



Motor Fuel Tax Funds

Source, Distribution & Uses for Municipality

July 2012



*Illinois
Technology
Transfer
Center*



**Illinois Department
of Transportation**

PREFACE

This pamphlet was prepared to provide local public agencies officials with a quick reference to the source, distribution and uses of Motor Fuel Tax funds. The contents of this document shall serve as a reference and not the final authority on the receipt or expenditure of Motor Fuel Tax funds.

The following chapters of the Illinois Compiled Statutes were used in the development of this pamphlet:

- Chapter 35 Revenue,
- Chapter 55 Counties,
- Chapter 60 Townships,
- Chapter 65 Municipalities,
- Chapter 605 Highway Code.

The following chapters of the Bureau of Local Roads and Streets Manual were used in the developments of this pamphlet:

- Chapter 2, 3, 4, 5, and 8.

SOURCE OF THE MOTOR FUEL TAX FUND

The Illinois Motor Fuel Tax (MFT) Fund is derived from a tax on the privilege of operating motor vehicles upon public highways and of operating recreational watercraft upon the waters of this State, based on the consumption of motor fuel.

The motor fuel taxes that are deposited in the Illinois MFT Fund are:

- a. 19.0 cents per gallon
- b. 2.5 cents per gallon on diesel fuel in addition to the tax in (a) above.

The Department of Transportation allocates these monies according to the provisions outlined in the MFT fund distribution statute, 35 ILCS 505/8 and initiates the process for distribution of motor fuel tax to the counties, townships, and municipalities.

Each month a warrant is issued to each municipal treasurer in the amount of the municipality's share of Motor Fuel Tax Fund collected for the preceding month. Monthly distributions are posted on the department's website.

DISTRIBUTION OF THE MOTOR FUEL TAX FUND

The money deposited each month in the state Motor Fuel Tax Fund shall be distributed as follows:

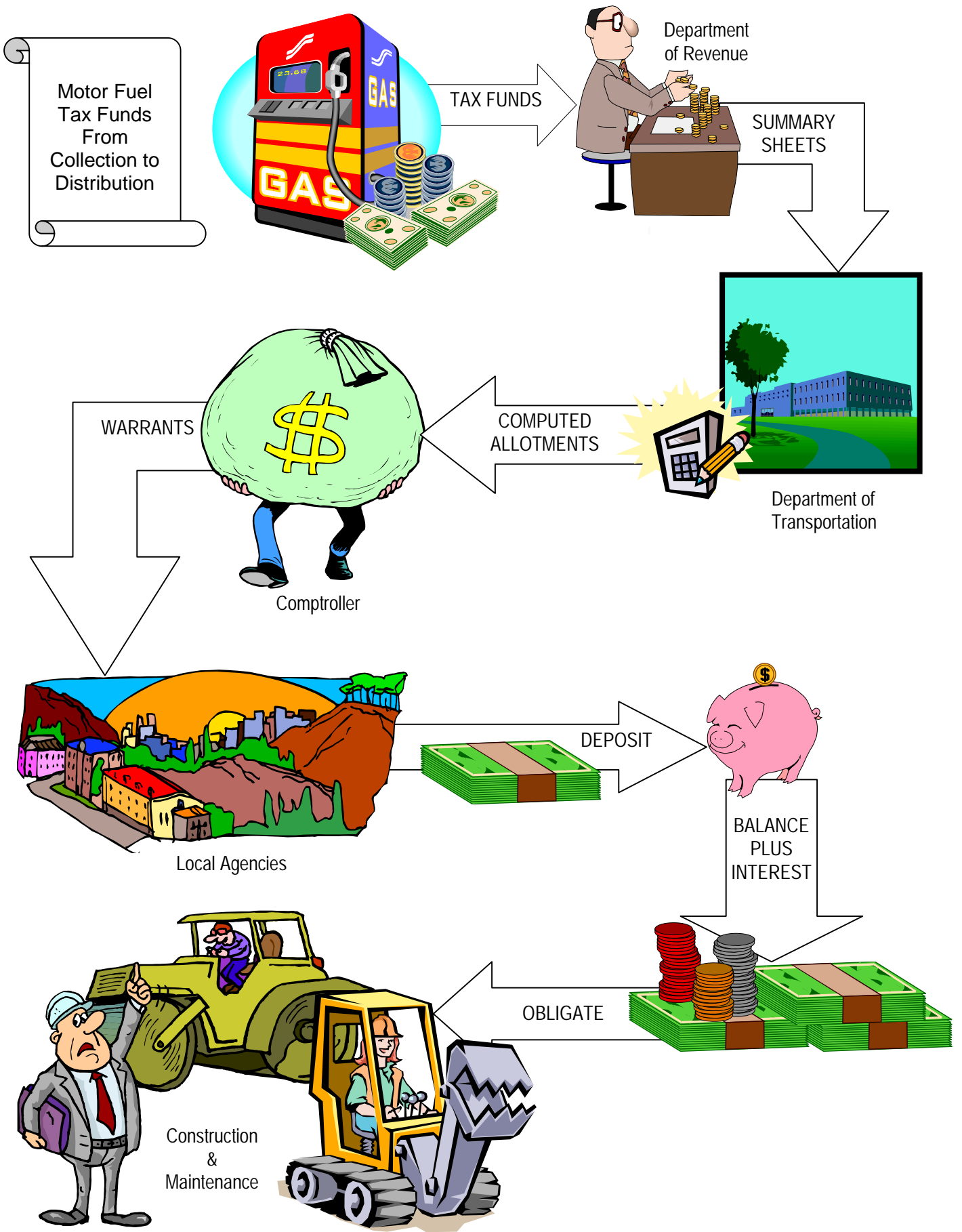
- a. 2 1/2 cents per gallon tax on diesel fuel is transferred to the State Construction Account Fund.
- b. \$420,000 per month is transferred to the State Boating Act Fund. This money is used by the Department of Natural Resources for the purposes specified in Article X of the Boat Registration and Safety Act, 625 ILCS 45/10-1.
- c. \$3,500,000 per month is transferred to the Grade Crossing Protection Fund. This money is used by the Department upon order of the Illinois Commerce Commission to pay part of the expense of providing grade crossing protection at points where local public highways cross railroads.
 1. Each fiscal year not less than \$12,000,000 shall be used for construction or reconstruction of rail/highway grade separation structures;
 2. Each fiscal year \$3,000,000 shall be transferred to the Transportation Regulatory Fund and shall be accounted for as part of the rail carrier portion of such funds and shall be used to pay the cost of administration of the Illinois Commerce Commission's railroad safety program, with the remainder to be used by the Department of Transportation upon order of the Illinois Commerce Commission, to pay that part of the cost apportioned by such Commission to the State to cover the interest of the public in the use of highways, roads or streets in the county highway system, township and road district system or municipal street system.
- d. A sufficient amount of money is reserved each month to pay:
 1. The Department of Revenue for the costs of the MFT Law administration;
 2. The Department of Transportation for administration and supervision of the use of MFT funds;
 3. Refunds allowed by law;
 4. \$30,000,000/year into the Vehicle Inspection Fund (\$15,000,000 on July 1 and October 1, or as soon thereafter as may be practical);
 5. Amounts ordered paid by the Court of Claims; and
 6. International Fuel Tax Agreement (IFTA) payments to other states.

The remaining monies shall be allocated each month as follows:

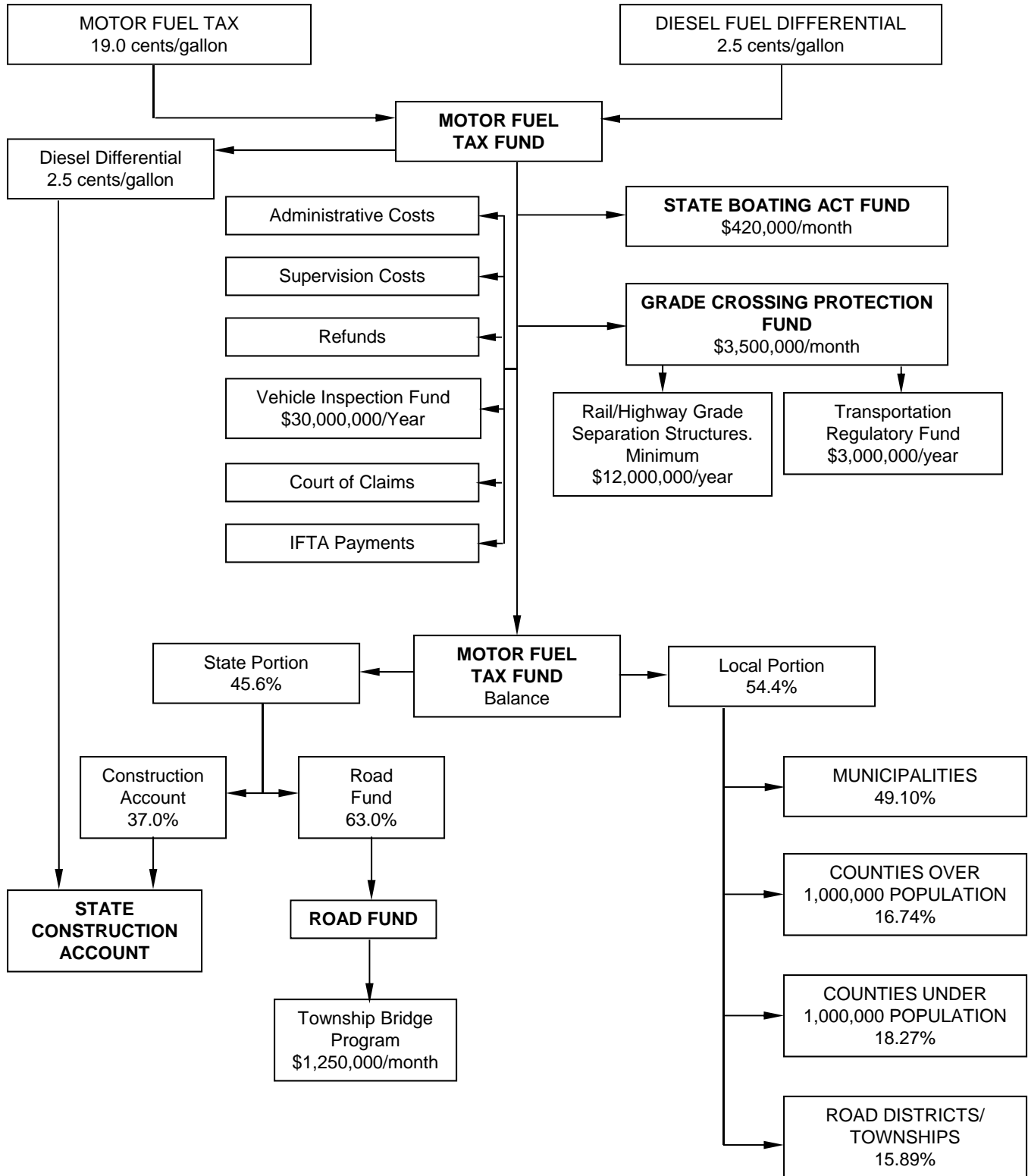
- a. 45.6% shall be deposited as follows:
 1. 37% to the State Construction Account Fund;
 2. 63% to the Road Fund, including \$1,250,000/month to fund the Township Bridge Program.

- b. 54.4% shall be distributed by the Department of Transportation as follows:
 1. 49.10% to the municipalities- apportioned in proportion to population;
 2. 16.74% to the counties having a population 1,000,000 or more (Cook County);
 3. 18.27% to counties having a population less than 1,000,000 – apportioned in proportion to motor vehicle license fees collected;
 4. 15.89% to the road districts/townships – apportioned to each in proportion to a total mileage of roads in the State.

DISTRIBUTION OF THE ILLINOIS MOTOR FUEL TAX FUND



DISTRIBUTION OF THE ILLINOIS MOTOR FUEL TAX FUND



EXPENDITURE OF THE ILLINOIS MOTOR FUEL TAX FUND

The expenditure of MFT funds requires the approval and supervision of the Department of Transportation. The corporate authorities of the municipality must adopt an ordinance or a resolution appropriating the MFT funds. The ordinance or resolution shall state how the funds will be used and shall be submitted to the appropriate IDOT district office for approval. When MFT funds are used for construction, the ordinance or resolution must specify the location, type(s), length and width of proposed construction.

The Department of Transportation's approval of plans, specifications, and estimates of any construction project must be obtained prior to advertising it for bids as well as prior to awarding any contract. When MFT funds are used for maintenance, the Department of Transportation's approval of the maintenance estimate must be obtained prior to advertising the project for bid. All work requiring bids must be advertised in the Department of Transportation's weekly Contractors Bulletin. Engineering agreements also require approval by the Department.

Please contact the Bureau of Local Roads and Streets in your IDOT district if you have any questions regarding MFT expenditures.

PERMISSIBLE USES OF THE ILLINOIS MOTOR FUEL TAX FUND FOR MUNICIPALITIES

WORK ITEM	REFERENCE
<p>Construction and Maintenance of:</p> <ul style="list-style-type: none"> • Municipal Streets and Extensions, Municipal Alleys, County Highways and Extensions, State Highways, and Federal-aid Routes within the municipality • Traffic Control and School Crossing Signals • Street Lighting Systems • Storm Sewers • Pedestrian Subway or Overhead Crossings • Sidewalks and Pedestrian Paths • Off-Street Parking Facilities • Bicycle Signs, Paths, Lanes, or Bicycle Parking Facilities • Grade Separations and Approaches • Non-dedicated Subdivision Roads established before July 23, 1959 <p>Allotment of Funds for:</p> <ul style="list-style-type: none"> • Matching Federal-aid Funds • Engineering Services • Retirement of Indebtedness • Local Mass Transit Districts • Motor Vehicle Safety Inspection Lanes Operation and Maintenance • Payment of Principal and Interest on Road Bonds • Engineering Investigation • Toll Bridge Studies 	<p>605 ILCS 5/7-202.1, 202.1a, 202.1b, 202.2, 202.3 & 202.4</p> <p>605 ILCS 5/7-202.5 605 ILCS 5/7-202.6 605 ILCS 5/7-202.7 605 ILCS 5/7-202.8 605 ILCS 5/7-202.15 605 ILCS 5/7-202.17 605 ILCS 5/7-202.20 605 ILCS 5/7-202.21 605 ILCS 5/7-202.21a</p> <p>605 ILCS 5/7-202.10 605 ILCS 5/7-202.12 605 ILCS 5/7-202.13 605 ILCS 5/7-202.14 605 ILCS 5/7-202.19 605 ILCS 5/7-202.18 605 ILCS 5/7-202.11 605 ILCS 5/7-202.16</p>
<p>Although the Statutes do not explicitly state that MFT funds can be used for the work items below, IDOT has determined that the costs for these items are eligible if they are related to MFT maintenance or construction.</p>	
<ul style="list-style-type: none"> • Curb Ramps • Right-of-Way • Salt Storage Facilities • Equipment Operations Costs • Utility Adjustments • Wages or Salaries • Holidays, Vacation, and Sick Leave • Workers' Compensation Insurance Premiums • Retirement Fund and Social Security Fund • Health, Hospitalization, and Life Insurance • Asset Management • Miscellaneous Expenses in Connection with Bond Issue Improvements • Tree Trimming and Tree Removal • Railroad Signal Protection and Crossing Work 	<p>BLRS Man. Sect. 4-3.03(b) BLRS Man. Sect. 4-3.03(b) BLRS Man. Sect. 4-3.03(b) BLRS Man. Sect. 4-3.03(b) BLRS Man. Sect. 4-3.03(b) BLRS Man. Sect. 4-3.03(c) BLRS Man. Sect. 4-3.03(c) BLRS Man. Sect. 4-3.03(c) BLRS Man. Sect. 4-3.03(c) BLRS Man. Sect. 4-3.03(c) BLRS Man. Sect. 4-3.06 BLRS Man. Sect. 4-4.02 & 4-3.02(f) BLRS Man. Sect. 14-1.03(i) BLRS Man. Chapter 40</p>

Note: All uses of Motor Fuel Tax are subject to the provisions and limitations reflected in the BLRS Manual and the States statutes.

IDOT REGIONAL/DISTRICT MAP

