

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Presentation by LSA Fiscal Services Division
January 22, 2014

Subcommittee Responsibilities

- Transportation, Infrastructure, and Capitals (TIC) Appropriations
Subcommittee reviews budgets and provides funding recommendations for the following budget areas:
 - ◆ Department of Transportation
 - ◆ State agencies requesting funding for infrastructure, capital, and technology projects
- Subcommittee usually passes two appropriation bills:
 - ◆ Transportation Appropriations Bill
 - ◆ Infrastructure Appropriations Bill
- Subcommittee is different from the other Appropriation Subcommittees because it *usually* does not appropriate from the General Fund
 - ◆ Appropriations are typically made from several of the State's other funds, including road funds and infrastructure funds

Department of Transportation

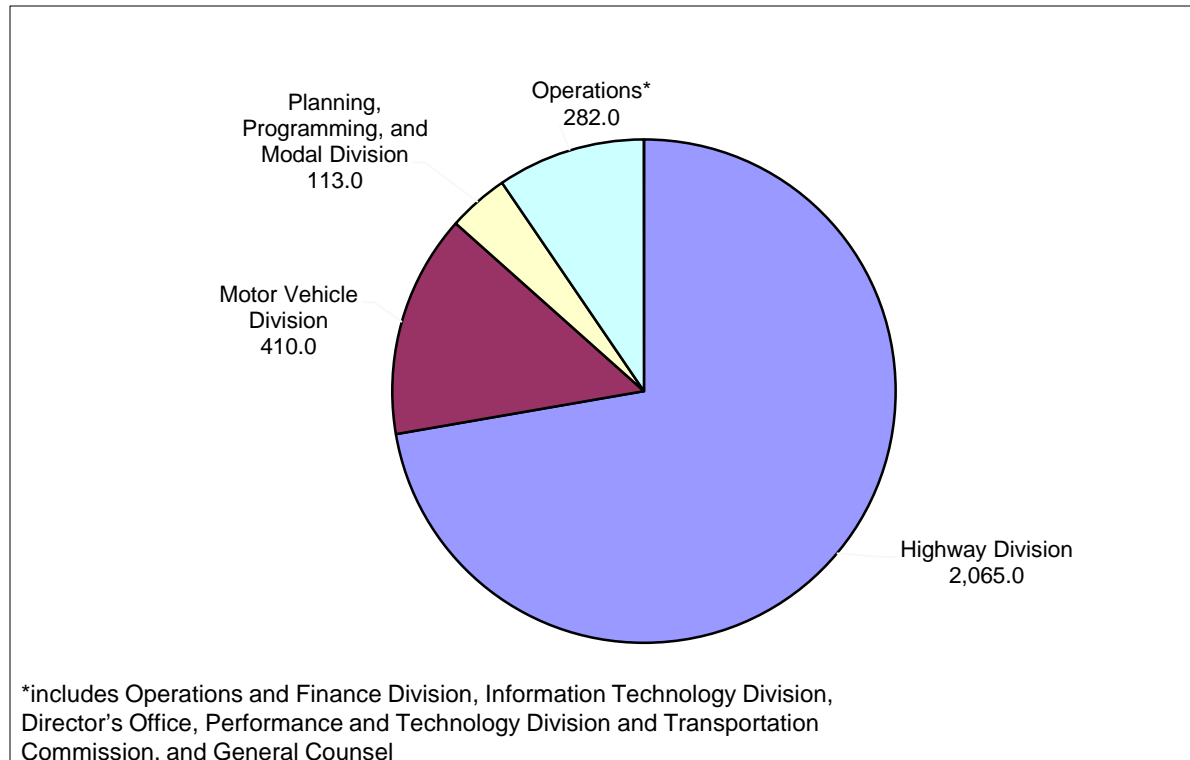
- Created in 1974 by 65th General Assembly
 - ◆ Began operating in 1975
 - ◆ Manage and maintain more than 9,400 miles of State-owned highways and ramps and 4,100 bridges
 - ◆ License drivers, oversee collection of vehicle titles and registration fees
 - ◆ Enforce all federal and State transportation laws and regulations
 - ◆ Develop passenger rail services; deliver air transportation services; provide assistance to public transit agencies; assist in development of multiuse trails
 - ◆ Regulate vehicle dealers, recyclers, leasing companies, and manufacturers
 - ◆ Support transport of commodities through pipelines

Department of Transportation

The Department's budget is funded from two sources:

- Road Use Tax Fund (14.0%)
- Primary Road Fund (86.0%)
 - ◆ Primary Road Fund moneys originate from the Road Use Tax Fund
- For estimated FY 2014 – DOT appropriations – \$352.8 million
 - ◆ \$305.3 million from Primary Road Fund
 - ◆ \$47.6 million from Road Use Tax Fund
 - ◆ FTE positions authorized – 2,870.0

FTE Positions Authorized in HF 602 FY 2014 Transportation Appropriations Act



- SF 602 authorized 2,870.0 FTE positions for FY 2014
- The DOT requested and the Governor recommended 2,870.0 FTE positions for FY 2015

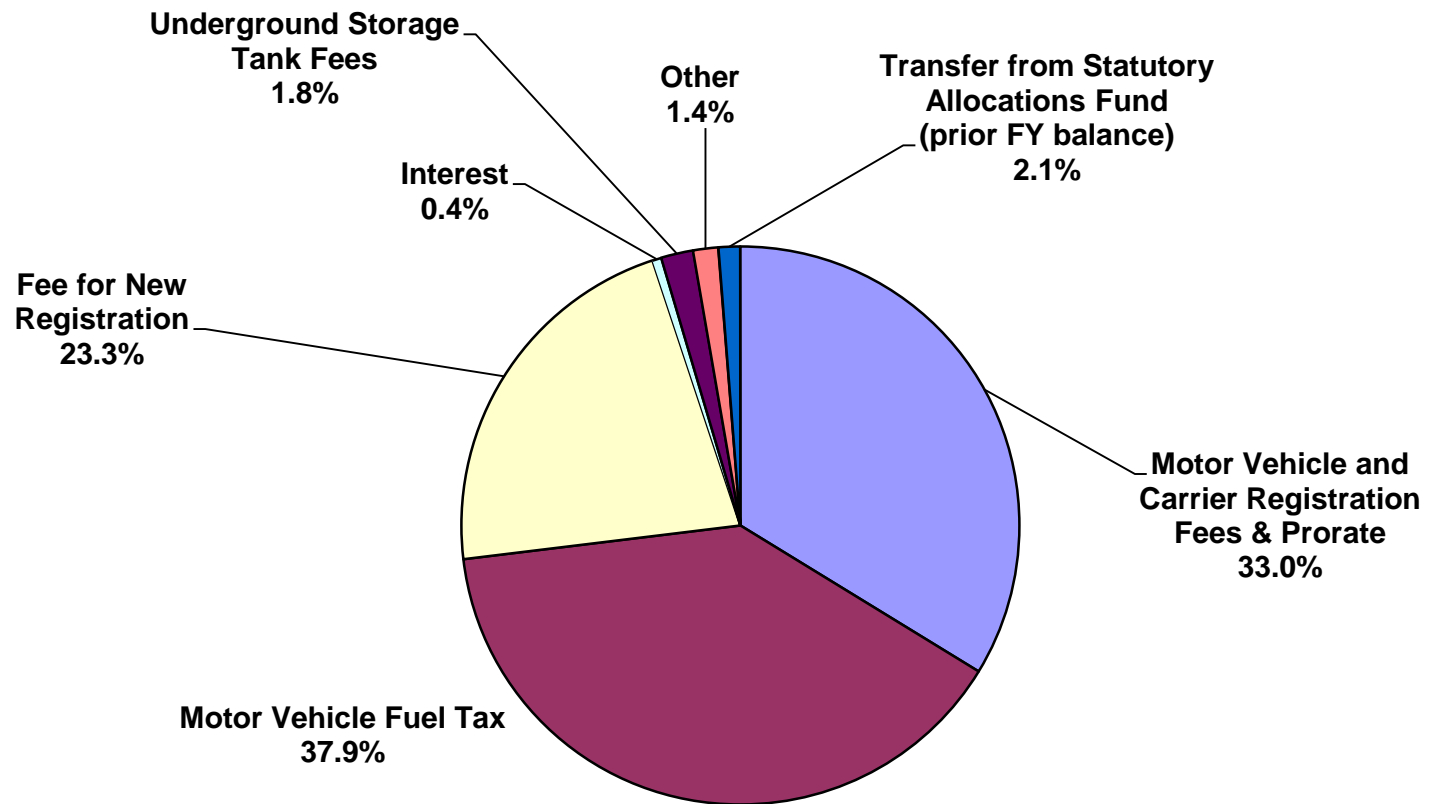
Road Use Tax Fund (RUTF)

- 2008 Session – SF 2420 (TIME-21 Act) restructured the revenues for the RUTF
- Current (FY14 Estimated) revenues include:
 - ◆ Motor vehicle fuel taxes
 - ◆ Motor vehicle and motor carrier registration fees
 - After fees reach \$392.0 million, the remaining amount collected for the fiscal year is transferred to the TIME-21 Fund
 - ◆ Fee for new registration
 - 5.0% tax on vehicle purchase - replaced motor vehicle use tax - now constitutionally protected
 - ◆ Other - including interest, underground storage tank fees, permits, special plates, balance from Statutory Allocations Fund

Road Use Tax Fund Revenues

Estimated FY 2015

\$1.189 billion



Road Use Tax Fund

Off-the-Top Allocations and Appropriations

Examples

- Statutory Allocations (§ 312.2)
 - ◆ Primary Road Fund – Commercial & Industrial Network
 - ◆ Revitalize Iowa's Sound Economy (RISE)
 - ◆ Park and Institutional Roads
 - ◆ Highway Safety Projects
 - ◆ Living Roadway Trust Fund
 - ◆ City/County Bridge Funds
 - ◆ County Treasurers Equipment
 - ◆ Driver License Personal Delivery of Service
- Annual Appropriations
 - ◆ DOT Motor Vehicle Division
 - ◆ Driver's License Costs (Lease)
 - ◆ 511 Travel/Weather Information Systems
 - ◆ State Auditor Reimbursement
 - ◆ DAS Utility Services
 - ◆ DIA – Driver License Revocation Hearings
 - ◆ Workers Compensation
 - ◆ Unemployment Compensation
 - ◆ MVD Field Facility Maintenance

Road Use Tax Fund Distributions

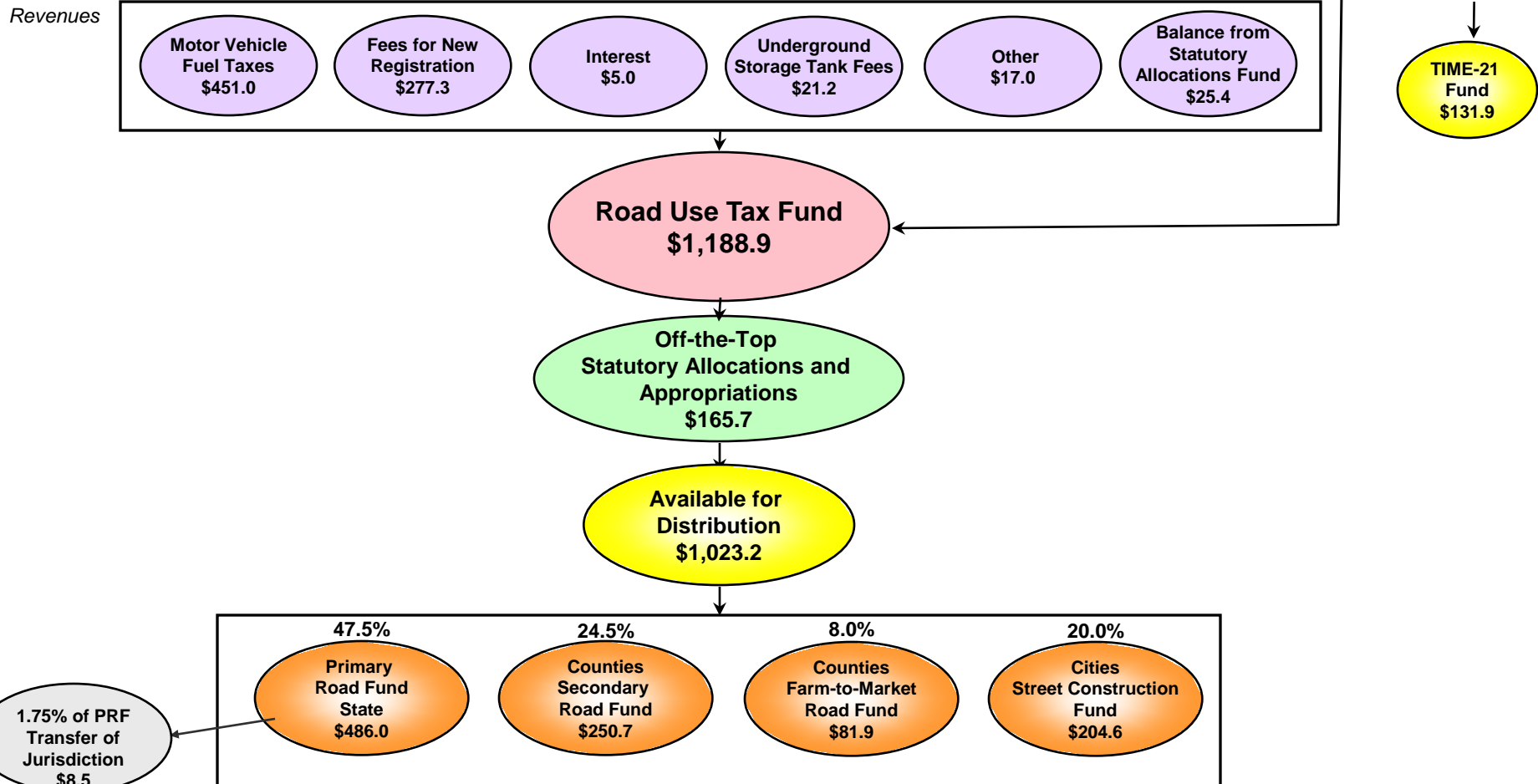
In accordance with Iowa Code section 312.2

- After the Off-the-Top Allocations and Appropriations – RUTF funds disbursed as follows:
 - ◆ Primary Road Fund (State) - 47.5%
 - 1.75% of this distribution goes to the Transfer of Jurisdiction Fund
 - ◆ Secondary Road Fund (Counties) - 24.5%
 - ◆ Farm-to-Market Road Fund (Counties) - 8.0%
 - ◆ Street Construction Fund (Cities) - 20.0%

Road Use Tax Fund Revenues and Allocations

Estimated FY 2014 (dollars in millions)

Motor Vehicle Registration Fees \$523.9 million	
\$392.0 Million	Fees in Excess of \$392.0 million



Note: Numbers may not total due to rounding.

Other Road Funds

These funds are not appropriated – they are disbursed by statutory formula and allocations

- **Transfer of Jurisdiction (Iowa Code section 313.4(6))**

- ◆ Receives 1.75% of Primary Road Fund's RUTF distribution
- ◆ Transfers to counties and cities per Code Section 313.4(6) through FY 2013
- ◆ Sunsets June 30, 2013, after that time 1.75% will continue to come from the PRF and will be divided between all counties and cities - 90.0% to counties and 10.0% to cities

- **TIME-21 Fund (Iowa Code chapter 312A)**

- ◆ Per Section 312.2(17)(a) – receives registration fee revenue in excess of \$392.0 million, and increases from trailer registration fees and title and salvage title fees
- ◆ Statutory formula disbursement – 60.0% Primary Road Fund (State), 20.0% Secondary Road Fund (counties), and 20.0% Street Construction Fund (cities)
- ◆ Sunsets FY 2028, when these revenues will deposit in the RUTF and will flow through the formula provided in Section 312.2(1)

- **Statutory Allocations Fund (Iowa Code section 321.145)**

- ◆ Per 2008 Iowa Acts, Chapter 1113 – receives driver's license fees, nonoperator identification card fees, trailer registration fees, title and salvage title fees, title surcharge fees, use tax, and car rental tax
- ◆ Statutory allocations – Underground Storage Tank Loan Fund, public transit assistance, Motorcycle Rider Education Fund, Special Plates Fund, balance to RUTF

FY 2015 DOT Budget Recommendations

- The DOT requested and the Governor recommend \$358.2 million, an increase of \$5.4 million compared to estimated FY 2014
- The recommendation includes \$48.0 million from the RUTF and \$310.2 million from the PRF
- Recommended increases for operations appropriations include:
 - ◆ Motor Vehicle Division– An increase of \$743,000 to support personnel costs
 - ◆ Highway Division– An increase of \$3.7 million to support personnel costs
- Recommended increases for special purpose appropriations include:
 - ◆ Transportation maps– An increase of \$82,000 to fund printing maps every two years
 - ◆ DAS Utility Services– An increase of \$143,000 for reimbursement to the DAS for personnel and utility services
- Recommended increases for capital appropriations include:
 - ◆ Des Moines North Garage– An increase of \$6.4 million to renovate the Des Moines North Garage.
 - ◆ Traffic Operations Center– An increase of \$730,000 to move the Traffic Operations Center from Ames to Ankeny
 - ◆ HVAC Improvements– An increase of \$200,000 to retrofit exhaust and radiant heat installed 25 years ago.
 - ◆ Field Facility Deferred Maintenance– An increase of \$200,000 to address ongoing major maintenance.

Infrastructure Funding Sources

- Current
 - ◆ Rebuild Iowa Infrastructure Fund (RIIF)
 - ◆ Technology Reinvestment Fund (TRF)

- Other
 - ◆ *Bond Proceeds from Tax-Exempt Bonds*
 - *Revenue Bonds Capitals Fund (RBC)*
 - *Revenue Bonds Capitals II Fund (RBC2)*
 - *FY 2009 Prison Bonding Fund (PBF)*

Bond Defeasance

- HF 648 Appropriation totaling \$116.1 million from the State Bond Repayment Fund (created with a transfer of excess money in the economic emergency fund).
- Bonds were defeased in November 2013
 - ◆ Honey Creek Bonds - \$33.5 million
 - ◆ I-Jobs 2010 Taxable Series - \$22.9 million
 - ◆ School Infrastructure Bonds - \$17.8 million
 - ◆ 2002 Prison Infrastructure - \$13.1 million
- Unspent balance of \$28.8 million remains in the State Bond Repayment Fund.

Rebuild Iowa Infrastructure Fund

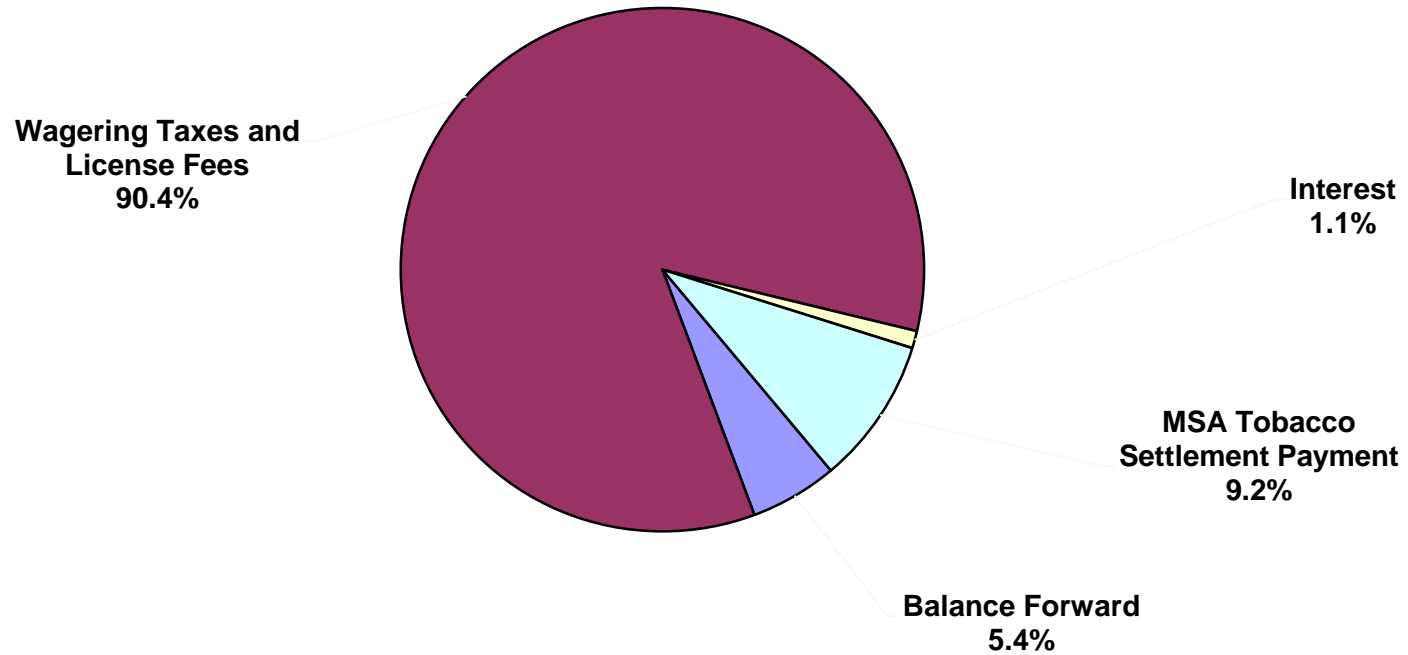
- RIIF is established in Iowa Code section 8.57(5)
- RIIF purpose is for vertical infrastructure
 - ◆ Definition in Iowa Code section 8.57(5)(c) is:
 - *For the purposes of this subsection, “vertical infrastructure” includes only land acquisition and construction; major renovation and major repair of buildings; all appurtenant structures; utilities; site development; recreational trails; and debt service payments on academic revenue bonds issued in accordance with chapter 262A for capital projects at board of regents institutions.*
 - *“Vertical infrastructure” does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant structure, or utility without a lease–purchase agreement.*
 - ◆ If project does not meet definition – “notwithstanding” used

RIIF – Revenues

- Current revenue sources:
 - ◆ *Remainder* of State wagering taxes after other Iowa Code section 8.57 allocations are made
 - ◆ Interest earnings from the Cash Reserve and Economic Emergency Fund (rainy day funds)
 - ◆ Interest earnings from RIIF and the Environment First Fund
 - ◆ Unsecuritized 22.0% of tobacco settlement payments

RIIF Resources

Estimated FY 2015



Wagering Tax Allocations

- Current wagering tax allocations in Iowa Code section 8.57(5)(e) are as follows in this order:
 - ◆ \$55,000,000 for revenue bonds debt service
 - ◆ \$3,750,000 to the Federal Subsidy Holdback Fund
 - ◆ \$15,000,000 to Vision Iowa bond debt service
 - ◆ \$66,000,000 to new Iowa Skilled Worker and Job Creation Fund
 - ◆ ***Remainder*** to the RIIF
 - \$5.0 million for School infrastructure bond debt service (§8.57(5)(e)(1)(c)) no longer necessary as the bonds were defeased (fall 2013).
- *Changes to Iowa Code section 8.57 were made in HF 638 of the 2013 Legislative Session.

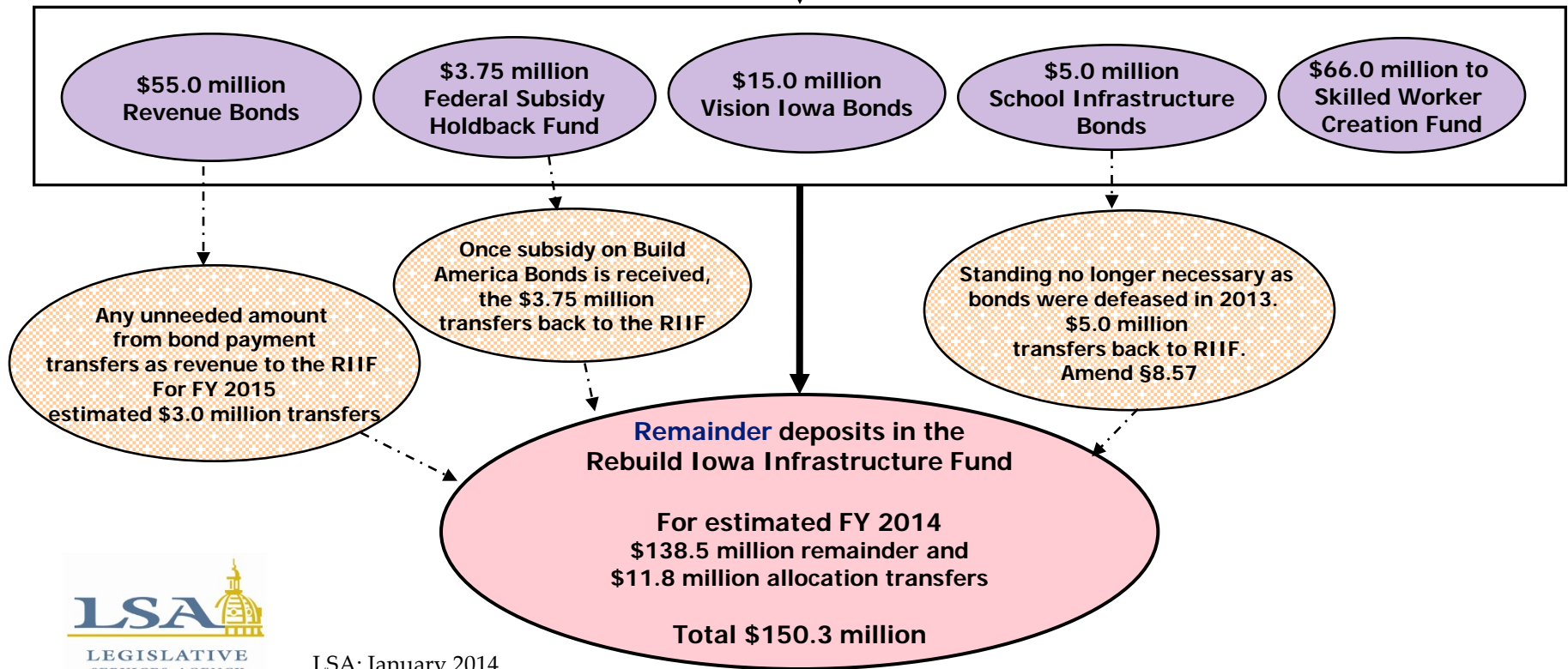
Distribution of State Wagering Taxes

Iowa Code section 8.57(5) Allocations

**Land-based and riverboat casinos
pay State wagering taxes**

Estimated FY 2015 - \$283.3 million*

*includes related license fees paid



RIIF Summary Balance Sheet

Current Law Appropriations and Estimates as of December 2013

(dollars in millions)

	Actual FY 2012	Actual FY 2013	Est. FY 2014	Est. FY 2015	Est. FY 2016
<u>Revenues</u>					
Balance Forward	\$ 16.8	\$ 15.5	\$ 1.3	\$ 9.5	\$ 0.0
Wagering Taxes/Related Revenues	140.9	146.9	139.6	138.6	138.6
Wagering Tax - Transfers from TOS ¹	6.8	6.9	6.5	11.8	11.8
Interest	1.7	2.2	1.9	1.9	1.9
Other Revenue	0.1	22.5	44.5	0.0	0.0
Tobacco Settlement Payment/Endowment Transfer	16.7	16.6	16.0	16.1	16.2
Total Revenues	<u>183.0</u>	<u>210.6</u>	<u>209.8</u>	<u>177.9</u>	<u>168.5</u>
<u>Appropriations</u>					
Environment First Fund ²	33.0	35.0	42.0	42.0	42.0
Housing Trust Fund ²	3.0	3.0	3.0	3.0	3.0
Technology Reinvestment Fund ³	15.5	0.0	14.3	0.0	0.0
Other Appropriations	116.4	172.6	142.8	56.3	0.0
Total Appropriations	<u>167.9</u>	<u>210.6</u>	<u>202.1</u>	<u>101.3</u>	<u>45.0</u>
Reversions	-0.4	-1.3	-1.8	0.0	0.0
Available for Appropriation			9.5	76.6	123.5
Ending Balance	<u>\$ 15.5</u>	<u>\$ 1.3</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

Notes:

1) Beginning FY 2011, the transfer from the Treasurer of State (TOS) includes the unneeded amounts for debt service on the revenue bonds issued in 2009 and 2010, the transfer back from the wagering tax allocation (\$3.75 million) for the Federal Subsidy Holdback Fund once the subsidy is received, and the amount unneeded from the debt service on the school infrastructure bonds (approximately \$2.3 million).

2) Standing appropriations from the RIIF.

3) Normally funded by a General Fund appropriation. For FY 2009 through FY 2012, funded from the RIIF.

In FY 2013, the TRF is receiving \$20.0 million from wagering taxes that would normally have deposited in the General Fund.

FY 2015 Appropriations

Standing and Previously Enacted – Current Law

RIIF

Environment First Fund	\$	42,000,000
Regents - ISU - Ag/Biosystems Engineering Complex Phase II		18,600,000
DAS - Major Maintenance		14,000,000
Regents - UI - Dental Science Building		8,000,000
DNR - State Park Infrastructure		5,000,000
Community Attraction and Tourism Grants		5,000,000
Historical Building Renovation		3,800,000
State Housing Trust Fund		3,000,000
Regents - UNI - Bartlett Hall Renovation		1,947,000
Total	\$	101,347,000

TRF

Office of the CIO - IT Consolidation Projects	\$	6,613,663
Human Services - Medicaid Technology		3,345,684
Total	\$	9,959,347

Other Infrastructure-Related Funds

- Technology Reinvestment Fund (TRF)
 - ◆ Standing appropriation of \$17.5 million from the General Fund
 - Funding shifted to the RIIF for FY 2009 through FY 2012, reduced funding levels in FY 2010 through FY 2012
 - Received \$20.0 million in revenue from wagering taxes in FY 2013
 - Appropriated \$14.3 million from RIIF in FY 2014
 - To resume as General Fund appropriation of \$17.5 million in FY 2015
- Bond proceeds funds – restricted capital
 - ◆ Revenue Bonds Capitals Fund (RBC)
 - ◆ Revenue Bonds Capitals II Fund (RBC2)
 - ◆ FY 2009 Prison Bonding Fund (PBF)
 - ◆ As the bond-related funds earn interest, some additional funds will be available

Infrastructure Requests

- Infrastructure requests always exceed available funds
 - ◆ For FY 2015, departmental requests from infrastructure funds totaled \$307.1 million, for infrastructure-related projects, an increase of \$90.0 million compared to estimated FY 2014
 - Of the \$307.1 million, \$101.3 million represents previously enacted appropriations from the RIIF and \$10.0 million represents previously enacted appropriations from the TRF
 - The net total of new requests from the infrastructure budget for FY 2015 is \$195.8 million
 - Many of the requests will not be funded or not in their entirety
 - Typical first step is to see what the Governor recommends
 - Possible to change, reduce, eliminate current law appropriations

Infrastructure - Governor's Recommendations

- Appropriations – \$154.2* million recommended:
 - ◆ \$135.7 million – recommendations from the RIIF*
 - \$7.0 million additional for major maintenance
 - \$4.0 million for Good Earth State Park and Iowa Park Foundation
 - \$6.0 million in new Board of Regents projects
 - ◆ \$18.4 million – recommendations from the TRF
 - \$4.5 million for Dept. of Education projects
 - \$2.2 million for ICN equipment replacement
- No changes recommended to current law FY 2014 appropriations
- No transfers or new revenue streams to RIIF
- TRF funding from the General Fund, not RIIF or wagering revenues

**Does not reflect appropriation from the RIIF to the EFF to avoid double counting. (Figures do not sum due to rounding)*

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