TRANSPORTATION FUNDING STRUCTURE - FREIGHT

Iowa Freight Advisory Council
June 26, 2015
Summary

• State funding for highways
  • Distribution to cities/counties/DOT
  • DOT funding (operations budget vs. construction)
  • Funding increase and implementation - SF 257

• Other freight funding
Fiscal Year 2016 Transportation Funding

$1163.6 (millions)

This chart relates to the apportioned/budgeted distribution of new fiscal year income to the Iowa Department of Transportation.

Road use tax funds and federal highway funds are estimated. The forecasted income correlates directly with the Road Use Tax Fund forecast presented to the Iowa Transportation Commission. Some amounts have been adjusted for rounding.

This chart does not include federal highway or transit funds transferred to local jurisdictions for local programming authority. It may not include additional sources of revenue related to prior years’ allocations or as reimbursements for costs paid from previous years’ income. Amounts designated for specific programs may not reflect actual amounts expended during the current fiscal year.

Source of Funds

- Road Use Tax Fund
- Primary Road Fund
- Statutory Allocations Fund
- TIME-21 Fund
- Special Purpose Funds
- Operations
- Highway Improvement Program
- Highway
- General Services
- Motor Vehicle
- License Plate Fund
- Operations
- Transit Programs
- Air Programs
- Rail Programs
- Rebuild Iowa’s Infrastructure Fund
- State Aviation Fund
- Modal Programs
- Modal Improvements
- State Transportation Assistance
- Transportation Safety
- Other Revenues

Legislative Decision

Disposition of Funds

- Iowa DOT Operations
- Specific Appropriations
- Non-appropriated

Total county funds
- 457.8

Total city funds
- 200.3

OVERSIZED/OVERWEIGHT PERMITS
- 34.1

Farm-to-Market Road Fund
- 315.3

Secondary Road Fund
- 341.7

Street Construction Fund
- 104.0

IOWA DOT
- 17.6

RISE Fund
- 1457.2

Road Use Tax Fund
- 1457.2

Statutory Allocations Fund
- 55.9

Highway Fund
- 682.3

Other Vehicle Taxes and Fees
- 5.4

Other Motor Fuels Taxes
- 669.4

Net FY 2015 Statutory Allocations Fund Balance
- 32.0

Underground Tank Fees
- 21.6

Other Nondedication
- 14.9

Interest
- 4.0

Net FY 2015 Roll Forward
- 27.1

FY 2016 Budget for New Registration
- 328.2

Total
- 55,007

23,000 FY 2016 Statutory Allocations Fund Balance
- 7,000 Underground Storage Tank Fund
- 530 Motorcycle Education
- 1500 Special Plate Fees
- 3,000 Renewable Infrastructure Fund
- 7,000 Underground Storage Tank Cost Share Grant Program

- .093 State Treasurer
- 5,000 City & County Bridges
- .056 Department of Management
- 225 Driver’s License Suspension Notices
- 1,624 Department of Inspections and Appeals

- 7,111 Traffic Safety Improvements
- 600 County Treasurers’ Equipment
- 250 Living Roadway Trust Fund
- 9,245 State Park and Institutional Roads
- 4,025 Other Appropriations & Adjustments
DOT Funding

• Operations Budget
  • DOT/Governor recommendation to Legislature
  • Annual legislative appropriation
  • Covers salary, support and capital (facilities, vehicles, etc.)
  • Commission has no role in the DOT budget or DOT operations
  • Balance at the end of the year goes back to the Primary Road Fund/Road Use Tax Fund for projects

• Construction Program
  • DOT support/recommendations to the Commission
  • Commission approves the program
Source of Funds

- Federal Highway Trust Fund
- Highway Use Tax Fund
- Primary Road Fund
- Supplementary State Allocations Fund
- E-21 Fund
- Commercial Vehicle Size/Overweight Permits
- Aviation Account
- Build Iowa’s Infrastructure Fund

The appropriation bill was not adopted at the time of publication.
Senate File 257: Key Provisions - Funding

• Effective March 1, 2015
  • Variable tax rate for ethanol-blended fuels extended until June 30, 2020.
  • 10 cent per gallon (cpg) fuel tax increase
    • Gasoline (21 cpg to 31 cpg)
    • Ethanol-blended gasoline (19 cpg to 29 cpg)
    • Taxable diesel fuel (22.5 cpg to 32.5 cpg)
    • Liquefied Petroleum Gas (20 cpg to 30 cpg)
    • Compressed Natural Gas (21 cpg to 31 cpg)
    • Liquefied Natural Gas (22.5 cpg to 32.5 cpg)
  • Jet fuel tax increases 2 cpg (3 cpg to 5 cpg)
Key Provisions – Funding (cont.)

• Effective July 1, 2015
  • Variable tax rate for diesel fuel established
    • Varies based on share of all diesel fuel sales that are biodiesel at 11 percent or greater blends (B-11+)
    • At less than 50 percent share:
      • B-11+: 29.5 cpg
      • All other taxable diesel: 32.5 cpg
  • Variable tax rate for gasoline and gasohol changes (UNRELATED TO SF 257)
    • Due to ethanol blended fuel market share moving above 75 percent in CY 2014.
      • Gasoline (31 cpg to 30.8 cpg)
      • Ethanol-blended gasoline (29 cpg to 29.3 cpg)
Key Provisions – Funding (cont.)

• Effective January 1, 2016
  • Increases to some oversize/overweight permit fees
    • Annual Permit (from $25 to $50)
    • Annual with Weight Permit (from $300 to $400)
    • Single-Trip Permit (from $10 to $35)
    • All Systems Permit (from $120 to $160)
Key Provisions – Other

• County road funds from the state cannot be used to service new debt if the terms exceed the useful life of the asset being improved.

• Legislative interim committee appointed to review variable tax rate formulas.
  • First review is due January 1, 2020
  • Subsequent reviews every six years

• Intent
  • 100 percent of additional funding goes to critical road and bridge projects.
  • DOT shall identify additional projects in the Program.
  • DOT will identify $10 million of efficiencies for FY 2016 and another $10 million for FY 2017 and document in RUTF Efficiency Report to the legislature.
Revenue estimate – FY 2016

- Fuel tax increase: Approximately $213 million
  - Deposited into the Road Use Tax Fund (RUTF)
    - DOT: 47.5 percent ($101 million)
    - County
      - Secondary Road Fund: 24.5 percent ($52 million)
      - Farm-to-Market Fund: 8 percent ($17 million)
    - City: 20 percent ($43 million)
- Oversize/overweight permit fee increase: Approximately $1.5 million (half of a year)
  - Almost all deposited into the Primary Road Fund
  - Very small amount deposited into the RUTF
- Jet fuel tax increase: Approximately $765,000
  - Deposited into the Aviation Trust Fund
Program Amendment

• Approved by Commission March 9, 2015
• $33.2 million amendment
  • Increased fuel tax revenue that will accrue in FY 2015
  • Includes $4.5 million for US 20 right-of-way that will permit accelerated development/construction of remaining four-lane construction.
## FY 2015 Iowa Highway Program Revisions

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<th>County</th>
<th>Route</th>
<th>Location</th>
<th>Type of Work</th>
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Highway Program Development Process

Public Policy and Input
What direction do we have?

Transportation Plans
What type of system do we need?

Performance Monitoring
Are we successful?

Five-Year Program
What projects will be done and when?
2016-2020 Highway Program

• Discussions with Commission began in February
• Adopted in June
• Program priorities
  • Addition of priority corridor work (four-lane construction)
  • Increase stewardship targets (Interstate, pavement, bridge, safety)
  • Addition of several “small/medium” projects
• Future corridor development
  • Interstate corridors (I-80 in central/eastern Iowa, I-35 in central Iowa, I-380 from Iowa City to Cedar Rapids)
  • Additional four-lane corridors
Railroad Revolving Loan & Grant Program (RRLGP)

- Created by legislation in 2005
- Provides loans and grants for rail related improvement projects that will benefit the State
- Funded by loan repayments & appropriations by the Iowa Legislature
- Available to businesses, cities, counties, economic development organizations and other non-profit organizations through an application program
- Three categories of projects
  - Targeted job creation
  - Rail network improvement
  - Rail port planning and development studies
Linking Iowa’s Transportation Infrastructure Fund

- Requested $5.5 million state appropriation for multimodal freight transportation.
  - Enhance economic development by improving multimodal freight transportation system
  - Flexible funding for changing demands of freight transportation system
  - Enhance ability to provide competitive transportation options for shipment of products and moving goods
  - Incentivize other modes for economic development partnership purposes
Questions?