

---

## FISCAL TOPICS

Fiscal Services Division

November 10, 2020



---

Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Revitalize Iowa's Sound Economy (RISE) Program

### Creation of the RISE Program

The RISE Program was enacted in 1985 (Iowa Code chapter [315](#)) for the following purposes:

- 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 those that will be dedicated for public use in the future. RISE funds cannot be used for private road projects.
- Reimburse or make payments to cities or counties for all or part of the interest and principal on general obligation bonds issued by cities or counties for the purpose of financing approved road and street projects meeting the above requirements.
- Temporarily transferring funds to the Primary Road Fund (PRF) if the United States Congress and the President of the United States do not provide long-term transportation funding to the State of Iowa, or if the cash flow funding of the Department may be inadequate to meet anticipated construction costs. The transfers must be paid back within three months and six months, respectively, of the transfer.

Types of developments that are eligible for RISE funds include industrial, manufacturing, warehousing, distribution, and professional offices. RISE funding cannot be used to fund commercial, personal services, residential, or retail developments.

### Background

The RISE Program is funded through a Road Use Tax Fund (RUTF) allocation that has changed various times since the creation of the Program.

- The original amount allocated from the RUTF when the RISE Fund was created in [1985 Acts, chapter 231, section 2](#), was 2.0 cents per gallon from the excise tax on motor and special fuels. This amount was increased to 3.0 cents per gallon after January 1, 1986. The excise tax on special diesel fuel started at 1.0 cent per gallon, increased to 2.0 cents per gallon as of January 1, 1986, and was increased again to 3.0 cents per gallon as of January 1, 1987.
- [1989 Acts, chapter 293, section 11](#), changed the excise tax motor, special, and special diesel fuels to 1.55 cents per gallon. The legislation also created a new subsection that allocated 0.45 cents per gallon to the Secondary Road Fund.
- The allocation changed once more to its current rate of 1.75 cents per gallon through [2007 Acts, chapter 200, section 6](#), with 0.25 cents passing through to the Secondary Road Fund. A portion of RISE funds is allocated for State projects and deposited directly in the Primary Road Fund and is not part of the RISE Program.

RISE funding can be in the form of grants or loans, and is allocated to the State, cities, and counties as follows:

- **1.0 cent** – To the PRF where 0.5 cent supports the production or transport of renewable fuels including primary highways that connect biofuel facilities to the commercial and industrial network, and 0.05 cent for highways that have been designated as Access Iowa highways in accordance with [2005 Iowa Acts, chapter 178, section 41](#), which is set to be repealed July 1, 2025.
- **0.5 cent** – For use by cities on city street projects.

---

### More Information

Department of Transportation: [www.iowadot.gov](http://www.iowadot.gov)

LSA Staff Contact: Austin Brinks (515.725.2200) [austin.brinks@legis.iowa.gov](mailto:austin.brinks@legis.iowa.gov)

- **0.25 cent** – For use by counties on secondary road projects, including secondary roads that connect biofuel facilities to highways in the commercial industrial highway network.

On June 30 of each year, all uncommitted funds are to be credited to the Secondary Road Fund.

### **Transportation Commission**

The Transportation Commission is responsible for all RISE project funding commitments, and all funding commitments are subject to the availability of RISE funds. The Commission must monitor RISE Fund commitments and ensure there is adequate funding for present and future immediate opportunity needs. This can include pausing the award of Local Development Projects, limiting the RISE dollars awarded to each project, or other actions at the discretion of the Commission. Applications are approved or denied by the Commission.

### **Project Types**

**Immediate Opportunity Projects:** These are projects requiring an immediate funding commitment to secure developers or firms in the location of business facilities that will result in permanent job creation or retention. Payroll information from the company involved is required to prove the accomplishment of agreement contingencies, and RISE funds may be required to be repaid if contingencies are not met. Immediate Opportunity applications are submitted on a year-round basis and typically have first priority for all available RISE funds. Projects may be located on primary roads, secondary roads, city streets, State park roads, or county conservation parkways. Relocation of jobs within Iowa does not qualify a project for RISE funding.

**Local Development Projects:** These are projects that support local economic development efforts but do not require an immediate commitment of funds. Projects may be located on primary roads, secondary roads, city streets, State park roads, or county conservation parkways. The projects are selected through a competitive evaluation process with deadlines on the first of February and September. Immediate Opportunity Projects can be changed to Local Development Projects by the Transportation Commission, and in these cases, applications may be considered after the deadlines. Locations that are certified through the Iowa Economic Development Authority's Certified Sites Program may be eligible for increased RISE funding.

The Department of Transportation (DOT) uses a rating system to award points to Local Development Projects based on the following factors:

- **Development Potential** – Measuring the degree of certainty involved in the economic development activity to be supported by the proposed RISE project and the potential for future job growth, with a maximum of 35 points.
- **Economic Impact** – Measuring the economic impact of the development activity to be supported by the proposed RISE project, including the number of direct jobs assisted, investment leveraging, the percentage of out-of-state sales and in-state suppliers, the impact on competition and diversification, and the quality of job factors. There is a maximum of 20 points for this factor.
- **Local Commitment and Initiative** – Measuring the level of effort being put forth by the applicant to attract economic development and the adequacy of supporting infrastructure, with a maximum of 35 points.
- **Transportation Need** – Measuring the condition and quality of existing road or street service, with a maximum of four points.
- **Area Economic Need** – Measuring the economic condition of the area, with a maximum of six points.

Cities and counties submit applications for RISE funding to the DOT, which then makes recommendations to the Transportation Commission on eligible projects for approval. Applications are open to all counties and cities in Iowa; private firms are not eligible for RISE funding. There are no restrictions on the number of RISE applications that can be submitted by cities or counties, and applicants may apply for either single- or multiyear funding. Immediate Opportunity grants have a minimum local match of 20.0% of the project's funding unless it is deemed that the applying city or county is economically distressed. Local Development grants normally have a local match of 50.0%. The percentage of RISE funding awarded can vary depending on the project. Eligible and noneligible activities for RISE funding can be found in [Iowa Administrative Code 761-163.8](#).

Additional factors that are considered when deciding on Immediate Opportunity or Local Development Projects to fund include:

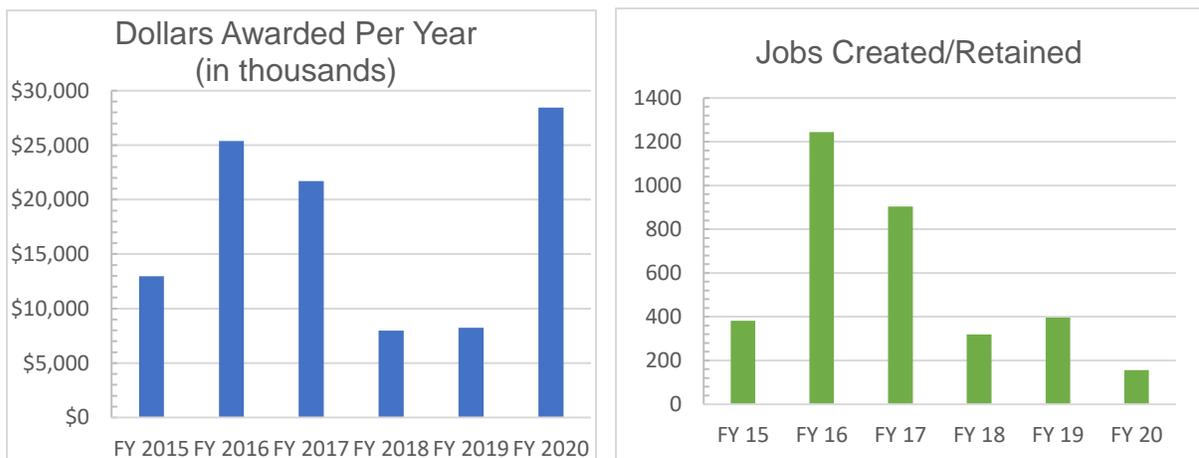
- The impact of the proposed project on other businesses in competition with the business being considered for assistance. The DOT is required to make a good-faith effort to identify competing Iowa businesses already in place, and determine the probability that the project will displace employees of existing businesses. When determining the impact on businesses in competition with the business applying for funding, jobs created as a result of existing jobs being displaced are not considered jobs created.
- When considering the economic impact to the State of the project, consideration can vary depending on the following factors: a business with a greater percentage of out-of-state sales, a business with a higher proportion of in-state suppliers, a project that would create more diversity in the State economy, a business with fewer in-state competitors, potential for future job growth, and projects that are not a retail operation.
- Jobs that have a higher wage scale, have a lower turnover rate, are full-time, or are career-type positions are to be given more consideration for funding. Businesses that have wage scales substantially lower than existing Iowa businesses in the area are to be of less consideration for funding.
- If the business has a record of violations in a consistent pattern, the project will be of less consideration for funding. The DOT will make a good-faith effort to obtain this information.
- If a business has, within three years of application for funding, acquired or merged with an Iowa corporation or company, the business must make a good-faith effort to hire employees of the merged or acquired company.
- To be eligible for assistance, a business should prefer hiring residents of the State or the area near the development, with out-of-state employees offered a transfer to Iowa or the development area being an exception.
- All known required environmental permits must be granted and regulations met before funds are released.

Additional information on requirements and past applications can be found on the Department of Transportation's website at: [iowadot.gov/systems\\_planning/Grant-Programs/Revitalize-Iowas-Sound-Economy-RISE-Program](http://iowadot.gov/systems_planning/Grant-Programs/Revitalize-Iowas-Sound-Economy-RISE-Program).

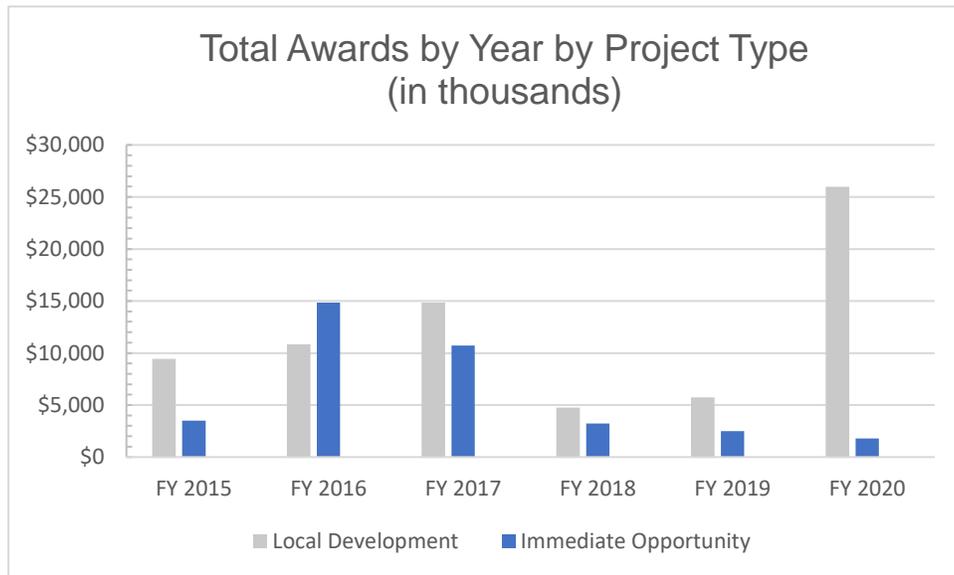
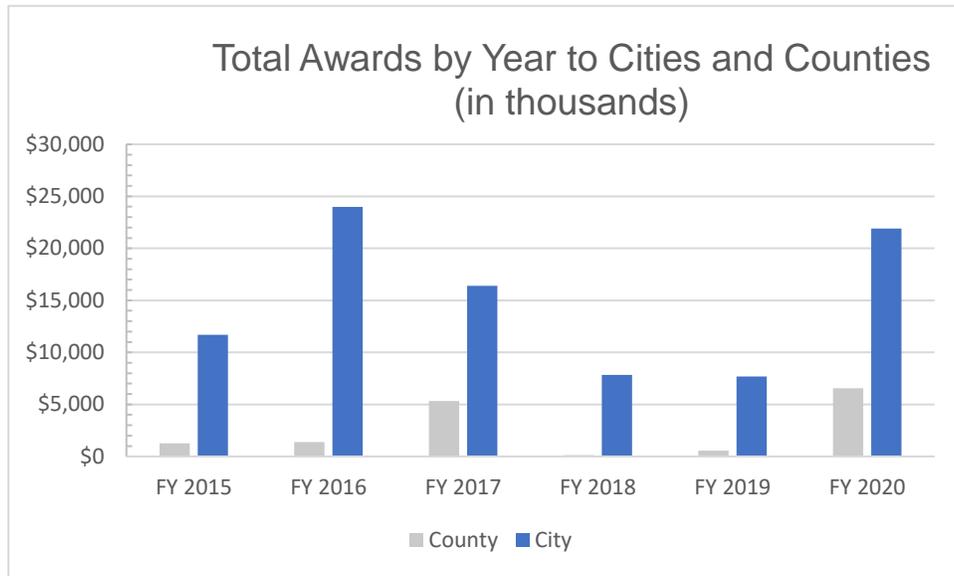
### **Awards**

During FY 2020, an application was approved for \$8.5 million for a project in Bondurant that is estimated to create 1,000 jobs. This was an Immediate Opportunity application that was later changed to a Local Development grant. As such, the grant is no longer contingent on the number of jobs the project would create, but rather the requirements for a Local Development grant. Due to the change, the jobs that are expected to be created are not counted toward those created by the RISE grant.

The following charts show the total dollars awarded in RISE funds and the jobs created or retained due to the RISE Program from FY 2015 to FY 2020.



The following charts show the dollars of RISE grants awarded to counties and cities, and the dollars of RISE grants awarded to Local Development Projects and Immediate Opportunity Projects for FY 2015 to FY 2020.



Doc ID 1155981