

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Legislative Services Agency Fiscal Services Division

- Nonpartisan agency of the General Assembly
- Provide objective fiscal analysis to both chambers and both political parties on legislation and legislative proposals

Fiscal Services Division

- Assist General Assembly with developing a balanced budget
- Analyze and monitor the status of appropriations bills through the legislative process
- Primary staff for appropriations subcommittees
- Provide information and analysis of State revenues and expenditures (Budget Analysis)
- Evaluate the fiscal impact of legislative proposals for State and local government (Fiscal Notes)
- Review the operations of State government for efficiencies and determine if the programs work as intended

Fiscal Services Division

FISCAL SERVICES PUBLICATIONS:

- **Fiscal Report (Graybook)** – Annual end-of-session fiscal report that includes analysis of legislation passed by the General Assembly
- **Issue Review** – In depth analysis of fiscal and budgetary issues
- **Fiscal Topics** – One- to two-page summaries reviewing selected State government issues or topics
- **Factbook** – Statistics on Iowa's government, economy, and population
- **Fiscal Update** – Fiscal Services newsletter
- **Analysis of Department Budget Requests** – Summary analysis of department requests and general budget outlook for the next fiscal year

Fiscal Services Division

FISCAL SERVICES PUBLICATIONS (continued):

- **Analysis of Governor's Budget Recommendations** – Overall analysis of the Governor's proposed budget
- **Detailed Analysis of Governor's Budget Recommendations by Subcommittee (Blue Books)** – Document for each subcommittee that provides more in depth analysis of the Governor's proposed budget
- **Notes on Bills and Amendments** – Provides fiscal analysis of each section of an appropriations bill
- **Fiscal Notes** – A nonpartisan analysis of estimated costs and/or changes in revenues of proposed legislation
- **Special Requests** – Fiscal staff can provide information and analysis of a specialized nature on request

Transportation, Infrastructure, and Capitals Appropriations Subcommittee 84th General Assembly



Senator McCoy
Chair



Representative Huseman
Chair



Senator Beall
Vice Chair



Representative Moore
Vice Chair



Senator Kapucian
Ranking Member



Representative Cohoon
Ranking Member



Senator Anderson



Senator Dvorsky



Representative Chambers



Representative Klein



Representative Oldson



Representative Quirk



Representative Taylor



Representative Thomas

Subcommittee Responsibilities

- 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 does not appropriate from the General Fund
 - ◆ Appropriations are 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
 - ◆ At that time had staff of 4,568.0 FTEs
- Comprised of five divisions
 - ◆ Highway
 - ◆ Motor Vehicle
 - ◆ Planning, Programming, and Modal
 - ◆ Operations and Finance
 - ◆ Information Technology

Department of Transportation

- Principal responsibilities include:
 - ◆ Manage and maintain more than 9,400 of State-owned highways and ramps and 4,200 bridges
 - ◆ License drivers or provide nondriver identification (ID) in the State
 - ◆ Oversee collection of vehicle titles and registration fees for over 4.1 million vehicles registered through 99 county treasurers
 - ◆ Enforce all federal and State laws and regulations relating to: commercial motor vehicles and drivers, including safety, hazmat, credentialing, and weight and dimension
 - ◆ Titling and registration and compliance and fraud related to license, fees, and odometers
 - ◆ Lead development of passenger rail services; advocate and deliver services to air transportation; 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 more than 11,400 miles of pipeline

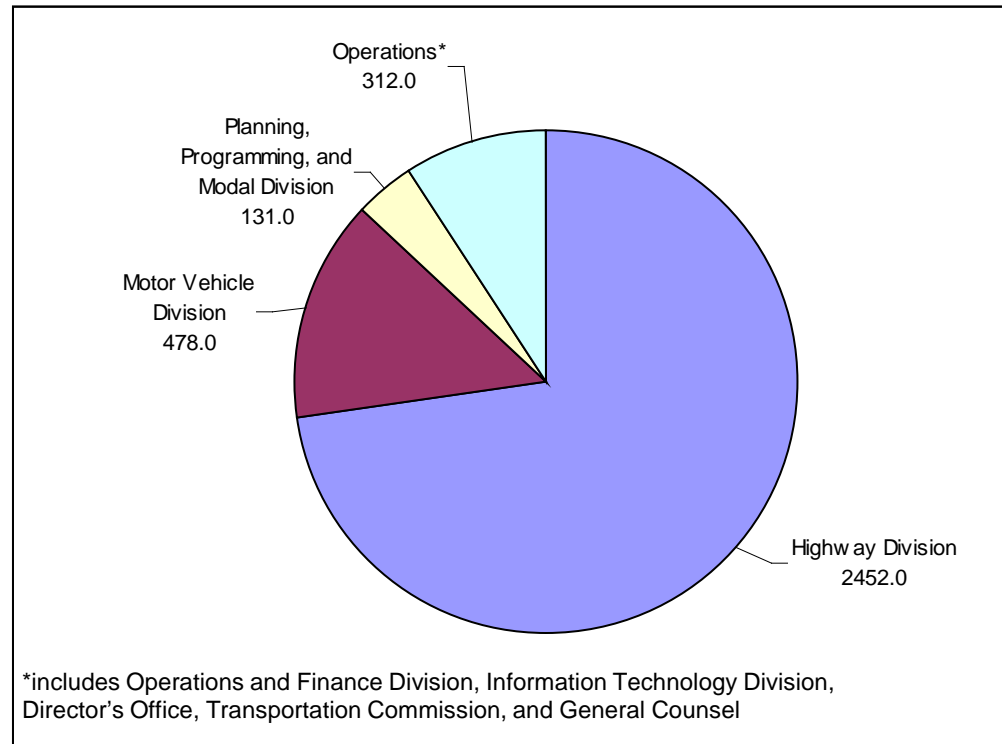
Department of Transportation

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 2011 - DOT appropriations - \$350.7 million
 - ◆ \$301.8 million from Primary Road Fund
 - ◆ \$48.9 million from Road Use Tax Fund
 - ◆ FTEs authorized - 3,373.0

FTEs Authorized in SF 2381

FY 2011 Transportation Appropriations Act



- Before Early Retirement effective - Total 3,373.0 FTEs in SF 2381
- After early retirement, reduced by 355.0 FTEs
 - ◆ DOT vacancy plan submitted to DOM - hire back 176.0 FTEs

DOT Different Uses for Appropriations

- Operations – DOT operating funds for all of the Department’s Divisions and the Director’s Office, the Transportation Commission, and General Counsel
- Special Purpose – Items that are not directly related to DOT operations, that serve a specific purpose, or that may vary in cost from year to year
- Capitals – Infrastructure improvements that are typically one-time projects, although funding may be requested for similar projects each year in different locations, such as replacement of maintenance garages

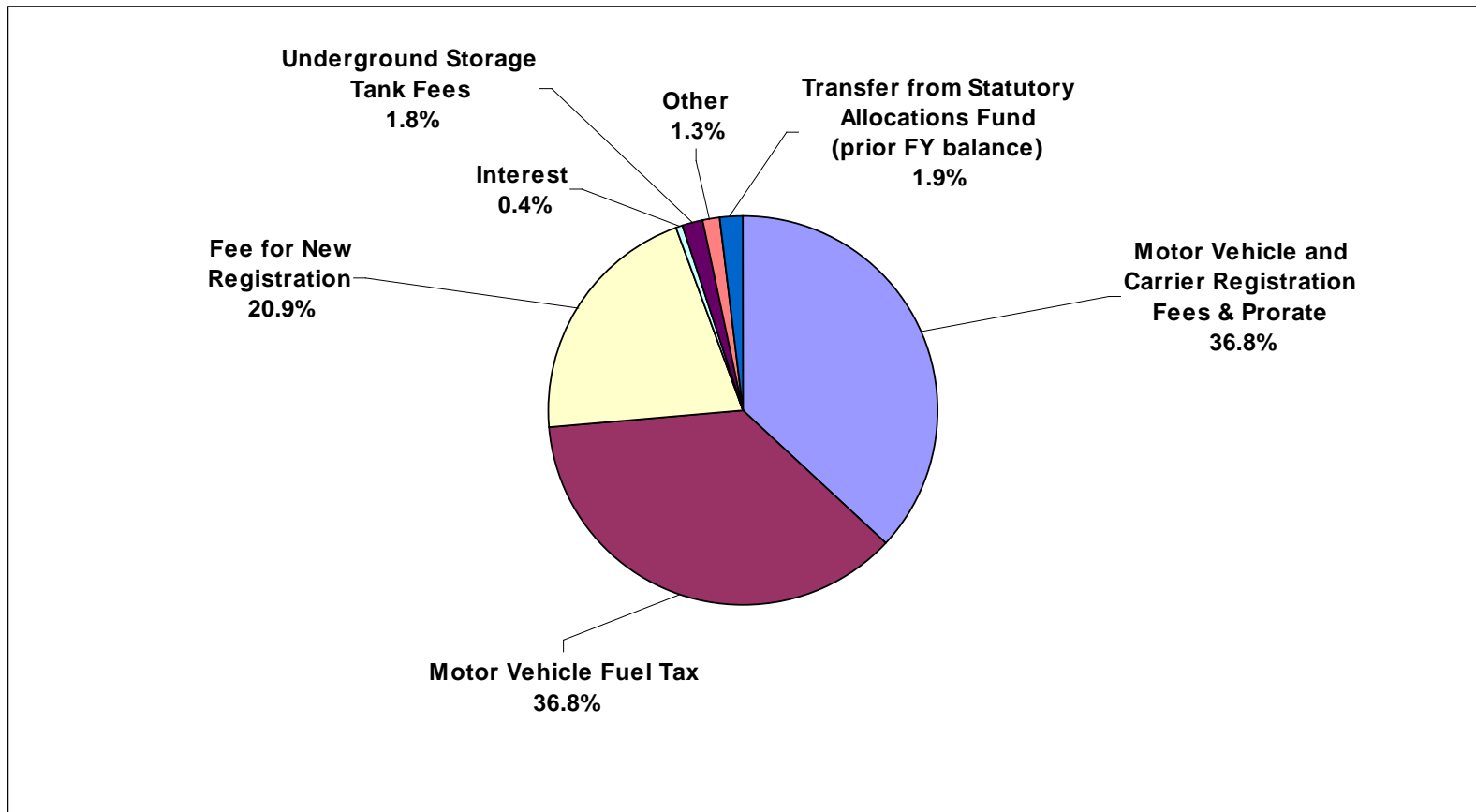
Road Use Tax Fund (RUTF)

- 2008 Session – SF 2420 (TIME-21 Act) restructured the revenues for the RUTF
- Current revenues include:
 - ◆ Motor vehicle fuel taxes
 - ◆ Motor vehicle and motor carrier registration fees
 - After fees reach \$392.0 million, the remaining amount collected for fiscal year will be 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 2011

\$1.165 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's 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 Code § 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%

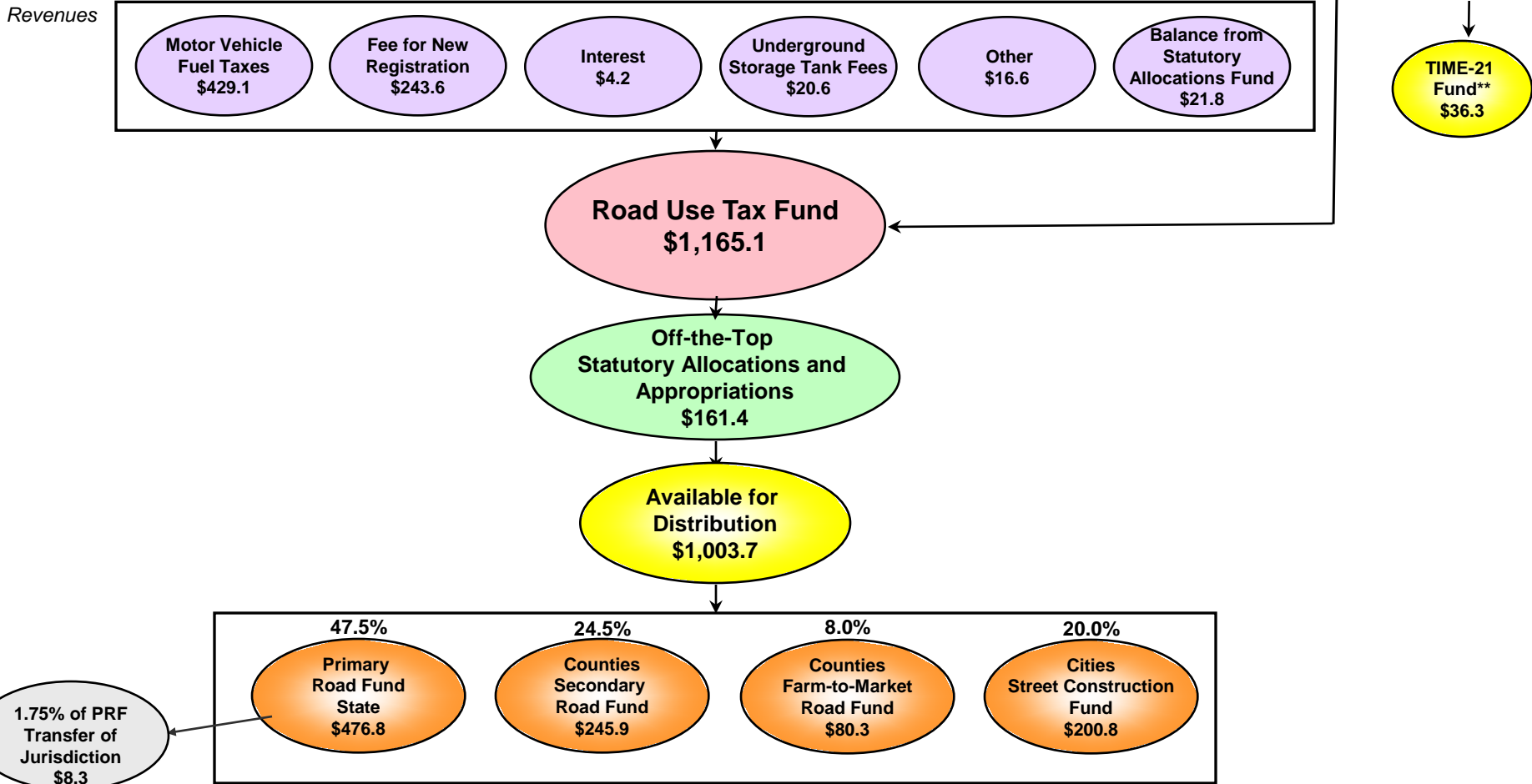
Road Use Tax Fund Revenues and Allocations

Estimated FY 2011 (dollars in millions)

Motor Vehicle Registration Fees \$465.4**

\$429.1 Million

Fees in Excess of \$392.0 million collected



**Due to accounting procedures related to when revenues are collected and distributed, the registration fees collected for TIME-21 during the last month of the fiscal year will be reflected in the next fiscal year of distributions. The amount transferred to TIME-21 for FY 2011 reflects the portion above \$392.0 million estimated for FY 2010. The numbers are based on DOT's 5-year forecast and were estimated before the end of FY 2010.

Other Road Funds

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

- **Transfer of Jurisdiction (Code § 313.4(6))**

- ◆ Receives 1.75% of Primary Road Fund's RUTF distribution
- ◆ Transfers to counties and cities per Code formula
- ◆ Sunsets FY 2013, after that time, 1.75% will continue to come from the PRF and be divided - 90.0% counties and 10.0% cities

- **TIME-21 Fund (Code Chapter 312A)**

- ◆ Per SF 2420 – 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, after these revenues will deposit in the RUTF

- **Statutory Allocations Fund (Code § 321.145)**

- ◆ Per SF 2420 – receives driver's license 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

Current Infrastructure Funding Sources

- Rebuild Iowa Infrastructure Fund (RIIF)
- Technology Reinvestment Fund (TRF)
- Bond Proceeds from Tax-Exempt Bonds
 - ◆ Revenue Bonds Capitals Fund (RBC)
 - ◆ Revenue Bonds Capitals II Fund (RBC2)
 - ◆ FY 2009 Prison Bonding Fund (PBF)

Infrastructure Appropriations Bills

Example - SF 2389 (2010 Session)

- Appropriated a net total of \$273.7 million for FY 2011 from the following sources:
 - ◆ \$80.0 million from the Rebuild Iowa Infrastructure Fund (RIIF)
 - ◆ \$10.1 million from the Technology Reinvestment Fund (TRF)
 - ◆ \$26.1 million from the Revenue Bonds Capitals Fund (RBC)
 - ◆ \$150.0 million from the Revenue Bonds Capitals II Fund (RBC2)
 - ◆ \$323,000 from the FY 2009 Prison Bonding Fund (PBF)
 - ◆ \$5.2 million from the School Infrastructure Fund*
 - ◆ \$2.0 million from the Underground Storage Tank Fund*
- Out year funding (unique to infrastructure funds)
 - ◆ Appropriated \$16.0 million for FY 2012, \$6.0 million for FY 2013, \$5.2 million for FY 2014, and \$5.0 million for FY 2015 from the RIIF
- Numbers above reflect only what was appropriated in the Act and do not include standing appropriations or previously enacted appropriations that were not changed
 - ◆ This is how LSA provides information in the Executive Summary of the Notes on Bills and Amendments (NOBA) for the Infrastructure Appropriations Bill
 - ◆ In contrast, the balance sheet of RIIF and other infrastructure funds will always show the total amount of appropriations

**Not typically used for infrastructure appropriations*

Rebuild Iowa Infrastructure Fund

- RIIF is established in Code § 8.57(6)
 - ◆ First funded in 1995 Legislative Session and additional retroactive action in 1996 Legislative Session added to first year of funding
 - For FY 1996 – total of \$119.6 million deposited in the RIIF

- RIIF purpose is for vertical infrastructure
 - ◆ During 1996 Legislative Session, HF 2421 added the definition of vertical infrastructure to the RIIF effective beginning FY 1998
 - ◆ Definition in Code § 8.57(6)(c) is:
 - *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.*
 - ◆ If project does not meet definition – “notwithstanding” used

RIIF – Revenues

- Current revenue sources:
 - ◆ Remainder of State wagering taxes after other 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 payment

Distribution of State Wagering Taxes

Code Section 8.57(6) Allocations

Land-based and riverboat casinos
pay State wagering taxes

Estimated FY 2012 - \$278.2 million*

*includes related license fees paid

\$55.0 million
Revenue Bonds*

\$3.75 million
Federal Subsidy
Holdback Fund**

\$15.0 million
Vision Iowa Bonds

\$5.0 million
School Infrastructure
Bonds

\$66.0 million total
General Fund

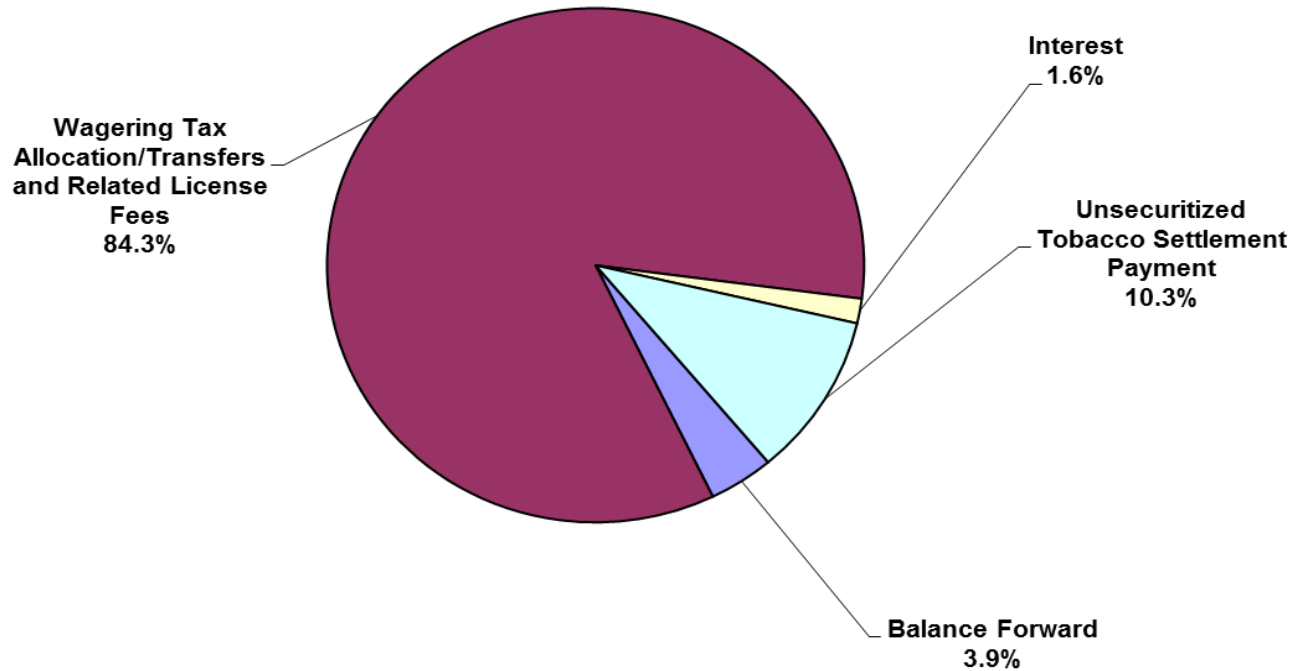
*Any unneeded amount
from bond payment
transfers as revenue to RIIF
For FY 2012
estimated \$950,000 transfers

**Once subsidy on Build
America Bonds is received,
the \$3.75 million will
transfer back to RIIF

Remainder deposits into
Rebuild Iowa Infrastructure Fund
Estimated FY 2012 allocation and transfers
total \$138.2 million

RIIF Revenues by Source

Estimated FY 2011



RIF Summary Balance Sheet

Current Law Appropriations and Estimates as of December 2010

(dollars in millions)

	Actual FY 2008	Actual FY 2009	Actual FY 2010	Est. FY 2011	Est. FY 2012	Est. FY 2013
Revenues						
Balance Forward	\$ 49.7	\$ 32.2	\$ -5.4	\$ 6.3	\$ 7.6	\$ 0.0
Wagering Taxes/Related Revenues	211.3	206.7	188.1	119.9	133.5	133.1
Wagering Tax - Transfers from TOS ¹	0.0	0.0	0.0	15.6	4.7	4.7
Interest	32.9	18.3	4.9	2.5	2.5	2.5
Other Revenue	0.0	0.1	8.4	0.0	0.0	0.0
Tobacco Settlement Payment/Endowment Transfer	0.0	0.0	16.7	16.5	15.9	15.9
Transfer to General Fund	<u>0.0</u>	<u>-37.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	<u>293.9</u>	<u>220.3</u>	<u>212.7</u>	<u>160.8</u>	<u>164.2</u>	<u>156.2</u>
Appropriations						
Environment First Fund ²	40.0	42.0	42.0	33.0	42.0	42.0
Housing Trust Fund ²	0.0	3.0	3.0	1.0	3.0	3.0
Vertical Infrastructure Fund ³	50.0	0.0	0.0	0.0	0.0	0.0
Technology Reinvestment Fund ⁴	0.0	17.5	14.5	10.0	0.0	0.0
Grow Iowa Values Fund ⁴	0.0	50.0	23.0	38.0	0.0	0.0
Other Appropriations	<u>172.1</u>	<u>113.9</u>	<u>124.3</u>	<u>71.2</u>	<u>54.9</u>	<u>40.0</u>
Total Appropriations	<u>262.1</u>	<u>226.4</u>	<u>206.8</u>	<u>153.2</u>	<u>99.9</u>	<u>85.0</u>
Reversions	-0.4	-0.7	-0.4	0.0	0.0	0.0
Available for Appropriation					64.3	71.2
Ending Balance	<u>\$ 32.2</u>	<u>\$ -5.4</u>	<u>\$ 6.3</u>	<u>\$ 7.6</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

Notes:

1) Transfer from TOS includes the unneeded amounts for debt service on the revenue bonds that are paid by wagering tax allocation of \$55.0 million and the amount from a wagering tax allocation (\$3.75 million) in case the federal subsidies on the Build America Bonds are not received.

2) Standing appropriations from the RIF.

3) Eliminated in 2008 Session. Transfer from remaining VIF balance is reflected in Other Revenue for FY 2010.

4) Normally funded by a General Fund appropriation. For FY 2009 through FY 2011, funded from the RIF.

RIIF FY 2012 Appropriations

Standing and Previously Enacted – Current Law

Environment First Fund	\$ 42,000,000
DOC - ICIW Mitchellville Expansion	11,700,000
River Enhancement Community Attraction and Tourism (RECAT)	10,000,000
Secure an Advanced Vision for Education (SAVE) Fund	10,000,000
DOT - Passenger Rail	6,500,000
Community Attraction and Tourism (CAT)	5,000,000
DNR - State Park Infrastructure	5,000,000
DOC - Prison Construction Management	4,500,000
State Housing Trust Fund	3,000,000
DOT - Rail Assistance/ Revolving Loan Fund	2,000,000
IFA - Administration of IJOBS Program	200,000
Total	<u><u>\$ 99,900,000</u></u>

Other Infrastructure-Related Funds

- Technology Reinvestment Fund (TRF)
 - ◆ Standing appropriation of \$17.5 million from the General Fund
 - For FY 2009 – FY 2011 funding shifted to the RIIF
 - Reduced funding levels for FY 2010 and FY 2011

- Bond proceeds funds – restricted capital
 - ◆ Revenue Bonds Capitals Fund (RBC)
 - \$545.0 million in net proceeds from revenue bonds issued 2009
 - \$4.0 million remains unappropriated
 - ◆ Revenue Bonds Capitals II Fund (RBC2)
 - \$150.0 million in net proceeds from revenue bonds issued 2010
 - All proceeds appropriated in SF 2389
 - ◆ FY 2009 Prison Bonding Fund (PBF)
 - Net proceeds, \$130.7 million, appropriated in SF 2432 (2008 Session) for Fort Madison Penitentiary
 - ◆ As these bond-related funds earn interest, some additional funds will be available

- Restricted Capital – restrictions by federal law and regulations
 - ◆ Used for capital projects, depreciable assets with relatively long useful lives, public purpose, time limit for expenditure

Infrastructure Requests

- Infrastructure requests are always higher than available funds
 - ◆ For FY 2012, departmental requests from infrastructure funds totals \$597.1 million
 - Increase of \$278.7 million compared to estimated FY 2011
 - ◆ Many of the requests will not be funded or not in their entirety
 - See what Governor recommends
 - ◆ Possible to change, reduce, eliminate current law appropriations

For more information, call or e-mail:

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