



Iowa Senate File 257 (2015)

Title of Bill: Senate File 257

Purpose: Increase Iowa's gasoline tax by 10 cents-per-gallon.

Status of Amendment: Signed into law February 24, 2015.

Iowa Senate File 257 (2015) Signed into law: February 24, 2015		
	Senate	House
FOR	28	53
AGAINST	21	46

History

State Gas Tax

The state of Iowa last raised the state gas tax to 22 cents-per-gallon in 1989. By increasing the tax to 32 cents-per-gallon, Senate File 257 is expected to generate \$204 million for transportation funding in the following fiscal year.

Gas Tax Distribution & Transportation Funding Sources

Roughly half of the revenue produced by the fuel tax goes to the state, while the other half goes to cities and counties. The additional revenue will allow the state to move up larger projects such as the expansion of U.S. 20. Cities and counties will receive an estimated \$100 million annually to meet repair and construction needs for local roads and bridges.ⁱ

Need

While Iowa has an extensive public roadway system, transportation infrastructure is a challenge for the state, cities and counties to maintain given flattening revenue, lost buying power, changing demands on the system, severe weather, and the ageing system of the last decade. A primary issue for Iowa's public roadway system is the majority was built or modernized in the 1940s through the 1960s, meaning that there are significant infrastructure needs requiring equally significant reinvestment due to their age.

Based on thorough analysis of data, material and public comment, it was determined that the state needed to raise at least an additional \$215 million annually to address the following: deficient bridges on priority city, county and state highways; deteriorating roadway conditions with the greatest impact on the movements of goods and people; and continued development of corridor projects.ⁱⁱ

Roads- In 2014, the Iowa Department of Transportation spent \$656 million on road projects with an ambitious construction schedule for 2015. With the aid of the additional gas tax funding, the 2015 budget climbed to \$33 million and will allow work to begin on both urban highway reconstruction projects and rural interstate roads.

Bridges- A top priority for Iowa is repairing bridges. Fifty-three percent of Ringgold County's 232 county bridges are closed or posted with weight restrictions due to serious deficiencies. Considering that replacing a county bridge costs roughly \$500,000, County Engineer Zach Gunsolley noted that the gas tax increase "will be a good start, but we have been digging ourselves into a hole for a long time" and that "It will take us a while to dig out."

Pavement- Another top priority will likely be fixing 75 miles of seal-coated roads that have fallen into disrepair. To put a new double-chip seal on a seal-coated road costs about \$55,000 a mile.

Jonathan Gano, Public Works Director for the city of Des Moines, expects to receive an addition \$3.7 million annually as a result of the gas tax increase and stated "our plan is to plow 100 percent of this money back into infrastructure." ⁱⁱⁱ

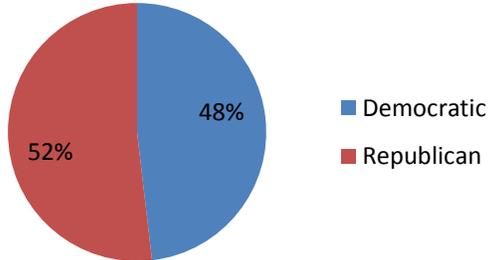
Summary of Legislation

Senate File 257 was passed by the Senate and house on February 24, 2015 and signed into law by Governor Branstad the following day. Effective March 1, 2015, SF 257 increased the fuel tax by 10 cents-per-gallon. SF 257 also established the following:

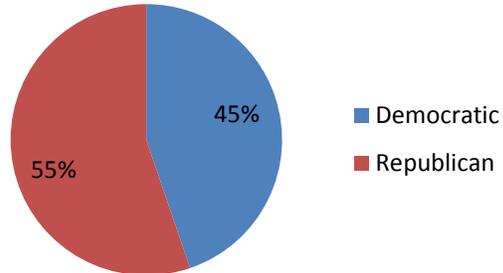
- a variable tax rate for ethanol blended fuels until June 30, 2020;
- increased the jet fuel tax by 2 cents-per-gallon (from 3 cpg to 5 cpg);
- a variable tax rate of diesel fuel effective July 1, 2015; and
- increased some oversize/overweight permit fees effective January 1, 2015.

SF 257 passed the Senate with a vote of 28-21 and was adopted in the house with a vote of 53-46. Upon signing the bill on February 25, 2015 Governor Branstad stated "I know it's not easy and I know that there also are people who feel strongly on the other side, but there is a critical need for additional funding for our roads and bridges in the state of Iowa."^{iv}

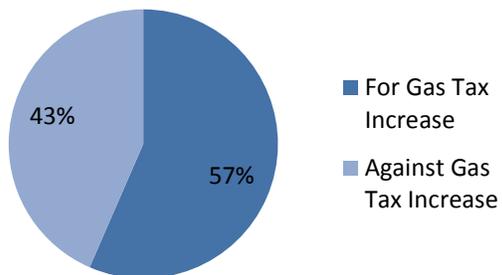
Legislators Voting for Gas Tax Increase



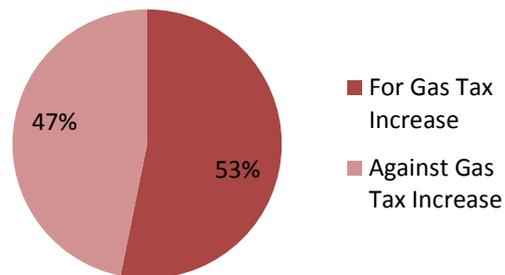
Legislators Voting Against Increase



Democratic Votes



Republican Votes



Expected revenue from the fuel tax increase was approximately \$200 million to be deposited into the Road Use Tax Fund (RUTF) where funds will be divided as follows:

- Department of Transportation: 47.5 percent, or \$95 million;
- County
 - Secondary Road Fund: 24.5 percent, or \$49 million;
 - Farm-to-Market Fund: 8 percent, or \$16 million; and
- City: 20 percent, or \$40 million.

Expected revenue from the oversize/overweight permit fee increase was approximately \$1.5 million (half of a year) with almost all deposited into the Primary Road Fund with a small amount going to the RUTF. The Jet Fuel Tax increase was expected to generate \$765,000, all to be deposited into the Aviation Trust Fund. ^v

Supporters

Arguments:

- Increased resources to fund the state's road repair budget.
- Provides funding for work on urban interstate highway reconstruction projects.
- Provides funding for pavement rehabilitation, bridge deck replacement projects, culvert repairs and other construction in rural areas.
- Creates employment opportunities.

Key Players:

Sponsor: Sen. Tod Bowman (D) - Chair of the Senate Transportation Committee

"Good roads and bridges are key to Iowa's economic growth and prosperity. Business leaders say bad roads are one of Iowa's most serious economic development weaknesses. We can't continue to kick this can down the road."^{vi}

Iowa Governor Terry Branstad

"This is a great example, on a difficult and controversial issue, of the kind of bipartisan cooperation that really makes Iowa stand out as a state where we work together and we get things done on behalf of the citizens of our state, this is important for economic development. This is important for our farmers to be able to get their crops to market. I know that many people have been waiting a long time for this."^{vii}

Iowa County Engineers Association- Paul Assman, Present

"It's all about the money, we need to have additional resources to get the things done that we need to do"^{viii}

Iowa Motor Truck Association

Brenda Neville of the Association recognized that though some members are apprehensive about advocating for the gas tax increase, that majority support it. She stated "at the end of the day, what they really want is good roads."

Iowa Farm Bureau- Craig Hill, President

"This is a culmination of years of work and grassroots strength by rural Iowans, and as a result, rural Iowa will receive an additional \$72 million per year to maintain and improve county roads. Our economy depends on safe, accessible and reliable infrastructure to provide market access to all Iowans. Debt and property taxes were becoming the default funding mechanism, so we are pleased that lawmakers realized a fuel tax is the most equitable way to fund our roads. We applaud Iowa lawmakers for passing legislation to fix our critical road infrastructure."^{ix}

Highway Construction Contractors

Polling:

A Loras College poll released February 3 surveyed 1,200 registered voters who participated in the 2014 general election. Participants were called between January 21-26, 2015 and queried on several issues facing the state, including a recent proposal by legislators to increase the state gas tax by ten cents-per-gallon to generate new transportation funding.^x

The poll found that:

- Most voters (52.8 percent) support increasing the state gas tax, while 39 percent are against raising the tax and 6.8 percent are undecided;
- 45.2 percent of respondents who identified as Republican support increasing the state gas tax, with 48.8 percent opposed and 5.4 percent undecided;
- 62.1 percent of respondents who identified as Democrat support increasing the state gas tax, with 30.6 percent opposed and 7.1 percent undecided;
- 56.9 percent of respondents who did not identify with any party support increasing the state gas tax, with 34.5 percent opposed and 8.6 percent undecided.

Christopher Budzisz, Ph.D., Associate Professor of Politics and Director of the Loras College Poll, noted that those who identified as Tea Party Republicans were the only segment strongly opposed to a state gas tax increase (67 percent against, 27.8 percent in favor). The second largest Republican segment polled (Mainstream Republicans) showed as being 59 percent in favor of a gas tax increase. The two other Republican groups who self-identified were opposed by margins of less than 8 percent. Democrats across the board were in favor of the increase, with the slimmest margin being in those who were unsure about self-identification (50 percent in favor).

Opponents

Arguments:

- Unnecessary burden on taxpayers that live in rural towns who travel greater distances to work.
- The State could have found the money for these projects without raising taxes.

Key Players:

Senator Mark Chelgren (R)

“I think this is a failure of the legislature to budget correctly over the last few years and it’s not the fault of the citizens of Iowa and the taxpayers of Iowa, but that’s who we’re taking it out on, we’re putting the burden back on Iowa drivers and Iowa taxpayers saying somehow it’s your fault, it’s not and I won’t be part of that process.”^{xi}

State Representative Chip Baltimore (R)

Baltimore voted against the House version of the bill the week before it passed. While he was at the Capitol when the final version of the gas tax bill came up, he left the chamber telling reporters later “I refuse to legitimize either the bill or the process with a vote.”^{xii}

Lawmakers voting “no” who were facing competitive re-election campaigns in 2016:

- Senator Chris Brase (D)-District 46
- Senator Steve Sodders (D)- District 36
- Senator Mary Jo Wilhelm (D)- District 26
- Senator Dennis Guth (R)-District 4
- Senator Amy Sinclair (R)- District 14^{xii}

Iowans for Tax Relief

The group argued that the Iowa state government has enough money to fix and maintain roads and bridges; and that Iowa needs smarter spending and better priority-setting as opposed to higher taxes.^{xiii}

Americans for Prosperity – Drew Klein, Iowa State Director

““We’re disappointed that Iowa legislators used extreme tactics to shut down debate and circumvent the committee process to pass a 45 percent increase in Iowa’s gas tax. This temporary fix simply kicks the can down the road while falling hardest on working class and poor Iowans. The special interests won today, not Iowa taxpayers.”^{xiv}

Why did it succeed?

Political Leadership

Governor Terry Branstad approved SF657 less than a day after it was passed by the Senate and the House. He noted, “I believe that the leadership deserves credit for working together on a bipartisan basis to pass a piece of legislation that I think will be very beneficial to meeting the needs of the counties and cities as well as the state transportation network.” While supporting the bill he recognized “I think nobody’s satisfied exactly, but that’s the nature of a significant issue like this.”^{iv}

Campaign Strategies & Messaging Focused on Economic Benefits and Job Creation

Upon passage of SF 257, the Iowa Senate (Democratic) credits the bill with “boosting job creation and economic growth by improving Iowa’s roads and bridges” as well as “promoting ethanol and other Iowa-grown motor vehicle fuels by keeping their price down.”^{xv}

Advocacy Efforts

The Des Moines Register reported that roughly 200 members of the Iowa Farm Bureau showed up at the Iowa Capitol to lobby House and Senate members to vote for SF 257. Craig Hill, President of the IFB, said “it’s time to fix our roads because this has been put off far too long” and “we think the time is right to get this done now.”^{xvi}

National Momentum

Prior to Iowa’s gas tax increase, eight states between 2013-2014 had increased their state gas tax or modified the formula in order to generate additional transportation funding.

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About the Transportation Investment Advocacy Center

The Transportation Investment Advocacy Center™ (TIAC) is a first-of-its kind, dynamic education program and internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, was created so transportation investment advocates do not have to “re-invent the wheel” to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To subscribe to at no cost—and receive via email—the regularly updated TIAC blog, visit the website.

In addition to the website, the TIAC program includes an annual workshop in Washington, D.C., and ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) program (www.tmaw.org) and funded through voluntary contributions and sponsorships. To become a sponsor or to make a contribution, visit the ARTBA store or contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202-289-4434. Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC.

Appendix

I. Iowa Senate File 257 (2015) Final Passage (February 24, 2015)

Legislators voting to approve the 10 cent-per-gallon gas tax increase

Senate

Dick L. Dearden (D-District 16)
Wally E. Horn (D-District 35)
Janet Petersen (D-District 18)
Pam Jochum (D-District 50)
Herman C. Quirnbach (D-District 23)
Joe Bolkcom (D-District 43)
William A. Dotzler Jr. (D-District 31)
Amanda Ragan (D-District 27)
Tod Bowman (D-District 29)
Robert E. Dvorsky (D-District 37)
Michael E. Gronstal (D-District 8)
Kevin Kinney (D-District 39)
Rita Hart (D-District 49)
Jeff Danielson (D-District 30)

Robert M. Hogg (D-District 33)
Matthew McCoy (D-District 21)
William Anderson (R-District 3)
Rick Bertrand (R-District 7)
Bill Dix (R-District 25)
David Johnson (R-District 1)
Tim L. Kapucian (R-District 38)
Ken Rozenboom (R-District 40)
Michael Breitbach (R-District 28)
Mark Segebart (R-District 6)
Mark Costello (R-District 12)
Tim Kraayenbrink (R-District 5)
Tom Shipley (R-District 11)
Dan Zumbach (R-District 48)

House

Ako Abdul-Samad (D-District 35)
Marti Anderson (D-District 36)
Deborah L. Berry (D-District 62)
Dennis M. Cohoon (D-District 87)
John Forbes (D-District 40)
Lisa Heddens (D-District 46)
Bruce L. Hunter (D-District 34)
Dave Jacoby (D-District 74)
Jerry A. Kearns (D-District 83)
Vicki S. Lensing (D-District 85)
Jim Lykam (D-District 89)
Mary Mascher (D-District 86)
Brian Meyer (D-District 33)
Helen Miller (D-District 9)
Jo Oldson (D-District 41)
Rick Olson (D-District 31)
Mark D. Smith (D-District 71)
Sharon S. Steckman (D-District 53)
Sally Stutsman (D-District 77)
Todd E. Taylor (D-District 70)
Beth Wessel-Kroeschell (D-District 45)

Cindy Winckler (D-District 90)
Mary Wolfe (D-District 98)
Robert Bacon (R-District 48)
Clel Baudler (R-District 20)
Brian Best (R-District 12)
Darrel Branhagen (R-District 55)
Josh Byrnes (R-District 51)
Gary Carlson (R-District 91)
Dave Deyoe (R-District 49)
Cecil Dolecheck (R-District 24)
Jack Drake (R-District 21)
Greg Forristall (R-District 22)
Tedd Gassman (R-District 7)
Mary Ann Hanusa (R-District 16)
David E. Heaton (R-District 84)
Lee Hein (R-District 96)
Daniel A. Huseman (R-District 3)
Megan Hess Jones (R-District 2)
Bobby Kaufmann (R-District 73)
Dave Maxwell (R-District 76)
Linda J. Miller (R-District 94)

Norlin Mommsen (R-District 97)
Brian Moore (R-District 58)
Dawn E. Pettengill (R-District 75)
Mike Sexton (R-District 10)
David Sieck (R-District 23)
Quentin Stanerson (R-District 95)

Linda L. Upmeyer (R-District 54)
John H. Wills (R-District 1)
Matt W. Windschitl (R-District 17)
Gary Worthan (R-District 11)
Kraig Paulsen (R-District 67)

Legislators voting against the gas tax increase

Senate

Chaz Allen (D-District 15)
Joe M. Seng (D-District 45)
Mary Jo Wilhelm (D-District 26)
Tony Bisignano (D-District 17)
Chris Brase (D-District 46)
Liz Mathis (D-District 34)
Steven J. Soddors (D-District 36)
Thomas G. Courtney (D-District 44)
Brian Schoenjahn (D-District 32)
Rich Taylor (D-District 42)
Randy Feenstra (R-District 2)

Jason Schultz (R-District 9)
Jack Whitver (R-District 19)
Jerry Behn (R-District 24)
Julian Garrett (R-District 13)
Dennis Guth (R-District 4)
Amy Sinclair (R-District 14)
Brad Zaun (R-District 20)
Roby Smith (R-District 47)
Jake Chapman (R-District 10)
Charles Schneider (R-District 22)

House

Bruce Bearinger (D-District 64)
Liz Bennett (D-District 65)
Timi Brown-Powers (D-District 61)
Dave Dawson (D-District 14)
Nancy Dunkel (D-District 57)
Abby Finkenauer (D-District 99)
Ruth Ann Gaines (D-District 32)
Mary Gaskill (D-District 81)
Chris Hall (D-District 13)
Curt Hanson (D-District 82)
Charles Isenhardt (D-District 100)
Daniel Kelley (D-District 29)
Bob Kressig (D-District 59)
Charlie McConkey (D-District 15)
Scott Ourth (D-District 26)
Todd Prichard (D-District 52)
Patti Ruff (D-District 56)
Kirsten Running-Marquardt (D-District 69)
Art Staed (D-District 66)
Phyllis Thede (D-District 93)
Terry C. Baxter (R-District 8)
Peter Cownie (R-District 42)
Dean Fisher (R-District 72)

Joel Fry (R-District 27)
Pat Grassley (R-District 50)
Stan Gustafson (R-District 25)
Chris Hagenow (R-District 43)
Greg Heartsill (R-District 28)
Jake Highfill (R-District 39)
Steven Holt (R-District 18)
Ronald Jorgensen (R-District 6)
Jarad Klein (R-District 78)
Kevin Koester (R-District 38)
John Kooiker (R-District 4)
John Landon (R-District 37)
Zach Nunn (R-District 30)
Ross Paustian (R-District 92)
Ken Rizer (R-District 68)
Walt Rogers (R-District 60)
Sandy Salmon (R-District 63)
Thomas R. Sands (R-District 88)
Larry Sheets (R-District 80)
Chuck Soderberg (R-District 5)
Rob Taylor (R-District 44)
Guy Vander Linden (R-District 79)
Ralph C. Watts (R-District 19)



ⁱ "Counties planning new transportation spending with gas tax money"

<http://www.kcrg.com/subject/news/counties-planning-new-transportation-spending-with-gas-tax-money-20150315>

ⁱⁱ "Governor's Transportation 2020 Citizen Advisory Commission"

<http://www.iowadot.gov/transportation2020/pdfs/CACREPORTFINAL110211.pdf>

ⁱⁱⁱ "Iowa DOT plans record \$700 million in road construction"

<http://www.desmoinesregister.com/story/news/politics/2015/04/19/iowa-dot-road-repairs/26044007/>

^{iv} "Branstad signs gas tax increase"

<http://www.kcrg.com/subject/news/brandstad-signs-gas-tax-increase-20150225>

^v "Transportation Funding Bill Overview"

http://www.iowadot.gov/systems_planning/freight/FAC/Funding%20Bill%20Overview%20030515.pdf

^{vi} "Making roads safer and strengthening the Iowa economy"

<http://www.senate.iowa.gov/democrats/making-roads-safer-and-strengthening-the-iowa-economy/>

^{vii} "Gas tax hike takes effect Sunday"

<http://www.desmoinesregister.com/story/news/politics/2015/02/25/iowa-gas-tax-branstad/23990671/>

^{viii} "Iowa road funding plan calls for 10-cent gas tax increase"

<http://thegazette.com/subject/news/iowa-road-funding-plan-calls-for-10-cent-gas-tax-increase-20150128>

^{ix} "Iowa Farm Bureau Applauds 2015 Legislature for Funding Road Infrastructure Improvements..."

<http://www.iowafarmbureau.com/articles/151842/iowa-farm-bureau-applauds-2015-legislature-for-funding-road-infrastructure-improvements-commitment-to-conservation-and-water-quality>

^x "Poll Shows Majority of Iowa Voters Support State Gas Tax Increase"

<http://www.transportationinvestment.org/2015/02/05/poll-shows-majority-of-iowa-voters-support-state-gas-tax-increase/>

^{xi} "GAS TAX UPDATE: Was U.S. 20 the sweetener?"

http://www.theiowastatesman.com/1263/gas_tax_update

^{xii} "Iowa Senate, House approve gas tax increase"

<http://www.bleedingheartland.com/diary/7404/iowa-senate-house-approve-gas-tax-increase>

^{xiii} Tax Action Alert: Iowans for Tax Relief Will Fight Gas Tax Increase"

<http://theiowarepublican.com/2014/tax-action-alert-iowans-for-tax-relief-will-fight-gas-tax-increase/>

^{xiv} "AFP-IOWA: GAS TAX HIKE JUST 'KICKS CAN DOWN THE ROAD'"

<http://americansforprosperity.org/iowa/article/afp-iowa-gas-tax-hike-just-kicks-can-down-the-road/>

^{xv} "2015 Session Highlights"

<http://www.senate.iowa.gov/democrats/2015-highlights/>

^{xvi} “Report cites Iowa road woes; Farm Bureau backs gas tax hike”

<http://www.desmoinesregister.com/story/news/politics/2015/02/18/iowa-road-study-tax/23623833/>