

# 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, 18.0 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%.

Revenues for 2004, \$4,284,300 are below the estimate, \$4,399,900, and the prior year's actual, \$4,440,400, by \$115,600 and \$156,100 respectively. The 2005 revenue projection of \$4,422,000, which is a \$22,100 increase over 2004, is based on State estimates. With a population of 150,115, this translates into a per capita amount of \$29.59.

MOTOR FUEL TAX FUND BUDGET SUMMARY					
APPROPRIATION	2003 ACTUAL	2004 BUDGET	2004 ACTUAL	2005 BUDGET	INCREASE (DECREASE)
TRANSFERS TO					
GENERAL FUND	\$500,000	\$1,000,000	\$500,000	\$750,000	(\$250,000)
CAPITAL PROJECTS FUND	<u>5,184,434</u>	<u>3,300,000</u>	<u>3,982,668</u>	<u>4,010,000</u>	<u>710,000</u>
TOTAL	<u>\$5,684,434</u>	<u>\$4,300,000</u>	<u>\$4,482,668</u>	<u>\$4,760,000</u>	<u>\$460,000</u>
<b>FUNDING SOURCE</b>		2004 AMOUNT	2004 PERCENTAGE	2005 AMOUNT	2005 PERCENTAGE
STATE MOTOR FUEL TAX		\$4,399,900	98.5	\$4,422,000	98.6
INTEREST INCOME		<u>105,000</u>	<u>1.5</u>	<u>65,000</u>	<u>1.4</u>
TOTAL		<u>\$4,504,900</u>	<u>100.0</u>	<u>\$4,487,000</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. 2003 and 2004 expenditures were \$5,184,384 and \$4,482,668 respectively. 2005 calls for \$4,010,000 in transfers to the Capital Projects Fund and \$750,000 to the General Fund for eligible street lighting expenses. The General Fund, in turn, will transfer \$250,000 to the Capital Projects Fund for drainage projects.

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.

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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 2006-2010 five year forecast assumes growth as projected by the State for tax revenues and assumes expenditures essentially equal to annual revenues. With engineering to be done in 2002 and 2003 and land acquisition and construction in 2006 and 2007, the City will replace the Morgan Street Bridge, an estimated \$10 million joint venture with IDOT and ICC. Costs are estimated to be \$500,000 annually for 2002 and 2003 and \$4,000,000 annually for 2006 and 2007. 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 2006-2010 FINANCIAL FORECAST (IN 000'S)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues	\$4,510	\$4,509	\$4,509	\$4,508	\$4,508
Expenses	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
Excess (Deficit)	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>
Beginning Balance	<u>2,920</u>	<u>2,930</u>	<u>2,939</u>	<u>2,948</u>	<u>2,956</u>
Ending Balance	<u>\$2,930</u>	<u>\$2,939</u>	<u>\$2,948</u>	<u>\$2,956</u>	<u>\$2,964</u>