

Road Use Tax Fund Study
2021 Update

MPO/RPA
Quarterly Meeting
December 15, 2021



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Discussion topics

- What we're doing
- Why we're doing it
- Current status

What we're doing

- Updating RUTF study, per Iowa Code

307.31 Periodic review of revenues — evaluation of alternative funding sources.

1. The department shall periodically review the current revenue levels of the road use tax fund and the sufficiency of those revenues for the projected construction and maintenance needs of city, county, and state governments in the future. The department shall submit a written report to the general assembly regarding its findings by December 31 every five years, beginning in 2011. The report may include recommendations concerning funding levels needed to support the future mobility and accessibility for users of Iowa's public road system.

2. The department shall evaluate alternative funding sources for road maintenance and construction and report to the general assembly at least every five years on the advantages and disadvantages and the viability of alternative funding mechanisms. The department's evaluation of alternative funding sources may be included in the report submitted to the general assembly under subsection 1.

2007 Acts, ch 200, §5

What we're doing

- Three primary components
 - Projected revenues
 - Projected road and bridge needs
 - Recommendations, including alternative funding
- Deadline - December 31st

Why we're doing it

- Estimate sufficiency of RUTF revenues to address statewide road and bridge needs
- Develop state funding recommendations for Legislature
- (Sneak preview: revenues are less than needs)

Sources of needs estimates

- City road/bridge needs: INTRANS (dTIMS)
- County road/bridge needs: ICEASB (TR608)
- State road needs: Iowa DOT Pavement (dTIMS)
- State bridge needs: Iowa DOT Bridge Management Team (IDS Bridge Optimizer)

Needs estimate parameters

- 2020 baseline condition data
- Forecast period: 2021-2040
- No overall funding/budget constraints
- Condition targets consistent desired management practices
- Initial estimates in current year dollars
- Will apply consistent annual cost inflation

Draft needs estimates

	State	County	City
20-year needs	\$32.76B	\$28.06B	\$26.83B

- Total 20-year needs = \$87.65B
- Annual average needs = \$4.38B

Sources of revenue estimates

- Road Use Tax Fund Forecast: Iowa DOT
- County revenue history: ICEASB
- City revenue history: City Street Finance Reports (Iowa DOT Local Systems)
- Federal Funding Forecast: Iowa DOT

Revenue estimate parameters

- Forecast period: 2021-2040
- RUTF revenue growth approximately 1% annually
- Federal revenue growth
 - Includes Infrastructure Bill funding levels through FFY 2026
 - Approximately 0.5% growth annually beyond 2026

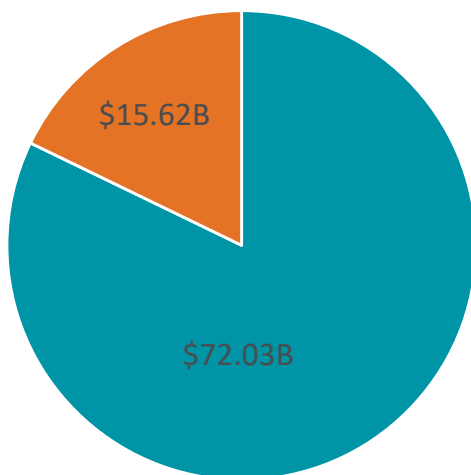
Draft revenue estimates

	State	County	City
20-year revenue	\$28.55B	\$18.79B	\$24.69B

- Total 20-year revenue = \$72.03B
- Annual average revenue = \$3.60B

Draft shortfall estimate

20-year needs: \$87.65B



Average annual shortfall
\$781 million

■ 20-year revenue ■ 20-year shortfall

Revenue sources included in study

- Existing Revenue Source Review
 - Fuel Tax
 - Fee for New Registration
 - Annual Registration Fees
 - Drivers License Fees
- Potential Revenue Source Review
 - Local Options Vehicle Tax
 - Sales Tax on Fuel
 - Severance Tax on Ethanol
 - Per Mile Tax
 - Transportation Improvement District
 - Tolling
 - Development Impact Fees
 - Bonding
 - Public Private Partnerships
 - Container Tax
 - Imported Oil Tax
 - Tire Tax
 - Agriculture Bushel Tax
 - Tax on Taxi and Ride Hailing Services
 - Increase Oversize/Overweight Load Fees
 - Truck Mileage Tax

Possible recommendation

- Fuel Tax Indexing
 - Evaluated how other states index fuel taxes
 - Based on CPI
 - Based on CCI
 - Based on wholesale price of fuel
 - Reviewed historical Consumer Price Index data
 - Evaluated indexing alternatives for Iowa based on national Consumer Price Index for all urban consumers (CPI-U)
 - Recommendation for Iowa
 - Index to Consumer Price Index for all urban consumers (CPI-U)
 - Cap of 3% growth annually
 - No negative adjustments



QUESTIONS?

