



MEMORANDUM

To: CMAP Board

From: CMAP Staff

Date: September 4, 2019

Re: Transportation capital infrastructure package enacted in 2019

The 101st Illinois General Assembly concluded the first year of session with a flurry of activity, passing Rebuild Illinois, an infrastructure funding package with new revenues¹ and a comprehensive state budget, among other initiatives. The session saw action on several ON TO 2050 recommendations including an increase of the state motor fuel tax (MFT) and its indexing to inflation; new ongoing funding for transit capital; an emphasis on multi-modal projects such as bicycle and pedestrian facilities; and authority for some local governments in northeastern Illinois to raise their own user fees.

This analysis discusses the revenues passed, implications for multimodal projects, and what further actions are needed. Although the legislation made laudable progress, critical work remains to ensure adequate transportation funding that will enable the region to make the level of investments required to improve overall condition and modernize the system. While some funds have been allocated to specific projects or modes, much about how these funds will be programmed remains unknown. Other funds allocated should be programmed by the State and local governments according to need and benefit. Even with all allocated funds, there is still a gap to address all infrastructure needs and truly sustain the system.

Moving forward, CMAP will identify how to include these challenges and priorities for the agency's 2020 legislative agendas and other policy initiatives. To meet the goal of a reliable, efficient, and safe system, the region needs to focus limited resources on asset management and modernization. The infusion of additional funding into the system still falls short of the need, particularly for transit. To modernize the system and adapt to changing mobility, state and regional policy makers will have to consider revenue enhancements like congestion pricing,

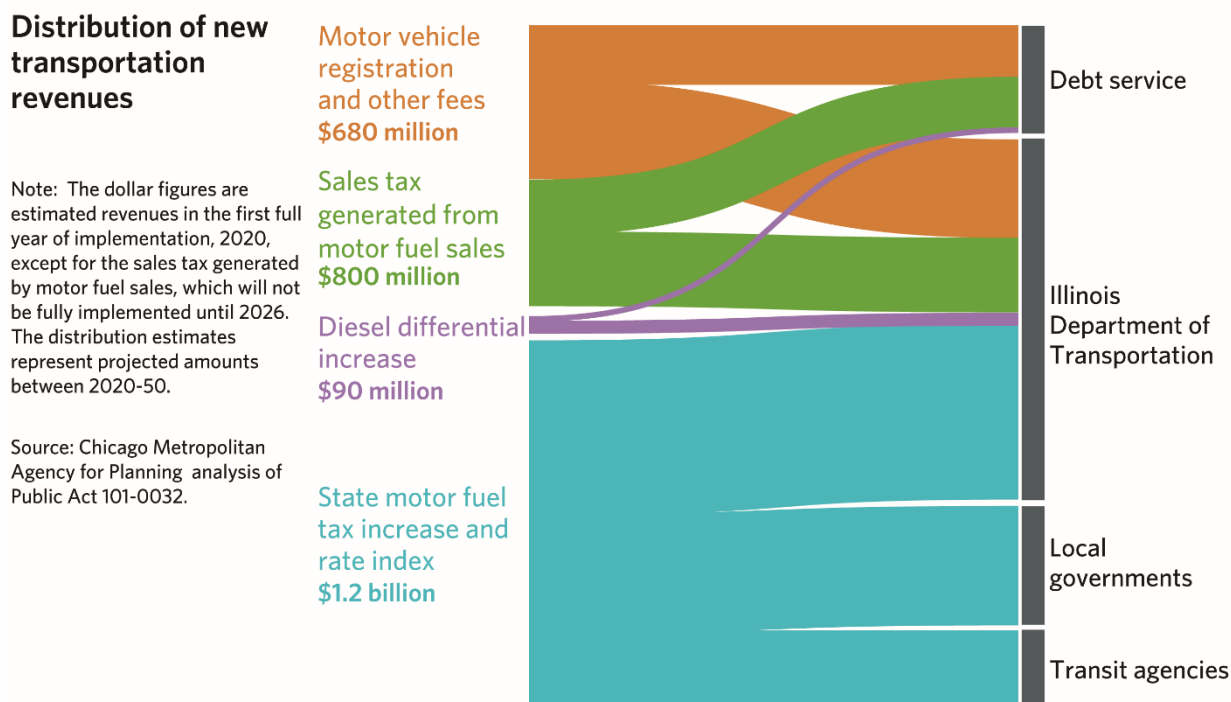
¹ Capital revenues and proposed expenditures approved by the Illinois General Assembly and signed by Governor Pritzker were established in four separate pieces of legislation: Public Acts [101-0029](#) (capital appropriations), [101-0030](#) (bonding authorization), [101-0031](#) (revenues for other infrastructure projects), and [101-0032](#) (transportation revenues). These are collectively known as the Rebuild Illinois program.

tolling, and securing additional transit revenues, and eventually transitioning from the MFT to a road usage charge, all of which are recommendations of ON TO 2050.

A companion analysis examines non-transportation legislation, including “vertical” capital appropriations, enacted this summer which also affect the region’s ability to implement ON TO 2050.

User-fee based funding for transportation

Among many notable achievements this session, the revenues passed for transportation capital are derived from user fees, primarily charging those who benefit from the system. CMAP has long recommended that the State move away from using unrelated revenues to fund the transportation system and towards more sustainable funding for all modes, and the bills enacted as part of Rebuild Illinois make progress on both counts. In the first full year of implementation, the changes will provide an estimated additional \$2 billion from raising transportation user fees. In addition to these transportation user fees, Rebuild Illinois shifts those sales taxes associated with motor fuel purchase from the General Funds to the Road Fund, providing annual revenues between \$470 - \$840 million at full implementation in 2026, depending upon the price of motor fuel. Over time, the full set of revenues will be used to both pay back \$11 billion in new bonds associated with the Rebuild Illinois program issued over six years for roadway, bridge, transit, rail, port, and airport infrastructure, as well as to pay for state, local, and transit capital needs on an ongoing basis.



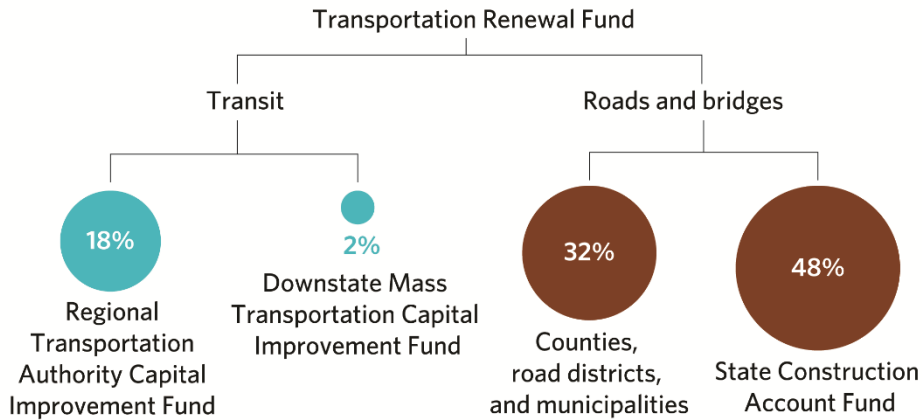
Motor fuel tax increased, indexed

The capital funding package doubles the state MFT rate from 19 cents per gallon to 38 cents per gallon. In addition, the MFT rate is indexed to the federal Consumer Price Index for all Urban Consumers, allowing revenues to grow more sustainably and keep up with the costs of operating and improving the system, which increase over time. The increase and indexing of the state MFT implements a major recommendation of ON TO 2050 and its predecessor GO TO 2040. The proceeds of the rate increase will be deposited into a new Transportation Renewal Fund, estimated to total \$1.2 billion in the first year. This fund will provide ongoing revenues to the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA), downstate transit agencies, and local governments.² The following chart displays the percent of new MFT revenues distributed to each entity.

Distribution of Illinois' 19-cent motor fuel tax increase

Note: Percentages represent the portion of \$1.2 billion in anticipated new annual motor fuel tax revenue.

Source: Chicago Metropolitan Agency for Planning analysis of Public Act 101-0032.



The higher rate imposed on diesel fuel, known as the diesel differential, will also increase from 2.5 cents per gallon at present to 7.5 cents per gallon. The revenues, estimated to generate nearly \$90 million in the first year, will be deposited into the Road Fund to support ongoing state transportation needs and debt service. The diesel differential attempts to compensate for the impacts of freight haulers, which cause additional wear and tear on the roadways due to vehicle weight. Under the legislation, while the 38 cent per gallon base rate is indexed to inflation, the 7.5 cent differential is not. As a result, the proportional difference between the rate that drivers of diesel fuel vehicles pay and the rate that other drivers pay will diminish over time.

Passenger, truck, and electric vehicle registration fees increased

Public Act 101-0032 also increases several other transportation-related fees. Such fees are currently the largest source of funding for IDOT. These include increasing passenger vehicle registration fees by \$50 and truck registration fees by \$100. Several other fees, such as certificate

² Distribution of the revenues generated from the prior motor fuel tax rate will not change. For the current distribution methodology, see <http://www.idot.illinois.gov/Assets/uploads/files/Doing-Business/Manuals-Guides-&-Handbooks/Highways/Local-Roads-and-Streets/MFT/Motor%20Fuel%20Tax%20Funds%20Source,%20Distribution%20and%20Uses%20for%20Municipality.pdf#page=10>.

of title fees, were also increased. ON TO 2050's financial plan for transportation assumed increases in these fees.

The funding package also increases fees for electric vehicles. Instead of a discounted \$35 biennial electric vehicle registration fee, electric vehicle owners will now pay the same base registration fee as all vehicle owners -- \$151 -- plus an additional \$100 fee in lieu of paying the MFT. This provision introduces more parity between electric vehicle drivers and other drivers. However, most drivers will pay closer to \$200 annually in MFTs per vehicle under a 38-cent MFT, and unlike the MFT rate, the \$100 fee will not be indexed to inflation.

Expanded revenue options for local governments

Counties, road districts, and municipalities will receive disbursements of the MFT increase from the Transportation Renewal Fund, as well as bond funding discussed later in this analysis. Local governments already receive state MFT revenue from the 19-cent rate, equivalent to 54.4 percent of the revenues after deductions (or about 45 percent of the gross amount) according to criteria outlined in statute. From the increased rate, local governments will receive 32 percent. While the proportional breakout among types of local governments is the same as current statute, the new language does not outline what criteria IDOT should use to disburse the revenues. Assuming the criteria will be the same as for disbursement of existing MFT revenues, local governments in northeastern Illinois would receive approximately 66 percent more MFT revenues, or \$235 million in the first year, and nearly \$12 billion over the next thirty years.

The increased funding to local governments can be used for highway maintenance, highway construction, bridge repair, congestion relief, and construction of aviation facilities. The legislation does not explicitly permit investment of the local government allocations from the Transportation Renewal Fund in transit infrastructure, such as Metra stations, which are often municipally owned properties. Therefore, it remains unclear if transit capital expenditures would be eligible in cases where congestion relief benefits are not evident, which is a requirement under current law. Clarification via new legislation would aid multimodal expenditures of funds.

Public Act 101-0032 provides some local governments with the ability to implement their own local MFT. This helps accomplish the ON TO 2050 recommendation that local governments implement user fees to fund the cost of providing infrastructure and that the State allow them to do so. Currently, DuPage, Kane, and McHenry counties are the only non-home rule counties permitted to charge a local MFT, while both home rule municipalities and the state's sole home rule county, Cook, may establish and collect a local MFT pursuant to their home rule powers. As illustrated in the chart below, the funding package allows Lake and Will counties to establish their own MFT, while also increasing the current maximum rate for these five counties to 8 cents per gallon from 4 cents and indexing the rates to inflation. In addition, non-home rule municipalities located within Cook County may now implement a local MFT of a maximum of 3 cents per gallon. The Illinois Department of Revenue (IDOR) would collect the taxes and charge a 1.5 percent collection fee.

County motor fuel tax rates, current rates and maximum rates allowed by new legislation

Note: Cook County currently imposes a rate of six cents under their home rule authority.

Source: Chicago Metropolitan Agency for Planning analysis of Public Act 101-0032.

Previous maximum county MFT rate	No limit			Cook
	4 cents		DuPage Kane McHenry	
	No county MFT	Kendall	Lake Will	
		No county MFT	8 cents	No limit
Maximum rate under new legislation				

Bond proceeds support near-term investments while incurring long-term obligations

The State will use revenue accruing to the Road Fund to pay off debt service for the \$11 billion in bonds that the State will issue as part of this capital package. [Public Act 101-0030](#) provided an additional \$6.5 billion to the existing Series A bond authorization and \$4.5 billion for a new Multi-modal Transportation Bond Fund authorization. Bond proceeds will be allocated toward state and local road projects, transit projects, and other transportation infrastructure such as aviation, ports, and freight rail.

[Public Act 101-0029](#) provides \$1.5 billion in Series A bond funds to counties, road districts, and municipalities for public infrastructure and transportation improvements related to economic development. The breakout among types of local governments is the same as the state MFT, but again, the criteria that will be used to disburse the bond funds among local governments within each type is not indicated. The following table provides a summary of how the bond funds will be allocated.

Bond authorizations and estimated debt service

Bond amount expected between FY2020-25	
State roads and bridges (Series A)	\$5.0 billion
Counties, townships, municipalities (Series A)	\$1.5 billion
Transit (Multi-modal Transportation Bond Fund)	\$3.0 billion
Aviation, passenger rail, freight, ports (Multi-modal Transportation Bond Fund)	\$1.5 billion
Total bond proceeds amount	\$11.0 billion
New debt service payments from Road Fund expected between FY2020-50	-\$17.4 billion
Note: Debt service estimate assumes that bonds are issued approximately evenly over the six years of the program and that the interest rate is 4.5 percent. Calculated in nominal dollars. Payment total includes interest and principal.	

CMAP estimates that \$17.4 billion of the new Road Fund revenues will be used for bond payments over the next three decades. During most of the repayment period, the State will need to use somewhere between one third and one half of additional Road Fund revenues for debt service. The State has not indicated a specific timeline for issuing these bonds. Under the previous capital program, Illinois Jobs Now!, Illinois delayed issuing bonds and providing bond funds due to lower than anticipated revenues, which particularly affected the timing of transit investments. However, some of the transportation revenues that will be used to repay these transportation bonds will start accruing to the Road Fund immediately, which could help with timely issuance of the bonds. A schedule of predictable bond revenue sales would help implementers plan for improvements.

A portion of the Build Illinois Bond funds, which use non-transportation revenues and provide funds to many types of infrastructure, were also allocated to transportation purposes. These are discussed in further detail below.

Revenue allocation decisions remain

The capital package identifies many new transportation investments. Some projects are specifically named, while other project types receive new funding allocations. The following describes these investments. As of this writing, neither IDOT's FY2020 annual highway improvement program, FY2020-25 proposed multi-year highway improvement program, nor the final Transportation Asset Management plan have been published. Those documents will provide additional clarity about what major investments will be prioritized in the near term.

Over an anticipated six years, the capital funding package provides approximately 53 percent of its new transportation funds for state roads and bridges, 21 percent for transit, 19 percent for localities, and 7 percent for other improvements such as passenger rail, freight rail, aviation,

and ports, after deducting estimated debt service.³ Excluding the initial infusion of bond proceeds, the ongoing percentage to transit is smaller, at an average of 14 percent per year from 2019-50.

The table below shows the distribution of all new transportation revenues for the first six years, including amounts dedicated to specific projects and estimates of funds for northeastern Illinois.⁴ Approximately 10 percent of new transportation revenue provided by Rebuild Illinois is dedicated to specific projects identified in [Public Act 101-0029](#) and [Public Act 101-0007](#).

Distribution of new transportation funding

(Millions of \$)	FY20-25 Total	Estimate to northeastern IL	Funds for specific projects	
			Funds appropriated	Share of total funds
State roads and bridges				
<i>State Construction Account (from TRF)</i>	\$3,821	No est.	\$81	2%
<i>Road Fund**</i>	\$2,705	No est.	\$100	4%
<i>Bond proceeds</i>	\$5,000	No est.	\$1,010	20%
Localities				
<i>MFT revenue (from TRF)</i>	\$2,547	\$1,535	-	0%
<i>Bond proceeds</i>	\$1,500	\$988	-	0%
Transit				
<i>MFT revenue (from TRF)</i>	\$1,592	\$1,433	-	0%
<i>Bond proceeds</i>	\$3,000	\$2,700	\$346	12%
Other bond proceeds				
<i>CREATE</i>	\$400	\$400	-	0%
<i>Intercity passenger rail</i>	\$722	No est.	\$722	100%
<i>Grade crossings</i>	\$78	No est.	-	0%
<i>Aeronautics</i>	\$150	No est.	\$6	4%
<i>Ports</i>	\$150	No est.	-	0%
Total	\$21,665		\$2,265	10%
*For local governments, it is assumed for purposes of this analysis that current distribution criteria will be used. However, this is not specified in the legislation.				
**Road Fund notes: 1) P.A. 101-0032 requires IDOT to set aside \$50 million from the Road Fund for pedestrian and bicycle facilities, including conversion of abandoned railroad corridors to trails. 2) Road Fund estimates presented above exclude amounts that will be dedicated to repayment of bonds. Staff's Road Fund debt service estimate for FY20-25 is \$3.1 billion, though actual amounts could vary substantially if the State's timeline for bond issuances differs from staff's assumptions.				

³ While the revenues and bond authorizations enacted are not generally tied to a specific timeframe, the Governor's office has discussed and analyzed Rebuild Illinois as a six-year program (FY202-25), and this portion of this analysis uses this same timeframe.

⁴ Note that while the Governor's office's [summary of Rebuild Illinois](#) includes certain federal funds and existing revenues, this analysis only considers new state revenues.

In addition to funds derived from new transportation revenues, the capital package also includes appropriations from the existing Build Illinois Bond Fund for a wide variety of improvements, some of which include transportation projects. Build Illinois Bonds, first established in 1985 as an economic development initiative, are now used for a wide variety of purposes including public infrastructure, community development, and schools. Debt service is repaid from sales tax revenue and the Capital Projects Fund, which will receive new cigarette tax, parking tax, and certain gaming revenues. The table below displays the distribution of transportation-related Build Illinois Bond funds. The majority of funds are for general infrastructure in unspecified locations, though all funds in the road/bridge, bicycle/pedestrian, and transit categories -- and some funds in the general infrastructure category -- are dedicated to specific projects identified in [Public Act 101-0029](#).

Build Illinois Bond Fund appropriations for transportation*

(estimates in millions)	Northeastern Illinois	Downstate	Unspecified	Total
Roads/bridges	\$37.9	\$6.6	-	\$44.5
Bicycle/pedestrian	\$12.8	\$0.6	-	\$13.3
Transit	\$2.5	\$3.3	-	\$5.7
Transportation electrification**			\$70.0	\$70.0
General infrastructure*	\$31.6	\$14.0	\$779.3	\$824.9
Total	\$84.8	\$24.4	\$849.3	\$958.5

*General infrastructure refers to funding from line items designated for "infrastructure improvements", "capital improvements", or other unspecified improvements. Eligible recipients include local governments, school districts, community based providers, and other entities. These funds could be – but are not guaranteed to be – used for transportation projects.
 **Transportation electrification includes electric vehicle charging infrastructure and electrifying public transit, fleets, and school buses.

Appropriations include some ON TO 2050 Regionally Significant Projects

New revenues available to the region as a result of the capital package will impact some of ON TO 2050's existing [Regionally Significant Projects](#) (RSPs). A number of ON TO 2050 RSPs are specifically identified for funding in the capital package, while additional revenue available to implementing agencies will enable progress on others. The Governor's office released fact sheets indicating specific projects that will be advanced as part of Rebuild Illinois, some of which are RSPs.⁵ RSPs of note include:

- [I-80 \(Ridge Rd to U.S. 30\)](#): \$1.2 billion (\$848 million specifically provided in legislation)
- [I-190](#): \$561 million
- [CREATE](#): \$400 million for the 75th St. Corridor Improvement Project and adjacent corridors

⁵ Chicago projects fact sheet: <https://twitter.com/GovPritzker/status/1145748697864646656>
 Will County projects fact sheet: https://www2.illinois.gov/IISNews/20266-Rebuild_Illinois_-_JolietWill_Co_Transportation_Projects.pdf

- [IL-43/Harlem Avenue \(CREATE project GS-1\)](#): \$150 million⁶
- [US-12/95th St.](#): \$92 million
- [IL-47](#): \$57 million
- [CTA Blue Line O'Hare Branch](#): \$50 million

Three other projects identified in the capital package, operating budget, and budget implementation bill, respectively, would qualify as RSPs and require amendment of ON TO 2050 or inclusion in the next plan update if they were to proceed past preliminary engineering. While additional projects may arise as new funds are programmed, projects that meet the RSP threshold and are currently not on the fiscally constrained list include:

- Metra extension to Kendall County (currently on the fiscally unconstrained list)
- Eagle Lake Road interchange
- Road and transit improvements related to the proposed [One Central](#) development⁷

Appropriations include mix of enhancements and expansion

ON TO 2050 emphasizes investment in the existing transportation system, with limited expansions. Even with these new revenues, the backlog of state of good repair needs as well as enhancement and modernization needs require a focus on the existing system. Because most of the funding provided in the capital package is broadly eligible for different project types -- including reconstruction, modernization, or expansion -- it is not yet possible to analyze impacts of Rebuild Illinois by project type. The [Rebuild Illinois summary document](#) released by the Governor's office indicates that Transportation Asset Management Plan criteria will drive decision-making for state-funded road construction projects. Projects specifically listed in the capital package or in subsequent information released by the Governor's office represent a mix of enhancements to the existing system and system expansions. IDOT's FY2020-25 multi-year program will provide clarity about near term priorities and future projects but as of this writing that document is not available. ON TO 2050 emphasizes asset management and other performance-based processes in the allocation of transportation funds.

Bond funds support investments identified in LTA plans

The appropriations in Public Act 100-0029 vary in their degree of project specificity. From the information available in the public act, staff have identified a number of projects slated to receive Build Illinois Bond Fund proceeds that are supported by local plans conducted by CMAP's Local Technical Assistance (LTA) program. Of these projects, twenty-one identify specific planning elements from completed local plans, totaling approximately \$9 million. These projects include bicycle/pedestrian improvements, housing and community development projects, and transit improvements. Staff have identified an additional forty-five projects within

⁶ This appropriation is from the Grade Crossing Protection Fund (GCPF). However, it is not clear that sufficient revenues will be available for both this line item and the traditional GCPF appropriation in P.A. 101-0007.

⁷ The Budget Implementation Act included a new [Public-Private Partnership for Civic and Transit Infrastructure Project Act](#). This allows the State to negotiate and enter into a public private partnership with the developer of One Central, including the provision of public funding of infrastructure through state sales tax revenues. One Central, as outlined by the developer, includes road and transit improvements that would meet ON TO 2050's threshold for Regionally Significant Projects (RSP) but are currently not on the ON TO 2050 fiscally constrained list.

the legislation that total another \$9 million designated for unspecified infrastructure improvements in communities that have received assistance from the LTA program. If prioritized for projects identified in planning efforts, these projects can be implemented quickly, demonstrating the importance of the local planning process. In addition to the identified projects, it is possible that other appropriations flowing to communities in northeastern Illinois will be used to fund projects recommended in recent planning efforts.

Project implementation will take time

While new funding promises many benefits for the region's transportation network, much work remains to implement Rebuild Illinois. The funds and projects outlined in the capital funding package and budget will be planned and implemented over at least the next six years. Before many of these projects can begin, many must undergo a series of planning steps. Each federally funded project must be in the region's [Transportation Improvement Program \(TIP\)](#), which budgets for transportation projects undergoing planning or implementation within the next five years. The [RSP](#) list within ON TO 2050 outlines fiscally constrained major transportation improvements that the region will pursue, containing federally funded projects that add capacity and cost more than \$100 million, and all projects exceeding \$250 million, including reconstructions. Several projects listed in the capital funding package are not currently included in one or both of these lists, and will need to successfully undergo their respective [amendment processes](#).

Additional considerations to implement ON TO 2050

While the capital funding package implements a number of ON TO 2050 priorities, there is room for advancement on others. As outlined above, the bill provides increased revenue for transportation infrastructure. Several funding set-asides allocate funding directly to the multimodal projects that are important for a well-functioning transportation system that works better for everyone. Local governments received more options to raise revenues, and freight investment continues to garner support. However, more progress is needed on emerging technology and performance based programming.

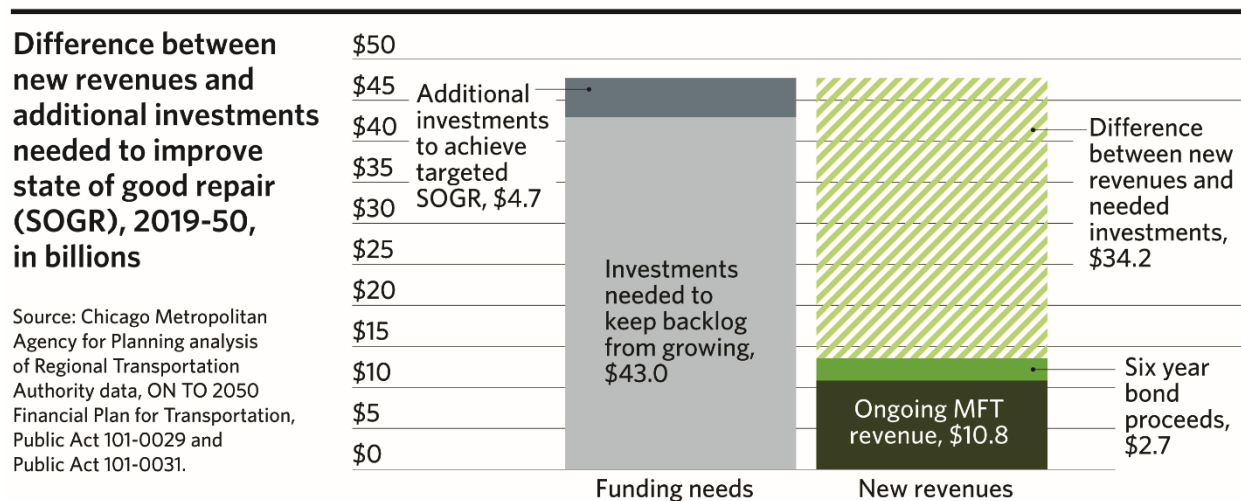
Transit funding will not achieve a state of good repair

The legislation represents the first time that a portion of the state MFT has been dedicated toward funding transit capital infrastructure. The RTA will receive ongoing distributions of revenue from the Transportation Renewal Fund, equivalent to 18 percent of the fund, via the state MFT increase. These revenues will initially provide approximately \$235 million, and will increase annually as the MFT rate increases, resulting in \$10.8 billion over the next 30 years. In addition, the RTA will receive \$2.7 billion from the Multi-modal Transportation Bond Fund over the next six years, including \$2.2 billion to be used for capital infrastructure across the system and \$469.5 million to be used for specific projects outlined in the legislation. Overall, transit investments in northeastern Illinois account for a quarter of the \$11 billion transportation bond funding. The following table provides an overview of these new funding resources. In addition to these, \$2.5 million in Build Illinois Bond funds were appropriated to municipalities in the region for transit infrastructure, primarily for station improvements.

New funding for RTA, 2019-50

Multi-modal Transportation Bond Fund appropriations	\$2.7 billion
Funding for capital infrastructure across the system	\$2.2 billion
Funding for specific projects	\$0.5 billion
Transportation Renewal Fund	\$10.8 billion
Total	\$13.5 billion

Despite the benefits of this new funding, basic state of good repair needs on the transit system remain unfunded. In 2017, the RTA reported that nearly a third of its assets were not in a state of good repair, representing a \$19.4 billion maintenance backlog. In addition to maintenance needs, the system requires additional investments in enhancements in order to improve access to transit and increase ridership. Once the priorities for this new funding are determined and the remaining needs identified, the State and region will likely need to consider additional sources of funding for transit.



Clarification on funding for biking and walking

The capital funding package requires IDOT to set aside \$50 million from the Road Fund for bicycle and pedestrian improvements to be awarded competitively through an expanded Illinois Transportation Enhancements Program (ITEP), with provisions to allow high-need communities easier access to the funds. The intent appears to be an annual allocation to biking and walking, but the language is imprecise and may require cleanup in future bills. It is important that the new state funds continue to be dedicated to a mix of on-street improvements, separate trails, and elements of larger projects. In addition, IDOT may need to provide support to high-need communities that often lack sufficient staff to oversee the project application or management of these projects. The legislation calls for administrative rules to be developed for the expanded ITEP program.

Continued investment in freight priorities

The capital funding package also allocates \$400 million to CREATE, a priority of ON TO 2050 to support the region's status as a rail freight hub as well as ease passenger rail delay and reliability issues. Initial information provided by the Governor's office indicates that these

funds will go to the [75th Street Corridor Improvement Project and adjacent corridors](#), reaching approximately 75 percent of the funding required for the second phase of the 75th Street CIP. Private railroads and Cook contributed to the first phase, and private or additional public support may be required again, pending final cost estimates. This project received a \$132 million INFRA grant from the U.S. Department of Transportation in 2018, as well as significant contributions from the State and Cook County to pursue the first portion of the project. ON TO 2050 recommends implementing CREATE, with a particular focus on the 75th Street project as well as a set of [priority grade crossings](#) throughout the region.

Additional revenues to local governments

A large portion of the state's roadway, bicycle, and pedestrian infrastructure is maintained by counties, road districts, and municipalities. ON TO 2050 calls for additional funding and funding options for local governments to provide transportation infrastructure and basic services. The capital funding package allocates additional revenues to local governments as well as providing limited new options for them to raise revenues for transportation infrastructure. Many local governments lack the resources necessary to even assess the condition of their infrastructure, so it is unclear whether this funding will be sufficient to address needs. CMAP has prioritized pavement management at the local level, aiding local governments in collecting data on road condition and developing pavement management plans.

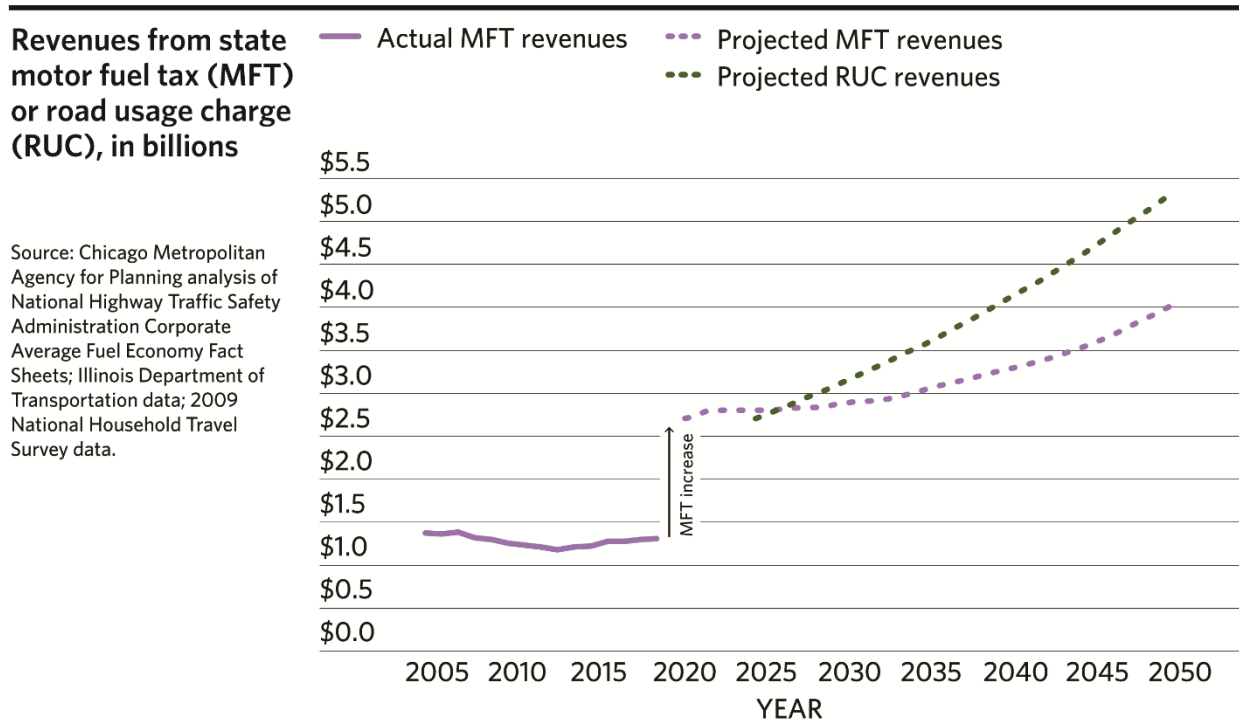
Improvements to IDOT and RTA funding allocation process

ON TO 2050 recommends that transportation funding be distributed based on transparent evaluation criteria that assesses a project's merits relative to established goals and targets. IDOT has recently begun to use more sophisticated asset management practices, as documented in its Transportation Asset Management Plan, to make maintenance investments. However, IDOT has not provided a transparent statewide prioritization system for expansion and congestion mitigation projects in program development. Similarly the transit agencies do not have a performance-based system for allocating funding to programs and projects across the three service boards. For projects not already listed as line-items in the capital funding package, it is important to make sure new and existing revenues are used for projects that best achieve state goals for improving system condition, enhancing safety, reducing congestion, and providing better transportation access, among others. As Rebuild Illinois is implemented, projects that maximize regional benefits -- regardless of mode -- should be given highest priority.

Eventual transition to a road usage charge remains necessary

The MFT increase and indexing, as well as other fees increased in the capital funding package, have provided an excellent step toward sustainable transportation funding for the state and region. At the same time, mobility trends continue to change. Increased fuel efficiency and a lack of substantive growth in vehicle travel will undermine the ability of the MFT, even indexed to inflation, to keep pace with the cost of operating and maintaining the system over the long term. CMAP forecasts that state MFT revenues will increase an average of 1.4 percent annually, less than anticipated inflation. The annual inflationary rate increase is insufficient to keep up with increasing costs of construction and system needs due to expected reductions in fuel consumption.

ON TO 2050 recommends long-term replacement of the MFT with a road usage charge (RUC), which is collected as a per-mile fee when driving on public roadways. This transition is likely to take a decade or more. Implementing a RUC pilot in the near term can help the State explore administrative, reporting, and pricing options and impacts. The following chart compares expected revenues to the state, including the MFT increase, with potential revenues from a road usage charge.



Future legislation should look towards adapting to evolving technologies

As the State allocates new dollars, preparing to take advantage of new transportation technology should be a priority. ON TO 2050 calls for the State and region to harness technology to improve travel and anticipate future impacts. One priority is investing in connected and adaptive signals and interjurisdictional partnerships to manage congestion, speed transit, and respond to incidents on today’s system. Increased data from connected vehicles, mobile phones, and other sources could be analyzed to improve active traffic management over time. ON TO 2050 also calls for pilots for autonomous vehicles, innovative approaches to transit in low service areas, and improving the commutes of low income workers using. None of these investments are highlighted by the capital funding package, but should be implemented as funds are programmed.

Another rising issue is the growing use of transportation network companies (TNCs) such as Uber, Lyft, Via, and others. Local governments have primary responsibility to regulate and tax these services, often going beyond basic regulation to collaborate with TNCs on improving high volume pickup and drop-off areas to reduce congestion. Some local governments, such as the City of Chicago, use TNC fees to support transit improvements. The current legislation

governing TNCs will expire in June 2020, providing an opportunity to raise the bar for regulation, data sharing, and fees.

ACTION REQUESTED: Discussion

###