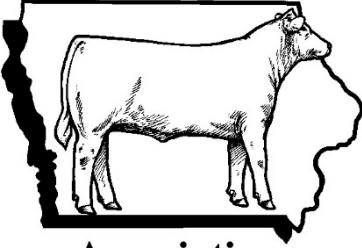


## Iowa Cattlemen's



### Association

# Funding for Iowa's Rural Roads and Bridges

ICA Fact Sheet  
October 2014

There are many misconceptions on the funding of Iowa's infrastructure. This fact sheet was designed to ensure you have the tools and resources to make educated decisions on the future of funding for Iowa's roadway system. Primary, secondary, and farm-to-market roads are funded by revenues collected in the state of Iowa. These are the roads you travel on every day, state highways, county roads, and your gravel road. Additionally federal dollars are collected through the Highway Trust Fund but only reimburses expenditures on approved projects with a 10-20% match on federal dollars.

### State Road Funding Sources

Focusing on local control, Iowa's roads and bridges are funded through two primary programs:

- Road Use Tax Fund (RUTF) **\$1.2 billion** – Money for the RUTF is collected from many sources including a state excise tax on fuels (36%), new vehicle registration fees (25%), annual vehicle registration fees (33%) and other miscellaneous sources (6%). No State general fund revenue is used for highway projects in Iowa. Deposits into the RUTF are allocated as such:
  - 47.5% for primary road system (state highways)
  - 24.5% for secondary road system (county roads)
  - 20% for city streets
  - 8% for farm-to-market county roads
- TIME-21 **\$156.2 million** – Finalized in 2008, TIME-21 is an additional infrastructure resource that is funded using a portion of annual vehicle registration fees, trailer and title fees. Revenue deposited in the TIME-21 Fund is dedicated to the maintenance and construction of primary roads (60%), secondary roads (20%) and municipal streets (20%).

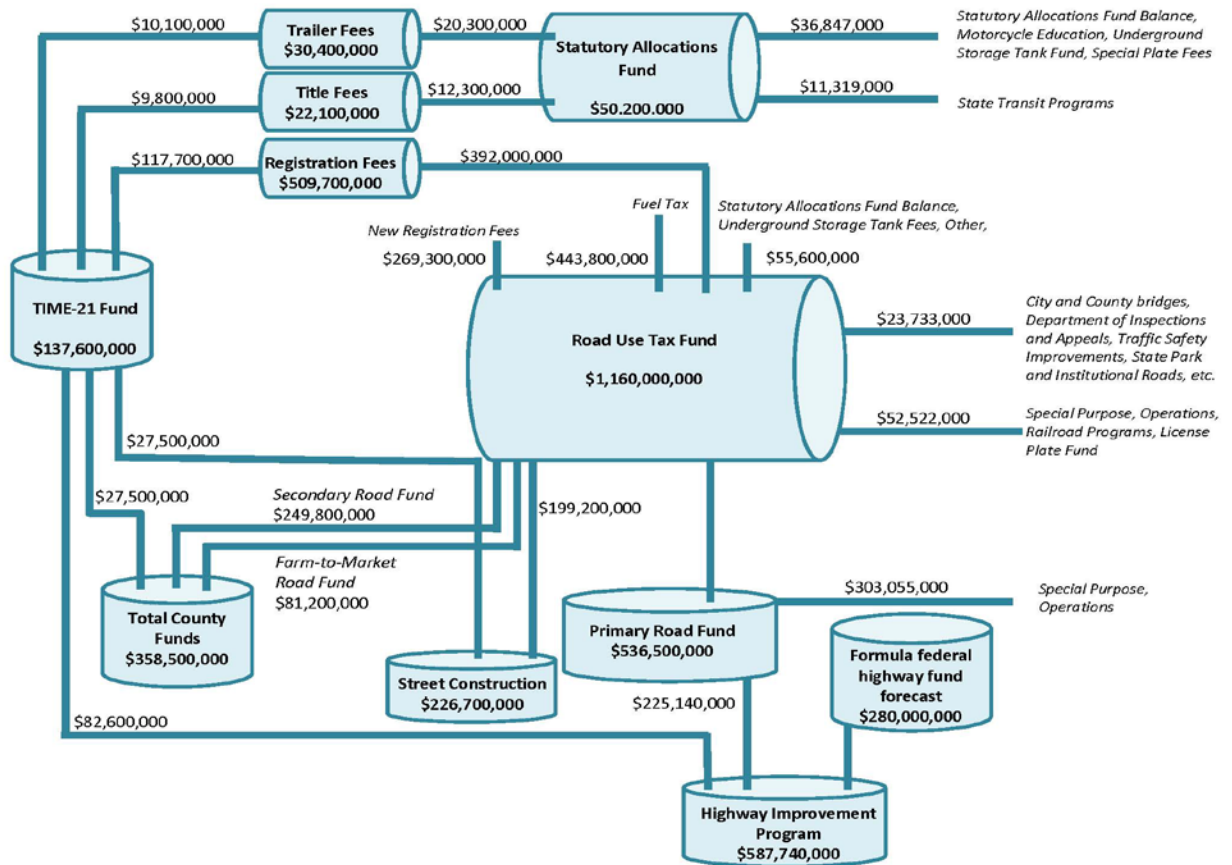
### The Iowa Fuel Tax

Listed below are the current taxes placed on fuels sold in Iowa, including both the state and federal tax. Those highlighted in gray are the allocations for the federally collected tax.

| Fuel                     | State Tax | Federal Tax | Highway Account | Mass Transit Account | LUST fund |
|--------------------------|-----------|-------------|-----------------|----------------------|-----------|
| Gasoline                 | 21.0      | 18.4        | 15.44           | 2.86                 | 0.1       |
| Ethanol-blended gasoline | 19.0      | 18.4        | 15.44           | 2.86                 | 0.1       |
| Diesel & Bio-Diesel      | 22.5      | 24.4        | 21.44           | 2.86                 | 0.1       |
| Liquid Propane           | 20        | 18.3        | 16.17           | 2.13                 |           |
| Compressed Natural Gas   | 16.0      | 18.3        | 17.07           | 1.23                 |           |

### State Road Funding Deficit

According to the Governor's Transportation 2020 Citizen Advisory Commission the state of Iowa is short over **\$200 million annually** to fund construction and maintenance of roads and bridges. At the time this report was written over thirty Iowa counties bonded road projects, placing the burden on landowners in the county. This is not an efficient or effective way to maintain secondary road infrastructure.



Above: A simplified figure of the 2015 Fiscal Year Transportation Funding avenues.

### Infrastructure Funding Concepts

Several concepts have been brought forth by state legislators and government agencies to address the shortage of dollars to fund construction and maintenance of Iowa's infrastructure. Proposals that will affect Iowa's beef industry directly are related below:

1. Increase the motor fuel excise tax by 10 cents, phased in over a number of years.
2. Increase the new registration fees on vehicles from 5% to 6% .
3. Apply a state excise tax on dyed diesel and direct revenue to secondary roads/bridges.
4. Create a new excise tax formula applying sales tax of wholesale price with reduced flat excise tax rate to create an adjustable excise tax rate for inflation .
5. Eliminate reduced excise tax rate for ethanol blended fuel.
6. Create registration fee for off road vehicles, including tractors, and fenceline feeders.
7. Increase oversize/overweight vehicle permit fees.
8. Eliminate the per gallon excise tax and replace with state excise sales tax on fuel.

### ICA Policy

The Iowa Cattlemen's Association maintains the following policy on Road Use Tax Fund:

*WHEREAS, the Road Use Tax Fund is constitutionally protected to repair and maintain Iowa's roads and bridges; and WHEREAS, the Road Use Tax Funds are distributed according to a state mandate formula. THEREFORE BE IT RESOLVED, the Iowa Cattlemen's Association opposes any changes to the formula that would jeopardize funding for use on rural Iowa road and bridge infrastructure.*