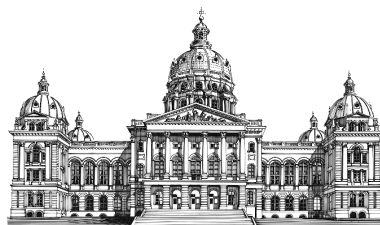

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
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Rebuild Iowa Infrastructure Fund

ISSUE

This *Issue Review* provides information on the Rebuild Iowa Infrastructure Fund as of September 30, 1995.

AFFECTED AGENCIES

Board of Regents, Iowa State Fair Foundation, and Iowa Telecommunications and Technology Commission, and the Departments of Corrections, Education, Public Defense, General Services, Economic Development, Human Services.

CODE AUTHORITY

Section 8.57(5), Code of Iowa

House File 584 (Rebuild Iowa Infrastructure Fund Act)

Senate File 475 (State Financial Provisions Act)

Senate File 481 (Transportation and Capitals Appropriations Act)

House File 578 (Iowa Communications Network Appropriations Act)

BACKGROUND

The Rebuild Iowa Infrastructure Fund is established in Section 8.57(5), Code of Iowa, under the authority of the Department of Management to be used for public infrastructure-related expenditures. Prior to the 1995 Legislative Session, this Section specified that the General Assembly could appropriate funds from the Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account to the Fund in lieu of appropriating moneys to the Iowa Economic Emergency Fund. However, no moneys were ever appropriated to the Infrastructure Fund.

During the 1995 Legislative Session, the General Assembly passed two bills that appropriated moneys to the Fund and dedicated interest earnings from other funds.

Senate File 475 directed the interest and earnings of the Iowa Economic Emergency Fund and the Cash Reserve Fund to be credited to the Rebuild Iowa Infrastructure Fund. The Act

also specified that the interest and earnings on moneys in the Infrastructure Fund be retained in the Fund. The Act also specifies that the balance in the Rebuild Iowa Infrastructure Fund shall not be considered part of the balance of the General Fund.

House File 584 transferred \$50.0 million from the GAAP Deficit Reduction Account to the Rebuild Iowa Infrastructure Fund.

CURRENT SITUATION

For FY 1996, the Rebuild Iowa Infrastructure Fund has total budgeted resources of \$66.9 million. This includes \$11.8 million in interest from the Cash Reserve Fund, \$3.6 million in interest from the Iowa Economic Emergency Fund, \$1.5 million from interest earned by the Infrastructure Fund, and \$50.0 million from the GAAP Deficit Reduction Account. Not included in the estimate is the amount of interest to be earned by the Fund during FY 1996.

Senate File 481 (Transportation and Capitals Appropriations Act) and HF 578 (Iowa Communications Network Appropriations Act) appropriated a total of \$47.5 million (after item vetoes) from the Infrastructure Fund for numerous capital improvements. The appropriations, expenditures to date, and reversion dates are listed on Attachment A. As of September 30, \$5.3 million has been withdrawn from the Fund. Attachment B provides an explanation of the projects funded through the Rebuild Iowa Infrastructure Fund.

The Department of Management has collected cash-flow plans from the agencies receiving appropriations from the Infrastructure Fund which identify planned project expenditures. The agencies will draw down the funds as the projects progress.

Prior to the Department of Management establishing the appropriate accounts for the Infrastructure Fund, the Department mistakenly allowed the School for the Deaf and the Braille and Sight Saving School to draw down the entire Infrastructure Fund appropriations from the General Fund (\$391,000). To correct this, the Infrastructure Fund reimbursed the General Fund in the amount appropriated to the Schools. As a result, interest on the funds is being earned by the Schools rather than the Infrastructure Fund.

OTHER STATES' FINANCING OF INFRASTRUCTURE IMPROVEMENTS

According to a report entitled "Earmarking State Taxes", published by the National Conference of State Legislators, 18 states have earmarked a revenue source for funding infrastructure improvements. Attachment C provides a general description of the revenues earmarked by states for infrastructure improvements and payment of debt service.

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Rebuild Iowa Infrastructure Fund

FY 1996

Through September 30, 1995

Resources	<u>Budget</u>	<u>Actual</u>	<u>Balance</u>	<u>Reversion Date</u>
Cash Reserve Interest	\$ 11,800,000	\$ 0	\$ 11,800,000	
Economic Emergency Fund Interest	3,600,000	0	3,600,000	
Interest	1,450,000	0	1,450,000	
Appropriation	<u>50,000,000</u>	<u>50,000,000</u>	<u>0</u>	
Total	\$ 66,850,000	\$ 50,000,000	\$ 16,850,000	
Disposition				
1. Innovations Fund	\$ 1,000,000	\$ 0	\$ 1,000,000	Funds do not revert
2. ICN Part III	18,790,000	3,900,000	14,890,000	No reversion date
3. NEICC Agriculture Emergencies Bldg.	1,000,000	0	1,000,000	Aug-97
4. Fairfield Armory	250,000	0	250,000	Aug-96
5. Camp Dodge Vehicle Bldg.	420,000	0	420,000	Aug-96
6. Armory Maintenance	382,000	0	382,000	Aug-96
7. Capitol Restoration	7,165,000	0	7,165,000	Aug-00
8. DGS Maintenance	4,000,000	0	4,000,000	Aug-00
9. Capitol Fire Safety	1,600,000	0	1,600,000	Aug-00
10. Capitol Interior Renovation	2,100,000	0	2,100,000	Aug-00
11. Welcome Centers	600,000	275,000	325,000	Aug-97
12. Fort Madison - ICN	161,000	0	161,000	Aug-96
13. Mitchellville Visitation Area	100,000	0	100,000	Aug-96
14. Braille and Sight Saving School	341,000	341,000	0	Aug-96
15. Iowa School for the Deaf	50,000	50,000	0	Aug-96
16. ISU - Environmental Safety	2,000,000	142,000	1,858,000	Aug-96
17. SUI - Environmental Safety	2,000,000	500,000	1,500,000	Aug-96
18. UNI Arts Center/Renovation	3,000,000	67,686	2,932,314	Aug-99
19. DHS - XPERT System	1,076,000	0	1,076,000	Aug-97
20. State Fair Board	1,541,428	0	1,541,428	Aug-97 to the Gen. Fund
Total	\$ 47,576,428	\$ 5,275,686	\$ 42,300,742	
Balance	<u>\$ 19,273,572</u>	<u>\$ 44,724,314</u>		

NOTE: All unobligated funds will revert to the Rebuild Iowa Infrastructure Fund unless otherwise specified.

**Projects Funded from the
Rebuild Iowa Infrastructure Fund
for FY 1996**

1. **Innovations Fund (\$1,000,000):** This program is administered by the Department of Management and is intended to provide innovation and technological advancement in State government. Projects funded through this program must demonstrate a cost savings to the State. The Innovations Fund has been set up as a revolving fund and State agencies will be required to reimburse the Fund from savings realized. As an incentive, agencies will be eligible to retain a portion of the cost savings.
2. **Iowa Communications Network (ICN) (\$18,790,000):** This appropriation will be used to connect a minimum of 100 Part III authorized users to the ICN including the Iowa Braille and Sight Saving School and the School for the Deaf.
3. **NEICC Agricultural Emergencies Building (\$1,000,000):** This appropriation will be used for the construction of a building on the Northeast Iowa Community College campus to house the National Center for Agricultural Rescue and Emergencies. This appropriation is contingent upon the successful receipt of federal or private matching funds.
4. **Fairfield Armory (\$250,000):** This appropriation will be used to complete the construction of the addition to the National Guard Armory in Fairfield. These funds are being matched with \$928,000 in federal funds.
5. **Camp Dodge Vehicle Building (\$420,000):** This appropriation will be used for the construction of a vehicle storage building at the Camp Dodge Maintenance Armory.
6. **Armory Maintenance (\$382,000):** This appropriation will be used for the maintenance and repair of National Guard armories throughout the State. These funds will be matched with \$300,000 in federal funds.
7. **Capitol Restoration (\$7,165,000):** This appropriation is for exterior restoration of the State Capitol Building and will be used to complete improvements to the north side of the Capitol Building. The estimated cost to complete the remaining improvements beyond FY 1996 is \$16.3 million.
8. **General Services Maintenance (\$4,000,000):** This appropriation is for health and fire safety improvements to State facilities and institutions.
9. **Capitol Fire Safety (\$1,600,000):** This appropriation will be used for the installation of a sprinkler system in the State Capitol Building.
10. **Capitol Interior Renovation (\$2,100,000):** This appropriation will be used for the interior restoration of the State Capitol Building.
11. **Welcome Centers (\$600,000):** This appropriation is for three welcome centers: \$250,000 to complete construction of the Northwood Welcome Center, \$275,000 for construction of the Western Historic Trails Welcome Center, and \$75,000 for construction of a welcome center at Winterset.
12. **Fort Madison ICN Connection (\$161,000):** This appropriation will be used to connect the Fort Madison Correctional Facility to the ICN. The funds will be matched with \$300,000 in federal funds.

13. **Mitchellville Visitation Area (\$100,000):** This appropriation will be used for the remodeling of the visitation area at the Mitchellville Correctional Facility.
14. **Braille and Sight Saving School (\$341,000):** This appropriation is for fire and environmental safety improvements, the replacement of a boiler and the telephone system at the School. The School is required to spend \$45,000 of the appropriation for replacement of the telephone system.
15. **Iowa School for the Deaf (\$50,000):** This appropriation will be used for handicap access improvements, and fire and environmental safety improvements at the School.
16. **ISU - Environmental Safety (\$2,000,000):** This appropriation will be used to correct fire and environmental safety deficiencies for compliance with State and federal regulations, deferred maintenance, and renovation of buildings.
17. **SUI - Environmental Safety (\$2,000,000):** This appropriation will be used to correct fire and environmental safety deficiencies for compliance with State and federal regulations, deferred maintenance, and renovation of buildings.
18. **UNI Arts Center/Renovation (\$3,000,000):** This appropriation will be used to partially fund the construction of a performing arts center at the University of Northern Iowa and for improvements to campus facilities.
19. **Human Services - XPERT System (\$1,076,000):** This appropriation will fund costs associated with the implementation of the X-PERT computer system.
20. **State Fair Board (\$1,541,428):** This appropriation will be used for improvements to facilities at the Iowa State Fair Grounds. This appropriation represents the amount not covered by the FY 1995 lottery revenues appropriation of \$7.1 million for improvements to the State Fair Grounds.

**States with Funds Earmarked for Infrastructure Improvements
and Debt Service Payments
(Dollars in Millions)**

State	Tax Category	Total Collections	Funds Earmarked	Percent of	Use of Funds
				Earmarked Funds	
Arizona	Pari-Mutuel Tax	\$ 8.1	\$ 0.4	4.9%	Coliseum & Exposition
Alaska	Tobacco Tax	16.7	2.7	16.2%	School Construction
	Marine Fuel Tax	8.8	8.8	100.0%	Water/Harbor Facilities
Florida	Gross Utility Receipts	447.9	447.9	100.0%	Public Education Capital Outlay & Debt Service Trust Fund
Hawaii	General Excise Tax	1,302.9	5.0	0.4%	Bond Reserve Fund
Idaho	Sales Tax	481.4	0.5	0.1%	State Buildings
	Personal Income Tax	609.4	5.0	0.8%	State Buildings
	Corporate Income Tax	83.6	0.3	0.4%	State Buildings
	Cigarette Tax	15.0	6.5	43.3%	State Buildings
Illinois	Sales Tax	4,707.0	251.5	5.3%	Build Illinois Program
	Sales Tax	4,707.0	17.1	0.4%	Metropolitan Pier Program
	Cigarette Tax	318.0	4.8	1.5%	McCormick Place
	Vehicle Use Tax	43.0	5.0	11.6%	Build Illinois Program
	Horse Racing Privilege	29.0	10.1	34.8%	Metro. Exposition, Auditorium,
	Horse Racing Breakage	29.0	1.6	5.5%	Build Illinois Program
	Horse Racing Privilege	8.0	4.0	50.0%	Race Track Improvements
	Intertrack/OTB Wagering	5.0	0.7	14.0%	County Fair Rehabilitation
	Hotel Tax	123.0	46.3	37.6%	Build Illinois Program
	Hotel Tax	123.0	26.6	21.6%	Sports Facilities
Kansas	Hotel Tax	123.0	9.6	7.8%	Metropolitan Pier Program
	Pari-Mutuel Tax	7.8	0.6	7.7%	State Building Funds
	Property Tax	21.9	21.9	100.0%	State Building Funds
Louisiana	Motor Vehicle Property Tax	3.1	3.1	100.0%	State Building Funds
	Sales Tax & Motor Vehicle Use Tax	1,716.5	53.4	3.1%	Debt Service (special)
Maryland	State Property Tax	205.9	205.9	100.0%	General Obligation Bond Debt Service
Montana	Tobacco Tax	14.0	14.0	100.0%	Building Fund
	Severance Tax	99.4	0.3	0.3%	Debt Service
	Corporate Income Tax	85.1	6.9	8.1%	Building Fund
	Personal Income Tax	357.0	31.0	8.7%	Building Fund
	Motor Fuel Tax	115.9	21.4	18.5%	Debt Service/Long-Range Building
Nebraska	Cigarette Tax	38.6	19.5	50.5%	Municipal infrastructure, cancer research, state parks, college construction, general capital construction
Nevada	Property Tax	34.0	34.0	100.0%	State Bond Interest & Redemption
	Annual Slot Tax	40.1	8.0	20.0%	Higher Education Capital Construction Fund
New Mexico	Oil & Gas Severance Tax	121.1	121.1	100.0%	Severance Tax Bonding Fund
	Severance Tax	30.2	30.2	100.0%	Severance Tax Bonding Fund
	Ad valorem Production Tax	42.5	2.8	6.6%	General Obligation Bond Fund
North Carolina	Corporate Income Tax	710.6	42.3	6.0%	County School Facilities Capital
North Dakota	Sales Tax	288.4	5.2	1.8%	Capital Construction Fund
Ohio	Liquor Profits	76.6	18.1	23.6%	Debt Service on Economic Development Bonds
Oklahoma	Cigarette Tax	59.6	49.8	83.6%	Building Bond Sinking Fund
Washington	Hotel/Motel Tax in King Co.	14.5	12.2	84.1%	Convention Center - Capital
	Sales & Use Tax	3,945.5	135.8	3.4%	State General Obligation Bond Retirement