



CIVIL TALK

CIVIL ENGINEERING ~ SURVEYING ~ GRANT WRITING
A NEWSLETTER FROM HENEGHAN & ASSOCIATES, P.C.

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Celebrating Our 23rd Year In Business

March 2009

Sippers and Guzzlers

Many things have changed during these difficult economic times we have been experiencing. When gas was \$4.00 per gallon, we were finding ways of reducing our gasoline use to reduce our fuel costs and lighten the load on our pocket book. One man said he knew someone whose fuel cost for one month was more than his house payment. Perhaps you can relate to that statement.



Even now, with gas costing on average \$2.00 per gallon, people are driving less due to the struggles resulting from the downturn in the economic environment. As people have reduced their driving time, joined carpools, and turned

to driving fuel sippers rather than gas guzzlers, less tax money is being generated at the pump. Even boating has played a major role in the decrease of gasoline use and gas taxes. Many boaters have changed their water ways by spending time in one or more designated locations opposed to running boats up and down rivers or lakes. Other boaters have chosen to simply not use their boats or even sell them.

Presently in the State of Illinois, 19 cents for each gallon of gasoline purchased, which is included in the total price per gallon that you pay at the pump, is deposited into the Motor Fuel Tax (MFT) fund. The 19 cent charge has not been increased since 1990—almost 20 years ago. In addition to the 19 cent charge, another 2.5 cents per gallon is deposited for each gallon of diesel fuel purchased. The tax is levied on the privilege of operating motor vehicles on public highways and of operating recreational watercraft upon the waters of the state.

The taxes are ultimately allocated monthly by the Illinois Department of Transportation (IDOT) to the counties, townships, and municipalities according to the MFT Fund Distribution Statute 35 ILCS 505/8. The tax is distributed based on population. Hence, larger communities will receive a bigger portion of the lion's share than a smaller community. Smaller communities are often already struggling due to the lack of revenue generated by retail and income tax. So those having a hard time end up facing more difficult times especially considering all the things that MFT pays for.

The MFT can be used for many different things including construction and maintenance of streets, alleys, and highways; bicycle paths and parking facilities; storm sewers; street lighting; sidewalks; non-dedicated subdivision roads and more.

IDOT has determined other eligible MFT uses if they are related to MFT maintenance including curb ramps; right-of-way; salt storage facilities; utility adjustments; tree trimming and tree removal; holidays, vacation, and sick leave; workers' compensation insurance premiums; retirement fund and social security fund; equipment operations costs, and more.

According to the Illinois Municipal League (IML) in fiscal year (FY) 2005, actual MFT receipts were \$28.99 per capita or per person. Since 2005, the per capita distribution has decreased. The MFT receipts in FY 2008 were \$28.07 per capita or 3.0% lower than FY 2007. The MFT receipts for FY 2009 are estimated to be \$25.80 or an 8.1% decrease from FY 2008. One can begin to see there is a lack of funding for badly needed road improvements and other transportation needs.

In an effort to make up for this lack of funds our government is looking at new ways to replace the lost MFT revenue. Although it has been stated that the federal government will not support a policy of taxing drivers based on their mileage, (known as a mileage tax), some states are considering implementation of this tax.

Simply put, the mileage tax would tax drivers based on the number of miles they drive their vehicles. The drivers and miles would be tracked through the Global Positioning System, commonly referred to as GPS,



Officials in Oregon are considering a system to collect a mileage tax on vehicles. A transponder like this one is installed on the dashboard of a vehicle to record its mileage. (Photo courtesy of the Oregon Department of Transportation)

which would be installed in vehicles. While some motorists believe this is an invasion of privacy, proponents of the mileage tax say the system doesn't track where the tax payers are traveling to and from, with mileage only being read when drivers fuel up.

The State of Oregon has already conducted a pilot program testing the use of the mileage tax. According to the article published on December 31, 2008, "Governor Pursuing GPS-Based Mileage Tax," by Chris Shunk, in 2006 and 2007, the program was tested by 300 motorists with a 1.2 cent per mile tax charged. A person driving a total of 12,000 miles annually would pay \$144 in mileage tax. In comparison, a 25 mpg vehicle driving 12,000 miles would pay \$115 based on Oregon's 24 cent per gallon tax.

However you slice and dice it, the bottom line is states are looking for ways to make up for the shortfall in MFT dollars. Other suggestions have been to implement more toll roads, higher vehicle registration fees, and new kinds of transportation taxes. Without generating additional revenue,

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**9th Annual
SCHOLARSHIP
OPPORTUNITY**



Heneghan and Associates is accepting scholarship applications from high school seniors located in central and southern Illinois who are interested in pursuing college education in engineering, math, or surveying. Submittal deadline is Friday, April 3. Please call Cheryl Moody at 618-281-8133 or e-mail camoody@heneghanassoc.co

~ Cont. ~

counties, townships, and municipalities may have difficulty keeping roads and streets maintained at a safe level, which can have a negative impact on real estate values—as if those aren't already hurting too.

Although the IML is estimating MFT for FY 2010 to increase by 1.9% or to \$26.30 per capita, it is still significantly lower than MFT dollars being distributed at the beginning of the new Millennium.

As can be seen, planning for your MFT funding is of utmost importance and maybe even more so now. If you feel like you need assistance with your MFT program, contact Heneghan and Associates—we can help.



March 8th ~ Daylight Savings Begins



March 17th ~ St. Patrick's Day



March 20th ~ Spring Begins



CIVIL TALK is published by
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Questions or comments? Please e-mail

Cheryl Moody

camoody@heneghanassoc.com

or call **618-281-8133**.

For address changes or to update names of elected officials, board members, etc.,

please e-mail **Susan Isringhausen**

skisringhausen@heneghanassoc.com

or call **618-498-6418**.

\$\$ FUNDING FACTS \$\$

The Community Development Assistance Program (CDAP) grants, which are funded through the Department of Commerce and Economic Opportunity (DCEO), are a valuable source of funds for designing, and constructing your public works projects. The emergency public facilities grant application can be submitted at any time. The maximum amount of the grant, which is free money that does not have to be repaid, is \$100,000. The purpose is to improve public infrastructure and eliminate conditions dangerous to health, safety, and public welfare. Local matching funds of 25% are required for the emergency public facilities. Priority is water, sanitary and storm sewer. If you have any questions please give us a call, or you can call DCEO at 800-785-6055.

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WEB SITE

618-498-6418

JERSEYVILLE

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