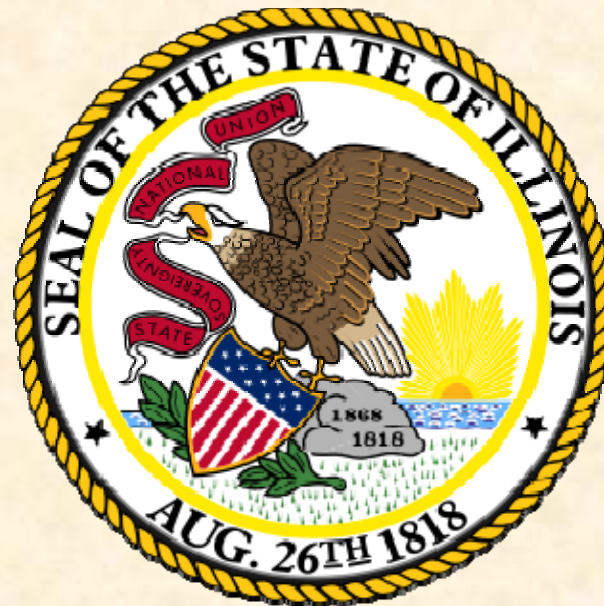


Illinois Motor Fuel Tax (MFT)

MFT History and Tax Rate Increase



State Representative David Welter
75th District

Outline

- Definitions
- Historical Timeline of Tax Rate on Motor Fuel
- REBUILD ILLINOIS Capital Plan and the Tax Increase
- Question

MFT Definitions (1 of 2)

- Motor Fuel: all volatile and inflammable liquids produced, blended or compounded for the purpose of, or which are suitable for, operating motor vehicles. Among other things, “Motor Fuel” includes “Special Fuels”
- Special Fuels: all volatile and inflammable liquids capable of being used for the generation of power in an internal combustion engine except that it does not include gasoline or combustible gases. Includes diesel fuel

MFT Definitions (2 of 2)

- Motor Fuel Tax: a tax imposed on the privilege of operating motor vehicles upon the public highways and recreational-type watercraft upon the waters of this State (35 ILCS 505/2)

Where does the
money come
from?



Taxes on Motor Fuel

1. Federal Excise Tax
2. Illinois State Motor Fuel Tax (MFT)
3. Illinois Leaking Underground Storage Tank Tax
4. Illinois Environmental Impact Fee
5. Home Rule Community Motor Fuel Tax
6. Standard Illinois Retailers Occupation Tax (Sales Tax)
7. Home Rule Community Sales Tax

Illinois State MFT Rate before July 1st 2019

- E-85 & Gasohol (10% ethanol blend) = 19¢/GAL
- Reformulated Gasoline (RFG) = 19¢/GAL
- Gasoline = 19¢/GAL
- Diesel Fuel = 21.5¢/GAL
- Collected at the wholesale level

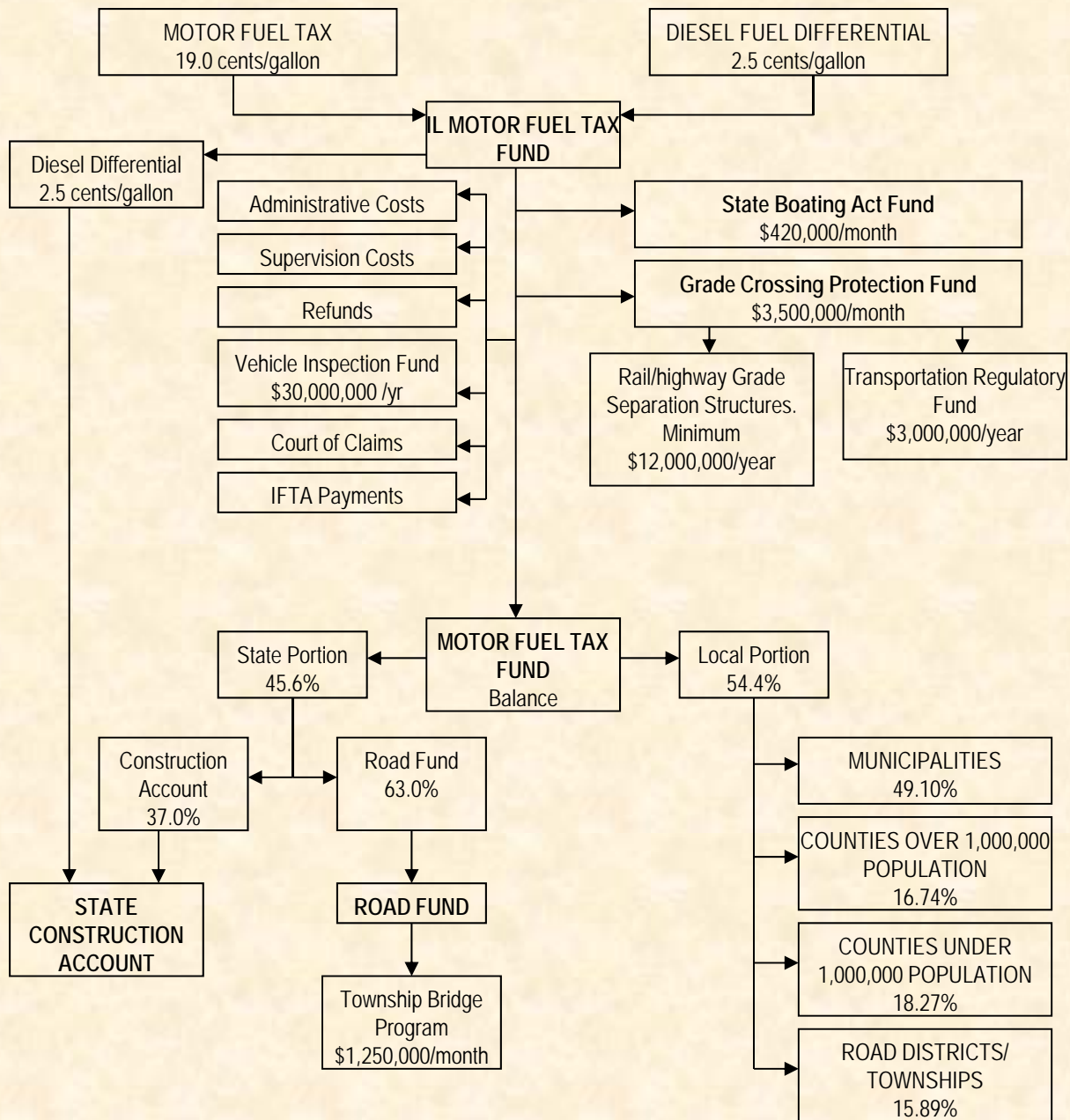
Standard Illinois Retailers Occupation Tax (Sales Tax)

- E-85 and Gasohol (10% ethanol blend) = 4.38%
- RFG = 6.13%
- Gasoline = 6.25%
- Diesel Fuel = 6.25%

Example Tax on a Gallon of Gas

- Wholesale price = \$1.00/GAL
- MFT = 19¢/GAL
- UST and IEPA Impact Fee = 1.1¢/GAL
- Federal Excise Tax = 18.4¢/GAL
- Sales Tax = 6.25¢/ GAL

TOTAL COST = \$1.45



MFT Tax Rate History

<u>Date</u>	<u>Rate</u>
July 31, 1929	3¢
July 31, 1951	4¢
<u>December 31, 1951</u>	<u>5¢</u>
August 1, 1967	6¢
<u>August 1, 1969</u>	<u>7.5¢</u>
August 1, 1983	11¢
July 1, 1984	12¢
<u>July 1, 1985</u>	<u>13¢</u>
August 1, 1989	16¢
January 1, 1990	19¢
July 1, 2019	38¢

REBUILD ILLINOIS Capital Plan

- Signed on June 28th, 2019
- Approximately \$45 Billion over 6 years
- Capital Plan Includes \$33.2 Billion for Transportation.
- Local Public Agencies will receive Approximately \$4 Billion.

Horizontal Capital Plan Revenue

- Increase MFT from 19¢ to 38¢
- Increase Diesel Diff. from 2.5¢ to 7.5¢
- New Title Fees.
- New Registration fees (Veh., Com., EV).
- Sale Tax on Gasoline (Phase in starts in FY22)

LPA Capital Plan Package

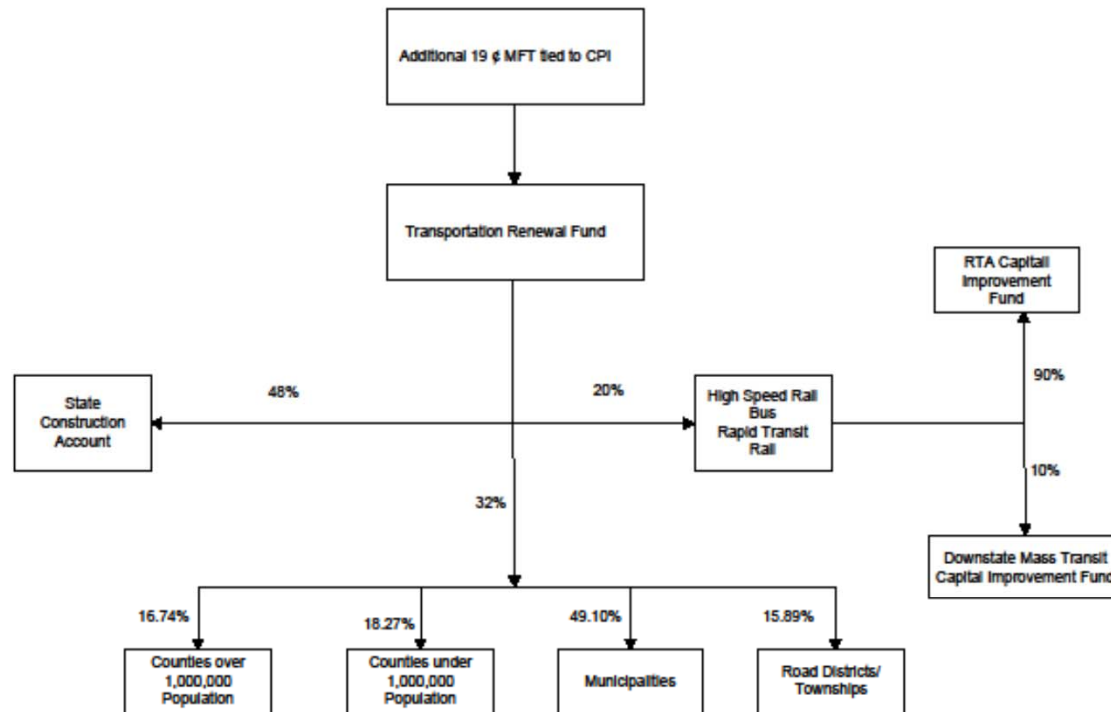
(LPA - Local Public Agency)

- Bond Portion (\$1.5 Billion):
 - ✓ Municipalities \$736,500,000
 - ✓ Counties over 1M Pop. \$251,100,000
 - ✓ Counties under 1M Pop. \$274,050,000
 - ✓ Road Districts \$238,350,000
- 32% of the Transportation Renewal Fund

Transportation Renewal Fund

Attachment A

Transportation Renewal Fund Distribution



Monthly Allotments

- LPA can expect 2 checks to be deposited into their MFT Accounts.
- First check from MFT apportionment deposited into the MFT Fund.
- Second check from MFT apportionment deposited into the TRF Fund.

Summary of Distribution (3 years)

LPA Type	%	PAYGO/Additional MFT	Bond (3 Year)	FY18 Actual MFT	LPA Increase Estimate	Disbursed by
Municipalities	49.10%	\$196,400,000	\$245,500,000	\$285,659,656	\$441,900,000	Population
Counties over 1M Pop.	16.74%	\$66,960,000	\$83,700,000	\$97,356,843	\$150,660,000	Percentage (Cook CO)
Counties under 1M Pop.	18.27%	\$73,080,000	\$91,350,000	\$106,255,049	\$164,430,000	Registration fees collected
Road Districts/TWP	15.89%	\$63,560,000	\$79,450,000	\$92,413,395	\$143,010,000	Mileage
		\$400,000,000	\$500,000,000	\$581,684,942	\$900,000,000	

Figure 5: Bonding Authority Increases for Transportation Projects Under HB 142

Project type	Previous Authorization	Increased by	New Authorization*	Proceeds Deposited
Transportation	\$15,948,199,000	\$11,099,863,400	\$27,048,062,400	
State and local road projects	\$5,432,129,000	\$6,489,225,200	\$11,921,354,200	Transportation Bond, Series A Fund
Statewide	\$3,330,000,000	\$6,489,221,200	\$9,819,221,200	
Outside Chicago Urbanized Area	\$3,677,000		\$3,677,000	
Within Chicago Urbanized Area	\$7,543,000		\$7,543,000	
City of Chicago	\$13,060,600		\$13,060,600	
Cook, DuPage, Kane, Lake, McHenry, and Will Counties	\$58,987,500	\$4,000	\$58,991,500	
All other counties	\$18,860,900		\$18,860,900	
Past IDOT Highway Improvement Programs	\$2,000,000,000		\$2,000,000,000	
Rail and mass transit	\$5,379,670,000	\$586,709,900	\$5,966,379,900	Transportation Bond, Series B Fund
Statewide	\$4,283,870,000	\$103,193,600	\$4,387,063,600	
Cook, DuPage, Kane, Lake, McHenry, and Will Counties	\$83,350,000		\$83,350,000	
Other counties	\$12,450,000		\$12,450,000	
Other projects throughout state	\$1,000,000,000	\$916,300	\$1,000,916,300	
Airport or aviation facilities	\$482,600,000		\$482,600,000	Transportation Bond, Series B Fund
State and local road projects related to economic development	\$4,653,800,000	\$6,528,300	\$4,660,328,300	Transportation Bond, Series D Fund
Rail, port, mass transit, and airport projects	\$0	\$4,500,000,000	\$4,500,000,000	Multi-modal transportation bond fund

* Bold text indicates a change made in HB 142

Source: HB 142 Senate Amendment 1

Figure 6: Project List By Bond Fund Under HB 62

Fund	Project	Amount
Transportation Bond, Series A Fund	IDOT for general improvements	\$3,989,700,000
	I-80 Expansion in Joliet	\$848,300,000
	IDOT for grants to local governments	\$1,500,000,000
Multi-modal transportation bond fund	IDOT for grade crossing improvements at railroads	\$78,000,000
	IDOT for aeronautics projects	\$144,000,000
	Lewis University Airport	\$6,000,000
	RTA	\$2,230,500,000
	RTA (Kendall County Extension)	\$100,000,000
	RTA (Green Line Cottage Grove Station Repairs)	\$60,000,000
	RTA (Harvey Transportation Center)	\$8,000,000
	RTA (CTA Blue Line O'Hare branch)	\$31,500,000
	RTA (CTA Blue Line O'Hare branch)	\$50,000,000
	IDOT mass transit improvements	\$204,000,000
	Metro Link Extension from Scott Air Force Base	\$96,000,000
	Quad Cities Passenger Rail	\$225,000,000
	Chicago to Rockford Intercity Passenger Rail Expansion	\$275,000,000
	Chicago to Carbondale Passenger Rail Improvements	\$100,000,000
	Springfield rail improvements	\$122,000,000
	CREATE Program	\$400,000,000
	Ports	\$150,000,000
RTA (suburban bus division)	\$220,000,000	

Source: HB 62

APPENDIX:

Local government MFT funding breakdown by county – existing distribution and additional funding from increasing existing MFT under SB 1939

County	County Distribution			Townships & Road Districts Distribution			Municipalities Distribution			TOTAL		
	Existing	Additional (increased MFT)	Total	Existing	Additional (increased MFT)	Total	Existing	Additional (increased MFT)	Total	Existing	Additional (increased MFT)	Total
Will	\$9,003,729	\$4,596,322	\$13,600,051	\$1,262,244	\$644,364	\$1,906,607	\$13,223,987	\$6,748,294	\$19,972,281	\$23,489,960	\$11,988,980	\$35,478,940
Williamson	\$864,548	\$441,344	\$1,305,892	\$690,135	\$352,308	\$1,042,443	\$1,158,194	\$591,035	\$1,749,228	\$2,712,877	\$1,384,686	\$4,097,564
Winnebago	\$3,618,404	\$1,847,163	\$5,465,567	\$864,350	\$441,243	\$1,305,593	\$6,072,988	\$3,099,089	\$9,172,077	\$10,555,743	\$5,387,494	\$15,943,237
Woodford	\$633,728	\$323,512	\$957,240	\$889,916	\$454,294	\$1,344,210	\$606,695	\$309,601	\$916,296	\$2,130,339	\$1,087,407	\$3,217,746

Source(s): Author's analysis of increased revenues of MFT increase using existing distribution of MFT found at IDOT, 2018c

Questions?

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