

Discussion: County Motor Fuel Tax "Local Option"

Joint Committee Meeting

Public Works, Planning and Transportation & Finance and Administration

Shane Schneider, County Engineer | Director of Transportation

February 24, 2021

Agenda

- Meeting Purpose
- Housekeeping Item: 1992 Road Improvement Impact Fee Ordinance
- Transportation Goals and Objectives
- Current Local Transportation Revenue Streams
- Top Issues and Unfunded Projects in Long Range 2040 Transportation Plan
- County Motor Fuel Tax Explained
- Potential Uses for New Funding
- Committee Discussion / Q&A with Staff
- Committee Direction to Staff on Next Steps

Purpose

- Staff presentation on new transportation funding opportunity (County Motor Fuel Tax)
- Joint committee member discussion and direction to staff on next steps

Reference Information:

Please refer to LCDOT's February 5, 2021 presentation at Committee of the Whole for supplemental information

Lake County Fair Share Road Improvement Impact Fee Ordinance

- Passed by the Lake County Board on June 8, 1992
- Effective upon the enactment of a county-wide tax on the sale of motor fuel (never went into effect)
- Ordinance was intended to generate useable amounts of money during the “Go-Go” development years of the 1990s
- Highly complex fee structure and project improvement guidelines, that 29 years later are no longer appropriate
- **Need to repeal if a County Motor Fuel Tax is enacted**

Reference: Title III, Chapter 36 of Lake County Code of Ordinances

Lake County Board Strategic Plan

(July 2019)

Investing in People and Our Communities

GOAL: IMPROVE INFRASTRUCTURE

“Develop a modern, multi-modal and comprehensive transportation plan that reduces trip times, air pollution and carbon emissions, protects our valuable open space and positions Lake County to be competitive in a 21st-century economy.”

Transportation Investment Objectives

- Meet goals of Lake County Board Strategic Plan
- Improve Safety
- Improve Quality of Life
- Enhance Economic Prosperity and Job Creation
- Reduce Congestion
- Environmental Value

Local Capital Program Revenue Streams



Collected through property tax:

- County Bridge Tax (CB)
- Matching Tax (MT)



State shared usage fees:

- Motor Fuel Tax (MFT)



County share of RTA sales tax:

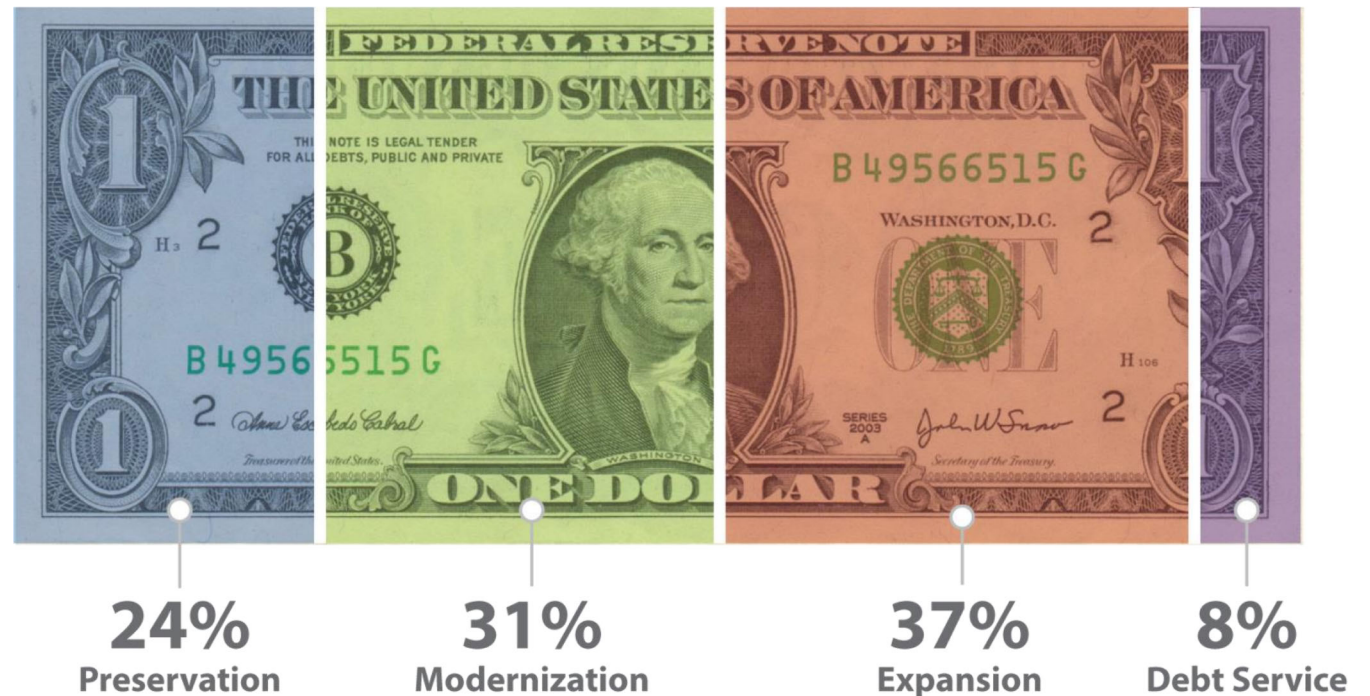
- ¼% Sales Tax for Transportation (ST)

**Total Annual Local Revenue:
\$55-60 Million**

Balancing Program Needs

Funds Distribution | 2020-2025

by program category

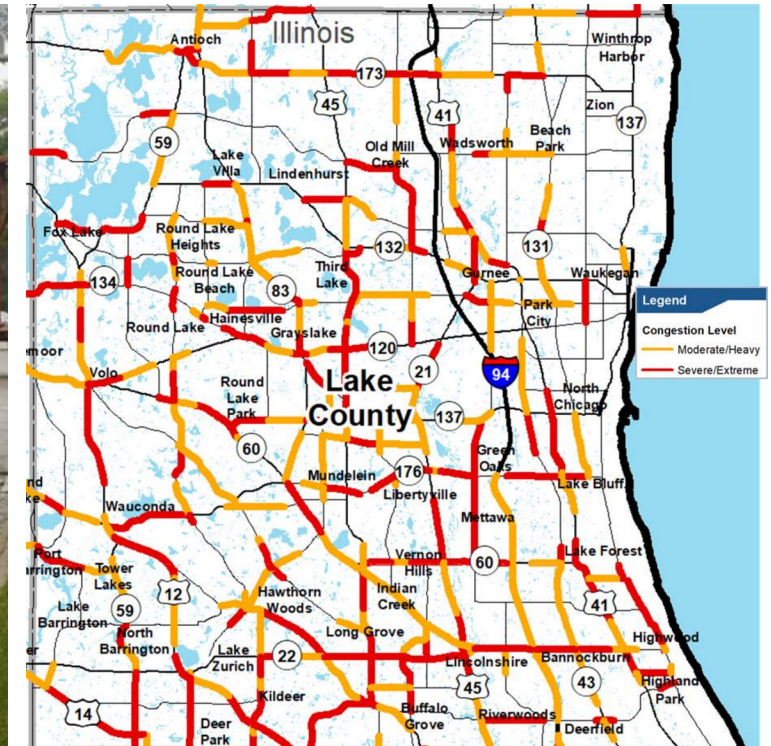


Source: LCDOT Information Services | CPMS v.5b

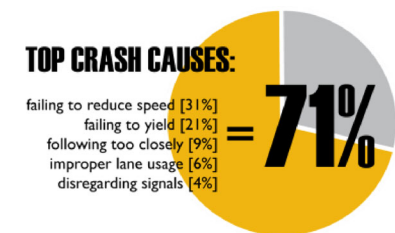
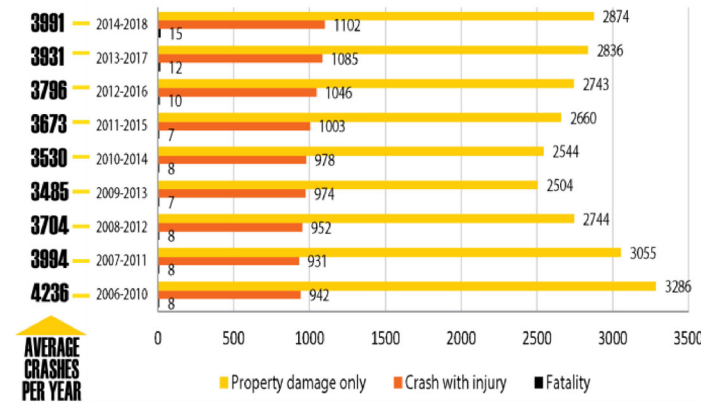
Top Issues

- Congestion
- Safety
- Growing traffic impact of increased frequency/length of freight trains

These issues continue to negatively impact commuters, emergency responders, schools, businesses, and families



CRASHES and CRASH SEVERITY: 5 YEAR AVERAGES



Lake County's Long Range Transportation Plan

(2040 Transportation Plan)

Identified Project Improvements in 2040 Plan Can Address Issues...But Require Funding

\$1.7 billion on County's system

- Highway Capacity (Add Lanes)
- Railroad Grade Separations
- Intersection Modernization
- PASSAGE Intelligent Transportation System
- State of Good Repair
- Non-Motorized Elements (Bike Paths, Sidewalks, Etc.)

\$1.2 billion on IDOT's system

- Consensus Plan Projects (State Highways)

New Revenue Source to Consider

County Motor Fuel Tax "Local Option"

- A new revenue source that could be used to supplement existing transportation funding levels
- Increased transportation funding would allow additional projects, that are currently identified needs but unfunded, to be moved into the 5-Year Transportation Improvement Program (TIP)
- Once projects are “moved in” to the 5-Year TIP, they begin advancing on the “Assembly Line” toward construction
 - The 5-Year TIP is fiscally constrained by local and outside revenue sources available over the specific planning horizon

What is the County Motor Fuel Tax?

- Local tax collected on motor fuel sales within Lake County
- Enabling legislation passed by the Illinois General Assembly in 2019, as part of the REBUILD Illinois Capital Bill (Public Act 101-0032)

*(55 ILCS 5/5-1035.1.a) “The county board of the counties of DuPage, Kane, **Lake**, **Will**, and McHenry may, by an ordinance or resolution adopted by an affirmative vote of a majority of the members elected or appointed to the county board, impose a tax upon all persons engaged in the county in the business of selling motor fuel[...]for the operation of motor vehicles upon public highways or for the operation of recreational watercraft upon waterways.”*

Note: Original enabling legislation passed in 1989, but left out Lake and Will County



What is the Tax Rate?

(55 ILCS 5/5-1035.1.a) “The initial tax rate may not be less than 4 cents per gallon of motor fuel sold at retail within the county[...]and may not exceed 8 cents per gallon of motor fuel sold at retail within the county”



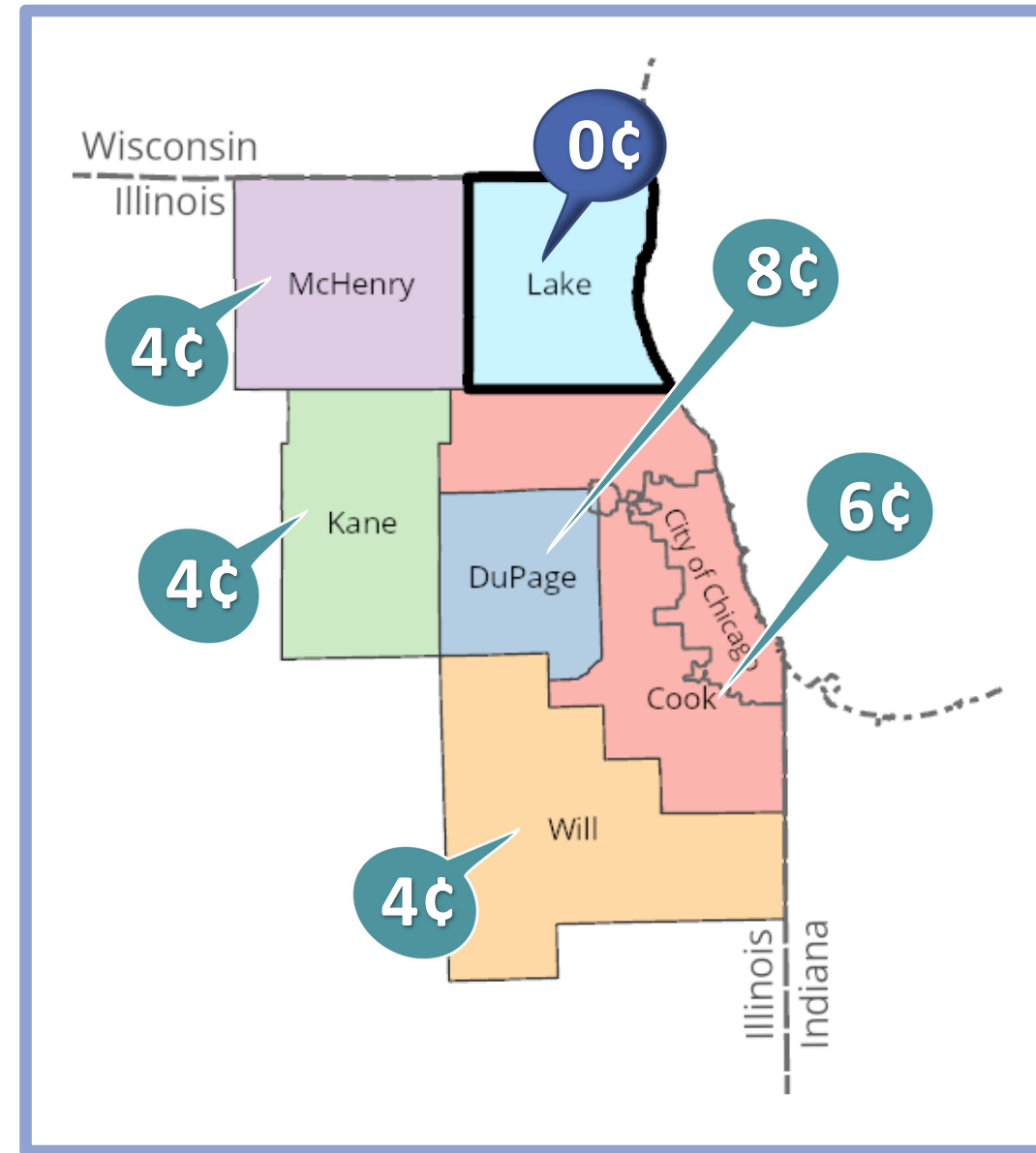
How can it be used?

"Shall be used solely for the purpose of operating, constructing and improving the public highways and waterways within the county"

*"The proceeds of the funds described in this Act and all other funds described in Section 11 of Article IX of the Illinois Constitution are **dedicated to transportation purposes** and shall not, by transfer, offset, or otherwise, be diverted by any local government, including, without limitation, any home rule unit of government, to any purpose other than transportation purposes."*

Peer Comparison

County Motor Fuel Tax Rates of Surrounding Counties





Revenue Estimates

CMFT (¢/gallon)	Annual Estimated Revenue*
4 cents	\$8 – 11 million
6 cents	\$12 – 17 million
8 cents	\$16 – 22 million

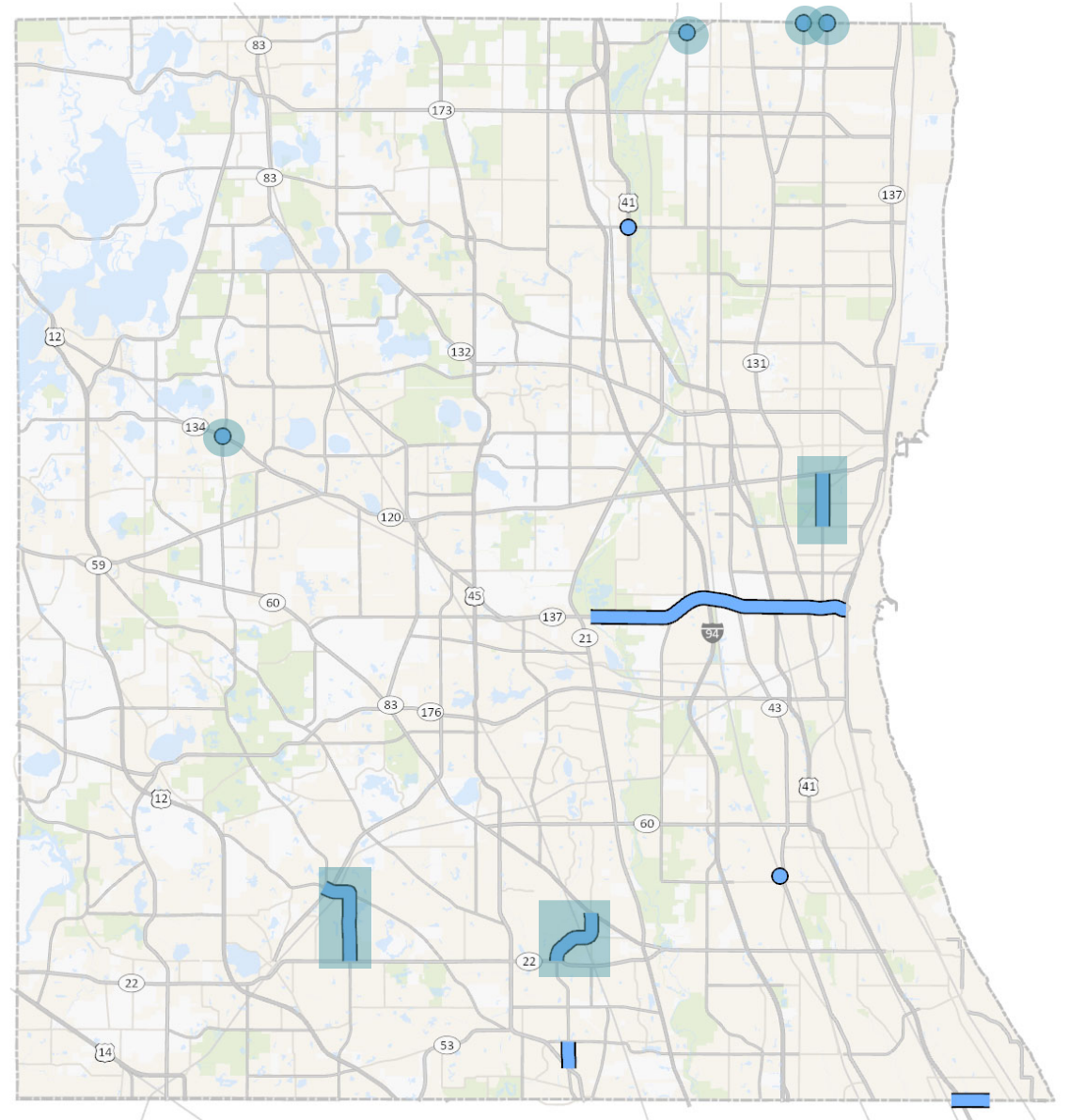
**Fuel consumption is down due to COVID, and future gallons sold can only be estimated which creates uncertainty about actual revenue amount.*

Timing Considerations

- State shared MFT revenues are down 15-20% (because fuel consumption is down)
- RTA ¼% Sales Tax is down 10-15%
- In the longer term, motor fuel sales will decline as more vehicles transition to alternative power sources (hybrid, electric, etc.)
- Construction costs continue to escalate every year
- Project benefits
 - Improved Safety
 - Reduced Congestion
 - Quality of Life
 - Environmental Value
 - Economic Prosperity

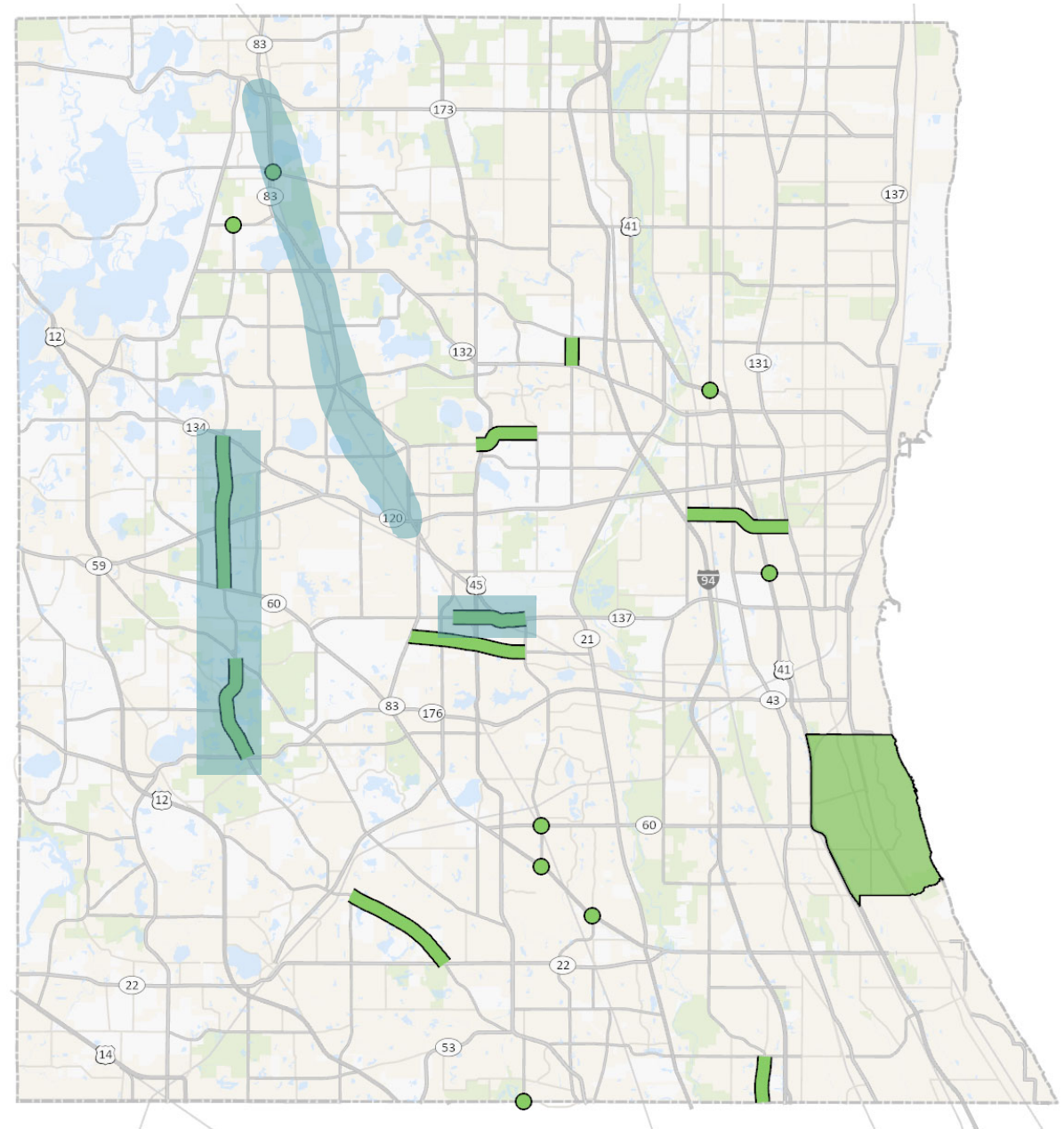
Partially Funded Projects

- **Preliminary phases** in 5-Year TIP, but construction funds not programmed
- Some examples:
 - Russell Rd corridor intersections **\$11M**
 - Lewis Ave corridor improvements **\$10M**
 - North portion of Buffalo Grove Rd widening **\$19M**
 - Old McHenry/Quentin widening and railroad grade separation **\$82M**
 - IL134 at Fairfield Rd intersection **\$23M**
- Additional funds needed to construct these five examples: **\$145 million**



Unfunded Projects

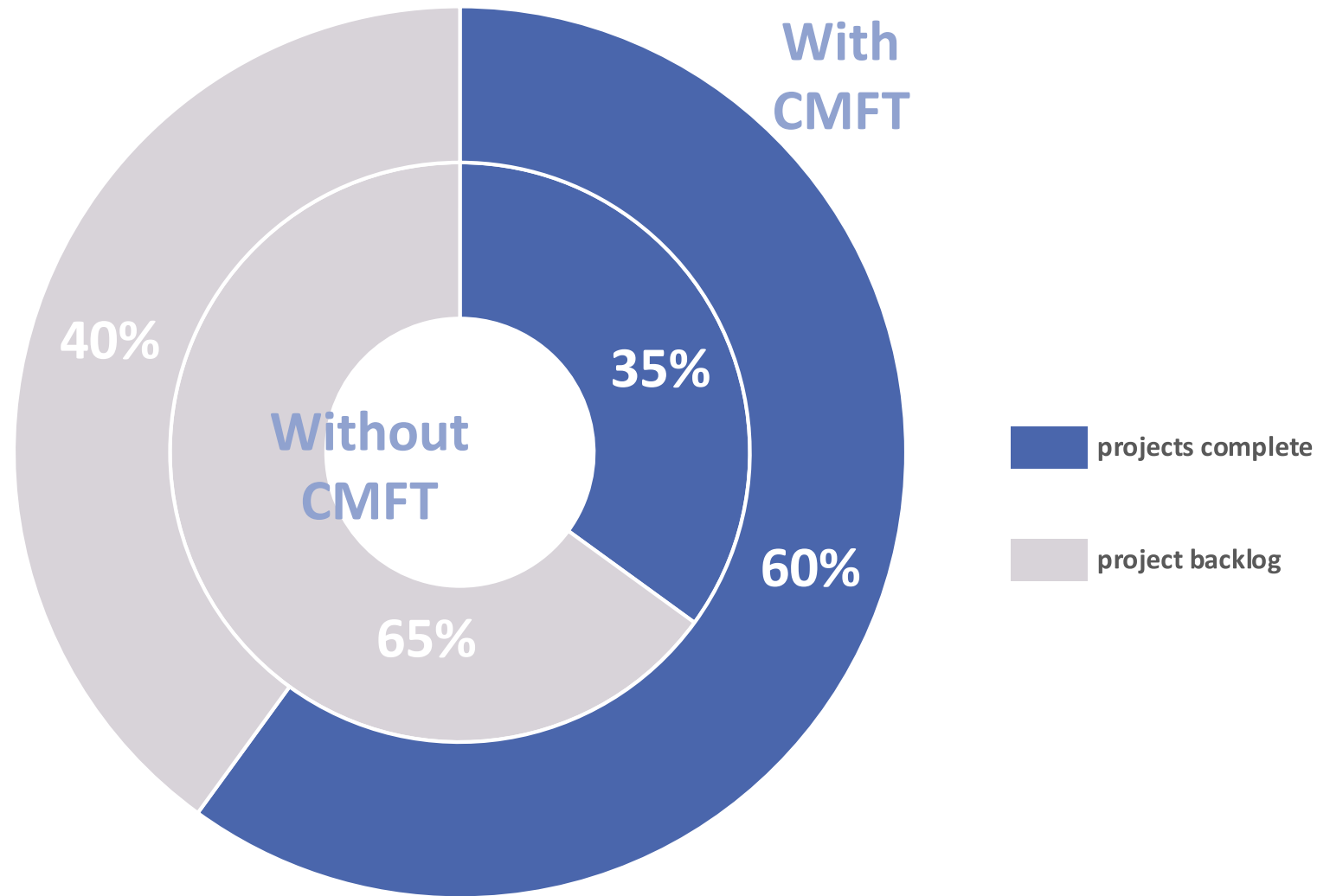
- Projects identified, but **no phases programmed** in 5-Year TIP
- Project examples:
 - Fairfield Rd corridor **\$75M**
 - Peterson Rd widening/railroad grade separation **\$100M**
 - CN Railroad grade separation(s) **\$80M**
- Total additional funds needed to program these three example projects: **\$255 million**



Other Ongoing Funding Considerations

- **State or State/County Projects**
 - Partner with IDOT to more quickly deliver Consensus Plan Projects
- **PASSAGE**
 - ITS expansion and developing connected vehicle technology
- **Paratransit Coordinated Countywide Service**
 - County funding levels to support new service
- **Non-motorized Travel Elements**
 - County funding levels (adjust current policy)
 - Advance Non-motorized Gap Study
- **Single Occupied Vehicle Reduction**
 - Implement recommended strategies
- **Transit Service**
 - Example: MetraMore partnership

Eating the Elephant (\$1.7B)



\$1.7B Backlog on County System; 20-year horizon: \$30M/year local funds without CMFT, \$50M/year local funds with CMFT

Success Stories

NEWS-SUN | OCT 06, 2015

Say goodbye to gridlock: Rollins Road Gateway project is complete



DAILY HERALD | SEP 09, 2017

Lake County Celebrates End of Washington Street Thoroughfare Project



DAILY HERALD | OCT 23, 2019

Millburn Strangler Officially Vanquished

DAILY HERALD | DEC 16, 2020

Twenty Years and \$22 Million Later, Quentin Road Project Comes to Fruition

Discussion and Next Steps

- DISCUSSION / Q&A
- JOINT COMMITTEE DIRECTION TO STAFF
 - Do nothing further at this time
 - Provide specific additional information
 - Draft a resolution for county board to consider enacting county motor fuel tax, and, if so, indicate:
 - MFT rate (4 - 8 cents/gallon)
 - Timing to enact*
 - July 1 (paperwork due April 1)
 - January 1 (paperwork due October 1)

**Illinois Department of Revenue provides two options to begin enforcing the county motor fuel tax*

Thank you