Motor Fuel Tax Funds
Source, Distribution & Uses for Municipality
2017
Motor Fuel Tax Funds Source, Distribution, & Uses for Municipality

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

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The Motor Fuel Tax Funds Source, Distribution, & Uses for Municipality is reviewed after the general township election every four years. Changes to this manual are approved by the Bureau of Local Roads & Streets, Illinois Association of County Engineers, and the Township Officials of Illinois.

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. Hard copies are also provided to the Illinois Association of County Engineers and the Township Officials of Illinois for highway commissioner training.

Revision History

The Bureau of Local Roads & Streets maintains archived copies of the manual since 2001.

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<th>Revision Date</th>
<th>Description</th>
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<tr>
<td>July 1, 2017</td>
<td>Updated Changes in Policy and Statute</td>
<td>Barry Kent</td>
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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

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

Motor Fuel Tax Funds From Collection to Distribution

TAX FUNDS

SUMMARY SHEETS

Department of Revenue

WARRANTS

COMPUTED ALLOTMENTS

Department of Transportation

Comptroller

Local Agencies

DEPOSIT

BALANCE PLUS INTEREST

Construction & Maintenance

OBLIGATE
DISTRIBUTION OF THE ILLINOIS MOTOR FUEL TAX FUND

MOTOR FUEL TAX 19.0 cents/gallon

DIESEL FUEL DIFFERENTIAL 2.5 cents/gallon

MOTOR FUEL TAX FUND

Diesel Differential 2.5 cents/gallon

Administrative Costs

Supervision Costs

Refunds

Vehicle Inspection Fund $30,000,000/Year

State Portion 45.6%

Construction Account 37.0%

STATE CONSTRUCTION ACCOUNT

Road Fund 63.0%

ROAD FUND

Township Bridge Program $1,250,000/month

Local Portion 54.4%

MOTOR FUEL TAX FUND Balance

STATE BOATING ACT FUND $420,000/month

GRADE CROSSING PROTECTION FUND $3,500,000/month

Rail/Highway Grade Separation Structures Minimum $12,000,000/year

Transportation Regulatory Fund $3,000,000/year

MUNICIPALITIES 49.10%

COUNTIES OVER 1,000,000 POPULATION 16.74%

COUNTIES UNDER 1,000,000 POPULATION 18.27%

ROAD DISTRICTS/TOWNSHIPS 15.89%
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.
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<th>WORK ITEM</th>
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<td>Construction and Maintenance of:</td>
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<tr>
<td>• Joint Improvements/ Construction or Maintenance Agreements</td>
<td>605 ILCS 5/4-409, 605 ILCS 5/9-101</td>
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<td>• Municipal Streets and Extensions, Municipal Alleys, County Highways andExtensions, State Highways, and Federal-aid Routes within the municipality</td>
<td>605 ILCS 5/7-202.1, 202.1a, 202.1b, 202.2, 202.3 &amp; 202.4</td>
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<td>• Traffic Control and School Crossing Signals</td>
<td>605 ILCS 5/7-202.5</td>
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<td>• Street Lighting Systems</td>
<td>605 ILCS 5/7-202.6</td>
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<td>• Storm Sewers</td>
<td>605 ILCS 5/7-202.7</td>
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<td>• Pedestrian Subway or Overhead Crossings</td>
<td>605 ILCS 5/7-202.8</td>
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<td>• Sidewalks and Pedestrian Paths</td>
<td>605 ILCS 5/7-202.15</td>
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<td>• Off-Street Parking Facilities</td>
<td>605 ILCS 5/7-202.17</td>
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<td>• Bicycle Signs, Paths, Lanes, or Bicycle Parking Facilities</td>
<td>605 ILCS 5/7-202.20</td>
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<tr>
<td>• Grade Separations and Approaches</td>
<td>605 ILCS 5/7-202.21</td>
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<td>• Non-dedicated Subdivision Roads established before July 23, 1959</td>
<td>605 ILCS 5/7-202.21a</td>
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<td>Allotment of Funds for:</td>
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<td>• Investments and Deposits</td>
<td>50 ILCS 340/1</td>
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<td>• Matching Federal-aid Funds</td>
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<td>• Engineering Services</td>
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<td>• Retirement of Indebtedness (MFT Eligible Items)</td>
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<td>• Local Mass Transit Districts</td>
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<td>• Motor Vehicle Safety Inspection Lanes Operation and Maintenance</td>
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<td>• Payment of Principal and Interest on Road Bonds</td>
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<td>• Engineering Investigation</td>
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<td>• Toll Bridge Studies</td>
<td>605 ILCS 5/7-202.16</td>
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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.

- Curb Ramps 
  BLRS Man. Sect. 4-3.03(b)
- Right-of-Way 
  BLRS Man. Sect. 4-3.03(b)
- Salt Storage Facilities 
  BLRS Man. Sect. 4-3.03(b)
- Equipment Operations 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 & 4-3.02(f)
- 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.*