Highway Commissioners Certification Program

Motor Fuel Tax and other funding for Illinois Highway Commissioners

Amy Whitecotton
Bureau of Local Roads and Streets
Illinois Department of Transportation
Many funding sources are in place to finance projects. Examples of funding sources include:

- Local Funds
- IDOT (State) Funds
  - Truck Access Route Program (TARP)
  - Economic Development Program (EDP)
- Federal Funds
  - Highway Safety Improvement Program (HSIP)
  - Illinois Transportation Enhancement Program (ITEP)
  - Surface Transportation Funds
- Motor Fuel Tax (MFT)
- Various other programs and sources

For more information on the programs in the previous slide as well as other funding opportunities, please talk with your County Engineer and/or visit the “County Engineers and Local Public Agencies” section of the IDOT website at:


Please periodically review the IDOT website including past Circular Letters

AND

Register for IDOT Bureau of Local Roads and Streets (BLRS) subscription services to receive timely email notification of policy updates/important information (dot-blrspolicy) and training opportunities (dot-t2technologytransfercenter)
Stay Informed
To subscribe to IDOT Bureau of Local Roads and Streets (BLRS) information, updates, and training opportunities:

- Visit IDOT’s website and complete subscription information at:
  Choose “Stay Connected” tab, expand “Subscribe” section, and complete and submit subscription and contact information

- Contact Barry Kent (IDOT Central Bureau of Local Roads and Streets) and let him know if you would like to be subscribed to the BLRS Policy updates and/or future training opportunities email distribution lists

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Motor Fuel Tax (MFT) Funding – What is it?

- Tax on the privilege of operating motor vehicles on Illinois highways and operating recreational watercraft on Illinois waterways
- Based on the delivery of on-road gasoline and diesel fuel
- Charged on a per gallon basis – not based on the price of fuel
- Collected by the State from distributors
- Distributed through formulas

Motor Fuel Tax (MFT) Funding

- Driven by statutes regarding approved uses
- Requirement for IDOT oversight and prior approval
- Not allowed for salaries of elected officials (i.e. Highway Commissioners)
- Use must be tracked thoroughly & accurately
- Subject to documentation reviews and audits
- Account reimbursed if used improperly
- MFT rate increased effective July 1, 2019 (first increase since 1990)
Motor Fuel Tax (MFT) Funding

The Motor Fuel Tax (MFT) law was amended via legislation effective July 1, 2019 (SB1939)

- Created the Transportation Renewal Fund (TRF) as a part of the REBUILD ILLINOIS capital plan for the increase
- Increased the MFT and diesel differential
- Initiated future indexing of full MFT rate to Consumer Price Index (CPI)
- As a result of SB1939, LPAs will receive two allotments each month, one from the Motor Fuel Tax Fund and the other from the Transportation Renewal Fund
  - Both allotments shall be administered in accordance with MFT standards, policies, and procedures
  - Although LPAs will receive two separate distributions, the distributions should be combined in their MFT account for accounting purposes

MFT – Rate and Distribution

<table>
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<th>10/10 to June 30, 2019</th>
<th>July 1, 2019</th>
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<tbody>
<tr>
<td>Motor Fuel Tax</td>
<td>19c (original)</td>
<td>38c **</td>
</tr>
<tr>
<td>Diesel Differential</td>
<td>2.5c</td>
<td>7.5c</td>
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** The total MFT is subject to CPI adjustment

- The “original MFT” get deposited into the Motor Fuel Tax Fund (MFTF)
  - All the regular deductions come off the top from the MFTF, including the Diesel Differential transfers
- The increase in MFT over the “original MFT” gets deposited into the Transportation Renewal Fund (including annual CPI adjustment)
  - No deductions (until 2021 - Auditor General Expenses)
- MFT Allotment questions should be directed to Holly Primm, Local Planning & Programming Manager, at Holly.Primm@illinois.gov or (217) 782-1662

MFT - Formulas
New legislation effective July 1, 2019:

- Circular Letter 2019-18: LOCAL GOVERNMENT COMPONENT OF REBUILD ILLINOIS CAPITAL PLAN dated September 6, 2019 summarizes updates to the Motor Fuel Tax (MFT) law including new tax rates and distribution formulas

MFT - Road District Distribution

For Road Districts/Townships, MFT is distributed based on Road Mileage

- 2018 - $1,304.89 average per mile
- ‘Peak’ (2007) - $1,442.60 average per mile

MFT - Eligible Uses – Statutory

Construction and Maintenance of:

- Township and District roads
- Grade separations and approaches
- Bicycle signs and markings
- Non-dedicated subdivision roads established prior to July 23, 1959
- Joint improvements/construction or maintenance agreements
MFT - Eligible Uses – Statutory

- Investments and deposits
- Engineering services
- Retirement of indebtedness (MFT Eligible Items)
- Local mass transit districts
- Payment of principal & interest on road bonds
- Township share of Great River Road projects

MFT - Eligible Uses – IDOT & Attorney General Rulings

- Right-of-Way
- Salt Storage Facilities
- Storm Sewers
- Traffic Control Devices
- Sidewalks and Curb Ramps
- Equipment Operating Costs
- Utility Adjustments
- Employee Compensation & Benefits

Note: MFT CANNOT be used to pay:
- Salaries of elected officials (Highway Commissioner)
- Employer portion of payroll taxes

- Workers’ Compensation Insurance Premiums
- Asset Management
- Misc. Expenses with Bond Issue Improvements
- Tree Trimming and Tree Removal (some instances)
- Railroad Signal Protection and Crossing Work

MFT - Recommended Usage

- Maintenance – most flexibility
- Construction – additional requirements:
  - Environmental and cultural reviews
  - IDOT design policy
**MFT - Process to Spend**

- Process initiated by paperwork sent to IDOT
  - **Both Maintenance and Construction**
- If the ‘Project’ will cost $20,000 or more, the materials and/or work must be bid
- Reminder: Must have prior approval before expending MFT funding

*Talk with your County Engineer!*

**MFT - Bid Lettings**

- Required on all projects ≥ $20,000 for Road Districts
- Set up by the County
- Advertised in IDOT’s Notice to Contractors Bulletin (minimum 11 days or 2 bulletins)
- Local advertisement requirement
- Awarded by County Board to lowest responsible bidder

**MFT - Lowest Responsible Bidder**

- Prequalification
  - Required on all contracts ≥ $50,000
  - Optional on deliver & install material proposal
- Department defines according to 30 ILCS 500/30-22
  - Includes Apprenticeship & Training Requirements
MFT - Handling of Proposals

- Do not issue proposal packet to ineligible bidders
- Do not open bid proposal if ineligible bidder submits
- Never open prior to posted date & time
- See Department’s Bidding Requirements and Contracts Special Provisions (LRS6 & LRS7)

MFT - Invoices

- Submit invoices for eligible costs to County for payment from MFT
- Work with your County Engineer throughout the entire process to make sure everything is done properly and in the correct order
  
  **THIS IS IMPORTANT!**

MFT - Equipment Rental

- ‘Equipment Rental’ – under certain circumstances, Road Districts can use MFT funds to ‘rent’ their own equipment for maintenance work done on district roads
- Must be approved in advance
- Subject to stringent and detailed documentation requirements
- Rates (which must be approved in advance) are based on IDOT Schedule of Average Annual Equipment Ownership Expense (SOAAEOE) with Adjustment Factor or Equipment Watch rates
- Cannot be used to purchase or perform maintenance on equipment
- Talk with your County Engineer prior to Equipment Rental!
MFT - Approved Materials

- Typical construction commodities such as, but not limited to, the following:
  - Aggregate
  - Asphalt
  - Culvert pipe
  - Geotextile fabric
  - Rock salt
  - Pavement paint
  - Calcium chloride (dust control)

- Talk with your County Engineer before purchasing any material you intend to pay for with MFT to make sure it has been approved.

MFT - Engineering Fee

- County required to administer Road District MFT Program
  - County may charge an engineering fee for administration (605 ILCS 5/6-701.3)
- Private Consultant May Be Used
  - Must be registered (225 ILCS 325/23)
  - Must be selected in accordance with Qualification Based Selection (50 ILCS 510)
  - Engineering fee negotiated after selection

MFT - Documentation Reviews

Performed annually by Department

- Check for the following:
  - Eligible usage
  - Accurate accounting
  - Required documentation

**ACCOUNT MUST BE REIMBURSED IF MFT FUNDS ARE USED IMPROPERLY**
MFT – Additional Resources & Helpful Links

** PLEASE NOTE: INFORMATION IN THESE RESOURCES IS CURRENT AS OF JUNE 2019 MFT STATUTES. PLEASE STAY TUNED FOR UPDATES REGARDING CHANGES EFFECTIVE JULY 2019. **

MFT Distribution information and reports can be found on IDOT’s website at:

*(Hint: Google “IDOT MFT Distribution”)*

MFT General Information maintained by the Illinois Department of Revenue can be found at:
https://www2.illinois.gov/rev/research/taxinformation/motorfuel/mft/Pages/default.aspx

*(Hint: Google “IDOT Circular Letters”)*

Circular Letters can be found on IDOT’s website at:

*(Hint: Google “IDOT Circular Letters”)*

IDOT Bureau of Local Roads & Streets (BLRS) District Contact Numbers

- **Region 1**
  - District 1 (847) 705-4201
- **Region 2**
  - District 2 (815) 284-5380
  - District 3 (815) 434-8526
- **Region 3**
  - District 4 (309) 671-3690
  - District 5 (217) 466-7252
- **Region 4**
  - District 6 (217) 782-4690
  - District 7 (217) 342-8321
- **Region 5**
  - District 8 (618) 346-3330
  - District 9 (618) 351-5260

Highway Commissioner Voluntary Certification Program
Remember:
Talk with your County Engineer!

Questions?

Thank you!