, 2) vehicle classification, and 3) truck weigh-in-motion (WIM) data. All submitted traffic data should conform to the reporting instructions and formats provided in the current edition of the *Traffic Monitoring Guide* (TMG). Copies of traffic flow maps, annual reports, program documentation, and other traffic related publications produced by the States should be forwarded to the Travel Monitoring Division (HPPI-30) of the Office of Highway Policy Information as they become available.

Traffic volume data are used to monitor national traffic growth occurring on the nation's highways, and are reported monthly in the Traffic Volume Trends report. This report provides an early indicator of the changes occurring in travel at the national and regional levels. The data are collected continuously by automatic traffic recorders (ATRs) monitored by State and local highway agencies. Copies of the continuous traffic volume data

collected by the permanent ATRs should be sent monthly to HPPI-30 within 20 days after the close of the month for which the data were collected.

Vehicle classification data are collected annually by the States as part of the Traffic Monitoring System (TMS) program. These data are used to develop the "percent trucks" sample item for the Highway Performance Monitoring System (HPMS) and also to complete the HPMS summary screens as described in chapter III of the *Highway Performance Monitoring System Field Manual*. The *HPMS Field Manual* provides directions on the reporting of areawide and site-specific vehicle classification data.

Truck weight data are collected at continuous permanent installations and portable sites for a variety of purposes including research, monitoring of weight for pavement design and management, and for enforcement of weight limits on highways and bridges. The site-specific truck WIM and station description data should be sent to the Travel Monitoring Division (HPPI-30) using the FHWA data formats by June 15th of the year following the year for which the data are collected. Additional information is found in the *Traffic Monitoring Guide*.

Budgets.—Copies of the annual or biennial State executive budgets should be provided to the Office of Highway Policy Information when released. These are the budgets prepared for presentation to the State legislature and usually printed and given general distribution. They normally contain budget information not only for the State highway or transportation agency, but also for all other executive departments. They provide a valuable source of information on actual revenues and expenditures for the current and prior years.

Published reports.—Most States publish annual or biennial reports of the major departments. Copies of these reports should be provided to HPPI-10 as they become available. Any State highway statistical publications should also be sent to the Office of Highway Policy Information.

Legislative acts.—Copies of enacted legislation concerning highway taxation and finance should be forwarded to HPPI-10. This information serves as

reference material until bound volumes of the statutes are published. Those States that publish a compendium of highway laws from time to time are requested to provide a copy to the Office of Highway Policy Information.

Reports of special transportation authorities.—

Information about special authorities or public corporations that finance, build, or operate highway or mass transportation facilities is essential in measuring the total highway and mass transportation activity within a State. No information is sought for privately owned and operated facilities. Data on the finances and programs of special transportation authorities should be provided to HPPI-10, including when a new authority is established or debt is refinanced. Copies of the enabling legislation, feasibility reports, bond prospectus, trust agreement and operating statements should also be furnished. Periodic reports that present the results of the audit of accounts or other financial data should be provided as they become available.

APPENDIX A

RELATIONSHIPS AMONG REPORTING FORMS

This appendix presents a list of cross checks that should be made to ensure that the information reported is consistent among the various forms. It is not an exhaustive list, but is intended as an aid to accurate reporting.

FORM FHWA-531

Item A. Balances on hand at beginning of year.—The current year's opening balance should agree with the amount reported on the prior year's form FHWA-532, item C., unexpended balances at end of year. Any large differences should be explained in a note.

Item B.1. State motor-fuel taxes.—The amount reported in item B.1.a. on page 1 should agree with form FHWA-556, item 8.k. Items B.1.b. through B.1.e. on page 1 should be used to explain any differences between the amount reported on form FHWA-556, item 8.k. to item B.1.a., page 1 and the amount report in item B.1., page 2. Some common explanations for difference between forms and items are timing differences, funds in transit, and exclusion of certain funds from form FHWA-531.

Item B.2. State motor vehicle, driver license, and motor carrier taxes and fees.—The amount reported in item B.2.a. on page 1 should agree with FHWA-566, item 8.k. Items B.2.b. through B.2.e. on page 1 should be used to explain any differences between the amount reported on form FHWA-566, item 8.k. to item B.2.a. on page 1, and the amount report in item B.2. on page 2. Some common explanations for difference between forms and items are timing differences, funds in transit, and exclusion of certain funds from form FHWA-531.

Item B.9. Proceeds of sale of bonds.—The amount reported should agree with FHWA-541, item 9.A.7. allotment of proceeds of sales for highways and mass transit. Typically, this will also equal form FHWA-541, item 8.D. net proceeds. A common error is to report the par value of the issue from form FHWA-541, item 8.A. instead of net proceeds.

Item C. Interfund transfers, in.—The amount reported must equal form FHWA-532, item B. interfund transfers, out.

Item D. Total funds to be accounted for.—The amount shown must equal form FHWA-532, item D.

FORM FHWA-532

Item A.1. Capital outlay on State system.—This item should report at least as much as form FHWA-531, item B.6. funds from FHWA.

Item A.1. Capital outlay on State system; item A.7.a. capital outlay on other State roads not on State system; and item A.9.a. capital outlay on local administered roads.—The combination of these three items for capital outlay should be greater than or equal to the sum of item I.D. on all State government FHWA-534 report forms.

Item A.2. Maintenance of State system; item A.7.b. maintenance expenditures on other State roads not on State system; item A.9.b. maintenance expenditures on local roads and streets.—The combination of these three items for maintenance should be greater than or equal to the sum of item II. on all State government FHWA-534 report forms.

Item A.6.c. Debt service on State obligations for highways-retirement by current income.—The amount reported should agree with the amount reported on form FHWA-542, column (5) unless the State pays a premium or discount. If the State pays something other than the par value, the amount of the premium or discount should be shown in a footnote. A common error is to include debt service expenditures on State obligations for mass transit which should be reported in form FHWA-532, item A.11.d.

Item A.6.c. Debt service on State obligations for highways-retirement by refunding.—The amount reported should agree with the amount reported on form FHWA-542, column (6) unless the State pays a premium or discount. If the State pays something other than the par value, the amount of the premium or discount should be shown in a footnote.

Item B. Interfund transfers, out.—The amount reported must equal form FHWA-531, item C., interfund transfers, in.

Item D. Total funds accounted for.—The amount shown must equal form FHWA-531, item D.

FORM FHWA-536

Items II.C.4. Total receipts from State government, and II.D.3. Total receipts from Federal Government.—The amounts reported in these two items should include the amounts reported on form FHWA-532, item A.10. as grants-in-aid to local governments, for the corresponding year. All amounts reported on form FHWA-532, item A.10. should be included on form FHWA-536 although some may be deducted in the disposition section on form FHWA-536 in items I.C.3., I.C.4., or I.D.4., and identified as used for mass transit or nonhighway purposes.

Items II.C.4. and II.D.3. may exceed form FHWA-532, item A.10. For example, some Federal and State agencies transfer funds for roads and streets to local governments without passing them through the State DOT or reporting agency. Also, some Federal and State governments transfers funds to local governments through multi-purpose block grants, local governments may subsequently chose to use those funds for roads and street projects.

Item II.A.6. Proceeds of sale of bonds and notes.—The amounts reported should be in relative agreement with amounts reported in item IV., amount issued column. Note: The amounts reported in item II.A.6. and item IV do not have to be equal. Net proceeds should be reported in item II.A.6 and par value should be reported in item IV.

Item III.B. Debt service on local obligations.—The amounts reported should be in relative agreement with amounts reported in item IV., redemptions column. Note: The amounts reported in item III.B. and item IV. do not have to be equal. Net redemptions should be reported in item III.B. and par value should be reported in item IV.

Item III.C. Payments to State for highways.—This item should agree with the amount shown on form FHWA-531, item B.8. for the corresponding year.

Item IV. Local highway debt status, opening debt column.—The amount reported should agree with the prior year's closing debt. Any large differences should be explained in a note.

FORM FHWA-541

Item 8.A. Par value of sale.—This item should equal form FHWA-542, column (4).

Item 9.C. Total allotments of proceeds of sales —This item should equal form FHWA-531, item B.9. Total allotments of bond proceeds usually equals the net proceeds of bond sales in item 8.D.

Form FHWA-542

Column (3) Amount outstanding, beginning of year.—This item should agree with prior year's form FHWA-542, column (7), amount outstanding, end of year.

Column (4) Amount issued during year.—This item should agree with form FHWA-541, item 8.A.

Column (5) Current redemption during year.—This item should agree with form FHWA-532, item A.6.c. unless the State paid a premium or discount.

Column (6) Refunding redemption during year.—This item should agree with form FHWA-532, item A.6.d. unless the State paid a premium or discount.

OPTIONAL FORM FHWA-543

Item 2.D. Net earnings of sinking fund or investments.—This item equals form FHWA-531, item.B.10.a.

Item 3.A. Bond administrative and finance charges.—This item equals form FHWA-532, item A.6.a.

Item 3.B. Interest payments.—This item equals form FHWA-532, item A.6.b.

Item 3.C.(1) Redemption payments-principal.—This item equals form FHWA-542, column (5) plus FHWA-542, column (6).

Item 3.C.(3) Net redemption payments.—This item equals form FHWA-532, item A.6.c. plus item A.6.d.

Form FHWA-566

Item 1.A. Receipts, FHWA-561.—The receipts reported in column (A) should agree with the amount reported on form FHWA-561, section IV, grand total, all receipts.

Item 1.B. Receipts, FHWA-562.—The receipts reported in column (B) should agree with amount reported on form FHWA-562, item H.

Item 1.C. Receipts, FHWA-571.—The receipts reported in column (C) should agree with the amount reported on form FHWA-571, item 9, column (7).

Item 4. Deductions by State collecting agency for operation and administration.—The amount shown should agree with the breakout provided on form FHWA-566, item 10. Item 4. and item 10.I. can disagree if: (1) total collections are deposited in one fund and expenses of the collecting agency are paid or appropriated from this fund which would result in no entry in item 4.; or (2) the amount reported in item 4. contains amounts deducted from collections to defray costs and item 10. contains supplemental funds such as general funds. In either case, a note should be provided explaining the difference between the two items.

Item 6. Balance undistributed at end of previous year.—The amount reported should agree with the prior year's form FHWA-566, item 9, balance undistributed at end of year. If the two do not agree, a note explaining the difference should be provided.

APPENDIX B

DATA REPORTING TEMPLATES AND ELECTRONIC DATA TRANSMISSION

FHWA encourages the use of microcomputers to prepare the various report forms contained in *A Guide to Reporting Highway Statistics* and electronic transmission of those report forms.

SPREADSHEET TEMPLATES FOR REPORT FORMS

Spreadsheet templates using Lotus 1-2-3 and Excel are available for all of the report forms covered in this *Guide*. These microcomputer templates provide a convenient alternative to completing the printed report forms at the end of certain chapters.

A Guide to Reporting Highway Statistics and the accompanying templates are available on the Internet, within the Office of Highway Policy Information's Web Site: <http://www.fhwa.dot.gov/ohim>. The *Guide* is in WordPerfect and can also be downloaded along with the spreadsheet templates. The electronic versions of the report forms can be electronically sent to headquarters via e-mail or by floppy disk.

ELECTRONIC DATA REPORTING

Report forms prepared using the spreadsheet templates may be transmitted to FHWA electronically via the Internet or via the agency email system. FHWA division offices or others with access may use the agency electronic mail system and direct the reports to the mailbox HWYSTATS.

APPENDIX C

REPORTING BY U.S. TERRITORIES AND PUERTO RICO

The following instructions apply only to the simplified form, Territorial Highway Statistics, included in this appendix. For specific information on the individual categories of information requested, reference should be made to the individual chapters in this *Guide*.

Item I. Motor-fuel consumption.—Record in this item certain basic information on motor-fuel tax rates and the amount of gallons taxed. As used here, motor fuel includes gasoline, gasohol, diesel, and liquefied petroleum gases (LPG).

Item I.A.1. Territorial motor-fuel tax rate on December 31-gasoline.—Enter the tax rate for highway use of gasoline.

Item I.A.2. Territorial motor-fuel tax rate on December 31-diesel and LPG.—Enter the tax rate for highway use of diesel and LPG.

Item I.B.1. Net volume taxed at prevailing rates.—Enter the amount (in thousands of gallons or liters) of motor fuel that was taxed at the motor-fuel tax rates reported in items I.A.1. and I.A.2. The unit of measurement used for this item should be identified in a note.

Item I.B.2. Net volume taxed at other rates.—Enter the amount (in thousands of gallons or liters) of motor fuel that was taxed at a rate other than the motor-fuel tax rates reported in items I.A.1. and I.A.2. The unit of measurement used for this item should be identified in a note.

Item I.B.3. Total.—Enter the sum of items I.B.1. and I.B.2. Identify the unit of measurement used for this item in a note.

Item II. Motor-fuel tax receipts.—Record in this item certain basic information on the receipts from motor-fuel taxation.

Item II.A. Gross volume receipts.—In thousands of dollars, enter the total amount of receipts from the taxation of gasoline, diesel and LPG. Include proceeds of taxes levied per unit of volume. Do not include taxes levied as a percentage of price.

Item II.B.1. Less: refunds paid.—In thousands of dollars, enter the total amount of refunds of motor-fuel taxes paid.

Item II.B.2. Less: dedicated volume tax.—In thousands of dollars, enter the total amount of motor-fuel taxes on nonhighway use of fuel that are specifically dedicated to nonhighway activities. For example, enter in this item the aviation gasoline taxes dedicated for airport improvements. To be included in this item, the fuel taxed must have been used for nonhighway purposes *and* the receipts must be dedicated for nonhighway purposes.

Item II.C. Other receipts.—In thousands of dollars, enter the total amount of other highway motor-fuel related taxes or fees. Motor-fuel inspection fees, motor-fuel decals, and other miscellaneous fees that are included in motor-fuel tax laws should be included in this item.

Item II.D. Net total receipts.—Enter the sum of items II.A. and II.C. less items II.B.1. and II.B.2.

Item III. Motor-vehicle registrations.—Record in this item the number of public, private, and commercial motor-vehicle registrations for each of the categories listed below. Registrations for motor-vehicles which are not intended for use on highways, roads, and streets should be omitted. For example, agricultural tractors and other agricultural vehicles which are not used on the public road system should be omitted.

Item III.A. Automobiles.—Enter the number of public, private, and commercial automobiles registered during the reporting year.

Item III.B. Buses.—Enter the number of public, private, and commercial buses registered during the reporting year.

Item III.C. Trucks.—Enter the number of public, private, and commercial trucks registered during the reporting year.

Item III.D. Total.—Enter the sum of items III.A. through III.C.

Item III.E. Trailers.—Enter the number of public, private, and commercial trailers registered during the reporting year.

Item III.F. Motorcycles.—Enter the number of public, private, and commercial motorcycles registered during the reporting year.

Item IV.A. Learner permits.—Enter the number of learner permits issued during the year to beginner drivers.

Item IV.B. Operator licenses issued.—Enter the number of operator licenses issued during the year for the operation of private motor vehicles.

Item IV.C. Chauffeur licenses issued.—Enter the number of chauffeur licenses issued during the year for the operation of motor vehicles. Chauffeur licenses are issued for operating motor vehicles for hire or operating trucks.

Item IV.D. Motorcycle licenses issued.—Enter the number of motorcycle licenses issued during the year.

Item IV.E. Driver licenses in force.—Enter the net number of driver licenses in force as of the end of the reporting year. Licenses in force should exclude: learner permits, motorcycle only licenses, limited use permits, canceled licenses, and revoked licenses. Only one driver license should be counted for each driver.

Item V. Motor-vehicle tax receipts.—Record in this item information on the taxation of motor vehicles as categorized below.

Item V.A. Registration fees.—In thousands of dollars, enter the total amount of receipts from motor-vehicle registrations.

Item V.B. Driver licenses.—In thousands of dollars, enter the total amount of receipts from driver license fees.

Item V.C. Motor carriers.—In thousands of dollars, enter the total amount of receipts from the taxation of motor carriers and for-hire vehicles. For example, distance taxes, weight-distance taxes, gross receipts taxes, axle fees, and other operational motor-carrier taxes and fees should be included in this item.

Item V.D. Other.—In thousands of dollars, enter the total amount of receipts from other taxes and fees on motor vehicles. For example, dealer licenses, title fees, duplicate registration fees, duplicate driver license fees, vanity plates, vehicle inspection fees, and transfer fees should all be reported in this item.

Item V.E. Total.—Enter the sum of items V.A. through V.D.

Item VI. Highway receipts.—Record in this item information on the net revenues for highway, road, and

street programs during the reporting year as categorized below.

Item VI.A. Highway-user revenues.—In thousands of dollars, enter the net revenues from the taxation of motor fuels, motor vehicles, drivers, and motor carriers for their use of and operation on highways, roads, and streets. Net revenues exclude refunds and collection expenses.

Item VI.B. General funds.—In thousands of dollars, enter the net amount of general funds expended for highway, road, and street activities.

Item VI.C. FHWA funds.—In thousands of dollars, enter the amount of Federal Highway Administration funds received and expended for highway, road, and street activities.

Item VI.D. Other Federal funds.—In thousands of dollars, enter the amount of funds received from other Federal agencies and expended for highway, road, and street activities.

Item VI.E. Total.—Enter the sum of items VI.A. through VI.D.

Item VII. Highway disbursements.—Record in this item information on the net expenditures for highway, road, and street programs during the year as categorized below.

Item VII.A. Capital outlay.—In thousands of dollars, enter the total of capital outlay for highways, roads, and streets.

Item VII.B. Maintenance.—In thousands of dollars, enter the total of maintenance and operational expenditures for highways, roads, and streets.

Item VII.C. Administration.—In thousands of dollars, enter the total of administrative and planning expenditures for highways, roads, and streets. Administration excludes collection expenditures.

Item VII.D. Highway law enforcement.—In thousands of dollars, enter the total of highway law enforcement and safety expenditures for highways, roads, and streets. Expenditures for criminal law enforcement should be excluded.

Item VII.E. Total.—Enter the sum of items VII.A. through VII.D.

APPENDIX D

A SIMPLIFIED METHODOLOGY FOR REPORTING LOCAL HIGHWAY FINANCE DATA

This appendix describes a simplified methodology for collecting and reporting local highway finance data. This methodology uses sampling and estimation as a means of reducing the cost and effort associated with data reporting activities by the States, and is intended to provide a practical procedure for meeting FHWA's local highway finance data needs. However, it may have only a limited application in States which already require more complete reporting for State purposes or which have centralized, computer-based data collecting, processing, and reporting systems.

The usual sources of local highway finance data include audits, budgets, and financial reports supplied to the State highway agencies by local governments. These can be supplemented by questionnaires and surveys. Data collected by or reported to other State agencies may also be useful. However, a sampling and estimation procedure has great potential as a cost effective alternative to 100 percent data collection and reporting.

In its simplest form, sampling uses a portion or subset—a sample—of a population to estimate the total population. A number of local governments in a State would be selected, and their financial data used as the basis for estimating local highway finance data for all local governments in the State. In addition to the collection of raw data from a representative sample of local governments, estimation may also involve the use of trends, projections, knowledge of local priorities, and personal judgment about the limitations of the data available.

The first step in sampling is to group or stratify all local governments on the same basis or criteria. The governments within each group should have many features in common, including the nature and extent of highway activities. If the groups are carefully selected, a few counties or municipalities can be expanded to give a representative fiscal picture for the respective grouping, and ultimately all groups.

One possible criterion is population size. Prior local highway finance reporting to FHWA indicates that a small number of local governments with large populations represent the greatest portion and most significant part of the data. While only 20 percent of municipalities have a population above 5,000, these municipalities are responsible for approximately 88 percent of total financial expenditures. By concentrating on larger municipalities, acceptable results can be obtained more efficiently.

Some States may elect to use population density, roadway mileage, or other criteria with or in place of population. The State should determine what criterion will create the most commonality within each group.

Reliable, comparable information to determine the criterion for the groupings is important. For example, when using population as a criterion, the latest available population data from the Bureau of the Census should be used, rather than relying on local estimates of their current population.

The next step in sampling is to select the number of local governmental units (among counties, townships, and cities) to represent the sample for each grouping or strata. The greater number of units surveyed, the greater the accuracy for that grouping.

Some factors to be considered when determining the number of units to include in a grouping are:

- ! The availability of data;
- ! The amount and extent of the desired data recorded by local governments;
- ! The comparability of data among local governments.

Assuming that population is used as the criterion for grouping the units of local government, the sample should focus on the largest population groups. The relatively few municipalities, counties, and townships with large populations account for a disproportionate share of capital outlay and overall expenditures for roads and streets, and typically have more

accurate and readily available financial reports. Therefore, all units within the largest population group should be examined. The size of the other groups and the number of units within each grouping to be examined should reflect their relative share of the State totals.

The sample size necessary to estimate the group total with a desired confidence level can be determined using mathematical formulas, statistical textbooks, or judgmental decision. The composition of the samples should take into account the data reporting burden on individual governments and the accuracy of the data collected. To limit the reporting burden on local governments, the State may examine one quarter of all small local governments' financial reporting every fourth year. The sample would be the total number of governments in that population size group divided by four. The State may also consider the relative burden of reporting the data. If some local governments are able to generate the data more easily than most others, the State may sample these areas more frequently. In order to balance out its data collection and analysis workload on the biennially reported FHWA-536, the State may choose to survey half of its selected sample each year.

After sample selection, subsequent steps involve: analyzing financial reports, developing local highway finance data, testing the data, expanding data within the groups, and combining individual group data to produce the statewide summary totals for the local highway finance reports. If a selected local government's data is incomplete or unavailable, the State may find it necessary to estimate some local data, or to select another local government as a replacement.

The use of sampling should reduce the data reporting burden of both the local and State governments. Local governments would not need to produce data as often, and the State would have fewer local reports to analyze in preparing data for the FHWA-536 report.

The New Mexico case study which follows provides a more complete presentation of sampling and estimation procedures which could be used in collecting and reporting local highway finance data.

A METHODOLOGY FOR LOCAL HIGHWAY FINANCE STATISTICAL REPORTING (NEW MEXICO CASE STUDY)

This paper presents a practical methodology for the collection, analysis, and reporting of local highway finance data. The methodology is based on sampling and estimation techniques, and illustrates a simplified approach for developing local highway finance data. The case study used published statistical data for New Mexico's counties that were provided by the FHWA division office. A similar approach could be used for estimating data for all local governmental units within a State (e.g., counties, townships, and municipalities combined).

The first step in this methodology involves sorting or ranking all counties on a common basis. As illustrated in table 1, population size was used as the ranking factor. The latest available information from the Bureau of the Census should be used for population statistics.

Table 1
Population Size Ranking of 31 Counties

<u>County</u>	<u>Population</u>	<u>County</u>	<u>Population</u>
Bernalillo	362,087	Roosevelt	16,446
Dona Ana	79,593	Luna	14,421
San Juan	64,719	Colfax	13,076
Santa Fe	62,420	Quay	11,221
Lea	51,525	Socorro	9,899
McKinley	51,081	Lincoln	9,710
Chaves	47,695	Sierra	8,302
Valencia	46,141	Torrance	6,383
Curry	43,007	Hidalgo	5,820
Eddy	42,800	Union	4,946
Otero	42,727	Mora	4,886
Rio Arriba	27,896	Guadalupe	4,839
Grant	24,377	De Baca	2,604
San Miguel	23,426	Catron	2,338
Sandoval	22,576	Harding	1,230
Taos	19,375		

Then, by examining population sizes and ranges, the counties may be stratified into easily managed groups. The selection of the groups and group sizes should be based on the ease of data management. Some considerations are: population ranges, population sizes, number of counties, county size characteristics, similar group sizes, etc. In this case study, the counties are stratified into five groups. Because the population of Bernalillo County is four times greater than the next largest county, Bernalillo is segregated into a separate group. The rest of the counties are grouped within arbitrary ranges.

Table 2
Counties Stratified by Population Size

<u>Above 100,000</u>	<u>Below 10,000</u>
Bernalillo	Catron
	De Baca
 <u>50,000 - 99,999</u>	
Guadalupe	
Dona Ana	Harding
Lea	Hidalgo
McKinley	Lincoln
San Juan	Mora
Santa Fe	Sierra
	Socorro
 <u>40,000 - 49,999</u>	Torrance
Chaves	Union
Curry	
Eddy	
Otero	
Valencia	
 <u>10,000 - 39,999</u>	
Colfax	
Grant	
Luna	
Quay	
Rio Arriba	
Roosevelt	
Sandoval	
San Miguel	
Taos	

The second step involves a determination of what proportion of receipts and disbursements each county represents to the State total and the individual group total. Table 3 illustrates this distribution and was based on the *1976 New Mexico County and Municipal Road and Street Finance Report*.

The third step involves the selection of a sample from each group. The sample size reflects the desired confidence in the accuracy of the data. If all 31 counties are chosen for the sample, the accuracy of the data would be 100 percent with a margin of error (or confidence limit) of ± 0 . If only one county was chosen for the sample, there would be little confidence in the accuracy of the data. However, it has been proven by mathematical formulas that a relatively small number of units or counties can represent all counties in the State with a high degree of accuracy. Sample size can be determined by formula, from statistical texts or by arbitrary decision. For this case study, a sample size of 11 counties was selected from the 31 New Mexico counties. The sample was selected on the basis of examining each county every 4 years, but including at least two counties from each group each year. Since the first group contains only Bernalillo County, it will be included in the sample every year. Table 4 illustrates the final sample selection for the case study with corresponding finance data obtained from the *1977 New Mexico County and Municipal Road and Street Finance Report*.

Table 3
Percentage of Individual County Receipts
and Disbursements to Total County (and Group Totals)

	<u>Receipts</u> <u>All Counties (Group)</u>		<u>Disbursements</u> <u>All Counties (Group)</u>	
<u>Above 100,000</u>				
Bernalillo	15.4	(100.0)	13.8	(100.0)
<u>50,000 - 99,999</u>				
Dona Ana	4.3	(22.6)	3.8	(15.1)
Lea	4.6	(24.3)	6.7	(26.7)
McKinley	2.4	(12.6)	4.2	(16.7)
San Juan	3.8	(20.0)	7.7	(30.7)
Santa Fe	<u>3.9</u>	<u>(20.5)</u>	<u>2.7</u>	<u>(10.8)</u>
	19.0	(100.0)	25.1	(100.0)
<u>40,000 - 49,999</u>				
Chaves	4.9	(23.0)	4.6	(20.7)
Curry	3.8	(17.8)	2.9	(13.1)
Eddy	4.3	(20.2)	8.4	(37.8)
Otero	3.9	(18.3)	3.0	(13.5)
Valencia	<u>4.4</u>	<u>(20.7)</u>	<u>3.3</u>	<u>(14.9)</u>
	21.3	(100.0)	22.2	(100.0)
<u>10,000 - 39,999</u>				
Colfax	1.7	(7.3)	1.5	(6.8)
Grant	2.2	(9.4)	5.1	(23.1)
Luna	4.4	(18.9)	3.2	(14.5)
Quay	2.6	(11.2)	2.1	(9.5)
Rio Arriba	1.7	(7.3)	2.9	(13.1)
Roosevelt	3.0	(12.9)	2.4	(10.9)
Sandoval	3.5	(15.0)	1.4	(6.3)
San Miguel	2.3	(9.9)	1.9	(8.6)
Taos	<u>1.9</u>	<u>(8.1)</u>	<u>1.6</u>	<u>(7.2)</u>
	23.3	(100.0)	22.1	(100.0)
<u>Below 10,000</u>				
Catron	2.8	(13.3)	2.0	(11.9)
De Bach	1.5	(7.1)	0.8	(4.8)
Guadalupe	1.4	(6.7)	1.5	(8.9)
Harding	1.2	(5.7)	0.9	(5.4)
Hidalgo	0.9	(4.3)	1.0	(6.0)
Lincoln	3.2	(15.2)	2.9	(17.3)
Mora	1.0	(4.8)	0.6	(3.6)
Sierra	1.4	(6.7)	1.2	(7.1)
Socorro	3.4	(16.2)	2.4	(14.2)
Torrance	2.1	(10.0)	1.6	(9.5)
Union	<u>2.1</u>	<u>(10.0)</u>	<u>1.9</u>	<u>(11.3)</u>
	21.0	(100.0)	16.8	(100.0)
Total Counties	100.0		100.0	

Table 4
Sample and Group Totals

	<u>Total Receipts</u>	<u>Total Disbursements</u>
<u>Above 100,000</u>		
Bernalillo	\$1,346,066	\$1,182,252
 <u>50,000 - 99,000</u>		
Dona Ana	392,665	370,491
Lea	<u>390,546</u>	<u>769,878</u>
	783,211	1,140,369
 <u>40,000 - 49,999</u>		
Chaves	376,126	333,388
Curry	<u>315,671</u>	<u>294,366</u>
	691,797	627,754
 <u>10,000 - 39,999</u>		
Colfax	125,735	104,581
Grant	196,521	491,518
Luna	<u>389,690</u>	<u>392,730</u>
	711,946	988,829
 <u>Below 10,000</u>		
Catron	293,429	194,214
De Baca	122,056	147,417
Guadalupe	<u>118,417</u>	<u>152,532</u>
	\$ 533,902	\$ 494,163

The fourth step involves determining the total receipts and disbursements for each group by expanding the data for the sample chosen from within each group. This is accomplished by dividing the total for each sample group from table 4 by the sum of the percentages obtained from table 3 which represents the sample counties within the group.

**Table 5A
Total Receipts**

<u>Above 100,000</u>		
Bernalillo	$1,346,066 \div 1.00$	= \$1,346,066
<u>50,000 - 99,000</u>		
Dona Ana	$783,211 \div (.226 + .243)$	= 1,669,959
Lea @		
<u>40,000 - 49,999</u>		
Chaves	$691,797 \div (.230 + .178)$	= 1,695,580
Curry @		
<u>10,000 - 39,999</u>		
Colfax B	$711,946 \div (.073 + .094 + .198)$	= 1,999,848
Grant C		
Luna D		
<u>Below 10,000</u>		
Catron B	$533,902 \div (.133 + .071 + .067)$	= <u>1,970,118</u>
De Baca C		
Guadalupe D		
Total		\$8,681,571

**Table 5B
Total Disbursements**

<u>Above 100,000</u>		
Bernalillo	$1,182,252 \div 1.00$	= \$1,182,252
<u>50,000 - 99,000</u>		
Dona Ana		
Lea A	$1,140,369 \div (.151 + .267)$	= 2,728,155
<u>40,000 - 49,999</u>		
Chaves		
Curry A	$627,754 \div (.207 + .131)$	= 1,857,260
<u>10,000 - 39,999</u>		
Colfax B		
Grant C	$988,829 \div (.068 + .231 + .145)$	= 2,227,092
Luna D		
<u>Below 10,000</u>		
Catron B		
De Baca C	$494,163 \div (.119 + .048 + .089)$	= <u>1,930,324</u>
Guadalupe D		
Total		\$9,925,083

The actual 1977 receipts and disbursements for each population group were used to test the results.

Table 6

	<u>Receipts</u>	<u>Disbursements</u>
<u>Above 100,000</u>		
Bernalillo	\$1,346,066	\$1,182,252
<u>50,000 - 99,000</u>		
Dona Ana	392,665	370,491
Lea	390,546	769,878
McKinley	187,796	273,465
San Juan	314,377	697,771
Santa Fe	<u>295,150</u>	<u>295,371</u>
	1,580,534	2,406,976
<u>40,000 - 49,999</u>		
Chaves	376,126	333,388
Curry	315,671	294,366
Eddy	358,362	965,715
Otero	315,525	301,324
Valencia	<u>350,315</u>	<u>332,382</u>
	1,715,999	2,227,175
<u>10,000 - 39,999</u>		
Colfax	125,735	104,581
Grant	196,521	491,518
Luna	389,690	392,730
Quay	202,955	220,570
Rio Arriba	172,644	328,166
Roosevelt	330,073	390,073
Sandoval	305,557	269,674
San Miguel	192,259	199,925
Taos	<u>139,681</u>	<u>135,542</u>
	2,055,115	2,532,779
<u>Below 10,000</u>		
Catron	293,429	194,214
De Baca	122,056	147,417
Guadalupe	118,417	152,532
Harding	95,644	92,430
Hidalgo	83,200	76,318
Lincoln	353,910	351,676
Mora	63,931	48,542
Sierra	132,771	126,342
Socorro	307,963	272,037
Torrance	159,489	198,788
Union	<u>169,037</u>	<u>179,419</u>
	1,899,847	1,839,715
Total	\$8,597,561	\$10,188,897

The last step involves the comparison of the estimates for the groups to the actual 1977 receipts and disbursements. By dividing the estimates by the actual data, the accuracy of the sample and estimates can be determined.

Table 7 illustrates the percentage differences between the sample estimates and the actual data for each group.

Table 7

<u>Population</u>	<u>Receipts</u>	<u>Disbursements</u>
Above 100,000	0.0%	0.0%
50,000-99,999	+5.7%	+23.3%
40,000-49,999	-1.2%	-16.6%
10,000-39,999	-2.7%	-12.1%
Below 10,000	<u>-4.1%</u>	<u>+4.9%</u>
Total	+0.98%	-2.6%

Although the variance for individual groups for receipts measures up to 5.7 percent, the estimate for all groups differs by less than 1 percent. While individual group estimates for disbursements show greater variance, the estimate for all groups differs by less than 3 percent. Individual group variations essentially cancel when the total for all groups is obtained. Using this methodology, results were obtained with much less than a 10 percent variance from the actual data. The estimates would have been very satisfactory as a basis for reporting local highway finance statistical data to the Federal Highway Administration for New Mexico.