

CHAPTER 1108
ROADS AND FUEL TAXES

H. F. 491

AN ACT relating to transportation providing for an expression of the legislative intent concerning diagonal roads, lowering the freeway-expressway system total mileage, providing for functional reclassification of roads in the state, development of a quadrennial needs study, inclusion of the area school and state fair grounds roads and bridges in the park and institution road maintenance allocation and providing for a quadrennial need study of park and institution roads and bridges, changing the allocation formula from the road use tax fund to provide forty-five percent to the primary road fund, twenty-eight percent to the secondary road fund, nine percent to the farm-to-market road fund, and eighteen percent to the cities, providing for definitional changes of certain roads, requiring certain annual reports by cities, raising the motor fuel and special fuel tax to ten cents per gallon and the Diesel engine special fuel tax to eleven and one-half cents per gallon, eliminating the one-half of one cent of motor fuel and other special fuel tax to the primary road fund, providing an exemption from fuel taxes for political subdivisions, authorizing the department of transportation to conduct a study, providing appropriations, and repealing certain sections.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Chapter three hundred six (306), Code 1977, is amended by adding the following new section:

NEW SECTION. It is declared to be the policy of the state of Iowa that relocation of primary highways through cultivated land shall be avoided to the maximum extent possible. Whenever the volume of traffic for which the road is designed or other conditions require such relocation, diagonal routes shall be avoided wherever feasible and prudent alternatives exist.

It is further declared that improvement of two-lane roads shall utilize the existing right-of-way unless alignment or other conditions make changes imperative, and when any two-lane road is expanded to a four-lane road, the normal procedure would be that the additional right-of-way would be contiguous to the existing right-of-way unless relocated for compelling reasons. This policy shall not apply to any highway project for which the corridor has been approved by the state department of transportation and which corridor has been finalized by September 1, 1977.

Sec. 2. Section three hundred six point one (306.1), subsection two (2), paragraph a, Code 1977, is amended to read as follows:

a. The freeway-expressway system shall consist of those roads connecting and serving the major urban and regional areas of the state with high volume, long-distance traffic movements, and generally connecting with like roads of adjacent states. The national system of interstate and defense highways shall be a part of the freeway-expressway system. The freeway-expressway system, including the national interstate and defense highway mileage, shall not exceed three two thousand six hundred sixty miles.

Sec. 3. Section three hundred six point six (306.6), subsection two (2), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

It shall be the responsibility of the state functional classification review board to hear any and all appeals from classification boards or board members, relative to disputes arising out of the functional classification of any segment of highway or street. It shall also be the responsibility of the board to establish the necessary guidelines, procedures, and the time limits to be followed in transferring jurisdiction in accordance with section three hundred six point eight (306.8), of the Code. The state functional classification review board shall have the authority and the responsibility to make final administrative determinations based on sound functional classification principles for all disputes relative to functional classification including those disputes relative to the transfer of jurisdictions. The review board shall also serve, when requested jointly by state and local jurisdictions, as an advisory committee for review and adjustment of construction and maintenance guidelines used in updating road and street needs studies.

Sec. 4. Section three hundred six point eight (306.8), Code 1977, is amended to read as follows:

306.8 TRANSFER OF JURISDICTION. When a change of jurisdiction occurs as a result of the classification or reclassification of a road or street, the unit of government having jurisdiction shall, prior to such change of jurisdiction, either place the road or street and any structures thereon on the road in good repair sufficient-for the-traffic-thereon or provide for the transfer of money to the appropriate jurisdiction sufficient for the repairs to

the road or street and any structures on the road.

Transfers of the jurisdiction and control of roads and streets may take place if agreements are entered into between the jurisdictions of government involved in the transfer of such roads and streets.

Sec. 5. Section*three hundred seven A (307A), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. For the four year period beginning July 1, 1979, and for each subsequent four year period, prepare, adopt and cause to be published the results of a study of all roads and streets in the state. The study shall be so designed to investigate present deficiencies and future twenty-year maintenance and construction needs of the roads and the ability of each applicable authority to meet the needs for the planning, construction, repair and maintenance of roads within their jurisdiction. The commission shall have the authority to gather information necessary to complete this study and shall be furnished such assistance from any state agency as necessary to prepare, update and publish a report to be referred to as the "quadrennial need study" for the purposes of this chapter and chapter three hundred twelve (312) of the Code. This subsection shall not preclude the commission from updating the quadrennial need study when necessary to reflect changes in road and street needs in the state.

Sec. 6. Section three hundred seven A point two (307A.2), subsection eleven (11), Code 1977, is amended to read as follows:

11. Construct, reconstruct, improve and maintain state institutional roads and state park roads as defined in section 306.3 and bridges on such roads, roads located on state fair grounds as defined in chapter one hundred seventy-three (173) of the Code and the roads and bridges located on area school property as defined in chapter two hundred eighty A (280A) of the Code upon the request of the state board, department or commission which has jurisdiction over such roads. This shall be done in such manner as may be agreed upon by the commission and the state board, department or commission which has jurisdiction. The commission may contract with any county or municipality for the construction, reconstruction, improvement or maintenance of such roads and bridges. Any state park road which is an extension of either a primary or secondary highway which both enters and exits from a state park at separate points shall be constructed, reconstructed,

*According to enrolled Act

improved and maintained as provided in section 306.4. Funds allocated from the road use tax fund for the purposes of this subsection shall be apportioned in the ratio that the needs of the state institution roads and bridges, park roads and bridges or area school roads and bridges bear to the total needs of these facilities based upon the most recent quadrennial park and institution need study. The commission shall conduct a study of the road and bridge facilities in state parks, state institutions, state fair grounds and on area school property. The study shall evaluate the construction and maintenance needs and projected needs based upon estimated growth for each type of facility to provide a quadrennially updated standard upon which to allocate funds appropriated for the purposes of this subsection.

Sec. 7. Section three hundred twelve point two (312.2), Code 1977, is amended to read as follows:

312.2 ALLOCATIONS FROM FUND. The treasurer of the state shall, on the first day of each month, credit all road use tax funds which have ~~come-into-his-hands~~ been received by the treasurer, to the primary road fund, the secondary road fund of the counties, the farm-to-market road fund, and the street construction fund of cities in the following manner and amounts:

1. To the primary road fund, ~~forty-seven~~ forty-five percent.
2. To the secondary road fund of the counties, ~~twenty-nine~~ twenty-eight percent.
3. To the farm-to-market road fund, nine percent.
4. To the street construction fund of the cities, ~~fifteen~~ eighteen percent.
5. The treasurer of state shall before making the above allotments credit annually to the highway grade crossing safety fund the sum of five hundred thousand dollars, credit annually from the road use tax fund the sum of five hundred thousand dollars to the highway railroad grade crossing surface repair fund, credit ~~annually~~ monthly to the primary road fund the ~~sum-of-one-million-four-hundred-thousand~~ dollars yielded from an allotment of sixty-five hundredths of one percent of all road use tax funds for the express purpose of carrying out subsection 42 eleven (11) of section 307A.2, the-last paragraph-of section 313.4, subsection two (2), of the Code and section 307A.5, and credit annually to the primary road fund the sum of five hundred thousand dollars to be used for paying expenses incurred by the state department of

transportation other than expenses incurred for extensions of primary roads in cities. All unobligated funds provided by this subsection, except those funds credited to the highway grade crossing safety fund, shall at the end of each year revert to the road use tax fund. Funds in the highway grade crossing safety fund shall not revert to the road use tax fund except to the extent they exceed five hundred thousand dollars at the end of any biennium.

~~6. The treasurer of state shall before making the above allotments credit annually to the primary road fund the sum of two million five hundred thousand dollars or an amount equal to one ninth of the federal allotment whichever is the smaller, said sum to be used for matching the federal allotment to the state of Iowa for the use of the interstate and national defense highways in the state of Iowa.~~

7 6. The treasurer of state shall before making the allotments provided for in this section credit monthly to the division of motor vehicle registration of the state department of transportation funds sufficient in amount to pay the costs of purchasing supplies and materials and for the cost of prison labor used in manufacturing motor vehicle registration plates, decalcomania emblems, and validation stickers at the prison industries.

7. The treasurer of state, before making the allotments provided in this section, shall credit annually to the primary road fund from the road use tax fund the sum of seven million one hundred thousand dollars.

8. Beginning July 1, 1981, and each subsequent year, the treasurer of state, before making any allotments to counties under the provisions of this section, shall reduce the allotment to any county for the secondary road fund by an amount by which the total funds that the county raised during the prior calendar year under the provisions of section three hundred nine point eight (309.8), subsections one (1), three (3), and four (4), of the Code are less than seventy-five percent of the maximum funds that the county could have raised in the prior calendar year under the provisions of section three hundred nine point seven (309.7) of the Code. Funds remaining in the secondary road fund of the counties due to a reduction of allocations to counties for failure to maintain a minimum local tax effort shall be reallocated to counties that are not reduced under the provisions of this subsection pursuant to the allocation provisions of section three hundred twelve point three (312.3), subsection one (1), of the Code,

based upon the needs and area of the county. Information necessary to make allocations under this subsection shall be provided by the state department of transportation or the state comptroller upon request by the treasurer of state.

9. The treasurer of state, before making the allotments provided for in this section, shall credit annually to the Iowa Department of Soil Conservation five hundred thousand (500,000) dollars from the road use tax funds. The Department of Soil Conservation, in cooperation with the Department of Transportation and the Iowa Conservation Commission shall expend such funds, for the lease or other use of land intended for the planting or maintenance of wind erosion control barriers designed to reduce wind erosion interfering with the maintenance of highways in the state or the safe operation of vehicles thereon.

Sec. 8. Section three hundred twelve point four (312.4), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The amount of the road use tax fund which has been credited to carry out the provisions of section three hundred seven A point two (307A.2), subsection eleven (11), section three hundred thirteen point four (313.4), subsection two (2), and section three hundred seven A point five (307A.5) of the Code.

Sec. 9. Section three hundred twelve point three (312.3), subsections one (1) and two (2), Code 1977, are amended to read as follows:

1. Apportion among the counties in the ratio that the needs of the secondary roads of each county bear to the total needs of the secondary roads of the state for the twenty-year improvement program developed by the automotive safety foundation and filed with the Iowa highway study committee created by chapter 426, Acts of the Fifty-eighth General Assembly through the period ending June 30, 1979, and for each year beginning July 1, 1979, based upon the total needs of secondary roads of the state as shown in the latest quadrennial need study report developed by the state department of transportation, and which is on record at the department, sixty percent of the allocation from road use tax funds which ~~he-has~~ is credited to the secondary road fund of the counties, and apportion among the counties in the ratio that the area of such county bears to the total area of the state, forty percent of the allocation from road use tax funds which ~~he has~~ is credited to the secondary road fund of the counties. However, for a hold harmless period each county shall be

guaranteed a base year amount. The amount in the secondary road fund of the counties in each fiscal year during the hold harmless period in excess of the sum of the base period amounts allocated to all counties shall be distributed proportionally based on the relative needs and area factors to only those counties entitled to receive more than the base year amount.

For the purposes of this subsection:

a. "Hold harmless period" means the fiscal years beginning July 1, 1979 and ending June 30, 1983.

b. "Base year amount" means the amount of the secondary road fund of the counties received by a county for the fiscal year beginning July 1, 1977.

2. Apportion among the cities of the state, in the ratio which the population of each city, as shown by the latest available federal census, bears to the total population of all such cities in the state, the ~~fifteen-percent~~ percentage of the road use tax funds which ~~he-has~~ is credited to the street fund of the cities, and shall remit to the city clerk of each such city the amount so apportioned to such city. A city may have one special federal census taken each decade, and the population figure thus obtained shall be used in apportioning amounts under this subsection beginning the calendar year following the year in which the special census is certified by the secretary of state.

Sec. 10. Section three hundred twelve point five (312.5), unnumbered paragraph three (3), Code 1977, is amended to read as follows:

Need allotment farm-to-market road funds shall be allotted among the counties in the ratio that the needs of the farm-to-market roads in each county bear to the total needs of the farm-to-market roads in the state for the twenty-year program developed by the automotive safety foundation and filed with the Iowa highway study committee created by chapter 426, Acts of the Fifty-eighth General Assembly through the period ending June 30, 1979, and for each year beginning July 1, 1979, based upon the total needs of the farm-to-market roads in the state as shown in the latest quadrennial need study report developed by the state department of transportation, and which is on record at the department. However, for a hold harmless period each county shall be guaranteed a base year amount. The amount in the farm-to-market road fund in each fiscal year during the hold harmless period in excess of the sum of the base period amounts allocated to all counties shall be distributed proportionally

based on the relative needs and area factors to only those counties entitled to receive more than the base year amount.

For the purposes of this section:

a. "Hold harmless period" means the fiscal years beginning July 1, 1979 and ending June 30, 1983.

b. "Base year amount" means the amount of the farm-to-market road fund received by a county for the fiscal year beginning July 1, 1977.

Sec. 11. Section three hundred twelve point eleven (312.11), Code 1977, is amended to read as follows:

312.11 ACCOUNTS OF EXPENDITURES--~~PERCENTAGE-REQUIRED-ON~~ ~~ARTERIAL-STREETS~~. Each city shall keep accounts showing the amount spent on street construction and reconstruction ~~on arterial-streets~~ on extensions of rural systems, municipal arterial and municipal collector systems as classified pursuant to section three hundred six point six (306.6) of the Code and the amount spent on street construction and reconstruction ~~on local-streets~~ municipal service systems. Such amounts spent on ~~arterial-streets~~ extensions of rural systems, municipal arterial, and municipal collector systems and such amounts spent on ~~local-streets~~ municipal service systems shall be shown on the annual street report required by section 312.14.

~~Of-the-total-street-construction-and-reconstruction expenditures-made-each-year-from-road-use-tax-funds-by-each city,-at-least-seventy-five-percent-shall-be-spent-on-the arterial-streets-of-such-city.--However,-if-any-city-council by-resolution-declares-that-the-seventy-five-percent-is-not needed-on-its-arterial-streets,-then-it-may-be-used-on-any other-streets-in-the-city.~~

Sec. 12. Section three hundred twelve point twelve (312.12), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

312.12 PROGRAMS SUBMITTED. Cities which receive funds from road use tax funds and which have a population of at least five thousand shall prepare, adopt and submit to the department on or before December first of each year a comprehensive program of street construction and reconstruction. Such program shall be prepared for a period of five fiscal years subsequent to the fiscal year in which the program is submitted, based upon the construction funds estimated to be available for each fiscal year. At the close of each fiscal year, as a part of the five-year plan, the city shall include a statement of the progress made toward

the completion of each project contained in the approved program. Such cities which have a population of less than five thousand and greater than one thousand shall prepare and submit annually by December thirty-first of each year to the department for examination and review, a program of proposed street construction and reconstruction for its total system of streets for the ensuing fiscal year. Nothing in this section shall prohibit a city of less than five thousand from adopting by resolution a comprehensive five-year plan.

Sec. 13. Section three hundred twelve point fifteen (312.15), Code 1977, is amended to read as follows:

312.15 WHEN FUNDS NOT ALLOCATED. ~~No-funds~~ Funds shall not be allocated to any city until such city shall have complied with the provisions of sections ~~312.11 and~~ three hundred twelve point eleven (312.11), three hundred twelve point twelve (312.12) and 312.14, of the Code.

The department shall notify the treasurer of state if any city fails to comply with the provisions of sections ~~312.11 to~~ three hundred twelve point eleven (312.11), three hundred twelve point twelve (312.12) and 312.14, of the Code.

Sec. 14. Section three hundred thirteen point two (313.2), unnumbered paragraphs six (6), seven (7), and eight (8), Code 1977, are amended to read as follows:

Reasonable maintenance and surveillance of rest area sites and buildings located thereon shall be provided by ~~regular maintenance~~ employees of the department ~~under the district maintenance engineer in the district where the rest areas are located~~ within the limits of appropriations provided for such purpose.

~~No transfer of jurisdiction and control of any road or street as required by this Act shall be effective until the enactment of legislation which allocates the road use tax fund in a manner different from the law existing on January 1, 1974, and in a manner which compensates state, county and municipal jurisdictions for additional highway, road or street needs acquired by such transfer as determined by the department.~~

~~Notwithstanding the foregoing provision of this section, transfers in jurisdiction and control of roads and streets may take place if agreements are entered into by the jurisdictional divisions of government involved in the transfer of such roads and streets.~~

Sec. 15. Section three hundred thirteen point four (313.4), subsection two (2), Code 1977, is amended to read as follows:

2. Such fund is also appropriated and shall be used for the construction, reconstruction, improvement and maintenance of state institutional roads and state park roads and bridges on such roads and roads and bridges on area school property as provided in subsection ~~42~~ eleven (11) of section 307A.2 of the Code, for restoration of secondary roads used as primary road detours and for compensation of counties for such use, for restoration of municipal streets so used and for compensation of cities for such use, and for the payments required in section 307A.5.

Sec. 16. Section three hundred twenty-four point three (324.3), Code 1977, is amended to read as follows:

324.3 LEVY OF EXCISE TAX--EXEMPTIONS--CREDITS. For the privilege of operating motor vehicles in this state an excise tax of ~~seven-cents-a-gallon~~ eight and one-half cents per gallon beginning July 1, 1978, and ten cents per gallon beginning July 1, 1979 is hereby imposed upon the use of all motor fuel used for any purpose except motor fuel containing at least ten percent alcohol distilled from agricultural products for the period beginning July 1, 1978 and ending June 30, 1983 and except as otherwise provided in this division. The tax shall be paid in the first instance by the distributor upon the invoiced gallonage of all motor fuel received by ~~him~~ the distributor in this state, within the meaning of the word "received" as defined in this division, less the deductions hereinafter authorized. Thereafter, except as otherwise provided, the per gallon amount of such tax shall be added to the selling price of each and every gallon of such motor fuel sold in this state and collected from the purchaser to the end that the ultimate consumer shall bear the burden of such tax; provided, however, that no tax shall be imposed or collected under this division with respect to the following:

1. Motor fuel sold for export or exported from this state to any other state, territory, or foreign country.

2. Motor fuel sold to the United States or any agency or instrumentality thereof.

3. Motor fuel sold to any post exchange or other concessionaire on any federal reservation within this state; but the tax on motor fuel so sold, to the extent permitted by federal law, shall be collected by the post exchange or concessionaire, reported and paid the department of revenue.

4. Motor fuel sold to the state of Iowa or any of its agencies, ~~but this exemption shall not apply to~~ or to any

political subdivisions of this state. Each state agency and political subdivision shall file with the department of revenue prior to January fifteenth in each year a report of the number of gallons of motor fuel and special fuel purchased by the state agency or the political subdivision in the prior calendar year and a calculation of the amount of motor fuel and special fuel tax that would have been required for the previous calendar year if the state agency or political subdivision had been required to pay state motor fuel and state special fuel taxes.

Sec. 17. Section three hundred twenty-four point thirty-three (324.33), subsections two (2), three (3), four (4) and five (5), Code 1977, are amended to read as follows:

2. "Use" means the receipt, delivery or placing of special fuels by a special fuel user into a supply fuel tank of a motor vehicle while the vehicle is in this state or delivered into a motor vehicle special fuel holding tank.

3. "Special fuel dealer" means any person in the business of handling special fuel who delivers any part thereof into a fuel supply tank of any motor vehicle or delivers special fuel to a motor vehicle special fuel holding tank.

4. "Special fuel user" means the owner or other person responsible for the operation of a motor vehicle at the time special fuel is placed in a fuel supply tank thereof while the vehicle is in this state or the owner of a motor vehicle special fuel holding tank into which special fuel is delivered to be used for highway use only and upon which special fuel the special fuel tax is paid upon receipt.

5. "Licensed special fuel user" means and includes any person licensed by the department who dispenses special fuel, upon which the special fuel tax has not been previously paid, for highway use from bulk sources owned and controlled by ~~himself~~ the person into the fuel supply tank of a motor vehicle or commercial motor vehicle owned or controlled by ~~himself~~ the person. A licensed special fuel user shall make bulk purchases of special fuel for highway use only from a licensed special fuel distributor.

Sec. 18. Section three hundred twenty-four point thirty-three (324.33), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. 7. "Motor vehicle special fuel holding tank" means a tank with a capacity of not more than five hundred gallons owned by a special fuel user in which special fuel is contained for use by the special fuel user only in

a motor vehicle for highway use.

Sec. 19. Section three hundred twenty-four point thirty-four (324.34), unnumbered paragraphs one (1), two (2) and three (3), Code 1977, is amended to read as follows:

For the privilege of operating motor vehicles in this state, there is hereby levied and imposed an excise tax on the use (as defined herein) of special fuel in any motor vehicle. The rate of tax on special (diesel engine) fuel shall be ~~eight~~ ten cents per gallon beginning July 1, 1978, and shall be eleven and one-half cents per gallon beginning July 1, 1979. On all other special fuel the per gallon rate shall be the same as the motor fuel tax. The tax, with respect to all special fuel delivered by a special fuel dealer for use in this state as defined by section 324.33, shall attach at the time of the delivery and shall be collected by the dealer from the special fuel user and shall be paid over to the department of revenue as hereinafter provided. The tax, with respect to special fuel acquired by a special fuel user in any manner other than by delivery by a special fuel dealer into a fuel supply tank of a motor vehicle or delivery into a motor vehicle special fuel holding tank by a special fuel dealer or distributor, shall attach at the time of the use (as herein defined) of the fuel and shall be paid over to the department of revenue by the user as hereinafter provided.

All deliveries by distributors of special fuel to be used for highway use, except deliveries into a motor vehicle special fuel holding tank, must be made into storage connected to a sealed meter pump as licensed in said section. Special fuel delivered to a motor vehicle special fuel holding tank of a special fuel user by a distributor shall be metered upon delivery and the special fuel tax shall be collected by the distributor and paid over to the department of revenue.

The department of revenue shall make reasonable rules and regulations governing the dispensing of special fuel ~~at-retail service-stations-and-licensed-special-fuel-user-locations~~ and by distributors, special fuel dealers and licensed special fuel users. The department shall require that all pumps located at ~~said-stations~~ special fuel dealer locations and licensed special fuel user locations through which fuel oil can be dispensed, be metered, inspected, tested for accuracy, sealed and licensed by the state department of agriculture, and that special fuel delivered into the fuel supply tank of any motor vehicle or into a motor vehicle special fuel holding tank shall be dispensed only through these tested metered pumps.

Sec. 20. Section three hundred twenty-four point thirty-five (324.35), Code 1977, is amended to read as follows:

324.35 EXEMPTIONS. No tax is imposed under this division on special fuel used by the United States or any of its agencies or instrumentalities, but the tax on special fuel used or delivered into fuel supply tanks of motor vehicles by any post exchange or concessionaire on any federal reservation in this state, to the extent permitted by federal law, shall be collected by the post exchange or concessionaire and paid to the department of revenue.

No tax is imposed under this division on special fuel used by the state of Iowa or any of its agencies, ~~but this exemption shall not apply to~~ or used by political subdivisions of this state.

Sec. 21. Section three hundred twenty-four point seventy-nine (324.79), unnumbered paragraphs one (1) and two (2), Code 1977, are amended to read as follows:

The net proceeds of ~~seven-and-one-half-cents-per-gallon~~ the excise tax on the diesel special fuel and ~~six-and-one-half-cents-per-gallon~~ the excise tax on motor fuel and other special fuel, and penalties collected under the provision of this chapter, shall be credited to the road use tax fund.

~~The net proceeds of one-half-cent-per-gallon excise tax on diesel special fuel and one-half-cent-per-gallon excise tax on motor fuel and other special fuel collected under the provisions of this chapter shall be credited by the treasurer of state to the primary road fund.~~

Sec. 22. Section three hundred twenty-seven G point twenty-nine (327G.29), Code 1977, is amended to read as follows:

327G.29 GRADE CROSSING SURFACE REPAIR FUND. There is established a highway railroad grade crossing surface repair fund in the office of the treasurer of state. The department may credit to this fund:

1. Moneys appropriated to the department from the general fund of the state.
2. Moneys appropriated to the department from the road use tax fund or the primary road fund.
3. Available federal funds.
4. Moneys acquired by the department from any gift, grant, or contributions from any source.

~~The total amount of funds, except funds acquired pursuant to subsections 3 and 4, which shall be credited to the highway railroad grade crossing surface fund shall not exceed two hundred-fifty-thousand-dollars-in-any-one-year~~ Notwithstanding

the provisions of section eight point thirty-three (8.33) of the Code unencumbered funds remaining in the highway railroad grade crossing surface repair fund at the close of each fiscal year ending on June thirtieth shall revert to the road use tax fund.

Sec. 23. It is the intent of the general assembly that effective July 1, 1979 the functional reclassification of roads shall be implemented as provided by law.

Sec. 24. Sections three hundred twelve point nine (312.9) and three hundred twelve point ten (312.10), three hundred thirteen point fifty-eight (313.58), three hundred nine point eighty-three (309.83) and chapter three hundred eighteen (318), Code 1977, are repealed.

Sec. 25. It is the intent of the general assembly that the state department of transportation, in cooperation with the standing committee on ways and means and the standing committee on transportation of the general assembly, study methods of reflecting local revenue efforts for maintenance, repair and construction of roads in the distribution of the secondary road fund of the counties, the farm-to-market road fund and the street construction fund of the cities. The findings of this study shall be presented to the Sixty-eighth General Assembly prior to February 1, 1979.

It is the further intent of the general assembly that upon approval by the Iowa general assembly, of those findings, the findings shall be considered in reassessing the distribution of road use tax fund allocations among counties within the funds allocated to the secondary road fund of the counties and in reassessing the allocations among cities within the funds allocated to the street construction fund of the cities for road construction.

Sec. 26. Notwithstanding the provisions of chapters three hundred twenty-five (325), three hundred twenty-seven (327), three hundred twenty-seven A (327A) and three hundred twenty-seven D (327D) of the Code, the transportation regulation board shall approve any rate increase application filed by a truck operator, motor carrier or liquid carrier to compensate for increased costs which result from the increase in motor fuel and special fuel taxes as provided in this Act.

Approved June 27, 1978