

## Rebuild Iowa Infrastructure Fund

### ISSUE

This **Issue Review** provides an updated overview and recent history of the Rebuild Iowa Infrastructure Fund (RIIF), revenues deposited in the RIIF and funding from FY 2012 to estimated FY 2017, and provides a projection of available resources through FY 2021. The RIIF is the primary funding source for state financed public infrastructure-related expenditures.<sup>1</sup>

### CODE AUTHORITY

Iowa Code section [8.57\(5\)](#)

### BACKGROUND

The RIIF was created during the 1995 Legislative Session for the purpose of funding public infrastructure projects. The Fund was initially funded with a one-time appropriation of \$50.0 million from the FY 1995 General Fund surplus.<sup>2</sup> Additional legislation was enacted crediting the interest earnings from the Cash Reserve Fund (CRF) and Economic Emergency Fund (EEF) to the RIIF beginning FY 1995.<sup>3</sup> The following year, FY 1996, revenues from the state wagering tax were added to the RIIF revenue stream. Since the RIIF's inception in 1995, moneys from various revenue sources have been deposited in the RIIF, with the largest amount coming from wagering tax. Current funding sources for the RIIF include:

- **Wagering Taxes and Fees:** The largest sources of revenue, introduced in FY 1996, are state wagering taxes as well as various license fees that are remitted to the state. However, a portion of wagering taxes are allocated to other funds prior to deposit in the RIIF. These statutory appropriations are discussed in the next section on page 2 ([Recap of FY 2015 State Gaming Revenue](#)).
- **Interest Earnings:** The RIIF receives interest earned from funds deposited in the Economic Emergency Fund, the Cash Reserve Fund, and the Environment First Fund, as well as interest earned by the RIIF (as established in FY 1995).
- **Tobacco Settlement and Endowment Transfers:** This revenue is received as part of the Master Settlement Agreement with the tobacco industry in the early 2000s. This funding will be received in perpetuity (as established in FY 2010).
- **Revenue Bond Debt Service Transfer:** Any unneeded revenue from the repayment of the I-Jobs bonds is transferred to the RIIF.
- **Federal Subsidy Holdback:** This allocation is made from wagering tax annually to account for debt service payments if the federal subsidy is not received. The funding is repaid to

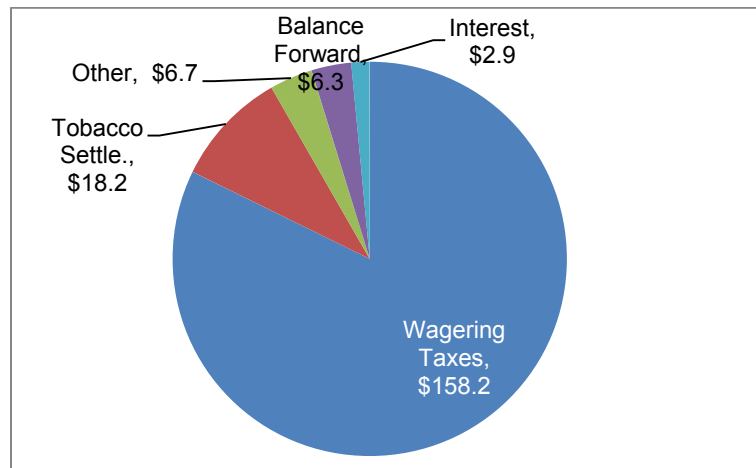
<sup>1</sup> Prior **Issue Reviews** have discussed the history of RIIF in greater detail. The most recent RIIF **Issue Review** in [2011](#) summarized the establishment of the RIIF, early revenue sources, and changes in wagering tax allocations in Iowa Code section 8.57(5). The document covers legislative action from FY 1996 to FY 2012. This **Issue Review** will provide an update on the years since FY 2011, but does not include the historical information from the prior document.

<sup>2</sup> 1995 Iowa Acts, Chapter [213](#)

<sup>3</sup> 1995 Iowa Acts, Chapter [214](#)

RIIF each year (introduced in FY 2011). The Treasurer of the State transfers this funding to the RIIF once the federal subsidy is received.

**Chart 1: Estimated FY 2017 RIIF Revenue**



### Wagering Tax Allocations

Prior to deposit in the RIIF, wagering taxes are allocated to other funds according to Iowa Code section [8.57\(5\)](#).<sup>4</sup> In FY 2015 \$287.8 million in wagering tax was collected. Wagering tax allocations have been amended several times since the establishment of the RIIF. The two most recent changes occurred in the 2013 and 2014 legislative sessions. In 2013 a new allocation of \$66.0 million to the Skilled Worker and Job Creation Fund was enacted.<sup>5</sup> The allocation replaced a \$66.0 million allocation from wagering taxes to the General Fund. In 2014 a \$5.0 million allocation to pay the debt service on school infrastructure bonds was eliminated.<sup>6</sup> These bonds were defeased in the fall of 2013 and the allocation was no longer needed.<sup>7</sup> The current allocations from the state wagering tax revenues are as follows:

- \$55.0 million to the Revenue Bonds Debt Service Fund
- \$3.75 million to the Federal Subsidy Holdback Fund
- \$15.0 million to the Vision Iowa Fund
- \$66.0 million total to the Skilled Worker Job Creation Fund
- Remainder to the RIIF

### Vertical Infrastructure

During the 1996 Legislative Session<sup>8</sup>, a definition of vertical infrastructure was established placing restrictions on the use of moneys from the RIIF effective beginning in FY 1998. All expenditures from the RIIF must comply with the statutory definition of vertical infrastructure.

<sup>4</sup> The majority of revenue for Iowa Casinos is taxed at 22.0% or 24.0%. The rate of taxation is determined by the type of facility. Riverboats and land-based casinos are taxed at 22.0% on all adjusted gross revenue (AGR) above \$3.0 million. A racetrack casino (racino) is taxed at 24.0% if a gambling boat is not located within the same county. A racino located within a county with a gambling boat may be taxed at 22.0% (if not licensed for table games and AGR is less than \$100.0 million) or 24.0% (if licensed for table games and AGR exceeds \$100.0 million).

<sup>5</sup> 2013 Iowa Acts, Chapter [141](#). The Skilled Worker and Job Creation Fund is appropriated annually in the Education Appropriations Act and the Economic Development Appropriations Act.

<sup>6</sup> 2014 Iowa Acts, Chapter [1136](#).

<sup>7</sup> Defeasance sets aside funding to pay servicing payments for a bond and pay the outstanding balance.

<sup>8</sup> 1996 Iowa Acts, Chapter [1218](#).

Appropriations that do not meet the definition of vertical infrastructure include language that notwithstanding the statutory definition. The current definition of vertical infrastructure is below. According to current Iowa Code, 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. (Iowa Code section [8.57\(5\)\(c\)](#)).

A history of appropriations from RIIF that did not meet the definition of vertical infrastructure and included notwithstanding language is included in **Attachments B and C**.

## **FUND STATUS**

### **RIIF Revenues**

Since FY 2012, revenues deposited in the RIIF (**Table 1**) have varied substantially. Averaging \$187.4 million from FY 2012 to FY 2015, annual revenues have totaled anywhere between \$166.1 million and \$210.1 million. Revenue forecasts for FY 2016 and FY 2017 are slightly below the four-year average. Major components of RIIF revenues are discussed below:

- **Wagering Tax:** Constituting the largest contribution to RIIF revenues, wagering tax deposited in the RIIF has averaged \$141.9 million in the four years reviewed in **Table 1**. Wagering tax revenues for each year were within \$5.1 million of the average for all years. Wagering tax revenues are projected to be \$155.2 million and \$158.2 million in FY 2016 and FY 2017.
- **Interest Earnings:** Over the last four years interest earnings have averaged \$2.2 million. However, prior to FY 2010, interest earnings were a significant source of funding with a peak of \$32.9 million in FY 2008. This peak occurred before the 2008 recession. During the 2009 and 2010 legislative sessions, the General Assembly made appropriations from the reserve funds to help balance the General Fund budget. Since then interest rates have remained quite low. Interest revenues for FY 2016 and FY 2017 are estimated at \$2.9 million.
- **Other:** This category is a combination of revenues and recurring and one-time transfers. Revenue changes in this category are typically due to large one-time transfers. Large transfers occurred in FY 2013 and FY 2014. In FY 2013, \$20.0 million was transferred from the Economic Emergency Fund to contribute to a total of \$29.4 million. In FY 2014, \$40.1 million was transferred from the Grow Iowa Values Fund to contribute to a total of \$54.9 million. Other sources can provide large increases in revenue, but do not provide consistent funding.
- **Tobacco Settlement:** This revenue is received as part of the Master Settlement Agreement with the tobacco industry in the early 2000s. This funding will be received in perpetuity. Four major tobacco companies make this payment annually to 46 states involved in the agreement. The RIIF began to receive these transfers in FY 2010, and funding has remained fairly consistent since. In FY 2018, \$18.2 million from the Tobacco Settlement is anticipated.

Table 1

REBUILD IOWA INFRASTRUCTURE FUND REVENUES							
(Dollars in Millions)							
Fiscal Year	Wagering Taxes Related Revenues	Interest	Other	Tobacco Settlement	Total Revenues	Balance Forward	Funding Available
FY 2012	\$ 140.9	\$ 1.7	\$ 6.8	\$ 16.7	\$ 166.1	\$ 16.8	\$ 182.9
FY 2013	146.9	2.2	29.4	16.6	195.1	15.5	210.6
FY 2014	135.3	1.9	54.9	18.0	210.1	1.3	211.4
FY 2015	144.3	3.0	15.0	16.1	178.4	12.5	190.9
FY 2016	155.2	2.9	6.8	18.2	183.1	21.6	204.7
<i>Average</i>	<i>144.5</i>	<i>2.3</i>	<i>22.6</i>	<i>17.1</i>	<i>186.6</i>	<i>13.5</i>	<i>200.1</i>
Est. FY 2017	158.2	2.9	6.7	18.2	186.0	6.3	192.3

### Appropriations

Funding from the RIIF is appropriated annually by two standing appropriations and by multiple other appropriations typically found in the Infrastructure Appropriations Act. Standing appropriations are made to the Environment First Fund (EFF) (Iowa Code section [8.57A](#)) and the State Housing Trust Fund (SHTF) (Iowa Code section [16.181A](#)). The EFF is appropriated \$42.0 million that is intended for the “protection, conservation, enhancement or improvement of natural resources or the environment.”<sup>9</sup> Although the EFF standing appropriation has existed since FY 2001, it has been funded at different levels. In FY 2012 and FY 2013, the standing appropriation was reduced to \$33.0 million and \$35.0 million, respectively. Appropriations made from the EFF are typically in the Agriculture and Natural Resources Appropriations Act. The State Housing Trust Fund standing appropriation was added in the 2008 Legislative Session.<sup>10</sup> Appropriations from FY 2012 through FY 2017 (estimated) are shown in **Table 2**.

<sup>9</sup> Iowa Code section 8.57A

<sup>10</sup> 2008 Iowa Acts, Chapter 1179

Table 2

Rebuild Iowa Infrastructure Fund Appropriations (in millions)							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Est. FY 2017	Total
<b>Standing Appropriations</b>							
Environment First Fund	\$ 33.0	\$ 35.0	\$ 42.0	\$ 42.0	\$ 42.0	\$ 42.0	\$ 236.0
State Housing Trust Fund	3.0	3.0	3.0	3.0	3.0	3.0	18.0
<b>Multi-Department Appropriations</b>							
Technology Reinvestment Fund	15.5	-	14.3	-	-	-	\$ 29.9
<b>Department Appropriations</b>							
Regents	\$ 30.6	\$ 68.2	\$ 69.6	\$ 58.3	\$ 69.7	\$ 87.8	\$ 384.3
Natural Resources	12.5	14.5	17.1	20.6	16.4	13.6	94.6
Corrections	24.4	31.9	18.8	-	0.5	0.2	75.7
Economic Development	26.2	20.8	7.6	6.3	6.0	5.8	72.6
Administrative Services	1.2	10.8	15.1	14.0	10.0	9.5	60.6
Transportation	8.8	8.3	6.8	13.8	9.2	6.9	53.6
Public Defense	5.9	5.2	4.5	4.3	4.5	4.1	28.4
Veterans Affairs	1.3	1.0	0.3	-	10.8	4.1	17.4
Education	2.3	6.0	-	-	4.6	2.5	15.3
Agriculture and Land Stewardship	-	1.0	-	-	7.1	7.1	15.2
Human Services	0.3	0.3	0.2	4.6	4.2	1.0	10.5
Cultural Affairs	1.0	2.5	2.0	1.0	1.7	2.0	10.1
Treasurer	1.1	2.1	1.1	1.1	1.1	1.1	7.4
State Fair	-	0.3	-	0.8	2.3	0.5	3.9
Other	1.1	-	-	-	5.5	4.1	10.7
<b>Total Appropriations</b>	<b>\$ 168.0</b>	<b>\$ 210.6</b>	<b>\$ 202.2</b>	<b>\$ 169.6</b>	<b>\$ 198.4</b>	<b>\$ 195.3</b>	<b>\$ 1,144.1</b>
Totals may not add due to rounding							

**Table 2** includes standing appropriations, department totals, and multi-department appropriations that are made to a separate fund for subsequent appropriations. Over this time frame, \$1,144.1 million has been appropriated from the RIIF. The two largest recipients of RIIF funding are the Board of Regents (receiving 33.6% of all appropriations) and the EFF (20.6%). Appropriations received by the Board of Regents for FY 2017 consist mostly of tuition replacement<sup>11</sup> dollars (\$32.4 million) and the funding for six building projects on the three Regents campuses. Meanwhile, EFF appropriations funded environmental programs and projects under the Department of Agriculture and Land Stewardship (DALs) and Department of Natural Resources (DNR). The DNR has also received \$94.6 million (8.3%) in appropriations directly from the RIIF, which has primarily funded Lake Restoration, State Park Infrastructure, and Water Trails and Lowhead Dams.

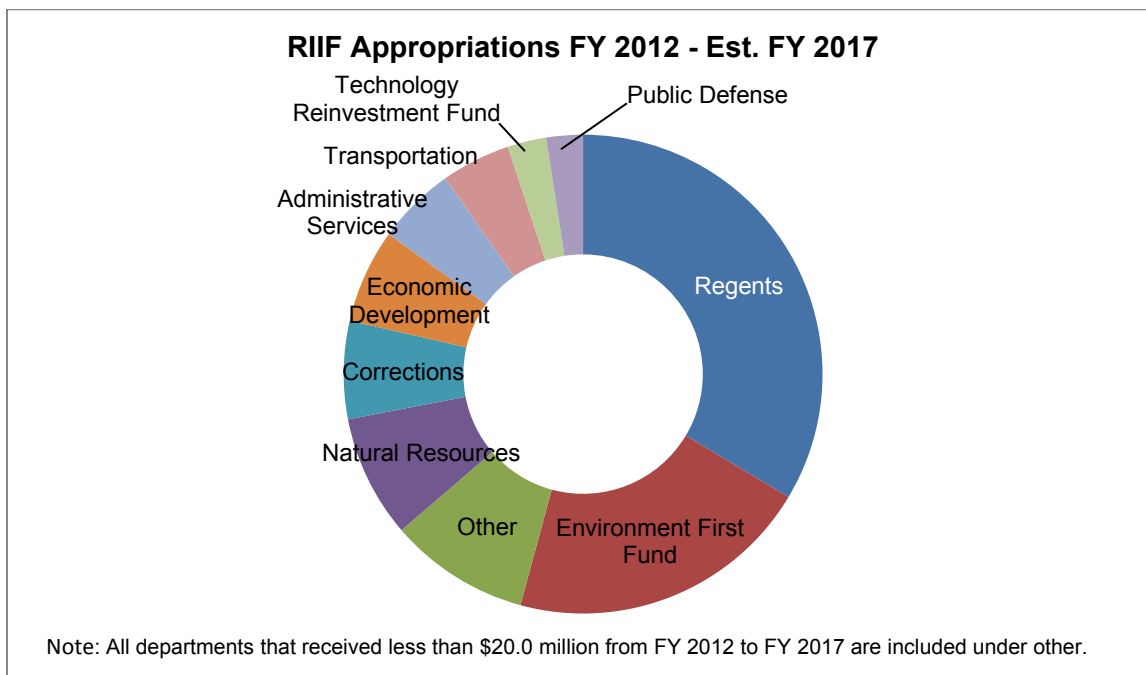
Changes in the Technology Reinvestment Fund (TRF) appropriation during the time period in **Table 2** are also notable. The TRF is funded by a standing appropriation of \$17.5 million from the General Fund. However, the TRF was funded by the General Fund only twice during the time period in **Table 2**, in FY 2013 and FY 2015.<sup>12</sup> In FY 2012 and FY 2014 the TRF was

<sup>11</sup> The state provides an annual appropriation to pay debt service on academic revenue bonds used by the Board of Regents for construction. If unfunded, the debt service for these bonds would be funded from tuition. The Board has indicated that paring debt service costs from tuition would require a tuition increase.

<sup>12</sup> In FY 2015, the General Assembly delayed the General Fund appropriation to the TRF and funded the TRF through the RIIF. However, the Governor vetoed the notwithstanding language and consequently moved TRF funding back to the General Fund.

funded by the RIIF, and the General Fund appropriation was eliminated for those years. In FY 2016, the TRF received no funding from RIIF or the General Fund, and programs that typically received TRF appropriations were funded directly by the RIIF. **Chart 2** displays total RIIF funding appropriated to various departments.

**Chart 2**



### Project Types

Appropriations from the RIIF can be broadly categorized by use of funding. These categories are intended to provide an idea of how enacted appropriations impact long-term funding. **Table 3** reflects funding for the four categories described below. A full list of RIIF appropriations is displayed in **Attachment A**.

- **Standing Appropriations** are set by current law and include the EFF and the SHTF.
- **Building Projects** are vertical infrastructure projects that require multi-year funding, that ends upon project completion. These projects exceed the scope of the Department of Administrative Service's Major Maintenance List and require long-term commitments to proceed with the projects. As a result, appropriations from the RIIF for several years are enacted in advance. Although funding is often adjusted, building projects require funding until completion. These commitments reduce available funding for other appropriations and often preclude appropriations for new building projects or priorities.
- **Other Appropriations** include all other projects, programs, grants, and needs that are funded through the RIIF. These appropriations do not include new building projects. The majority of these programs and projects receive annual appropriations that are not enacted in advance or through standing appropriations. Many of these projects or programs have received funding over several fiscal years, but funding levels vary based upon available dollars and need. Appropriations include but are not limited to major maintenance, programs established in the Iowa Code, ongoing state infrastructure expenses, grants, environmental programs, and multimodal transportation programs.<sup>13</sup>

<sup>13</sup> A few examples of Other Appropriations include lake restoration, major maintenance, Community Attraction and Tourism Grants, and the Water Quality Initiative. A full list of appropriations is included in **Attachment A**.

- **Tuition Replacement** funds the majority of debt service for revenue bonds used to construct academic buildings. If unfunded, the Board of Regents will be required to pay the debt service from other resources, and the Board has indicated that a tuition increase will be required to fund the debt service.

**Table 3**

<b>RIIF projects by category</b>									
(in millions)									
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Est. FY 2017</b>	<b>Total</b>		
Standing Appropriations	\$ 36.0	\$ 38.0	\$ 45.0	\$ 45.0	\$ 45.0	\$ 45.0	\$ 254.0	22.2%	
Building Projects	22.9	67.5	60.3	28.5	39.0	55.9	274.2	24.0%	
Other	84.8	79.9	69.0	66.4	84.2	61.9	446.2	39.0%	
Tuition Replacement	24.3	25.1	27.9	29.7	30.2	32.4	169.7	14.8%	
<b>Total</b>	<b>\$ 168.0</b>	<b>\$ 210.6</b>	<b>\$ 202.2</b>	<b>\$ 169.6</b>	<b>\$ 198.4</b>	<b>\$ 195.3</b>	<b>\$ 1,144.1</b>		

## **FUTURE PLANNING**

Unlike other appropriated funds, the General Assembly often enacts multi-year appropriations from the RIIF to fund building and capital projects that require several years to progress through the construction process. The effect of these previously enacted and standing appropriations is to reduce available RIIF funding in future years. This section will discuss appropriations from the RIIF that are currently enacted for future years, available funding, and appropriations that have been funded from RIIF in previous years.

**Table 4** shows estimated revenues, appropriations, and available funding for FY 2018 through FY 2021. Standing appropriations include funding for the Environment First Fund at \$42.0 million and the State Housing Trust Fund at \$3.0 million. Three major projects that are currently enacted include the ISU Student Innovation Center, the ISU Biosciences Building, and the University of Iowa Pharmacy Building. **Table 4** also includes tuition replacement that funds the majority of debt service for academic revenue bonds used to construct academic buildings at the Regents institutions. Although tuition replacement funding for these years is not yet appropriated, the appropriation has been funded entirely from the RIIF since FY 2008.

Table 4

<b>Estimated RIIF Revenue and Appropriations</b>				
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Revenue</b>	<b>\$ 182.0</b>	<b>\$ 183.1</b>	<b>\$ 186.7</b>	<b>\$ 188.9</b>
Standing Appropriations	45.0	45.0	45.0	45.0
Est. Tuition Replacement*	28.3	32.3	30.0	29.6
Enacted Appropriations				
<i>USS Iowa</i>	0.3	-	-	-
<i>Grout Museum</i>	0.3	-	-	-
<i>ISU Student Innovation Cen.</i>	9.0	10.0	10.0	10.0
<i>ISU Biosciences Building</i>	23.5	-	-	-
<i>UI Pharmacy Building</i>	28.3	-	-	-
<i>State Fair Events Center</i>	0.5	4.5	-	-
<b>Total Appropriations and Tuition Replac.</b>	<b><u>135.1</u></b>	<b><u>91.8</u></b>	<b><u>85.0</u></b>	<b><u>84.6</u></b>
<b>Available Funds</b>	<b><u>\$ 46.9</u></b>	<b><u>\$ 91.2</u></b>	<b><u>\$ 101.7</u></b>	<b><u>\$ 104.2</u></b>
*Tuition replacement is not enacted, but has been entirely funded from the RIIF since FY 2008.				

The estimated funding available may increase over the time frame reviewed, but it will initially be insufficient to fund other appropriations (line items listed in **Attachment A**) at previous levels. From FY 2012 through FY 2017 other appropriations averaged \$74.4 million. Funding available in FY 2018 is estimated at \$46.9 million. As a result, maintaining similar funding levels for other appropriations and building projects in FY 2018 will require the identification of additional revenue.

Estimated available funding for FY 2018 through FY 2021 reflects an increase sufficient to fund other appropriations at the historic average. However, several projects in the near term are known to require a substantial investment. Appropriations that have been recently considered by the Transportation, Infrastructure and Capitals Appropriations Subcommittee are listed below. This list should not be considered a comprehensive accounting of infrastructure needs, but examples of known needs.

- **State Historical Building:** In the 2016 session, the Subcommittee reviewed proposals to fund the renovation of the Historical Building. The Governor recommended funding of \$65.0 million over five years. A study funded through the DCA determined that the building does not meet modern museum construction standards and that museum collections are at risk.
- **Wallace Building:** The Wallace Building has been under consideration for renovation or demolition for several years. In 2012, a review conducted by three private firms concluded that renovating the Wallace Building will be more cost-effective. The minimum cost to renovate the building was estimated at \$37.0 million, a cost that will increase after adjusting for inflation. In the four years since the estimate was produced, additional deterioration may have increased renovation costs.
- **Major Maintenance List<sup>14</sup>:** Major maintenance includes expenditures beyond the regular and normal upkeep of physical property. The list includes building components that must be

<sup>14</sup> Major maintenance funds are used to correct deficiencies in state buildings and make a wide range of repairs. Major maintenance is defined as "expenditures made beyond the regular, normal upkeep of physical properties for the repair or



repaired, including the replacement of failed or failing building components as necessary to return a facility to its intended use. In February 2016, the DAS released a list of unfunded major maintenance projects totaling \$289.8 million. Notably, this list may require adjustment to consider inflation for projects that have been listed for several years. An index that tracks key components of building construction has estimated building inflation at an average of 2.5% from Calendar Years (CY) 2011-2015.<sup>15</sup> From FY 2012 to estimated FY 2017, the DAS has received an average of \$9.8 million for major maintenance each fiscal year.

- **Contingencies:** The General Assembly is often presented with unexpected contingencies that either require funding or are a priority of the General Assembly. In 2016, the Capitol Dome received an appropriation of \$10.0 million from the State Bond Repayment Fund. In this instance, one-time funding was available to cover the expenses, but in prior years this may have been funded through RIIF. Similarly, the Iowa Law Enforcement Academy discovered a black mold problem in the building where attendees sleep and learn. Permanently resolving the issue will require renovation or a new facility. Renovating the existing building will cost up to \$10.0 million, and constructing a new facility will cost between \$15.0 and \$20.0 million. However, funding was only provided to keep the buildings livable, and the issue will remain for FY 2018.

## **CONCLUSIONS**

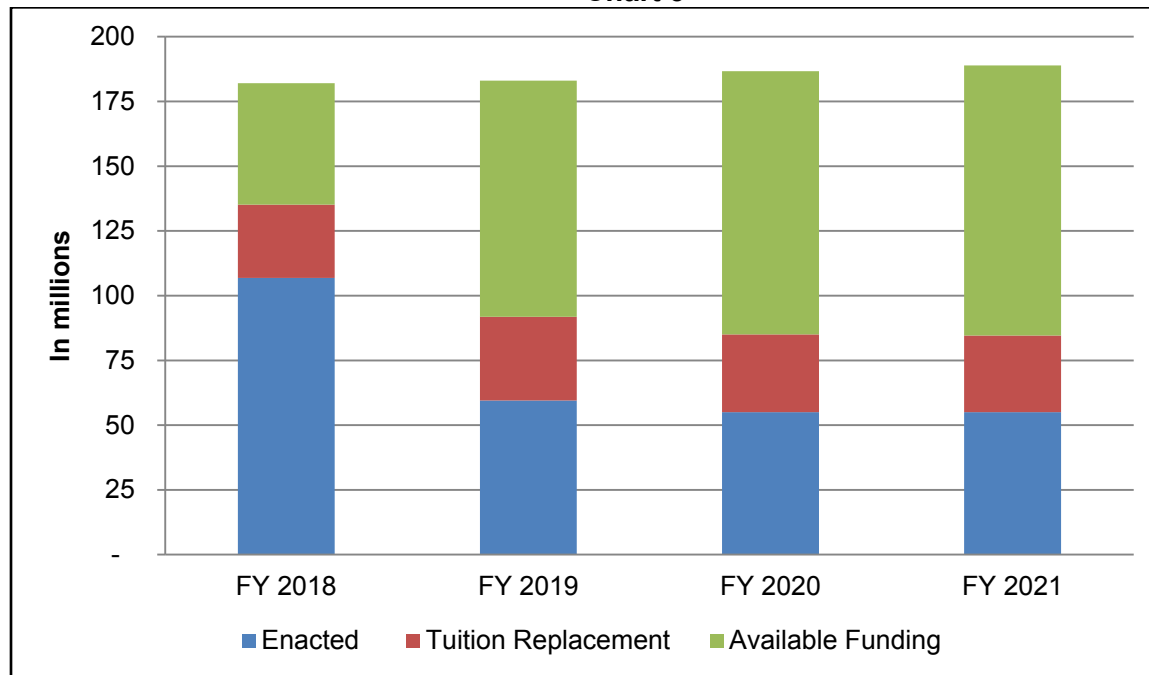
For FY 2018 the General Assembly has enacted \$106.9 million in appropriations from the RIIF and, if tuition replacement is appropriated, \$46.0 million is estimated to be available. At this level, FY 2018 funding will fund (and state what it will fund) i.e., standing appropriations and existing building projects but will not fund other appropriations at levels comparable to FY 2012 through FY 2017. Funding from the SBRF may be able to provide additional support for appropriation if the General Assembly decides to support appropriations and programs typically funded from the RIIF. The General Assembly may also deappropriate FY 2017 funding or spread enacted appropriations over additional years. **Chart 3** displays estimated available funding.

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replacement of failed or failing building components as necessary to return a facility to its currently intended use, to prevent further damage, or to make it compliant with changes in laws, regulations, codes, or standards.”

<sup>15</sup> Engineering News Record, Construction Cost Index, [www.enr.com/economics](http://www.enr.com/economics). (last visited July, 2015).

Chart 3



Beginning in FY 2019, available funding will increase. Estimated available funding for FY 2019 to FY 2021 is \$91.8, \$101.7, and \$104.2 million, respectively. Additional funding may enable the adoption of additional building projects, but funding other appropriations at or near traditional levels (average of \$79.2 million from FY 2012 through FY 2015) will require most of the available funding. The General Assembly may have additional flexibility to adopt new funding priorities. In addition to appropriations that are typically funded from RIIF, several known building needs may be considered by the General Assembly including the Historical Building, Wallace Building, and major maintenance needs. The General Assembly may also consider alternative funding for priorities typically funded from the RIIF. The SBRF is one example of an alternative funding source, but the General Fund budget is unlikely to provide additional funding.

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**RIIF Appropriations  
FY 2012 - Estimated FY 2017**

**Building Project Appropriations**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
<b>Corrections</b>	\$ 19,916,633	\$ 30,439,186	\$ 18,569,040	\$ -	\$ -	\$ -	68,924,859
Fort Madison Prison Expansion	5,155,077	16,269,124	3,000,000				24,424,201
Mitchellville Expansion	14,761,556	14,170,062	15,569,040				44,500,658
<b>Regents</b>	<b>3,000,000</b>	<b>37,086,000</b>	<b>41,767,000</b>	<b>28,547,000</b>	<b>39,000,000</b>	<b>55,400,000</b>	<b>204,800,000</b>
ISU - Student Innovation Center						1,000,000	1,000,000
ISU Ag/Biosystems Engineering Complex	1,000,000	19,050,000	21,750,000	18,600,000			60,400,000
ISU Biosciences Building					11,000,000	15,500,000	26,500,000
UI Pharmacy Building					13,000,000	23,000,000	36,000,000
UNI Bartlett Hall Renovation/Baker Hall Demolition	1,000,000	7,786,000	10,267,000	1,947,000			21,000,000
UNI Schindler Education Center Renovation					11,000,000	13,600,000	24,600,000
UNI Schindler Education Center Renovation					4,000,000	2,300,000	6,300,000
UI Dental Science Building	1,000,000	10,250,000	9,750,000	8,000,000			29,000,000
<b>State Fair</b>	-	-	-	-	-	500,000	500,000
NW Events Area						500,000	500,000
<b>Total Building Projects</b>	<b>22,916,633</b>	<b>67,525,186</b>	<b>60,336,040</b>	<b>28,547,000</b>	<b>39,000,000</b>	<b>55,400,000</b>	<b>273,724,859</b>

**Standing Appropriations**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
<b>Environment First Fund</b>	<b>33,000,000</b>	<b>35,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>236,000,000</b>
<b>Iowa Finance Authority</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>18,000,000</b>
State Housing Trust Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	18,000,000
<b>Total Standing Appropriations</b>	<b>36,000,000</b>	<b>38,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>254,000,000</b>

**Tuition Replacement**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
<b>Tuition Replacement</b>	<b>24,305,412</b>	<b>25,130,412</b>	<b>27,867,775</b>	<b>29,735,423</b>	<b>30,237,549</b>	<b>32,447,187</b>	<b>169,723,758</b>

**Other Appropriations**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
<b>Administrative Services</b>	<b>1,245,000</b>	<b>10,750,000</b>	<b>15,110,648</b>	<b>14,000,000</b>	<b>9,974,856</b>	<b>9,489,237</b>	<b>60,569,741</b>
DHS Toledo - Palmer Cottage		500,000					500,000
Historical Building Repairs	1,200,000						1,200,000
Lucas Bldg SOS Office Security	45,000						45,000
Major Maintenance		10,250,000	3,800,000	14,000,000	9,974,856	9,489,237	47,514,093
Major Maintenance (CHIP Funded)			11,310,648				11,310,648
<b>Agriculture and Land Stewardship</b>	-	<b>1,000,000</b>	-	-	<b>7,120,000</b>	<b>7,120,000</b>	<b>15,240,000</b>
Agriculture Drainage Wells		1,000,000			1,920,000	1,920,000	4,840,000
Water Quality Initiative					5,200,000	5,200,000	10,400,000
<b>Corrections</b>	<b>4,500,000</b>	<b>1,425,000</b>	<b>200,000</b>	-	<b>500,000</b>	<b>150,000</b>	<b>6,775,000</b>
CBC District 5 Infrastructure					500,000		500,000
Construction Project Manager	4,500,000	1,000,000	200,000				5,700,000
Newton Hot Water Loop		425,000					425,000
CBC District 3 Infrastructure						150,000	150,000

**RIIF Appropriations  
FY 2012 - Estimated FY 2017**

**Other Appropriations**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Cultural Affairs</b>	<b>1,000,000</b>	<b>2,450,000</b>	<b>2,000,000</b>	<b>1,000,000</b>	<b>1,662,000</b>	<b>2,000,000</b>	<b>10,112,000</b>
Civil War Memorial - Littleton					150,000		150,000
USS Battleship Iowa						250,000	250,000
Historical Building Repairs and Renovation		1,450,000	1,000,000				2,450,000
Iowa Great Places Infrastructure Grants	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
Strengthening Communities Grants - Rural YMCAs					500,000	500,000	1,000,000
Veterans Memorial - Drakesville					12,000		12,000
Sullivan Brothers (Grout Museum) - Technology Project						250,000	250,000
<b>Department for the Blind</b>	<b>1,065,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,065,674</b>
Replace Air Handlers and Improvements	1,065,674						1,065,674
<b>Economic Development</b>	<b>26,150,000</b>	<b>20,825,000</b>	<b>7,600,000</b>	<b>6,300,000</b>	<b>5,950,000</b>	<b>5,800,000</b>	<b>72,625,000</b>
Accelerated Career Education (ACE) Infrastructure Program	5,000,000						5,000,000
Camp Sunnyside Facilities Improvements (Cabins, Kitchen)	250,000	125,000		250,000			625,000
Community Attraction and Tourism (CAT)	5,300,000	5,000,000	7,000,000	5,000,000	5,000,000	5,000,000	32,300,000
Fort Des Moines Museum Renovation		100,000		100,000	150,000		350,000
Grow Iowa Values Fund	15,000,000						15,000,000
High Quality Jobs Program		15,000,000					15,000,000
Homeless Shelters Youth Opportunity Center				250,000			250,000
Regional Sport Authorities	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
World Food Prize Borlaug/Ruan Scholar Program	100,000	100,000	100,000	200,000	300,000	300,000	1,100,000
<b>Education</b>	<b>2,255,550</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>4,583,200</b>	<b>4,107,839</b>	<b>16,946,589</b>
ACE Infrastructure Program Community Colleges		6,000,000					6,000,000
Community Colleges Infrastructure Major Maint	1,000,000						1,000,000
ICN Part III & Maintenance & Leases					2,727,000	2,727,000	5,454,000
IPTV Building Purchase	1,255,550						1,255,550
IPTV Equipment Replacement					1,256,200	1,017,000	2,273,200
Statewide Education Data Warehouse					600,000	363,839	963,839
<b>Homeland Security Emerg. Manag.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>400,000</b>	<b>800,000</b>
Mass Notification and Emer Messaging System					400,000	400,000	800,000
<b>Human Rights</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,459,474</b>	<b>1,462,980</b>	<b>2,922,454</b>
Criminal Justice Info System Integration (CJIS)					1,300,000	1,345,000	2,645,000
Justice Data Warehouse					159,474	117,980	277,454
<b>Human Services</b>	<b>285,000</b>	<b>250,000</b>	<b>150,000</b>	<b>4,575,000</b>	<b>4,228,818</b>	<b>985,000</b>	<b>10,473,818</b>
Brain Injury Rehabilitation Facility Infrastructure - On With Life					500,000		500,000
Broadlawns Mental Health Facilities				3,000,000	2,000,000		5,000,000
New Hope Village Center Remodel				250,000			250,000
Nursing Home Facility Construction Improvements	285,000	250,000	150,000	500,000	728,818	500,000	2,413,818
The Homestead Autism Facilities				825,000		485,000	1,310,000
Vocational Services Facility					500,000		500,000
Youth Emergency Shelter Facility Infra					500,000		500,000
<b>Iowa Telecomm. &amp; Tech.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,248,653</b>	<b>1,150,000</b>	<b>3,398,653</b>
ICN Equipment Replacement					2,248,653	1,150,000	3,398,653

**RIIF Appropriations  
FY 2012 - Estimated FY 2017**

**Other Appropriations**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Management</b>	<b>15,541,000</b>	-	<b>14,310,000</b>	-	<b>95,000</b>	<b>95,000</b>	<b>30,041,000</b>
Electronic Grants Management System					50,000	50,000	100,000
Searchable Online Budget and Tax Database					45,000	45,000	90,000
Technology Reinvestment Fund	15,541,000		14,310,000				29,851,000
<b>Natural Resources</b>	<b>12,459,000</b>	<b>14,500,000</b>	<b>17,100,000</b>	<b>20,600,000</b>	<b>16,350,000</b>	<b>13,600,000</b>	<b>94,609,000</b>
Floodplain Management and Dam Safety (Program)	2,000,000						2,000,000
Good Earth State Park				2,000,000			2,000,000
Iowa Park Foundation				2,000,000			2,000,000
Lake Delhi Improvements		2,500,000	2,500,000				5,000,000
Lake Restoration & Water Quality	5,459,000	6,000,000	8,600,000	9,600,000	9,600,000	9,600,000	48,859,000
State Park Infrastructure Improvements (5-Year Capital Plan)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	3,000,000	28,000,000
Water Trails and Low Head Dam Programs		1,000,000	1,000,000	2,000,000	1,750,000	1,000,000	6,750,000
<b>Public Defense</b>	<b>5,900,000</b>	<b>5,160,000</b>	<b>4,500,000</b>	<b>4,250,000</b>	<b>4,500,000</b>	<b>4,050,000</b>	<b>28,360,000</b>
Camp Dodge Infrastructure (include Sewer)	1,000,000	610,000	500,000		500,000	300,000	2,910,000
Facility/Armory Maintenance	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	12,000,000
Gold Star Museum - Camp Dodge				250,000		250,000	500,000
Joint Forces HQ Bldg Renovation	1,000,000	500,000					1,500,000
Muscatine Readiness Center	100,000						100,000
Statewide Modernization Agenda - Readiness Centers	1,800,000	2,050,000	2,000,000	2,000,000	2,000,000	1,500,000	11,350,000
<b>Public Health</b>	-	-	-	-	<b>500,000</b>	<b>575,000</b>	<b>1,075,000</b>
M&CH Database Integration					500,000	500,000	1,000,000
Iowa Prescription Drug Safety Net - Technology						75,000	75,000
<b>Public Safety</b>	-	-	-	-	<b>100,000</b>	<b>150,000</b>	<b>250,000</b>
Fire Training Mobile Units					100,000		100,000
DCI Lab - DNA Marker Software						150,000	150,000
<b>Regents</b>	<b>3,300,000</b>	<b>6,000,000</b>	-	-	<b>430,000</b>	-	<b>9,730,000</b>
Fire Safety/Deferred Maintenance	2,000,000	2,000,000					4,000,000
Innovation/Commercialization Research		3,000,000					3,000,000
IPR - Radio Transmitter					100,000		100,000
ISU - Vet Lab Cancer Equipment					330,000		330,000
ISU Research Park Bldg 5 Improvements		1,000,000					1,000,000
UI Iowa Flood Center	1,300,000						1,300,000
<b>Secretary of State</b>	-	-	-	-	<b>684,000</b>	<b>300,000</b>	<b>984,000</b>
Voter Reg Data Processing					234,000	300,000	534,000
Voter Registration System Update					450,000		450,000
<b>State Fair</b>	-	<b>250,000</b>	-	<b>825,000</b>	<b>2,325,000</b>	-	<b>3,400,000</b>
State Fair Authority Cultural Center Renovation		250,000					250,000
State Fair Authority Youth Inn Remodel				825,000	2,325,000		3,150,000
<b>Transportation</b>	<b>8,750,000</b>	<b>8,250,000</b>	<b>6,750,000</b>	<b>13,750,000</b>	<b>9,150,000</b>	<b>6,940,000</b>	<b>53,590,000</b>
Commercial Service Aviation Infrastructure Grant	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,440,000	8,940,000
General Aviation Infrastructure Grants	750,000	750,000	750,000	750,000	750,000		3,750,000
Public Transit Infrastructure Grants	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	9,000,000
Railroad Revolving Loan and Grant Program	2,000,000	1,500,000		4,000,000	2,000,000	1,500,000	11,000,000
Recreational Trails	3,000,000	3,000,000	3,000,000	6,000,000	3,400,000	2,500,000	20,900,000

**RIIF Appropriations  
FY 2012 - Estimated FY 2017**

	<b>Other Appropriations</b>						
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Treasurer</b>	<b>1,060,000</b>	<b>2,060,000</b>	<b>1,060,000</b>	<b>1,060,000</b>	<b>1,110,000</b>	<b>1,060,000</b>	<b>7,410,000</b>
County Fairs Improvements	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	6,360,000
Iowa ABLE Savings Plan Trust					50,000		50,000
Watershed Improvement Review Board		1,000,000					1,000,000
<b>Veterans Affairs</b>	<b>1,250,000</b>	<b>975,919</b>	<b>250,000</b>	<b>-</b>	<b>10,800,000</b>	<b>2,500,000</b>	<b>15,775,919</b>
Emergency Fuel Tanks for Boilers & Generators					1,800,000		1,800,000
Iowa Vet Cemetery Equipment Bldg			250,000				250,000
Loftus Hall ADA Improvements						500,000	500,000
Malloy Hall Laundry Facilities					3,000,000		3,000,000
Replace Air Handler Units					6,000,000		6,000,000
Sheeler and Loftus Renovation						2,000,000	2,000,000
Veterans Home Boiler Replacement		975,919					975,919
Veterans Home Generator Emissions and Trans Bldg	250,000						250,000
Veterans Home Ownership Program	1,000,000						1,000,000
<b>Total Non-Project Appropriations</b>	<b>\$ 84,761,224</b>	<b>\$ 79,895,919</b>	<b>\$ 69,030,648</b>	<b>\$ 66,360,000</b>	<b>\$ 84,171,001</b>	<b>\$ 61,935,056</b>	<b>\$ 446,153,848</b>

## Attachment B

### RIIF Appropriations

Notwithstanding Iowa Code Section [8.57](#)

The table below reflects total funding amounts that received language suspending (or notwithstanding) the definition of vertical infrastructure. Since the definition has been in place, the percentage of appropriations that did not meet the definition of vertical infrastructure have ranged from 14.5% to 98.9%, with an average of 48.9%. In 11 of the 19 years reviewed, the amount notwithstanding was between 30.0% and 61.0%. Notably, the percentage of appropriation dollar amounts notwithstanding is between 31.6% and 37.2% in the four most recent years. A complete list of appropriations that were notwithstanding from the definition of vertical infrastructure is included in Attachment C. In recent years, major appropriations include the Environment First Fund, Lake Restoration, and the Water Quality Initiative.

	<b>Appropriated from RIIF</b>	<b>Appropriations Notwithstanding</b>	<b>Percentage that Notwithstanding</b>
FY 1998	\$ 124.7	\$ 18.0	14.5%
FY 1999	135.0	23.6	17.5%
FY 2000	170.3	50.4	29.6%
FY 2001	165.2	63.8	38.6%
FY 2002 *	54.0	52.7	97.5%
FY 2003 *	29.6	29.3	98.9%
FY 2004 *	58.6	47.0	80.2%
FY 2005 *	109.6	58.7	53.5%
FY 2006 *	126.8	52.2	41.2%
FY 2007 *	139.3	60.5	43.4%
FY 2008	262.0	74.9	28.6%
FY 2009 *	226.4	133.4	58.9%
FY 2010 *	206.8	125.7	60.8%
FY 2011 *	153.5	121.4	79.1%
FY 2012	168.0	80.4	47.9%
FY 2013	210.6	66.6	31.6%
FY 2014	202.2	67.7	33.5%
FY 2015	169.6	60.6	35.7%
FY 2016	198.4	73.8	37.2%
<b>Average Percentage - FY 1998 to FY 2016:</b>			<b>48.9%</b>
*Years with asterisks are when infrastructure and capital projects were funded in large part from various restricted capital funds that received proceeds from bond issuances and had to be used on capital projects per federal Internal Revenue Code, thus providing new resources for infrastructure funding.			

**RIIF Appropriations Notwithstanding Iowa Code section 8.57  
FY 2012 - Estimated FY 2017**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Agriculture and Land Stewardship</b>	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 7,120,000	\$ 7,120,000	\$ 15,240,000
Ag Drainage Wells	-	1,000,000	-	-	1,920,000	1,920,000	4,840,000
Water Quality Initiative	-	-	-	-	5,200,000	5,200,000	10,400,000
<b>Corrections</b>	<b>4,500,000</b>	<b>1,000,000</b>	<b>200,000</b>	-	-	-	<b>5,700,000</b>
Construction Project Management	4,500,000	1,000,000	200,000	-	-	-	5,700,000
<b>Cultural Affairs</b>	-	<b>1,450,000</b>	<b>1,000,000</b>	-	-	<b>250,000</b>	<b>2,700,000</b>
Grout Museum - Korean War Project	-	-	-	-	-	250,000	250,000
Planning and Study Historical Bldg	-	1,450,000	1,000,000	-	-	-	2,450,000
<b>Economic Development</b>	<b>15,600,000</b>	<b>15,600,000</b>	<b>600,000</b>	<b>700,000</b>	<b>800,000</b>	<b>800,000</b>	<b>34,100,000</b>
Grow Iowa Values Fund	15,000,000	-	-	-	-	-	15,000,000
High Quality Jobs Program	-	15,000,000	-	-	-	-	15,000,000
Regional Sport Authority Districts	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
World Food Prize	100,000	-	-	-	-	-	100,000
World Food Prize/Ruan Borlaug Scholar	-	100,000	100,000	200,000	300,000	300,000	1,000,000
<b>Education</b>	-	-	-	-	<b>4,583,200</b>	<b>4,107,839</b>	<b>8,691,039</b>
ICN Part III & Maintenance & Leases	-	-	-	-	2,727,000	2,727,000	5,454,000
IPTV Equipment Replacement	-	-	-	-	1,256,200	1,017,000	2,273,200
Statewide Education Data Warehouse	-	-	-	-	600,000	363,839	963,839
<b>Environment First Fund</b>	<b>33,000,000</b>	<b>35,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>42,000,000</b>	<b>236,000,000</b>
Environment First Fund	33,000,000	35,000,000	42,000,000	42,000,000	42,000,000	42,000,000	236,000,000
<b>Homeland Security and Emerg. Manag.</b>	-	-	-	-	<b>400,000</b>	<b>400,000</b>	<b>800,000</b>
Mass Notification & Emergency Messaging System	-	-	-	-	400,000	400,000	800,000
<b>Human Rights</b>	-	-	-	-	<b>1,459,474</b>	<b>1,462,980</b>	<b>2,922,454</b>
Criminal Justice Info System Integration (CJIS)	-	-	-	-	1,300,000	1,345,000	2,645,000
Justice Data Warehouse	-	-	-	-	159,474	117,980	277,454
<b>Management</b>	<b>15,541,000</b>	-	<b>14,310,000</b>	-	<b>95,000</b>	<b>95,000</b>	<b>30,041,000</b>
Electronic Grants Management System	-	-	-	-	50,000	50,000	100,000
Searchable Online Budget and Tax Database	-	-	-	-	45,000	45,000	90,000
Technology Reinvestment Fund	15,541,000	-	14,310,000	-	-	-	29,851,000
<b>Natural Resources</b>	<b>7,459,000</b>	<b>7,000,000</b>	<b>9,600,000</b>	<b>13,600,000</b>	<b>11,350,000</b>	<b>10,600,000</b>	<b>59,609,000</b>
Floodplain Management	2,000,000	-	-	-	-	-	2,000,000
Iowa Parks Foundation	-	-	-	2,000,000	-	-	2,000,000
Lake Restoration and Dredging	5,459,000	6,000,000	8,600,000	9,600,000	9,600,000	9,600,000	48,859,000
Water Trails and Low Head Dam Repairs	-	1,000,000	1,000,000	2,000,000	1,750,000	1,000,000	6,750,000



**RIIF Appropriations Notwithstanding Iowa Code section 8.57  
FY 2012 - Estimated FY 2017**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Public Defense</b>	-	-	-	<b>250,000</b>	-	<b>250,000</b>	<b>500,000</b>
Gold Star Museum	-	-	-	250,000	-	250,000	500,000
<b>Public Health</b>	-	-	-	-	<b>500,000</b>	<b>575,000</b>	<b>1,075,000</b>
M&CH Database Integration	-	-	-	-	500,000	500,000	1,000,000
Statewide Safety Net Pharmacy	-	-	-	-	-	75,000	75,000
<b>Public Safety</b>	-	-	-	-	<b>100,000</b>	-	<b>100,000</b>
Fire Training Mobile Units	-	-	-	-	100,000	-	100,000
<b>Public Safety</b>	-	-	-	-	-	<b>150,000</b>	<b>150,000</b>
DNA Data Marker	-	-	-	-	-	150,000	150,000
<b>Regents</b>	<b>1,300,000</b>	<b>3,000,000</b>	-	-	<b>430,000</b>	-	<b>4,730,000</b>
Commercialization and Research	-	3,000,000	-	-	-	-	3,000,000
Iowa Flood Center	1,300,000	-	-	-	-	-	1,300,000
Radio Transmitter	-	-	-	-	100,000	-	100,000
ISU - Vet Lab Cancer Equipment	-	-	-	-	330,000	-	330,000
<b>Secretary of State</b>	-	-	-	-	<b>684,000</b>	<b>300,000</b>	<b>984,000</b>
Voter Reg Data Processing	-	-	-	-	234,000	-	234,000
Voter Registration System Update	-	-	-	-	450,000	300,000	750,000
<b>Telecom and Tech Comm</b>	-	-	-	-	<b>2,248,653</b>	<b>1,150,000</b>	<b>3,398,653</b>
ICN Equipment Replacement	-	-	-	-	2,248,653	1,150,000	3,398,653
<b>Transportation</b>	<b>2,000,000</b>	<b>1,500,000</b>	-	<b>4,000,000</b>	<b>2,000,000</b>	<b>1,500,000</b>	<b>11,000,000</b>
Railroad Revolving Loan & Grant Fund	2,000,000	1,500,000	-	4,000,000	2,000,000	1,500,000	11,000,000
<b>Treasurer</b>	-	<b>1,000,000</b>	-	-	<b>50,000</b>	-	<b>1,050,000</b>
Iowa ABLE Savings Plan Trust	-	-	-	-	50,000	-	50,000
Watershed Improvement Review Board	-	1,000,000	-	-	-	-	1,000,000
<b>Veterans Affairs</b>	<b>1,000,000</b>	-	-	-	-	-	<b>1,000,000</b>
Home Ownership Assistance	1,000,000	-	-	-	-	-	1,000,000
<b>Grand Total</b>	<b>80,400,000</b>	<b>65,550,000</b>	<b>67,710,000</b>	<b>60,550,000</b>	<b>71,521,674</b>	<b>69,610,819</b>	<b>415,342,493</b>

## Attachment D

### OTHER STATES

States have adopted a number of different funding mechanisms, planning methods, and maintenance classifications to build and maintain infrastructure. In 2014, the national Association of State Budget Officers published [Capital Budgeting in the States](#), a report that tracked capital budgeting practices. The report also endorsed a number of budgeting practices that were effective and efficient means to allocate capital expenses. The report reviewed practices used in each state. For instance, 22 states are reported as maintaining a pay-as-you-go system for capital projects. States also rely on a number of different methods to fund state infrastructure. A sampling of states and designated revenues are listed below:

- Missouri transfers 1.0% of net general revenue collections based on the preceding fiscal year to the Facilities Maintenance Reserve Fund that is used for maintaining, repairing, and renovating state facilities.<sup>1</sup>
- Montana uses 2.6% of cigarette tax revenue and up to 12.0% of coal severance tax revenue for infrastructure projects through the Long-Range Building Program to provide capital construction and maintenance of state-owned facilities.<sup>2</sup>
- Nebraska uses cigarette tax revenue and designates 7.0 cents of the 64-cent tax rate to deposit in the Building Renewal Allocation Fund for deferred maintenance and repair of state buildings.<sup>3</sup>
- Indiana uses wagering tax revenue from riverboat casinos and pari-mutuel land-based casinos and lottery revenue for state and local capital projects through the Build Indiana Fund.<sup>4</sup> The allocation is similar to the RIIF in that the remainder after several allocations deposits in the Build Indiana Fund.
- Kansas uses gaming revenues, property tax revenue, and motor vehicle property tax revenue to fund its various building funds, such as the Educational Building Fund and Correctional Institutions Building Fund.<sup>5</sup>

Many states use different types of bonds for infrastructure improvements. For instance, 19 states allow General Obligation (GO)<sup>6</sup> bonds only after voter approval and 38 place statutory or constitutional limits on GO bonds.<sup>7</sup> In Iowa, the state constitution limits GO bonds to \$250,000, effectively eliminating GO bonds from consideration for projects.<sup>8</sup>

Revenue bonds are more widely used by state governments, including Iowa. According to a 1999 report by the National Association of State Budget Officers, 38 states indicated the use of revenue bonds in their capital budget processes.<sup>9</sup> From the RIIF, Iowa is currently making annual debt payments of \$67.0 million on \$690.4 million in outstanding revenue bonds. Recently the Executive Council approved the reissue of \$265.0 million in revenue bonds at an interest rate of 1.7%, a rate decrease of around 2.0% that is expected to reduce debt payments by \$3.0 million per year.

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<sup>1</sup> Missouri Constitution, Article IV, Section 27(b).

<sup>2</sup> Montana Code Annotated, Title 17, Chapter 7, Sections 201 through 213 (2015). Coal severance taxes may be used for debt service payments on building projects if bonds have been issued for projects in the Program.

<sup>3</sup> Nebraska Revised Statutes, Sections 77-2602 and 81-179, 2007.

<sup>4</sup> Indiana Code, Sections 4-31-9-3, 4-33-13-4, and 4-30-17-2 through 4-30-17-13.

<sup>5</sup> Kansas Statutes Annotated, Sections 76-6b01, 76-6b02, 76-6b04, 79-4803, and 79-5109

<sup>6</sup> General obligation bonds are secured by a state or local government pledge to pay the debt service from taxes and other resources available, therefore, they are backed by the government entity's pledge of full faith and credit and taxing power. The State of Iowa does not have any outstanding GO bonds.

<sup>7</sup> National Association of State Budget Officers, [Capital Budgeting in the States](#), 2014.

<sup>8</sup> Iowa Const. art. VII, section 2.

<sup>9</sup> National Association of State Budget Officers, [Capital Budgeting in the States](#), 2014.