

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 2011 is \$3,694,400, reflecting a \$148,600 (3.9%) decrease from the prior year's budget. The revenue for 2010 is \$3,811,673, which is 0.9% below the 2009 actual of \$3,844,478. With a population of 150,115, on a per capita basis, 2009 is \$25.61, 2010 is \$25.39 and 2011 is \$24.61.

MOTOR FUEL TAX FUND BUDGET SUMMARY					
APPROPRIATION	2009 <u>ACTUAL</u>	2010 <u>BUDGET</u>	2010 <u>ACTUAL</u>	2011 <u>BUDGET</u>	INCREASE (DECREASE)
TRANSFERS TO					
GENERAL FUND	\$1,200,000	\$0	\$0	\$2,400,000	\$2,400,000
CAPITAL PROJECTS FUND	<u>2,047,060</u>	<u>3,800,000</u>	<u>2,346,538</u>	<u>3,300,000</u>	<u>(500,000)</u>
TOTAL	<u>\$3,247,060</u>	<u>\$3,800,000</u>	<u>\$2,346,538</u>	<u>\$5,700,000</u>	<u>\$1,900,000</u>
FUNDING SOURCE		2010 <u>AMOUNT</u>	2010 <u>PERCENTAGE</u>	2011 <u>AMOUNT</u>	2011 <u>PERCENTAGE</u>
STATE MOTOR FUEL TAX		\$3,843,000	95.6	\$3,694,400	95.8
INTEREST INCOME		<u>176,000</u>	<u>4.4</u>	<u>160,000</u>	<u>4.2</u>
TOTAL		<u>\$4,019,000</u>	<u>100.0</u>	<u>\$3,854,400</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 2010 were \$2,346,538. The 2011 budget calls for \$3.3 million in transfers to the Capital Projects Fund and \$2,400,000 to the General Fund for eligible street lighting expenses. The General Fund, in turn, will transfer \$2,400,000 to

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the Capital Projects Fund for projects. The \$2.4 million transfers reflect both the planned 2010 transfer, which did not occur in 2010, and the regular 2011 transfer.

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 2012-2016 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 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$3,819	\$3,799	\$3,778	\$3,765	\$3,752
Expenses	<u>4,500</u>	<u>4,500</u>	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>
Excess (Deficit)	(681)	(701)	(422)	(435)	(448)
Beginning Balance	<u>6,064</u>	<u>5,383</u>	<u>4,682</u>	<u>4,260</u>	<u>3,825</u>
Ending Balance	<u>\$5,383</u>	<u>\$4,682</u>	<u>\$4,260</u>	<u>\$3,825</u>	<u>\$3,377</u>