

COVID-19 Transportation Funding Impact Update

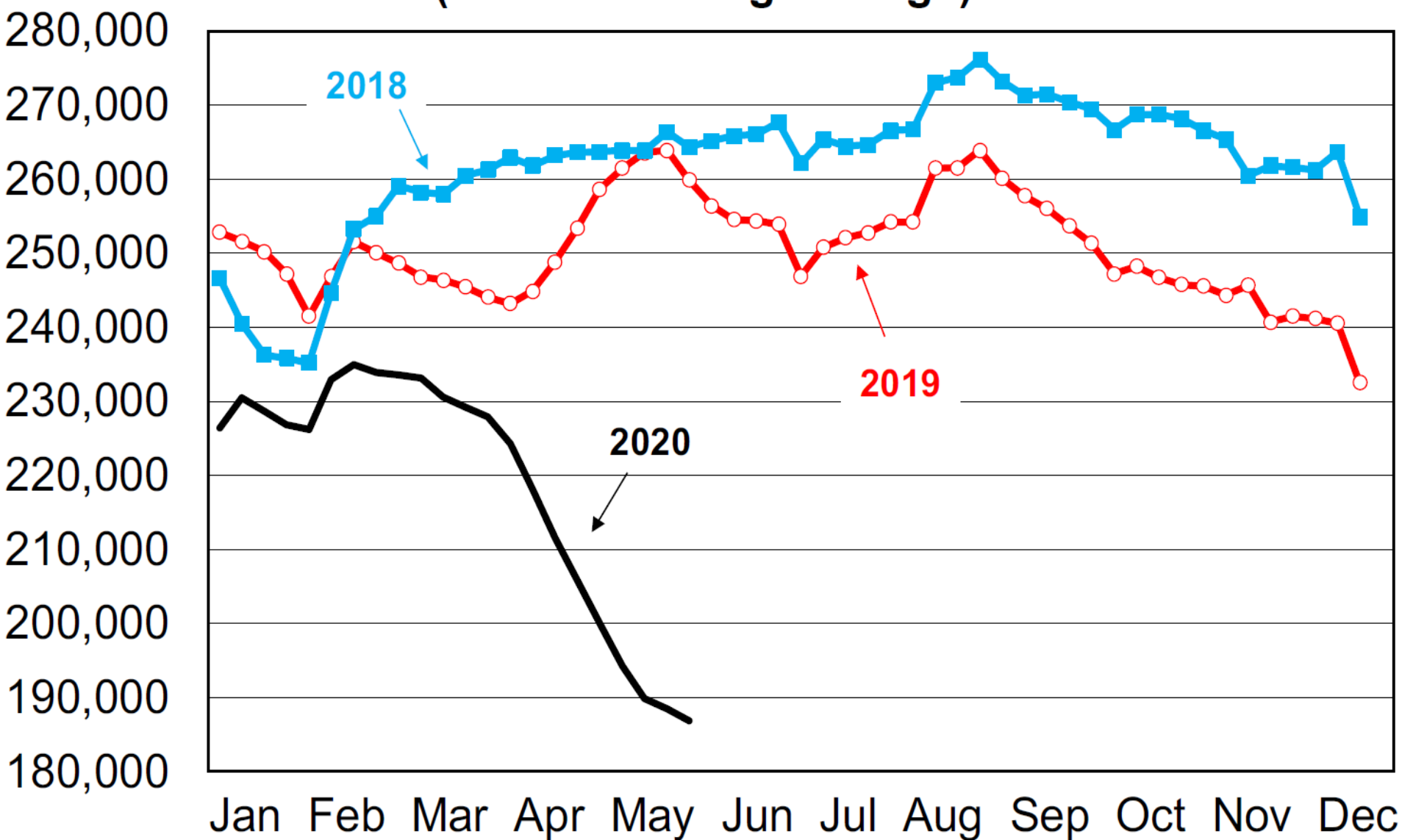
Transportation Commission Workshop

June 8, 2020

Update

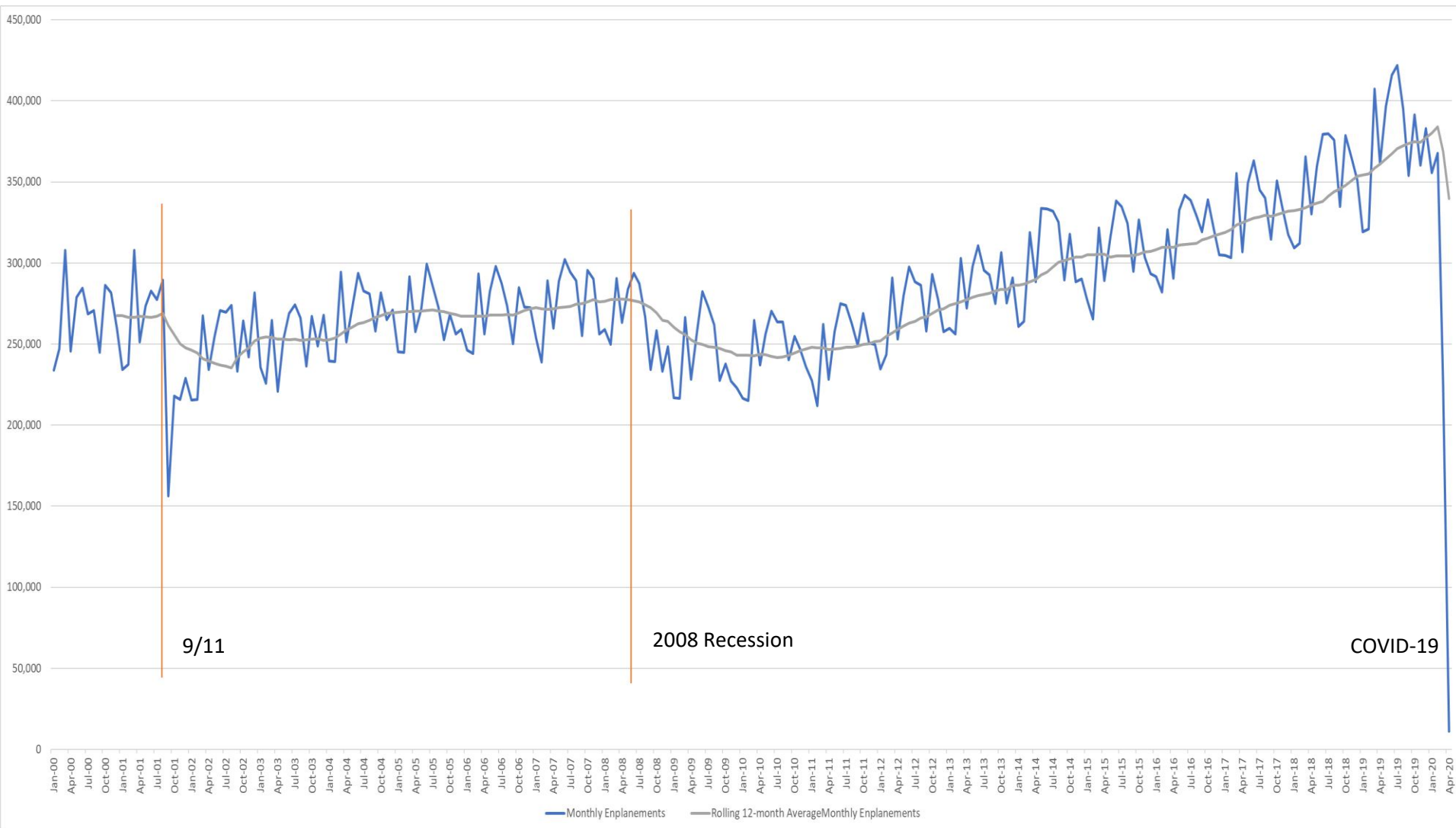
- Travel trends
 - US total rail carloads
 - Commercial air service passenger enplanements
 - Vehicular traffic
- Funding impacts
 - Aviation Improvement Program
 - Rebuild Iowa Infrastructure Fund (RIIF)
 - State Road Use Tax Fund
- Federal funding update
- State variable tax rate

U.S. Total Rail Carloads (6-week moving average)

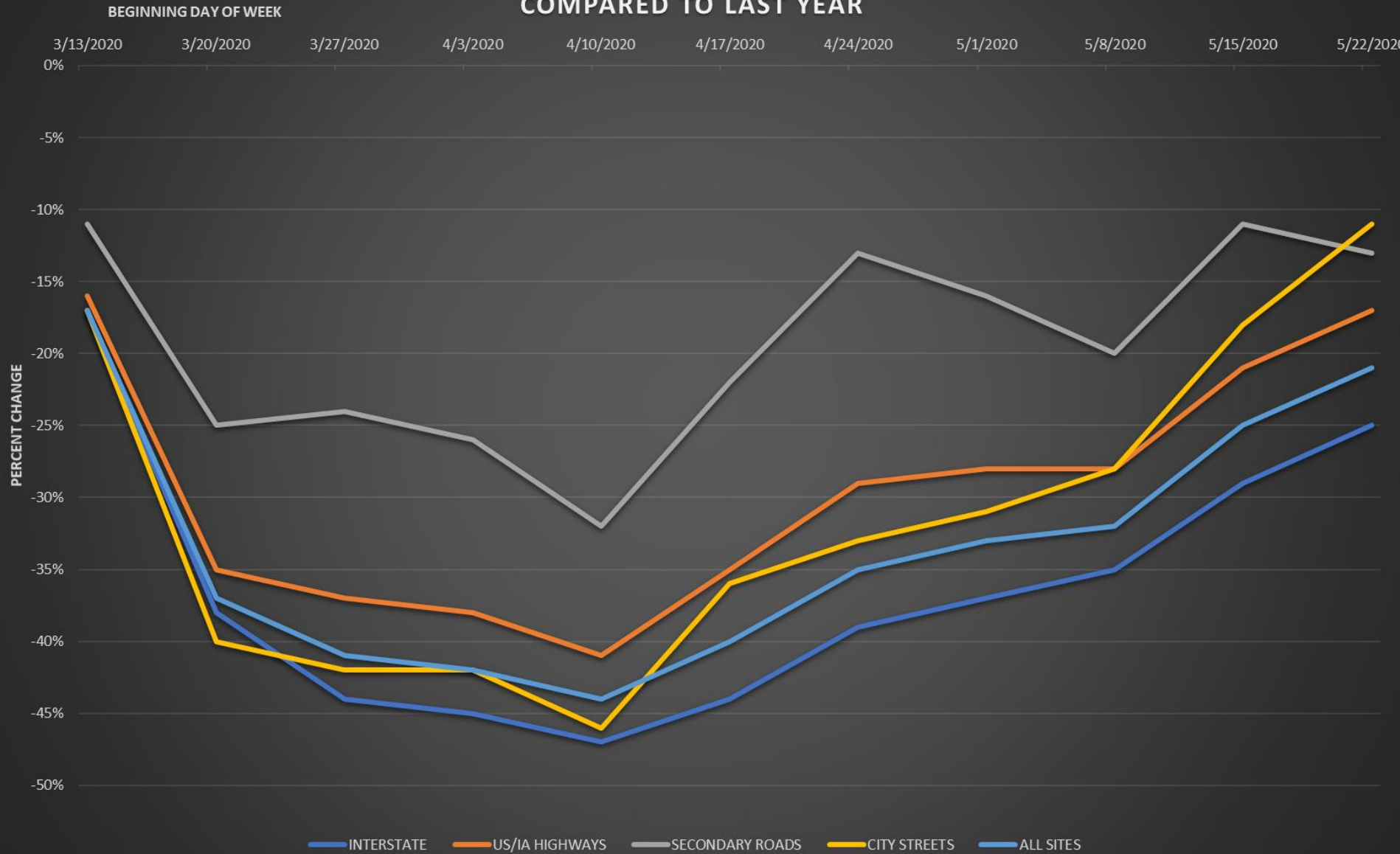


Data are 6-week moving average originations, do not include intermodal, and do not include the U.S. operations of CN, CP, and GMXT. Source: AAR *Rail Time Indicators*

Passenger Enplanements at Iowa's Eight Commercial Service Airports



WEEKLY PERCENTAGE CHANGE IN TRAFFIC COMPARED TO LAST YEAR



Aviation Improvement Program

- Funding sources
 - Aviation fuel taxes: \$2.23 m (FY 21 estimate, pre-COVID-19)
 - Aircraft registration fees: \$1.62 m (FY 21 est., pre-COVID-19)
- Fuel tax revenues are likely down significantly
- Currently assessing impacts

Rebuild Iowa Infrastructure Fund (RIIF)

- RIIF revenue comes from gambling taxes
- Legislative appropriations from RIIF support:
 - State Recreational Trails
 - Commercial Service Aviation Vertical Infrastructure
 - General Aviation Vertical Infrastructure
 - Public Transit Infrastructure Grant
 - Railroad Revolving Loan and Grant Program
- FY 2020 and FY 2021 RIIF revenue impacted by casino closures and reduced sports wagering
- Expect legislative FY 2021 appropriations very soon

Road Use Tax Fund

- Funding sources
 - Fuel tax revenue down with reduced travel
 - Fee for New Registration revenue down with reduced vehicle sales
 - Annual vehicle registration revenue down slightly
- Initial estimate was 25 percent reduction (\$35 m per month)

Road Use Tax Fund (cont.)

- Revised estimates
 - June allocation of RUTF (est.): -\$25 million
 - Generally reflective of April collections
 - July allocation of RUTF (est.): -\$1 million
 - Estimate a minor reduction because the COVID-19 impact is offset by a fuel tax deposit timing situation.
 - August allocation of RUTF (est.): -\$30 million
 - September allocation of RUTF (est.): -\$25 million
 - October allocation of RUTF (est.): -\$20 million
 - **June through October Impact: -\$100 million**

Federal Funding Update

- No action on a COVID-19 backfill for lost state transportation revenue
- Reauthorization
 - House Democrats released their Proposal – INVEST in America Act
 - \$494 b for FY 2021 to FY 2025
 - FY 2021 is generally a FAST Act extension but with additional funding and allowance for 100 percent federal share for COVID-19 impacts
 - FY 2022-2025 have significant program/policy changes

State Variable Tax Rate

- Senate File 2403 passed by Senate and House on June 3, 2020.
- Pending Governor review/action
- Shifts the fuel tax incentive to E15 and greater blends
- Requires the use of more accurate ethanol usage reporting to determine fuel tax rates
- Estimate to initially generate an additional \$8 m per year in RUTF

State Variable Tax Rate (cont.)

- Current tax rates:
 - Ethanol (all ethanol blends): 29.0 cents per gallon (cpg)
 - Unblended gasoline: 30.5 cpg
- New tax rates (if signed into law):
 - E15 blends or greater: 24.0 cpg
 - Unblended gasoline and E10: 30 cpg
- Rates will continue to adjust every July 1 based on the amount of E15 or greater blends that are sold in the previous calendar year.

Questions?