

F I N A L R E P O R T

TRANSPORTATION FUNDING STUDY COMMITTEE

February, 1986

The Legislative Council established the Transportation Funding Study Committee for the purpose of evaluating the capacity of road funds to accommodate state economic development goals under the current distribution formula and to investigate road classification including the funding for the needs of those roads transferred between jurisdictions. The members of the Transportation Funding Study Committee were:

Senator Don Gettings, Co-chairperson
Representative Jack Woods, Co-chairperson
Senator C. Joseph Coleman
Senator Richard F. Drake
Senator Norman Goodwin
Senator Joe Welsh
Representative Clifford Branstad
Representative Mike Connolly
Representative Virgil Corey
Representative Deo Koenigs

The Committee conducted four meetings. The committee heard from representatives of the Southeastern Freeway Coalition, League of Municipalities, Iowa State Supervisors Association, Iowa County Engineers Association, Associated General Contractors of Iowa, Master Builders Institute, Iowa Good Roads Association, Iowa Development Commission, State Department of Transportation, Iowa State Bar Association, Association of Trial Lawyers of Iowa, AID Insurance, and the Office of the Attorney General. The Committee also heard from Mr. Warren Dunham, Director of Transportation, Mr. Tom Miller, Attorney General, and Professor Phil Baumel, Iowa State University.

ROAD USE TAX FUND DISTRIBUTION FORMULA

The Committee heard from many different organizations on the issue of the road use tax fund distribution formula. The Committee also received a report from the State Department of Transportation on the RISE (Revitalize Iowa's Strong Economy) program and the projects which have been approved under the program. There was a consensus among most of the presenters that the problem is best characterized as being a lack of total funding rather than being a problem with the distribution formula itself. Although the distribution formula is different under the RISE program, most members of the Committee felt that the Legislature should wait and see how successful the program becomes before

suggesting changes in the distribution formula under the RISE program. The committee made no recommendation to change the current road use tax fund distribution formulas.

ROAD RECLASSIFICATION

Some of the Committee members felt that there were too many roads which were being maintained and that a mechanism should be developed to allow an independent body to make a determination as to the abandoning of roads. However, other committee members felt that all of the mechanisms that were necessary were in the Code and that it was up to the counties and cities to make the politically tough decisions as to which roads to abandon. The Committee made no recommendation to change the current mechanisms in the Code for abandoning roads or for road reclassification.

TORT LIABILITY

The Committee spent a considerable amount of time hearing from various groups on the issue of limiting governmental tort liability. Some groups characterized the issue as being "highway robbery" where needed highway funding was being depleted by the payment of tort liability claims. Other groups viewed the payments as being just and reasonable compensation for the victims who had been injured due to negligence on the part of governmental bodies and they also viewed the payments as being a mechanism to ensure that roads are properly constructed and maintained. The Committee made two recommendations with regard to governmental tort liability.

The first recommendation was that a court, when issuing a judgment against the state or a political subdivision of the state, promptly hold a hearing for the purpose of determining the appropriate method of payment of the award. At this hearing, the court is to review the feasibility of ordering a structured or other nonlump-sum payment method. However, the court could order that the payment be by lump sum if all parties agreed or if justice and the needs of the claimant so required. A copy of this recommendation is attached.

The second recommendation adopted by the Transportation Funding Study Committee was a resolution recommending that the Legislative Council create an insurance and liability study committee. The Transportation Funding Study Committee felt that there is a need to obtain full cooperation and disclosure from insurance companies concerning the effect insurance practices and liability claims have on the availability of needed services and products, that there is a need to assure that liability coverage is available where needed and that liability victims are fairly compensated, that there needs to be adequate funds and personnel provided to the insurance commissioner to carry out the gathering of insurance information, and that the rising insurance costs and tort liability claims are straining the resources of state, city and county governments. Thus it was recommended that the Legislative

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Council authorize the creation of an insurance and liability study committee. A copy of this resolution is attached.

SENATE/HOUSE FILE _____
BY (PROPOSED TRANSPORTATION
FUNDING STUDY COMMITTEE
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the liability of governmental entities.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 25A.11, Code 1985, is amended by adding
2 the following new unnumbered paragraph 1:

3 NEW UNNUMBERED PARAGRAPH. If an award is granted pursuant
4 to section 25A.4, the court issuing the judgment shall
5 promptly hold a hearing for the purpose of determining the
6 appropriate method of payment of the award. At this hearing,
7 the court shall review the feasibility of ordering a
8 structured or other nonlump-sum payment method. However, the
9 court may order that the payment be by lump sum if all parties
10 agree or if justice and the needs of the claimant so require.

11 Sec. 2. Section 613A.10, Code 1985, is amended by striking
12 the section and inserting in lieu thereof the following:

13 613A.10 PAYMENT OF JUDGMENT OR AWARD.

14 1. When a final judgment or award is entered against a
15 municipality under this chapter, the court issuing the award
16 shall promptly hold a hearing for the purpose of determining
17 the appropriate method of payment of the award. At this
18 hearing, the court shall review the feasibility of ordering a
19 structured or other nonlump-sum payment method. However, the
20 court may order that the payment be by lump sum if all parties
21 agree or if justice and the needs of the claimant so require.

22 2. When a final judgment is entered against a municipality
23 and the method of payment has been ordered, or a settlement is
24 made by a municipality, the same remedies for nonpayment apply
25 as in the case of other judgments against the municipality.

26 3. If a judgment or settlement is unpaid at the time of
27 the adoption of the annual budget, the municipality shall
28 budget an amount sufficient to pay the judgment, or as much of
29 the judgment as is due, or settlement together with interest
30 accruing on the judgment or settlement to the expected date of
31 payment. The tax may be levied in excess of any limitation
32 imposed by statute.

33 Sec. 3. This Act takes effect July 1 following its
34 enactment and applies to all final judgments or awards entered
35 on or after that date.

EXPLANATION

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This bill amends the state and municipal tort claims Acts by requiring that once a judgment is rendered against the state or a municipality, the court must hold a hearing to determine the appropriate method of payment, including a feasibility review of structured or other nonlump-sum payments.

Section 3 of the bill also provides that the Act will take effect July 1 following its enactment and will apply to all final judgments or awards entered against the state or a municipality on or after that date.

1 liability study committee file its final report with
2 the chairpersons, vice-chairpersons and ranking
3 members of the Committees on Judiciary and Commerce
4 and the Legislative Council, which report shall be
5 accompanied by recommendations for legislation to the
6 Seventy-second General Assembly.

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