



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

September 6, 2019

CIRCULAR LETTER 2019-18

LOCAL GOVERNMENT COMPONENT OF REBUILD ILLINOIS CAPITAL PLAN

COUNTY ENGINEERS / SUPERINTENDENTS OF HIGHWAYS
MUNICIPAL ENGINEERS / DIRECTORS OF PUBLIC WORKS / MAYORS
METROPOLITAN PLANNING ORGANIZATIONS – DIRECTORS
TOWNSHIP HIGHWAY COMMISSIONERS

On June 28th, 2019 Governor Pritzker signed the REBUILD ILLINOIS capital plan to fund transportation projects along with many other investments. This circular letter intends to provide a summary of the Public Acts [101-0029](#), [101-0030](#), and [101-0032](#), as they pertain to local highway transportation.

Beginning July 1st, 2019, the Motor Fuel Tax (MFT) law was amended to impose a tax rate increase from 19 cents to 38 cents per gallon on motor fuel which will be adjusted annually if any on July 1st of each subsequent year based on the Consumer Price Index. A tax rate of 7.5 cents per gallon on diesel fuel was also effective beginning July 1st, 2019. These Public Acts also amend the State Finance Act to create the Transportation Renewal Fund as a new fund in the State Treasury. This special fund will collect each month an amount equal to the amount of tax collected from the additional 19 cents taxes on motor fuel and will be distributed monthly as shown in Attachment A.

It is important to note that although the tax rate on motor fuel has doubled, local agencies will **not** receive an amount equal the double of their current allotment, rather, Agencies should anticipate receiving two allotments of different amounts each month. The first allotment will be based on the previous tax rate of 19 cents per gallon and will continue to follow the existing distribution shown in attachment B. The second allotment will be based on the additional taxes and will follow the distribution in attachment A. Both allotments are expected to be distributed within a few days of each other. Even though agencies will receive separate payments, for accounting purposes these distributions should be combined in their MFT account. Both allotments shall be administered in accordance with MFT standards, policies, and procedures.

The Illinois Department of Revenue informed Illinois Department of Transportation (IDOT) that transfer of money into the Transportation Renewal Fund has begun in August for the month of July which means that local agencies should expect the first additional payment from the Transportation Renewal Funds in September.

Municipalities in Cook County are authorized to impose an additional 3 cents per gallon on motor fuel with the tax to be administered by the Illinois Department of Revenue. This new local tax requires the Department of Revenue to develop new forms, make programming changes, and provide guidance to affected taxpayers. The Department of Revenue is working to implement these changes and will provide additional details soon for municipalities in Cook county who are interested in imposing this tax.

In addition to DuPage, Kane and McHenry counties, the county boards of Lake and Will counties may, by ordinance or resolution impose a rate between 4 cents and 8 cents per gallon on motor fuel sold at retail within their county.

As part of the REBUILD ILLINOIS capital plan, the sum of \$1.5 Billion is appropriated to the IDOT from the Transportation Bond Series A fund for grants to the local public agencies. The allocation of these funds will be as follow:

Municipalities	\$736,500,000.
Counties with or over 1,000,000 population	\$251,100,000.
Counties under 1,000,000 population	\$274,050,000.
Road Districts	\$238,350,000.

Funds received from the bonded grants must be deposited into the local agencies' MFT accounts and expended in accordance with MFT standards, policies and procedures. IDOT will distribute these funds to the local agencies based on the regular MFT formula. These grants will be distributed over a number of years, not all at once. The Governor's Office of Management and Budget will be coordinating the timing of the bond sales. Once the sales have been completed, IDOT will inform the local agencies through another circular letter on when they should expect these funds.

In Spring of this year, when developing the Multi Year Program (MYP 2020-2025) and facing a low State Road Fund balance, the Department made the difficult choice of cutting many State programs in order to have a balanced program. Unfortunately, local benefit programs such as Consolidated County, Needy Township and High Growth Cities programs were cut by 75% with the State Match Assistance being cut by 50%. The State budget signed into law on June 5th, 2019 reflected those cuts. After the approval of the capital program on June 28th, 2019, IDOT intends to fully restore these local benefits back to their original total amounts contingent upon receiving a supplemental appropriation from the General Assembly during the fall veto session. The Department has already restored the State Match Assistance back to 100% and the commitment was sent on August 15th through [Circular Letter 2019-15](#).

[Public Act 101-0032](#) contains additional funding and some additional requirements for the Illinois Transportation Enhancement Program. Additional guidance will be provided on the Illinois Transportation Enhancement Program webpage as soon as all the information is available.

[Public Act 101-0029](#) includes appropriations from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for grants for specific local agency projects. The Department encourages local agencies to read the Act for a complete list of all those projects.

If you have any questions regarding this circular letter, please contact Stephane B. Seck-Birhame, Local Program Development Engineer at (217) 782-3972 or Babilbile.Seck@illinois.gov.

Sincerely,

A handwritten signature in blue ink that reads "Osman, Omer".

Omer M. Osman, P.E.
Acting Secretary

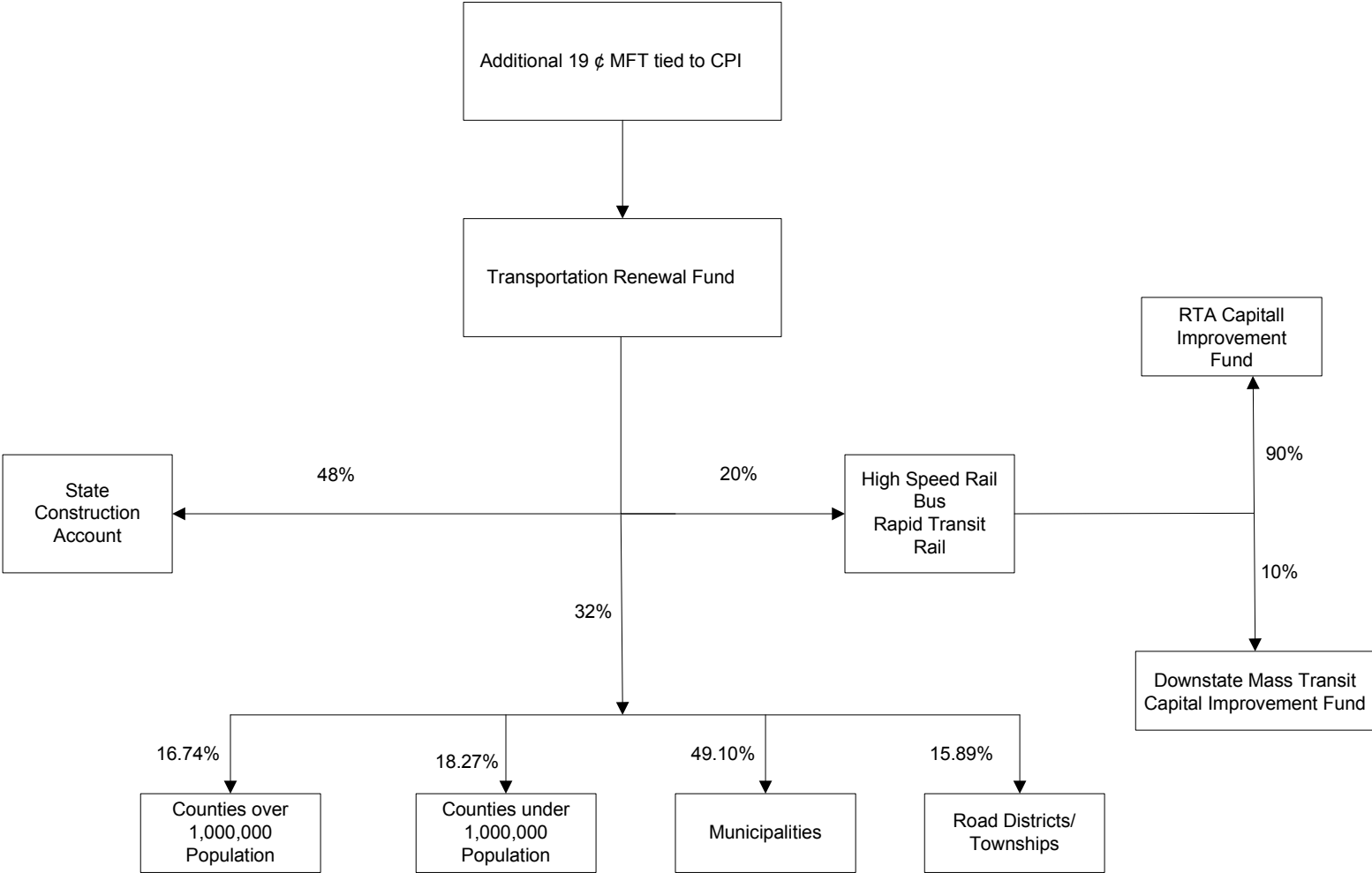
Attachment

cc: Arlene Kocher, FHWA – Illinois Division
Mike Pedigo, Illinois Association of County Engineers
Brad Cole, Illinois Municipal League
Bryan Smith, Township Officials of Illinois
Charlie Montgomery, Township Highway Commissioners of Illinois

bcc: Matt Magalis
Doug House
Paul A. Loete
Anthony Quigley
Masood Ahmad
Kensil Garnett
Jeff Myers
Keith Roberts

Attachment A

Transportation Renewal Fund Distribution



DISTRIBUTION OF THE ILLINOIS MOTOR FUEL TAX FUND

