

TRANSPORTATION DEPARTMENT[761]

Adopted and Filed

Rulemaking related to secondary road fund distribution methodology

The Transportation Department hereby adopts new Chapter 103, “Secondary Road Fund Distribution Methodology,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code sections 307.12(1)“j” and 312.3.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 7E.3(3) as amended by 2024 Iowa Acts, Senate File 2385, section 69; 312.2; 312.3 as amended by 2024 Iowa Acts, Senate File 2385, section 303; 312.3B as amended by 2024 Iowa Acts, Senate File 2385, section 304; 312.5 as amended by 2024 Iowa Acts, Senate File 2385, section 305; and 312.16 as amended by 2024 Iowa Acts, Senate File 2385, section 306.

Purpose and Summary

This rulemaking adopts new Chapter 103 in accordance with 2024 Iowa Acts, Senate File 2385. Chapter 103 sets forth requirements for the adoption of the formulas to be used for distribution of moneys in the Secondary Road Fund and the Farm-to-Market Road Fund and to formalize the process by which the Transportation Commission (Commission) will administer its duties.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on December 11, 2024, as **ARC 8482C**. A public hearing was held on the following date(s):

- January 6, 2025

No one attended the public hearing. No public comments were received. References to 2024 Iowa Acts, Senate File 2385, have been removed since the amendments in the Senate File have been codified in the 2025 Iowa Code. No other changes from the Notice have been made.

Adoption of Rulemaking

This rulemaking was adopted by the Department on March 11, 2025.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 761—Chapter 11.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on May 21, 2025.

The following rulemaking action is adopted:

ITEM 1. Adopt the following **new** 761—Chapter 103:

CHAPTER 103
SECONDARY ROAD FUND DISTRIBUTION METHODOLOGY

761—103.1(312) General.

103.1(1) Purpose. The purpose of these rules is to adopt the formulas to be used for distribution of moneys in the secondary road fund and the farm-to-market road fund and to formalize the process by which the commission will administer its duties in accordance with Iowa Code section 312.3.

103.1(2) Contact information. Questions regarding this chapter may be directed to the Systems Planning Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; telephone, 515.239.1664.

103.1(3) Definitions. As used in this chapter:

“Bridges” means those structures under the jurisdiction of a county secondary roads department that are included in the National Bridge Inventory System.

“Commission” means the same as defined in Iowa Code section 312.16.

“Committee” means an ad hoc committee as described in rule 761—103.2(7E,312).

“Daily vehicle miles of travel” means the product of a road segment's length, in miles, multiplied by the daily traffic count thereon, in vehicles per day, reported for that segment by department, based on the most recent counts available.

“Earth surfaced” means roads under the jurisdiction of a county secondary roads department that are not surfaced.

“Formula” means the appropriate secondary road fund distribution formula or farm-to-market road fund distribution formula as described in subrules 103.3(1) and 103.3(2).

“Granular surfaced” means roads under the jurisdiction of a county secondary roads department that have crushed rock, gravel, or oiled earth surfaces.

“Paved surfaced” means roads under the jurisdiction of a county secondary roads department with hot mix asphalt, Portland cement concrete, or stabilized base with waterproof surfacing.

“Rural population” means the count, taken from the most recently certified decennial federal census, of persons who reside in the unincorporated areas of a county.

761—103.2(7E,312) Composition and membership of the ad hoc secondary road fund distribution committee.

103.2(1) The committee is composed of six county engineers, six county supervisors, two representatives of the department, and the executive director of the Iowa county engineers association service bureau.

103.2(2) The county engineers are appointed by the president of the Iowa county engineers association, the county supervisors are appointed by the president of the Iowa state association of county supervisors, and the department representatives are appointed by the department.

103.2(3) The county engineer members and the county supervisor members are selected according to the population of their counties, as follows:

- a. Two county engineers and two county supervisors from large counties.
- b. Two county engineers and two county supervisors from medium counties.
- c. Two county engineers and two county supervisors from small counties.

103.2(4) To the extent possible, the committee is geographically diverse, and no county will have both an engineer and a supervisor as members simultaneously.

103.2(5) All county members are voting members. The department representatives and the executive director of the Iowa county engineers association service bureau are nonvoting members.

103.2(6) The committee selects from its membership a chair and a vice-chair. The vice-chair presides at a meeting in the absence of the chair.

761—103.3(312) Formulas.

103.3(1) *Formula for determining secondary road fund allocation factors.* The Iowa county engineers association service bureau annually computes percentage allocation factors for the allocation of secondary road fund revenues among the counties by using the methodology determined by the commission and calculating and summing the following percentage subtotals for each county:

- a. Thirty percent times the ratio that the total area of each county bears to the total area of the state.
- b. Ten percent times the ratio that the rural population of each county bears to the total rural population of the state.
- c. Twelve and one-half percent times the ratio that the total daily vehicle miles of travel on each county's secondary roads bear to the total daily vehicle miles of travel on all secondary roads in the state.
- d. One-half percent times the ratio that the earth-surfaced miles of secondary roads of each county bear to the total miles of earth-surfaced secondary roads in the state.
- e. Twenty percent times the ratio that the granular-surfaced miles of secondary roads of each county bear to the total miles of granular-surfaced secondary roads in the state.
- f. Thirteen percent times the ratio that the paved-surfaced miles of secondary roads of each county bear to the total miles of paved-surfaced secondary roads in the state.
- g. Fourteen percent times the ratio that the length, in lineal feet, of secondary road bridges of each county bears to the total length of secondary road bridges in the state.

103.3(2) *Formula for determining farm-to-market road fund allocation factors.* The Iowa county engineers association service bureau annually computes percentage allocation factors for the allocation of farm-to-market road fund revenues among the counties by using the methodology determined by the commission and calculating and summing the following percentage subtotals for each county:

- a. Thirty percent times the ratio that the total area of each county bears to the total area of the state.
- b. Fifteen percent times the ratio that the rural population of each county bears to the total rural population of the state.
- c. Ten percent times the ratio that the total daily vehicle miles of travel on each county's farm-to-market roads bear to the total daily vehicle miles of travel on all farm-to-market roads in the state.
- d. Nine percent times the ratio that the granular-surfaced miles of farm-to-market roads of each county bear to the total miles of granular-surfaced farm-to-market roads in the state.
- e. Twenty-three percent times the ratio that the paved-surfaced miles of farm-to-market roads of each county bear to the total miles of paved-surfaced farm-to-market roads in the state.
- f. Thirteen percent times the ratio that the length, in lineal feet, of farm-to-market road bridges of each county bears to the total length of farm-to-market road bridges in the state.

103.3(3) *Considerations for a new or modified distribution formula.* A distribution formula that is proposed in accordance with rule 761—103.4(312) should substantially meet the following objectives:

- a. Funding levels to counties should be relatively stable, with only small changes occurring from year to year.
- b. The formula should be able to factor in changes in population, mileages, the centerline lineal feet of bridges, and traffic levels as they occur over time, without needing to be revised.

761—103.4(312) Process for approval of a new or modified distribution formula.

103.4(1) Proposals to adopt a new or modified distribution formula may be initiated by the executive board of either the Iowa county engineers association or the Iowa state association of county supervisors upon request to the commission.

103.4(2) When a formula change has been initiated or requested, the commission directs the committee to develop a work plan and set up a work schedule.

103.4(3) The committee is to evaluate the proposal and, within 18 months after initiation or receipt of the proposal, publish an official report outlining the committee's findings and recommendations.

103.4(4) If the official report recommends adoption of a new or modified distribution formula, the chair communicates the details of the committee's recommendations to all county engineers, all county supervisors and the department in such a manner as the committee deems appropriate. This communication solicits comments on the committee's recommendations.

103.4(5) After receipt and consideration of comments from counties, the committee may adopt a resolution that formally proposes a distribution formula and places it into official consideration.

103.4(6) The chair forwards the resolution to the executive boards of both the Iowa county engineers association and the Iowa state association of county supervisors, with a request for endorsement of the proposed distribution formula.

103.4(7) If both executive boards endorse the proposed distribution formula, the chair requests each individual county to consider and adopt a resolution in favor of or in opposition to the proposed distribution formula.

103.4(8) If at least 66 counties adopt resolutions in favor of the proposed distribution formula, the chair forwards the distribution formula to the commission for action.

103.4(9) If the distribution formula is adopted by the commission, the committee chair notifies the following organizations and groups when the distribution formula has been approved:

- a.* The executive board of the Iowa county engineers association.
- b.* The executive board of the Iowa state association of county supervisors.
- c.* The systems planning and local systems bureaus of the department.
- d.* The office of the treasurer of state.
- e.* All county engineers and county supervisors.
- f.* The Iowa county engineers association service bureau.

761—103.5(312) Judicial review. Any county that is aggrieved or adversely affected by a decision of the commission may seek judicial review of such agency action under the provisions of Iowa Code section 17A.19.

761—103.6(312) Severability clause. If any section, provision, or part of these rules is adjudged invalid or unconstitutional, such adjudication shall not affect the validity of these rules as a whole or any section, provision, or part thereof not adjudged invalid or unconstitutional.

These rules are intended to implement Iowa Code sections 7E.3(3), 312.2, 312.3, 312.3B, 312.5 and 312.16.

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