



BILL SUMMARY

Federal Road Swap Money HF 203

Status of Bill: Committee

Committee: Transportation (12-7)

Lead Democrats: Rep Jacoby

Floor Manager: Rep Worthan

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Background

Currently there is approximately \$150 million each year from the Federal government that flows to local communities for road construction projects. Projects that have this federal money must meet certain requirements that state and local money does not, some of those requirements include:

- Davis-Bacon prevailing wage rates for construction projects.
- “Buy-American” provision or the mandated use of American steel.
- Environmental Impact studies.
- Air Quality Act
- Disadvantage Business Enterprise
- Materials Testing and Certification

Kansas was one of the first states to pursue a federal road money swap instituting the policy in 2010. Other states such as Nebraska, Minnesota, Ohio, South Dakota, Oregon and Indiana have similar policies.

Summary

The legislation allows for the Iowa Transportation Commission to allocate money from the state road fund, the Primary Road Fund (PRF) for construction, maintenance, and establishment for the county road system and the city road system in exchange for retaining all federal money that would have been allocated to the local government project. The Transportation commission can only do this after consulting with stakeholders. The stakeholders named in the bill include: Regional Planning affiliations, Iowa State Association of Counties, Iowa League of Cities, and Metropolitan Planning Organizations.

When asked about how much savings would be passed onto the local communities with this swap the DOT could not answer what the exact savings would be, but pointed to other states that have saved around 10%.

While there is no exchange rate in HF 203, Nebraska and South Dakota receive 90 cents in state funding for every \$1 of federal money returned, Indiana has a 75 cent to \$1 return rate, Minnesota has an even exchange rate, and Oregon receives 94 cents for every \$1 in Federal money.

Fiscal Summary

The fiscal impact of House File 203 cannot be determined at this time. Any exchange of PRF moneys for federal aid moneys will require the approval of the Transportation Commission after consultation with stakeholders representing local authorities.

