

Highway User Fee Funding Of Local Roads in Illinois

**NOT Equitable.
NOT Sustainable.**



October 1, 2015

References

- **Illinois Compiled Statutes**
- **“Illinois Tax Handbook for Legislators”, Legislative Research Unit of Illinois General Assembly, Fiscal Years 1984 thru 2015.**
Web-Site: http://www.ilga.gov/commission/lru/lru_home.html
- **“Annual Report of Collections and Distributions”, Illinois Department of Revenue, Fiscal Years 2000 thru 2009.**
Web-Site: <http://tax.illinois.gov/AboutIdor/TaxStats/>
- **"Motor Fuel Tax Allotment Statistics" Annual Reports, Illinois Department of Transportation, 1980 thru 2014.**
Web-Site: <http://http://www.idot.illinois.gov/transportation-system/local-transportation-partners/county-engineers-and-local-public-agencies/mft-distribution/mft-yearly>

References

- **“For the Record” Annual Report, Illinois Department of Transportation, Fiscal Years 1990-2014.**
Web-Site: (Google It)
- **“Illinois Highway Mileage and Street Statistics – 2014”, Illinois Department of Transportation.**
Web-Site: (Google It)
- **“Illinois Highway Statistics Sheet 2014”, Illinois Department of Transportation.**
Web-Site: (Google It)
- **IACE - Studies.**
- **IDOT Staff.**

Public Roads in Illinois

Local Jurisdiction (Local Roads)

- County Highways
- Township/Road District Roads
- Municipal Streets

State Jurisdiction (State Highways = IDOT)

- State Highways
- US Highways
- Interstate Highways

Toll Roads

Illinois Highway & Street Facts 2014

146,765 miles of Public Roads

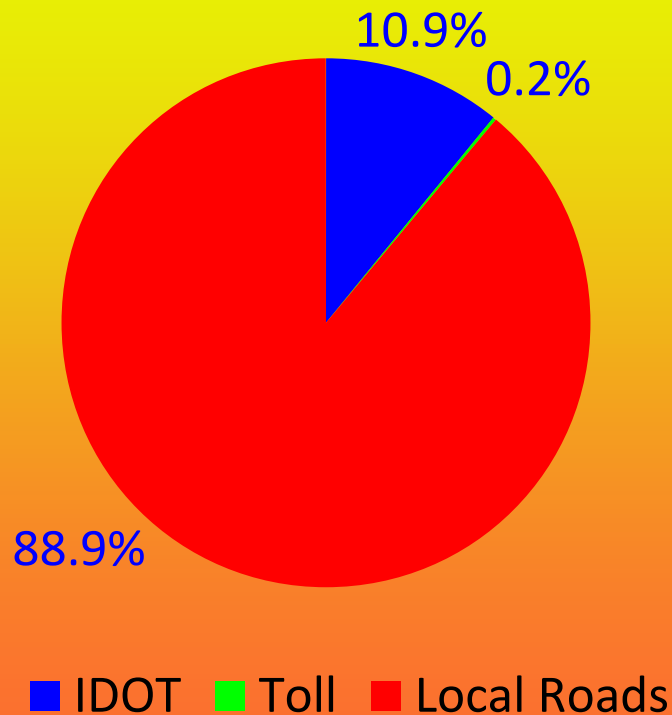
**130,492 miles (88.9%) = Local Roads carrying
36.3% of the traffic**

**15,978 miles (10.9%) = State Jurisdiction
carrying 55.3% of the traffic**

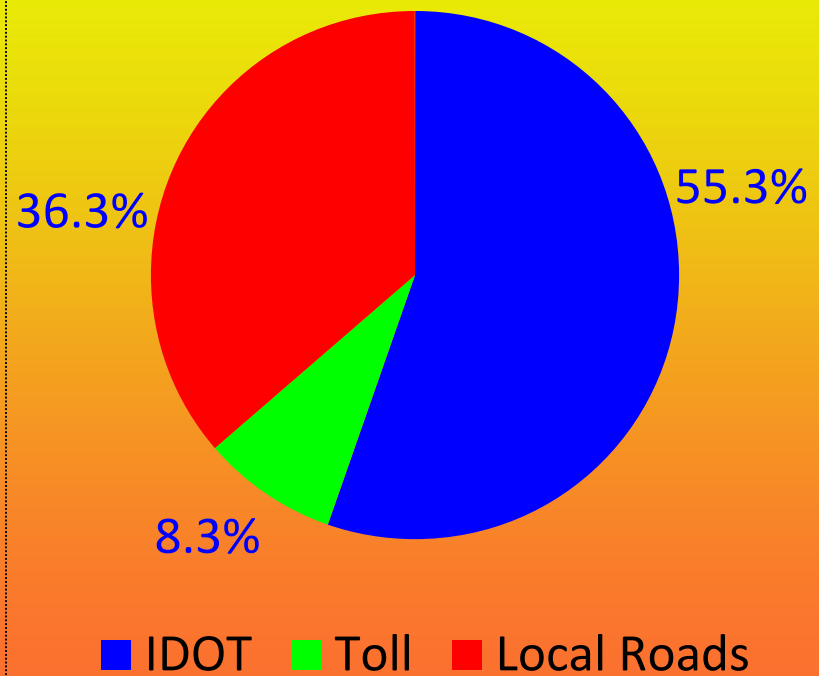
**294 miles (0.2%) = Toll Roads
carrying 8.3% of the traffic**

Illinois Highway & Street Facts 2014

Centerline Road Mileage



Vehicle Miles of Travel





Highway User Fees

Highway User Fees are taxes and fees paid by users of the public road system.

Highway User Fees are paid by the user regardless of how much the user travels upon Local Roads, State Highways or Toll Roads.

Highway User Fees crafted to cover the cost of maintaining and upgrading the system, feature a very strong cost/benefit principle to those users of the system, without penalizing those who do not utilize the system.



User Fees Collected by State

(A Portion Returned to Roads)

Motor Fuel Tax (MFT)

- Paid at the Pump

Motor Vehicle Revenue (MVR)

- Paid at Secretary of State
 - Vehicle Registration
 - Driver's License
 - Certificates of Title



User Related Fees Collected by State

(NOT Returned to Roads)

Sales Tax – Automotive and Filling Station

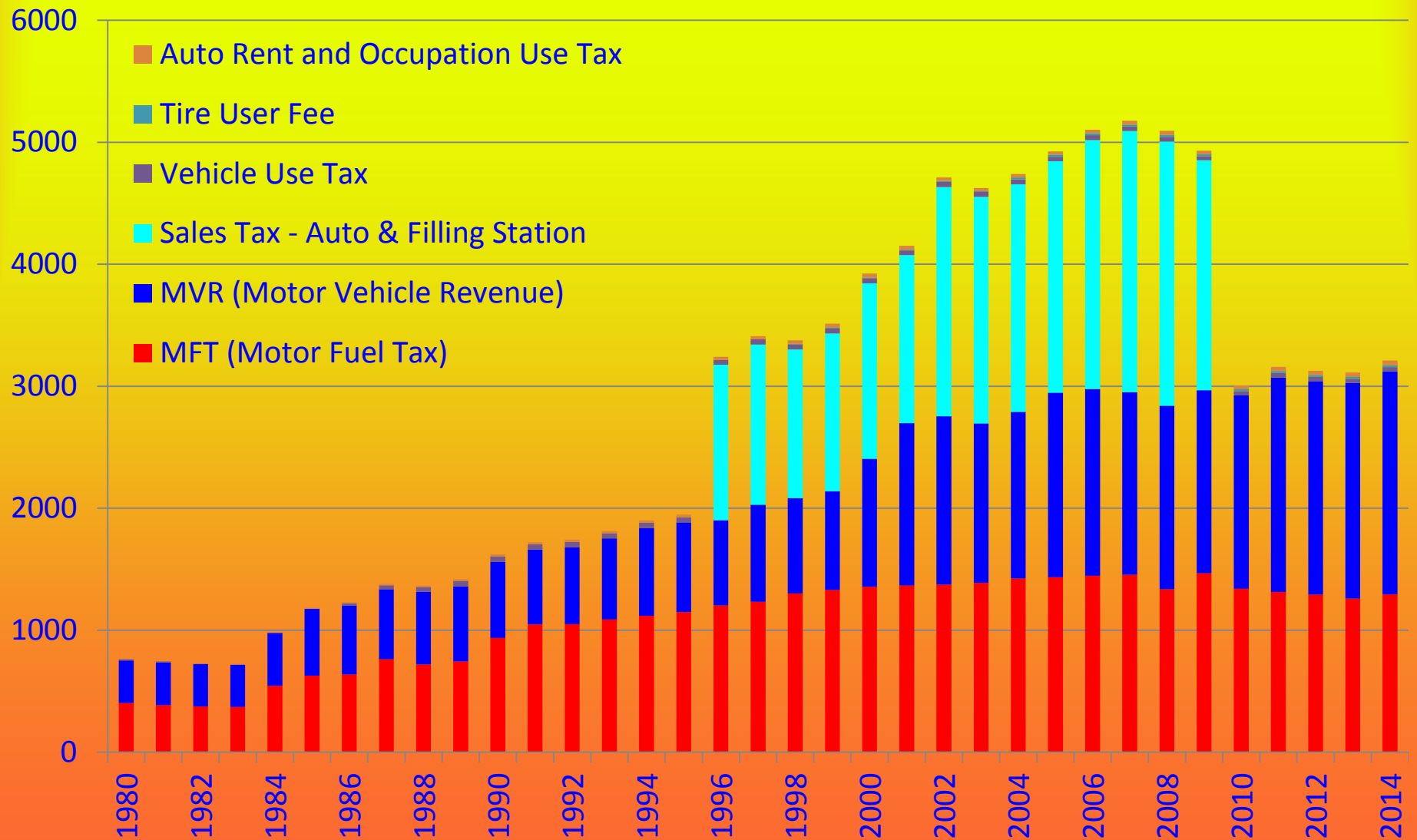
Automobile Renting & Occupation Tax

Tire User Fee

Vehicle Use Tax

(Sales Tax – Automotive and Filling Station includes sales tax on a variety of related items, some of which are non-highway user related such as candy bars, soda, etc.)

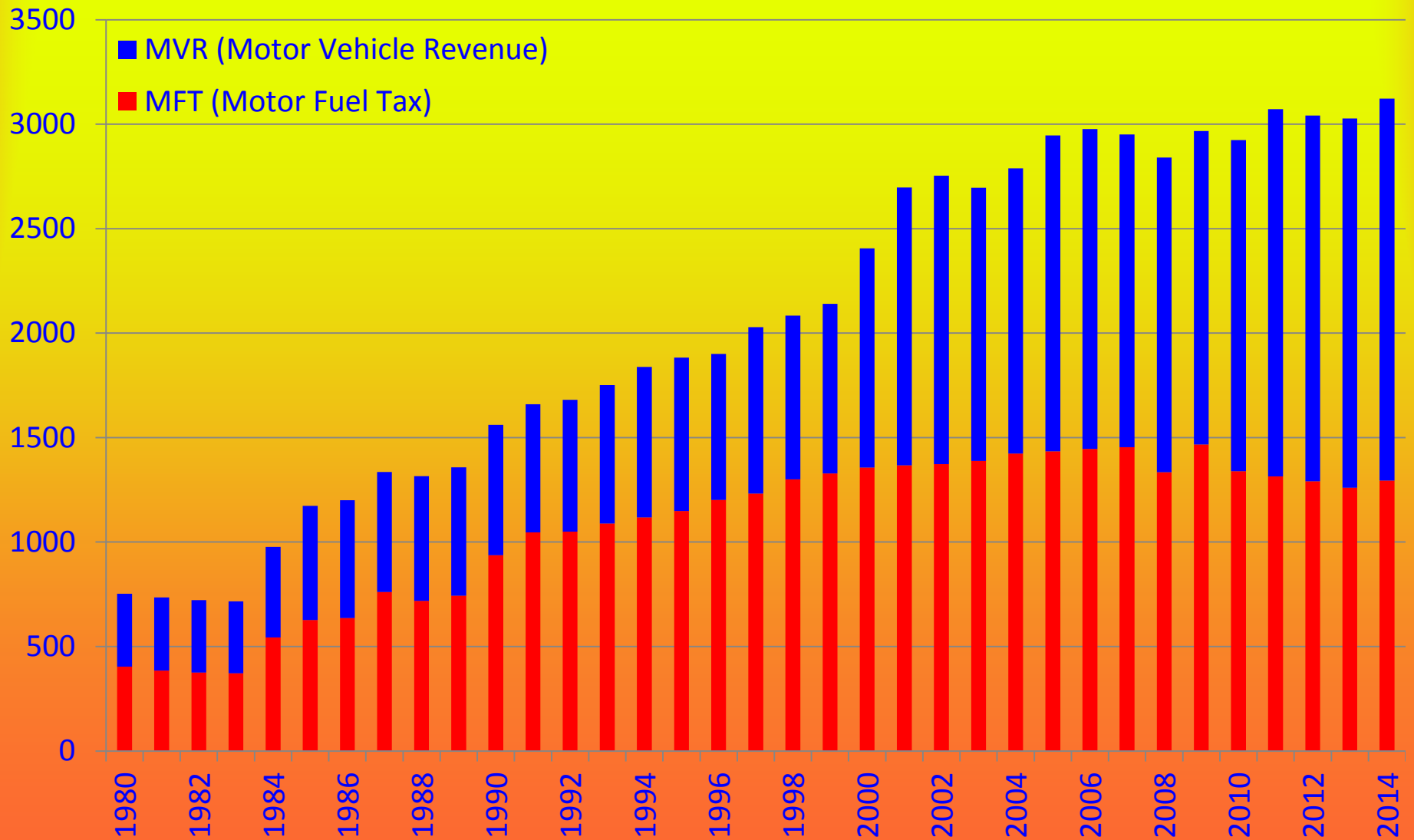
State of Illinois – Highway User/Related Fees Collected [\$ Millions]



(Data for Sales Tax – Auto & Filling Station not available for 1980-1995 & 2010-Present)

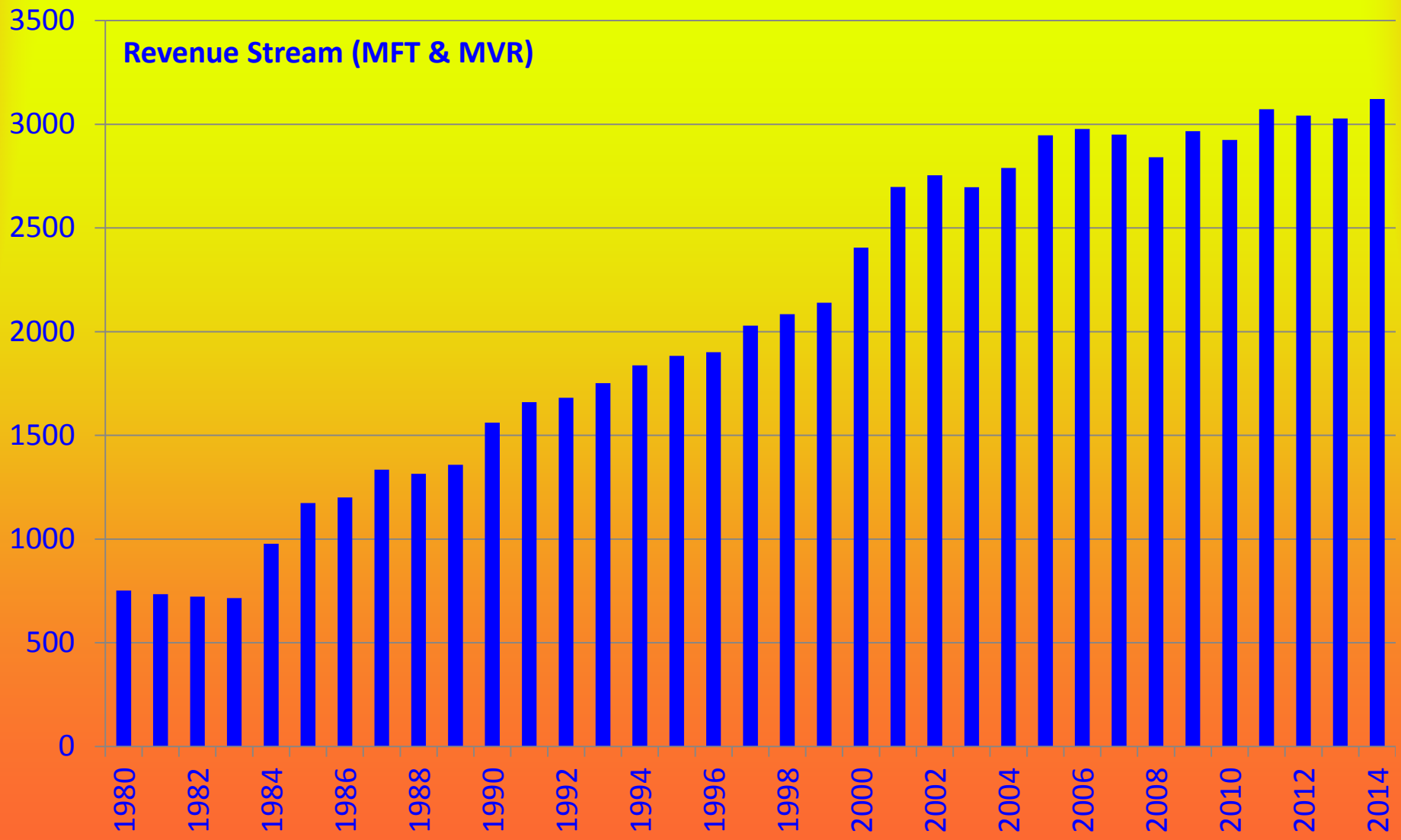


State of Illinois – Highway User Fees Collected [\$ Millions]

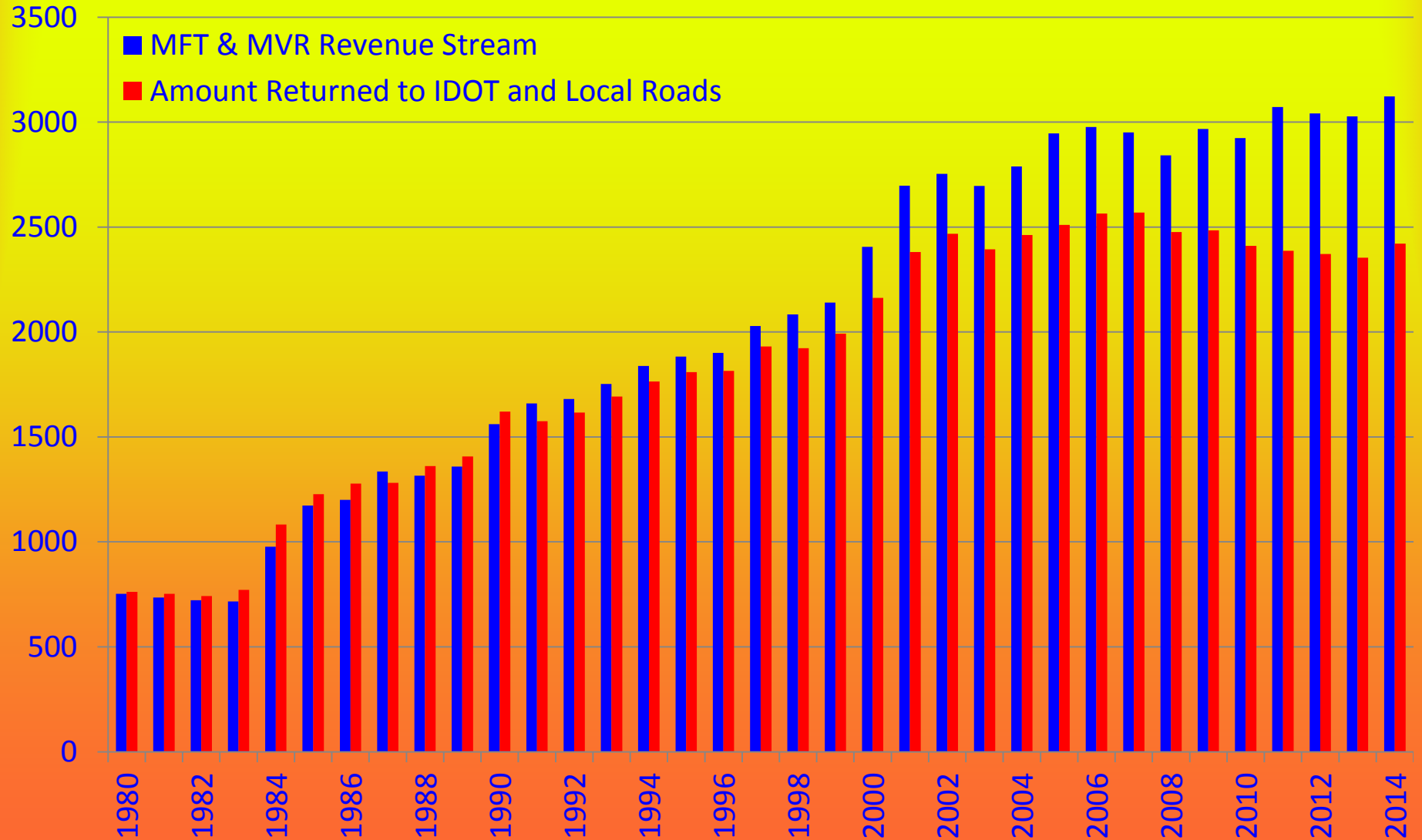




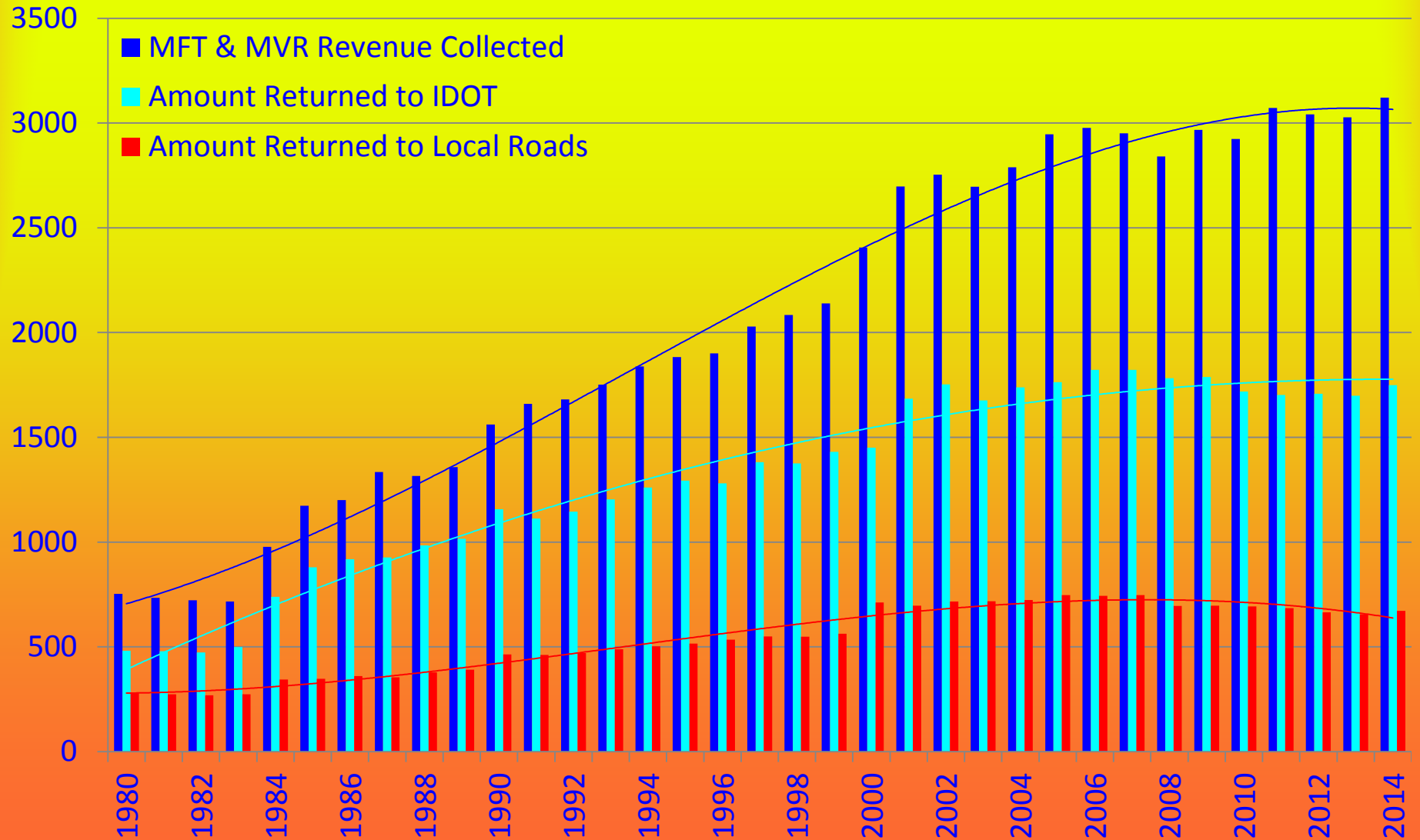
State of Illinois – Highway User Fees Collected [\$ Millions]



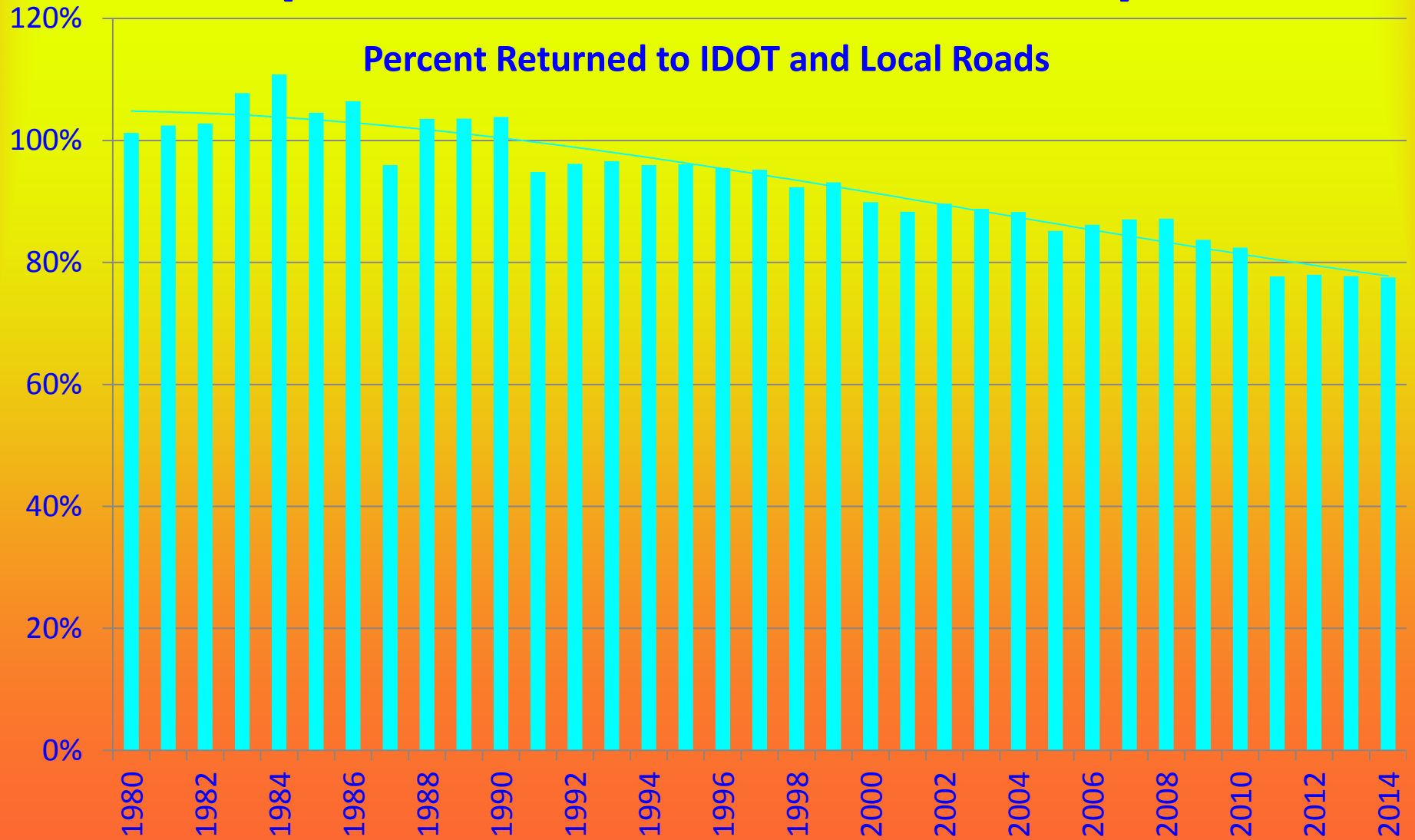
State of Illinois – Highway User Fees Returned to Roads (Revenue Stream, No Bond Proceeds) [\$ Millions]



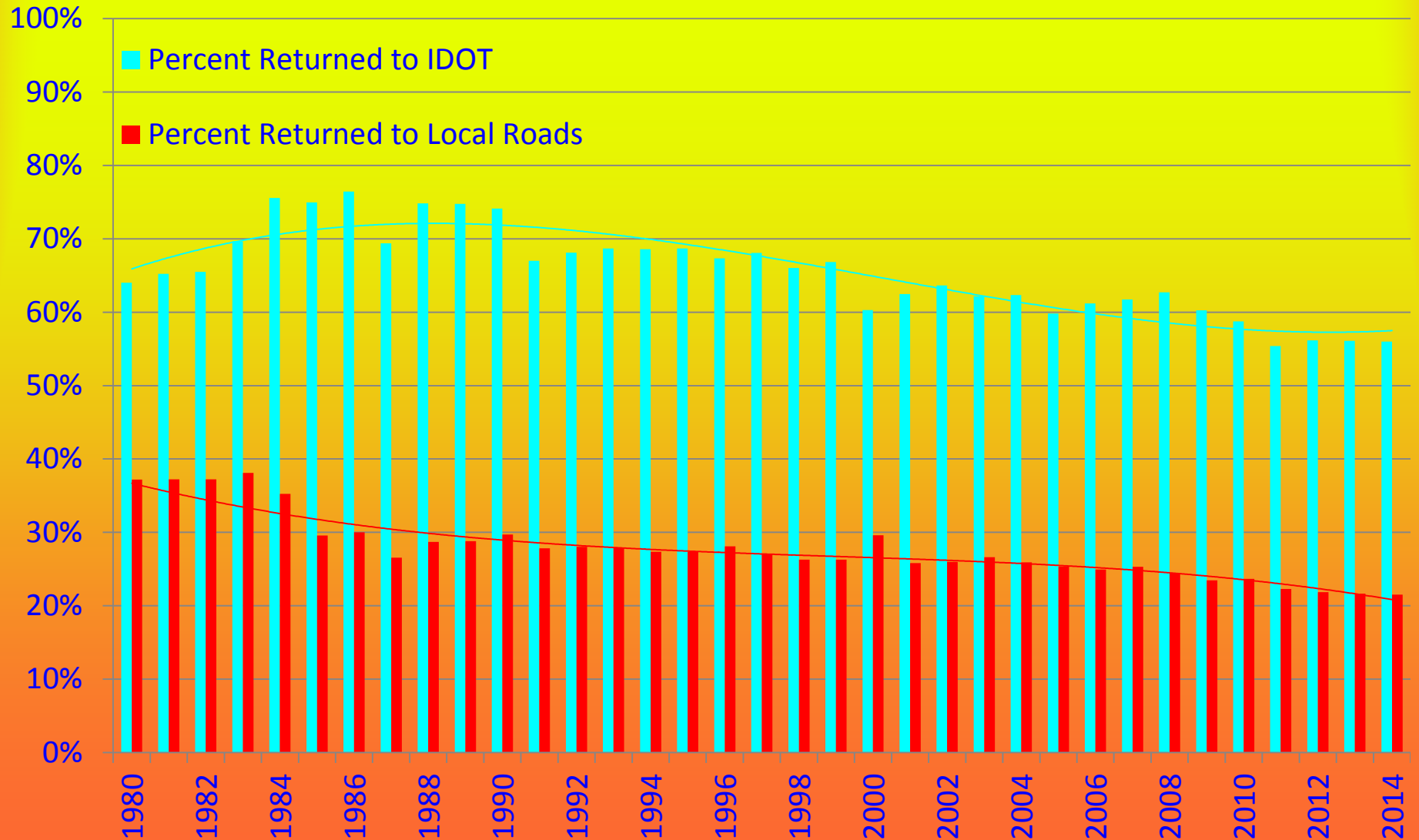
State of Illinois – Highway User Fees Returned to Roads (Revenue Stream, No Bond Proceeds) [\$ Millions]



State of Illinois – Highway User Fees Returned to Roads (Revenue Stream, No Bond Proceeds) [Percent of User Fee Revenues Collected]

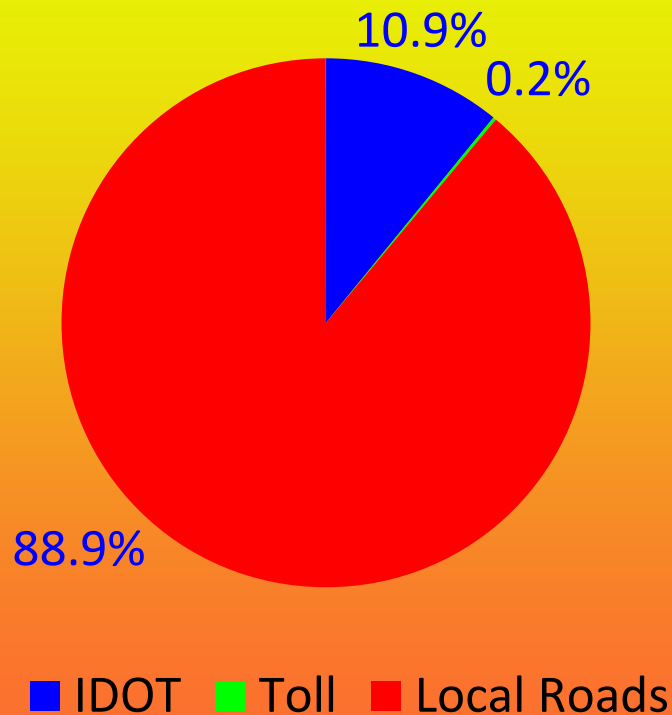


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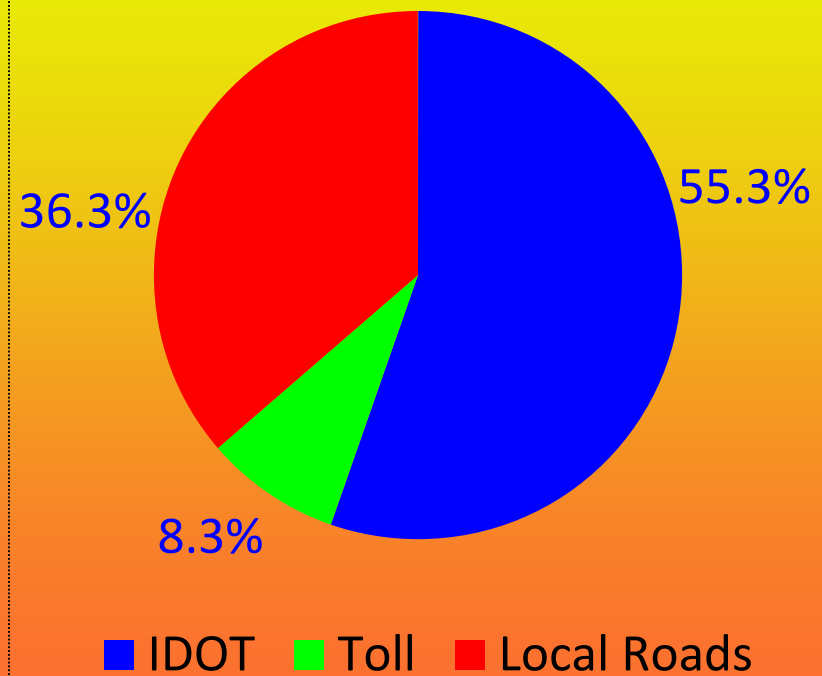


Illinois Highway & Street Facts 2014

Centerline Road Mileage



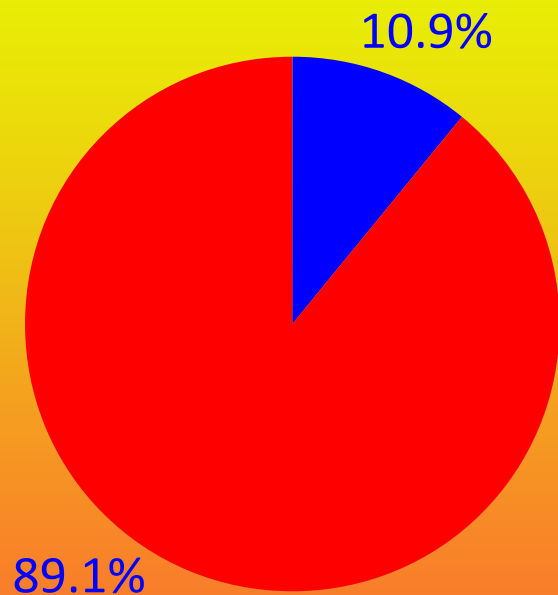
Vehicle Miles of Travel



Illinois Highway & Street Facts 2014

Centerline Road Mileage

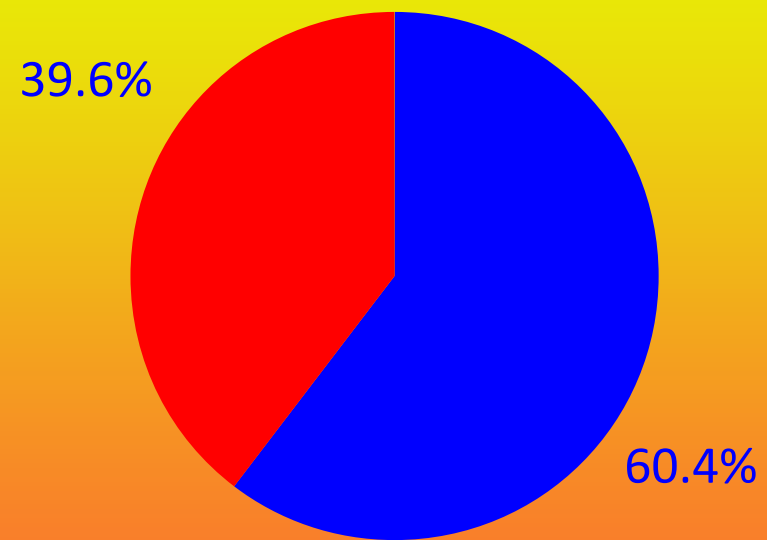
(No Toll Roads)



■ IDOT ■ Local Roads

Vehicle Miles of Travel

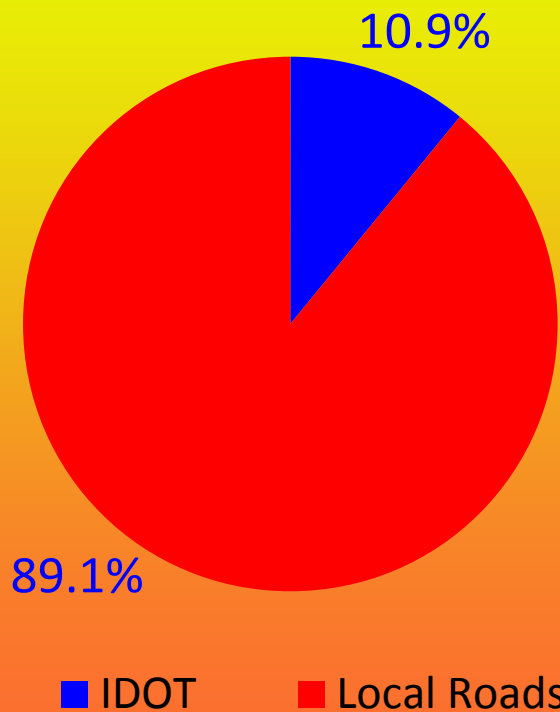
(No Toll Roads)



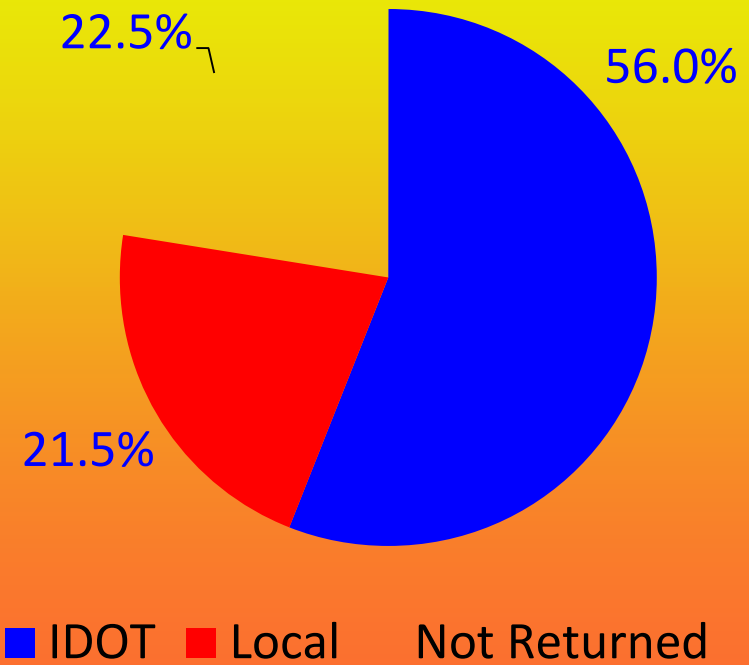
■ IDOT ■ Local Roads

Contribution vs Share of Revenue 2014

Centerline Road Mileage (No Toll Roads)

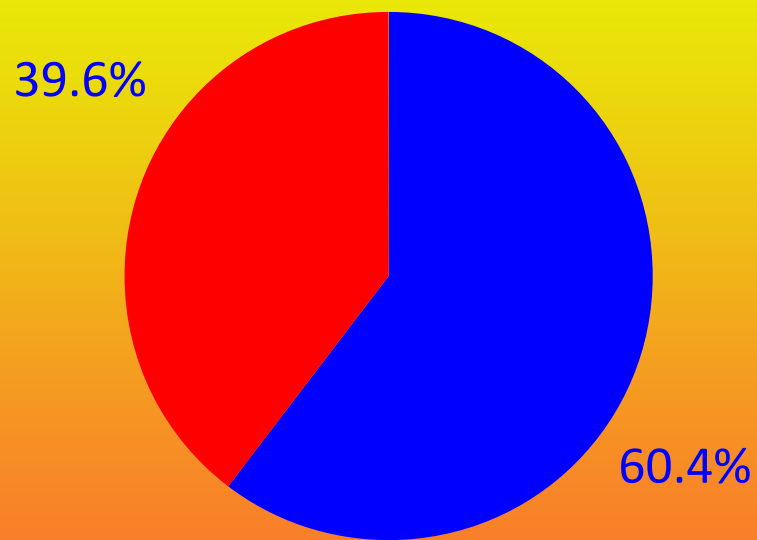


Share of MFT and MVR Returned to Roads



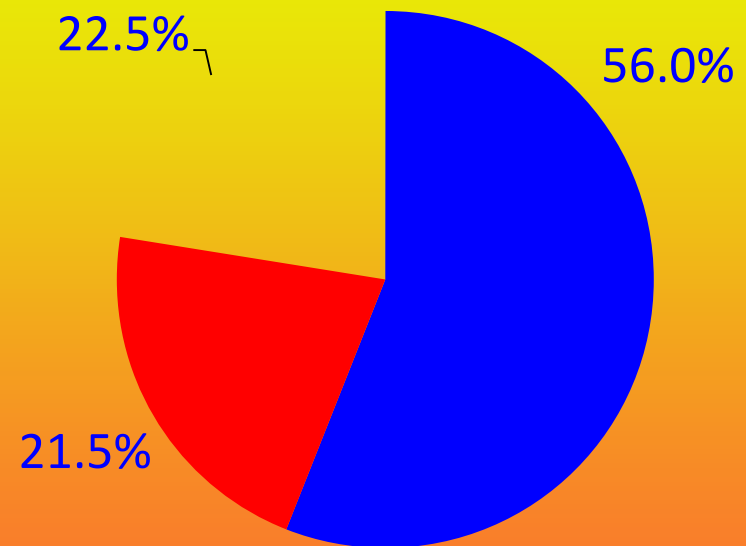
Contribution vs Share of Revenue 2014

Vehicle Miles of Travel (No Toll Roads)



■ IDOT ■ Local Roads

Share of MFT and MVR Returned to Roads



■ IDOT ■ Local ■ Not Returned

What if . . .

. . . Local Roads had received 40% of Highway User Fees Collected by the State in 2014?

Answer: Local Roads would have received an additional \$296 Million, a 44% increase. However, that would have likely reduced IDOT's share. Not ideal.

. . . Revenues had been increased to Local Roads so that they received 40% of Highway User Fees Collected by the State in 2014 with no reductions to IDOT's share?

Answer: Local Roads would have received an additional \$494 Million, a 74% increase.

What if . . .

. . . Local Roads had received 40% of Highway User Fees Collected by the State from 1980 to 2014?

Answer: Local Roads would have received an additional \$6.4 Billion. However, that would have likely reduced IDOT's share. Not ideal.

. . . Revenues had been increased to Local Roads so that they received 40% of Highway User Fees Collected by the State from 1980 to 2014 with no reductions to IDOT's share?

Answer: Local Roads would have received an additional \$10.7 Billion.

In Effect . . .

- . . . Local Roads were donors to the State of Illinois in the amount of \$ 296 Million in highway user fees collected by the State in 2014?
- . . . Local Roads have been donors to the State of Illinois to the tune of roughly \$6 Billion in highway user fees collected by the State from 1980 thru 2014?

This is neither Equitable nor Sustainable
for Local Roads!

Needs? What Needs?

HR 190 of the 92nd GA “Hartke-Black Study”

The cost to upgrade Illinois' rural highways to accommodate 80,000-lb. trucks was estimated to be \$60 billion for almost 84,000 miles of highway in 2001 dollars.

Needs? What Needs?

IACE Revenue Committee 2006 Needs Study

The funding shortfall to maintain and upgrade Illinois' county highways and township/road district roads to accommodate 73,280-lb. trucks was estimated to be \$770 Million per year based on upgrading 5% of the necessary mileage per year. Total cost of \$15.4 Billion.

The funding shortfall to maintain and upgrade Illinois' county highways and township/road district roads to accommodate 80,000-lb. trucks was estimated to be \$2.19 Billion per year based on upgrading 5% per year. Total cost of \$43.8 Billion.

Needs? What Needs?

Most recent Capital Program in Illinois:

“Illinois Jobs Now” in 2009

Historic Changes from Past Capital Programs

Increased MVR Highway User Fees BUT:

- Directed Entire Revenue Stream Increase to Bonding
 - \$ 3.054 Billion (86%) to IDOT
 - \$ 0.5 Billion (14%) to Local Roads
- NO INCREASE in Revenue Stream to Local Roads!!!
- NO INCREASE in Revenue Stream to IDOT!!!
- INCREASED Maximum Vehicle Size/Weight on Local Roads to the 80,000# Vehicle!!!

Needs? What Needs?

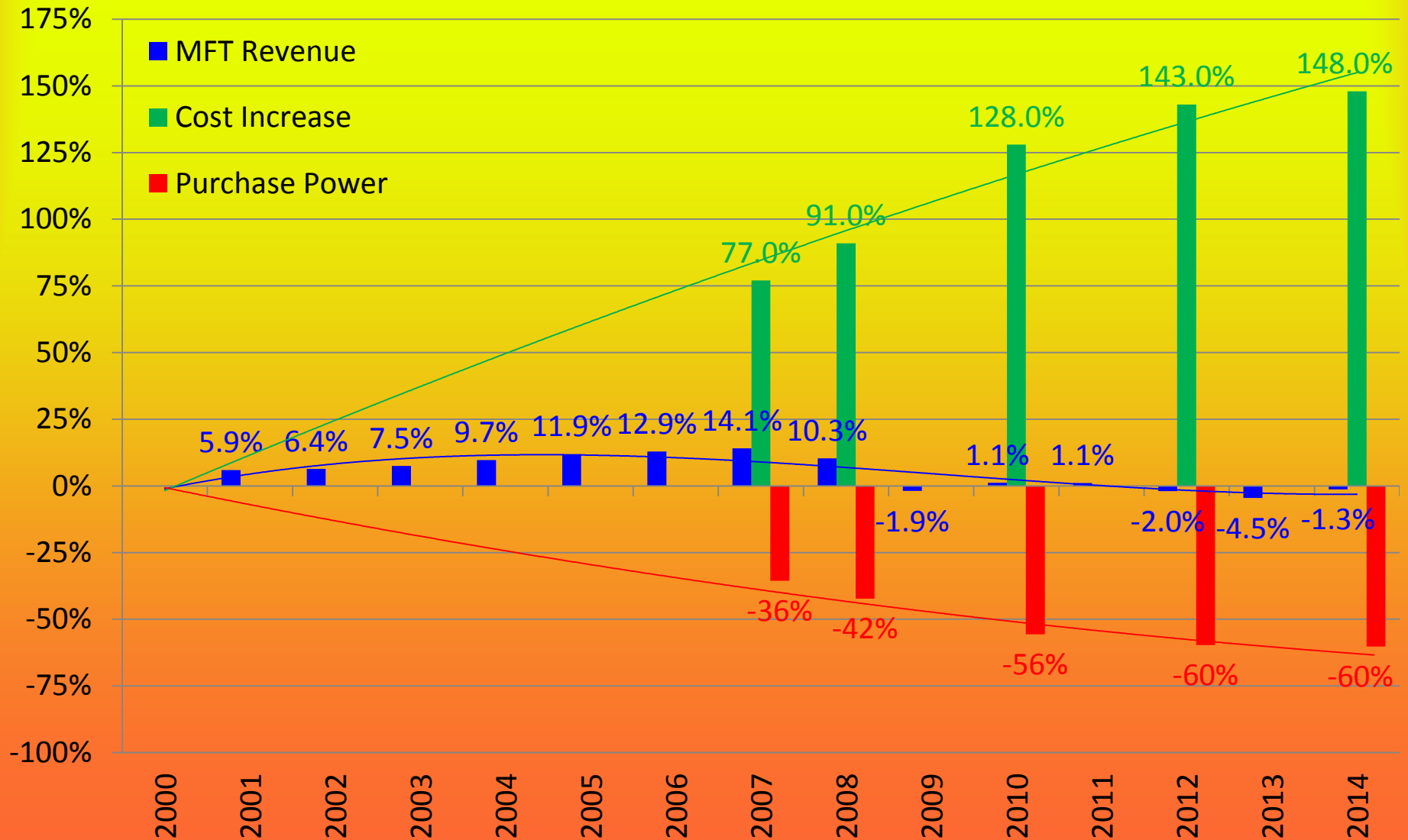
ILLINOIS ASSOCIATION OF COUNTY ENGINEERS (IACE) REVENUE COMMITTEE

LOCAL ROAD 2014 REVENUE SHORTFALL

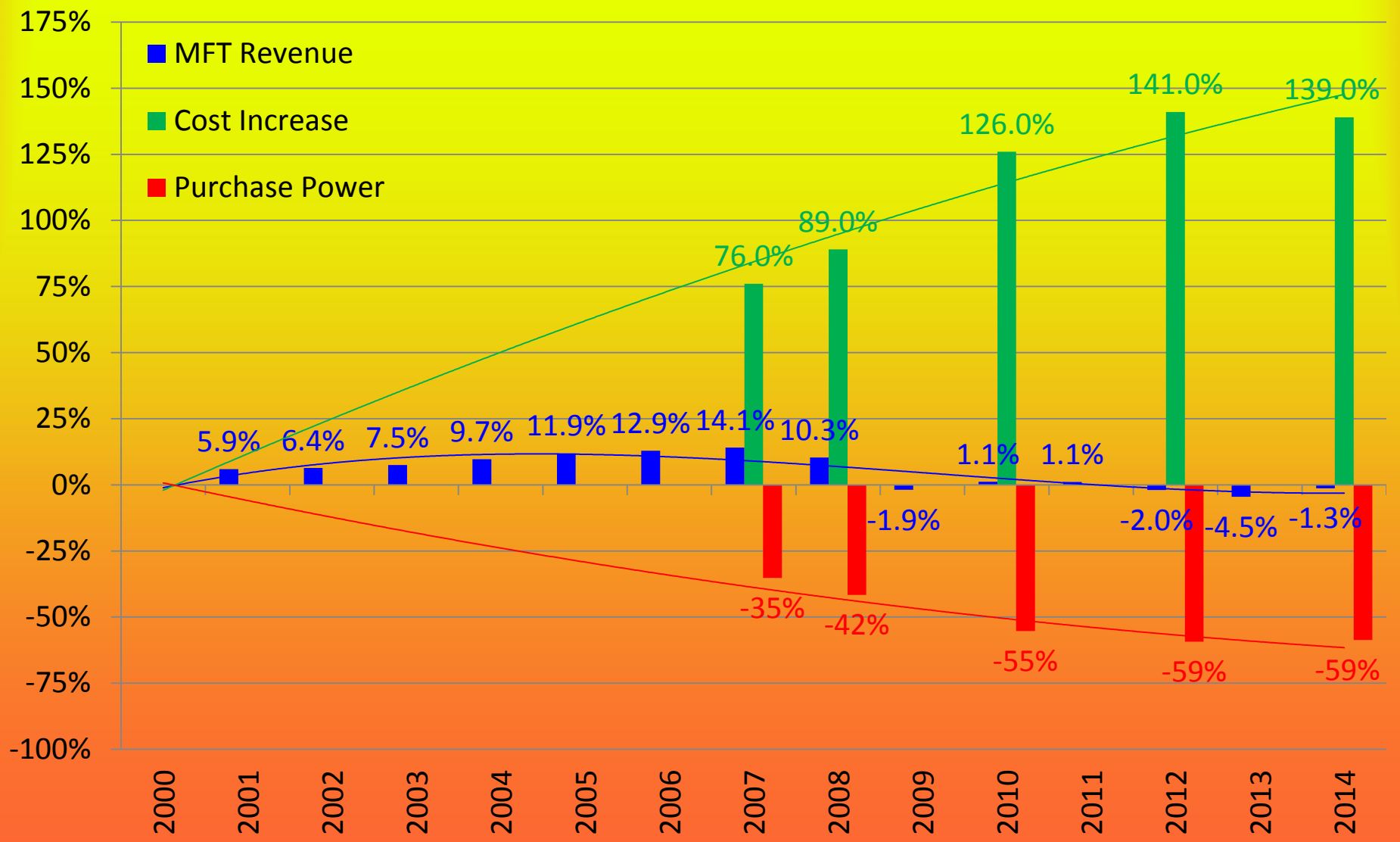
Items	Annual Total [\$ Millions]	Total [\$ Millions]
System Preservation Shortfall =	624	-----
80,000# Highway System Shortfall * = (Includes System Preservation Shortfall)	6,382	125,376

* Assumes Upgrade of 5% of Necessary Mileage per Year (20-Year Program)

State of Illinois – MFT Revenue/Costs vs. Purchase Power Counties [% Increase over State FY 2000]



State of Illinois – MFT Revenue/Costs vs. Purchase Power Townships/Road Districts [% Increase over State FY 2000]



Net Effect

MVR and MFT Highway User Fee Revenues returned to Local Roads could only put contractors' labor, equipment and materials to work on County Highways, Township/Road District Roads and Municipal Streets 4 days in 2012 for every 10 days they were put to work in 2000.

We are watching our Local Road system, particularly the rural areas, slowly degrade back to conditions from an earlier time. We're watching it slowly return to dirt and mud.

THIS IS NOT SUSTAINABLE!

Net Effect

Local Government is responsible for 89% of the non-toll road mileage in Illinois carrying 40% of its traffic yet the highway user fee revenue sharing mechanism is broken with the State of Illinois returning to Local Roads only 21.5% of the revenue paid by that traffic. This places an extraordinary burden on Local Government to maintain Local Roads, primarily through real estate taxes.

That's a \$296 Million unfunded mandate in 2014 alone and a \$6 Billion unfunded mandate since 1980.

THIS IS NOT EQUITABLE!

In Conclusion

40% of every highway user fee dollar collected by the State of Illinois should be returned to Local Roads through existing formula.

QUESTIONS?

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