



M E M O

TO: Illinois Legislative Staffs

FROM: Jennifer Morrison, Managing Director

RE: TFIC Capital Proposal, Materials

DATE: January 26, 2009

Attached are copies of TFIC's capital proposal (LRB096 04494 RCE 14546 b) and several one-page summaries that present an overview of the proposal. This proposal has been prepared over the past 12 months by the members of the coalition. It contains possible revenue sources and a **minimally adequate spending plan for investment in Illinois' transportation infrastructure** with a placeholder of \$1 billion for school construction. When the proposal was being developed, it seemed as though a gaming expansion (and we have used HB 4194 from the 95<sup>th</sup> General Assembly for that purpose) was the most likely revenue source. That is included here. We have supplemented that revenue source with increases in three user fees paid by motorists. The coalition believes that additional funding is necessary and we are exploring the addition of an 8-cent motor fuel tax increase to our proposal as a way of increasing transportation funding and freeing up some of the new gaming revenues for additional types of capital investment. Other revenues sources may also be appropriate.

The spending plan also includes important reforms to the manner in which transportation funding is allocated and includes protections designed to effectively protect transportation funding from being siphoned off for general government purposes.

We hope that you will find the work we've done on this matter to be helpful, and that you will share our interest in developing a reasonably-sized program that can address the most pressing state needs. We also hope that you will want to incorporate the reforms we are proposing into the final agreed upon capital plan. We are available to answer any questions you may have.

Legislative Fact Sheet for  
TFIC Capital Legislation, 2009

**New Capital Investment:**

The Transportation for Illinois Coalition legislation will **increase state investment by \$14.5 billion** over five years for highways, local government roads, airports, passenger rail, public transit, CREATE and school construction. This will bring the total capital program with **new and existing funds to \$29.7 billion**.

Specifically, the proposal would authorize:

- an additional \$6.1 billion in highway bonds and pay-as-you-go capital, bringing the total road program to \$15 billion over the five-year period;

- an additional \$900 million for local roads, bringing the local program to \$4.2 billion over this same five-year period;

- \$5.9 billion in bonds and pay-as-you-go capital for public transit and passenger rail, with funding for these programs set aside in a new Public Transportation Infrastructure Fund;

  - \$125 million in bond and cash funding for airports other than O'Hare and Midway;

  - \$500 million in bonding backed by the Road Fund for grade crossing separations that further the CREATE rail congestion relief project.

  - \$1 billion in bonds backed by general fund revenues to fund school construction needs throughout the state.

**How is it funded?**

The proposal is funded by **traditional highway user fee increases**, the **return of Road Fund diversions**, and transfers from the state's general revenue fund that would be back-filled by 70% of the new gaming revenues realized from **expanded gaming**. The gaming expansion in the TFIC proposal is the expansion contained in House Bill 4194 from the 95<sup>th</sup> General Assembly. Specifically the legislation calls for a 4,000-position Chicago casino, two 1,200-position new riverboat casinos, 3,500 new positions at current casinos and 3,600 positions at horse racing tracks.

Highway user fee increases and Road Fund diversion reductions would fund the state and local highway program increase. License plate fees would increase from \$78 to \$116, drivers' license fees would go from \$10 every four years to \$50 every four years, and certificate of title fees would increase from \$65 to \$95. In addition, Road Fund diversions would be reduced by \$162 million per year. (This diversion reduction would take the Secretary of State and State Police diversions to the levels they were scheduled to return to in the Illinois FIRST legislation.)

**Reform Components:** The bill uses a lock box concept to protect capital dollars from being siphoned off for other uses. In addition, the bill creates a formula to ensure that highway dollars are spent equitably throughout the state and in a manner consistent with General Assembly intentions. The bill specifies that IDOT must coordinate and consult with planning organizations throughout the state in developing its highway plan and it requires public input on highway investment plans. The bill also calls for the creation of a Transportation Revenue Study Commission to look at the needs for transportation infrastructure over the next few decades and ways to fund necessary investments.

## **Planning/Programming Reforms for State Highways**

The proposed reforms would: bring enhanced coordination and transparency to the planning and programming process; set performance standards for road and bridge conditions; provide for equitable funding distribution; and require periodic reporting and oversight. Each area is described below.

### **Enhanced Coordination and Transparency in Planning and Programming**

- IDOT must publish a State Transportation Plan at least every five years, establishing goals and objectives to assure a comprehensive and balanced statewide transportation system and identifying strategies for meeting these goals. The plan must be coordinated with MPO (Metropolitan Planning Organization) plans; must report on how strategies in the previous plan were implemented; and must include a public involvement process.
- IDOT's Multi-Year Highway Program must: be consistent with the State Transportation Plan and MPO (Metropolitan Planning Organization) plans; provide information on how projects were initiated and prioritized; discuss the projected impacts of the program on the state highway system; and provide the opportunity for public comment, including public informational meetings throughout the state.

### **Performance Standards**

- To assure comparable road conditions throughout Illinois, the percentage of roads and bridges in each highway district in acceptable condition may not be more than five percentage points below the statewide average in acceptable condition.

### **Equitable Funding Distribution**

- The existing 45/55 program split between northeast Illinois and downstate Illinois is retained.
- Two-thirds of the funding going to downstate is allocated among the highway districts by a formula based on transportation factors: highway lane miles, miles of daily travel, and square footage of bridges.

### **Reporting and Oversight**

- IDOT must report annually for each highway district and for the state as a whole data regarding proposed and actual accomplishments as well as existing and projected highway and bridge conditions.
- The Commission on Government Accountability and Forecasting must certify annually that the performance standard requirements are being met.
- Biennially, the Auditor General is to review IDOT performance to assure it is meeting these requirements.

TFIC Capital Proposal  
Transportation & Schools

NEW PROGRAM INCREASE	From Road Fund - Construction Account					From Public Trans. Infra. Fund				From	Total	
	State Highways	Local MFT*	Airports**	CREATE	Subtotal	RTA	Downstate Transit	Passenger Rail	Subtotal	GRF Schools****		
FY2010-14												
Five Year Total Program Increase (Est. \$ Million)	\$6,075	\$897	\$125	\$500	\$7,597	\$5,215	\$150	\$500	\$5,865	\$1,000		\$14,462
Pay-As-You-Go	\$4,050	\$0	\$115	\$500	\$4,665	\$4,875	\$140	\$500	\$5,515	\$1,000		\$11,180
Bonds	\$2,025	\$897	\$10	\$0	\$2,932	\$340	\$10	\$0	\$350	\$0		\$3,282

\*Locals receive same percentage increase as IDOT revenues - 27%.

\*\* Airports pay-as-you-go program from GRF.

\*\*\*School construction program requires 50% local match, resulting in \$2 billion program total.

TOTAL CAPITAL PROGRAM	FY 2010-14		Est. \$ Million		Program at Current Revenues		Proposed Increase		Total Program		Total
	State Highways	Local MFT	Airports	CREATE	Subtotal	RTA	Downstate Transit	Passenger Rail	Subtotal	Schools***	
	\$8,925	\$3,325	\$350	\$100	\$12,700	\$2,375	\$135	\$0	\$2,510	\$0	\$15,210
	\$6,075	\$897	\$125	\$500	\$7,597	\$5,215	\$150	\$500	\$5,865	\$1,000	\$14,462
	\$15,000	\$4,222	\$475	\$500	\$20,297	\$7,590	\$285	\$500	\$8,375	\$1,000	\$29,672

REVENUES TO SUPPORT PROGRAM INCREASE	Road Fund - Construction Account			Total Increase	Public Trans. Infra. Fund				GRF For Schools	Total New To GRF
	Highway User Fee Increases	Diversions Reduction (Cost To GRF)	Total Increase		GRF Transfer To PTIF	Downstate Transit	Passenger Rail	Subtotal		
FY2010-12 Annual Average	\$519	\$162	\$681		\$129			\$36		\$327
FY2013	\$523	\$162	\$685		\$308			\$77		\$547

Highway User Fee Increases  
\$38 License Plate Increase for Cars & Pickups  
\$40 Increase for Driver's License  
\$30 for Certificate of Title

Public Transportation Infrastructure Fund (PTIF) -- Of funds transferred to PTIF, following amounts placed in RTA Account:  
\$126 million a year in FY's 10-12; \$270 million in FY13.  
Remaining PTIF funds for downstate transit/passenger rail.

Bonds -- RTA issues its own bonds; all other bonds issued by state.

New Gaming Revenue -- Amount shown is 70% of new gaming revenue in HB4194, based on COGFA analysis and discounted by 10%; includes 10th and 11th licenses plus new Chicago casino.

## TFIC Capital Bill Legislative Outline

1. Deposit the following revenue sources from gaming expansion into the General Revenue Fund: 1) the initial fee and reconciliation payments from the new riverboat positions created by the bill; 2) the initial fee and reconciliation payments from the electronic gaming positions created by the bill; 3) 70% of the amounts remaining from the gaming privilege taxes after transfers provided for in Section 13 of the Gaming Act are made; 4) amounts received from competitive bidding for gaming and operator licenses; 5) the Chicago casino license fee; and 6) 50% of the amount bid for the license to operate the Chicago casino site. (30 ILCS 10/22.5)
2. Transfer the following amounts from the General Revenue Fund to the newly created Public Transportation Infrastructure Fund (PTIF) in the State Treasury: FY 2010- \$122M, FY 2011 - \$122M, FY 2012 - \$143M, FY 2013 - \$308M, FY 2014 and each year thereafter - 102% of the required transfer in the prior fiscal year (30 ILCS 105/6z-77). This transfer must be made in eight equal monthly installments, beginning on July 15 of each year. From the amounts transferred, the following amounts shall be deposited in an RTA Account: \$119M in each of FYs 2010-2011, \$140M in FY 2012, \$270M in FY 2013 and 87.66% of the amount transferred to the Fund in each subsequent fiscal year. The balance of the amount transferred to the Fund shall be deposited into a Downstate Transit and Inter-City Rail Passenger Account.
3. Upon appropriation, promptly after each monthly transfer to the PTIF Fund amounts in the RTA Account shall be paid to the RTA or, at its direction, to the trustee for its bondholders, and used to fund projects contained in a Five-Year Capital Program adopted by the RTA as provided in Section 2.01b of the RTA Act or for debt service on bonds or notes issued by the RTA to fund those projects. Upon appropriation, amounts in the Downstate Account may be used for payments of debt service on state general obligation bonds issued for downstate public transit systems or inter-city passenger rail facilities, or for grants to downstate public transit systems. (30 ILCS 105/6z-77)
4. Amend Articles 3 and 6 of the Motor Vehicle Code (625 ILCS 5) to increase user fees for license plates by \$38, drivers licenses by \$40 and certificates of title by \$30 and miscellaneous fees by various amounts. Deposit all money from those increases in the State Construction Account of the Road Fund. Change the percentage allocation of fees going to the Construction Account and the Road Fund to make certain the entire fee increase goes to the Construction Account. Amend the Motor Fuel Tax Act to increase the local share of net MFT revenues from 54.4% to 69% and reduce the State share from 45.6% to 31% to ensure that local highways receive the same

percentage increase of new highway dollars as state highways. (35 ILCS 505/8)

5. Amend the General Obligation Bond Act (30 ILCS 330) to increase the debt authorization as follows:
  - a. In Sec. 2 increase the overall authorization for all purposes from \$27.7B to \$33.96B.
  - b. In Sec 4(b)(3) increase the authorization for downstate transit systems by \$140M.
  - c. In Sec 4(b) add a new subsection (4) authorizing \$500M inter-city passenger rail facilities.
  - d. In Sec 4 add a new subsection (d) authorizing \$4.05B for use statewide for state highways.
  - e. In Sec 4 add a new subsection (e) authorizing \$500M for highway/rail grade separations and crossings related to CREATE.
  - f. In Sec 4 add a new subsection (f) authorizing \$115M for airports and aviation facilities.
  - g. In Sec 5(e) increase the authorization for grants to school districts for school improvement projects by \$1B in \$200M increments over 5 years.
  
6. Amend the General Obligation Bond Act (30 ILCS 330/14,15), and the State Finance Act (30 ILCS 105/5d and 6z-77) to provide that the annual payments of principal and interest on newly authorized bonds issued by the State for
  - a. downstate transit and passenger rail would be paid from the Downstate Account in the Public Transportation Infrastructure Fund;
  - b. school construction would be paid from the General Fund; and
  - c. state highways, CREATE and airports would be paid from the State Construction Account of the Road Fund.

# TFIC Capital Bill Proposal

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