
FISCAL TOPICS

Fiscal Services Division

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Transportation Investment Moves the Economy in the Twenty-First Century (TIME-21) Fund

Background

The Transportation Investment Moves the Economy in the Twenty-First Century (TIME-21) Fund was created during the 2007 Legislative Session.¹ The purpose of this Fund was to create an additional revenue source to help fund maintenance and construction of the State's roadways. This need was due to what was considered a "perfect storm" of road funding issues in the early 2000s. In FY 2009, the Department of Transportation (DOT) was required to conduct an [analysis](#) of TIME-21 funding, as well as the Road Use Tax Fund (RUTF).² The analysis outlined the following issues:

- A large and aging public roadway system comprised of more than 114,000 miles and 25,000 structures. The system was primarily developed over a 20-year period from 1940 to 1960, which meant much of the system needed reinvestment.
- Increasing demands on the public roadway system as roadway travel gradually increased, especially with regard to large truck traffic. This growth of approximately 600,000 truckloads of corn annually was the result of an increase in renewable fuel production across Iowa.
- Flattening revenue available for public roadway improvements from the RUTF and federal Highway Trust Fund (HTF).
- Increasing inflation of construction costs, which dramatically reduced the buying power of limited funding.

These issues combined to create uncertainty in Iowa roadway funding. The TIME-21 Fund was created to provide additional funding by changing vehicle registration fees and increasing trailer and title fees. Under current law, the TIME-21 Fund will be repealed June 30, 2028.

Fund Revenue

The TIME-21 Fund is allocated moneys from the RUTF on a monthly basis from the following sources:

- Ten dollars from each fee collected from the issuance of a certificate of title, \$8 from each fee collected for issuance of a certificate for a returned vehicle, and \$8 from each fee collected for issuance of a salvage certificate of title.
- One-half of the amount received from registration fees for trailers with an empty weight of 2,000 pounds or less, two-thirds of the amount received from registration fees collected for trailers with an empty weight of more than 2,000 pounds, and one-third of registration fees received for travel trailers and fifth-wheel trailers.
- Revenue collected from annual motor vehicle registration fees for passenger cars, multipurpose vehicles, and motor trucks.

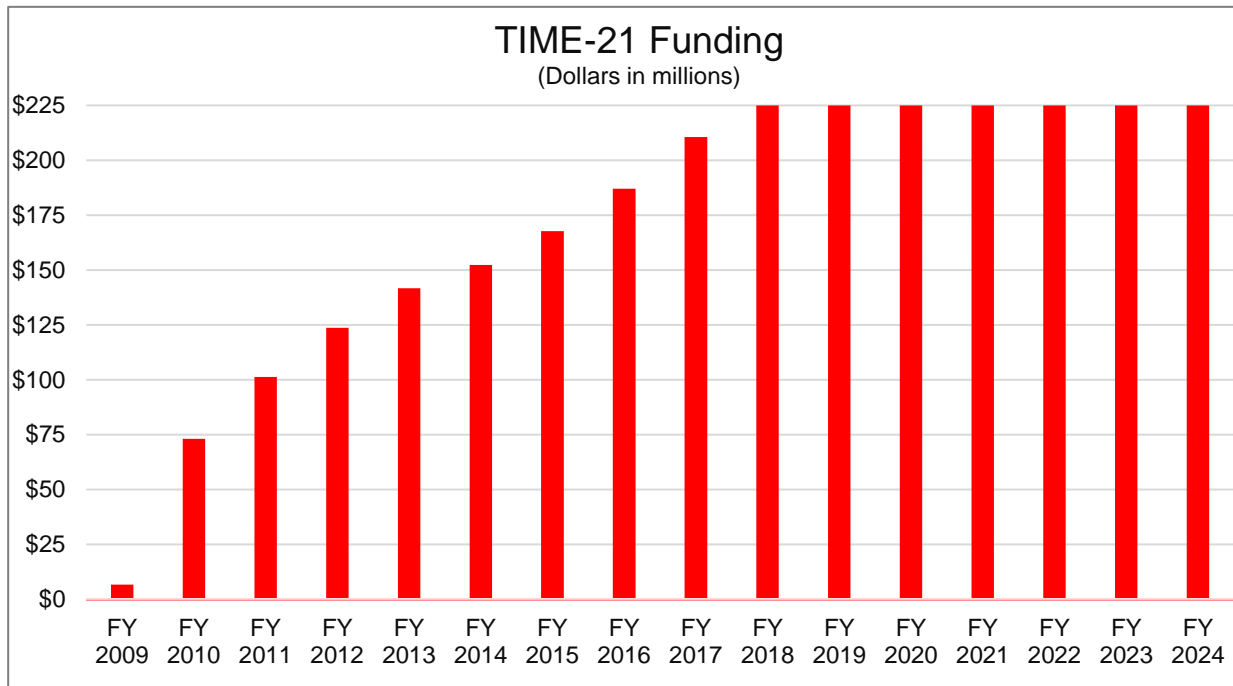
¹ 2007 Iowa Acts, ch. [200](#), §1.

² 2008 Iowa Acts, ch. [1113](#), §26.

More Information

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Revenue from annual registration fees is deposited into the RUTF until the fees reach \$392.0 million. The fees in excess of \$392.0 million are credited to the TIME-21 Fund until a cap of \$225.0 million is reached. All fees collected that are in excess of \$225.0 million are again credited to the RUTF.



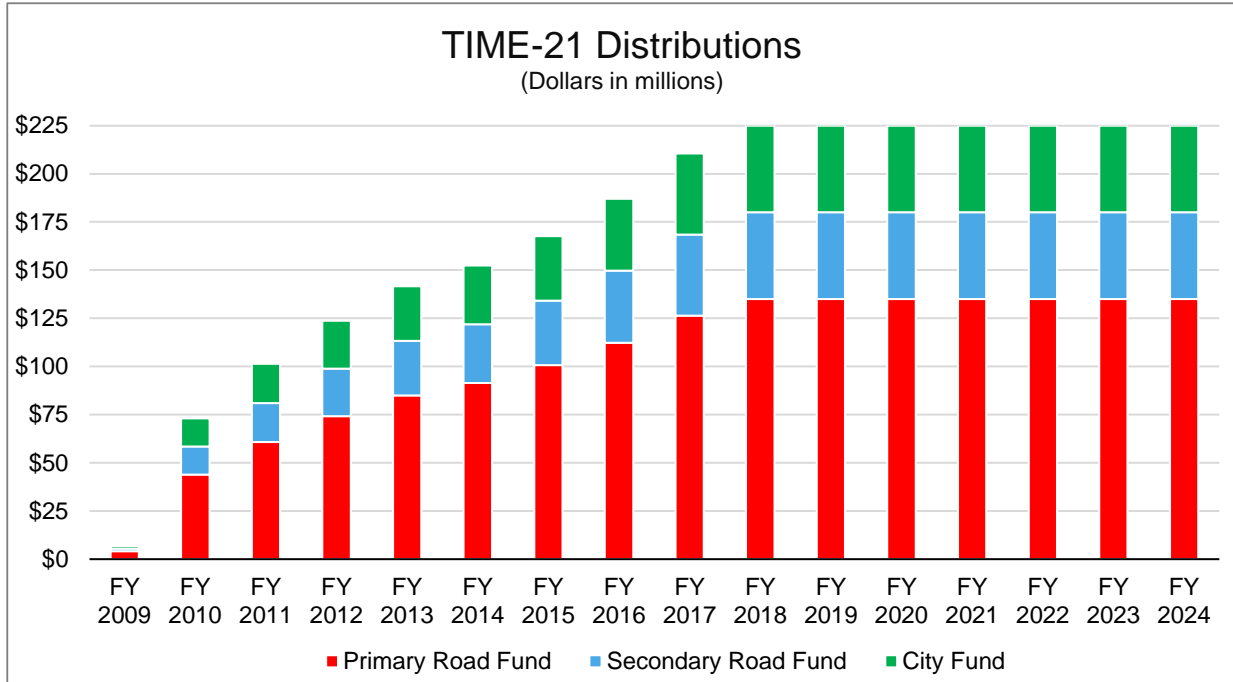
The revenue allocated to the TIME-21 Fund has steadily increased annually from FY 2009 to FY 2018. In FY 2018, the fees deposited into the TIME-21 Fund reached the \$225.0 million cap for the first time. The Fund has since reached the cap on each subsequent year after FY 2018.

Fund Distributions

As mentioned above, revenue to the TIME-21 Fund is capped at \$225.0 million annually, with excess funds deposited into the RUTF. This cap was established in 2009 Iowa Acts, chapter [130](#), section 45, subsection 2. The TIME-21 Fund distribution formula is as follows:

- Sixty percent is deposited into the Primary Road Fund (PRF) to be used exclusively for highway maintenance and construction. This includes the purchase of right-of-way but does not include project planning and design. Projects that are eligible for TIME-21 funding are given priority depending on the type of project. The completion of projects on highways designated as access highways have the highest priority. Projects on highways in the commercial and industrial highway network that are included in the DOT’s five-year plan for the primary road system are given the next priority. Within these projects, priority is given to projects in areas of the State that have existing biodiesel, ethanol, or other biorefinery plants. The lowest priority outlined for TIME-21 funding is projects on interstate highways.
- Twenty percent is deposited in the Secondary Road Fund to be allocated to counties. Counties may use these funds for construction and maintenance on secondary road bridges and on highways in the farm-to-market road system. At least 10.0% of the moneys allocated to counties is required to be used for bridge construction, repair, and maintenance, with priority given to projects that aid the support of economic development and job creation.
- Twenty percent is deposited in the street construction funds to be allocated to cities for the construction, maintenance, and administration of the municipal street system.

The following chart shows the distributions from the TIME-21 Fund.



Funds distributed to cities and counties can be found at iowadot.gov/local_systems/City-Reports-and-Funding.

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