

# STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

## ILLINOIS COUNTIES

### FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

#### From State Funds:

- Counties receive a portion of the Illinois Motor Fuel Tax (MFT) fund, which contains revenues from the state tax on motor fuel. Counties may use these funds for the construction and maintenance of county highways. The Illinois Department of Transportation (IDOT) allocates these funds to the state, counties, townships and municipalities according to a formula outlined in the MFT distribution statute, 35 Illinois Compiled Statute 505/8. Every month the state starts the distribution process with the transfer of 2.5 cents per gallon tax on diesel fuel to the State Construction Account Fund, \$420,000 to the State Boating Act Fund, \$3.5 million to the Grade Crossing Protection Fund and covers all the necessary expenses with the administration of the MFT fund. Of the remaining funding, the state distributes 45.6 percent to state transportation funds, and 54.4 percent to local governments (counties, municipalities, townships and road districts). Cook County (the only county with over 1 million residents) receives 16.74 percent of the MFT funds going to local governments. The other Illinois counties receive 18.27 percent of these funds, based on the value of motor vehicle license fees collected in the county. In FY2013, the state of Illinois collected \$1.2 billion in motor fuel taxes and counties received \$190 million of this amount.
- Counties may access grant funding for highway projects through IDOT's Economic Development Program (EDP). The purpose of the EDP is to provide state assistance in improving highway access to new or expanding industrial distribution or tourism developments. Each year IDOT sets aside \$10 million for the program and provides up to a 50 percent state funding match for eligible local government roadways. Local governments must provide the remaining 50 percent match. In FY2013, 13 local government projects received EDP funding totaling \$16.8 million.
- Counties may receive funding through the Truck Access Route Program (TARP) run by IDOT, which provides grants to local governments to upgrade local roads to accommodate 80,000 pound truck loads. The road improvements allow the local roads to become IDOT designated truck routes. This helps improve access to support farm and commercial trucking. The department provides up to \$45,000 per lane mile and \$22,000 per intersection for roadways, but funding is capped at \$150,000 for the overall project. In FY2013, IDOT set aside \$7 million dollars in TARP funding for local roadways.

#### From Federal Funds:

- Counties receive a portion of the federal Surface Transportation Program (STP) funds. These funds are distributed through a local metropolitan planning organization in urban areas, or through IDOT in rural areas.

Share of County Owned <b>Road Miles</b> Out of Public Roads Statewide	<b>11%</b>
Share of County Owned <b>Bridges</b> Out of Public Bridges Statewide	<b>15%</b>
Share of <b>Structurally Deficient Bridges</b> Out of County Owned Bridges	<b>7%</b>

### COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties have limitations on property tax rates and a property tax freeze. Counties use property tax revenues to fund transportation projects.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Counties may levy a special purpose occupation tax (Special County Retailer's Occupation Tax for Public Safety, Public Facilities and Transportation), with voter approval.
Levy a Local Gas Tax	X	Only three counties (DuPage, McHenry and Kane) currently levy this tax.
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation		

- Counties may receive funding for transportation projects through the federal Transportation Alternatives Program (TAP), which provides funding for road and bridge projects that are considered transportation alternatives to motor vehicles such as pedestrian walkways, and bicycle lanes. Half of the amount distributed to the state is suballocated to local areas based on their share of the state population and the rest is available to use in any area of the state.

## From County Funds:

- Counties use revenues from the collection of local fees (i.e. permits and engineering for other agencies) to fund transportation projects. For example, La Salle County provides services (materials and engineering) in transportation projects for townships, municipalities and other counties and collects a fee for these services. La Salle County collected a total revenue of \$99,356 in FY2013 from these fees.
- Counties dedicate revenues from local option sales taxes to fund transportation projects. All counties may levy, with voter approval, a local option sales tax known as the Special County Retailer's Occupation Tax for Public Safety, Public Facilities and Transportation. This occupation tax is levied on sellers' receipts and the sellers reimburse themselves by collecting a use tax from buyers. As of January 2014, 39 counties levy this local option tax at rates that range from 0.25 percent to 1 percent.
- Three Illinois counties—DuPage, McHenry and Kane—have a local option gas tax at a rate of 4 cents per gallon. In these three counties, the FY2012 revenue from local option gas taxes totaled \$32.8 million.

## COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- Counties face an ongoing problem of decreased funding coupled with increased construction costs. According to an estimate from the Illinois Association of County Engineers (IACE), 2012 county costs for roadway maintenance were almost 2.5 times larger than in 2000. In the same time, inflation eroded the purchasing power of state funds and by 2012 counties could afford only 40 percent of the maintenance work completed in 2000.
- Counties have difficulties adopting new local option taxes for transportation or increases in current tax rates, given the fragile economic recovery in many Illinois counties.
- Federal and state regulations are becoming increasingly time consuming and costly, which adds to project costs.

## BREAKDOWN OF COUNTY TRANSPORTATION FUNDING<sup>1</sup>

County Share	60%
State Share	25%
Federal Share	15%

<sup>1</sup> This is an estimate based on information from County Engineer, Stephenson County, Illinois. Percentages will vary by county.