

Public Works–Motor Fuel Tax Fund

Mission Statement

It is the purpose of the Motor Fuel Tax Fund to provide dedicated revenues from taxes on gasoline and diesel sales for road maintenance and construction. Revenues are distributed by the State of Illinois on a per capita basis from its tax on motor fuels. It is the policy of the City to use these user fee taxes on motor fuel sales exclusively for road improvement.

- **Primary Function** → The Motor Fuel Tax Fund is dedicated to road improvements. Based upon the annual requirements of the Capital Projects Fund, funds are transferred from this Fund to the Capital Projects Fund to finance certain construction projects.

Budget Summary and Analysis

Motor fuel taxes have been generated by a flat rate of cents per gallon, 19.0 for gasoline and 21.5 for diesel fuel, plus a sales tax transfer. With the Illinois First (Fund for Infrastructure, Roads, Schools, and Transit) program adopted by the State in 1999, the sales tax transfer was eliminated April 2000 and certain vehicle registration fees replaced and supplemented this shared state revenue. On a net basis, the City received an additional 18%.

Budgeted revenue for 2009 is \$5,400,000, reflecting a \$200,000 increase from the prior year's budget after supplemental adjustment. The actual revenue for 2008 is \$4,152,477, which is 12.9% below the 2007 actual of \$4,771,490. With a population of 150,115, on a per capita basis, 2007 is \$31.45, 2008 is \$28.31 and 2009 is \$29.46.

MOTOR FUEL TAX FUND BUDGET SUMMARY					
APPROPRIATION	<u>2007 ACTUAL</u>	<u>2008 BUDGET</u>	<u>2008 ACTUAL</u>	<u>2009 BUDGET</u>	<u>INCREASE (DECREASE)</u>
TRANSFERS TO					
GENERAL FUND	\$500,000	\$1,200,000	\$1,200,000	\$1,200,000	\$0
CAPITAL PROJECTS FUND	<u>3,435,114</u>	<u>4,000,000</u>	<u>1,236,821</u>	<u>4,200,000</u>	<u>200,000</u>
TOTAL	<u>\$3,935,114</u>	<u>\$5,200,000</u>	<u>\$2,436,821</u>	<u>\$5,400,000</u>	<u>\$200,000</u>
FUNDING SOURCE		<u>2008 AMOUNT</u>	<u>2008 PERCENTAGE</u>	<u>2009 AMOUNT</u>	<u>2008 PERCENTAGE</u>
STATE MOTOR FUEL TAX		\$4,017,507	95.7	\$4,422,000	95.9
INTEREST INCOME		<u>134,970</u>	<u>4.3</u>	<u>190,000</u>	<u>4.1</u>
TOTAL		<u>\$4,152,477</u>	<u>100.0</u>	<u>\$4,612,000</u>	<u>100.0</u>

Interest earnings vary with the amount of money available for investment.

Transfers to the Capital Projects Fund have varied, depending on annual project selection, between \$640,000 and \$4.78 million. Expenditures in 2007 were \$3,935,114 and in 2008, \$2,436,821. The 2009 budget calls for \$4.2 million in transfers to the Capital Projects Fund and \$1,200,000 to the General Fund for eligible street lighting expenses. The General Fund, in turn, will transfer \$1,200,000 to the Capital Projects Fund for projects.

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The City had its own one cent per gallon gas and diesel fuel tax enacted in 1979 under its former home rule powers with a sunset provision at the end of 1985 that generated \$600,000 annually. In 1996 the State gave the City authority to enact by voter approval at referendum, a one cent per gallon tax on motor fuels. To date, the City has not chosen this alternative.

Five Year Financial Forecast

The 2010-2014 five year forecast assumes growth as projected by the State for tax revenues and assumes expenditures essentially equal to annual revenues. The State of Illinois assumes stagnant growth, for the taxes on motor fuels, with an annual deviation of plus or minus two percent influenced by the severity of winter weather and the pump price.

MOTOR FUEL TAX FUND 2010-2014 FINANCIAL FORECAST (IN 000'S)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues	\$4,589	\$4,612	\$4,589	\$4,612	\$4,637
Expenses	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>
Excess (Deficit)	<u>789</u>	<u>812</u>	<u>789</u>	<u>812</u>	<u>837</u>
Beginning Balance	<u>4,627</u>	<u>5,416</u>	<u>6,228</u>	<u>7,017</u>	<u>7,829</u>
Ending Balance	<u>\$5,416</u>	<u>\$6,228</u>	<u>\$7,017</u>	<u>\$7,829</u>	<u>\$8,666</u>