

## Road Use Tax Funding

The City of Keokuk receives money from the State of Iowa specifically dedicated for the maintenance, upkeep, and expansion of the community's transportation system. The Road Use Tax Fund (RUTF) is accumulated through motor vehicle registration fees, motor vehicle fuel taxes, an excise tax imposed on the rental of automobiles and a use tax on trailers. Distributions are based on a per capita formula and any changes to a city's official population will directly impact their amount. The Iowa Department of Transportation (Iowa DOT) provides estimates on how much money the State will distribute each year through their allocation model.

For the current Fiscal Year, the State estimates that \$139.00 will be distributed on a per capita basis to each community. The State uses the most recent census data, from 2020, to determine each community's population. Keokuk had 9,900 residents in 2020, meaning that for the current budget year, Keokuk can anticipate receiving approximately \$1,380,000. Iowa DOT provides estimates for the next four years as well, estimating an annual increase of approximately 1%. Given that prices of goods in general went up this last year by 2.8% and typically go up anywhere from 2-4% a year, this means this source of revenue is gradually losing its purchasing power.

Keokuk places the RUTF money in its own fund as required by state law. Out of this fund, the City of Keokuk pays for all members of our street crew and for general maintenance activities. Keokuk also covers approximately \$200,000-300,000 in general street maintenance projects annually in this fund, our vehicle maintenance division (including two full-time mechanics), traffic and street light costs, snow removal costs, and street cleaning costs. A final area that we try to cover out of the RUTF funds at least a portion of our street equipment needs, from pickups and dump trucks to street sweepers.

Having a steady, fairly guaranteed (subject to changes in the State funding formula) funding stream is great for planning purposes. On a long-term basis, though, we know that we are gradually losing purchasing power, and that means we gradually have less ability to cover our needs in transportation maintenance. Additionally, we need to ensure that as we plan ahead, we recognize that at the next census, our population is estimated to decrease from 9,900 to around 9,000. This means that our funding will decrease by around \$130,000 annually around the year 2031. Not an issue now, but one that is on the horizon.

Next topic: Debt Service Fund