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## FISCAL TOPICS

Fiscal Services Division

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

### Creation of the RISE Program

The Revitalize Iowa's Sound Economy (RISE) Program, enacted in 1985 (Iowa Code chapter [315](#)), is currently used for the following purposes:

- 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. RISE funds cannot be used for private road projects.
- Reimbursing or making 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 that are public-use roads.
- Temporarily transferring funds to the Primary Road Fund (PRF) if either 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 Iowa Department of Transportation (DOT) may prove to be inadequate to meet anticipated construction costs. The transfers must be paid back within three months of the transfer in the first case and within six months of the transfer in the second.

Types of developments that are eligible for RISE funds include public road access for industrial, manufacturing, warehousing, distribution, and professional offices. RISE funding cannot be used to fund private road access for commercial, projects, or personal services, residential, or retail developments. Applications are open to all counties and cities in Iowa; private firms are not eligible for RISE funding.

### Background

The RISE Program is funded through a Road Use Tax Fund (RUTF) allocation. Since the creation of the Program, the allocation has changed as follows:

- The original allocation from the RUTF when the RISE Fund was created in [1985 Iowa Acts, chapter 231](#), was 2.0 cents per gallon from the excise tax on motor and special fuels. The Act increased the allocation 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 Iowa Acts, chapter 293, section 11](#), decreased 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 increased to its current rate of 1.75 cents per gallon through [2007 Iowa 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 PRF and is not part of the RISE Program.

RISE funding can be granted or loaned and is allocated to the State, cities, and counties as follows:

- Four-sevenths of RISE funds are deposited in the PRF. Of these funds, 50.0% is for highways that support the production or transport of renewable fuels, including primary highways that connect biofuel facilities to the commercial and industrial network. The remaining 50.0% is for highways that have been designated as Access Iowa highways in accordance with [2005 Iowa Acts, chapter 178](#).

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### More Information

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

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[section 41](#), which is set to be repealed July 1, 2025.

- Two-sevenths of RISE funds are for use by cities on city street projects.
- One-seventh of RISE funds is for use by counties on secondary road projects, including secondary roads that connect biofuel facilities to highways in the commercial and industrial highway network. On June 30 of each year, all uncommitted funds are credited to the Secondary Road Fund.

### **Project Types**

There are two types of city and county projects funded through RISE: immediate opportunity projects and local development projects:

**Immediate Opportunity Projects** require 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 Project 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** 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 of February 1 and September 1. 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 DOT uses a rating system to award points to local development projects based on the following factors:

- **Development potential:** This factor measures 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:** This factor measures 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:** This factor measures 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:** This factor measures the condition and quality of existing road or street service, with a maximum of four points.
- **Area economic need:** This factor measures the economic condition of the area, with a maximum of six points.

### **Application Approval — Transportation Commission**

The Transportation Commission awards 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 (described below), 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.

Cities and counties submit applications for RISE funding to the DOT, which then makes recommendations to the Transportation Commission on eligible projects for approval. 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 year or multiyear funding. Immediate Opportunity Project 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 Project grants normally have a local match of 50.0%. The percentage of RISE funding awarded can vary depending on the project. Project activities that are eligible and ineligible for RISE funding are listed in [761 IAC 163.8](#).

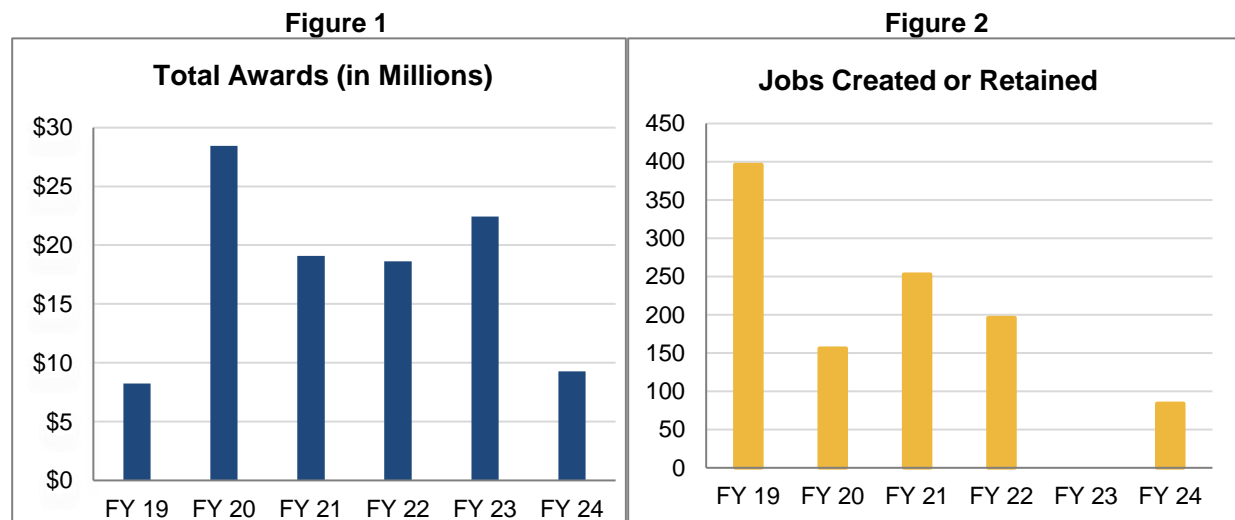
Additional factors that are considered when determining funding for Immediate Opportunity or Local Development projects include the following:

- The impact of the proposed project on other businesses in competition with the business being considered for assistance. The DOT is required to make an effort to identify competing Iowa businesses already in place and determine the probability that the project will displace employees of existing businesses.
- Economic impact, based on the following factors: whether a business has a greater percentage of out-of-state sales, a higher proportion of in-state suppliers, fewer in-state competitors, or potential for future job growth as well as whether a project is a retail operation or would create more diversity in the State economy.
- Whether jobs have a higher wage scale, have a lower turnover rate, are full-time, or are career-type positions. Such jobs are given more consideration for funding.
- If the business has a record of violations, in which case the project is given less consideration for funding. The DOT will make a good-faith effort to obtain this information.

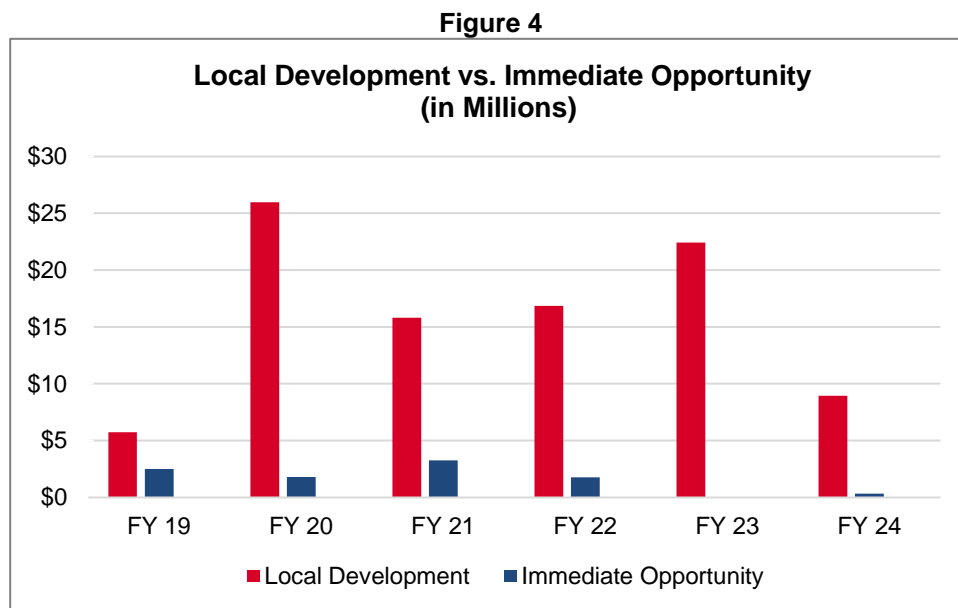
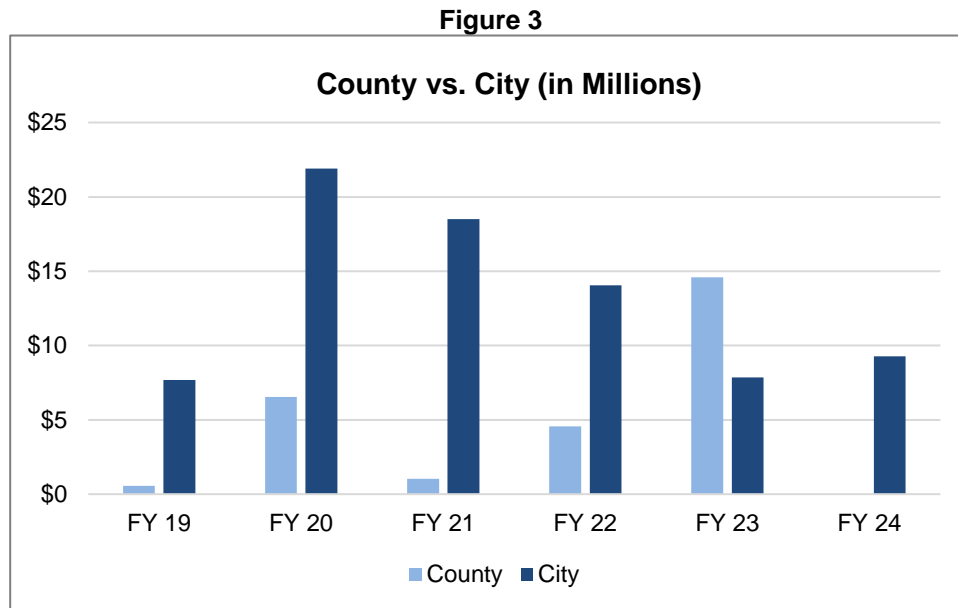
Additional information on requirements and past applications is available on the Department of Transportation's website at: [iowadot.gov/systems\\_planning/Grant-Programs/Revitalize-Iowa-s-Sound-Economy-RISE-Program](http://iowadot.gov/systems_planning/Grant-Programs/Revitalize-Iowa-s-Sound-Economy-RISE-Program).

#### RISE Awards FY 2019 — FY 2024

**Figure 1** and **Figure 2** show the total funding awarded through the RISE Program and the jobs created or retained as a result of the RISE Program from FY 2019 through FY 2024. In FY 2023, there were no jobs reported as created or retained through the RISE Program.



**Figure 3** and **Figure 4** show the amount of RISE funding awarded to counties and cities and the amount of RISE funding awarded to local development projects and Immediate Opportunity Projects for FY 2019 through FY 2024. In FY 2023, no RISE funding was awarded for Immediate Opportunity Projects. In FY 2024, counties did not receive RISE funding.



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