



Iowa DOT Update

ICPA 60th Annual Workshop – February 8, 2024



Topics

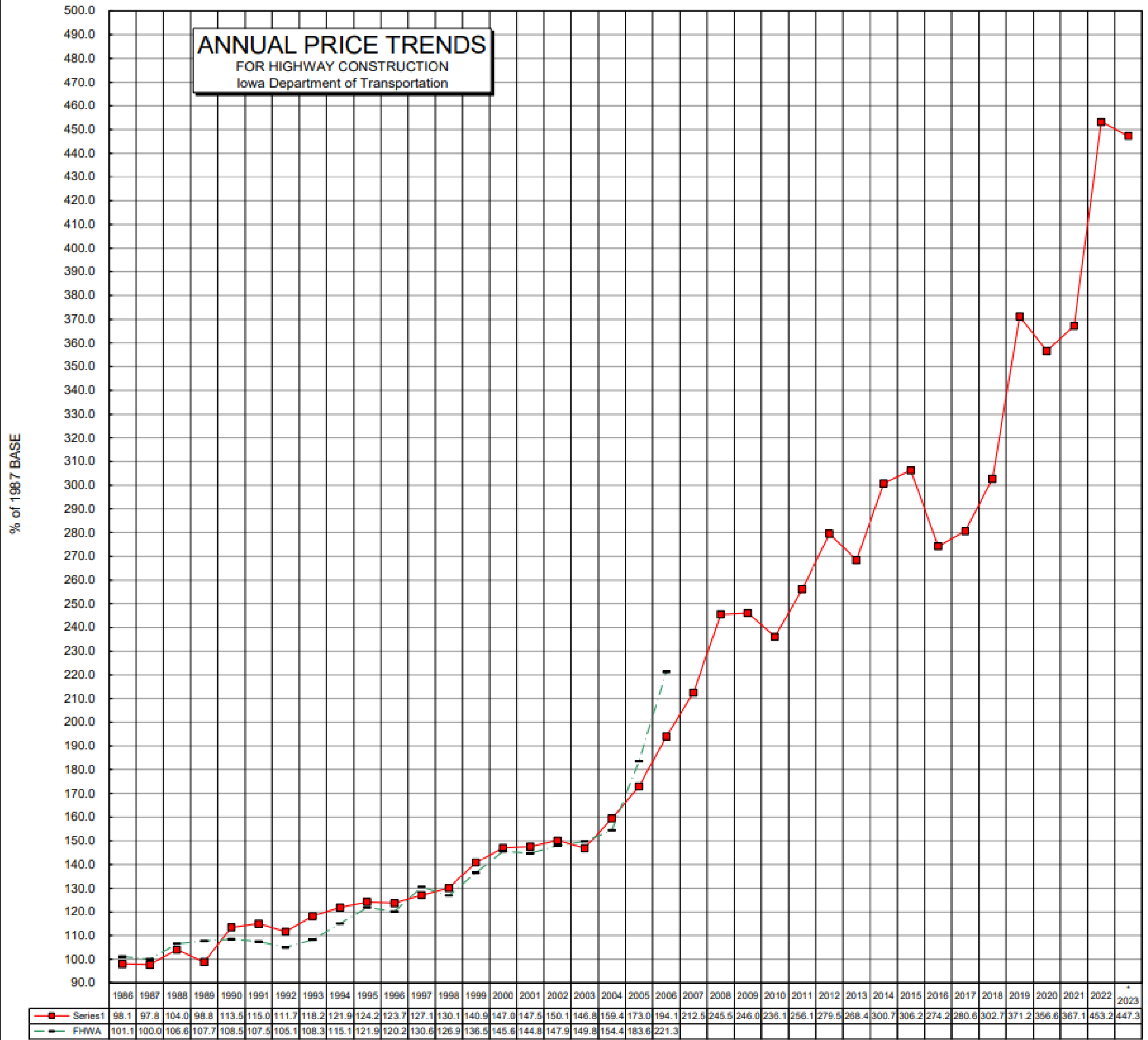
- 2024-2028 Highway Program
- FY 2024 Status
- 2025-2029 Highway Program
- Federal Highway Trust Fund Sustainability
- Electric Vehicles in Iowa

2024-2028 Highway Program

- Approved in June 2023
- \$4.3 billion of state/federal funding
- Delayed 12 projects by up to one year
- No projects removed from the Program
- Some projects underfunded (discretionary grant candidates)
- Challenges
 - No additional funding
 - Federal funding uncertainty
 - FY 2027 and 2028 are beyond Infrastructure Bill authorization
 - Construction cost increases



ANNUAL PRICE TRENDS
FOR HIGHWAY CONSTRUCTION
Iowa Department of Transportation



CY 2022: +23.4 percent

CY 2023: -1.3 percent

FY 2024 Status

- State Funding
 - FY 2024 lettings through January: \$17.2 m above programmed amounts
 - FY 2024 revenue through December: \$28.3 m above forecast
 - Overall balance: \$13.8 overprogrammed (started at \$24.9 m over programmed)
- Federal Funding
 - Third Continuing Resolution through **Mar. 1**/Mar. 8
 - Awarded a \$57.3 million federal discretionary grant for I-380/Wright Brothers Blvd project in Cedar Rapids

2025-2029 Highway Program

- No new revenue
- Inflation is moderating
- Three of the five years beyond the life of the Infrastructure Bill – forecast flat revenue

2025-2029 Highway Program Schedule

- √ September: Highway Planning 101
- √ October: Transportation Asset Management Overview
- √ December: Interstate Plan Update
- √ January:
 - State Long-Range Plan Implementation Update
 - Asset Management: Pavement
 - Begin program development discussion
- February:
 - Asset Management: Bridge
 - Present recommended back-of-the-program line items
 - Present updated state and federal funding forecast
 - Discuss project candidates

2025-2029 Highway Program Schedule (cont.)

- March (over two separate workshops):
 - Asset Management Summary
 - Present updated cost estimates for projects in Program
 - Review/confirm stewardship targets
 - Discuss project candidates
 - Approve back-of-the-program line items
- April
 - Provide full lists of recommendation highway projects by category
 - Approve Program objectives
- May: Release draft Program
- June: Approve Program

Federal Highway Way Trust Fund History

- Created in 1956 to fund federal highway, mass transit, safety and motor carrier safety programs
- Structural change in 1982
 - Highway Account – initially allocated 80 percent, now it's ~87 percent
 - Mass Transit Account – initially allocated 20 percent, now it's ~13 percent
- Purpose: Dedicated and predictable source of funding that provides certainty to state and local governments in maintaining good quality highways and transit

Highway Way Trust Fund Sources

- Federal Fuel Tax (84 percent of revenue)
 - Gasoline: 18.4 cents per gallon
 - Diesel: 24.4 cents per gallon
- Heavy trucks and trailers sales tax (10 percent of revenue)
 - 12 percent of sales price
- Heavy vehicles annual use tax
 - \$100 to \$550 annual tax on trucks over 55,000 pounds
- Excise tax on certain tires for heavy trucks

Highway Way Trust Fund Challenges

- Federal fuel tax not changed since 1993
- Increasing fuel efficiency
- Increasing electric vehicles
- Increasing funding levels

Highway Way Trust Fund Status

- Highway Trust Fund has been imbalanced since the early 2000s
- Highway Trust Fund ran out of money in 2008 requiring General Fund transfers
- Since 2008 - \$272 billion of transfers (\$118 billion alone with the Infrastructure Bill)
- Current funding will run out during FFY 2028
- In FFY 2023
 - HTF supported 73 percent of Highway Account spending
 - HTF supported 59 percent of Mass Transit Account spending

Highway Way Trust Fund – Potential “Fixes”

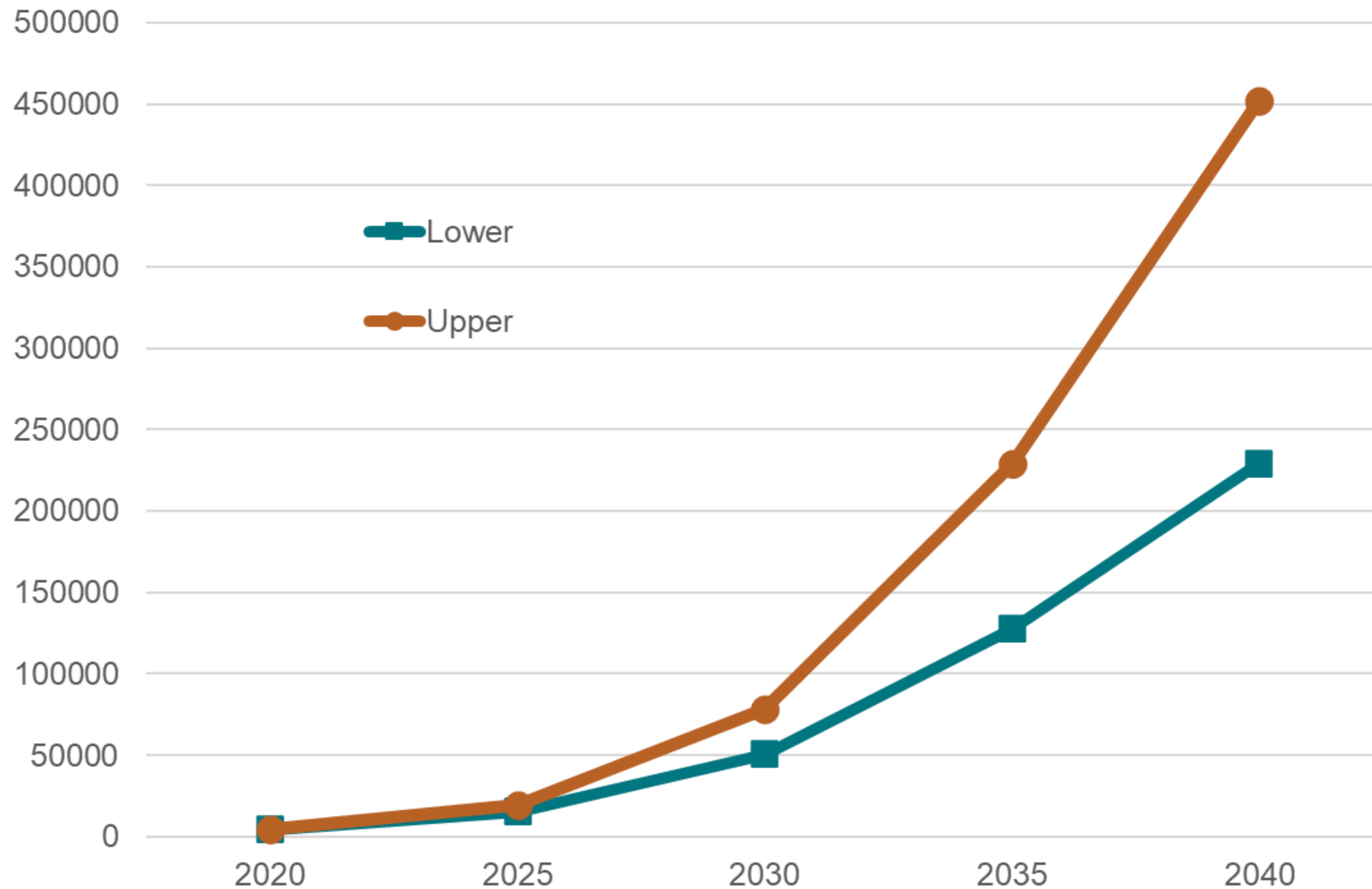
- Increase fuel taxes and/or index
- Add kilowatt hour fees for electric vehicles
- Add annual electric vehicle registration fees
- Shift to a mileage-based user fee
 - Infrastructure Bill appropriated \$50 million for a National Per-Mile User Fee Pilot

Electric Vehicles in Iowa

	Battery Electric Vehicles	Plug-In Hybrid Electric Vehicles
April 2017	400	
June 2018	700	1,750
June 2019	1,340	2,400
December 2020	2,520	2,650
December 2021	4,260	4,110
December 2022	5,990	4,730
December 2023	8,770	6,390

- Factors impacting growth:
 - Availability of vehicles
 - Price of vehicles
 - Battery range
 - Availability of charging infrastructure

Projected EVs on the Road in Iowa



Electric Vehicle Impacts Report

- Iowa DOT required to develop report estimating impacts to Road Use Tax Fund due to high efficiency vehicles
- Report included estimated impacts, evaluation of mitigation alternatives, and mitigation recommendations
- Iowa DOT provided report to the Iowa Legislature on December 31, 2018
- Study evaluated electric, hybrid, and hydrogen fuel cell vehicles



REDUCTION IN RUTF DUE TO ELECTRIC VEHICLES

YEAR	LOW LOSS SCENARIO	MEDIUM LOSS SCENARIO	HIGH LOSS SCENARIO
2018	-\$317,000	-\$317,000	-\$317,000
2020	-\$488,000	-\$520,000	-\$564,000
2025	-\$1,858,000	-\$2,684,000	-\$11,117,000
2030	-\$7,083,000	-\$14,207,000	-\$45,221,000
2035	-\$19,603,000	-\$47,748,000	-\$129,260,000
2040	-\$39,975,000	-\$115,200,000	-\$241,316,000

Supplemental registration fee for passenger electric vehicles

Rate: varies by vehicle type

Implementation date: phased in over three years beginning Jan. 1, 2020 (see table below)

Vehicle Type	Jan. 1, 2020 fee	Jan. 1, 2021 fee	Jan. 1, 2022 fee
Battery Electric (BEV)	\$65.00	\$97.50	\$130.00
Plug-in Hybrid Electric (PHEV)	\$32.50	\$48.75	\$65.00
Motorcycle (BEV or PHEV)	\$4.50	\$6.75	\$9.00

Per kilowatt hour (kWh) excise tax for charging at non-residential charging locations

Rate: \$0.026 per kWh

Implementation date: July 1, 2023

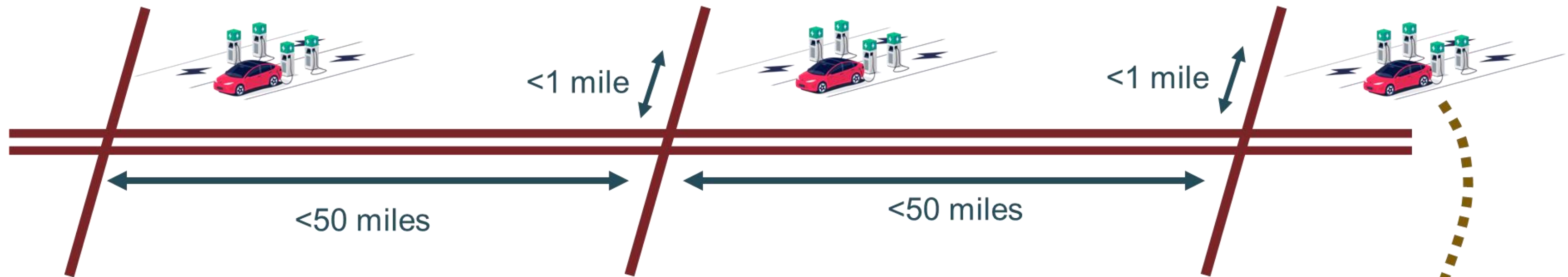
National Electric Vehicle Infrastructure

- New US DOT program from the Infrastructure Bill
- Iowa allocated \$51 million over FFY 2022-2026 – approximately \$10.3 million per year
- Initially, for use to purchase/install electric vehicle charging infrastructure within one mile of Alternative Fuel Corridor Routes

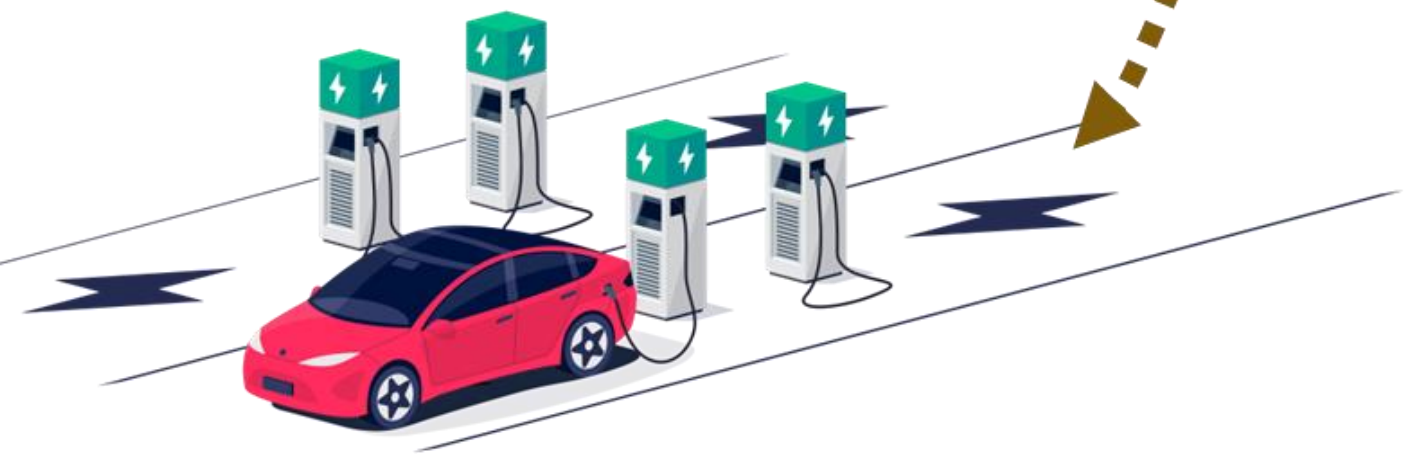
Iowa's Alternative Fuel Corridors



NEVI Requirements for Charging Stations



- ✓ Along Alternative Fuel Corridors
 - <50 mile spacing; <1 mile away
- ✓ At least four 150 kW DC Fast Charging ports (CCS)
- ✓ Open to general public (not proprietary)
- ✓ Need to build out corridors before going off-corridor



National Electric Vehicle Infrastructure – Program Requirements

- Governmental entities and municipal utilities are not eligible applicants.
- Capital costs are eligible for reimbursement up to 80 percent.
- Operating and maintenance costs across the five-year operations and maintenance period is eligible for reimbursement up to 80 percent or \$200,000, whichever is less.
- Two to three years of funding will be awarded in the first round.

National Electric Vehicle Infrastructure – Next Steps

- Notice of Funding Opportunity Released: Dec. 14, 2023
- Applications Due: March 13, 2024
- Notice of Award: No later than mid-July 2024



Thank you!

Questions?