



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

November 19, 2021

CIRCULAR LETTER 2021-24

NEEDY TOWNSHIP PROGRAM

COUNTY ENGINEERS/SUPERINTENDENTS OF HIGHWAYS
TOWNSHIP HIGHWAY COMMISSIONERS/ROAD DISTRICT SUPERINTENDENTS

PROGRAM HISTORY AND PURPOSE:

The Needy Township Program (NDT Program or Program) was originated in 1987 as part of the Local Benefits Package, established in order to provide State assistance for needy townships, road districts, and county unit road districts (hereinafter townships, road districts, and county unit road districts which hereafter referred to as Townships). The NDT Program was conceived to aid Townships that levy applicable road taxes, but do not generate enough revenue to meet a minimum level of funding per mile of roadway. The funds, when distributed by agreed upon parameters must be deposited in the Township's MFT account and can be expended for any permissible MFT use. The NDT Program is organized and functions in a manner such that it is available to areas with the lowest ability to generate local revenue on a per-mile basis. The distribution formula is derived from an agreement with a subcommittee consisting of representatives from the Illinois Association of County Engineers (IACE), Township Officials of Illinois (TOI), and the Township Highway Road Commissioners of Illinois (THRC). Eligible Townships and assistance levels are set based on the Equalized Assessed Valuation (EAV), levy extensions for applicable taxes, annual MFT distribution, and average maintenance cost per mile (see formula at end of this Circular Letter).

PROGRAM POLICY AND FUNDING LEVEL:

As has been the practice on the confirmation of Program validity, the FY 2018 Needy Township Program subcommittee recommended a review of the Program at an occurrence of no less than once every 5 (five) years, or at such time that there may be a significant change in the overall Program funding or criteria. As a result of the 2019 REBUILD Illinois Capital Plan, the NDT Program funding level was increased from \$10,014,300 to \$16,824,100, and with this funding adjustment the Motor Fuel Tax allocations for Local Public Agencies also reflecting that increase. These changes therefore triggered a need to review some of the Program criteria. The Department also identified the need in consideration a review when an EAV decreases from one year to the next. The NDT Program subcommittee met in at various times in Year 2021 and the results of that consensus is reflected herewith.

RECOMMENDED PROGRAM FORMULA CHANGES:

As per the results of the aforementioned subcommittee meetings, the NDT Program will continue to follow the formula and process as outlined in [CL2018-20](#) except as follows below.

ELIGIBILITY BASIS:

There are two factors for initial eligibility for into the NDT Program.

1. A Township must be eligible to receive Motor Fuel Tax funds; and
2. A Township must levy at least one applicable tax at a rate of at least 0.155%, a reduction from 0.165%. This allows for slight variances in the levy extension which may be a result of greater than anticipated EAV changes and minor discrepancies between levy request and extension process.

The NDT Program subcommittee had many discussions about when a Township files their extension, versus when the Township's EAV is determined, and the eventual calculation of the tax levy upon extension. Often this results in a tax levy that falls below the minimum rate, even though the road commissioner fully intended to levy the maximum amount at the time they filed their levy request. Therefore, the NDT subcommittee agreed to use the most current levy extensions over the prior year's EAV (e.g. 2019 levy extension over the lower of 2018 or 2019 EAVs).

There are several Counties in Illinois that are covered by a Property Tax Extension Limitation Law (PTELL). In concurrence with the previous practice, for the Counties under a PTELL, the respective annual certification will be used to determine if a Township is levying at the highest allowable under PTELL and that the following rules will apply regarding Program eligibility:

1. If the PTELL a Township is levying is one of the below mentioned applicable taxes, at or above 0.155%, they will receive their full allotment;
2. If the Township is levying one of the below mentioned applicable taxes at a rate less than 0.155%, but the Township is levying at their highest rate allowable under PTELL, they will receive their full allotment; and
3. If the Township is levying one of the below mentioned applicable taxes at a rate less than 0.155%, and the Township is not levying at their maximum rate, they will not be eligible for the Program.

This methodology is consistent with the MFT statutes for Townships under a PTELL.

MINIMUM LEVEL OF REVENUE CRITERIA:

The NDT Program subcommittee also agreed that a minimum level of revenue required to maintain a mile of township roadway was imperative in the distribution formula as it establishes a minimum threshold for illustrating a Township's need. For example, in 2018, the value was set at \$3,500 based upon a survey done by IACE to determine road maintenance costs; while in 2020, through an agreement between IACE and the Department, the value was increased to \$4,200 to account for rising costs and to include routine care such as snow and ice treatments, and mowing.

November 19, 2021

For the current review, the subcommittee agreed that this value should continue to be used as the minimum level of revenue needed to maintain a roadway per mile, until such time the subcommittee convenes again or are significant cost changes are observed.

FUTURE PROGRAM UPDATES/REVIEW:

The NDT Program subcommittee agreed that as a subcommittee of the IACE Revenue Committee, that concurrence was achieved to continue to review the Needy Township Program at a minimum of every 5 (five) years, or at such a time as there may be a significant change in the overall program funding or criteria.

FORMULA:

As a result, and consensus reached during the NDT Program subcommittee meetings, it was determined that there was no change to the formula for distribution necessary during this review. As such the formula remains as stated below:

EAV is defined as Equalized Assessed Valuation

LRG is defined as Local Revenue Generated

- 1) $(\text{All three levy extensions} + \text{MFT Allotment}) / \text{mileage} = \text{LRG}$
- 2) $(\text{Minimum Level of Revenue} - \text{LRG}) = \text{Needy Township Shortfall}$
- 3) Needy Township Shortfall used to proportionally share the total Program funding

Inquiries and questions regarding this Circular Letter may be directed to Mr. Stephane B. Seck-Birhame, Local Program Development Engineer, by telephone at (217) 782-3972 or by email at Bablibile.Seck@illinois.gov.

Sincerely,



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Engineer of Local Roads and Streets

SSB/hp

cc: Regional Engineers, Illinois Department of Transportation
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