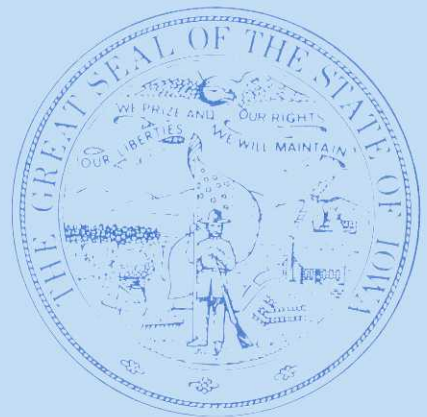




Report of the
**Governor's Blue Ribbon
Transportation Task Force**

December 1982



National Transportation Library

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Governor Robert D. Ray
State House
Des Moines, Iowa 50319

Dear Governor Ray:

Last July you asked me to chair a task force of 27 outstanding Iowans to examine Iowa's transportation system and suggest steps to better serve Iowa's transportation needs during the next decade. In the attached report are the findings and recommendations of that group.

Iowa has a large transportation system to serve the needs of agriculture, commerce, and most importantly, people. For example, while the state ranks 27th in the nation in population, its road system is the 10th largest in the country. The resources to support this transportation system are severely limited, which creates a vast problem.

The task force developed its findings and recommendations after an exhaustive analysis of the state's transportation system. During this analysis many groups were heard, with many diverse opinions being expressed. A large number of basic issues were resolved and many alternatives were considered, as shown in the attached report.

While we found the transportation system facing awesome problems, we believe the state has the capability to solve them. As a step toward those solutions, we offer the recommendations in this report. The task force believes the carrying out of these recommendations will aid preservation of the transportation system within our financial capabilities, provide an efficient utilization of resources, and enhance the administrative and jurisdictional structure for programming for Iowa transportation.

We sincerely hope our efforts and recommendations will have a positive influence.

Sincerely,



Robert K. Beck
Chairperson of the Task Force

THANKS

I want to compliment and express my appreciation to the following:

The Governor Robert D. Ray for instituting this Task Force.

Members of the Task Force for their dedication and time and effort.

Mr. George Wilson of the Governor's staff for his support and assistance.

Various Iowa organizations and individuals that testified and presented their statements to the Task Force.

The Iowa Department of Transportation and representatives of Iowa's counties and cities for their responsiveness and cooperation.

Wilbur Smith & Associates for that firm's professional guidance.

Sincerely,

A handwritten signature in blue ink that reads "Robert K. Beck". The signature is written in a cursive style with a large, prominent "R" and "B".

Robert K. Beck
Chairperson of Task Force

EXECUTIVE SUMMARY

Iowa has made great progress in building a transportation system to serve the people of the State, its agriculture, commerce, and industry. Substantial achievements have been made during this period in which the State witnessed unparalleled growth and prosperity. Much of this system development occurred at a time of expanding federal-aid for transportation programs.

However, circumstances have dramatically changed in the last few years. Inflation within the transportation area has exceeded the consumer price index. Having built an extensive transportation system, maintenance of that system is now requiring an increasing proportion of available funds. Fuel conservation, a desirable goal, has resulted in reduced public sector transportation funds. There are current discussions that certain federal-aid programs will be reduced and, in some cases, be eliminated as a part of the new federalism initiative.

Today, transportation programs are being redirected from the system expansion philosophy to a system preservation approach. In recognition of this new direction, Governor Ray appointed the Blue Ribbon Transportation Task Force to provide guidance concerning specific steps that can be taken to:

- Achieve maximum efficiency in the utilization of transportation resources
- Preserve essential transportation services and facilities
- Achieve equitable distribution of transportation and its associated costs.

Having identified the principal issues for transportation, received and reviewed information from many sources, and considered many alternative actions and their impacts, the Task Force has developed a series of recommendations for presentation to Governor Ray and for consideration by the Legislature. A summary of the major elements of the action taken by the Task Force follows.

Shifting Emphasis

Because of the magnitude of the financial problems facing the transportation system, it is essential that there be a redirection in transportation programs. This emphasis can best be illustrated by indicating the Task Forces recommendations for a revised transportation goal statement:

"The transportation goal for Iowa is to provide and preserve adequate, safe, and efficient transportation services based on the use and/or benefits that accrue to the public". (Words underscored denote revisions.)

The Task Force strongly recommends that maintenance be accorded top priority in all transportation programs. The State cannot afford the enormous costs which will result if deterioration of the system is permitted. Not only would massive amounts be needed at some future date to rebuild the system, but

transportation costs for the State's people, agriculture and industry would also increase dramatically.

The need to make selected improvements in the system is recognized. However, major expansions of the system are clearly not in the best interests of the State. In particular, further expansion of the highway system should not occur except in unusual conditions. Improvements to the system should be directed to the provision of adequate capacity and the elimination of safety hazards rather than the addition of more mileage.

A similar philosophy is needed regarding the State's airports. The large size of the airport system, while obviously having various positive impacts, has also resulted in the need for substantial local and state financing. The Task Force recommends that the number of airports eligible for State project funds be reduced, and that the State encourage the development of multi-jurisdictional district airports. Consolidation of airports will improve the quality of services available to the public while reducing the overall costs of the airport system.

Historically the return on investment by railroad companies has been so small that some companies have been forced to defer essential maintenance on the rail system and have abandoned many unprofitable branch lines. Recognizing the problems confronting the railroad companies, the State has supported certain branch line abandonments where cost/benefit relationships indicated a lack of economic justification for service retention. However, the rail system is fast approaching an optimally sized system. The Task Force recommends that the railway bonding and branchline assistance programs continue. Additional State funding should be provided to offset any lost federal funds for programs.

Capital projects for the transit system are funded up to 80 percent by the federal government. In addition, federal subsidies for operating costs are also provided. However, it appears that federal operating subsidies will be severely reduced, or eliminated. In view of this shifting emphasis, it is recommended that increased local support for transit be encouraged through provisions for a local option tax. In addition, selected fare increases should be encouraged, with special concessionary fares for those who cannot afford to pay the full fare. Also, the Task Force recommends that State funding for public transportation should increase in line with cost increases.

Up until 1980, maintenance and operation costs for the inland waterway system were borne by the general revenues of the federal government. However, a new federal waterway user charge has been instituted to recover a portion of these costs. Iowa should continue to support a waterway user charge which is equitably assessed and which recognizes the many beneficiaries of the waterway system. Maintenance of the inland waterway system and elimination of major bottlenecks are in the best interests of Iowa's economy because of the heavy use of the system for grain shipments.

Cost Savings Measures

Many of the recommendations developed by the Task Force are designed to achieve economies in Iowa's transportation programs. The Task Force strongly recommends a movement toward a more optimally sized system. Legislation should be adopted which will remove existing impediments to the vacating of low priority roads and streets. Implementation of a new classification of low priority roads to be referred to as "Land Access Roads" should be sought. Only adjacent landowners should have rights to ingress and egress, and the liability on such roads, including maintenance responsibilities should be relieved. Reductions in the size of the transportation system should lead to various economies and facilitate the application of transportation funds where they are most needed.

To achieve increased competition and greater trucking efficiencies, it is believed that governmental motor carrier regulations should be relaxed. Greater reliance should be placed on the free market place.

Maintenance must receive increased attention and programs must be designed to achieve the most cost effective approach to system preservation. The Task Force encourages the use of contract maintenance on a cost/benefit basis, and the continuation of research to develop cost effective means of preserving and maintaining transportation capital investments. It also recommends a State requirement for counties to develop a plan acceptable to the Transportation Commission for reduced maintenance, including snow removal, on some county roads.

To achieve further economies, there should be a major movement toward the consolidation of maintenance systems which serve each county. One of the two maintenance systems, state or county, should be eliminated. The long-term objective should be to include cities in the consolidation plan so that eventually there is one maintenance operations in each county.

Additional savings can be achieved through the realignment of highway system responsibilities. The State should have jurisdictional responsibility for a road system which encompasses all federal-aid systems (approximately 25,000 miles); counties should be responsible for the remaining roads in unincorporated areas (approximately 76,000 miles); and cities should be responsible for all streets in incorporated areas which are not on the federal-aid system (approximately 11,000 miles). The Task Force also recommends that there should be design, construction and maintenance consistency between State and county road systems, and that design criteria and maintenance levels should be adjusted to make maximum use of available funds.

The Task Force recommends that the State undertake a feasibility study of joint school bus/public transit operations in order to achieve improved overall efficiency. Two pilot projects should be established, one rural and one urban, to evaluate a cooperative effort among various transit providers, including school district providers, public transit providers, and others. Ap-

appropriate incentives should be developed to encourage the implementation of such pilot projects. Additionally, Chapter 601J of the Code of Iowa should be amended to encourage school transportation operations to be coordinated with other public transportation programs in a mutual effort to reduce costs.

System Financing Measures

Implementation of Task Force recommendations will achieve economies through the containment and reduction of the size of the transportation system, adjustment of design criteria and maintenance levels, consolidation of facilities and functions, and improved cooperation and coordination in transportation programs. However, these measures cannot be expected to totally eliminate the needs of the transportation system. These recommended changes will reduce the amount of funding required, but will not offset factors such as continuing inflationary impacts and the subsequent reduced purchasing power of transportation dollars.

However, before any transportation tax is increased, the Legislature should carefully consider the impact of the increase on total tax receipts because of elasticities of demand. Taxes can be raised to a point where they are counter-productive.

Accordingly, it is recommended that the State's involvement in the transit program be continued at the 1976 appropriation level of \$2 million, with incremental increases to account for lost purchasing power. This would require an appropriation of approximately \$3.5 million.

A \$3 million annual appropriation to the Rail Branch Line Assistance Program is recommended. Also, forward reviews should be performed by Iowa DOT to ensure that branchline rollover funds are returned to the State when the needs of all economically viable branch lines have been satisfied.

Legislation is needed to permit local jurisdictions to fund airports via local option taxes. Additional revenues for the State Aviation Fund should be provided by eliminating inequities which exist in the current tax program. These include the elimination of the refund now applicable to the aviation fuel tax and the establishment of a 13 cents per gallon tax to be placed on jet fuels, with an exemption granted to common carriers.

In the view of the Task Force, the State should delay any increase in the Iowa motor fuel tax until the full impact of the proposed federal tax increase of 5 cents per gallon is known, and until the Task Force's cost savings recommendations have been given a chance to work. In the meantime, the Task Force believes that the Iowa motor fuel tax should be indexed on the basis of road reconstruction and maintenance costs, and it also suggests that revenue bond financing be used under certain circumstances.

As indicated above, changes are recommended in the jurisdictional responsibilities for highways and in the manner in which maintenance is performed.

The Legislature should alter the existing distribution formula for the Road User Tax Fund in order to achieve the aims of these recommendations.

Implementation

Having examined the State's transportation issues, it is the belief of the Task Force that implementation of its recommendations will enable Iowa to adapt to its changing needs and priorities of the 1980's and beyond.

The Task Force's 60 recommendations involve policy modifications on the part of the General Assembly, the Transportation Commission, the cities and counties, and the Iowa Department of Transportation, as well as other public agencies and private interests. Therefore, a concerted effort by diverse groups is needed.

INTRODUCTION

Charge to The Task Force

On July 1, 1982, Governor Ray announced the appointment of Mr. Robert K. Beck - Chairman, and 26 other Iowa residents, to the Governor's Blue Ribbon Task Force on Transportation. His charge to Mr. Beck and the Task Force was to examine Iowa's Transportation System, evaluate its effectiveness, and suggest steps that can be taken to better serve Iowa's needs in the next decade.

Governor Ray said, "Our State's transportation resources and services, its problems, and opportunities are unique. Only through a dedicated effort on the part of the public and private sectors can effective solutions be reached. This Task Force, which includes outstanding Iowans representing a wide spectrum of occupations, can make a significant contribution to the planning of our transportation services for the future."

Governor Ray asked the Task Force to consider the following specific questions:

1. Is sufficient access to suitable transportation services available to Iowans?
2. What are the responsibilities of government and private industry in transportation?
3. How much can Iowans afford to pay and what are we willing to pay for transportation services?
4. Who should pay?

Answers to these questions and others require constructive roles for all members of the transportation industry, private and public, in order to promote better public understanding of the transportation problems facing Iowa.

Approach Used By The Task Force

It was determined that a research support staff for the Task Force was not necessary because of existing available studies and reports. However, due to the limitation of time, it was decided to acquire the assistance and support of a professionally qualified secretariat to coordinate and support the Task Force activities. A contract was executed with the firm of Wilbur Smith and Associates to act as secretariat to the Task Force for the purpose of compiling, reviewing, and summarizing available materials, and providing background on Iowa's transportation services, needs, and options. The secretariat also provided assistance to the Task Force in assessing and evaluating the information and data contained in the reports, studies, and presentations made by outside resource groups.

The Task Force was divided into three subcommittees: a System Size and Service subcommittee; a Finance and Pricing Subcommittee; and, an Administration Subcommittee.

Working through these committees, the Task Force approached its task on an inter-modal basis. The inter-modal approach provided all members of the Task Force with an opportunity to consider all modes equally, to identify and understand Iowa's total transportation system and services, and to consider key issues confronting the total system.

The Task Force, recognizing the limitation of time, developed a work program tailored to the following schedule.

- Review Iowa's transportation system and services;
- Compile and review background information on the operation, maintenance, funding and economic implications of Iowa's Transportation System;
- Determine potential problem areas and issues;
- Formulate key issues within the respective committee structure;
- Identify and contact interest groups;
- Receive statements and testimony from interest groups on key issues;
- Prepare an Interim Report;
- Determine options, conclusions and recommendations within respective committees;
- Determine directions, conclusions, recommendations and directions on key issues; and
- Prepare a Final Report for Governor Ray.

From the beginning of its work the Task Force was dedicated to the concept that, through cooperative discussion and action within the private and public sectors, effective solutions could be reached to meet Iowa's transportation service needs.

Transportation Issues Addressed by the Task Force

The Task Force members received and reviewed data and information on Iowa's transportation system and services. In addition, statements were provided by interest groups on the benefits, economic impacts and problems related to the delivery of transportation services.

From this background, the Task Force discussed several candidate subject areas of concern and focused on specific key issues. Eleven issues were identified and officially adopted by the Task Force for investigation. All issues were addressed in terms of each individual transportation mode -- highways, trucking, railroads, rivers and ports, airports and public transit. Tentative conclusions and recommendations were formulated by each subcommittee and these were then considered and debated by the entire Task Force. The specific recommendations developed by this process are discussed in subsequent sections of this report.

The eleven issues are as follows:

Issue 1 - Are Any Components Of The Iowa Transportation System Over- Or Under-Supplied In Terms Of System Size?

It is clear that Iowa has an extensive transportation system. Given that transportation needs change over time, and given that it is becoming increasingly difficult for the public sector to maintain the publicly-supported segments of this system, it is possible that changes in system size may be desirable. In recognition of these and other features, what system size components of each modal system might be changed? How might the system size changes be implemented?

Issue 2 - Are Any Components Of The Iowa Transportation System Over- Or Under-Supplied In Terms Of System Standards Or Service Levels?

Given that it is becoming increasingly difficult for the public sector to finance the current transportation network and existing service levels, it may be that reductions in standards or services would partially alleviate the problem. Are there standards or service level changes that could be made? How might the standard and services changes be implemented?

Issue 3 - Should Transportation Facility Sizes, Or Transportation Responsibilities, Be Shifted From One Jurisdiction Type To Another?

The transportation systems for which each jurisdiction has responsibility are well defined. However, it is possible that these jurisdictional relationships can be made more efficient in order to meet the needs of the 1980's and beyond. Are there changes which should be made between jurisdictions regarding system size, roles, or responsibilities?

Issue 4 - How Much Transportation Can Iowa Afford?

It is clear that existing revenue sources are insufficient to meet the transportation needs of Iowa. However, Iowans are now paying a substantial amount for transportation. Further, the current recession is causing a major disruption to personal incomes, commerce, industry, and agriculture. In recognition of these and other factors, what additional efforts should be undertaken to increase revenues for the transportation system?

Issue 5 - What Transportation Revenue Measures Should Be Undertaken?

Funding for transportation comes from a variety of sources and a number of principles have guided the adoption of these funding programs (e.g., equity, administrative complexities, legal authority of administering agencies, willingness to pay, etc.). What changes should be made in existing funding programs to provide the revenues needed to preserve, operate, and/or improve the transportation system?

Issue 6 - How Should Public Funds For Transportation Be Allocated To Administering Agencies?

Certain federal and state revenues are shared with local governments and regional authorities. The various distribution formulas attempt to recognize the differences in needs of each level of government, and between individual units of government. Also, these allocations try to achieve equity in terms of the cost responsibilities of different segments of the financial structure. What changes should be made relative to how transportation funds are distributed between systems? Also, what changes should be made in the distribution of funds between individual units of government?

Issue 7 - What Authority And Obligation Should Local Governmental Agencies Have For Financing Transportation?

Enabling legislation exists which permits certain local funds to be collected and expended on the transportation system. Also, there are local effort prerequisites for the allocation of state road user funds to counties. These measures are intended to convey sufficient authority for these agencies to meet their local transportation responsibilities and to avoid undue reliance on federal and/or state provided funds. Local effort requirements are intended to achieve equitability in the distribution of funds which are in part based on system needs. What changes should be made regarding the authority and obligation of local governments and regional authorities to collect and expend funds on the transportation system?

Issue 8 - Should The Transportation Goal For Iowa Be Revised?

In the past decades there has been support for the development of new transportation systems and services. More recently there has been growing public reaction against the further growth of transportation systems and services especially in urban areas. Past "goals" for transportation are being reviewed and questioned. There are differing and sometimes conflicting goals and values between the levels of government and the private sector. Should Iowa's Transportation goal be changed to reflect the extensive system size and limited resources? Should our priorities be re-evaluated, based on use and benefits? Does Iowa's transportation goal apply to all levels of government?

Issue 9 - Are There Economies And/Or Benefits To Be Gained By Changes In Intergovernmental Responsibilities For Transportation Services?

An important factor affecting transportation systems is the institutional and governmental arrangement for providing transportation services. In many areas, patterns of transportation services, delivery, fiscal and regulatory constraints and other factors contribute to inefficiencies. It is important to review and evaluate the role of each level of government for all modes. Can one level of government deliver transportation services more economically than another? Are there benefits to be gained?

Issue 10 - Are Cost Effective And Cost Reduction Methods Being Utilized In The Development, Evaluation And Maintenance Of Iowa's Transportation System And Services?

There is a deterioration of the existing transportation infrastructure. With limited resources it is important that maximum use be made of revenues. Better methods and better materials are needed in the maintenance area, specifically preventative maintenance. Improved methods for keeping present systems operative are needed. For example, would contract maintenance provide a savings in time and cost? How much maintenance is enough?

Issue 11 - Should State Law Be Amended To Place A Limitation On Tort Liability, Including Punitive Damages?

Presently, there is in excess of \$80 million in claims pending against the Iowa Department of Transportation and local governments. If adequate funds for maintenance are not available, will this result in additional claims against the State and local governments? Would limitations on the time to file suit and awards provide a partial solution?

TRANSPORTATION GOALS

Recommendation 1 - Transportation Goals Reorientation

THE FOLLOWING REVISED GOAL STATEMENT IS RECOMMENDED: "THE TRANSPORTATION GOAL FOR IOWA IS TO PROVIDE AND PRESERVE ADEQUATE, SAFE, AND EFFICIENT TRANSPORTATION SERVICES BASED ON THE USE AND/OR BENEFITS THAT ACCRUE TO THE PUBLIC". (WORDS UNDERSCORED DENOTE REVISIONS.)

In 1975 the Iowa legislature initially approved a transportation goal statement. This statement was formulated after a series of public hearings throughout the state. This goal statement has been reviewed and approved annually by the Transportation Commission. It presently reads as follows:

"The transportation goal for Iowa is to provide adequate, safe, and efficient transportation services to the public."

It is believed that the present goal statement should be revised to reflect the growing concern about limited resources and the need to preserve the existing transportation system. With spiraling inflationary construction and maintenance costs and decreasing revenues, Iowa is not producing funds sufficient to meet its perceived minimal needs. Decisions relating to transportation systems and services should be based on priorities and the use and/or benefits accruing to the public from the services.

The recommended revised goal statement should apply to all transportation modes and to all levels of government. Corresponding revisions in transportation policies should be made for approval by the state legislature.

The remaining Task Force Recommendations are established within the context of this goal reorientation.

AIR TRANSPORTATION

Recommendation 2 - Change in Aviation Policy Statement

THE IOWA TRANSPORTATION POLICY STATEMENT REGARDING AVIATION SHOULD BE REVISED TO BE ORIENTED TOWARD COST EFFECTIVE USE OF PUBLIC FUNDS RATHER THAN THE CURRENT POLICY TO "...ENCOURAGE AND ASSIST IN THE DEVELOPMENT OF...AIRPORT FACILITIES..."

The Iowa policy of encouraging airport development has been extremely successful, in that Iowa now has 355 airports. Of these, 114 are publicly owned, and 241 are privately owned. Relative to other states, the Iowa public airport system is rather extensive. In terms of the number of public airports per square mile of land, Iowa ranks ninth, while it ranks twenty-first in aircraft per capita. The State has a public airport in 97 of its 99 counties.

It is the view of the Task Force that the publicly supported airport system is more extensive than warranted. While the private sector should be free to construct, operate and maintain as many airports as it deems necessary, the public sector must recognize that public funds should be used only in those instances in which the airport is needed, warranted, and where it is impossible to expect the private sector to fund the facilities.

This being the case, State policy should be revised, away from the development of additional airports and toward the efficient use of the already existing airport facilities.

Recommendation 3 - Airport Funding Eligibility

THE IOWA DEPARTMENT OF TRANSPORTATION SHOULD DEVELOP A PLAN WHEREBY THE NUMBER OF AIRPORTS ELIGIBLE FOR STATE PROJECT FUNDS IS REDUCED FROM THE CURRENT LIST OF 80 ELIGIBLE AIRPORTS.

Of the 114 publicly owned airports, 80 are eligible for State development assistance (project funds). Estimated 10 year public airport needs are \$200 million, while only \$81 million is forecast to be available (\$58.5 million from the federal government, \$11 million from the State and \$11.5 million from local sources). These estimates indicate that only \$13,750 is available per year, per airport from State funds. A significant funding deficit is expected.

It is the view of the Task Force that the number of airports eligible for State development project funds should be reduced. By reducing the number of airports that are eligible for State funds, some airports will be increasingly dependent on local funding. They may find that a superior solution is to give consideration to the development of multi-jurisdictional "district" airports

which should be eligible for State funding. As a result of this action, it is believed that State funding can be more concentrated, can be more effective and can be at a lower funding level than under continuation of the present policy which involves the allocation of limited funds between so many localized airports.

Recommendation 4 - Multi-Jurisdictional District Airports

RENEWED EMPHASIS SHOULD BE GIVEN TO THE FUNDING OF, AND ESTABLISHMENT OF, MULTI-JURISDICTIONAL DISTRICT AIRPORTS.

At present, most of Iowa's airports are single authority facilities in that each is owned and/or operated by either one county or one municipality. This jurisdictional responsibility has led to the creation of small general aviation airports, with few having a wide market area and significant utilization. It is the Task Force's view that the creation of multi-jurisdictional airports would create efficiencies and perhaps enable improved services via fewer but larger airports.

Chapter 330A of the Code of Iowa enables cities and/or counties to create regional airport authorities which can acquire and operate aviation facilities, collect fees, borrow money and issue bonds, accept governmental fund assistance, and exercise the powers of eminent domain. The legislation does not allow the airport authorities to levy taxes nor to commit public revenues. Furthermore, 28E of the Intergovernmental Agreement allows intergovernmental coordination. Therefore, the legislation is in place.

However, encouragement of the district airport concept is needed. Such encouragement should be via the financing mechanism -- by revising Chapter 330A to enable the district authority to fund airports by taxation, and by making the multi-jurisdictional airports a high priority in terms of State airport funding assistance.

With a transfer of jurisdictional responsibilities from several counties or municipalities to a district authority, it should be possible for an area to receive State airport funds, which might otherwise be lost. The local jurisdictions in the process would lose some autonomy, but could possibly receive scheduled commuter flights which are currently not available. Total airport costs would be reduced, although ground time to and from the airport might be increased.

Recommendation 5 - Classification of Airports

THE IOWA DEPARTMENT OF TRANSPORTATION SHOULD REVIEW ITS SYSTEM OF AIRPORT CLASSIFICATION, AND SHOULD RECLASSIFY AIRPORTS WHEREVER WARRANTED.

The 1982 Iowa Aviation System Plan developed minimal operational standards by which Iowa's airports are classified. This classification system is used to define future needs and funding requirements.

The reclassification of some airports may be possible since the growth of air travel has diminished. In 1978, the Airline Deregulation Act was passed. Since that time, due to the Act and the economy, there has been a 25 to 30 percent decline in the number of scheduled airline flights, and a 30 percent decline in passenger loadings in Iowa. Ft. Dodge, Mason City and Spencer are down to one commercial flight daily, and Marshalltown has no scheduled air carrier service. New commuter services are now being planned at several Iowa airports.

Given the projected airport funding deficit, and given the apparent decline in air use, it is the Task Force's view that the Iowa Department of Transportation reconsider its airport classification system so as to include the district airport option, and to reduce if possible the number of airports in the higher airport categories.

Recommendation 6 - Local Option Tax for Airport Purposes

LEGISLATION IS NEEDED TO ALLOW LOCAL JURISDICTIONS TO FINANCE AIRPORT IMPROVEMENTS VIA LOCAL OPTION TAXES.

Presently, counties and municipalities can assess property taxes; however, they cannot utilize other tax sources since Iowa does not have legislation authorizing local option taxes.

In the future, many local airports will have to rely increasingly on local funding sources because of reduction in the number of airports eligible for State funds, the recommended high priorities given to the district airports concept, and the unreliability of federal funding. These actions, and others, indicate that local jurisdictions should have the ability to consider various forms of local taxes in order to enable them to retain and operate their local airports, if they desire to do so.

Recommendation 7 - Aviation Fuel Tax Refund

ADDITIONAL REVENUES FROM AIRCRAFT USERS SHOULD BE OBTAINED BY ELIMINATING THE REFUND NOW APPLICABLE TO THE AVIATION FUEL TAX.

Aviation fuel is considered motor vehicle fuel and is taxed at the rate of 13 cents per gallon. However, unlike motor vehicle fuel users, aviation gasoline users can request a refund of the tax paid. The percent of refunds has varied between 20 and 25 percent over the last 5 years. If a refund is requested, the 13 cents per gallon is refunded, less 3 percent State sales tax. Thus, the net tax returning to the user is approximately 7 cents per gallon at today's fuel prices, while the General Fund receives about 6 cents per gallon.

In FY 1982, \$675,000 in tax revenues were collected but \$235,000 was either refunded or paid to the General Fund. Accordingly, the State Aviation Fund received \$440,000, approximately one-third of the total revenues accruing to the Fund.

Those aviation users who request a refund of the aviation gasoline tax do not support the State Aviation Fund to the same degree as users who do not seek a refund. This is inequitable and is contrary to the "user pay" philosophy of transportation finance.

State participation in airport programs has been limited to general aviation airports. On projects not involving federal aid, the State provides 70 percent of construction funds, with a 30 percent local match requirement. On safety projects, there is a 50/50 state/local match arrangement. The estimated development costs to improve State assistance airports to meet demands of the next 10 years is about \$200 million, while only \$85 million is projected to be available. Additional funds are needed to avoid the detrimental effects of a deficient airport system.

However, in FY 1982, the State provided only \$0.9 million for airport improvement programs. There is significant justification for increased State funding of airport programs.

Recommendation 8 - Jet Fuel Taxation

A 13 CENTS PER GALLON TAX SHOULD BE PLACED ON JET FUELS WITH AN EXEMPTION GRANTED TO COMMON CARRIERS. HALF OF THE REVENUES FROM THIS TAX SHOULD GO TO THE GENERAL FUND AND HALF SHOULD GO TO THE AVIATION FUND.

Aviation jet fuel is not subject to a cents per gallon tax in Iowa. Consequently, owners of jet fuel aircraft pay less tax into the State Aviation Fund than do owners of aviation gasoline powered aircraft. Because the State Aviation Fund is funded exclusively by general aviation, this means that certain users (those with gasoline powered aircraft) are subsidizing other users (those with jet fueled aircraft).

At the present time, aviation jet fuel is subject to a 3 percent sales tax with revenues credited to the General Fund. Approximately \$1.3 million to \$1.4 million is derived from this tax.

Nineteen states levy a non-refunded tax on jet fuel. Thirteen of these states set the tax at the same rate as on aviation gasoline. Existing inequities between jet fueled and gasoline fueled aircraft would be eliminated under the proposed recommendation, without reducing the revenues now accruing to the General Fund from the 3 percent sales tax.

HIGHWAYS

Recommendation 9 - Jurisdictional Responsibilities

THE STATE SHOULD HAVE JURISDICTIONAL RESPONSIBILITY FOR A ROAD SYSTEM WHICH APPROXIMATES THE PRESENT 1982 FEDERAL-AID SYSTEM (APPROXIMATELY 25,000 MILES). COUNTIES SHOULD HAVE JURISDICTIONAL RESPONSIBILITY FOR THE REMAINING ROADS IN UNINCORPORATED AREAS NOT ON THE PRESENT FEDERAL-AID SYSTEM. CITIES SHOULD HAVE RESPONSIBILITY FOR THE REMAINING ROADS IN INCORPORATED AREAS NOT ON THE PRESENT FEDERAL-AID SYSTEM.

Currently, the State is responsible for a system of approximately 10,000 miles of primary roads and streets, counties have jurisdiction for 90,000 miles of secondary roads and cities for 12,000 miles of municipal streets. Under the proposed arrangement, the State responsible system would be comprised of approximately 25,000 miles, the county system would encompass approximately 76,000 miles and cities would be responsible for approximately an 11,000 mile system. Future federal aid would be directed to that road system which generally serves the State's major travel demands, with administration of such funds by the appropriate jurisdiction.

Recommendation 10 - Reallocation Of RUTF Revenues

THE LEGISLATURE SHOULD ALTER THE EXISTING DISTRIBUTION FORMULA FOR THE ROAD USER TAX FUND (RUTF) TO ACHIEVE THE AIMS OF THE ABOVE RECOMMENDATIONS.

At present, RUTF revenues are distributed 45 percent to the State, 37 percent to counties and 18 percent to cities. In addition, federal-aid is shared by the systems. Cities and counties also have local revenue sources which are not available to the State (property tax and federal revenue-sharing).

The preceding recommendation will result in the transfer of mileage between administrative systems. Also, maintenance functions will be consolidated under Recommendation 11. This will change the responsibilities of each system and the associated RUTF revenue will require reallocation.

Recommendation 11 - Consolidation of Maintenance Activities

THERE SHOULD BE A MAJOR MOVEMENT TOWARDS CONSOLIDATION OF MAINTENANCE SYSTEMS WHICH SERVE EACH COUNTY. ONE OF THE TWO MAINTENANCE SYSTEMS, STATE OR COUNTY, SHOULD BE ELIMINATED. THE LONG TERM OBJECTIVE SHOULD BE TO INCLUDE CITIES IN THE CONSOLIDATION PLAN SO THAT THERE IS NO MORE THAN ONE MAINTENANCE OPERATION IN EACH COUNTY.

Currently, each county and each city has maintenance responsibilities for roads and streets under its jurisdiction. Consequently, each jurisdiction employs maintenance forces and must purchase and maintain equipment used in road maintenance activities. Similarly, Iowa DOT has maintenance personnel and equipment strategically located around the State. This leads to considerable duplication in resources and to inefficiencies due to marginal utilization of equipment.

Other inefficiencies occur in the manner in which maintenance operations are performed by multiple jurisdictions. To demonstrate, county maintenance crews and equipment often must travel over State highways to gain access to county roads.

By consolidating maintenance activities, savings in manpower and equipment will be achieved. Also, more efficient utilization of these maintenance resources will occur by eliminating the restraints posed by multiple jurisdictional responsibilities.

Recommendation 12 - Paving Of Low Priority Roads

THE STATE SHOULD HAVE THE FINAL APPROVAL ON THE PAVING OF LOW PRIORITY ROADS WHERE ROAD USE TAX FUNDS ARE UTILIZED.

While paving is appropriate under certain circumstances, it is not warranted on low priority roads. In a time of scarce economic resources, it is inappropriate to use State-collected funds for paving low priority roads. By requiring that State approval prior to paving, a more uniform approach to the expenditure of State revenues can be achieved.

Recommendation 13 - Consistency In Standards

THERE SHOULD BE CONSISTENCY BETWEEN STATE AND COUNTY SYSTEMS IN THEIR DESIGN, CONSTRUCTION AND MAINTENANCE STANDARDS.

Road and street design standards are varied to recognize differences in the type of service to be provided, the volume of traffic to be served, the characteristics of abutting development, and the nature of physical features (i.e., terrain). To some degree, these factors also influence the type and quality of maintenance provided on the highway network.

Where similar conditions exist on State and county roads, the same standards should apply. There should be no distinction in standards simply because a particular jurisdiction has responsibility for a facility.

Recommendation 14 - Maintenance Plan

THERE SHOULD BE A STATE REQUIREMENT THAT COUNTIES DEVELOP A PLAN ACCEPTABLE TO THE TRANSPORTATION COMMISSION FOR REDUCED MAINTENANCE, INCLUDING SNOW REMOVAL, ON SOME COUNTY ROADS. LIABILITY FOR SUCH REDUCED MAINTENANCE SHOULD TRANSFER TO THE STATE.

As stated above, maintenance standards should be varied to reflect the particular characteristics of a facility. This recognizes that low priority routes do not warrant the same level of maintenance as do those which provide a higher level of traffic service.

In order to utilize scarce maintenance funds in the most economical way, a maintenance plan is needed in each county. This plan should scale maintenance activities to the level of traffic service provided by a facility.

The requirement that maintenance plans be developed and then reviewed by the Transportation Commission will help achieve a consistent approach to maintenance in the various counties. The counties should be relieved of legal responsibilities associated with the plan since they will not be able to totally control the content of the plan.

Recommendation 15 - Design Criteria and Levels of Maintenance

DESIGN CRITERIA AND MAINTENANCE LEVELS SHOULD BE ADJUSTED TO MAXIMIZE THE USE OF EXISTING FUNDS. THE PUBLIC SHOULD BE MADE AWARE OF THE NEED FOR SUCH ADJUSTMENTS.

The overriding objective of the preceding four recommendations is to assure the most efficient and equitable use of maintenance and construction funds. The reduced purchasing power of these funds is greatly affecting the amount of highway work that can be performed. Consequently, adjustments in design criteria and maintenance levels will seek the most cost-effective approach, consistent with the demands of safety, environmental protection and enhancement of social qualities.

It is important that the public be aware of these changes. Therefore, the necessity for such actions and the possible impacts should be communicated to achieve a broad base of acceptance.

Recommendation 16 - Vacation of Roads

LEGISLATION SHOULD BE ENACTED TO REMOVE THE IMPEDIMENTS TO VACATION OF LOW PRIORITY ROADS AND STREETS.

Iowa has approximately 112,257 miles of streets and highways, of which over 92 percent are rural. Iowa ranks 8th in the U.S. in terms of rural road mileage per square mile of land, ranks 33rd in terms of paved rural road mileage per square mile of land, and ranks 39th and 49th, respectively, in terms of rural and urban annual vehicle miles of travel per road mile. Iowa therefore has a comparatively extensive road system which is comparatively lightly used. This extensive system, however, recognizes the importance of rural roads to the agricultural economic base of the State.

Many people feel that Iowa's road system is too extensive. If any roads are to be vacated, they must be those which, while perhaps convenient, are not essential. The lowest volume roads would be the only appropriate candidates. No thorough study has been done to determine which roads are potential candidates for closure. It has been suggested that 10,000 miles might be vacated. While this might ultimately prove to be a "goal", the Task Force believes that more study is needed before any such goal can be established.

The legal tools currently exist by which Iowa roads can be vacated. Chapter 306 of the Iowa Code gives the counties authority to identify road segments and to hold public hearings. Further, existing law indicates abutting landowners rights, and places the vacation decisions in the hands of the county board of supervisors. Similarly, municipalities have the authority to vacate roads.

Extensive road vacations are difficult, however, because of the potential implications at the local level. These implications include damage awards to abutting property owners that can be more costly than any savings from the vacated road, and the current law which allows landowners to condemn land for access.

It is the view of the Task Force that road vacations will not be a significant component of the solution to the needs/funding issue. This is because only the costs of road maintenance and reconstruction would be saved. Average annual fully allocated maintenance costs for county roads are \$1,600 gravel roads and \$980 for earth surfaces. If 1,000 miles of gravel roads are vacated, the maximum savings annually would be \$1.6 million -- and this may be overstated since the lowest volume roads may not receive this annual maintenance expenditure. Therefore, the number of vacated road miles must be significant before it can be viewed to be a part of the overall solution.

While there are many obstacles confronting the vacation of roads, and while the savings may be minimal on a per mile basis, it is the belief of the Task Force that a conscientious attempt should be made at the local level. This is because some roads that once had a good rationale, no longer do so.

These roads continue to be a drain on the taxpayers' budget, and should be eliminated where possible.

To enable a more vigorous approach to road vacation, legislation is required. These legislative changes should seek to: 1) provide that access to property obtained by condemnation by property owners be specifically excluded from the road systems and that all responsibilities be vested in the condemning property; 2) elimination of liability of the property owners if they take over land that was a publicly vacated road; 3) elimination of county and municipal liability associated with vacated roads.

It is suggested that a special committee be established to define precisely what legislative measures are needed to enable increased road vacation.

Recommendation 17 - Land Access Roads

IMPLEMENTATION OF A NEW CLASSIFICATION OF LOW PRIORITY ROADS TO BE REFERRED TO AS "LAND ACCESS ROADS" SHOULD BE SOUGHT.

One component of the system size issue is the possibility of reducing the number of road miles funded by the RUTF. The Iowa DOT study "Alternative Primary and Secondary Road System Sizes" noted one option which would be to develop a "local access" classification which would require that the counties reclassify some roads which in turn would enable a different form of maintenance or even vacation.

The Task Force believes that adoption of such a "land access" classification can play a role in overcoming the roads needs/funding issue. It may be that this concept could be applied to both county and city roads.

However, the Task Force realizes that this is not a simple answer, since local roads conceivably might not be open to the public, conflicts between abutting land owners would develop, land owner liability issues would have to be resolved, and implementation of this concept would be new and precedent setting. Yet, if a solution is in fact a solution, it will be precedent setting since the conventional responses are no longer capable of solving the issue. To achieve this, the Task Force recommends that the Governor appoint a special committee to study these matters and their ramifications, and recommend as soon as possible legislative changes to the General Assembly. Membership on this committee could include representatives from the Iowa Association of Counties, the Iowa Department of Transportation, organizations representing important elements of the Iowa agricultural community, representatives of rural and urban communities, and a specialist or specialists in the extension economics field dealing with transportation.

Recommendation 18 - Road Plan

EACH COUNTY AND CITY AND THE IOWA DOT SHOULD DEVELOP A PLAN SETTING OUT ROADS AND STREETS UNDER THEIR JURISDICTIONS WHICH ARE TO BE VACATED, THOSE TO BE CLASSIFIED AS LAND ACCESS, AND THOSE TO RECEIVE "B" LEVEL OF MAINTENANCE. THESE PLANS SHOULD BE SUBMITTED TO THE IOWA TRANSPORTATION COMMISSION FOR APPROVAL.

To be effective and significant, it is important that a reasonable number of road miles be vacated, and designated as local access roads, and designated to receive "B" levels of maintenance. Such a process requires planning at each jurisdiction's level to ensure that there is a measure of comparability and coordination.

To achieve this level of coordination it is believed that each jurisdiction responsible for roads be required to develop a plan which would include the process by which roads are to be reclassified or vacated, along with the designation of those reclassified roads. The Iowa Transportation Commission should have final review and approval authority of those plans. The plans should be updated annually.

Roads and road segments can be designated as "B" maintenance level roads according to Chapter 309 of the Code of Iowa. Such a level is not defined, with the result that the precise maintenance level, while lower than "A", is up to the judgement of the county.

Recommendation 19 - Tort Liability

A COURT OF CLAIMS OR SIMILAR SPECIAL COURT SHOULD BE ESTABLISHED WHICH DECIDES TORT LIABILITY CLAIMS AGAINST THE STATE, COUNTIES OR ANY MUNICIPALITY.

Presently 9 states have sovereign immunity as to Torts. Thirty-eight states now have a Torts Claims Act of other legislative procedures for litigating claims, and 25 states have a limited form of immunity. More importantly, 5 states now have a court of claims. Such courts tend to enable greater uniformity of decisions and increased expertise.

There are 25 states reporting Tort Claims over \$4 billion. In 1980 alone, over 12,800 claims alleging Tort liability were filed in against 38 states. Iowa government at present has in excess of \$80 million of highway and street claims against it. The Task Force believes that, given the magnitude of claims, a special court should be created to review these cases.

Recommendation 20 - Tort Liability for Level "B" Maintenance

TORT LIABILITY SHOULD BE RELIEVED FOR MAINTENANCE OF ROADS DESIGNATED AS LEVEL "B" MAINTENANCE BY THE COUNTY BOARD OF SUPERVISORS.

The level "B" maintenance classification concept provides a method of reducing maintenance costs to be compatible with road use. However, if the Tort liability is not relieved from Level B maintenance facilities, funds will continue to be needed to fund the Tort claims and an obstacle will exist to using the Level B Maintenance concept. It is therefore imperative to relieve the existing Tort liability from the County Board of Supervisors.

Recommendation 21 - Punitive Damages

LEGISLATION SHOULD BE ENACTED TO PROVIDE ALL PUBLIC EMPLOYEES, ELECTED AND APPOINTED, EQUAL LIABILITY TREATMENT, THEREBY EXEMPTING ALL GOVERNMENT EMPLOYEES FROM PUNITIVE DAMAGES, EXCEPT IN CASES OF ACTUAL MALICE OR RECKLESSNESS.

Senate File 474, passed in 1982, amended Chapter 613A (Tort liability of governmental subdivisions) of the Code.

Local governments are now exempt from punitive damage claims. However, officers and employees of local governments can be held personally liable for punitive damages. If a municipal officer or employee is performing an emergency or law enforcement duty, there would be no punitive damage liability unless actual malice or recklessness is proven.

The local government has the obligation to defend employees and officers against all law suits whether punitive damages are asked for or not. However, the current duty of local government to save harmless (pay claims for) and indemnify (compensate for loss) officers of employers does not apply to punitive damages.

Recommendation 22 - Program Emphasis

BECAUSE THE NEEDS OF THE HIGHWAY SYSTEM ARE SO GREAT, EMPHASIS SHOULD BE GIVEN TO MAINTENANCE RATHER THAN CONSTRUCTION. IN PARTICULAR, FURTHER PAVING OF COUNTY ROADS SHOULD NOT BE UNDERTAKEN EXCEPT WHERE THIS IS THE MOST ECONOMIC SOLUTION. THE ORIGINAL FREEWAY/EXPRESSWAY SYSTEM PROPOSED YEARS AGO BY THE IOWA DOT SHOULD BE MODIFIED TO CONFORM WITH THE NEED TO PRESERVE AND IMPROVE THE EXTENSIVE HIGHWAY SYSTEM.

Iowa has made an enormous investment in its highway and bridge system. If this system is allowed to deteriorate, it would be almost impossible to restore it to a satisfactory condition.

When roadway surfaces are permitted to deteriorate beyond the optimum time for rehabilitation, the cost for pavement restoration rapidly escalates. Based on life cycle costs, the most economic solution is to perform essential surface restoration work at the optimum time because of the severe cost consequences of deferred maintenance.

Some roads have been paved despite the fact that traffic volumes do not warrant such improvements. While this may reduce future maintenance and road user costs on these roads, total costs (including the pavement investment) may be more than if a lower standard was accepted. This may reduce the funds available for other more urgent road projects.

Recommendation 23 - Contract Maintenance

ALL LEVELS OF GOVERNMENT SHOULD BE ENCOURAGED TO USE CONTRACT MAINTENANCE ON A COST/BENEFIT BASIS.

In accordance with Section 17 of Senate File 561 the Iowa DOT initiated pilot projects to determine the feasibility of performing routine maintenance activities (functional contract maintenance) and general contract maintenance with private industry instead of Department forces.

In January of 1982, a special report entitled "Contract Maintenance" prepared for the legislature described the progress of the pilot projects. It is apparent that contract maintenance can be cost effective on some maintenance activities and it is also evident there are other long term activities which do not appear to be cost effective.

All levels of government should initiate contract maintenance projects and, through unit costs analysis and cost/benefit analysis, determine the feasibility of using private industry. Given the inherent variability of maintenance costs throughout the State and within the different counties and cities it is imperative to develop accurate unit costs to be objective in determining cost effectiveness.

Recommendation 24 - Maintenance Research

RESEARCH EFFORTS SHOULD BE CONTINUED AND ENCOURAGED TO DETERMINE THE MOST COST EFFECTIVE MEANS OF PRESERVING AND MAINTAINING TRANSPORTATION CAPITAL INVESTMENTS.

With limited revenues available for maintenance it becomes critical that service-level decisions be based on objective criteria, which do not currently exist. It is apparent that the nation's transportation systems are deteriorating but, to date, no firm national commitment has been made to upgrade the system. Key decisions on how much maintenance is enough are being made on the basis of judgement. There are no well-conceived or well-executed measurement

processes to determine the level of deterioration of the existing plant in all modes.

It is important that research funds be committed to develop improved preventative maintenance and rehabilitation methods. Unless research is continued, opportunities for making maximum use of reduced maintenance funds will be missed.

Recommendation 25 - Farm Vehicles

FARM WAGONS AND TRAILERS USED ON HIGHWAYS SHOULD BE SUBJECT TO THE SAME GROSS VEHICLE WEIGHT, AXLE WEIGHT AND AXLE SPACING REGULATIONS AS LICENSED VEHICLES. APPROPRIATE SAFETY REGULATIONS SHOULD BE DEVELOPED AND ENFORCED.

Farm wagons and trailers have reached extremely large sizes and some wagons have very high axle loadings. Consequently, considerable damage is done to road surfaces and bridges by these wagons.

Some of these wagons carry loads far in excess of the maximum weights permitted for commercial trucks. The problem of increasing road and bridge standards to accommodate larger and heavier trucks has been recognized by the Task Force in Recommendation 59. It is essential that farm vehicles also be limited to the legal limits imposed on licensed vehicles if the system is to be protected from unreasonable destructive loads.

Recommendation 26 - Pickup Trucks

REGISTRATION FEES ON PICKUP TRUCKS SHOULD BE INCREASED.

Pickup trucks pay only a \$45 annual registration fee. This compares with an average fee of about \$51 for a typical light-weight, two-door hatchback passenger car; \$63 for a medium-weight, four-door sedan; and up to \$175 for a heavy, four-door sedan.

Pickup trucks are frequently used as personal means of transportation, just like an automobile. Therefore, they should pay user fees on a comparable basis. In developing a registration fee for pickup trucks, recognition should be given to the considerable difference in size variation of vehicles in this classification.

Recommendation 27 - Light Trucks

THE LEGISLATURE SHOULD REVIEW REGISTRATION FEE PREFERENCES FOR LIGHT TRUCKS, ESPECIALLY RECREATIONAL VEHICLES, FOR PURPOSES OF ELIMINATING INEQUITIES.

Recreational vehicles are recognized as a special classification of vehicle, in terms of registration fees. However, the modern panel truck often

is transformed into a recreational vehicle and is used as a personal form of transportation. There are problems of differentiating between light trucks, pickup trucks, panel trucks, recreational vehicles and special-purpose vehicles. A review is in order to ensure that there are no serious inequities in the tax structure relative to these vehicle types.

Recommendation 28 - Road User Tax Payments

ALL VEHICLES SHOULD PAY THEIR FAIR SHARE OF COSTS FOR BUILDING AND MAINTAINING THE HIGHWAY SYSTEM.

Taxation of motor vehicles should be equitably distributed to vehicle classes on the basis of the costs incurred in building and maintaining highways to meet their needs. This should recognize also the cost responsibility of the general public to pay for benefits which are more related to the public at-large than to road users.

Recommendation 29 - Motor Fuel Tax

THE EXISTING STATE TAX ON MOTOR FUELS SHOULD REMAIN AT ITS PRESENT LEVEL UNLESS INCREASED FEDERAL FUNDING FAILS TO MATERIALIZE AND COST CUTTING MEASURES IMPLEMENTED IN CONSTRUCTION, MAINTENANCE, STANDARDS AND PRACTICES FAIL TO ACHIEVE SUFFICIENT SAVINGS TO MEET THE NEEDS OF THE SYSTEM. FUTURE ADJUSTMENTS SHOULD BE MADE TO THE MOTOR FUEL TAX BY REQUIRING THAT IT BE INDEXED ON THE BASIS OF ROAD RECONSTRUCTION AND MAINTENANCE COST AND FLUCTUATIONS IN MOTOR FUEL USAGE. THE INDEXING PROCEDURE SHOULD BE RE-EXAMINED WITHIN 5 YEARS.

There is substantial justification to increase user taxes on a proportional basis. Additionally, the most recent Quadrennial Need Study (July 1979) indicates that there will be a \$9.8 billion shortfall in revenues for the statewide system of roads and streets. Much of this shortfall is due to decreased buying power of the Road Use Tax Fund. In 1967, RUTF funds amounted to \$170 million. This increased to \$311 million in 1978 but inflation reduced the RUTF purchasing power to only \$135 million, or 21 percent less than in 1967.

At the present time, it appears that additional highway funds may be forthcoming from the Federal Government. The federal tax on motor fuel has remained the same (i.e., 4 cents per gallon) since October 1, 1959 but there are current moves to increase the tax to 9 cents per gallon. Of the 5 cents increase, 4 cents would go to highways and 1 cent for transit. Although passage of the increased tax is not certain, and there will be some delays before revenues accrue to the Highway Trust Fund and are appropriated to the State, it does appear promising that Iowa will receive increased federal-aid for highways.

Also, this Task Force has recommended several changes in the manner in which the system is administered, maintained and constructed. These measures are anticipated to create some cost savings, but the amount of these savings cannot be calculated.

In view of these circumstances, it appears prudent to delay any increase in the motor fuel tax until the full impact of these measures is discernable. While it is anticipated that additional State revenues will be required to match federal-aid and to meet the needs of the system, the amount of the needed increase cannot be determined with confidence at this time.

Tax increases traditionally are granted only after problems have reached crisis proportions. User fees have been adjusted only 8 times in the 57 year history of the RUTF. This means tax rates stay in effect an average of 7 years without changing to meet new circumstances.

Because the gas tax is on a fixed cents per gallon basis, it is incapable of responding to increased inflation. It also is not responsive to the fact that fuel efficient vehicles are paying less per mile of travel. For instance, a 24 mpg car of today pays only one-half the gas tax that was paid by a 12 mpg car a few years ago.

The gas tax should be put on an indexed basis which recognizes changes in fuel consumption and efficiency and rising highway costs. The tax rate would automatically change at prescribed intervals in response to changes in these two factors. If necessary, safeguards could be included to limit the amount of change, establish minimum and maximum tax rates, or provide for legislative review (i.e., tax rate would not change if the Legislature so directed).

Recommendation 30 - Gasohol Subsidy

THE GASOHOL SUBSIDY FROM THE RUTF SHOULD BE DISCONTINUED.
ANY SUBSIDY SHOULD BE FINANCED FROM STATE GENERAL REVENUES
OR THE FEDERAL GOVERNMENT.

Although gasohol falls under the general definition of gasoline, it is not taxed at the same rate. Instead, exemptions are granted on a cents per gallon basis. The exemption covered the full tax between the periods of July 1, 1978 and May 1, 1981, although a 3 percent sales tax was imposed. Beginning at the latter date, the effective gasohol tax rate was 5 cents per gallon, one-half the rate for gasoline. On September 1, 1981, the gasohol tax increased to 6 cents per gallon, then to 8 cents per gallon on May 1, 1982. The rate is scheduled to increase to 10 cents in FY 1984, 11 cents in FY 1985, 12 cents in FY 1986 and 13 cents in FY 1987 under existing legislation.

In FY 1982, the RUTF revenue loss from the gasohol preference was \$21.6 million. Through 1982, the total revenue loss amounted to \$50.4 million. Another \$21 million loss is forecast of FY 1983.

Combining the gasohol tax exemption with the tax on gasoline reduces the effective rate of taxation. Currently, the 13 cents per gallon tax works out to a 10.6 cents per gallon effective tax rate.

The purpose of the gasohol exemption is to promote the conservation of petroleum fuels and the substitution of a renewable energy source. Production of alcohol from grain also is valuable to Iowa's agriculture. If a subsidy is required to achieve these purposes, it is for the general good of all interests in the State and should be financed accordingly.

Recommendation 31 - Highway Fines

REVENUES DERIVED FROM FINES FOR FUEL, SAFETY, EQUIPMENT AND WEIGHT VIOLATIONS SHOULD BE APPLIED TO HIGHWAY AND BRIDGE PROGRAMS.

Revenues derived from commercially related fines for equipment violations are presently allocated to school programs. There is no logical connection between the source of funds and their application. Additionally, the school districts in the counties where truck weight scales are located are the principal beneficiaries.

Recommendation 32 - Bond Financing for Highway Purposes

REVENUE BOND FINANCING SHOULD BE CONSIDERED FOR HIGHWAY PROGRAMS WHEN THE EXPECTED RATE OF INTEREST IS LESS THAN THE EXPECTED RATE OF INFLATION IN HIGHWAY COSTS. ADVANCING THE TIME WHEN USER BENEFITS WILL BE REALIZED SHOULD ALSO BE A FACTOR IN THE DETERMINATION TO USE BOND FINANCING. CONSTITUTIONAL PROVISIONS AND RESTRICTIONS ON BONDING SHOULD BE RESEARCHED BY APPROPRIATE LEGAL AUTHORITIES AT SUCH TIME AS BOND FINANCING IS CONSIDERED.

Although bond financing for highway programs has had limited application in Iowa, there are merits in considering this approach under the conditions stated above. When these conditions are met, there will be savings in highway expenditures over the long-term. Also, road users will realize operating cost and time savings if projects are implemented earlier through the prudent use of bond financing.

Recommendation 33 - RUTF Hold Harmless Clause

THE "HOLD HARMLESS " CLAUSE ASSOCIATED WITH DISTRIBUTIONS OF RUTF REVENUES TO COUNTIES SHOULD BE RECONSIDERED.

The Farm-to-Market Fund receives 9 percent of the RUTF with distribution to county governments based 40 percent on relative area and 60 percent on relative needs on the Farm-to-Market system. The Secondary Road Fund receives 28 percent of the RUTF with distribution based on the same 40/60 percent basis.

However, the needs used in this distribution are for all county roads, inclusive of the Farm-to-Market system.

The hold-harmless provision stipulates that no county shall receive less total Farm-to-Market or Secondary Road funds in FY 1980 through 1985 than that county received in FY 1978. This means that funds that should accrue to most counties must be reduced to meet the minimum allocations. In effect, there is a distortion in the distribution of funds away from the "needs" criterion.

In FY 1982, 11 counties benefited from the hold-harmless provision for the Farm-to-Market Fund. Twenty-six counties benefited from the hold-harmless provision as applied to the Secondary Road Fund. Most of these counties are located in the north-central and north-western parts of the state. Several others are in the south-central portion.

Recommendation 34 - Road Financing By Local Governments

COUNTIES AND CITIES SHOULD CONSIDER INCREASING FUNDS FOR ROADS, STREETS, AND BRIDGES SO THAT FURTHER DETERIORATION OF THE SYSTEM CAN BE MINIMIZED. TO THE EXTENT NECESSARY, CONSIDERATION SHOULD BE GIVEN TO INCREASING THE MAXIMUM PERMITTED PROPERTY TAX LEVY FOR ROAD AND STREET PURPOSES, CONSISTENT WITH THE REVENUE NEEDS OF THE LOCAL SYSTEMS.

The last Quadrennial Needs Study showed that counties would have a \$5 billion shortfall in revenues for the road system and that cities would experience a \$1.8 billion shortfall in funding for their streets (in 1978 dollars). While county systems receive 37 percent of the Road Use Tax Fund and city systems receive 18 percent, it is not reasonable to expect that increases in the RUTF should meet all of the shortfall for these systems.

Local revenues provided only \$102 million of the \$190 million in county road funds in 1981 (54 percent). Local revenues for city street amounted to \$127 million out of the \$202 million total (63 percent).

Benefits from county roads and city streets are primarily of a local nature. Accordingly, there is justification for local funding of much of the needs of these systems.

Counties are permitted to generate support for the secondary road program from two sources. These are the rural levy (\$3.00375 per \$1,000 of assessed property value) and the rural-urban levy (\$0.16875 per \$1,000). Many of the counties are at the maximum tax levy at present. However, the needs of the county systems are far beyond current financial capabilities. In order for counties to meet the needs of their systems, it appears that they may require some increase in the maximum permissible levy for road purposes.

Property tax levies for city streets are included in the general property tax structure and there is no maximum street levy per se. However, there is a

maximum for the total general levy and it appears that many cities are already at this maximum. With the substantial shortfall forecasted for city street revenues versus needs, it appears that some adjustments may be warranted.

The subject of maximum property tax levies has not been debated in the Legislature since 1957 and it is time that this item be reexamined.

Recommendation 35 - Local Effort Requirements for Counties

THE LOCAL EFFORT REQUIREMENT FOR COUNTIES TO BE ELIGIBLE FOR ROAD USER TAX FUND (RUTF) DISTRIBUTIONS SHOULD BE RETAINED.

RUTF revenues are distributed to counties partially on the basis of road needs (60 percent) and the principles of equity require that each county make a reasonable effort to apply local funds to road programs. Otherwise, a county that relies primarily on RUTF revenues would build up a larger backlog of needs which would further increase its share of the RUTF distribution. On the other hand, a county that makes substantial effort to apply local funds would reduce its road needs and effectively reduce its share of the RUTF distribution.

Beginning January 1, 1980, counties were required to raise 75 percent of the maximum funds that could be generated by the maximum rural and rural-urban levies permitted by law. Deficient counties lose monies from their share of the RUTF equivalent to the amount not raised when measured against the 75 percent criterion. The loss in funds is on a dollar for dollar basis. The penalty was effective beginning July 1, 1981.

It appears that the local effort requirement is effective in providing a stimulus for county governments to make a reasonable effort to meet their road needs. For example, if the requirement had been in effect in FY 1977, 15 counties would have been below the 75 percent criterion. Following passage of the local effort requirement, there has been a marked increase in local financial support for the county road program. There has been a significant upward adjustment in property tax levies. Also, allocations of discretionary funds, such as federal revenue-sharing, has been maintained at a high level. In FY 1982, all counties were in compliance with the 75 percent criterion.

PUBLIC TRANSPORTATION

Recommendation 36 - Size of the Public Transportation System

THE PRESENT SIZE OF THE PUBLIC TRANSPORTATION SYSTEM SHOULD BE RETAINED.

In Iowa there are 33 public transit (bus) agencies providing services, comprising 7 large urban systems, 10 small urban systems, and 16 regional systems. The urban systems typically provide services to the general public, while the regional systems more typically provide specialized services. In addition there are 25 privately operated intercity bus companies and 81 taxi companies. The 33 public transit agencies operate 640 buses or vehicles, contrasted with 6,300 public school buses which are used for school transportation.

Compared with all 50 states, Iowa ranks thirty-second in terms of population within urbanized areas, ranks eighth in terms of number of public transit systems, ranks twenty-fourth in terms of the number of public transit vehicles, and ranks twenty-second in terms of the size of the State public transit funding program.

It is the view of the Task Force that there is little overlap or duplication of services offered by the 33 urban, small urban and regional transit agencies, since they serve distinct geographical areas. Also, public transit services are best planned and operated at the local level. Therefore, no change in the number of agencies providing services is proposed by the Task Force.

Within any single transit agency, system size is reflected in routes, number of vehicles, staff size and services offered. The Task Force believes that the current service levels are essential, and should not be reduced in scale. While each agency must continue to seek efficient use of vehicles and staff, and monitoring of efficiencies is important, significant size reductions are not likely. Therefore, the State should seek to maintain the existing size of the public transportation services.

Recommendation 37 - Pilot Projects Concerning Integration of Transit Services

TWO PILOT PROJECTS SHOULD BE ESTABLISHED, ONE RURAL AND ONE URBAN, TO EVALUATE THE POSSIBILITY OF A COOPERATIVE EFFORT AMONG VARIOUS TRANSIT PROVIDERS, INCLUDING SCHOOL DISTRICT PROVIDERS, PUBLIC TRANSPORTATION PROVIDERS, ETC. APPROPRIATE INCENTIVES SHOULD BE UTILIZED TO ENCOURAGE THE IMPLEMENTATION OF SUCH PILOT PROJECTS.

In Iowa 91 percent of all registered buses are either publicly or privately owned school buses. School buses represent a solution to some of the

State's public transportation needs. Of all buses, school buses are one of the least expensive modes of transportation in rural areas when compared with other forms of public transportation on a total cost per seat-mile basis.

In Iowa, public school transportation uses approximately ten times as many vehicles as public transportation (6,300 vs. 640), provides approximately six times as many annual rides (100 million vs. 18 million) and expends over two and one-half times as much money on operations (\$46.4 million vs. \$17.0 million).

Public school transportation is generally less expensive to provide than public transportation in terms of cost per passenger (\$.46 vs. \$1.00) and cost per mile (\$.80 vs. \$1.20).

There are no legislative restraints which would prevent the use of school buses for non-school transportation. However, very little effort has been given to coordinating non-school transportation programs and school buses. Apparently, a lack of interest or institutional policies and procedures are preventing the necessary coordination.

In addition to the recommended pilot projects, cooperative arrangements for combining maintenance facilities should be explored by public transit providers and school bus providers. Additional study should be given to pooling purchase orders between the school districts to effect lower purchase price through larger volumes.

Recommendation 38 - Public Transportation Safety Standards

AGENCIES RECEIVING STATE PUBLIC TRANSPORTATION FUNDS SHOULD BE EXPECTED TO CONFORM TO SAFETY STANDARDS. SUCH STANDARDS COULD BE DESIGNED JOINTLY BY THE STATE AND THE AGENCIES.

There are no public transportation safety standards that apply statewide. This, the Task Force believes, should be changed. Uniform driver training should be considered, especially as applicable to the regional transit agencies, and a minimum number of safety features should be included on each vehicle. To be effective yet reasonable, it is requisite that the transit agencies be involved in the formulation of the needed safety standards.

Recommendation 39 - Federal Funding For Human Services Transportation

THE STATE SHOULD ENCOURAGE THE FEDERAL GOVERNMENT TO CONSOLIDATE AND/OR COORDINATE ITS HUMAN SERVICES TRANSPORTATION FUNDING PROGRAMS.

At the present time, the State's transit agencies receive approximately 35 percent of their funds from federal agencies. In the case of specialized human services transportation, the proportion is much higher.

Such funding is essential. However, over one dozen federal agencies provide the funds, each with its own record keeping requirements, rider eligibility regulations and service requirements. While assuring proper use of the funds and ensuring service for needy rider groups, such single purpose rules and regulations create considerable inefficiencies at the operational level.

For this reason it is suggested that the federal agencies work with the local transit agencies of all states to seek coordination of, and increased efficiencies associated with, these varied funding sources.

Recommendation 40 - Chapter 601J of Iowa Code

CHAPTER 601J SHOULD BE AMENDED TO ENCOURAGE SCHOOL TRANSPORTATION OPERATIONS TO BE COORDINATED WITH OTHER PUBLIC TRANSPORTATION PROGRAMS IN A MUTUAL EFFORT TO REDUCE COSTS; TO CAUSE ALL PUBLIC TRANSPORTATION PROVIDERS TO BE COVERED BY ITS PROVISIONS; TO CAUSE STATE FUNDS FOR TRANSIT PURPOSES TO BE WITHDRAWN FROM ANY AGENCY NOT IN CONFORMANCE WITH THE CHAPTER'S PROVISIONS; AND TO DESIGNATE IOWA DOT AS RESPONSIBLE FOR POLICING AND ENFORCEMENT OF THE PROVISIONS OF CHAPTER 601J.

Section 601J of the Code of Iowa was intended to cause the varied providers of public transportation to cooperate and coordinate to achieve increased levels of service and efficiency. However, because of exclusions from 601J, and lack of enforcement of the 601J provisions, coordination and cooperation between the various providers of public transportation services is lacking in some instances, and totally absent in others.

The school bus system, comprising the largest fleet of buses, is excluded from the 601J provisions. Therefore, while limited instances of school bus/public bus coordination can be found, these instances are rare. There is no legislation to encourage such coordination; rather, the existing legislation simply allows such coordination.

Similarly, several other transit funding and operating entities are presently excluded from the 601J provisions which, via lack of coordination, inflates overall costs and may even inhibit service level standards.

While several client-oriented and social service programs are simply not coordinated, many others have little coordination and are therefore not in compliance with 601J provisions even though the provisions apply to them. This is because there is no form of enforcement -- there is no agency which polices compliance, and there is no penalty to encourage compliance.

Therefore, while 601J was and continues to be an excellent goal, the above changes are requisite if its provisions are to be implemented.

Recommendation 41 - State Financing of Transit

STATE INVOLVEMENT IN THE TRANSIT PROGRAM SHOULD BE CONTINUED AT THE 1976 APPROPRIATION LEVEL OF \$2 MILLION WITH INCREMENTAL INCREASES TO ACCOUNT FOR INFLATION AND THE MAINTENANCE OF THE ORIGINAL PURCHASING POWER OF THAT APPROPRIATION.

In 1976, the General Assembly appropriated \$2 million for State participation in the public transportation program. Since that time, the amount appropriated annually has fluctuated up to \$3 million and down to \$1 million. Currently, the appropriation is about \$1.9 million.

The main State emphasis in transit programs has been on management and technical assistance with funding to implement improvements in the areas of administration, finance, planning, marketing and operations. The goal for State assistance is to help transit systems meet their needs and to keep the systems operative. State funds are spent where this will result in improved operations or benefits.

Inflation has dropped the purchasing power of transit dollars since the start of the program in 1976. A State appropriation of \$3.5 million would be required in FY 1983 in order to achieve comparable purchasing power with the \$2 million appropriated in 1976. This is substantially less than the \$6.9 million recommended by the Transportation Commission for FY 1983-1984.

Recommendation 42 - Basic Transit Fares

TRANSIT FARES SHOULD BE RAISED WHEN THIS ACTION WILL RESULT IN INCREASED REVENUES AND COVER A HIGHER PROPORTION OF SYSTEM COSTS.

Revenues from passenger fares cover about 32 percent of the operating cost for urban transit systems. For regional systems, fares and contract revenues cover about 50 percent of operating costs.

Transit fares have been increased at a much lower rate than increases in the Consumer Price Index. This is primarily because transit is considered to be a provider of community benefits beyond those enjoyed by the rider. Also, fare increases diminish ridership which is contrary to goals regarding less fuel consumption and reduced street congestion and parking demands.

There are some riders who could afford to pay a higher fare than that charged. Still, fares are typically set at low levels to put them within the financial capability of the economically disadvantaged. Accordingly, all riders are subsidized rather than those who need to be subsidized. Reduced fares are simply not very efficient in providing assistance to the poor. A more effective means is suggested in Recommendation 43.

Recommendation 43 - Concessionary Transit Fares

REDUCED FARES SHOULD BE AVAILABLE FOR THOSE WHO CANNOT AFFORD TO PAY FULL FARES.

In the absence of concessionary fares, the higher fare suggested in Recommendation 42 would cause considerable hardships on economically disadvantaged people. These people, in large measure, depend on transit to get to work, acquire medical services, and to do essential shopping.

A more efficient approach to subsidies for the poor would be to switch from subsidizing the transit system to an approach in which subsidies are provided to the rider who cannot afford to pay the full fare. A system similar to food stamps or the "trip system" used in Virginia could be used to identify those who should be subsidized in this manner.

Recommendation 44 - Availability Of Human Service Transit To Other Users

SERVICES OPERATED FOR THE BENEFIT OF SPECIAL GROUPS SHOULD ALSO BE AVAILABLE TO OTHERS WHO ARE WILLING TO PAY AN APPROPRIATE FARE. ALL REGULATORY BARRIERS SHOULD BE ELIMINATED WHICH PROHIBIT CHARGING OF FARES ON SUCH SERVICES AND WHICH DENY USE BY THE GENERAL PUBLIC.

At the present time, regulations restrict the use of certain human service transit systems to those who qualify under certain categories (e.g., age, income, etc.). Some regulations also prohibit charging of fares for certain transit services.

This leads to inefficiencies in the use of some of these transit services. Potential riders cannot be accommodated simply because they do not meet an agency's eligibility requirements.

If other riders were permitted to use human services transit, this would help reduce street congestion, parking demands and fuel consumption. Also, the fares paid by "non-eligible" patrons would help offset some of the operation costs for these transit services.

Recommendation 45 - Local Option Tax for Public Transportation Purposes

AUTHORITY SHOULD BE EXTENDED FOR LOCAL OPTION TAXES TO SUPPORT LOCAL TRANSIT SYSTEMS.

Recommendation 41 suggested an increase in state financing for transit of about \$1.5 million. This will not be sufficient to cover the expected decrease in federal operating assistance.

The benefits of transit services are basically localized. Accordingly, Recommendation 42 suggested increased transit fares to help raise revenues above current levels. Still, fares cannot be raised to the excessively high levels that would be required to offset potential lossess of federal funds. To do so would make transit the exclusive domain of high income riders and would deny use to many middle and low income riders. This would be contrary to the goal of transit services.

Consequently, local governments need more authority to raise funds for transit. A local option tax would permit local governments to respond to local transit revenue needs if they so desired.

RAILROADS

Recommendation 46 - Iowa Railway Finance Authority

THE STATE SHOULD CONTINUE TO SUPPORT THE IOWA RAILWAY FINANCE AUTHORITY AND ITS FUNDING PROVISIONS, AND SHOULD UTILIZE THAT AUTHORITY WHEN LEGALLY ABLE TO DO SO. IRFA PROJECTS SHOULD BE SUBJECT TO APPROVAL BY THE IOWA TRANSPORTATION COMMISSION.

In 1981 the Legislature authorized the Authority to issue up to \$200 million in bonds, established a railroad vehicle diesel fuel tax to back the bonds, gave the Authority the power to enter into partnerships with the private sector to purchase, improve and operate rail facilities, and enabled a rail facility fund to carry out Authority responsibilities.

To date, litigation has prevented the issuance of bonds and the implementation of the fuel tax with the result that the principal purpose of the Authority has not yet been achieved.

It is the view of the Task Force that the concept of the Authority has merit and that it should be implemented. However, to ensure coordination between the Authority and the State's Rail Planning Program, it is recommended that projects for both programs require the prior review and approval by the Iowa Transportation Commission.

Recommendation 47 - Branchline Assistance Program

THE STATE SHOULD CONTINUE TO SUPPORT THE IOWA DEPARTMENT OF TRANSPORTATION RAIL PLAN AND THE BRANCHLINE ASSISTANCE PROGRAM, AND THAT PROGRAM SHOULD RECEIVE A \$3 MILLION ANNUAL CONTRIBUTION FROM THE GENERAL FUND. ALSO, FORWARD REVIEWS SHOULD BE PERFORMED BY IOWA DOT TO ENSURE THAT ROLLOVER FUNDS ARE RETURNED TO THE STATE AND TO DETERMINE WHEN THE NEEDS OF ALL ECONOMICALLY VIABLE BRANCHLINES HAVE BEEN SATISFIED SO THAT THE PROGRAM CAN BE DISCONTINUED.

The railroads of Iowa have been going through a restructuring period in which rail trackage in the State has declined from 8,163 miles in 1970 to the present 5,810 miles. This major decline in railroad system size was due to bankruptcies of the Rock Island and Milwaukee Road, as well as the abandonment of some rail branchlines owned by other railroads. The State has reacted to this restructuring by creating the Branchline Assistance Program and the creation of the Iowa Railway Finance Authority.

A major issue continues to be one of rail line abandonments. Since January 1, 1980, a total of 1,473.28 miles of line have been abandoned. Currently, the railroads have additional trackage on their System Diagram maps, indicating that more line abandonment applications are likely in the near future.

Because of the importance of the rail mode to Iowa's economic base, it is the view of the Task Force that the State must continue to have the programs and capabilities to retain trackage that is deemed essential to Iowa's economy. However, federal Local Rail Service Assistance funding has declined by 75 percent, and may be eliminated. Therefore, if essential branchlines are to be retained, it is necessary that the State increase its funding of this Iowa DOT program.

For those projects not involving federal funds, the current approach is to require the railroads to put up one-third of the cost of track rehabilitation and for the shipper and the state to put up one-third each. State and shipper funding for projects is provided as a no interest loan with repayment based upon the profits earned on the rail line. Shippers are initially reimbursed and this normally takes about 3-1/2 to 4 years. Then the State recovers its investment, normally taking 7-1/2 to 8 years.

A State appropriation of \$3 million annually will permit the upgrading of the currently identified viable branchlines in the State, depending on the level of federal funds.

Recommendation 48 - Rail Line Banking

RAILWAY BONDING AUTHORITY SHOULD BE CONSIDERED FOR PURPOSES OF RAIL BANKING (ACQUISITION OF RAIL LINE RIGHT-OF-WAY AND TRackage) FOR A MAXIMUM OF 5 YEARS, BUT SHOULD NOT BE USED FOR PURPOSES OF CONTINUING OPERATIONS ON NON-ECONOMIC RAIL LINE.

The Iowa Railway Finance Authority has the power and responsibility to acquire and improve railway facilities. Also, the Authority may temporarily operate a railway facility.

When a rail line is abandoned, the right-of-way is sold or reverts back to abutting land owners. When this happens, it is almost impossible to re-acquire the right-of-way if subsequent events indicate an increase in the demands for rail service on the line. Accordingly, it is important to retain right-of-way in those instances where it appears that circumstances could change so as to justify restoring of rail service.

This does not imply that operations should be continued on uneconomic lines. To do so would dilute the financial capability of the IRFA. Accordingly, operations should be undertaken only on a temporary basis, if at all.

Recommendation 49 - Track Inspection Program

THE STATE SHOULD SEEK CONTINUED FEDERAL FUNDING OF THE STATE'S TRACK SAFETY INSPECTORS. IF FEDERAL FUNDING IS WITHDRAWN, THE STATE SHOULD PAY THE TRACK SAFETY INSPECTION COSTS.

The Iowa DOT monitors the condition of all rail lines in the State on an annual basis. Substandard track conditions are identified via inspection and use of the State's track evaluation vehicle.

In Iowa, as elsewhere, a long history of deferred rail maintenance has resulted in substandard trackage, especially on lightly used lines. These conditions are significant to the State since they influence railroad services and directly influence safety.

Therefore, it is the Task Force's view that the State's track inspection program is important and should be continued, even if the federal share of the costs are withdrawn.

RIVER TRANSPORTATION

Recommendation 50 - Federal Waterway User Charges

IF WATERWAY USER CHARGE INCREASES ARE TO OCCUR, THE STATE SHOULD ADVOCATE THEIR APPLICATION ON A UNIFORM SYSTEMWIDE BASIS RATHER THAN ON A SECTION-SPECIFIC TON-MILE BASIS.

Presently, federal user charges on commercial waterway operators are applied on a system-wide fuel tax basis. In effect, every barge operator pays precisely the same user charge regardless of which portion of the nation's waterway system he uses.

One proposal receiving considerable attention with regards to federal user charges is the possible application of a segment-specific charge. Under this concept, the user fee structure would be set so as to collect each waterway segment's expenses directly from operations occurring on that segment. This recognizes that public expenditures per unit of traffic varies widely between different river segments. A fee structure which recovers expenses on a segment-specific basis will have a greater impact on high-cost rivers than on low-cost rivers. Both the upper Mississippi and the Missouri River have costs per ton mile which are greater than the average system-wide costs and therefore fall into the high-cost river category.

Increased user charges would be paid initially by waterway carriers. Eventually, however, most, if not all of the charges will be passed through to shippers and receivers. Particularly on high-cost rivers, such charges can affect inter-modal relationships and diversions to other modes are likely in some cases. As tonnage is diverted from waterways, that tonnage which remains will bear an increased proportion of system costs. Past investments in waterway facilities could potentially become useless in some cases due to the downward spiral effect in waterway traffic.

Consequently, it is clear that a segment-specific tax could do serious harm to the transportation of Iowa's agricultural export commodities by barge.

Recommendation 51 - Waterway Benefit Study

THE STATE SHOULD ADVOCATE A FEDERAL GENERAL ACCOUNTING OFFICE STUDY TO DETERMINE THE ALLOCATION OF U.S. CORPS OF ENGINEERS INLAND WATERWAY EXPENDITURES ON FLOOD CONTROL, ECONOMIC DEVELOPMENT, RECREATION, AND COMMERCIAL NAVIGATION. THIS STUDY WOULD BE USED AS A GUIDE IN DETERMINING THE SHARE THAT COMMERCIAL NAVIGATION SHOULD PAY FOR INLAND WATERWAY OPERATIONS, MAINTENANCE, REPAIRS AND CONSTRUCTION.

With respect to waterway operations, the Federal Government has proposed legislation for full cost recovery of inland waterways with assessments on commercial users only. The costs used in the Section 205 Study analyses were based upon those required for navigation, including operation, maintenance and new construction.

There are many beneficiaries from public expenditures on waterways. Only part of waterway expenditures are directly beneficial or attributable to navigation. For instance, improvements designed to stabilize channels have two-fold benefits. These include improved capability to handle flood flows as well as the provision of a safe and dependable navigation artery.

Any efforts to impose full cost recovery from commercial users must take into account the many beneficiaries including the general public and non-commercial users. Further, the amount of benefits received and the costs incurred in conveying such benefits are important elements to be considered in the allocation of costs which are to form the basis for a commercial users tax structure. This is the only way that the tax structure can be made equitable and fair.

Recommendation 52 - Level of Waterway User Charges

WATERWAY USER CHARGES SHOULD BE COLLECTED BY THE FEDERAL GOVERNMENT IN SUFFICIENT AMOUNTS TO COVER NAVIGATION RELATED EXPENDITURES ONLY AND TO ENSURE THAT THE INLAND WATERWAY SYSTEM IS KEPT IN ADEQUATE CONDITION. IN ADDITION TO FEES FOR COMMERCIAL VESSELS, THIS SHOULD INCLUDE LOCKAGE FEES FOR PLEASURE BOATS. USER FEES SHOULD BE PHASED IN TO ALLOW SUFFICIENT TIME FOR MARKET AND TRANSPORTATION SYSTEM ADJUSTMENTS.

The existing waterway user tax legislation provides for a phased-in tax, commencing at 4 cents per gallon in 1980 and reaching 10 cents per gallon in 1985. This tax level of 10 cents per gallon will represent a recovery of approximately 20 to 25 percent of navigation costs. The Administration's proposal is to increase users charges to a level of full cost recovery. This will be equivalent to a tax of about 38 cents per gallon on a system-wide fuel tax basis. This translates into about a 5 to 7 cents per bushel impact on grain shipped from McGregor, Iowa to New Orleans.

The current proposal assumes that all navigation costs would be borne by commercial users. However, other users of the waterway system should also contribute to costs of the system in order for a equitable tax structure to be established. Accordingly, pleasure boats, which often use the locks on the systems, should pay a fee for such usage. Their use of locks increases the need for lockage improvements and sometimes causes congestion at such locations. Locks and dams are some of the more expensive items included in waterway improvement costs.

Current waterway user fees are being phased in and this approach should be used for any increases in user fees. This allows time for adjustments to be made in the transportation system due to any traffic diversions. Tugs and barges represent substantial investments and it would not be economic to cause sudden major distortions in traffic allocations.

Recommendation 53 - Role of Iowa Department of Transportation

THE CURRENT ROLE OF IOWA DOT IN MONITORING ACTIVITIES WHICH COULD IMPACT ON RIVER TRANSPORTATION AND REPRESENTING THE INTERESTS OF THE STATE OF IOWA IN SUCH MATTERS HAS PROVED TO BE MOST BENEFICIAL AND SHOULD BE CONTINUED.

The Department of Transportation encourages and provides assistance in the development of programs which promote efficient use of river transportation. In this capacity, Iowa DOT acts as a go-between for industrial and governmental agencies with regard to river transportation. It also provides coordination between local, State and federal agencies.

The Department took a leading position in favor of waterway user charges in order to protect the interests of the State. This should help ensure that the waterway system is kept in reasonable condition and will help counteract proposals for full cost recovery on a segment-specific basis which would be detrimental to Iowa.

Iowa DOT took the initiative to obtain a single rail/barge tariff which covers the rail movement of grain to river terminals, transfer to barge, and the barge movement and which assures the availability of sufficient barges.

Recommendation 54 - Intermodal Rail-Barge Movements

THE IOWA DEPARTMENT OF TRANSPORTATION SHOULD CONTINUE ITS EFFORTS TO ENCOURAGE INTERMODAL RAIL-BARGE MOVEMENTS.

Historically it has been very difficult for Iowa shippers to move products via rail to river ports, transload to barges, and move the goods by barge. Such a movement, while in many instances comprising the most efficient means, involved a series of hurdles such as dealing separately with the railroad, terminal and barge representatives, the need to have two separate bills of lading, the difficulties of synchronizing the services of the two modes, the problem of barge rates varying, the inherent problems in seeking cooperation between the rail and barge industries, and other significant difficulties.

Therefore, while rail-to-barge movements are often the most efficient means of serving Iowa's agricultural products, hurdles have often preempted these opportunities.

Recognizing that action was needed to encourage such efficient moves, the Iowa Department of Transportation sought agreement between the railroads, the barge lines and the terminal operators. This effort was successful, in that a Consolidated Rail/Barge Tariff was developed in 1977.

This Iowa DOT activity, while highly innovative, is only a beginning. Many problems remain, including rate difficulties with the current tariff. Therefore, Iowa DOT should continue its efforts to seek greater rail-barge intermodal coordination and cooperation, since such movements are in the best interests of Iowa industry and agriculture.

Recommendation 55 - Dredging Regulations

THE STATE SHOULD SEEK A REVIEW OF FEDERAL DREDGE DISPOSAL REGULATIONS WITH A GOAL BEING COST REDUCTION.

The navigable rivers of concern, especially the Mississippi, require considerable maintenance dredging and any increase in channel depth would also require dredging. However, as river bottom material is removed, it must be disposed of -- and no one wants it.

The wildlife and environmental groups do not want it placed near wetlands or habitat areas, agricultural interests want to keep it away from fertile producing land, and so on. As a result, a series of regulations have developed which so regulate dredged material disposal that dredging has become extremely expensive and often difficult.

It is the view of the Task Force that these regulations be thoroughly examined, and an attempt be made to enable more efficient disposal of dredged material. One important method of disposal which should receive consideration is riverine disposal. Other items to consider is the use of such materials for fills for development, restraints on the requirements to haul the material significant distances, and so on.

Recommendation 56 - Jurisdictional Responsibility For Barge Fleeting

THE STATE SHOULD PLACE THE BARGE FLEETING JURISDICTIONAL RESPONSIBILITY WITH IOWA DOT RATHER THAN THE IOWA CONSERVATION COMMISSION.

The Iowa Conservation Commission regulates barge fleeting, under Chapter 111.4 of the Code of Iowa. In February 1981 the Commission proposed barge fleeting rules, which were implemented in February 1982. Currently the placement of a barge fleeting operation along Iowa requires a permit by the Commission.

The federal government, via the U.S. Army Corps of Engineers, the U.S. Coast Guard and other agencies does not, for all practical purposes, regulate barge fleeting.

While some type of regulation is perhaps warranted, the purpose of that regulation should be to preserve both efficiency of waterborne commerce and protection of the environment. It is believed that the Iowa DOT might be in a superior position to recognize these sometimes conflicting goals.

Recommendation 57 - Upstream Water Use

THE STATE SHOULD SEEK PARTICIPATION IN A MULTI-STATE REVIEW OF THE 1944 ACT WHICH REGULATES UPSTREAM WATER USE, ESPECIALLY OF THE MISSOURI RIVER.

The Missouri and Mississippi Rivers are important navigation, recreation and water resources which Iowa shares with other states. These river resources are used for many purposes -- some of which do not use up the water, and some which either deplete it or shift its geographical location.

Presumably states, local jurisdictions and the private citizens all along the rivers have certain rights to the water. Yet, as technology increases, increasing demands are placed on the water supply.

In the view of the Task Force, a thorough review should be made of the water resources -- to determine who, if anyone, owns what amounts of water, what the upstream users' and downstream users' rights are, how much water can be diverted for what purposes, and other equally valid concerns.

The 1944 Act could not have foreseen the diverse water use and resource issues; therefore, before major new water uses are introduced, a multi-state review is needed.

Recommendation 58 - Iowa Waterway Transportation Policy

A COORDINATED IOWA WATERWAY TRANSPORTATION POLICY, FOR EACH OF THE TWO NAVIGABLE RIVERS, IS NEEDED.

Policies and procedures relevant to the use of the Missouri and Mississippi rivers are developed via discussions and hearings which involve diverse participants. Yet, when State agencies and others deal with the rivers, the State seldom has a unified and consistent plan.

The rivers have many useful purposes -- water supply, navigation, flood control, fish/wildlife habitat, power generation, recreation, industrial/commercial development, and others. Several of these conflict at times.

It is believed that a comprehensive policy statement should be developed, which would assure a unified and complementary approach to river use. Such a statement would give direction to the various State agencies which, it is believed, would assure reasonable and beneficial use of the rivers.

Because the two rivers are distinct properties, the same policy need not necessarily apply to both rivers.

TRUCKING

Recommendation 59 - Truck Size and Weight Regulations

IOWA SHOULD TAKE THE LEAD IN WORKING TOWARD A UNIFORM SIZE AND WEIGHT LAW THROUGH THE OFFICES OF AASHTO TO BE FEDERALLY-ACCEPTED ACROSS THE NATION. THESE LIMITS SHOULD BE SET AT LIMITS WHICH INCLUDE A 45-FOOT MAXIMUM TRAILER LENGTH, A 60-FOOT SINGLE-UNIT LENGTH, A 65-FOOT TWIN-TRAILER LENGTH, A 13-FOOT, 6-INCH MAXIMUM HEIGHT, AND A 96-INCH WIDTH LIMIT WITH WEIGHT LIMITS OF 34,000 POUNDS MAXIMUM PER TANDEM-AXLE, 20,000 POUNDS MAXIMUM PER SINGLE-AXLE AND 80,000 POUNDS MAXIMUM VEHICLE WEIGHT.

Prior to 1956, the setting of truck dimensions and weight standards was the exclusive domain of the states. Since 1956, the states retained the right, but subject to a variety of federal pressures to uniformity. Federal legislation has been considered and would set truck standard on all federal roads. The states are responsible for maintenance of the roads in their respective boundaries. It is therefore believed Iowa DOT, working through the American Association of Highway and Transportation Officials, should seek uniformity in all states compatible to Iowa's present size and weight regulations.

The present size and weight limits are maximum, and applicable to major highway facilities while lesser limits are applicable to lower level highway facilities.

Recommendation 60 - Intrastate Common Carrier Regulations

THE LEGISLATURE SHOULD TAKE NECESSARY STEPS TO CODIFY THE EXISTING RULES AND POLICIES ESTABLISHED BY THE IOWA DOT AND THE TRANSPORTATION REGULATION AUTHORITY REGARDING THE MOTOR CARRIER INDUSTRY AND ESPECIALLY THE EXISTING LEVEL OF EASED ENTRY IN IOWA FOR MOTOR CARRIERS. EXISTING STATUTES AND REGULATIONS SHOULD BE REVIEWED TO ENSURE THAT THERE ARE NO UNNECESSARY BARRIERS PREVENTING MOTOR CARRIERS FROM PROVIDING A COMPLETE SERVICE TO THE PUBLIC.

Since 1935, for-hire motor carriers have been regulated by the government in terms of who can serve what markets, at what service levels, and by charging what rates. Such economic regulations remained largely intact until 1980, when the Motor Carrier Act of 1980 was passed by Congress. This legislation considerably reduced the economic regulation of interstate trucking, although it did not eliminate it. Since that time Florida and Arizona have completely eliminated intrastate economic regulation, and others are considering reducing or eliminating such regulations at the state level.

It is the Task Force's view that Iowa intrastate motor carrier regulation should be relaxed, so long as such an act does not significantly adversely affect the State's shippers and receivers. The Task Force does not recommend total deregulation at this time, because it believes that the State can learn the best course of action by examining the effects in the states that have already entirely deregulated.

The Task Force understands that regulation has been substantially relaxed in Iowa, in that entry into the intrastate for-hire market is easier. This, the Task Force believes, will generate competition and should continue. Similarly, rate competition and other trends toward the free marketplace should continue.

