

TRANSPORTATION FUNDING BILL OVERVIEW

Transportation Commission Workshop

March 9, 2015



Summary

- Status
- Key provisions
 - Funding increases
 - Other
- Revenue estimate
- Next steps

Status – Senate File 257

- Passed by Senate and House on February 24, 2015
- Signed by Governor Branstad on February 25, 2015
- Fuel tax increases took effect on March 1, 2015

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

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)

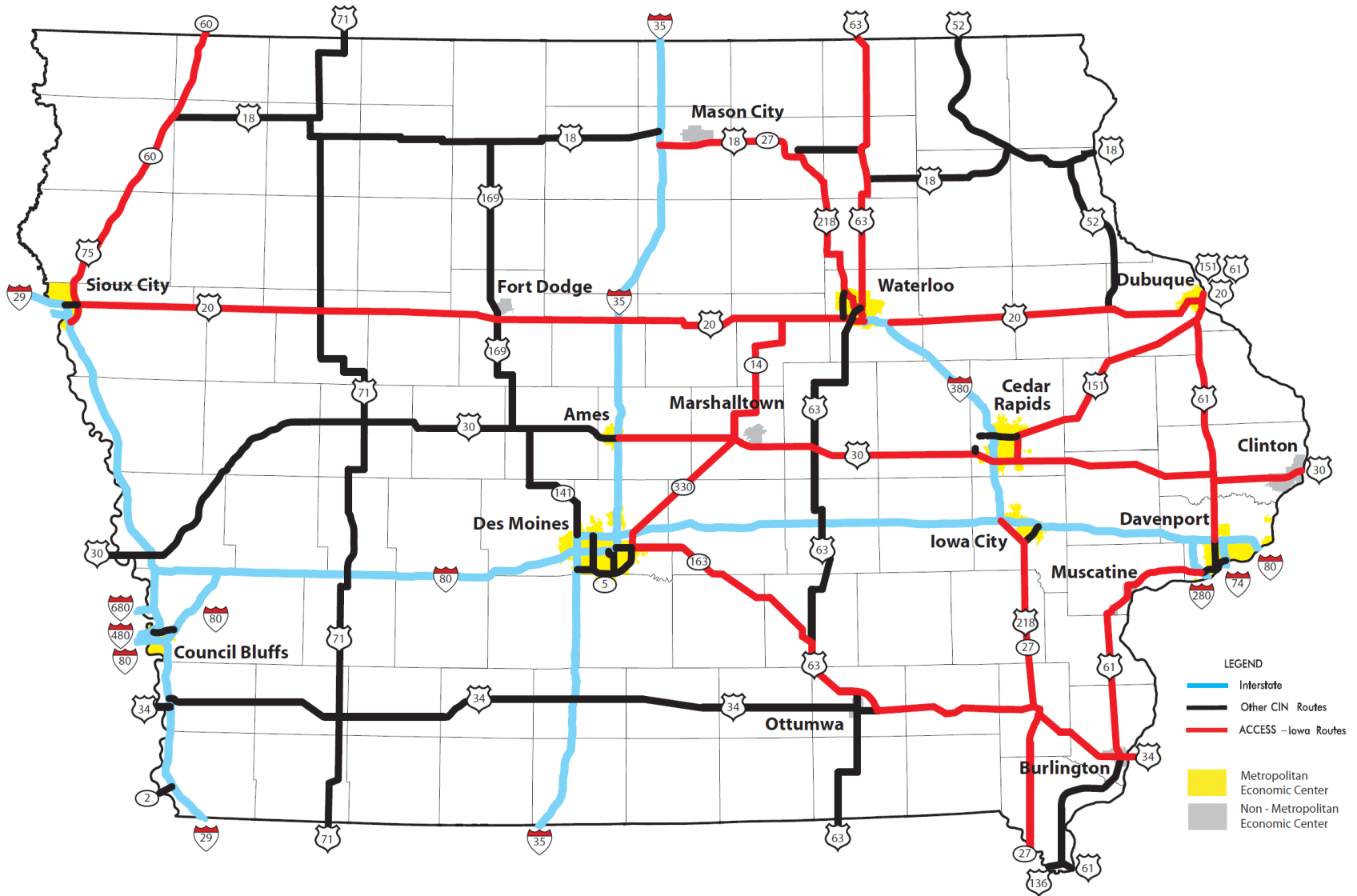
Key Provisions – Other

- 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.

Key Provisions – Other (cont.)

- Access Iowa session law expiration date extended 10 years (from July 1, 2015, to July 1, 2025)
 - State legislature directed DOT to designate sub-system of CIN to connect areas with 20,000 population or greater. Further directed to ‘expedite and accelerate’ development.
 - 1,313 mile system designated

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Revenue estimate – FY 2016

- Fuel tax increase: Approximately \$200 million
 - Deposited into the Road Use Tax Fund (RUTF)
 - DOT: 47.5 percent (\$95 million)
 - County
 - Secondary Road Fund: 24.5 percent (\$49 million)
 - Farm-to-Market Fund: 8 percent (\$16 million)
 - City: 20 percent (\$40 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

Next Steps

- Finalize updated estimates based on the new RUTF forecast.
- Communicate estimates to local jurisdictions and encourage reporting of additional projects funded.
- Five-Year Program Development
 - Consider FY 2015 amendment with revenue generated yet this fiscal year.
 - Incorporate additional revenue into 2016-2020 Iowa Transportation Improvement Program.