

County Option Motor Fuel Tax (CMFT)

*Presented to the Lake County Public Works, Planning, and
Transportation Committee*

June 26, 2019

DRAFT

What is the County Option MFT

- SB1939, HA2 passed June 2, 2019* – Grants statutory authority to Lake County to impose a tax on all retail gasoline sold in Lake County (55 ILCS 5/5-1035.1 – County Motor Fuel Tax Law)
 - County Motor Fuel Tax Law passed in 1989 and included DuPage, Kane, and McHenry counties. Amended in 2019 to add Lake and Will counties.
 - Minimum tax rate of 4 cents per gallon
 - Maximum tax rate of 8 cents per gallon
 - Indexed to inflation based on Consumer Price Index – Urban (CPI-U)
 - IL Department of Revenue automatically adjusts each year
 - Maximum annual inflation capped at one cent (a penny)
 - Shall be used solely for the purpose of operating, constructing and improving the public highways and waterways within the county
 - County board needs to adopt an ordinance or resolution by an affirmative vote of a majority of the members elected or appointed to the county board prior to the IL Department of Revenue collecting the CMFT

**SB1939, HA2 needs to be signed into law by the governor*

Estimated Revenue for Lake County

County MFT (\$/gal)	Estimated Annual Revenue*
0.04	\$10,920,882
0.06	\$16,381,323
0.08	\$21,841,764

*Estimated revenue is based on travel data collected by IDOT and CMAP. Data on actual gallons of gasoline sold in Lake County was not available.

Assume: 21.4 MPG, 5,842,672,000 VMT = 273,022,056 estimated gallons of gas sold.

Peer Comparison

County	Average Annual County MFT Collected*	Estimated Amount Collected (1990-2018)
DuPage	\$18,900,000	\$548,100,000
Kane	\$9,200,000	\$266,800,000
McHenry	\$4,300,000	\$124,700,000
Lake	\$0	\$0

*DuPage, Kane, and McHenry Counties currently collect 4 cents per gallon.

Peer Comparison (Continued)

- Cook: home-rule authority (6 cents/gallon)
 - Cook self-collects
- DuPage, Kane, McHenry: Granted state legislative authority in 1989 to collect 2-4 cents/gallon (all currently collect 4 cents)
 - IL Department of Revenue collects and charges a 1.5% admin fee
 - New 2019 authority allow increases to 8 cents/gallon
- Will (like Lake): Granted authority in 2019 and considering implementation options

Lake County Potential CMFT Uses

- Fund project backlog
 - County highway improvements (+\$500M)*
 - Non-motorized improvements (+\$100M)*
 - State highway improvements - Consensus Plan projects (+\$1.2B)
- Expedite projects
 - Funding locally versus waiting for federal or state funds could deliver projects to the public years sooner
 - Cost share with IDOT to advance state and state/county projects
 - Bond funding for larger, more complex projects
- Assist municipalities/townships with local projects
 - e.g. Invest in Cook program

**Projects identified, but not included in Lake County's 2019-2024 Highway Improvement Plan.*

Addressing \$500M Project Backlog

New Additional Revenue	Years to Address Backlog
\$10 million	50 years
\$15 million	33 years
\$20 million	25 years

Project backlog includes:

- Capacity improvements
- Intersection improvements
- ITS (smart signal/technology) improvements
- Grade separations
- Non-motorized improvements

Notes:

- 1. This simple example ignores the compounding effect of inflation on \$500M over time.*
- 2. Project backlog is currently addressed with each yearly 5-year HIP update and is primarily funded with ¼% sales tax funds and federal/state grants.*

Risks and Unknowns

- Long-term viability of MFT
 - Some vehicle manufactures predict 30% of passenger vehicles will be hybrid or electric within the next 7 years (less MFT will be collected as a result)
 - Manage Risk: Diverse funding sources provide stability (property tax-based, sales tax, and user-fee based)
- State and Federal Funding
 - Lake County's future share could be lower than recent years due to new federal/CMAP policies
 - Manage Risk: Use local funding options to enhance sustainability and predictability of revenue
- Inflation (Cost of waiting/Opportunity cost)
 - e.g. a \$20M project increases by \$400k per year with 2% annual inflation

Discussion/Questions