

Recent Road Fund Studies and Current Status

Governor's Transportation 2020 Citizen Advisory Commission
June 16, 2011

Stuart Anderson
Iowa Department of Transportation

	Length (miles)	# of Bridges
State	9,403	4,092
County	89,911	19,386
City	14,804	1,111
Other	623	210
Total	114,740	24,799

Iowa's Public Roadway System

Funding Source	FY 2011 (estimated)	Percent of Total
Fuel Tax	\$430 million	36 percent
Annual Registration Fee	\$470 million	39 percent
Fee for New Registration	\$240 million	20 percent
Other*	\$70 million	5 percent
Total	\$1.21 billion	

* Driver license fees, title fees, trailer registration fees, and other miscellaneous fees.

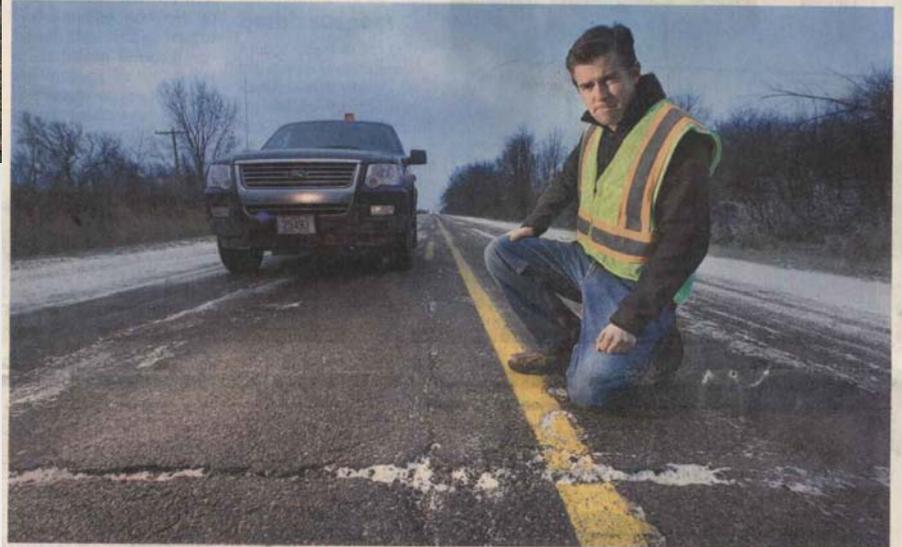
State RUTF/TIME-21 Funding

- “Perfect Storm”
 - Large and aging system
 - Increasing demands
 - Flattening revenue
 - Increasing construction cost inflation rate
- Impact of severe weather
 - Immediate damage to infrastructure
 - Deferred maintenance due to shift in operational activities to address weather impacts.
 - Unquantifiable loss of useful life due to underlying damage to infrastructure

Challenges



Counties struggle to maintain roads



RODNEY WHITE/THE REGISTER

Washington County Engineer David Patterson looks at the deep cracks forming on County Road W64 near Haskins, north of Ainsworth. He said the road would be treated similar to the main street in Haskins and allowed to return to gravel.

As costs soar and revenue stays flat, some get reverted to gravel



- Created in 2002 consisting of DOT, city and county officials
- Study ways to increase efficiency
- Recommendations adopted by legislature in 2003
 - Transfer of jurisdiction
 - Small city jurisdictional responsibility
 - Reduced maintenance standards for low-volume county roads

RUTF Committee

- Legislatively mandated study (2005)
- Submitted December 29, 2006
- Identified long-term needs.
- Identified existing revenues.
- Funding shortfall: \$27.7 billion over 20 years.
- Critical need funding shortfall: \$4 billion over 20 years, or \$200 million annually
- Recommended creation of a TIME-21 Fund to be supported with \$200 million in additional funding phased-in over two years (beginning FY 2008)

2006 RUTF Study

- HF 932 signed by Governor on May 25, 2007
 - Created TIME-21 Fund
 - Defined distribution and targeting of fund
 - 60 percent to DOT: For use on access-Iowa highways, CIN highways (priority to projects around renewable fuel developments), and Interstate highways.
 - 20 percent to counties: For use on county road bridges and on farm-to-market roads (priority for projects that support economic development and job creation).
 - 20 percent to cities: To improve and sustain the city street system.
 - Required regular review (every five years) of needs and revenue including alternative funding sources.
 - Established legislative committee to develop funding proposal by January 15, 2008

TIME-21 Legislation (HF 932)

- SF 2420 signed by Governor on April 22, 2008
 - Eliminated 'use tax' mechanism and replaced with an equivalent 'fee for new vehicle registration' that is constitutionally protected
 - Allocated revenue to TIME-21 Fund
 - Increase certain vehicle registration fees (grandfathered)
 - Increase trailer registration fees
 - Increase title fees
 - Created a Statutory Allocations Fund (SAF) where all revenue that is not constitutionally required to be spent on roads is deposited.

TIME-21 Legislation (SF 2420)

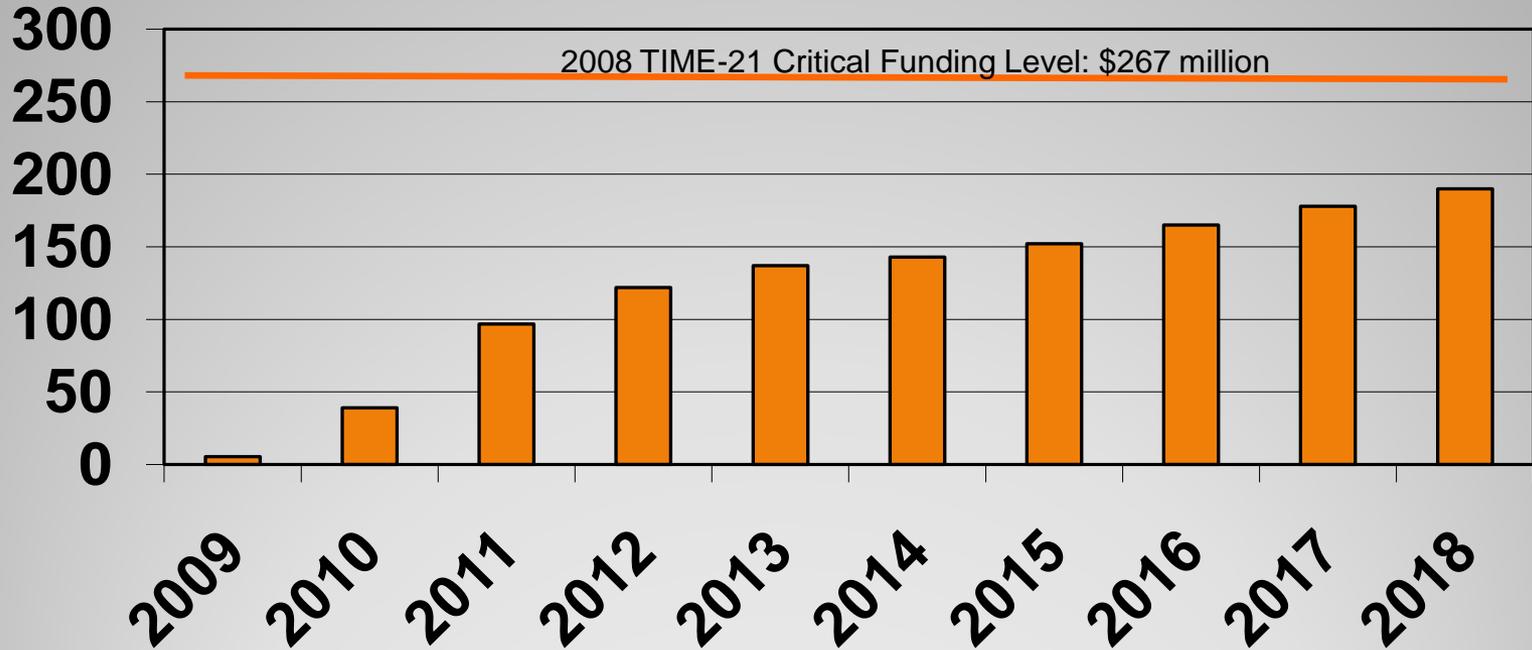
- Submitted to legislature December 31, 2008
- Reevaluation of recent trends
 - Large and aging system
 - Increasing demands
 - Flattening revenue
 - Increasing construction cost inflation rate
- Reevaluation of critical needs – TIME-21 annual critical funding need is \$267 million
- Identification of TIME-21 funding shortfall
- Assessment of balance of revenue from Iowa and out-of-state drivers.

TIME-21 Funding Analysis (2008)

- TIME-21 Revenue
 - FY 2009: \$5.3 million (actual)
 - FY 2010: \$39.1 million (actual)
 - FY 2011: \$96.7 million (actual)
 - FY 2012: \$122 million (forecast)
 - FY 2013: \$137 million (forecast)
 - FY 2014: \$143 million (forecast)
 - FY 2015: \$152 million (forecast)
- Current TIME-21 revenue streams will continue to grow over time but growth will slow beyond FY 2015 as grandfathering provisions are fully implemented

TIME-21 Funding History/Forecast

Growth of TIME-21 Revenue



- Share of Travel vs. Share of Revenue

	2007 Vehicle Miles of Travel	Estimate of RUTF Revenue
Iowa drivers	80 percent	87 percent
Out-of-state drivers	20 percent	13 percent

- Two revenue sources generate funding from out-of-state drivers
 - Fuel tax
 - Pro-rated registration fees from commercial vehicles

Analysis of Fees Paid by Iowa Drivers and Out-of-State Drivers

- Iowa Fuel Tax Rates (cents per gallon)

Year	Gasoline	Gasohol	Diesel
1989	20.0	19.0	22.5
2011	21.0	19.0	22.5
2011 (if tax rate kept up with CPI)	35.2	33.4	39.6
2011 (if tax rate kept up with Iowa's Construction Cost Index)	47.8	45.4	53.8

- Fuel Tax – Average Annual Cost
 - 2007 analysis by University of Iowa
 - Average driver pays \$4.77 per year for each cent of fuel tax

Fuel Tax Rates

- *“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.”*
- *“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.”*

2011 RUTF Study

- Iowa's infrastructure rankings continue to drop

Table 2 – Comparison of Iowa's Roadway Condition Rankings from 2009 to 2010

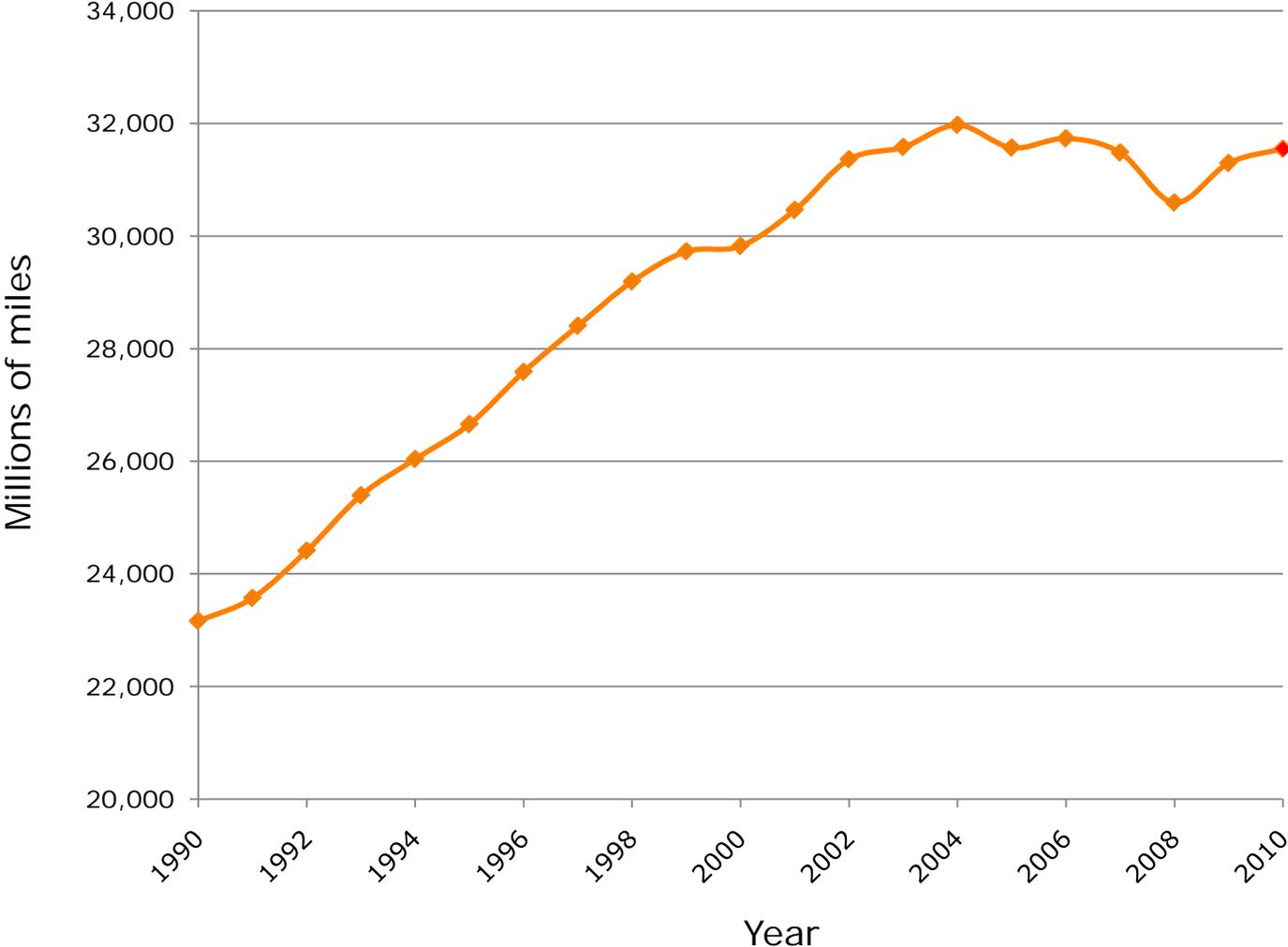
Category	2009 Ranking (based on 2007 data)	2010 Ranking (based on 2008 data)	Change
Rural Interstate Condition*	34th	38th	-4
Urban Interstate Condition*	43rd	43rd	0
Rural Arterial Condition*	43rd	46th	-3
Deficient Bridges	30th	34th	-4

Source: *Annual Report on the Performance of State Highway Systems*, Reason Foundation, David T. Hartgen, Ph.D., P.E., and Ravi K. Karanam, December 2009 and September 2010

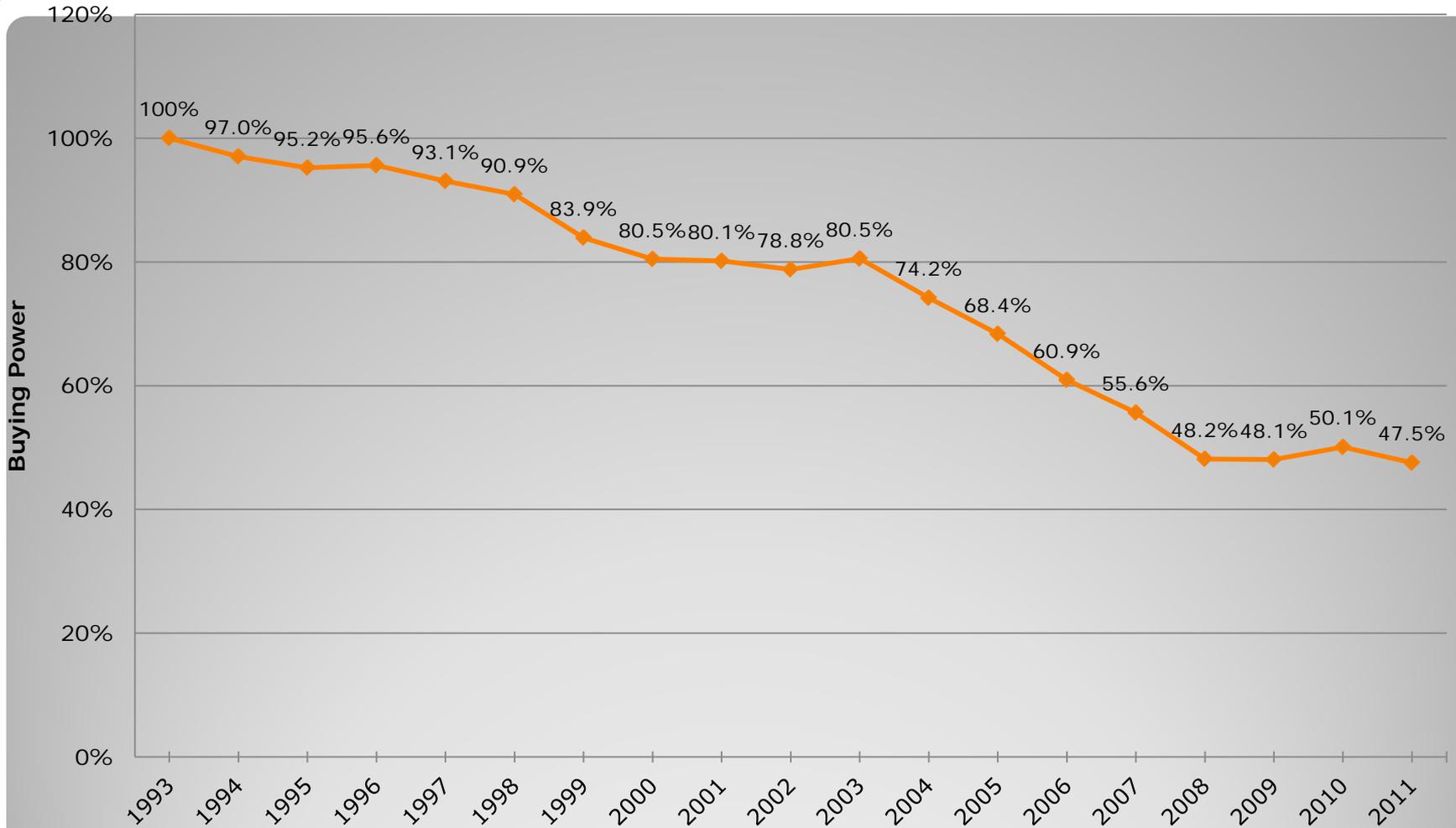
* Based on road roughness

Revaluation of Recent Trends

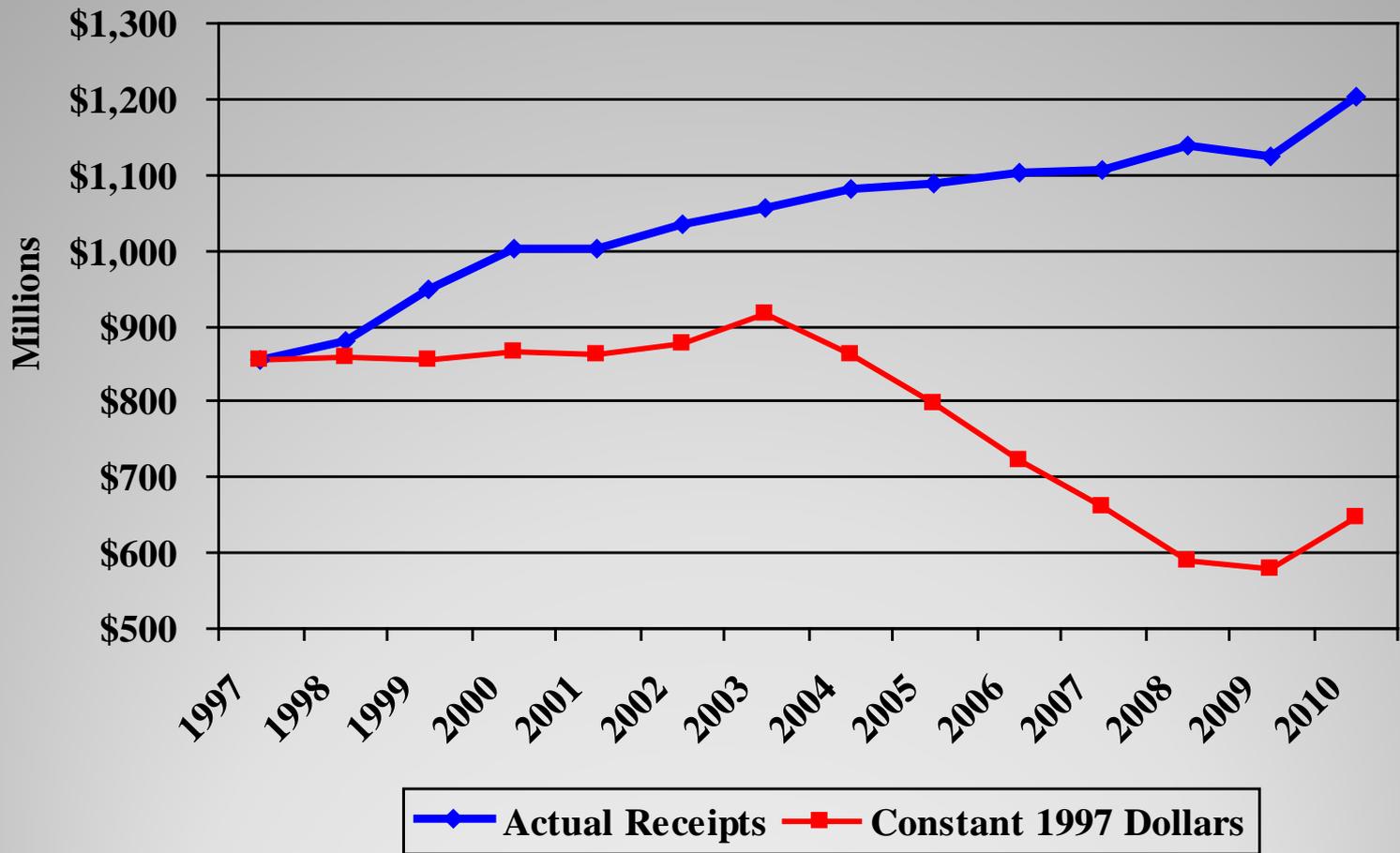
Total Vehicle Miles of Travel in Iowa



* 2010 data estimated



Loss of Buying Power – Construction Costs in Iowa



History of RUTF Revenue

- Continued impacts on the system due to severe weather.
- Condition of the system continues to deteriorate.
- Growth in revenue is due primarily to TIME-21 revenue increases resulting from grandfathering provisions.
- Overall traffic and truck traffic has begun to grow again.
- Construction cost inflation is beginning to return (+5.3 percent through the first quarter of CY 2011).
- Anticipated reduction in federal highway funding and negative impacts on revenue due to increased fuel efficiency.

Reevaluation of Recent Trends

	20-Year Total (in millions)	Average Annual (in millions)
Needs	\$51,600	\$2,580
Revenue*	\$47,300	\$2,365
Shortfall	(\$4,300)	(\$215)

* Includes forecast TIME-21 revenue

Reevaluation of Critical Needs (DRAFT)