State of Illinois
Illinois Department of Transportation

Motor Fuel Tax Funds

Source, Distribution & Uses for Road District

July 2012

Illinois Technology Transfer Center

Illinois Department of Transportation

0100-14, 08/13

Motor Fuel Tax Funds Source, Distribution, & Uses for Road District

Prepared and Published by
Illinois Department of Transportation
Bureau of Local Roads & Streets

Springfield, IL

July 2012

DOCUMENT CONTROL AND REVISION HISTORY

This pamphlet is reviewed by the Bureau of Local Roads & Streets as needed.

Distribution
This manual is available in the Illinois Technology Transfer Center's library as a Portable Document Format (PDF) on the Center's web site and as a hard copy.

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 statue, 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 county treasurer in the amount of the county road district/township'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:

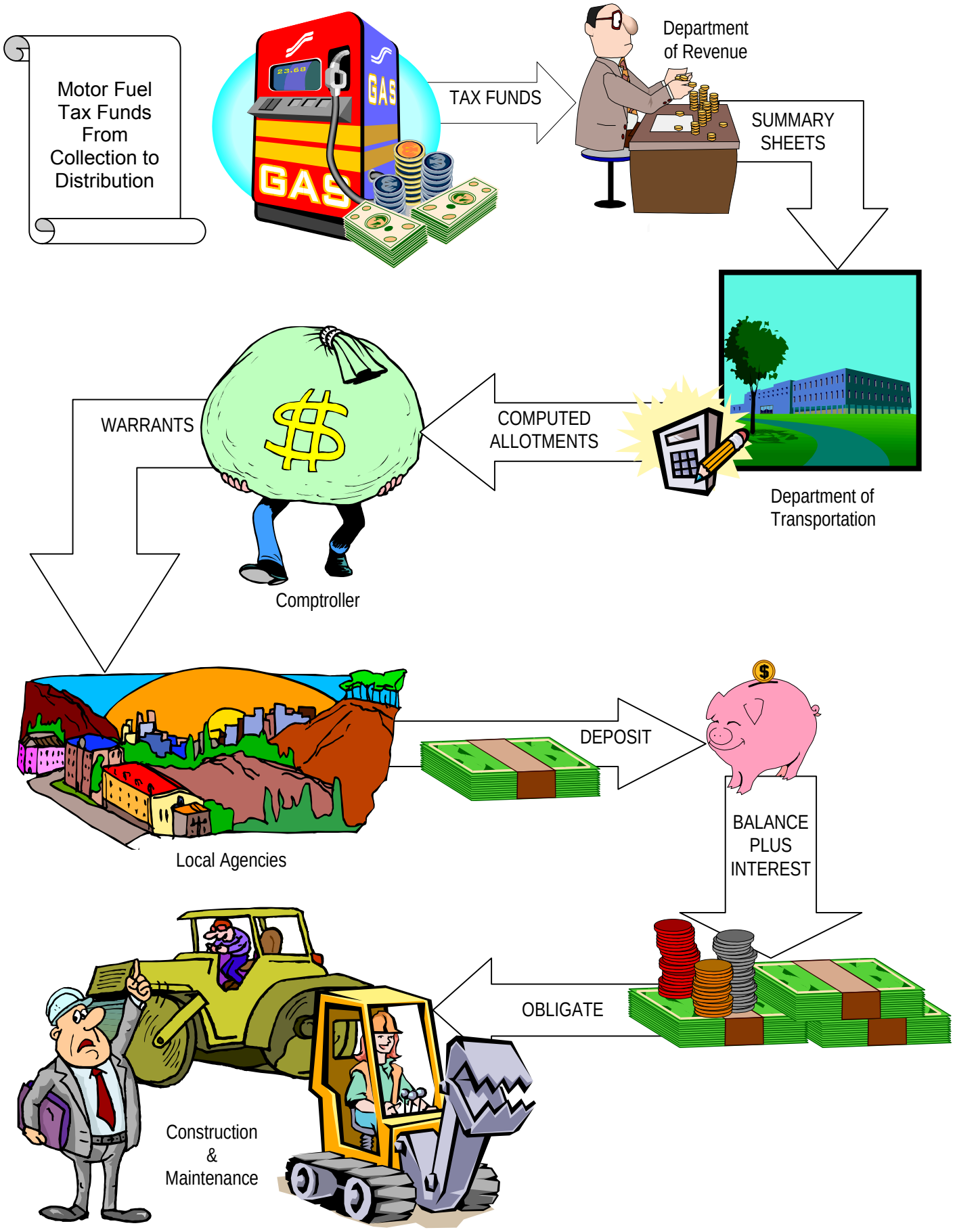
   1. The Department of Revenue for the costs of the MFT Law administration;
   2. The Department of Transportation for administration and supervision of the use of MFT funds;
   3. Refunds allowed by law;
   4. $30,000,000/year into the Vehicle Inspection Fund ($15,000,000 on July 1 and October 1, or as 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



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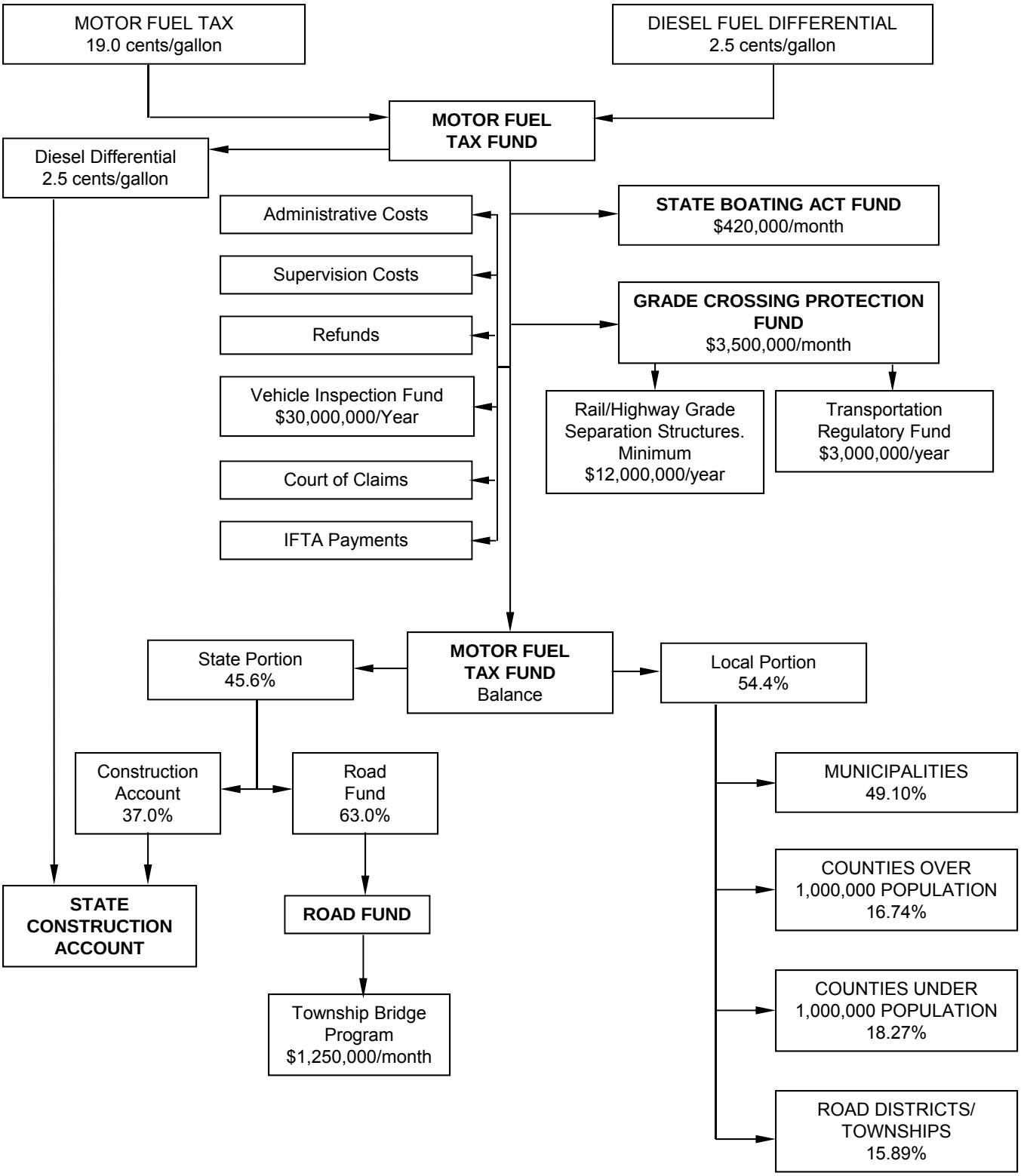


ELIGIBILITY REQUIREMENTS OF THE ILLINOIS MOTOR FUEL FUND

Road Districts/Townships must have a minimum of 4 miles of highways (605 ILCS 5/6-130) and must tax at a minimum rate to qualify for MFT funds. Each year the Central Bureau of Local Roads and Streets (BLRS) issues a certificate to the County Clerk requesting the rate of tax levied for road and bridge purposes in the previous year. In order for the Road District/ Township to retain MFT eligibility, the County Clerk must provide the requested information to the Central BLRS by the date specified.

According to 35 ILCS 505/8, Beginning July 1, 2011 and each July 1 thereafter, no allocation shall be made for any road district unless:

a. To receive a full allotment,
   - a tax for road and bridge purposes is levied in an amount which will require the extension of such tax against the taxable property in any such road district at a rate of not less than 0.08% of the value thereof, based upon the assessment for the year immediately prior to the year in which such tax was levied and as equalized by the Department of Revenue; or
   - in DuPage County, the above tax or an amount equal to or greater than $12,000 per mile of road under the jurisdiction of the road district/township, whichever is less; or
   - the road district is levying a road and bridge tax at the maximum amount allowed under PTELL.

b. If the rate is less than 0.08%, then a partial allotment is calculated based on the amount of the allocation for that road district.

Beginning July 1, 2011 and thereafter, if any road district has levied a special tax for road purpose pursuant to 605 ILCS 5/6-601, 605 ILCS 5/6-602, 606 ILCS 5/6-603, and such tax was:

a. Levied in an amount which would require extension at a rate of not less than 0.08% of the value of the taxable property thereof, as equalized or assessed by the Department of Revenue; or

b. In DuPage County, the above tax or an amount equal to or greater than $12,000 per mile of road under the jurisdiction of the road district, whichever is less.

Such levy shall be deemed a proper compliance and shall qualify such road district for MFT allotments.

PROPERTY TAX EXTENSION LIMITATION LAW (PTELL)

The Property Tax Extension Limitation Law (PTELL), 35 ILCS 200/18-185 through 35 ILCS 200/18-245 was originally passed in 1991 and affected non-home-rule taxing districts in the collar counties (DuPage, Kane, Lake, McHenry, and Will). Shortly after, this was amended to apply to all counties with a population of 3,000,000 or more (Cook County). Effective July 11, 1996, the county board of counties with a population 3,000,000 and under, by ordinance or resolution, is allowed to submit to the voters of the county the question of whether to make all non-home rule taxing districts that have all or a portion of their equalized assessed valuation, subject to PTELL.

PTELL limits increases in taxing district's extensions. PTELL allows a taxing district to receive a limited inflationary increase - a lesser of 5 percent or the increase in the Consumer Price Index - in tax extensions on existing property. As a result of PTELL, some road districts became ineligible to receive Motor Fuel Tax funds because they were unable to levy the minimum 0.08% road and bridge tax as required by 35 ILCS 505/8.

In July 1997, the Motor Fuel Tax Fund section, 35 ILCS 505/8 was amended to allow road districts under PTELL to be able to receive MFT funds. In order to become eligible for MFT funds, the road district must have been levying the minimum 0.08% road and bridge tax prior to PTELL and continue to tax at the maximum allowable amounts according to PTELL or, in DuPage County, an amount equal to or greater than $12,000 per mile of road under the jurisdiction of the road district, whichever is less.

Beginning July 1, 2011 and thereafter, the road district under PTELL will receive a full allotment if the road district is at the 0.08% rate or if the County certifies that the road district is at the maximum allowed under PTELL. If the road district under PTELL is below the 0.08% rate and is not at the maximum rate allowed under PTELL, the road district will receive a partial allotment. If the road district does not levy at the maximum allowed under PTELL continuously, the road district in the future will need to levy at 0.08% rate to receive a full share.

EXPENDITURE OF THE ILLINOIS MOTOR FUEL TAX FUND

The expenditure of MFT funds requires the approval and supervision of the Department of Transportation. A highway commissioner desiring to use MFT funds for a road improvement shall complete a Statement of Proposed Road Improvement (Form BLR 09120) and submit it to the county engineer. The county engineer, in cooperation with the highway commissioner, will prepare the plans, specifications, and estimates and submit them to the Department for approval. Contracts shall be advertised and let by the county board to the lowest responsible bidder, subject to the approval of the highway commissioner. Prior to the award of such contracts, the county board must seek the approval of the Department of Transportation.

If a highway commissioner desires to use MFT funds for the maintenance program, the county engineer should be contacted to prepare a maintenance program. The Department of Transportation's approval for the maintenance estimate must be obtained prior to advertising the project for bids. All work requiring bids must be advertised in the Department of Transportation's weekly Contractors Bulletin.

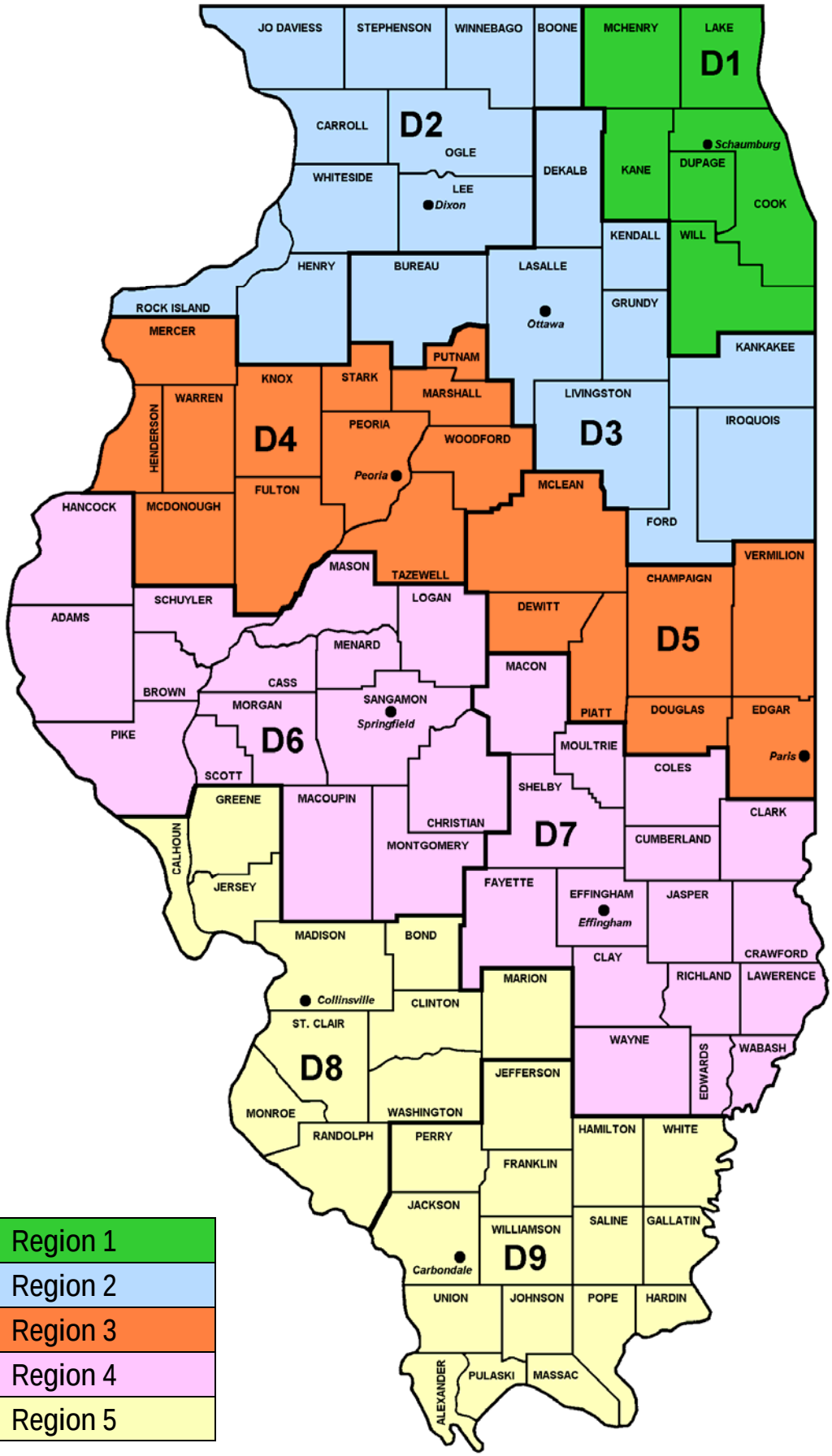
Questions regarding MFT expenditures should be directed to the county engineer or the Bureau of Local Roads and Streets in your IDOT district.

PERMISSIBLE USES OF THE ILLINOIS MOTOR FUEL TAX FUND FOR ROAD DISTRICTS

WORK ITEM	REFERENCE
Construction and Maintenance of:	
• Township and District Roads	605 ILCS 5/6-701.1 & 701.2
• Grade Separations and Approaches	605 ILCS 5/6-701.1 & 701.2
• Bicycle Signs and Markings	605 ILCS 5/6-701.7
• Non-dedicated Subdivision Roads established before July 23, 1959	605 ILCS 5/6-701.8
Allotment of Funds for:	
• Engineering Services	605 ILCS 5/6-701.3
• Retirement of Indebtedness	605 ILCS 5/6-701.4
• Local Mass Transit Districts	605 ILCS 5/6-701.5
• Payment of Principal and Interest on Road Bonds	605 ILCS 5/6-701.6
• Township's Share of the Great River Road Projects	605 ILCS 5/6-701.9
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.	
• Right-of-Way	BLRS Man. Sect. 4-3.03(b)
• Salt Storage Facilities	BLRS Man. Sect. 4-3.03(b)
• Storm Sewers	BLRS Man. Sect. 4-3.03(b)
• Traffic Control Devices	BLRS Man. Sect. 4-3.03(b)
• Sidewalks and Curb Ramps	BLRS Man. Sect. 4-3.03(b)
• Equipment Operating Costs	BLRS Man. Sect. 4-3.03(b)
• Utility Adjustments	BLRS Man. Sect. 4-3.03(b)
• Wages or Salaries	BLRS Man. Sect. 4-3.03(c)
• Holidays, Vacation, and Sick Leave	BLRS Man. Sect. 4-3.03(c)
• Workers' Compensation Insurance Premiums	BLRS Man. Sect. 4-3.03(c)
• Retirement Fund and Social Security Fund	BLRS Man. Sect. 4-3.03(c)
• Health, Hospitalization, and Life Insurance	BLRS Man. Sect. 4-3.03(c)
• Asset Management	BLRS Man. Sect. 4-3.06
• Miscellaneous Expenses in Connection with Bond Issue Improvements	BLRS Man. Sect. 4-4.02
• Tree Trimming and Tree Removal	BLRS Man. Sect. 14-1.03(i)
• Railroad Signal Protection and Crossing Work	BLRS Man. Chapter 40

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



Region 1
Region 2
Region 3
Region 4
Region 5