Iowa Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Levy real property taxes.

• Impose levies within special taxing districts for the financing of local public improvements.

• If a county’s board passes an appropriate motion or receives a petition for a local option tax signed by a number of people equal to or greater than 5 percent of the number of the county’s voters who participated in the last general state election, it may propose either a local sales and services tax with a maximum rate of 1 percent or a local vehicle tax, depending on the terms of the petition.

• Charge annual fees of various amounts for the registration of motor vehicles.

• Charge the operators of gambling riverboats a fee of no more than $0.50 per person embarking on a gambling excursion on a boat docked within the unincorporated parts of its jurisdiction.

Counties do not have authority to:

• Levy any noteworthy license taxes not already listed.

• Impose personal property taxes.

Mandated/Authorized Transportation Services:

• The board may establish, construct, and maintain all secondary roads (i.e. county roads) by establishing a secondary road fund, contracting out construction and assessment of secondary roads, and abatement of weeds along such roads.

• The board may purchase land to create airports.

• Counties may enter into regional transit agreements with contiguous counties, cities, and townships. Subsequent to the creation of a regional transit area, the county must create a regional transit authority to administer the area and provide public transportation coordinated across the regional transit area. Property held by the county and used for the operation of the district is ceded to the regional authority.

## **Funding Sources for County Transportation Projects:**

Counties Transportation Funding, Iowa 2012

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| **Revenue Source** | **Share** |
| Road Use Tax Fund (RUTF) distribution from the Iowa Department of Transportation. (The RUTF is comprised of motor vehicle taxes, motor vehicle registration and title fees, fee for new vehicle registration, and other revenues.) | 43% |
| Property tax revenues | 24% |
| Direct federal and state revenues | 17% |
| Local Option Sales Tax revenues | 5% |
| Miscellaneous receipts. (These receipts include Driver's License and Permit Fees, Special Assessments, Disaster Aid, and other revenues.) | 5% |
| TIME-21 Revenue. (Generated by changing certain vehicle registration fees and schedule, and increasing trailer and title fees.) | 3% |
| Bridge Replacement Funds (BROS) | 2% |
| Tax refunds and credits | <1% |

## **Challenges in Funding and Financing Transportation Projects:**

• Large truck travel is still increasing. Between 2005 and 2007, large truck travel in Iowa increased over 3 percent which is equivalent to an additional 152 million miles of large truck travel in the state over those 2 years. Some of this increase is due to growth in renewable fuel production in Iowa the last two years. Ethanol production capacity has nearly doubled in the last two years which results in a doubling of truckloads of corn shipped to those plants. That reflects an increase of approximately 600,000 truckloads annually.

• Revenue to the Road Use Tax Fund (RUTF) and federal Highway Trust Fund (HTF) has flattened recently and it is probable that those funding sources will decline as fuel tax revenue decreases and other forms of funding are negatively impacted by the current economic situation.

• The inflation of construction costs has been at an extremely high level the last few years which has dramatically reduced the buying power of limited funding.

## **Innovative Solutions to Funding and Financing Challenges:**

• TIME-21 was created in 2008 as a new revenue stream. Revenue is dedicated primarily to maintenance and construction of certain primary highways in the state (60 percent), also secondary roads (20 percent), and municipal streets (20 percent). Revenue was generated by changing certain vehicle registration fees and schedule, and increasing trailer and title fees.