TFIC Illinois Funding Quick Facts

Transportation Funding: Catalyst to a Better Economy

Illinois is at a critical point with its transportation infrastructure, with key state and federal funding soon expiring and conditions set to rapidly decline with no money to address them. The Transportation for Illinois Coalition has developed the framework for $1.8 billion in new annual revenues to take these challenges head on, helping the state strengthen its economic core and rebuild its reputation as a thriving state with businesses and residents flocking here instead of to its neighbors.

The $1.8 billion in annual revenue would fund pay-as-you-go spending and bonding to ensure the state gets its roads into 90 percent satisfactory shape and its bridges to 93 percent satisfactory shape, as well as providing millions of dollars for long overdue transit improvements in the congested Chicagoland area. Eighty percent of the new revenue would go to roads, bridges and airports, with 20 percent going to transit – the first ongoing funding of its kind. And the road and bridge money would be split 60 percent to the state's network and 40 percent to local roads, providing the first ongoing increase in local funding since 1999 and getting those roads to 90 percent satisfactory condition.

This proposal would mean Illinoisans would see immediate improvement in the quality of roads, bridges, and transit and the State would be positioned to maintain the system going forward.

TFIC heard loud and clear that ending diversions of transportation-related revenue to non-transportation purposes must be included in a future capital bill. As a result, we propose ending the use of transportation-related fees for the following and directing the revenues toward safe and efficient road, bridge, transit, and air networks.

- **$800 million from ensuring all state sales tax revenue from motor fuel goes to transportation needs**
- **$180 million from ending the ethanol tax credit in gasoline blends**
- **$69.5 million from reprioritizing transportation fees now in the General Revenue Fund to the Road Fund**
    - $28 million from sales of individual driving records
    - $28 million from certificates of title
    - $8 million from delinquent vehicle registrations
    - $3.5 million from personalized license plates
    - $2 million from motor vehicle licenses and sales of driver data
- **$53 million from reprioritizing spending of user fees on certain government support services**
    - $18 million from the facilities management fee
    - $5 million transfer to the State Boating Fund
    - $30 million transfer to the Vehicle Inspection Fund

The remaining funding necessary to build a safe, efficient system could come from the following sources:

- **$304 million from a 4-cents-per-gallon increase in the state motor fuel tax on gasoline and 7-cents-per-gallon increase in the state motor fuel tax on diesel**
- **$225 million from a combination of increases in motor vehicle registrations**
    - If the registration fee remained flat (rather than graduated), an increase of $18 would raise this amount.
- **$208 million from charging sales tax on automobile related services (auto repair, car washes, oil changes)**

TIFC recommends that the Commercial Distribution Fee charged for commercial trucks that currently goes to the General Revenue Fund be repealed. The CDF places Illinois at a competitive disadvantage and is not funding transportation expenses.

TFIC spent a number of months analyzing the state budget to develop a plan for the spending needed to start to meet Illinois' tremendous transportation needs and to credibly advocate for the revenues required to support such a plan.

Without this plan, Illinois' infrastructure system is in a serious dilemma:

- By 2018, the road system now in **85 percent** acceptable shape will decline to **65 percent** acceptable shape
- It would take a gas tax increase of nearly **30 cents a gallon** to meet the spending needs this program supports

Transportation has always been central to Illinois' economy. As the crossroads of the nation, Illinois' geography will always attract business as long as our transportation infrastructure can move goods efficiently and safely. Other states will continue to compete for Illinois' businesses and jobs, so give employers a reason to stay and relocate and residents a reason to be proud by investing in our transportation infrastructure.

How the TFIC plan works

The Transportation for Illinois Coalition funding plan supporting $1.8 billion in annual transportation revenues combines a variety of sources to maximize taxpayers' benefit while minimizing the tax and fee burden. Here is a look at how the revenue elements work to fund the plan:

- Keeping state sales tax revenue from motor fuel in road spending = $800 million
  - We now charge a 6.25 percent sales tax on gas, and those proceeds go into the General Revenue Fund. Here we would take the 5 percent state portion of that sales tax on gas and ensure it goes directly to support the transportation spending

- Ending the credit that rewards producers for including an ethanol blend = $180 million

- Increasing the motor fuel tax by 4 cents per gallon on gasoline and by 7 cents per gallon on diesel = $304 million
  - This tax has not been increased in nearly 25 years and its purchasing power declines year after year. This is a reasonable, manageable increase that will produce very little pain at the pump

- Increased motor vehicle registrations = $225 million
  - These could be increases on passenger and commercial vehicles, tied to only more expensive vehicles or applied to electric vehicles that now pay very low fees. If motor vehicle registration remained flat, an increase of $18 would also raise this revenue.

Another $330.5 million in revenues would come from reprioritizing current spending and tapping into new resources:

- $69.5 million from ensuring certain funds stay in the Road Fund
  - Illinois now uses tens of millions of dollars each year from collecting delinquent vehicle registrations, selling data about drivers and their records and providing personalized license plates and certificates of title. Those clearly are transportation and driver fees and should stay in the Road Fund, not to support unrelated state government expenses

- $53 million from ending user fee support of broader government services
  - Road Fund monies should be used to repair and maintain roads and bridges and support the workers who make that happen. They should not be used so IDOT can pay rent to CMS for the building the agency already owns, for example. We end those transfers and also collect funds from vehicle inspections

- $208 million from applying sales tax on transportation services
  - When you go to get a car wash or your oil change or to get that dinged-up bumper fixed, you pay sales tax on any products involved but not on the labor. By capturing revenue that many Illinoisans already think they are paying for when they visit the repair shop and car wash, we can support significant investment in keeping our roads in good shape and help people go longer between repairs in the process