

Table 10 - Current RUTF and TIME-21 Fund Revenue Sources and Increase Options
(Based on CY 2010 Data)

Type of Financing	Description/Mechanism	Estimated Amount Generated	Advantages	Disadvantages	Collected from out-of-state drivers?
Fuel Tax (452A.3)	<p>Cents per gallon tax on motor fuels, including some alternative fuels.</p> <p>Current rate (as of July 1, 2008):</p> <ul style="list-style-type: none"> • Gasoline: 21.0 cents per gallon • Gasohol/E-85: 19.0 cents per gallon • Diesel: 22.5 cents per gallon <p>The fuel tax is the only significant current source of RUTF revenue that is applied to out-of-state drivers as well as Iowans. The Iowa DOT has estimated that 35 percent of large truck travel in Iowa is from out-of-state trucks and 15 percent of passenger car/small truck travel in Iowa is from out-of-state drivers. In total, approximately 13 percent of RUTF revenue is estimated to be paid by out-of-state drivers primarily due to fuel tax payments.</p>		<ul style="list-style-type: none"> • Collection and administration process already in place. • Generally proportional to system usage. • Generates revenue from out-of-state drivers. • Paid by all users of the highway system. 	<ul style="list-style-type: none"> • Increased fuel efficiency results in lower revenue. • Higher fuel prices lead to reduced driving and reduced fuel tax collections. • Fees are fixed and do not adjust for inflation. 	<ul style="list-style-type: none"> • Yes (see description)
	<p>Mechanism: Increase fuel tax across the board</p>	<ul style="list-style-type: none"> • \$23 million per year for each cent increase. • A four cent increase would generate \$92 million per year. 	<ul style="list-style-type: none"> • Applies to all vehicle types. • Increases revenue generated from out-of-state drivers. • Results in a modest increase in annual fuel expenditures for the average driver. According to the University of Iowa, the average driver would see the following annual increase in fuel expenditures. <ul style="list-style-type: none"> • 1¢ increase: \$4.75 per year • 2¢ increase: \$9.50 per year • 3¢ increase: \$14.25 per year • 4¢ increase: \$19.00 per year • 5¢ increase: \$23.75 per year 	<ul style="list-style-type: none"> • Retains ethanol fuel tax reduction. 	
	<p>Mechanism: Increase diesel fuel tax only</p>	<ul style="list-style-type: none"> • \$6.5 million per year for each cent increase. 	<ul style="list-style-type: none"> • Increases revenue generated from out-of-state drivers. 	<ul style="list-style-type: none"> • Increased freight costs for Iowa shippers. 	
	<p>Mechanism: Eliminate gasohol/E-85 fuel tax reduction and the Distribution Percentage Adjustment This would result in a fuel tax rate of 20 cents per gallon for gasoline, gasohol, and E-85.</p>	<ul style="list-style-type: none"> • Approximately \$7 million per year. 	<ul style="list-style-type: none"> • Simplifies fuel tax rate administration. • Simplifies fuel tax rate schedule. 	<ul style="list-style-type: none"> • May impact consumption of ethanol-blended fuels. 	
	<p>Mechanism: Add automatic annual adjustment to fuel tax rates based on an inflation index such as the construction cost index Amount of additional revenue generated is dependent on rate of inflation.</p>	<ul style="list-style-type: none"> • Variable. A three percent adjustment would generate \$14 million per year. 	<ul style="list-style-type: none"> • Automatically addresses loss of buying power. 	<ul style="list-style-type: none"> • Could result in significant revenue variations as fuel price changes. • Makes forecasting for programming difficult. 	

Type of Financing	Description/Mechanism	Estimated Amount Generated	Advantages	Disadvantages	Collected from out-of-state drivers?
Fee for New Registration (321.105A)	Five percent fee that is imposed on the sale of new and used motor vehicles and trailers		<ul style="list-style-type: none"> • Collection and administration process already in place. • Provides revenue source based on ability to pay. • Proportional to cost of vehicle. 	<ul style="list-style-type: none"> • Not proportional to system usage. • May discourage sales of motor vehicles. • Fluctuates with economic cycles. 	<ul style="list-style-type: none"> • No
	Mechanism: Increase to six percent.	<ul style="list-style-type: none"> • Approximately \$50 million per year 	<ul style="list-style-type: none"> • Brings fee in line with state sales tax rate. 		
Driver's License Fee (321.191)	A fee charged for the privilege to operate a motor vehicle. \$4 per year (non-commercial) \$8 per year (commercial)		<ul style="list-style-type: none"> • Collection and administration process already in place. • Does not fluctuate with economic cycles. 	<ul style="list-style-type: none"> • Not proportional to system usage. 	<ul style="list-style-type: none"> • No
	Mechanism: Double driver's license fee	<ul style="list-style-type: none"> • Approximately \$12 million per year on average 			
Registration Fees	Fees charged to register and license vehicles and trailers Fees vary according to the weight and value of the vehicle.		<ul style="list-style-type: none"> • Collection and administration process already in place. 	<ul style="list-style-type: none"> • Not proportional to system usage. • Higher administrative and enforcement costs. • Encourages retention of older vehicles. 	<ul style="list-style-type: none"> • Only commercial vehicles that pay a prorated fee based on travel within Iowa.