

FEB 25 2002  
APPROPRIATIONS

HOUSE FILE 2526  
BY ELGIN

(COMPANION TO LSB 5929SS  
BY LUNDBY)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act modifying allocations and apportionments of road use tax  
2 funds.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2526

1 Section 1. Section 307A.2, subsection 14A, Code 2001, is  
2 amended to read as follows:

3 14A. Annually recalculate the construction and maintenance  
4 needs of roads under the jurisdiction of each county to take  
5 into account the needs of a road whose jurisdiction has been  
6 transferred from the department to a county or from a county  
7 to the department during the previous year. The recalculation  
8 shall be reported by January 1 of the year following the  
9 transfer and shall take effect the following July 1 for the  
10 purposes of allocating moneys under ~~sections~~ section 312.3 and  
11 312-5.

12 Sec. 2. Section 309.10, Code 2001, is amended to read as  
13 follows:

14 309.10 USE OF FARM-TO-MARKET ROAD FUND ACCOUNT.

15 1. Notwithstanding section 310.4, if the board of  
16 supervisors of a county does not plan to utilize its farm-to-  
17 market road fund account allocation for the succeeding fiscal  
18 year for farm-to-market projects, the board may annually, by  
19 stipulation in the secondary road construction program and  
20 secondary road budget submitted to the department in  
21 accordance with sections 309.22 and 309.93, determine an  
22 amount of the unobligated portion of its allocation, up to a  
23 maximum of fifty percent of its anticipated total annual  
24 allocation, for the construction and reconstruction of local  
25 secondary roads. However, moneys from the farm-to-market road  
26 fund account shall not be so used if the moneys are needed to  
27 match federal funds available for farm-to-market road  
28 projects.

29 2. A county shall not use farm-to-market road funds  
30 account moneys as described in this section unless the total  
31 funds that the county transferred or provided during the prior  
32 fiscal year pursuant to section 331.429, subsection 1,  
33 paragraphs "a", "b", "d", and "e", are at least seventy-five  
34 percent of the sum of the following:

35 ± a. From the general fund of the county, the dollar

1 equivalent of a tax of sixteen and seven-eighths cents per  
2 thousand dollars of assessed value on all taxable property in  
3 the county.

4 ~~2-~~ b. From the rural services fund of the county, the  
5 dollar equivalent of a tax of three dollars and three-eighths  
6 of a cent per thousand dollars of assessed value on all  
7 taxable property not located within the corporate limits of a  
8 city in the county.

9 Sec. 3. Section 310.3, Code 2001, is amended to read as  
10 follows:

11 310.3 ~~FUNDS~~ FARM-TO-MARKET ROAD ACCOUNT OF SECONDARY ROAD  
12 FUND.

13 ~~There-is-hereby-created-a-fund~~ As provided in section  
14 312.2, the treasurer of state shall maintain a separate  
15 account in the secondary road fund which shall be known as the  
16 farm-to-market road fund account which shall be made up as  
17 follows of the following:

18 1. All federal aid secondary road funds received by the  
19 state.

20 2. All road use tax funds by law credited to the farm-to-  
21 market road fund account.

22 3. All other funds which may, under ~~the-provisions-of~~ this  
23 chapter or any other law, be credited or appropriated for the  
24 use of the farm-to-market road fund account.

25 Sec. 4. Section 310.4, Code 2001, is amended to read as  
26 follows:

27 310.4 USE OF FUND ACCOUNT.

28 Said The farm-to-market road fund account is hereby  
29 appropriated for and shall be used in the establishment,  
30 construction, reconstruction, or improvement of the farm-to-  
31 market road system, including the drainage, grading,  
32 surfacing, resurfacing, construction of bridges and culverts,  
33 the elimination, protection, or improvement of railroad  
34 crossings, the acquiring of additional right of way and all  
35 other expenses incurred in the construction, reconstruction or

1 improvement of ~~said~~ the farm-to-market road system under this  
2 chapter.

3 Sec. 5. Section 310.6, Code 2001, is amended to read as  
4 follows:

5 310.6 ACCOUNTS BY DEPARTMENT.

6 The department shall keep ~~accounts~~ subaccounts in relation  
7 to the farm-to-market road ~~fund account~~ and each county's  
8 allotment ~~thereof~~ of the account, crediting each ~~fund~~  
9 subaccount with all amounts by law creditable thereto, and  
10 charging each with all duly and finally approved vouchers for  
11 claims properly chargeable thereto.

12 Sec. 6. Section 310.8, Code 2001, is amended to read as  
13 follows:

14 310.8 QUARTERLY STATEMENT TO COUNTY ENGINEER.

15 The department shall, quarterly, advise each county  
16 engineer of the condition of ~~said~~ the county's allotment of  
17 the farm-to-market road ~~fund account~~. ~~Said~~ The statement  
18 shall show the balance in ~~said~~ the county's allotment at the  
19 beginning of ~~said~~ the period, the amount or amounts allotted  
20 to ~~said~~ the county during ~~said~~ the period, the amount  
21 disbursed from ~~said~~ the county's allotment during ~~said~~ the  
22 period, and the balance in ~~said~~ the county's allotment at the  
23 end of the ~~said~~ period. ~~Said~~ The statement shall also show  
24 the estimated outstanding obligations against the ~~said~~  
25 county's allotment at the date of ~~said~~ the statement.

26 Sec. 7. Section 310.16, Code 2001, is amended to read as  
27 follows:

28 310.16 CLAIMS CHARGED TO COUNTY ALLOTMENT.

29 All claims for improving farm-to-market roads hereunder  
30 shall be paid from the farm-to-market road account of the  
31 secondary road fund and charged to the allotment of ~~said-fund~~  
32 the account for the county in which ~~said~~ the project is  
33 located.

34 Sec. 8. Section 310.20, Code 2001, is amended to read as  
35 follows:

## 1 310.20 SUPERVISORS RESOLUTION TO STATE TREASURER.

2 Any county may, in any year, by resolution of its board of  
3 supervisors, make available for improvement or construction of  
4 farm-to-market roads within the county any portion of its  
5 allotment of road use tax funds. Upon certification of such a  
6 resolution, the state treasurer shall place in the county's  
7 allotment of the farm-to-market road account of the secondary  
8 road fund the amount authorized by such the resolution.

9 Sec. 9. Section 310.27, Code 2001, is amended to read as  
10 follows:

11 310.27 PERIOD OF ALLOCATION -- REVERSION -- TEMPORARY  
12 TRANSFERS.

13 1. The portion of the farm-to-market road account of the  
14 secondary road fund allotted to any county as provided in this  
15 chapter shall remain available for expenditure in said the  
16 county for three years after the close of the fiscal year  
17 during which ~~said-sums-respectively-were~~ the portion was  
18 allocated. Any sum portion remaining unexpended at the end of  
19 the period during which it is available for expenditure, shall  
20 be reapportioned among all the counties ~~as-provided-in-section~~  
21 ~~312.5-for-original-allocations~~.

22 2. For the purposes of this section, any sums portions of  
23 the farm-to-market road account of the secondary road fund  
24 allotted to any county shall be presumed to have been  
25 "expended" when a contract has been awarded obligating the  
26 sums portions. When projects and their estimated costs, which  
27 are proposed to be funded from the farm-to-market road fund  
28 account, are submitted to the department for approval, the  
29 department shall estimate the total funding necessary and the  
30 period during which claims for the projects will be filed.  
31 After anticipating the funding necessary for approved  
32 projects, the department may temporarily allocate additional  
33 moneys from the farm-to-market road fund account for use in  
34 any other farm-to-market projects. However, a county shall  
35 not be temporarily allocated funds for projects in excess of

1 the county's anticipated farm-to-market road fund account  
2 allocation for the current fiscal year plus the four  
3 succeeding fiscal years.

4 3. If in the judgment of the department the anticipated  
5 claims against the primary road fund for any month are in  
6 excess of moneys available, a temporary transfer for highway  
7 construction costs may be made from the farm-to-market road  
8 fund account to the primary road fund providing there will  
9 remain in the transferring-fund farm-to-market road account a  
10 sufficient balance to meet the anticipated obligations. All  
11 transfers shall be repaid from the primary road fund to the  
12 farm-to-market road fund account within sixty days from the  
13 date of the transfer. A transfer shall be made only with the  
14 approval of the director of management and shall comply with  
15 the director of management's rules relating to the transfer of  
16 funds. Similar transfers may be made by the department from  
17 the primary road fund to the farm-to-market road fund account  
18 and these transfers shall be subject to the same terms and  
19 conditions that transfers from the farm-to-market road fund  
20 account to the primary road fund are subject.

21 Sec. 10. Section 310.28, Code 2001, is amended to read as  
22 follows:

23 310.28 ENGINEERING AND OTHER EXPENSE.

24 1. Engineering, inspection, and administration expense  
25 expenses in connection with any farm-to-market road project  
26 may be paid from ~~said~~ the county's allotment of the farm-to-  
27 market road account of the secondary road fund. Any such  
28 expense incurred by the department may in the first instance  
29 be advanced out of the primary road fund, ~~said~~ the amounts  
30 later being reimbursed to ~~said-funds~~ the primary road fund out  
31 of the farm-to-market road fund account.

32 2. ~~Provided, that no~~ No part of the salary or expense of  
33 the county engineer, any member of the county board of  
34 supervisors, any member of the department, the chief engineer,  
35 or any department head or district engineer of the department

1 shall be paid out of the farm-to-market road fund account.

2 Sec. 11. Section 310.34, Code 2001, is amended to read as  
3 follows:

4 310.34 SECONDARY ROAD RESEARCH FUND.

5 Notwithstanding any provision of law to the contrary, the  
6 department ~~is hereby authorized to~~ may set aside each year not  
7 to exceed one and one-half percent of the receipts in the  
8 farm-to-market road fund account of the secondary road fund in  
9 a fund to be known as the secondary road research fund.

10 Sec. 12. Section 312.2, unnumbered paragraph 1, Code  
11 Supplement 2001, is amended to read as follows:

12 The treasurer of the state shall, on the first day of each  
13 month, credit all road use tax funds which have been received  
14 by the treasurer, to the primary road fund, the secondary road  
15 fund of the counties, ~~the farm-to-market road fund,~~ and the  
16 street construction fund of cities in the following manner and  
17 amounts:

18 Sec. 13. Section 312.2, subsections 1 through 4, Code  
19 Supplement 2001, are amended to read as follows:

20 1. To the primary road fund, ~~forty-seven-and-one-half~~  
21 fifty percent.

22 2. To the secondary road fund of the counties, ~~twenty-four~~  
23 ~~and-one-half~~ twenty-five percent. The treasurer shall  
24 maintain a separate farm-to-market road account in the  
25 secondary road fund for deposit of moneys to be used for farm-  
26 to-market roads.

27 ~~3.--To the farm-to-market road fund, eight percent.~~

28 ~~4=~~ 3. To the street construction fund of the cities,  
29 twenty twenty-five percent.

30 Sec. 14. Section 312.2, subsection 10, Code Supplement  
31 2001, is amended to read as follows:

32 10. The treasurer of state, before making the other  
33 allotments provided for in this section, shall credit annually  
34 to the primary road fund from the road use tax fund the sum of  
35 four million four hundred thousand dollars and to the farm-to-

1 market road account of the secondary road fund from the road  
2 use tax fund the sum of one million five hundred thousand  
3 dollars for partial compensation of allowing trucks to operate  
4 on the roads of this state as provided in section 321.463.

5 Sec. 15. Section 312.3, subsection 1, Code 2001, is  
6 amended by striking the subsection and inserting in lieu  
7 thereof the following:

8 1. Apportion among the counties of the state, in the ratio  
9 which the population of each county, as shown by the latest  
10 available federal census, bears to the total population of all  
11 counties in the state, the percentage of the road use tax fund  
12 which is credited to the secondary road fund of the counties.  
13 A county may have one special federal census taken each  
14 decade, and the population figure thus obtained shall be used  
15 in apportioning amounts under this subsection beginning the  
16 calendar year following the year in which the special census  
17 is certified by the secretary of state.

18 Sec. 16. Section 312.4, subsections 2 and 4, Code 2001,  
19 are amended to read as follows:

20 2. The amount of the road use tax fund which the treasurer  
21 has credited to ~~{a}~~ the following:

22 a. The primary road fund, ~~{b}~~ the

23 b. The secondary road fund of the counties, ~~{c}~~ the farm-  
24 to-market road fund, ~~{d}~~ the

25 c. The street construction fund of the cities.

26 4. The amount of federal aid secondary road funds which  
27 the treasurer has received from the federal government and  
28 credited to the farm-to-market road account of the secondary  
29 road fund.

30 Sec. 17. Section 314.3, Code 2001, is amended to read as  
31 follows:

32 314.3 CLAIMS -- APPROVAL AND PAYMENT.

33 1. All claims for construction, reconstruction,  
34 improvement, repair, or maintenance on any highway shall be  
35 itemized on voucher forms prepared for that purpose, certified

1 to by the claimants and by the engineer in charge, and then  
2 forwarded to the agency in control of that highway for final  
3 audit and approval. Claims payable from the farm-to-market  
4 road account of the secondary road fund shall be approved by  
5 both the board of supervisors and the department. Upon  
6 approval by the department of vouchers which are payable from  
7 the farm-to-market road fund account, or from the primary road  
8 fund, as the case may be, such vouchers shall be forwarded to  
9 the director of revenue and finance, who shall draw warrants  
10 therefore for the vouchers and said the warrants shall be paid  
11 by the treasurer of the state from the farm-to-market road  
12 fund account or from the primary road fund, as the case may  
13 be.

14 2. If the engineer makes such certificate or a member of  
15 the agency approves such claim when said the work has not been  
16 done in accordance with the plans and specifications, and said  
17 the work be not promptly made good without additional cost,  
18 the engineer or member shall be liable on the person's bond  
19 for the amount of such claim.

20 Sec. 18. Section 331.401, subsection 1, paragraph b, Code  
21 2001, is amended to read as follows:

22 b. Establish budgets for the farm-to-market road account  
23 of the secondary road fund and the secondary road fund in  
24 accordance with sections 309.10 and 309.93 to 309.97.

25 Sec. 19. Section 331.429, Code Supplement 2001, is amended  
26 to read as follows:

27 331.429 SECONDARY ROAD FUND.

28 1. Except as otherwise provided by state law, county  
29 revenues for secondary and farm-to-market road services shall  
30 be credited to the secondary road fund, including the  
31 following:

32 a. Transfers from the general fund not to exceed in any  
33 year the dollar equivalent of a tax of sixteen and seven-  
34 eighths cents per thousand dollars of assessed value on all  
35 taxable property in the county multiplied by the ratio of

1 current taxes actually collected and apportioned for the  
2 general basic levy to the total general basic levy for the  
3 current year, and an amount equivalent to the moneys derived  
4 by the general fund from military service tax credits under  
5 chapter 426A, manufactured or mobile home taxes under section  
6 435.22, and delinquent taxes for prior years collected and  
7 apportioned to the general basic fund in the current year,  
8 multiplied by the ratio of sixteen and seven-eighths cents to  
9 three dollars and fifty cents.

10 b. Transfers from the rural services fund not to exceed in  
11 any year the dollar equivalent of a tax of three dollars and  
12 three-eighths cents per thousand dollars of assessed value on  
13 all taxable property not located within the corporate limits  
14 of a city in the county multiplied by the ratio of current  
15 taxes actually collected and apportioned for the rural  
16 services basic levy to the total rural services basic levy for  
17 the current year and an amount equivalent to the moneys  
18 derived by the rural services fund from military service tax  
19 credits under chapter 426A, manufactured or mobile home taxes  
20 under section 435.22, and delinquent taxes for prior years  
21 collected and apportioned to the rural services basic fund in  
22 the current year, multiplied by the ratio of three dollars and  
23 three-eighths cents to three dollars and ninety-five cents.

24 c. Moneys allotted to the county from the state road use  
25 tax fund.

26 d. Moneys provided by individuals from their own  
27 contributions for the improvement of any secondary or farm-to-  
28 market road.

29 e. Other moneys dedicated to this fund by law including  
30 but not limited to funds so dedicated pursuant to sections  
31 306.15, 309.52, 311.23, 311.29, and 313.28.

32 f. All federal aid secondary road funds received by the  
33 state.

34 2. The board may make appropriations from the secondary  
35 road fund and from the farm-to-market road account within the

1 fund for the following secondary road services:

2 a. Construction and reconstruction of secondary and farm-  
3 to-market roads and costs incident to the construction and  
4 reconstruction.

5 b. Maintenance and repair of secondary and farm-to-market  
6 roads and costs incident to the maintenance and repair.

7 c. Payment of all or part of the cost of construction and  
8 maintenance of bridges in cities having a population of eight  
9 thousand or less and all or part of the cost of construction  
10 of roads which are located within cities of less than four  
11 hundred population and which lead to state parks.

12 d. Special drainage assessments levied on account of  
13 benefits to secondary or farm-to-market roads.

14 e. Payment of interest and principal on bonds of the  
15 county issued for secondary or farm-to-market roads, bridges,  
16 or culverts constructed by the county.

17 f. A legal obligation in connection with secondary and  
18 farm-to-market roads and bridges, which obligation is required  
19 by law to be taken over and assumed by the county.

20 g. Secondary and farm-to-market road equipment, materials,  
21 and supplies, and garages or sheds for their storage, repair,  
22 and servicing.

23 h. Assignment or designation of names or numbers to roads  
24 in the county and erection, construction, or maintenance of  
25 guideposts or signs at intersections of roads in the county.

26 i. The services provided under sections 306.15, 309.18,  
27 309.52, 311.7, 311.23, 313A.23, 316.14, 468.43, 468.108,  
28 468.341, and 468.342, chapter 310, or other state law relating  
29 to secondary or farm-to-market roads.

30 Sec. 20. Sections 310.7 and 312.5, Code 2001, are  
31 repealed.

32 Sec. 21. TRANSITION PROVISIONS. The treasurer of state  
33 and the state department of transportation shall cooperate to  
34 coordinate any transitional procedures required for allocation  
35 of road use tax funds as provided in this Act.

EXPLANATION

1  
2 This bill makes changes in the allocations from the road  
3 use tax fund to the primary road fund, the secondary road  
4 fund, the farm-to-market road fund, and the street  
5 construction fund of the cities. The bill provides that 50  
6 percent of the moneys shall be allocated to the primary road  
7 fund, 25 percent to the secondary road fund, and 25 percent to  
8 the street construction fund of the cities. The bill directs  
9 the treasurer of state to establish a separate farm-to-market  
10 road account in the secondary road fund which shall consist of  
11 moneys currently deposited into the farm-to-market road fund.  
12 The account is to be used for the same purposes for which the  
13 farm-to-market road fund is currently used.

14 The bill also provides that the allocation from the road  
15 use tax fund to the secondary road fund of the counties shall  
16 be apportioned to the counties on a per capita basis in the  
17 manner that the allocation to the street construction fund of  
18 the cities is currently apportioned to cities. Currently, the  
19 road use tax funds allocated to the secondary road fund of the  
20 counties and to the farm-to-market road fund are apportioned  
21 to the counties based 70 percent on need and 30 percent on  
22 area.

23 The bill makes corresponding changes in Code chapter 309,  
24 relating to secondary roads; Code chapter 310, relating to  
25 farm-to-market roads; Code chapter 312, relating to the road  
26 use tax fund; Code chapter 314, relating to administrative  
27 provisions for highways; and Code chapter 331, relating to  
28 county home rule.

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