

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Presentation by LSA Fiscal Services Division
January 20, 2015

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

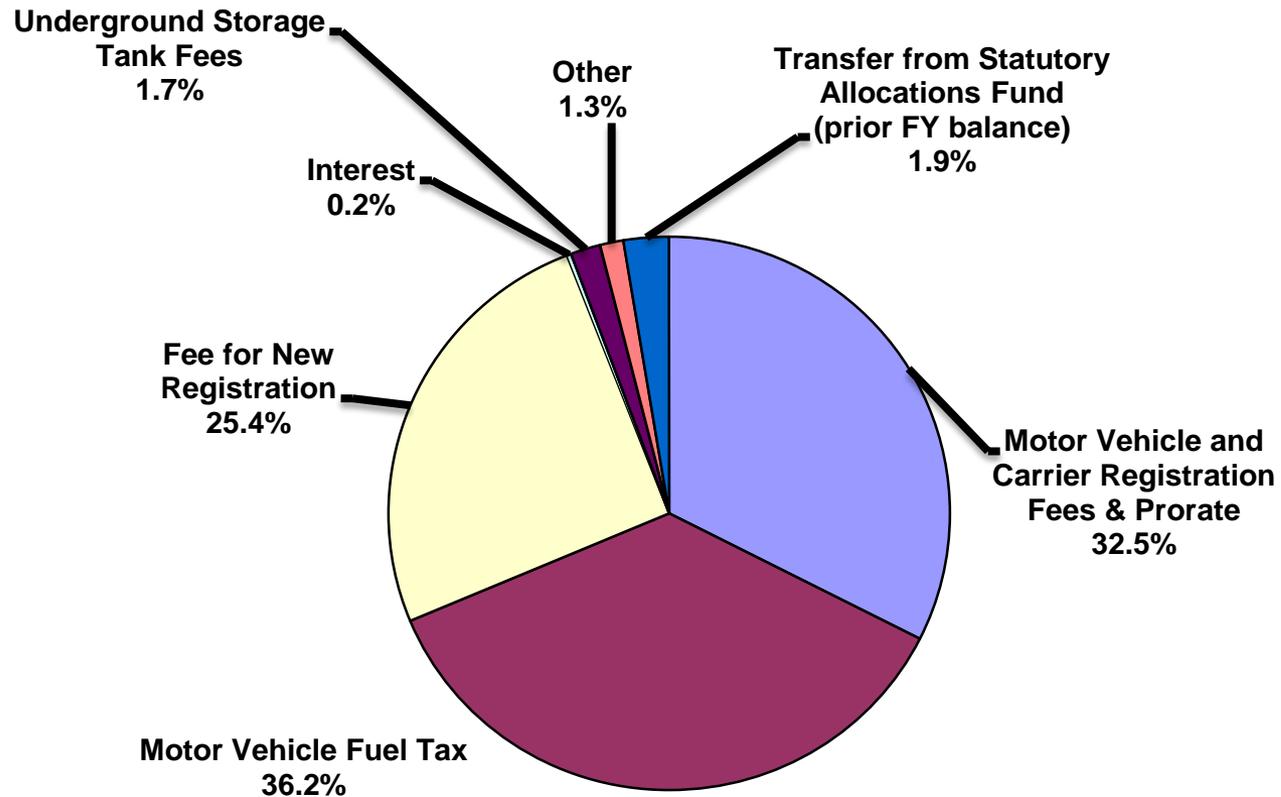
- Created in 1974 by 65th General Assembly
 - ◆ Began operating in 1975
 - ◆ Manage and maintain more than 9,400 miles of State-owned highways and ramps and 4,100 bridges
 - ◆ License drivers, oversee collection of vehicle titles and registration fees
 - ◆ Enforce all federal and State transportation 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

Road Use Tax Fund (RUTF)

- The Road Use Tax Fund was created in 1949.
- The RUTF is dedicated to supporting state, county and local roads.
- Fund 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



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%

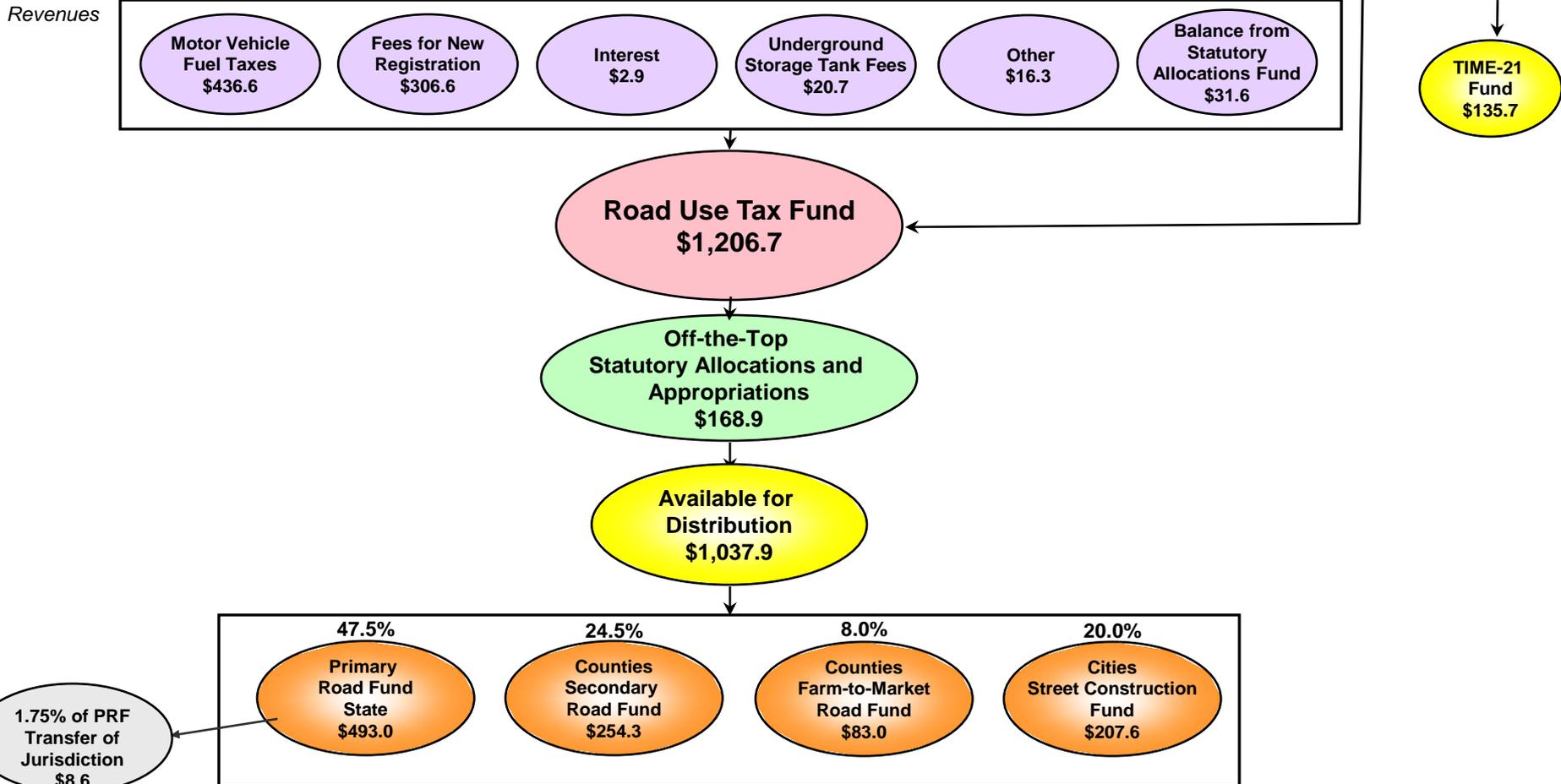
Road Use Tax Fund Revenues and Allocations

Estimated FY 2015 (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

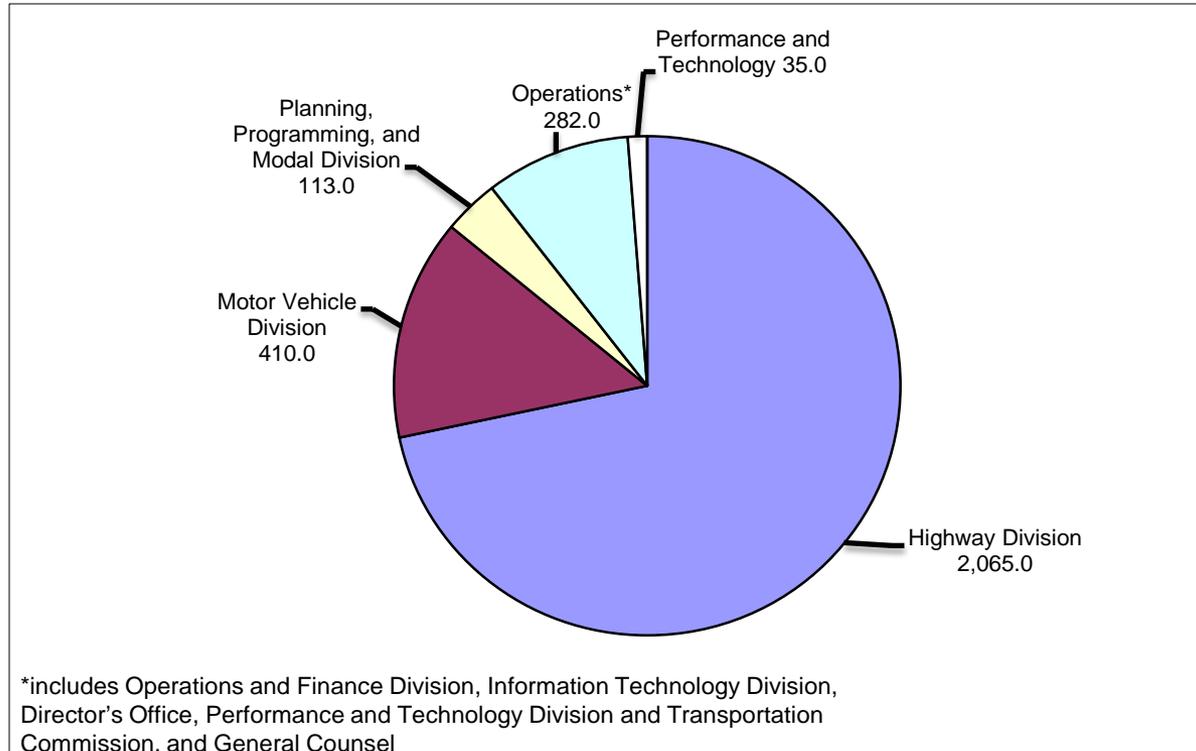
- **TIME-21 Fund (Iowa Code chapter 312A)**
 - ◆ Per Section 312.2(17)(a) – receives registration fee revenue in excess of \$392.0 million, and increases from trailer registration fees and title and salvage title fees
 - ◆ Statutory formula disbursement – 60.0% Primary Road Fund (State), 20.0% Secondary 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
- **Transfer of Jurisdiction (Iowa Code section 313.4(6))**
 - ◆ Receives 1.75% of Primary Road Fund's RUTF distribution
 - ◆ Divided between all counties and cities - 90.0% to counties and 10.0% to cities

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 2015 – DOT appropriations – \$358.2 million
 - ◆ \$310.2 million from Primary Road Fund
 - ◆ \$48.0 million from Road Use Tax Fund
 - ◆ FTE positions authorized – 2,870.0

FTE Positions Authorized in SF 2130 FY 2015 Transportation Appropriations Act



- SF 2130 authorized 2,870.0 FTE positions for FY 2015

FY 2016 DOT Governor's Budget Recommendations

- The Governor recommend \$365.2 million, an increase of \$7.0 million compared to estimated FY 2015.
- The recommendation includes \$49.9 million from the RUTF and \$315.2 million from the PRF.
- Recommended increases for operations appropriations include:
 - ◆ An increase of \$6.3 million between nine operation appropriations.
 - ◆ These increases will pay for materials, office supplies, utilities, depreciation, vehicle operation, IT services and highway supplies.
- Recommended increases for special purpose appropriations include:
 - ◆ Auditor Reimbursement – An increase of \$39,000 to reimburse the State Auditor.
 - ◆ DAS Utility Services – An increase of \$116,426 to pay for human resources, IT and general services of state government.
 - ◆ Workers Compensation – An increase of \$729,000 in workers compensation payments to the DAS.
 - ◆ Traffic and Criminal Software (TraCS) and Mobile Architecture for Communications Handling (MACH) – A new appropriation of \$300,000 to support law enforcement software administered by the DOT.

FY 2016 DOT Budget Recommendations

- Recommended increases for capital appropriations include:
 - ◆ Americans with Disabilities Act Compliance – This new appropriation of \$150,000 will support improvements to DOT buildings that do not comply with the Americans with Disabilities Act.
 - ◆ Rest Area Maintenance – A new appropriation of \$250,000 that will support upkeep and maintenance on primary road system rest areas.
 - ◆ Motor Vehicle Division Field Facility Maintenance – An increase of \$100,000 to support the maintenance of field facilities throughout the state.
 - ◆ Ames Administrative Building – A new appropriation of \$2.0 million to support replacing the fire alarm system in the Ames Administration Building.
 - ◆ Muscatine/Wapello Combined Facility – A new appropriation of \$5.4 million that will provide for a garage facility that will support DOT operations in Muscatine and Wapello. The garage will reduce square footage and utility costs. The DOT will be able to sell an existing garage.

Infrastructure Funding Sources

2015 Legislative Session

- ◆ Rebuild Iowa Infrastructure Fund (RIIF)
- ◆ Technology Reinvestment Fund (TRF)
- ◆ State Bond Repayment Fund (SBRF)
- ◆ Revenue Bonds Capitals II Fund (RBC2)

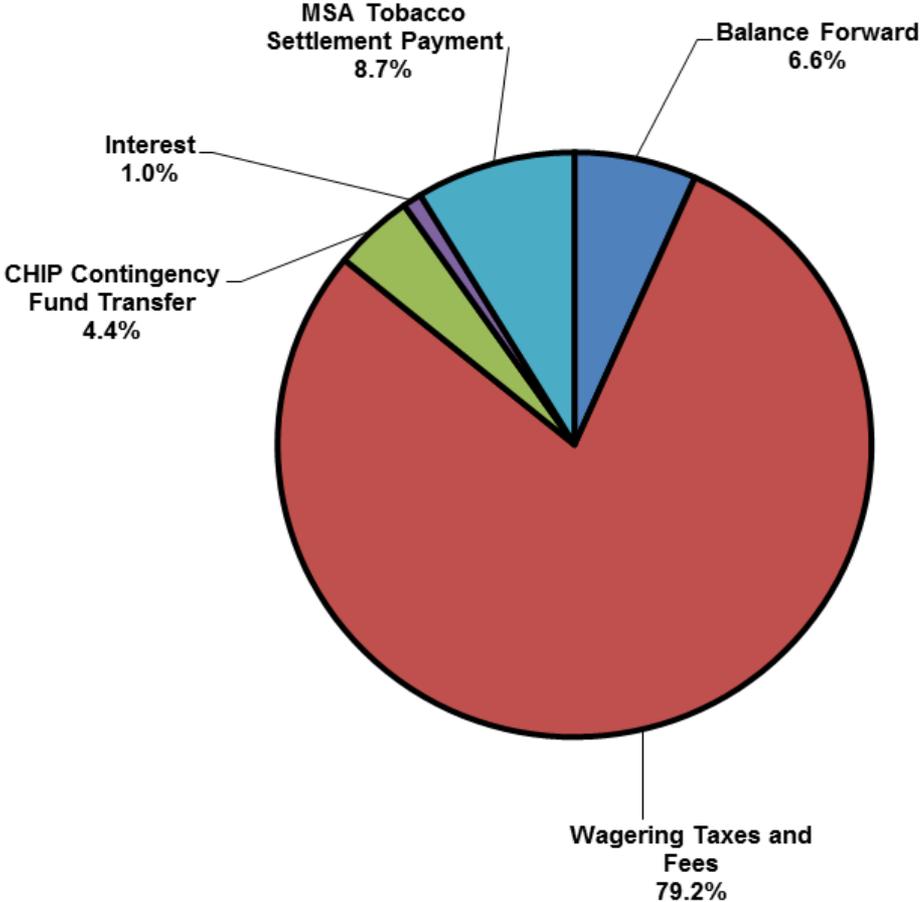
Rebuild Iowa Infrastructure Fund

- 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; routine, recurring maintenance; 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 operational expenses or leasing of a building, appurtenant structure, or utility without a lease–purchase agreement.*
 - ◆ If a project that is funded with RIIF dollars does not meet the definition – “notwithstanding” language is added to the appropriation.

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 Fund and Economic Emergency Fund (rainy day funds)
 - ◆ Interest earnings from RIIF and the Environment First Fund
 - ◆ Children’s Health Insurance Program (CHIP) Contingency Fund Transfer (FY 2014 and FY 2015 Only)
 - ◆ Unsecuritized 22.0% of tobacco settlement payments

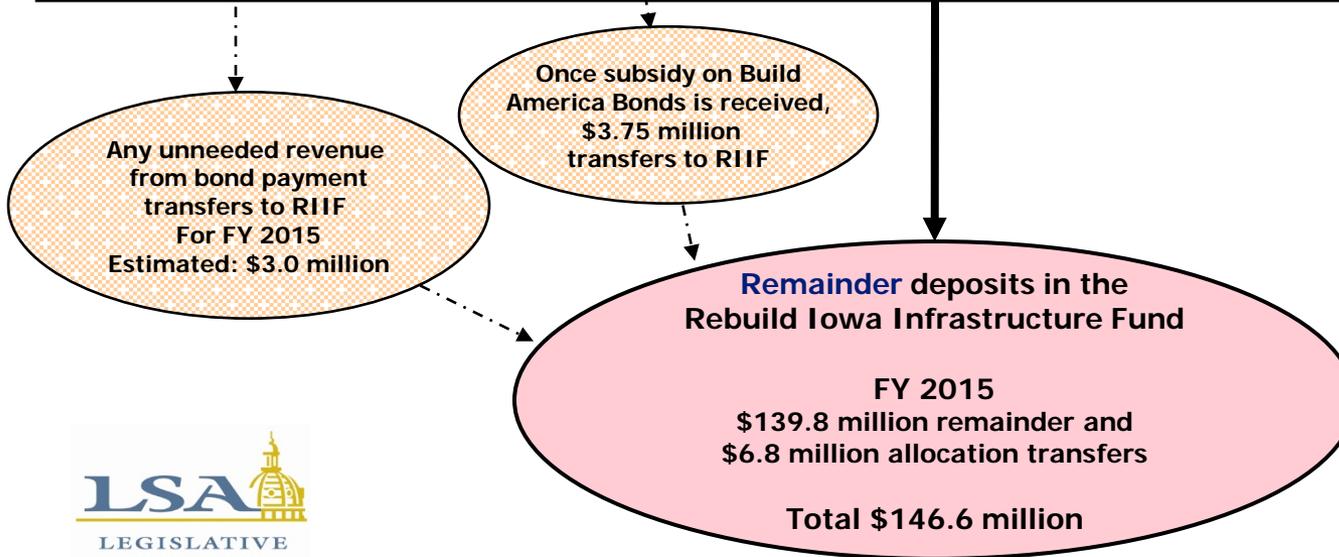
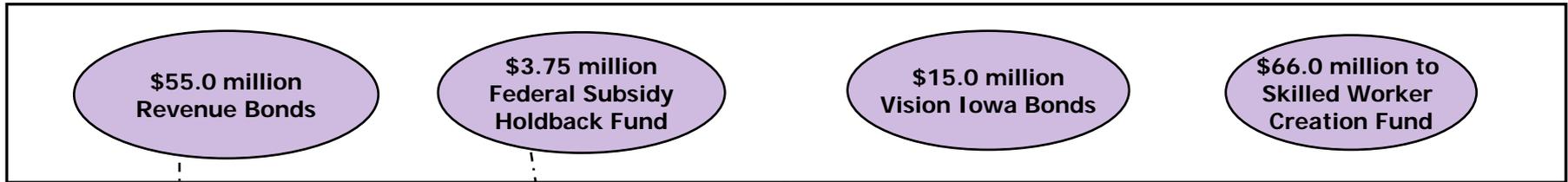
Rebuild Iowa Infrastructure Fund Resources Estimated FY 2015



Distribution of State Wagering Taxes

Iowa Code section 8.57(5) Allocations

**Land-based and Riverboat Casinos
pay State Wagering Taxes and Fees
Estimated FY 2015 - \$279.6 million**



RIF Summary Balance Sheet

Current Law Appropriations and Estimates as of January 2015
(Dollars in Millions)

	Actual FY 2013	Actual FY 2014	Est. FY 2015	Est. FY 2016	Est. FY 2017
Revenues					
Balance Forward	\$ 15.5	\$ 1.3	\$ 12.3	\$ 15.3	\$ 0.0
Wagering Taxes/Related Revenues	153.8	146.9	146.6	155.8	155.0
Interest	2.2	1.9	1.9	1.9	1.9
Other Revenue	22.5	43.3	8.1	0.0	0.0
Tobacco Settlement Payment Transfer	16.6	18.0	16.1	16.0	15.9
Total Revenues	210.6	211.4	185.0	189.0	172.8
Appropriations					
Environment First Fund ¹	35.0	42.0	42.0	42.0	42.0
Housing Trust Fund ¹	3.0	3.0	3.0	3.0	3.0
Technology Reinvestment Fund ²	0.0	14.3	0.0	0.0	0.0
Other Appropriations	172.6	142.9	124.7	39.3	64.1
Total Appropriations	210.6	202.2	169.7	84.3	109.1
Reversions	-1.3	-3.1	0.0	0.0	0.0
Available for Appropriation			15.3	104.7	63.7
Ending Balance	\$ 1.3	\$ 12.3	\$ 0.0	\$ 0.0	\$ 0.0

Notes:

¹ Standing appropriations from the RIF.

² The Technology Reinvestment Fund is normally funded by a General Fund standing appropriation. For FY 2009 through FY 2014, it was funded from the RIF and Wagering Tax transfers.

Bond Defeasance

- HF 648 (2013) appropriation \$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
- An unspent balance of \$28.9 million remains in the State Bond Repayment Fund.

Infrastructure - Governor's Recommendations

- **FY 2016 RIF Appropriations** – Total of \$174.6 million recommended. Significant recommendations from RIF include:
 - ◆ \$8.6 million to the Dept. of Cultural Affairs for State Historical Building renovation
 - ◆ \$30.2 million for Regent Tuition Replacement
 - ◆ \$4.0 million increase for Schindler Hall at UNI
 - ◆ \$5.0 million to Dept. of Agriculture for Ag Drainage Wells and Water Quality Initiatives
 - ◆ \$11.9 million to DNR for Lake Restorations and Low Head Dams
 - ◆ \$4.5 million for Department of Public Defense infrastructure improvements
 - ◆ \$11.3 million for DOT Multi-Modal Programs (Linking Iowa's Transportation)
 - ◆ \$2.0 million for Recreational Trails
 - ◆ \$1.1 million for County Fairs Infrastructure
 - ◆ \$10.8 million for Vet's Home generators, laundry remodel, and transportation building

Infrastructure - Governor's Recommendations

- **FY 2016 Technology Reinvestment Fund Appropriations** – Total of \$17.7 million recommended. Significant recommendations include:
 - ◆ \$4.1 million for Chief Information Officer programs, IT consolidation and broadband
 - ◆ \$4.6 million for the Dept. of Education for ICN Maintenance and Leases, Statewide Education data Warehouse, and IPTV Equipment
 - ◆ \$2.3 million for the Dept. of Human Rights for the Justice Data Warehouse and Criminal Justice Information System
 - ◆ \$2.2 million for the ICN equipment replacement
 - ◆ \$2.5 million for Public Safety radio communications upgrades
 - ◆ \$1.0 million for Public Health IT Integration projects
 - ◆ \$400,000 for Homeland Security's Mass Notification and Emergency Messaging System
 - ◆ \$450,000 for the Secretary of State to purchase voting equipment

Infrastructure - Governor's Recommendations

- **State Bond Repayment Fund Appropriations** – Total of \$28.9 million recommended over two fiscal years. Significant recommendations include:
 - ◆ \$20.0 million to the Dept. of Cultural Affairs for the IowaNext Program
 - ◆ \$3.6 million to the Dept. of Cultural Affairs for the State Historical Building renovation
 - ◆ \$3.0 million to Chief Information Officer for statewide broadband
 - ◆ \$2.5 million to the Dept. of Administrative Services for major maintenance
 - ◆ \$250,000 to the Dept. of Agriculture for Ag and Land Stewardship for the Silos and Smokestacks Program
- **Revenue Bonds Capitals II Fund Appropriation** – The recommendations includes:
 - ◆ \$4.6 million to the Dept. of Administrative Services for major maintenance

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