

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 2478	House Committee:	PASSED 16-7 (4/29/26)
Committee:	Appropriations	House Floor:	
Floor Manager:	Rep. Jacob Bossman	Senate Floor:	PASSED 46-0 (4/27/26)
Date:	May 2, 2026	Governor:	
Staff:	Brad Trow (1-3471)		

Transportation Operations Budget

- Fiscal Year 2027
 - The bill appropriates a total of \$495,284,201 to the Department of Transportation;
 - The bill includes \$76,557,647 from the Road Use Tax Fund and \$418,726,554 from the Primary Road Fund.
- Difference between FY 2026 and FY 2027
 - Road Use Tax Fund: +\$ 1,024,949
 - Primary Road Fund: -\$19,195,478
 - Total Difference: -\$18,170,529

Section by Section Analysis

SECTION 1 – Road Use Tax Fund

The Road Use Tax Fund is a fund made of dedicated highway user revenue, collected through a state excise tax on fuels. No state general fund (i.e., general tax) revenue is used for highway projects in Iowa. Established in 1949 by the 53rd Iowa General Assembly, the Road Use Tax Fund (RUTF) provides the funding for the state’s primary, secondary and municipal roadway systems. After some off-the-top diversions, receipts into the RUTF are distributed according to a formula of 47.5 percent for the Primary Road System (State), 24.5 percent for secondary county roads, 8 percent for farm-to-market county roads, and 20 percent for city streets. Legislation that went into effect in 2003, which involved the transfer of jurisdiction of some roadways from the state to either a city or county government, requires a share (1.75 percent) of the Primary Road System funds be paid to local governments.

Transportation Operations

FY 2026	FY 2027	Difference
\$18,067,288	\$17,723,539	-\$343,749

This budget unit funds the operations of the Department, including funding for the Operations and Finance Division, Information Technology Division, Office of the Director, Transportation Commission, General Counsel, Planning, Programming and Modal Division—which includes the Offices of Aviation, Rail Transportation, Program Management, Systems Planning, Public Transit, and Transportation Data. It is also responsible for developing, designing, constructing, and maintaining the State’s Primary Road System—including primary roadways and bridges. This includes maintenance projects, the Adopt-a-Highway Program, roadside management, rest area administration, road weather information systems, traffic safety, safety management systems, snow and ice control, and general operation and preservation of the State’s transportation system. This

unit also conducts research and development as well as transportation-related environmental investigations and compliance. Strategic Performance Division facilitates the coordination and management of departmental research activities in collaboration with others; and facilitates research needs identification, research program development, implementation, and related funding; and is responsible for guiding the process improvement and strategic planning initiatives.

Motor Vehicles

FY 2026	FY 2027	Difference
\$34,234,969	\$34,234,969	\$0

This budgeting unit includes funding for driver’s licensing issuance, vehicle registrations, commercial motor carrier safety, weight enforcement, and motor vehicle dealer regulation.

Payments to DAS and OCIO for Utility Services

FY 2026	FY 2027	Difference
\$500,878	\$1,823,348	+\$1,322,470

This budgeting unit makes payments for the required purchase of utility services (personnel and other services) through DAS. Utility services include: Human Resource Services, DOT office space in the Lucas Building, directory service, and use of the 1/3 budget system.

Unemployment Compensation

FY 2026	FY 2027	Difference
\$7,000	\$7,000	\$0

This budgeting unit makes payments to the Department of Administrative Services in the form of a premium to cover the costs of unemployment claims generated by persons whose employment with the Department of Transportation is ceased as a result of no cause of their own.

Workers’ Compensation

FY 2026	FY 2027	Difference
\$153,679	\$199,907	+\$46,232

This budgeting unit makes payments to the Department of Administrative Services to cover the medical and lost wages claims for employees of the Department of Transportation who are injured in the course of their duties.

Payments to General Fund for Indirect Cost Recoveries

FY 2026	FY 2027	Difference
\$90,000	\$90,000	\$0

Iowa Code requires that all agencies funded by sources other than the General Fund make payments to the General Fund for recovery of indirect costs associated with the centralized services provided by other State agencies that receive funding from the General Fund. These include services from the Treasurer for cash receipt collection and warrant redemption.

Reimbursement to Auditor for Audit Expenses

FY 2026	FY 2027	Difference
\$107,884	\$107,884	\$0

This budgeting unit makes payments to the State Auditor incurred by the Auditor’s Office to conduct a financial audit of the Department of Transportation’s financial accounts.

County Issuance of Driver’s Licenses and Vehicle Registrations and Titles

FY 2026	FY 2027	Difference
\$1,406,000	\$1,406,000	\$0

This budgeting unit supports the issuance of driver’s licenses, vehicle registrations, and titles at county treasurer offices throughout the state. Specifically, the appropriation is used for electronic processing of debit and credit cards for payments of driver’s licenses, non-operator identification cards, and civil penalties at county treasurer sites. It is also used for communications expenditures such as ICN connection to issuance machines, maintenance and procurement of servers, and databases for issuance activity. Additionally, the Department uses this appropriation for the purchase of automation and telecommunications equipment, and support for issuing vehicle registrations, titles, and driver’s licenses at county treasurer offices.

Participation in the Mississippi River Parkway Commission

FY 2026	FY 2027	Difference
\$40,000	\$40,000	\$0

This budgeting unit pays for the state’s organizational dues and operational costs of involvement in the Mississippi River Parkway Commission. This commission is a multistate organization comprised of states that border the Mississippi River. There are 10 members on the commission who are appointed by the Governor to serve four-year terms. The commission meets quarterly and is charged with promoting transportation and tourism along the Iowa Great River Road. The commission develops and implements a Corridor Management Plan that includes establishing signage requirements, restrictions on outdoor advertising, methods to market and promote the Corridor, and actions to involve the public.

TraCS/MACH

FY 2026	FY 2027	Difference
\$300,000	\$300,000	\$0

TraCS and MACH are separate information technology systems that provide information to Iowa public safety agencies. TraCS collects vehicle collision data from law enforcement agencies, and provides an electronic platform for citations. The MACH system enables shared information among public safety agencies. The system provides enhanced dispatch features, and other communication features and will support administration and future project enhancements.

Motor Vehicle Division Field Facility Maintenance Projects at Various Locations

FY 2026	FY 2027	Difference
\$400,000	\$400,000	\$0

This budgeting unit is used to maintain weigh scales and driver’s license stations.

Motor Vehicle Division Systems Modernization

FY 2026	FY 2027	Difference
\$20,000,000	\$20,000,000	\$0

This is the second appropriation for the project to replace the Motor Vehicle Division’s computer system ARTS. The current system provides services for driver’s licenses, motor vehicle registration & titling, license plate management, intrastate motor carrier authority, and other functions. ARTS has been in operation for 20 years and its deficiencies have created a number of issues for the various users. The project will cost \$60 million over three years, with the new unified system expected to be operational in FY 2029. The new system is expected to reduce operational expenses by \$12.5 million per year.

Section 1 also provides that the appropriations for field facility maintenance projects and the motor vehicle systems modernization are available to be spent thru Fiscal Year 2030.

SECTION 2 – Primary Road Fund

The Treasurer of State is required to allocate the RUTF moneys by formula to the **Primary Road Fund**, the Secondary Road Fund, the Farm-to-Market Road Fund, and the Street Construction Fund of the Cities. Moneys in the Primary Road Fund may be used to construct and maintain the primary road system and for expenses related to the primary road system, including the maintenance of DOT facilities and merit pay increases for DOT employees for which appropriations are not otherwise made.

**Many of these items are also funded by the Road Use Tax Fund (Section 1), thus the budget unit is not explained again.*

Transportation Operations

FY 2026	FY 2027	Difference
\$355,150,300	\$348,619,071	-\$6,531,229

Payments to DAS and OCIO for Utility Services

FY 2026	FY 2027	Difference
\$3,076,822	\$11,200,563	+\$8,123,741

Unemployment Compensation

FY 2026	FY 2027	Difference
\$138,000	\$138,000	\$0

Workers' Compensation

FY 2026	FY 2027	Difference
\$3,726,405	\$4,835,877	+\$1,109,472

Payments to General Fund for Indirect Cost Recoveries

FY 2026	FY 2027	Difference
\$660,000	\$660,000	\$0

Reimbursement to Auditor for Audit Expenses

FY 2026	FY 2027	Difference
\$662,716	\$662,716	\$0

Transportation Maps

FY 2026	FY 2027	Difference
\$0	\$195,000	+\$195,000

Inventory and Equipment Replacement

FY 2026	FY 2027	Difference
\$40,818,240	\$23,623,165	-\$17,195,075

This budgeting unit pays for materials and supplies, inventoried stock supplies, maintenance and operation costs of equipment, and equipment replacements.

Statewide Interoperable Communication System

FY 2026	FY 2027	Difference
\$442,162	\$442,162	\$0

This appropriation will support the DOT's portion of the lease payment and maintenance of the system along with tower rental payments to Iowa PBS. The DOT currently uses approximately 78% of the radios on the network.

Facility Major Maintenance and Enhancement

FY 2026	FY 2027	Difference
\$6,300,000	\$7,300,000	+\$1,000,000

This appropriation will be used to enhance and extend the life of DOT facilities. It is used to add features, such as brine buildings, mechanic's bays, and other additions to existing facilities.

Facility Routine Maintenance and Preservation

FY 2026	FY 2027	Difference
\$8,050,000	\$8,050,000	\$0

This appropriation is used for routine facility maintenance.

Replacement of the Alton Maintenance Garage

FY 2026	FY 2027	Difference
\$0	\$13,000,000	\$13,000,000

As part of the DOT's plan to routinely update or replace departmental facilities around the state, this year's budget proposes to replace the Alton maintenance garage in Sioux County. The current facility issues being able to work on newer vehicles which are larger than the existing maintenance bays and the facility is landlocked which prevents expansion of current workspace.

Section 2 also provides that the appropriations for facility major maintenance, routine maintenance, and the replacement of the Alton maintenance garage are available to be spent through the end of FY 2030.

Section 3

The section amends the FY 2024 Transportation Appropriations bill (SF 576) and gives the Department one additional year to work on the Davenport highway operations complex. Under this section, DOT would have until the end of FY 2028 to complete this project with the funds appropriated.

AMENDMENTS

H-8437, by the Committee on Appropriations: The amendment strikes the \$20 million appropriation for the DOT Motor Vehicle Division IT system replacement. The appropriation will instead come out of the Technology Reinvestment Fund in House File 2792.

