Rebuild Iowa Coalition

- Joint House and Senate Transportation, Infrastructure and Capitals Appropriations Subcommittee
- January 26, 2006

Rebuild Iowa Coalition

- Mechanical Contractors Association of Iowa
- National Electrical Contractors Association, Iowa Chapter
- Masonry Institute of Iowa
- Iowa State Building and Construction Trades Council
- Master Builders of Iowa

Rebuild Iowa Coalition

- Represents:
  - Over 2,000 contracting firms
  - Over 25,000 construction workers

Rebuild Iowa Coalition

- History
  - Unique partnership established in 1990
  - Successful efforts include:
    - Commissioning a state-sponsored Vertical Infrastructure study in 1993
    - Establishment of RIIF in 1995
    - Doubling of the Physical Plant and Equipment Levy for school infrastructure needs in 1997
    - Lead the successful passage of the Local Option Sales Tax for School Infrastructure in 1998

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- History continued…
  - Other areas of impact:
    - Continues efforts to change the supermajority vote for bond referendums (important to note that Iowa is one of only 7 states that still has a super-majority on bond referendums)
    - Continues to support economic development efforts like the Grow Iowa Values Fund
    - Continues to support community betterment programs like Community Attraction and Tourism and Vision Iowa
    - Continues to support school infrastructure programs like the Secure an Advanced Vision for Education (SAVE) and a state-wide local option sales tax for school infrastructure

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- Preserving the Integrity of RIIF
  - In FY 2005, there were 21 instances of the word "notwithstanding" in SF 2298 from RIIF
  - In FY 2006, there were 21 instances of the word "notwithstanding" in HF 875 from RIIF
  - Combined, these diversions from RIIF accounted for $48,871,428.
  - These funds could have been used to address the $500 million major maintenance deficit the State of Iowa currently faces
  - According to the AGC of America, since then January of 2004, construction prices have increased substantially

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- Preserving the Integrity of RIIF, con't...
  - In fact, since September 2004, steel and copper/brass products for construction increased 19 and 62 percent, respectively
  - Gypsum products – 21 percent
  - Asphalt and lumber/plywood – 12 percent each
  - Insulation – 11 percent
  - These increases show that the longer major maintenance needs are ignored, the more major repairs and eventual building replacement will cost taxpayers
  - There are no signs of construction input costs leveling off

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- Governor's FY 2007 Infrastructure Budget
  - Invests $32 million from RIIF in vertical infrastructure needs
  - Diverts $42 million from RIIF for non-vertical infrastructure needs
  - Invests $10.3 million from VIF for vertical infrastructure needs
  - Diverts $4.6 million from VIF for non-vertical infrastructure needs

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- Governor's FY 2007 Budget con't…
  - Disturbing trends:
    - The practice of moving previously approved, multi-year projects from RIIF to the second round of restricted capitals funds (total of $10.7 million transferred from RIIF to RCF2)
    - The entire commitment for CAT ($12 million) is transferred to RIIF
      - Previous legislatures approved a cost sharing of $5 million from RIIF and $7 million from general fund

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- Disturbing trends con't:
  - Water quality initiatives are being funded at the expense of vertical infrastructure from RIIF, rather than being incorporated into the Environment First Fund
  - Question as to what the appropriation to the Battelle Study ($10 million) holds

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Vertical Infrastructure 101

Iowa Code Section 8.57, subsection 6, paragraph (c) –

Moneys in the fund in a fiscal year shall be used as directed by the general assembly for public vertical infrastructure projects. 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, and recreational trails. "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. However, appropriations may be made for the fiscal years beginning July 1, 1997, and July 1, 1998, for the purpose of funding the completion of Part III of the Iowa communications network.

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Iowa Code Sect. 12E.12, subsect. 1, paragraph "b", subparagraph (1)

The tax-exempt bond proceeds restricted capital funds account. The net proceeds of tax-exempt bonds issued to provide funds for capital projects, certain debt service, and attorney fees related to the master settlement agreement which the state treasurer is authorized and directed to deposit on behalf of the state shall be deposited in the account and shall be used to fund capital projects, certain debt service, and the payment of attorney fees related to the master settlement agreement. With respect to capital projects, it is the intent of the general assembly to fund capital projects that qualify as vertical infrastructure projects as defined in section 8.57, subsection 6, paragraph "c", to the extent practicable in any fiscal year and without limiting other qualifying capital expenditures considered and approved by a constitutional majority of each house of the general assembly and the governor.

Rebuild Iowa Coalition

- The Rebuild Iowa Coalition's mission in the 2006 Legislative Session is to:
  - Use this unique opportunity presented by the re-financing of tobacco bonds to pay back infrastructure funds where diversions have happened in the past
  - Bring integrity back to the infrastructure fund and lessen the amount of diversions and earmarks that have adversely impacted the State of Iowa's ability to address its $500 million major maintenance deficit

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- The Coalition will not pick "winners or losers", however, we will focus on instilling integrity into the infrastructure debate and work to avoid the mistakes of the past when major maintenance needs are ignored and results in building replacement
- Thank you for your time and consideration