

ISACo POLICY BRIEF

Motor Fuel Tax (MFT): Background and Purpose

OVERVIEW

The Motor Fuel Tax (MFT) is a tax on the privilege of operating motor vehicles upon public highways and operating recreational watercraft upon Illinois waters. The tax is predicated on motor fuel consumption. MFT funds can be used to build and maintain roads, traffic signals, street safety equipment, storm sewers, pedestrian transportation infrastructure and other related projects.

Application and Rates:

As of July 1, 2019, Illinois' MFT is as follows:

- a. \$0.19 per gallon of gasoline plus \$0.19 per gallon of gasoline dedicated to the Transportation Renewal Fund (TRF) = \$0.38 per gallon of gasoline.
- b. \$0.215 per gallon of diesel fuel plus \$0.24 per gallon of diesel fuel dedicated to the TRF = \$0.38 per gallon of diesel fuel.

Allocation of MFT:

45.6% of non-TRF MFT revenue is allocated to the state and 54.4% is distributed to local governments by the Illinois Department of Transportation (IDOT). The distribution of revenue by IDOT goes for the following purposes:

- a. 49.1% to municipalities on a per capita basis
- b. 16.74% to Cook County
- c. 18.27% to the other 101 counties in proportion to motor vehicle registration fees collected
- d. 15.89% to road districts and townships in proportion to the total mileage of roads in the state

THE TRANSPORTATION RENEWAL FUND

What is TRF?

The Transportation Renewal Fund was created by enactment of a major capital infrastructure package in 2019. To partially fund this significant infrastructure investment, the General Assembly and Governor approved and enacted increases on fuel purchases as follows:

- 0.19 cents per gallon increase for motor fuel. Local governments receive a share of these new revenues.
- 0.24 cents per gallon increase for diesel fuel. This increase is allocated to the state.

QUICK FACTS

- MFT is a tax on motor fuel that funds critical infrastructure projects.
- MFT is allocated to the state and local governments.
- The 2019 capital infrastructure legislation increased MFT revenue and earmarked this revenue for the Transportation Renewal Fund (TRF).
- Counties and other local governments receive a portion of the money in the TRF for transportation infrastructure projects.



These increased taxes on regular and diesel fuel are allocated to TRF for purposes of rebuilding and maintaining Illinois' transportation infrastructure.

How the New Funding is Allocated

80% of the total increase of MFT is split among the state and local governments for road construction and 20% will be distributed to mass transit districts.

The state receives 60% of the 80% meant to be split between state and local governments. This 60% makes up 48% of the new MFT revenues. The other 40% of the revenues meant for construction is shared with local governments.

What Does the State Receive from the MFT Increase Under TRF?

The state receives 48% of the 0.19 cent increase in motor fuel taxes and 100% of the 0.24 cent increase in diesel fuel taxes. There is also an increase to vehicle registration fees and the state receives 100% of this revenue.

What Do Counties Receive from the MFT Increase Under TRF?

Cook County receives 5.36% of the 0.19 cent increase in MFT. The percentage of revenue allocated among all other Illinois counties is 5.85% of the 0.19 cent increase.

What Do Other Local Governments Receive from the MFT Increase Under TRF?

The percentage of revenue allocated among Illinois municipalities is 15.71% of the total revenue collected from the 0.19 cent MFT increase. Illinois mass transit districts will receive 20% of the new revenue collected from the 0.19 cent MFT increase. Illinois road districts will receive 5.08% of the new revenue attributed to the 0.19 cent MFT increase.

