



*Fiscal Services Division*

December 27, 2024

**Inside this Fiscal Research Brief**

**Summary**

This *Fiscal Research Brief* provides an in-depth review of road funding revenue in Iowa from FY 2019 through FY 2023. Road construction, maintenance, and supervision in Iowa is administered by the Iowa Department of Transportation (DOT), county governments, and city governments.

**Affected Agencies**

Iowa Department of Transportation (DOT)  
Iowa counties and cities

**Iowa Code Authority**

Iowa Code chapters [306](#), [312](#), and [312A](#)  
Iowa Constitution Article VII, section [8](#)

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**Iowa Road Funding**

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## Background

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The outline of jurisdiction over road systems in Iowa began to take shape in the 1920s and remains similar today. The Primary Road Law was established by 1925 Iowa Acts, chapter [114](#), and gave the Iowa Highway Commission (now the DOT) jurisdiction over the Primary Road System. Four years later, the General Assembly defined secondary roads and established county jurisdiction over these roads in 1929 Iowa Acts, chapter [22](#), shortly thereafter. Then, 1998 Iowa Acts, chapter [1075](#), established city road jurisdictions.

Iowa Code section [306.3](#) defines jurisdictions as follows:

- **Primary roads** are roads and streets both inside and outside municipalities that are under the jurisdiction of the DOT. This means that all interstate, U.S., and Iowa signed routes are under the jurisdiction of the Iowa DOT. Primary roads within municipalities are under concurrent jurisdiction with the city. Approximately 9,616 miles of road in Iowa are primary roads. A map of primary roads can be found on the DOT [website](#).
- **Secondary roads** are roads under county jurisdiction. This means those roads outside of cities that are not primary roads. One exception is that farm-to-market system extensions in cities with a population under 500 fall under the jurisdiction of the county. Approximately 59,095 miles of road in Iowa are secondary roads. A map of secondary roads can be found on the DOT [website](#).
- **Farm-to-market roads** are roads under county jurisdiction that “serve principal traffic generating areas and connect such areas to other farm-to-market roads and primary roads.” Farm-to-market roads may be intracounty and intercounty. The farm-to-market system is a subset of the secondary road system and is under county jurisdiction. Approximately 30,545 miles of road in Iowa are farm-to-market roads. A map of farm-to-market roads can be found on the DOT [website](#).
- **Municipal streets system** means streets within municipalities that are not primary roads or secondary roads. Approximately 15,716 miles of road in Iowa are municipal street roads. A map of municipal street roads can be found on the DOT [website](#).

Iowa Code section [306.4](#) describes jurisdiction, and control over roads is based on the classification and vested in the agency responsible for the road, including but not limited to the DOT, each county board of supervisors, and the governing body of each municipality. A full list of road growth for the last eight years can be found on the Legislative Services Agency (LSA) [website](#).

This **Fiscal Research Brief** provides a review of the various funding sources for the above Iowa road systems. Funding from the federal government is reported by the DOT. Revenue collected by the State of Iowa is reported by the LSA based on records from the Treasurer of State. Revenue from local governments reflected in this **Fiscal Research Brief** is reported to the Iowa DOT annually.

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## Federal Road Funding

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The U.S. Highway Trust Fund (HTF) was established in 1956 to fund the interstate highway system and enable long-term planning.<sup>1</sup> The HTF reimburses State transportation agencies for federal-aid construction projects in addition to supporting the federal mass transit program and the federal Leaking Underground Storage Tank Trust Fund. The HTF was initially authorized for a 13-year period from federal fiscal year (FFY) 1957 through FFY 1969 but has most recently been extended through FFY 2026. To maintain HTF activities, Congress must periodically re-extend the authorization to collect and expend HTF revenues. For more than 16 years, congressional appropriations from the HTF have exceeded federal HTF revenue. Congress used the existing HTF

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<sup>1</sup> The Federal Excise Tax on Gasoline and the Highway Trust Fund: A Short History, [sgp.fas.org/crs/misc/RL30304.pdf](http://sgp.fas.org/crs/misc/RL30304.pdf), September 7, 2012.

balance to maintain appropriations without increasing HTF revenue, but in 2008, the balance was depleted. Since 2008, Congress has transferred federal General Fund revenue to the HTF to sustain funding levels. The majority of the revenue is made of federal excise taxes on motor fuels, specifically a set tax per gallon of gasoline and diesel, which are collected and deposited into the HTF.

Federal road funding from the HTF is determined by two congressional actions. A federal highway authorization act is required for the United States Department of Transportation to continue operation. Authorization acts expire at varying intervals, both long- and short-term, and create specific programs determined by formula and make funds available for states to obligate for projects. States are reimbursed for project expenditures once a project is completed, and, as a result, apportioned funds may not be paid to the State in the apportionment year. In December 2015, Congress enacted the [Fixing America's Surface Transportation \(FAST\) Act](#). The FAST Act authorized HTF activities through FFY 2020. In November 2021, Congress replaced the FAST Act with the Infrastructure Investment and Jobs Act (IIJA) which authorizes HTF activities through FFY 2026. The following major programs were funded in the FAST Act. The IIJA continued these programs and created the [Carbon Reduction Program \(CRP\)](#) and the [Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation \(PROTECT\) Formula Program](#). It should be noted that the IIJA provides funding for other infrastructure projects, including railroads, walkways, ports, and electric vehicle charging stations, among other things. The programs listed below account for a portion of the funding provided to states specifically for roadways.

- The **National Highway Performance Program (NHPP)** is intended to “provide support for the condition and performance of the National Highway System (NHS); to provide support for the construction of new facilities on the NHS; to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State’s assets management plan for the NHS; and to provide support for activities to increase the resiliency of the NHS to mitigate the cost of damages from sea level rise, extreme weather events, flooding, wildfires, or other natural disasters.”<sup>2</sup>
- The **Surface Transportation Block Grant (STBG) Program** “promotes flexibility in State and local transportation decisions and provides flexible funding to best address State and local transportation needs.”<sup>3</sup>
- The **Highway Safety Improvement Program (HSIP)** aims to “achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned roads and roads on tribal lands. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads with a focus on performance.”<sup>4</sup>
- The **Railway-Highway Crossings Program** “provides funds for safety improvements to reduce the number of fatalities, injuries, and crashes at public railway-highway grade crossings.”<sup>5</sup>
- The **Congestion Mitigation and Air Quality Improvement Program (CMAQ)** is designed “to provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality

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<sup>2</sup> National Highway Performance Program, [www.fhwa.dot.gov/bipartisan-infrastructure-law/nhpp.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/nhpp.cfm)

<sup>3</sup> Surface Transportation Block Grant program, [www.fhwa.dot.gov/bipartisan-infrastructure-law/stbg.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/stbg.cfm)

<sup>4</sup> Highway Safety Improvement Program, [safety.fhwa.dot.gov/hsip/](http://safety.fhwa.dot.gov/hsip/)

<sup>5</sup> Railway-Highway Crossings Program, [www.fhwa.dot.gov/bipartisan-infrastructure-law/rhcp.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/rhcp.cfm)

Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).”<sup>6</sup>

- The **Metropolitan Planning** process “establishes a cooperative, continuous, and comprehensive framework for making transportation investment decisions in metropolitan areas. Program oversight is a joint Federal Highway Administration/Federal Transit Administration responsibility.”<sup>7</sup>
- The **National Highway Freight Program** (NHFP) functions to improve the efficient movement of freight on the National Highway Freight Network (NHFN) and support several goals, including investing in infrastructure, improving safety, security, reliability, state flexibility to support multi-State corridor planning, and address highway freight connectivity and reducing the environmental impacts of freight movement on the NHFN.<sup>8</sup>
- The **Carbon Reduction Program** (CRP) provides “funds for projects designed to reduce transportation carbon dioxide (CO<sub>2</sub>) emissions from on-road highway sources.”
- The **Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Formula Program** (PROTECT) helps to “make surface transportation more resilient to natural hazards, including climate change, sea level rise, flooding, extreme weather events, and other natural disasters through support of planning activities, resilience improvements, community resilience and evacuation routes, and at-risk coastal infrastructure.”

A second congressional action limits the total amount of funding that states can obligate within an individual year, usually referred to as obligation authority. This is necessary because apportionments are authorized ahead of time in the Highway Authorization Act. This limitation ensures that federal funds are not obligated too quickly and that funding will not be depleted.

**Figure 1** shows Iowa federal apportionment provided by the DOT and the Federal Highway Administration (FHWA) for each federal fiscal year.<sup>9</sup> These figures do not reflect actual receipts received by the Iowa DOT. Prior to IIJA, highway funding was operating under the FAST Act, and these numbers are noted under the prior apportionment in **Figure 1**. Program details for the FAST Act are available but not discussed in this document. Generally, the FAST Act programs are consolidated within IIJA programs. The total amount apportioned to Iowa varies based on authorization.

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<sup>6</sup> Congestion Mitigation and Air Quality Improvement Program, [www.fhwa.dot.gov/bipartisan-infrastructure-law/cmaq.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/cmaq.cfm)

<sup>7</sup> Metropolitan Planning, [www.fhwa.dot.gov/bipartisan-infrastructure-law/metro\\_planning.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/metro_planning.cfm)

<sup>8</sup> National Highway Freight Program, [www.fhwa.dot.gov/bipartisan-infrastructure-law/nhfp.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/nhfp.cfm)

<sup>9</sup> Apportionments from FFY 2019 through FFY 2023 are supplied by the FHWA.

**Figure 1 — Iowa Federal Apportionments<sup>10</sup>**  
(in Millions)

	<u>FFY 2019</u>	<u>FFY 2020</u>	<u>FFY 2021</u>	<u>FFY 2022</u>	<u>FFY 2023</u>
<b>Prior Apportionment</b>	\$ 531.5	\$ 544.3	\$ 544.3	\$ -	\$ -
<b>IIJA Apportionment</b>					
National Highway Performance Program	\$ -	\$ -	\$ -	\$ 365.8	\$ 373.1
Surface Transportation Block Grant Program	-	-	-	177.9	181.5
Highway Safety Improvement Program	-	-	-	35.8	36.5
Railway-Highway Crossings Program	-	-	-	5.7	5.8
CMAQ Improvement Program	-	-	-	12.3	12.6
Metropolitan Planning	-	-	-	2.6	2.7
National Highway Freight Program	-	-	-	17.0	17.4
Carbon Reduction Program	-	-	-	15.9	16.2
PROTECT Formula Program	-	-	-	18.0	18.4
<b>Total Apportionment</b>	<u>\$ 531.5</u>	<u>\$ 544.3</u>	<u>\$ 544.3</u>	<u>\$ 651.1</u>	<u>\$ 664.1</u>

Totals may not add due to rounding.  
Source: Department of Transportation.

Funding can also be provided for road construction from the [Federal Emergency Management Agency](#) (FEMA) in the form of grants available for pre- and post-emergency or disaster-related projects and a [Community Development Block Grant](#) (CDBG), which is an annual grant on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and suitable living environment, and by expanding economic opportunities primarily for low- and moderate-income populations.

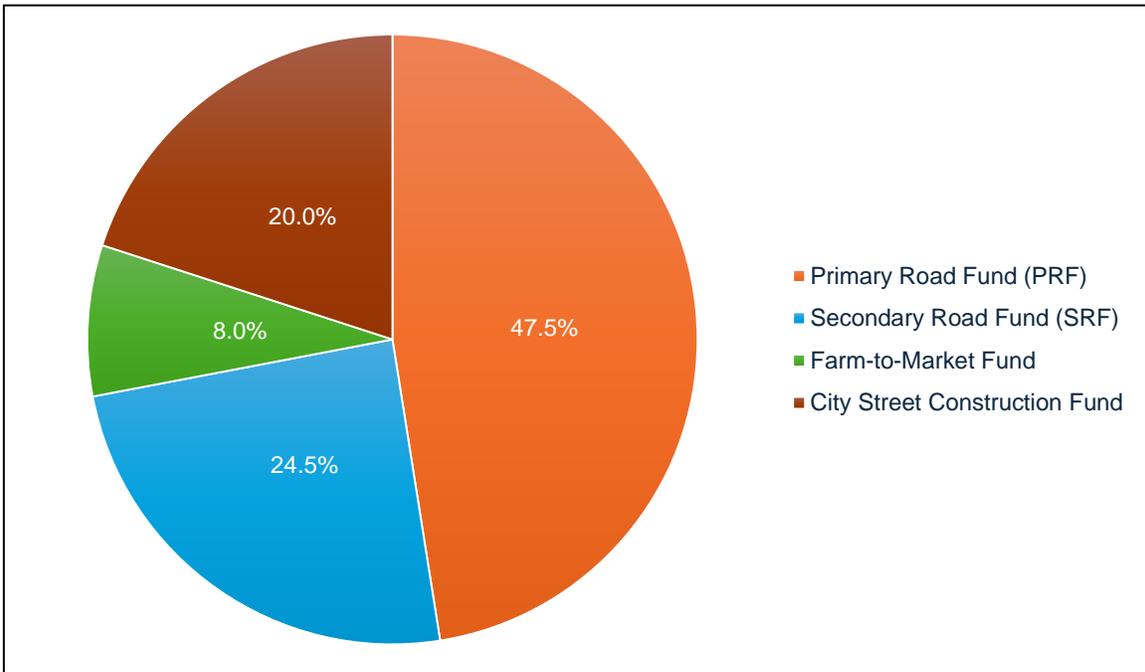
**State Road Funding**

Road funding collected by the State is deposited into two funds, the Road Use Tax Fund (RUTF) and the TIME-21 Fund.<sup>11</sup> The RUTF was established in 1949 by the enactment of 1949 Iowa Acts, chapter [122](#), to fund investment in the State’s primary, secondary, and municipal road systems. The RUTF provides the majority of State road funding. Based on a five-year average, vehicle registration fees and motor fuel taxes provide 86.6% of RUTF revenues. The RUTF moneys are distributed by formula established in Iowa Code section [312.2](#) and fund the construction, maintenance, and supervision of roads and bridges on the State’s primary road system, secondary road system, farm-to-market road system, and municipal street system. **Figure 2** shows the revenue distribution formula from the RUTF.

<sup>10</sup> Enacted federal authorizations or apportionments typically exceed available funding, and Congress limits the total funds that a state may obligate in a given year. This figure does not include the redistribution of certain funds and obligation authority funds.

<sup>11</sup> Transportation Investment Moves the Economy in the 21st Century.

Figure 2 — Road Use Tax Fund Distributions



Before the revenues are distributed, various off-the-top statutory allocations and appropriations are made from the RUTF per Iowa Code section [312.2](#) and the Iowa Acts. More information on the off-the-top statutory allocations is published in a [Fiscal Topic](#).

2007 Iowa Acts, chapter [200](#), established the TIME-21 Fund to increase allocations to the primary road system. Revenues to the Fund include annual vehicle registration fees in excess of \$392.0 million, title and salvage fees, and trailer registration fees. The TIME-21 Fund has a statutory cap of \$225.0 million annually. Once that cap is reached, fees collected in excess are deposited into the RUTF. Revenues from the TIME-21 Fund are distributed according to formula of 60.0% to the Primary Road Fund (PRF), 20.0% to the Secondary Road Fund (SRF), and 20.0% to the City Street Construction Fund. Under current law, the TIME-21 Fund will be repealed June 30, 2028.

A list of RUTF distribution for the last 10 years can be found on the LSA [website](#).

Compared to cities and counties, the revenue sources used by the State for road construction and administration are relatively stable. State revenues collected from motor vehicle registration fees, licenses, and excise tax on motor vehicle fuel are constitutionally protected, and the distribution of revenue is determined by Iowa Code.<sup>12</sup> As a result, State funding for roads does not compete with other State programs funded by the General Fund. Revenue distributed into the General Fund can be used for all State agencies and programs. Money distributed into the RUTF can only be used for Iowa road construction and administration. This is a key difference between revenue collected at the State and local levels.

<sup>12</sup> Per the Iowa Constitution Article VII, section 8, revenue from vehicle registration fees and fuel taxes may only be used for the construction, maintenance, and supervision of the public highways.

**Figure 3** displays the revenue collected by the State for roads, which has grown at an average of 2.75% over the five-year period. During this time period, the majority of revenue growth was in the registration and title fees and the fees for new registration. The TIME-21 Fund has maintained the maximum of \$225.0 million allowed under the Act.

In the 2019 Legislative Session, the General Assembly passed legislation increasing registration fees for electric vehicles, establishing an excise tax on hydrogen used as fuel, and establishing an excise tax on electricity used as electric fuel beginning in January 2022 (2019 Iowa Acts, chapter [151](#) — Electric Vehicle Registration Act). Fuel taxes peaked in FY 2022 at \$721.0 million. Registration and title fees have had a steady increase each year since FY 2019. The total RUTF revenue has been steadily increasing each year.

**Figure 3 – Road Use Tax Fund Revenue**  
(in Millions)

Road Use Tax Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Motor Fuel Tax	\$ 661.0	\$ 645.7	\$ 643.2	\$ 721.0	\$ 680.0
Registration and Title Fees	425.0	440.2	487.6	497.3	510.8
Fee for New Registration	372.5	374.2	425.7	447.3	482.2
Interest	11.7	9.4	1.2	1.4	15.0
Other	8.1	14.1	17.1	14.9	17.4
Statutory Allocation Fund	60.1	38.9	61.8	59.9	57.4
<b>Total RUTF Revenue</b>	<b>\$ 1,538.4</b>	<b>\$ 1,522.5</b>	<b>\$ 1,636.6</b>	<b>\$ 1,741.8</b>	<b>\$ 1,762.8</b>
<b>TIME-21</b>					
Registration and Title Fees	\$ 224.9	\$ 224.9	\$ 225.0	\$ 225.0	\$ 225.0
<b>Total TIME-21 Revenue</b>	<b>\$ 224.9</b>	<b>\$ 224.9</b>	<b>\$ 225.0</b>	<b>\$ 225.0</b>	<b>\$ 225.0</b>
<b>Total Road Funding Receipts</b>	<b>\$ 1,763.3</b>	<b>\$ 1,747.4</b>	<b>\$ 1,861.6</b>	<b>\$ 1,966.8</b>	<b>\$ 1,987.8</b>

Note: Other consist of other licenses and permit fees and fines and penalty fees.

**County and City Road Funding**

In addition to receiving State and federal funds, local governments also rely on local revenues and municipal bonds to fund road construction and maintenance projects. Cities report these revenues annually to the DOT and to the Iowa County Engineers Association (ICEA). Unlike revenues collected by the State, funds collected by local governments are not restricted to road use.<sup>13</sup> Road funding decisions regarding local resources, such as property taxes and bond revenue, are considered in the normal budgeting and decision-making process of either the county board of supervisors or city council, and thus compete with other budget priorities.

The Treasurer of State distributes moneys from the RUTF to counties and cities for street construction and secondary road payments on the third Tuesday of each month. Transfer of jurisdiction/farm-to-market extension payments are deposited on the third Friday of each month. Payment dates and amounts are available on the treasurer’s [website](#). Both counties and cities also receive funding from the State through the Revitalize Iowa’s Sound Economy (RISE) program. RISE was created for the establishment, construction, improvement, and maintenance of roads and streets that promote economic development in the State. Funds are restricted for current public-use roads or roads that will be dedicated for public use in the future. Applications for RISE funding can be found on the DOT [website](#). Federal funding is provided by grants to the State that

<sup>13</sup> The RUTF and TIME-21 funding transferred to cities and counties is restricted for road use only. For the purposes of this *Fiscal Research Brief*, they are considered part of the State share of road funding.

are then approved by the Iowa Transportation Commission and distributed among counties and cities.

**Counties**

County road and bridge construction information is reported to the ICEA each year. Counties maintain nearly 90,000 miles of roads that represent 78.2% of all roads in Iowa. Of that total, 71,515 miles (79.4%) of county roads are unpaved and most are gravel. The secondary road system includes 18,365 bridges, approximately 77.2% of all bridges in Iowa. An interactive map displaying all city, county, and State bridges within Iowa is available on the DOT [website](#). The board of supervisors for each county is required to finalize a budget by March 15 for the next fiscal year. Unlike State sources of road funding, counties have no single protected source for road funds, and revenues allocated to road construction can fluctuate. However, the Iowa Code does provide maximum and minimum dollar amounts for counties to transfer to the SRF.<sup>14</sup> Adopted budgets are submitted to the county auditor and Department of Management (DOM). Counties are required to provide public notice and hold a hearing.

**Figure 4** displays revenues collected by county governments and does not reflect State or federal revenues that are allocated to local governments for road construction.<sup>15</sup> See **Attachment A** for county funding from all sources for road construction over a five-year period. This data is reported to the ICEA each year and combined into a report that provides detailed information about each county. The FY 2023 report is available for download at the DOT [website](#). Total road funding receipts for counties have steadily increased in the last five years due to an increase in property tax revenues. For counties, the single biggest source of revenue is State funding. Compared to cities, this means a higher percentage of the total county road budget is nondiscretionary.

**Figure 4 — County Road Revenue**  
(in Millions)

<b>County Funding</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Transfer from Property Tax Levy	\$ 193.0	\$ 202.5	\$ 212.4	\$ 216.3	\$ 225.9
Local Option Sales Taxes	35.3	36.5	38.8	43.3	45.0
Tax Refunds or Credits	0.3	0.5	0.5	1.2	0.7
Reimbursements to SRF	3.7	5.1	9.6	10.2	7.4
Old Equipment Sold	0.9	1.7	1.6	2.4	2.6
Used Materials, Equip. Junk Sold	0.8	1.2	1.1	1.8	1.4
Transfers from Other Funds	3.1	1.8	1.5	5.0	7.1
Miscellaneous Receipts	19.7	30.5	31.1	22.9	17.7
<b>Total</b>	<b>\$ 256.8</b>	<b>\$ 279.8</b>	<b>\$ 296.6</b>	<b>\$ 303.0</b>	<b>\$ 307.8</b>

Totals may not add due to rounding  
Source: County Finance Reports

**Cities**

In Iowa, 941 cities report financial information to the Iowa DOT. These city governments maintain 15,787 miles of roads or 13.6% of all roads in Iowa. Of that total, 1,149 city road miles, about 7.3%, are unpaved. Mileage data for the entire transportation system can be found on the DOT [website](#). Cities also maintain 1,241 bridges, about 5.2% of all bridges in Iowa. Like county governments, city road funding may fluctuate based on other priorities. Municipal governments are required to adopt and submit a budget for the next fiscal year (beginning July 1) to the DOM and county auditor by

<sup>14</sup> Transfers to the SRF from the General Fund may not exceed \$16.875 per \$1,000 of assessed value. For the Rural Fund, the limitation is \$3.004 per \$1,000 assessed value. Annual transfers to the SRF for each county must be at least 75.0% of the sum of the limitation described above (Iowa Code section [321.429](#)).

<sup>15</sup> Revenue from the sale of bonds is not reported to ICEA. Therefore, county revenue is understated.

April 30 each year. The budgeting process requires cities to provide public notice, budget copies, and a public hearing prior to adoption.

**Figure 5** displays city-controlled revenue sources used for the construction and maintenance of municipal roads and bridges in Iowa, and revenues collected by city governments, and does not reflect State or federal revenues that are allocated to local governments for road construction. Individual city reports are published by the [Iowa DOT](#). Funding displayed in these reports includes revenue used specifically for roads and revenue allocated service bonds associated with the road construction. Total city road funding receipts peaked in FY 2022 at \$970.8 million. In FY 2020, cities changed how they reported information to the DOT. Cities now report more detailed information and have the ability to categorize revenue into the funds that they use in their general ledgers such as utilities. **Attachment B** displays all funding that cities used for road construction in a five-year period.

**Figure 5 — City Road Revenue**  
(in Millions)

City Funding	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Property Tax	\$ 207.0	\$ 258.5	\$ 302.6	\$ 324.9	\$ 268.5
Bonds, Notes, and Loans	245.1	327.8	368.1	368.5	301.2
Sales Tax/LOST	79.7	91.6	107.3	127.7	117.4
Tax Increment Financing	39.4	38.8	47.2	78.7	53.1
Miscellaneous	79.0	49.1	61.2	53.9	64.3
Utilities	9.6	26.8	24.7	17.2	19.9
<b>Total</b>	<b>\$ 660.0</b>	<b>\$ 792.6</b>	<b>\$ 911.1</b>	<b>\$ 970.8</b>	<b>\$ 824.4</b>

Totals may not add due to rounding  
 LOST= Local Option Sales Taxes  
 Source: Department of Transportation  
 Note: Miscellaneous includes data from licenses & permits, interest, rents & leases, local contributions, fuel tax refunds, sale of property & merchandise, fines, and sale of assets.

**Other States**

This section reviews additional features of road funding systems in use by other states. This is not a comprehensive list, but a few key features found in other states will be discussed below. The National Conference of State Legislatures (NCSL) published a more detailed list of road funding options in [State Transportation Funding Trends](#).

- **Mileage-based user fees (MBUF)**, also known as vehicle-miles traveled (VMT), are fees levied to drivers for total miles travelled on the road system. Currently, individual pilot programs are active in California, Delaware, Hawaii, Kansas, Minnesota, Missouri, New Hampshire, Ohio, Oregon, Texas, Utah, Washington, and Wyoming. There are also organizations such as the Western Road Usage Charge Consortium (RUC West), which is designed to promote and establish consistency among the western states. Currently, 17 states are signed on to RUC West, and the goal is to have a central entity to collect revenue from drivers and divide it based on the miles driven in each state. Similar to RUC West is the Eastern Transportation Coalition, which focuses on out-of-state charges because of frequent travel across state boundaries. Iowa is not a part of either of these organizations.
- **Bond Issuance** has not been used for primary roads in Iowa since 1949 when the Iowa Code chapters that authorized the issuance of bonds for the construction of primary roads in Iowa were repealed.<sup>16</sup> Since 1949, the State has relied on normal road revenues to fund annual road

<sup>16</sup> 1949 Iowa Acts, [chapter 130](#)

construction activities. Cities and counties still rely on bond issuance to support construction on the municipal and secondary systems. Most other states are servicing debt related to primary highways, including Illinois, Kansas, Minnesota, and Wisconsin. A complete list of state indebtedness related to highways is published by the FHWA ([State Obligations For Highways — 2022](#)).

- **Transportation Improvement Districts (TID)**, also known as Transportation Development Districts (TDD), are special assessment districts to improve the transportation system, road- or transit-related, within a designated zone. A TID/TDD is created in some U.S. states for the purpose of coordinating and financing transportation infrastructure improvement programs, particularly road construction projects, among local governments in a specific area. Depending on the state, a TID/TDD may have the authority to levy sales or property taxes or issue municipal bonds.
- **Road Tolling** is not currently used to fund road construction in Iowa. Currently, 38 other states use road tolls to support highway construction and maintenance activities. Nearby states that report toll revenue to the FHWA include Kansas and Illinois. A complete list of state governments that use tolls to fund highway activities is published by the FHWA ([Disposition Of State Highway-User Revenues — 2022](#)).
- **Road Privatization** involves a state DOT selling or leasing an asset to a private company that is then responsible for the operation and maintenance of the asset. Various states have privatized state-owned transportation assets. Typically, eligible road assets are high-usage segments such as the Chicago Skyway in Illinois.
- **Public Private Partnerships (PPP)** are contractual agreements between a public agency and a private entity that allow for greater private participation in the delivery of projects. In transportation projects, this participation typically involves the private sector taking on additional project risks such as design, construction, finance, long-term operation, and traffic revenue. The use of PPPs is not currently authorized in Iowa.

While every state has taxes and levies on motor fuel and vehicle registrations to varying degrees, Iowa is one of the few states where road funding in Iowa Code chapter [312](#) is constitutionally protected under Iowa Const. Art. VII, section [8](#). The other states that have road funding constitutionally protected are Minnesota, Texas, and Washington. Most states fund roads through one of the programs listed above or through the state's General Fund.

## Summary

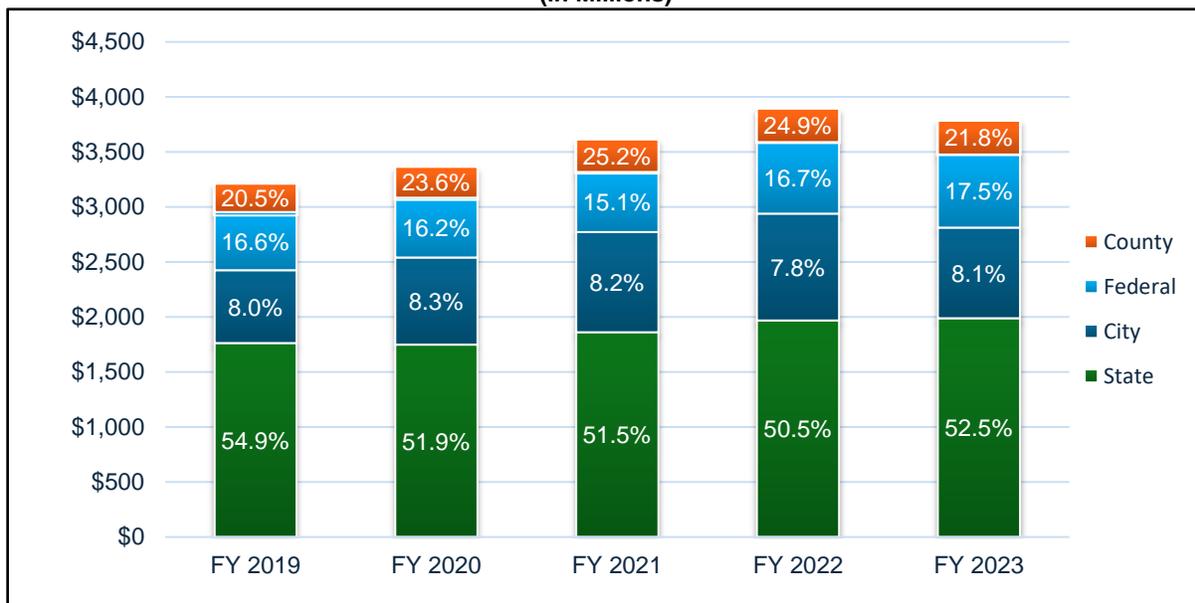
Federal authorization for highway programs continues until FFY 2026 when highway programs will require reauthorization by Congress to continue. State funding, the single largest source of road funding in Iowa, has continued to grow steadily. The total for FY 2023 reflects the largest year for RUTF receipts in the time frame reviewed with vehicle registration and motor fuel tax being the majority of the funding. County road revenues, not including RUTF or federal funding, have steadily increased in total revenue since FY 2019. City revenues have seen a steady increase due to increased property tax, bonds, notes, and loans until FY 2023. **Figure 6** shows all reported revenue that was used to fund roads in Iowa from FY 2019 through FY 2023 with a peak in FY 2022 for total road funding. **Figure 7** displays the percentage of each revenue source that is provided for total road funding. County and city funding reflect only revenues collected by local governments and do not include disbursements from the RUTF or federal funding.

**Figure 6 — Total Iowa Road Funding**  
(in Millions)

	Local		State**	Federal*	Total
	City	County			
FY 2019	\$ 660.0	\$ 256.8	\$ 1,763.3	\$ 531.5	\$ 3,211.6
FY 2020	792.6	279.8	1,747.4	544.3	3,364.1
FY 2021	911.1	296.6	1,861.6	544.3	3,613.6
FY 2022	970.8	303.0	1,966.8	651.1	3,891.7
FY 2023	824.4	307.8	1,987.8	664.1	3,784.2

\*Reflects federal fiscal years. The federal fiscal year begins on October 1.  
 \*\*Includes RUTF and TIME-21 Fund.  
 Note: Totals may not add due to rounding.

**Figure 7 — Iowa Road Funding by Percentage**  
(in Millions)



Doc ID 1462709

## Attachment A

## Funding Allocated to County Road Construction

(Dollars in millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Balance Brought Forward</b>	\$ 318.4	\$ 308.7	\$ 316.4	\$ 406.6	\$ 468.9
<b>FEDERAL FUNDING</b>					
Bridge Replacement Funds (BROS)	\$ 13.7	\$ 7.0	\$ 5.3	\$ 2.6	\$ 2.6
Disaster Aid received	5.5	17.6	12.3	10.7	1.7
<b>Total Federal Revenue to Counties</b>	<u>\$ 19.2</u>	<u>\$ 24.6</u>	<u>\$ 17.6</u>	<u>\$ 13.3</u>	<u>\$ 4.3</u>
<b>STATE FUNDING</b>					
Road Use Tax	\$ 345.1	\$ 351.1	\$ 394.5	\$ 389.6	\$ 393.1
City FM Extension Funds	3.0	3.1	3.7	3.3	3.3
TIME-21 Funds	49.8	45.5	54.8	49.3	46.1
Swap Bridge Replacement Funds	-	12.8	14.5	14.2	14.0
RISE Funds	0.4	0.5	0.2	0.7	1.2
Transfers from FM Fund	0.0	0.2	0.3	-	0.3
<b>Total State Revenue to Counties</b>	<u>\$ 398.4</u>	<u>\$ 413.3</u>	<u>\$ 467.9</u>	<u>\$ 457.0</u>	<u>\$ 458.1</u>
<b>COUNTY FUNDING</b>					
Transfer from Property Tax Levy	\$ 193.0	\$ 202.5	\$ 212.4	\$ 216.3	\$ 225.9
Local Option Sales Taxes	35.3	36.5	38.8	43.3	45.0
Tax Refunds or Credits	0.3	0.5	0.5	1.2	0.7
Reimbursements to Sec. Rd. Fund	3.7	5.1	9.6	10.2	7.4
Old Equipment Sold	0.9	1.7	1.6	2.4	2.6
Used Materials, Equip, Junk sold	0.8	1.2	1.1	1.8	1.4
Transfers from other funds	3.1	1.8	1.5	5.0	7.1
Miscellaneous Receipts	19.7	30.5	31.1	22.9	17.7
<b>Total Revenue Levied by Counties</b>	<u>\$ 256.8</u>	<u>\$ 279.8</u>	<u>\$ 296.6</u>	<u>\$ 303.0</u>	<u>\$ 307.8</u>
<b>Total Receipts</b>	<u><u>\$ 674.4</u></u>	<u><u>\$ 717.8</u></u>	<u><u>\$ 782.0</u></u>	<u><u>\$ 773.4</u></u>	<u><u>\$ 770.3</u></u>
<b>Total Funding Receipts</b>	<u><u>\$ 992.9</u></u>	<u><u>\$ 1,026.5</u></u>	<u><u>\$ 1,098.4</u></u>	<u><u>\$ 1,180.0</u></u>	<u><u>\$ 1,239.2</u></u>

FM = Farm-to-Market

Source: [County Finance Reports](#)

Legislative Service Agency

## Attachment B

## Funding Allocated to City Road Construction

(Dollars in millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Balance Brought Forward</b>	\$ 226.5	\$ 253.7	\$ 301.3	\$ 327.4	\$ 331.0
<b>Federal Funding</b>					
Federal Government Misc.	\$ 9.9	\$ 7.0	\$ 2.7	\$ 0.1	\$ 0.1
Community Develop Block Grant	0.3	-	0.5	0.3	0.7
Economic Development Admin (EDA)	0.7	-	0.9	-	-
Fed. Emergency Mgmt. Agency (FEMA)	17.1	10.0	2.2	4.3	3.7
FHWA Participation	0.6	10.0	9.9	19.4	24.9
Fed. Transit Admin.	-	-	-	5.0	6.3
<b>Total Federal Revenues to Cities</b>	<b>\$ 28.7</b>	<b>\$ 27.0</b>	<b>\$ 16.2</b>	<b>\$ 29.2</b>	<b>\$ 35.7</b>
<b>State Funding</b>					
Road Use Tax Fund	\$ 313.7	\$ 311.2	\$ 363.4	\$ 348.6	\$ 349.6
State Government Misc.*	8.1	-	-	-	-
Revitalize Iowa's Sound Economy (RISE)	2.0	-	2.9	7.0	3.7
Various State Grants**	11.8	7.7	-	-	-
Iowa DOT**	21.7	30.2	-	-	-
City Bridge Prog.	3.0	-	1.9	1.2	1.4
Urban-State Traffic Engineering Program (U-STEP)	1.0	-	0.8	1.2	1.6
City Highway Bridge Program - Swap(HBP-Swap)**	-	-	1.6	1.0	7.8
Surface Transportaion Block Grant (STBG-Swap)**	-	-	20.1	12.5	34.0
Traffic Stafety Improvement Program (TSIP)**	-	-	5.1	1.7	4.1
Other Miscellaneous State Grant/Reimbursements(DOT)*	-	-	7.2	14.2	14.4
Other Miscellaneous State Grant/Reimbursements(non-DOT)*	-	-	20.3	3.2	1.6
<b>Total State Revenues to Cities</b>	<b>\$ 361.2</b>	<b>\$ 349.1</b>	<b>\$ 423.4</b>	<b>\$ 390.6</b>	<b>\$ 418.3</b>
<b>City Funding</b>					
Property Tax	\$ 207.0	\$ 258.5	\$ 302.6	\$ 324.9	\$ 268.5
Bonds, Notes, & Loans	245.1	327.8	368.1	368.5	301.2
Sales Tax/LOST	79.7	91.6	107.3	127.7	117.4
Tax Increment Financing	39.4	38.8	47.2	78.7	53.1
Misc	79.0	49.1	61.2	53.9	64.3
Utilities	9.6	26.8	24.7	17.2	19.9
<b>Total Revenues to Cities</b>	<b>\$ 660.0</b>	<b>\$ 792.6</b>	<b>\$ 911.1</b>	<b>\$ 970.8</b>	<b>\$ 824.4</b>
<b>Total Receipts</b>	<b>\$ 1,049.9</b>	<b>\$ 1,168.7</b>	<b>\$ 1,350.8</b>	<b>\$ 1,390.6</b>	<b>\$ 1,278.4</b>
<b>Total Fund Receipts</b>	<b>\$ 1,276.4</b>	<b>\$ 1,422.4</b>	<b>\$ 1,652.1</b>	<b>\$ 1,718.0</b>	<b>\$ 1,609.4</b>

FHWA = Federal Highway Administration

\* = State Government Misc grants now split

\*\*=Various State and DOT grants now split

LOST = Local Option Sales Tax

Source: Department of Transportation