

Multimodal Transportation Funding

ISSUE

Funding for nonroad multimodal transportation is a means to provide for future transportation needs and alternatives to provide safe and efficient transportation options. The State supports multimodal transportation in the annual infrastructure budget. Most of the State appropriations for these nonroad modes of transportation are provided from the Rebuild Iowa Infrastructure Fund or infrastructure-related funds such as restricted capital from tax-exempt bond proceeds. Projects that have received funding include commercial and general aviation infrastructure, public transit infrastructure, freight rail, and passenger rail. In addition, recreational trails that encourage walking and cycling are considered part of multimodal transportation.¹

This *Issue Review* provides a general overview of the multimodal transportation grant programs that are funded by the State and administered under the Department of Transportation (DOT). Other means of State funding for multimodal transportation, a sampling of federally-funded programs and how other states fund some of their multimodal transportation programs will be briefly discussed.

AFFECTED AGENCIES

Department of Transportation

BACKGROUND

Multimodal transportation provides alternative transportation methods to automobiles and roads and highways. Some of the other modes of transportation include rail, aviation, cycling (trails), and public transit systems. Generally, State funding for roads is significantly higher than for multimodal transportation, as shown in **Chart 1**. In estimated FY 2013, the State funding provided for roads is \$1.204 billion, while State funding for multimodal transportation is \$23.6 million.²

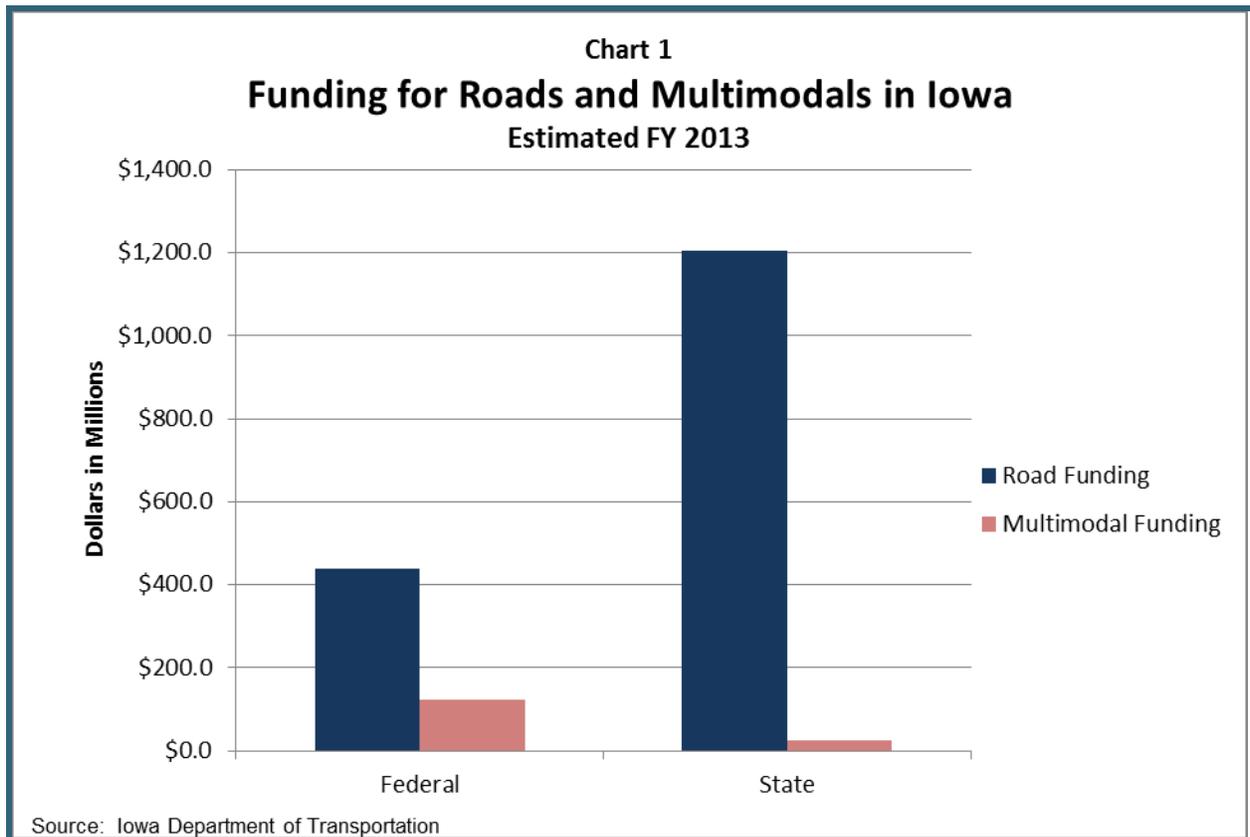
Higher funding for roads reflects the higher burden placed on roads. The State's primary road system represents 8.2% of the total road mileage in the State, but carries 61.8% of all vehicular traffic in the State.³ And, according to the Bureau of Transportation Statistics, trucks transport 80.8% of the freight shipments originating in Iowa, when measured by total value of the

¹ The multiuse trails discussed in this document are solely the ones that are supported by grant programs in the DOT. There are over 640 miles of trails in State parks, recreation areas, and State forests under the management of the Department of Natural Resources (DNR) as well. For additional information see note 41.

² The road funding estimate includes funding from the Road Use Tax Fund and the TIME-21 Fund that provides for primary, secondary (county), and municipal roads, including roads within the Farm-to-Market system. The estimate does not include Road Use Tax Fund funding for parks and institutional roads, estimated at \$8.1 million.

³ See <http://www.iowadot.gov/about/traffic.html> (last visited November 28, 2012).

commodities.⁴ According to the 2011 Road Use Tax Fund (RUTF) Study, prepared by the DOT, between 1990 and 2010 large truck traffic on the State's roads increased 42.0%.⁵ In the same study, the DOT estimated the annual shortfall to meet the most critical needs on public roadways is \$215.0 million.⁶ As urban and suburban areas grow in Iowa, additional modes of transportation aid in transportation planning; provide access to all residents; and improve land use design and corridor planning. By improving other modes of transportation, the State may help alleviate some of the burden to its roadways.



MULTIMODAL TYPES AND FUNDING

Aviation

The State has 109 publicly owned airports that serve general aviation activity. Of those, eight airports offer commercial service. Approximately 1.4 million aircraft operations occur at the publicly owned airports annually. The State generates 2.5 million commercial airline passenger boardings each year.⁷ According to a 2009 study provided to the DOT, aviation provides

⁴ U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, 2007 Commodity Flow Survey. See http://www.bts.gov/publications/commodity_flow_survey/2007/states/iowa/index.html (last visited November 28, 2012).

⁵ Iowa DOT, 2011 RUTF Study, (2011), available at: http://www.iowadot.gov/pdf_files/RUTFStudy2011.pdf (last visited November 28, 2012).

⁶ Ibid.

⁷ See <http://www.iowadot.gov/about/AviationSystem.html> (last visited November 28, 2012).

\$5.4 billion in activity to the State's economy while supporting an estimated 47,300 jobs.⁸ The [Office of Aviation](#) in the DOT oversees the funding programs and submits recommendations to the Transportation Commission for approval.

State Funded Aviation Programs:

Vertical Infrastructure Grant Programs: State funding for commercial service and general aviation airports provides grants for infrastructure projects such as renovation, rehabilitation, and construction of airport terminals, hangars, storage buildings, and other related structures.

Commercial Air Service: Iowa has eight commercial service airports located in Burlington, Cedar Rapids, Des Moines, Dubuque, Fort Dodge, Mason City, Sioux City, and Waterloo. State funding provides moneys for vertical infrastructure grants processed through the Commercial Service Vertical Infrastructure Program (CSVI).⁹ Projects in the CSVI Program have included infrastructure improvements such as the rehabilitation and renovation of hangars, terminals, and other buildings, construction of parking garage bridges and parking facility enhancements, vehicle and chemical storage, office additions, renovation of aircraft rescue firefighting facilities, and other improvements. No local match is required. State funds are distributed by a 50/40/10 formula, 50.0% of the funds appropriated are allocated equally between each of the commercial service airports, 40.0% are allocated based on percentage of enplaned passengers during the previous fiscal year, and 10.0% are allocated based on the proportion of air cargo tonnage at each airport during the previous fiscal year.¹⁰

General Aviation: General aviation airports include all aviation other than commercial service and military operations. Approximately 88.0% of all flights in Iowa are general aviation related.¹¹ State funding is provided for vertical infrastructure grants processed through the General Aviation Airport Vertical Infrastructure Program.¹² General aviation vertical infrastructure projects receive State matching grants of up to 85.0% of the total project cost and require a minimum level of \$5,000 in State match to be considered. Projects include landside development and renovation of airport terminals, hangars, maintenance buildings, and fuel facilities. These grants are available only to general aviation airports. Of the 109 publicly owned airports in the State, 101 are general aviation airports that are eligible to apply for the grants.

State Airport Improvement Program: In addition to the two infrastructure grant programs that receive State appropriations, the State Airport Improvement Program receives funding from the State Aviation Fund. Funding is available to publicly owned airports in the State for general airport improvements such as airport engineering studies, aviation safety enhancements, windsocks, runway markings, land use planning and obstruction mitigation, and airport and air service development. The State Aviation Fund receipts are generated by aircraft registration fees and aviation fuel taxes.¹³ During the 2007 Legislative Session, the General Assembly removed the State Aviation Fund from the appropriation process and funding is provided directly

⁸ Iowa DOT, Iowa Economic Impact of Aviation: Uses and Benefits of Aviation in Iowa (prepared by Wilber Smith Associates for the Department of Transportation) (2009), *available at:*

<http://www.iowadot.gov/aviation/aviationiniowa/aviationimpact.html> (last visited November 28, 2012).

⁹ Iowa Admin. Code, 761-716.

¹⁰ The General Assembly established this formula during the 2000 Legislative Session in [SF 2453](#) (FY 2001 Infrastructure Appropriations Act). See 2000 Iowa Acts, ch. 1225, § 16.

¹¹ See <http://www.iowadot.gov/aviation/aviationiniowa/generalaviation.html> (last visited November 28, 2012).

¹² 761 Iowa Admin. Code 761-717.

¹³ Iowa Code § 328.56 and Iowa Admin. Code 761-710.

to the DOT for purposes of the State Airport Improvement Program.¹⁴ For FY 2013, the State Airport Improvement Program is providing \$3.2 million for various improvement projects at airports around the State.¹⁵

Federally Funded Aviation Programs

The federal Airport Improvement Program (AIP) funding provides federal funding to airports that are part of the National Plan of Integrated Airport Systems. There are 78 airports in Iowa that are eligible for federal funding.¹⁶ The federal AIP receipts are generated by aviation-related fees and taxes, such as airline ticket taxes and other revenue deposited in the federal Airport and Airway Trust Fund. In FFY 2012, approximately \$62.6 million in federal aviation improvement grants were provided to Iowa.¹⁷ This is an increase of \$21.4 million compared to the FFY 2011 grants provided.¹⁸

In Iowa, general aviation airports that are eligible for federal funds and small commercial service airports with fewer than 10,000 enplanements are required to submit preapplications for the AIP to the DOT. The Transportation Commission approves and prioritizes the preapplications. The applications are then forwarded to the Federal Aviation Administration (FAA). The FAA reviews the preapplications and recommends projects based on the federal airport improvement project prioritization and other qualitative factors. General aviation airports and commercial service airports with fewer than 10,000 enplanements receive nonprimary entitlement (NPE) up to \$150,000 per year. Nonprimary entitlement is designated for use at specific airports; however, projects must be eligible and justified. The NPE can be carried over and accumulated for four years. Airports are also eligible to receive state apportionment and discretionary funding that is programmed by the FAA.¹⁹

Railroads

The State has 3,945 miles of freight rail track that are operated and served by 18 railroad companies.²⁰ Grain, food, and chemicals/fertilizers account for 80.0% of Iowa freight originations, while coal, grain, and chemicals/fertilizers comprise 79.0% of Iowa freight terminations. In 2010, 54.4 million tons of freight originated in Iowa and 42.2 million tons of freight terminated in the State.²¹ Between 1986 and 2010, net rail ton-miles (the movement of one ton of freight per one rail mile) increased 152.2%, while rail miles decreased 12.8%.²² Although rail accounts for only 3.0% of the State's 130,000-mile freight system (including

¹⁴ The last appropriation from the State Aviation Fund was made during the 2007 Legislative Session for FY 2008 to assist the Burlington Airport. See 2007 Iowa Acts, ch. 219, §§ 16 and 40.

¹⁵ <http://www.iowadot.gov/Aviation/pdfs/FY%202013%20State%20Aviation%20Program.pdf> (last visited December 1, 2012). The \$3.2 million for FY 2013 includes the \$2.4 million estimated to deposit in the State Aviation Fund, moneys that reverted to the Fund due to project cost underruns or projects not completed, and interest accrued on the Fund.

¹⁶ See <http://www.iowadot.gov/aviation/managersandsponsors/federalfunding.html> (last visited December 1, 2012).

¹⁷ <http://www.iowadot.gov/aviation/managersandsponsors/Resources/FFY%202012%20Iowa%20Federal%20AIP%20Grants.pdf>

(last visited December 1 2012).

¹⁸ According to the DOT, the increase was due to several large runway/taxiway reconstruction projects and projects for a new terminal and land acquisition. Federal funding for aviation programs was reauthorized on February 14, 2012, when the President signed a bill reauthorizing and funding them for four years. The Act is [HR 658 \(FAA Modernization and Reform Act of 2012\)](#) that became Pub. Law No. 112-095 (2012) (last visited December 1, 2012).

¹⁹ See <http://www.iowadot.gov/aviation/managersandsponsors/federalfunding.html> (last visited December 1, 2012).

²⁰ See <http://www.iowadot.gov/about/RailSystem.html> (last visited December 1, 2012).

²¹ See <http://www.iowadot.gov/about/FreightAndFreightCapacity.html> (last visited November 28, 2012).

²² Information from the DOT, compiled in the Legislative Service Agency's 2011 Factbook. Available online <https://www.legis.iowa.gov/LSAReports/factbook.aspx> (last visited November 28, 2012).

highways, rail, pipelines, and navigable waterways), freight rail carries approximately 43.0% of Iowa's freight.²³

Existing passenger rail consists of 297 miles of AMTRAK passenger routes that pass through the southern part of Iowa. There are five rail stations providing passenger rail service in Creston, Osceola, Ottumwa, Mount Pleasant, and Burlington.

State Rail Programs:

Freight Rail: Generally, State funding for freight rail goes through the Railroad Revolving Loan and Grant (RRLG) Program.²⁴ The RRLG Program²⁵ provides loans and grants for rail-related improvements such as developing industrial spur lines and rehabilitation rail lines. Funding is available to industries, railroads, local governments, or economic development agencies. Primarily, the funding has been used for spur lines and related improvements to ethanol and biodiesel plants and other industrial parks around the State. Projects include restoration, conservation, improvement, and construction of railroad main lines, branch lines, switching yards, sidings, rail connections, intermodal yards, highway grade separations, and other railroad-related improvements. In addition, beginning in April 2012, funding from the RRLG Program was also available for rail port planning and development studies. The Program includes the purpose of targeted job creation and spurring economic development. Originally, it was just a loan program, but in the 2005 Legislative Session, HF 875 (FY 2006 Infrastructure Appropriations Act) expanded the RRLG Program by adding the authorization for awarding of grants.²⁶ Between FY 2006 and FY 2012, the RRLG Program awarded \$27.4 million for projects that had total costs estimated at \$112.3 million. Between FY 2006 and FY 2010, there were 1,762 new jobs added in Iowa from these rail projects.²⁷

In addition to the RRLG program, a one-time grant program, the Rail Port Grant Program, was established in the 2010 Legislative Session. Senate File 2389 (FY 2011 Infrastructure Appropriations Act) appropriated \$7.5 million from the Revenue Bonds Capitals II Fund (RBC2) for special one-time funding of rail port projects designed to encourage wind energy manufacturers to locate in Iowa. The funds were available for all manufacturers. Projects had to be located in or adjacent to an industrial park served by rail, accommodate building and loading of a unit train, serve multiple industrial clients with one rail investment, and have connection tracks with adequate clearances to transport large components (such as wind turbines and nacelles). In December 2010, the awards totaling \$7.5 million were made to four projects that were expected to create and retain more than 750 jobs and leverage millions in new capital investment. The projects are located in Iowa City, Sioux City, Worth County, and Clinton.²⁸

Passenger Rail: The existing passenger rail service is long-distance service operated by AMTRAK and does not receive State support. The routes include the California Zephyr,

²³ See <http://www.iowadot.gov/about/RailSystem.html> (last visited November 28, 2012).

²⁴ Other State funding for railroads includes \$900,000 for railroad grade crossing surface repair and \$700,000 for railroad/highway crossing safety. Iowa Code § 312.2(2) allocates those amounts from the RUTF annually.

²⁵ Iowa Code § 327H.20A and Iowa Admin. Code, 761-822.

²⁶ 2005 Iowa Acts, ch. 178, § 31.

²⁷ Program summary of awards available at <http://www.iowadot.gov/iowarail/pdfs/fundedsummary.pdf> (last visited December 1, 2012).

²⁸ See DOT press release from December 14, 2010 available at <http://www.news.iowadot.gov/newsandinfo/2010/12/iowa-transportation-commission-awards-75-million-for-four-iowa-rail-projects.html> (last visited December 1, 2012).

providing service from Chicago to Oakland, California, and the Southwest Chief, providing service between Chicago and Los Angeles.

In recent years, the DOT, in collaboration with the Illinois Department of Transportation, has been making efforts to bring additional passenger rail service to the State. The agencies applied jointly for a federal grant from the Federal Railroad Administration (FRA). State appropriations for passenger rail include \$3.0 million in FY 2010 from the Rebuild Iowa Infrastructure Fund (RIIF) and \$2.0 million in FY 2011 from the Underground Storage Tank Fund. The State spent approximately \$1.0 million for environmental studies, preliminary engineering and planning, and applications for FRA grants. In addition, the State is spending another \$1.0 million as match money for federal funding for a Regional Passenger Rail System Planning Study that is underway in calendar year (CY) 2012. See below for a discussion about the federal grant for passenger rail and the status of the planning study.

Federal Rail Funding:

Generally, rail projects are eligible for federal funding under the Iowa Clean Air Attainment Program (ICAAP) and approximately \$4.7 million is provided annually to reduce transportation congestion and air pollution. Projects under the ICAAP are not restricted to rail and may include public transit and trails.

Rail projects are also eligible for other federal funding through various programs such as the Railroad Rehabilitation and Improvement Financing Program administered by the FRA and the federal Railway-Highway Crossing Safety Fund. For the latter, the DOT receives approximately \$4.0 to 5.0 million annually.²⁹

Passenger Rail: In 2010, the State was awarded several federal grants for passenger rail.³⁰ In January 2010, the State received \$18.0 million from the FRA. Approximately \$1.0 million of that grant is being used to complete a study for passenger rail from Chicago to Omaha/Council Bluffs. The other \$17.0 million is for infrastructure improvements on the rail lines that provide the existing AMTRAK California Zephyr service. In addition, in October 2010, the FRA announced \$230.0 million in federal funding for Iowa and Illinois for a new passenger rail service route between Chicago and Iowa City, through the Quad Cities.³¹

On September 20, 2011, the DOT sent a letter to the FRA requesting that the grant be divided into \$87.0 million and \$143.0 million between Iowa and Illinois, respectively. The DOT requested that Iowa's portion of the funding for the Chicago to Iowa City route remain on hold for future use by the State, pending the results of the Regional Passenger Rail System Planning Study. With the \$1.0 million from federal funding and \$1.0 million State match, the DOT, in coordination with the Illinois Department of Transportation and the FRA, is conducting a regional system planning study between Chicago and Omaha/Council Bluffs. The purpose of the study is to evaluate potential route alternatives, evaluate levels of service and ridership, analyze environmental impacts, and determine a preferred Chicago to Omaha/Council Bluffs passenger rail route alternative for intercity regional passenger rail service. The study is a step in

²⁹ See the DOT Funding Guide http://www.iowadot.gov/pol_leg_services/Funding-Guide.pdf (last visited December 1, 2012).

³⁰ Also, in October 2010, the DOT received \$400,000 from the FRA to add a freight and passenger rail component to the existing Iowa Travel Analysis Model that forecasts travel capacity for highway corridors.

³¹ At the time the DOT applied, the initial plan was that if the State received federal funding the State's portion of the match needed would a total of \$20.6 million and then if service began in FY 2015, approximately \$3.0 million was estimated to be needed annually for operating costs (of which local communities had pledged to provide \$1.5 million annually). The planning study underway in CY 2012 will provide updated estimates of potential ridership, operation costs, and funding needed for future passenger rail projects.

assessing the viability of a regional intercity passenger rail system serving Iowa and the Midwest region. The draft Environmental Impact Statement was released for comment in November 2012. The study and all its processes should be completed in 2013 and will guide future decisions about passenger rail in the State.

Public Transit

There are 35 public transit agencies in Iowa, including 19 in urban areas and 16 serving regional areas of the State. The 35 public transit systems operate approximately 1,600 transit vehicles. Out of the 19 urban transit systems, four operate in urban areas with populations of more than 200,000. In FY 2011, the public transit systems provided approximately 26.8 million rides.³²

State Public Transit Programs:

Public Transit Infrastructure: State appropriations provide public transit vertical infrastructure grants for the 35 public transit agencies that are approved through the Transportation Commission.³³ Projects under the grant program must meet the definition of vertical infrastructure as defined in Iowa Code section [8.57](#). State match provides up to 80.0%. Examples of projects in recent years have included bus storage buildings, administrative buildings, maintenance facilities, storage buildings, reconstruction of a steam-cleaning area, and vehicle storage and wash bays.

Public Transit Assistance: In addition to State appropriations for infrastructure at the public transit agencies, there is a statutory requirement that an amount equal to 4.0% of revenue generated from fees for new registration under Iowa Code section [321.105A](#) must be used for the Public Transit Assistance Program under Iowa Code section [324A.6](#).³⁴ The funds are transferred from the Statutory Allocations Fund to the DOT for the Public Transit Assistance Program. The Program disburses funds by formula to the transit agencies.³⁵ In recent years, the State subsidy for public transit assistance has provided approximately \$10.0 million annually.³⁶

Federal Public Transit Funding:

There are several federal funding programs for specified types of public transit. Most of the programs are funded through the federal Mass Transit Account.³⁷ For example, the Urbanized Area Formula Program provides federal funding to support transit activities in urban areas with more than 50,000 in population. In FFY 2011, the federal funding from this Program for urban areas of 200,000 or more in population included \$3.9 million to the Quad Cities, \$6.4 million for

³² See <http://www.iowadot.gov/about/TransitSystem.html> (last visited November 28, 2012).

³³ Iowa Admin. Code 761-924.

³⁴ Iowa Code § 321.145.

³⁵ Iowa Admin. Code, 761-920.

³⁶ The allocation from the Statutory Allocations Fund is a change in accordance with SF 2420 (TIME-21 Act) enacted during the 2008 Legislative Session that restructured the RUTF and the motor vehicle use taxes. Prior to that change, the Public Transit Assistance Program received 1/20th of 80.0% of Motor Vehicle Use Tax receipts. Before FY 2005, the use tax receipts transferred first to the General Fund and then a standing appropriation for public transit was provided in Iowa Code § [312.2](#). House File 2626 (FY 2003 Transportation Appropriations Act) changed the use tax allocation so that from FY 2005 through FY 2009 the DOT received the allocation directly for public transit. See 2002 Iowa Acts, ch. 1002, § 3.

³⁷ See <http://www.iowadot.gov/about/TransitFunding.html> (last visited December 1, 2012).

Des Moines, and \$7.5 million to Council Bluffs. In addition, the Program funded \$9.3 million to urbanized areas of 50,000 – 199,000 in population.³⁸

Other programs have varied levels of funding as well. For example, the Elderly Individuals and Individuals with Disabilities Program provides federal funding for support of transit activities providing service to elderly persons and persons with disabilities. According to the DOT, the State generally receives approximately \$1.4 million annually for this Program.

The DOT received \$36.5 million from the federal American Recovery and Reinvestment Act of 2009. Of that, \$26.3 million was allocated and approved by the Transportation Commission to nonurban and small urban areas. The remaining amount went directly to the larger urbanized areas of Des Moines, Quad Cities, and Omaha/Council Bluffs via the Transportation Management Areas.

Recreational Trails

State Recreational Trails Program:

The State Recreational Trails Program³⁹ was established by the General Assembly during the 1987 Legislative Session with the passage of HF 575 (Recreational Trails Act).⁴⁰ The intent of the General Assembly was for the State to acquire and develop 2,000 miles of new recreational trails and complete the existing trail projects before the year 2000. As of 2012, the DOT estimates the trail system to be approximately 1,505 miles. This includes developed multiuse recreational trails and off-road paths throughout the State, but does not include any of the trails owned by the DNR in State parks.⁴¹ Funding has been provided consistently since the Program's inception except for a few fiscal years. The General Assembly did not appropriate funds for the Program in FY 2005 and FY 2011 and transferred \$5.5 million from the Program to the General Fund in FY 2002.

Grants funded through the State Recreational Trails Program require a minimum local match of 25.0%. Trails that receive funding must be maintained for public use for a minimum of 20 years. State and local government agencies and nonprofit organizations are eligible to apply. Applications for funding are submitted to the DOT Office of Systems Planning.⁴² The DOT provides recommendations for projects to the Transportation Commission for approval. Funding requests generally exceed the available resources. For the FY 2013 funding cycle, the DOT received 40 applications requesting a total amount of \$15.6 million.

Federal Trails Funding:

Trails funding through the DOT is also provided by the federal Recreational Trail Program (generally \$1.3 million annually) and the federal Transportation Enhancements Program

³⁸ See the DOT Funding Guide http://www.iowadot.gov/pol_leg_services/Funding-Guide.pdf (last visited December 1, 2012).

³⁹ Iowa Admin. Code, 761-165.

⁴⁰ 1987 Iowa Acts, ch. 173.

⁴¹ As mentioned in note 1, this *Issue Review* does not discuss the trails that are under DNR management. Nor does it discuss potential funding for trails from other agencies and sources. The DNR administers programs and provides grants through resources such as the Resource Enhancement and Protection Fund (REAP) and the snowmobile and ATV grant programs. In addition, in accordance with Iowa Code [§ 461.37](#), trails will receive 10.0% of the recently created Natural Resources and Outdoor Recreation Trust Fund that the DNR administers. Funding for trails is also available through grant programs such as the Community Attraction and Tourism Program under the Iowa Economic Development Authority. See <http://www.iowaeconomicdevelopment.com/vision/cat.aspx> (last visited December 1, 2012).

⁴² See <http://www.iowadot.gov/iowabikes/multiusetrails.html> (last visited November 28, 2012).

(generally \$4.5 million annually for statewide projects). In addition, the ICAAP may provide funding to trails to reduce congestion on roadways. Other federally funded programs, such as the Safe Routes to School Program, may provide related funding that supports trails as well.

BUDGET IMPACT – STATE APPROPRIATIONS FOR MULTIMODALS

Historical Appropriations and Funding Sources

Prior to FY 2003, funding for the State Aviation Improvement Program and freight rail was made from the General Fund. Between FY 2004 and FY 2007, the State Aviation Improvement Program was funded by the RIIF, and then with the changes to the State Aviation Fund during the 2007 Legislative Session, the program no longer receives direct appropriations.

Initial capital funding for commercial service airports began in FY 1999 with \$945,000 from the RIIF.⁴³ The funding for infrastructure improvements at general aviation airports began in FY 2000 with \$500,000 from the RIIF.⁴⁴ Funding for both programs has typically been from the RIIF or other infrastructure-related funds. In FY 2010, the commercial air service grant appropriation was made from the General Fund.

The freight rail appropriations from the General Fund ended in FY 2005. Beginning in FY 2006, the funding for the RRLG Program that supports freight rail has typically been provided from the RIIF. As mentioned previously, passenger rail was provided in two fiscal years, from the RIIF and the Underground Storage Tank Fund. If passenger rail funding is appropriated in the future, it is not yet known which source of funding will be used.

Beginning in FY 1997, recreational trails have been funded from the RIIF or from infrastructure-related funds.⁴⁵ Between FY 1997 and FY 2013, appropriations to the DOT for the State Recreational Trails Program totaled \$31.0 million, averaging \$1.8 million annually for those years.

Initial capital funding for public transit infrastructure grants began in FY 2007 with \$2.2 million from the Endowment for Iowa's Health Restricted Capitals Fund (RC2).⁴⁶ Since then, funding for public transit infrastructure grants generally is provided from the RIIF or other infrastructure-related funds.

Current Appropriations

For FY 2013, all appropriations for the multimodal grant programs are provided from the RIIF. **Table 1** shows the FY 2013 infrastructure appropriations to the DOT for these multimodal grant programs.⁴⁷

⁴³ 1998 Iowa Acts, ch. 1219, § 14.

⁴⁴ 1999 Iowa Acts, ch. 204, § 11.

⁴⁵ Between FY 1989 and FY 1996, funding for recreational trails was provided from the RUTF. In the 1996 Legislative Session, the General Assembly enacted HF 2421 (FY 1997 Transportation, Infrastructure, and Capitals Appropriations Act) that eliminated the allocation from the RUTF and began funding recreational from the RIIF via the annual infrastructure budget. See 1996 Iowa Acts, ch. 1218.

⁴⁶ 2006 Iowa Acts, ch. 1179, § 16. The same Act, HF 2782 (FY 2007 Infrastructure Appropriations Act) created the Public Transit Infrastructure Fund for purposes of construction and infrastructure projects that meet the definition of vertical infrastructure, see 2006 Iowa Acts, ch. 1179, § 55.

⁴⁷ For FY 2013, the nonappropriated State resources are estimated as follows: \$2.4 million for the State Airport Improvement Program from the State Aviation Fund, \$11.3 million for State Transit Assistance, and \$1.6 million for railroad crossing safety and surface repair from the RUTF.

Table 1
Infrastructure Funding for Multimodal Programs

	Estimated FY 2013
Aviation	
Commercial Air Serv Infrastructure	\$ 1,500,000
General Aviation Grants	750,000
Total Aviation Infrastructure	\$ 2,250,000
Rail	
Railroad Revolving Loan & Grant	\$ 1,500,000
Total Rail Improvements	\$ 1,500,000
Public Transit	
Public Transit Infrastructure Grants	\$ 1,500,000
Total Public Transit Infrastructure	\$ 1,500,000
Recreational Trails	
Recreational Trails	\$ 3,000,000
Total DOT State Recreational Trails Program	\$ 3,000,000
Total Multimodal Transportation Infrastructure Funds	\$ 8,250,000

Funds appropriated from the Rebuild Iowa Infrastructure Fund

In addition, **Attachment A** shows infrastructure appropriations for multimodal programs from FY 2006 through FY 2012.

Funding Trends – Earmarks

Recently, some funding trends, especially with the State Recreational Trails Program, have included specific allocations in session law. These earmarks receive a portion of the funding that normally goes through the application and approval process of the Transportation Commission, reducing the amount available for the grant process and bypassing normal grant procedures. For the State Recreational Trails appropriations, the earmark and percentages of total appropriations have been as follows:

- FY 2007, the earmark was \$200,000 for one project, or 10.0% of the appropriation.
- FY 2008, the earmark was \$415,000 for three projects, or 20.8% of the appropriation.
- FY 2009, the earmark was \$1.18 million for six projects, or 39.3% of the appropriation.
- FY 2010, the earmark was \$1.25 million for two projects, or 35.7% of the appropriation.

In FY 2011, the entire RRLG Program appropriation of \$2.0 million was allocated to the city of Davenport for a transload rail facility, if a federal match for the project was received. The city

confirmed a federal grant of \$6.8 million in September 2010, so the directed allocation from the appropriation was provided to Davenport as specified in session law.⁴⁸

OTHER STATES

Many states earmark tax revenues for different purposes and dedicate specific revenues or appropriations for different types of transportation modes. According to a 2008 report by the National Conference of State Legislatures, at least 15 states have earmarked a revenue source for funding either rail and/or transit funding and at least 17 states have designated revenues for airport and aviation improvements.⁴⁹ A sampling of states and designated revenues for multimodal transportation are listed below:

- Illinois uses a portion of sales tax revenue collected in each area to provide transit funding in metropolitan areas by directing revenues to the County and Mass Transit District Fund.⁵⁰ Illinois provides subsidies for reduced fares for elderly, disabled, and student riders. Also, Illinois committed \$45.0 million as state match for its portion of the FRA grant awarded to Iowa and Illinois in October 2010.⁵¹
- Indiana provides 0.67% of sales and use tax revenue for public mass transportation development through the Public Mass Transportation Fund.⁵²
- Minnesota dedicates aircraft registration fees and air flight in lieu of property taxes to aviation programs.⁵³ After a 2006 constitutional amendment was approved, the state's Motor Vehicle Sales Tax provides a 40.0% allocation to its Transit Assistance Fund beginning in FY 2012.⁵⁴
- Missouri provides all sales and use tax charged on aviation jet fuel to the state Aviation Trust Fund.⁵⁵ In addition, Missouri provides funding from the General Fund for public transit.

In addition, states may issue bonds for funding different types of capital projects related to multimodal transportation. For example, Illinois issues Series B Bonds that match federal and local capital funds for implementing public transportation capital improvement projects. In FY 2012, the bonds proposed were estimated to provide \$575.5 million of improvements in Northeast Illinois and \$8.1 million in southern Illinois.⁵⁶

RELATED PUBLICATIONS

As mentioned previously, this *Issue Review* does not list all of the federal programs and nonappropriated State program funding available for the different transportation modes and only provides a sampling of those available. For a comprehensive listing and additional information about nonappropriated State and federal funding programs administered by the DOT for different transportation modes, refer to the *DOT Funding Guide* that is updated and revised

⁴⁸ 2010 Iowa Acts, ch. 1184, § 73.

⁴⁹ National Conference of State Legislatures, Arturo Pérez, Fiscal Affairs Program, Earmarking State Taxes, September 2008.

⁵⁰ 35 Illinois Compiled Statutes 105, Use Tax Act, § 9.

⁵¹ See Illinois Department of Transportation press release December 12, 2011.

<http://www3.illinois.gov/PressReleases/ShowPressRelease.cfm?SubjectID=2&RecNum=9916> (last visited December 1, 2012).

⁵² Indiana Code §§ 6-2.5-10-1 and 8-23-3-8. See also <http://www.in.gov/indot/2821.htm> (last visited December 1, 2012).

⁵³ Minnesota Statutes, §§ 270.072 and 360.531.

⁵⁴ Minnesota Constitution, Article XIV, § 13. See also <http://www.dot.state.mn.us/about/pdfs/TranspForecast2012.pdf> (last visited December 1, 2012).

⁵⁵ Missouri Revised Statutes, §§ 144.805 and 155.090.

⁵⁶ Illinois Department of Transportation, Public Transportation Improvement Program, Proposed FY 2012-2016 available at <http://www.dot.il.gov/opp/2012-2016%20PTIP/2012program.pdf> (last visited December 1, 2012).

regularly by the DOT. The document is available at http://www.iowadot.gov/pol_leg_services/funding_guide.htm.⁵⁷

In addition, the following recent publications by the Legislative Services Agency are related to multimodals and available on the General Assembly website:

- *Budget Unit Fiscal Topic:* [Infrastructure Budget – Railroad Revolving Loan and Grant Program](#)
- *Budget Unit Fiscal Topic:* [Infrastructure Budget – Commercial Air Service Vertical Infrastructure Grant Program](#)
- *Fiscal Topic:* [State Recreational Trails Program](#)
- *Fiscal One-on-One:* [Interview with Marcia Tannian and Tammy Nicholson, Director of the Office of Rail in the Iowa DOT on Rail Transportation in Iowa](#) (link opens the mp3 file).

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⁵⁷ As of December 2012, the latest version for the Funding Guide is August 2012 http://www.iowadot.gov/pol_leg_services/Funding-Guide.pdf (last visited December 1, 2012).

State Infrastructure Appropriations for Multimodal Transportation

Attachment A

	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012
Aviation							
Aviation Improvements - RIIF	\$ 564,792	\$ 564,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commercial Air Serv Infrastructure - GF	0	0	0	0	1,350,000	0	0
Commercial Air Serv Infrastructure - RBC	0	0	0	1,500,000	0	0	0
Commercial Air Serv Infrastructure - RBC2	0	0	0	0	0	1,500,000	0
Commercial Air Serv Infrastructure - RC2	0	1,500,000	0	0	0	0	0
Commercial Air Serv Infrastructure - RCF	1,500,000	0	0	0	0	0	0
Commercial Air Serv Infrastructure - RIIF	0	0	1,500,000	0	0	0	1,500,000
General Aviation Grants - RC2	0	750,000	0	0	0	0	0
General Aviation Grants - RIIF	750,000	0	750,000	750,000	750,000	750,000	750,000
State Aviation Authority Assistance - SAF	0	0	20,000	0	0	0	0
Total Aviation Infrastructure	\$ 2,814,792	\$ 2,814,000	\$ 2,270,000	\$ 2,250,000	\$ 2,100,000	\$ 2,250,000	\$ 2,250,000
Rail							
Passenger Rail - RIIF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000,000	\$ 0	\$ 0
Passenger Rail - UST	0	0	0	0	0	2,000,000	0
Rail Ports Improvement Program - RBC2	0	0	0	0	0	7,500,000	0
Railroad Revolving Loan & Grant - RIIF	35,959	235,000	2,000,000	2,000,000	1,500,000	2,000,000	2,000,000
Total Rail Improvements	\$ 35,959	\$ 235,000	\$ 2,000,000	\$ 2,000,000	\$ 4,500,000	\$ 11,500,000	\$ 2,000,000
Public Transit							
Public Transit Infrastructure Grants - RBC	\$ 0	\$ 0	\$ 0	\$ 2,200,000	\$ 0	\$ 0	\$ 0
Public Transit Infrastructure Grants - RBC2	0	0	0	0	0	2,000,000	0
Public Transit Infrastructure Grants - RC2	0	2,200,000	0	0	0	0	0
Public Transit Infrastructure Grants - RIIF	0	0	2,200,000	0	1,250,000	0	1,500,000
Total Public Transit Infrastructure	\$ 0	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 1,250,000	\$ 2,000,000	\$ 1,500,000
Recreational Trails							
Recreational Trails - RC2	\$ 0	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recreational Trails - RIIF	1,000,000	0	2,000,000	3,000,000	3,500,000	0	3,000,000
Total DOT State Recreational Trails Program	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	\$ 3,500,000	\$ 0	\$ 3,000,000
Total Infrastructure Appropriations for Multimodals	\$ 3,850,751	\$ 7,249,000	\$ 8,470,000	\$ 9,450,000	\$ 11,350,000	\$ 15,750,000	\$ 8,750,000

Funds shown:

- GF - General Fund
- RBC - Revenue Bonds Capitals Fund
- RBC2 - Revenue Bonds Capitals II Fund
- RCF - Restricted Capital Fund (Tobacco)
- RC2 - Endowment for Iowa's Health Restricted Capitals Fund (Tobacco)
- RIIF - Rebuild Iowa Infrastructure Fund
- SAF - State Aviation Fund
- UST - Underground Storage Tank Fund