

SB3635



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3635

Introduced 2/5/2026, by Sen. Laura M. Murphy

SYNOPSIS AS INTRODUCED:

35 ILCS 505/8

from Ch. 120, par. 424

Amends the Motor Fuel Tax Law. Provides that the monthly amount transferred from the Motor Fuel Tax Fund to the Grade Crossing Protection Fund shall be increased in each fiscal year by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for the most recent 12-month period for which data is available on July 1 of the fiscal year for which the monthly grade crossing protection amount is calculated. Effective immediately.

LRB104 20674 JDS 34173 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Motor Fuel Tax Law is amended by changing
5 Section 8 as follows:

6 (35 ILCS 505/8) (from Ch. 120, par. 424)

7 Sec. 8. Distribution of proceeds of tax. Except as
8 provided in subsection (a-1) of this Section, Section 8a,
9 subdivision (h)(1) of Section 12a, Section 13a.6, and items
10 13, 14, 15, and 16 of Section 15, all money received by the
11 Department under this Act, including payments made to the
12 Department by member jurisdictions participating in the
13 International Fuel Tax Agreement, shall be deposited into a
14 special fund in the State treasury, to be known as the Motor
15 Fuel Tax Fund, and shall be used as follows:

16 (a) 2 1/2 cents per gallon of the tax collected on special
17 fuel under paragraph (b) of Section 2 and Section 13a of this
18 Act shall be transferred to the State Construction Account
19 Fund in the State Treasury; the remainder of the tax collected
20 on special fuel under paragraph (b) of Section 2 and Section
21 13a of this Act shall be deposited into the Road Fund. +

22 (a-1) Beginning on July 1, 2019, an amount equal to the
23 amount of tax collected under subsection (a) of Section 2 and

1 Section 13a as a result of the increase in the tax rate under
2 subsection (a) of Section 2 authorized by Public Act 101-32
3 shall be deposited each month into the Transportation Renewal
4 Fund; provided, however, that the amount that represents the
5 part (b) portion of the rate under Section 13a shall be
6 deposited each month into the Motor Fuel Tax Fund and the
7 Transportation Renewal Fund in the same proportion as the
8 amount collected under subsection (a) of Section 2. †

9 (b) \$420,000 shall be transferred each month to the State
10 Boating Act Fund to be used by the Department of Natural
11 Resources for the purposes specified in Article X of the Boat
12 Registration and Safety Act. †

13 (c) The monthly grade crossing protection amount
14 ~~\$3,500,000~~ shall be transferred each month from the Motor Fuel
15 Tax Fund to the Grade Crossing Protection Fund. For fiscal
16 years beginning before July 1, 2026, the monthly grade
17 crossing protection amount is \$3,500,000 per month. For fiscal
18 years beginning on or after July 1, 2026, the monthly grade
19 crossing protection amount shall be the monthly grade crossing
20 protection amount for the immediately preceding fiscal year,
21 multiplied by one plus the percentage increase, if any, in the
22 Consumer Price Index for All Urban Consumers (CPI-U), U.S.
23 City Average, as published by the United States Bureau of
24 Labor Statistics, for the most recent 12-month period for
25 which data is available on July 1 of the fiscal year for which
26 the monthly grade crossing protection amount is calculated. In

1 no case shall the monthly grade crossing protection amount be
2 less than the monthly grade crossing protection amount for the
3 preceding fiscal year. Moneys transferred to the Grade
4 Crossing Protection Fund under this subsection (c) shall be ~~to~~
5 ~~be~~ used as follows: not less than \$12,000,000 each fiscal year
6 shall be used for the construction or reconstruction of rail
7 highway grade separation structures; \$5,500,000 in fiscal year
8 2022 and each fiscal year thereafter shall be transferred to
9 the Transportation Regulatory Fund and shall be used to pay
10 the cost of administration of the Illinois Commerce
11 Commission's railroad safety program in connection with its
12 duties under subsection (3) of Section 18c-7401 of the
13 Illinois Vehicle Code, with the remainder to be used by the
14 Department of Transportation upon order of the Illinois
15 Commerce Commission, to pay that part of the cost apportioned
16 by such Commission to the State to cover the interest of the
17 public in the use of highways, roads, streets, or pedestrian
18 walkways in the county highway system, township and district
19 road system, or municipal street system as defined in the
20 Illinois Highway Code, as the same may from time to time be
21 amended, for separation of grades, for installation,
22 construction or reconstruction of crossing protection or
23 reconstruction, alteration, relocation including construction
24 or improvement of any existing highway necessary for access to
25 property or improvement of any grade crossing and grade
26 crossing surface including the necessary highway approaches

1 thereto of any railroad across the highway or public road, or
2 for the installation, construction, reconstruction, or
3 maintenance of safety treatments to deter trespassing or a
4 pedestrian walkway over or under a railroad right-of-way, as
5 provided for in and in accordance with Section 18c-7401 of the
6 Illinois Vehicle Code. The Commission may order up to
7 \$2,000,000 per year in Grade Crossing Protection Fund moneys
8 for the improvement of grade crossing surfaces and up to
9 \$300,000 per year for the maintenance and renewal of
10 4-quadrant gate vehicle detection systems located at non-high
11 speed rail grade crossings. In entering orders for projects
12 for which payments from the Grade Crossing Protection Fund
13 will be made, the Commission shall account for expenditures
14 authorized by the orders on a cash rather than an accrual
15 basis. For purposes of this requirement an "accrual basis"
16 assumes that the total cost of the project is expended in the
17 fiscal year in which the order is entered, while a "cash basis"
18 allocates the cost of the project among fiscal years as
19 expenditures are actually made. To meet the requirements of
20 this subsection, the Illinois Commerce Commission shall
21 develop annual and 5-year project plans of rail crossing
22 capital improvements that will be paid for with moneys from
23 the Grade Crossing Protection Fund. The annual project plan
24 shall identify projects for the succeeding fiscal year and the
25 5-year project plan shall identify projects for the 5 directly
26 succeeding fiscal years. The Commission shall submit the

1 annual and 5-year project plans for this Fund to the Governor,
2 the President of the Senate, the Senate Minority Leader, the
3 Speaker of the House of Representatives, and the Minority
4 Leader of the House of Representatives on the first Wednesday
5 in April of each year. ~~+~~

6 (d) Of ~~of~~ the amount remaining after allocations provided
7 for in subsections (a), (a-1), (b), and (c), a sufficient
8 amount shall be reserved to pay all of the following:

9 (1) the costs of the Department of Revenue in
10 administering this Act;

11 (2) the costs of the Department of Transportation in
12 performing its duties imposed by the Illinois Highway Code
13 for supervising the use of motor fuel tax funds
14 apportioned to municipalities, counties and road
15 districts;

16 (3) refunds provided for in Section 13, refunds for
17 overpayment of decal fees paid under Section 13a.4 of this
18 Act, and refunds provided for under the terms of the
19 International Fuel Tax Agreement referenced in Section
20 14a;

21 (4) from October 1, 1985 until June 30, 1994, the
22 administration of the Vehicle Emissions Inspection Law,
23 which amount shall be certified monthly by the
24 Environmental Protection Agency to the State Comptroller
25 and shall promptly be transferred by the State Comptroller
26 and Treasurer from the Motor Fuel Tax Fund to the Vehicle

1 Inspection Fund, and for the period July 1, 1994 through
2 June 30, 2000, one-twelfth of \$25,000,000 each month, for
3 the period July 1, 2000 through June 30, 2003, one-twelfth
4 of \$30,000,000 each month, and \$15,000,000 on July 1,
5 2003, and \$15,000,000 on January 1, 2004, and \$15,000,000
6 on each July 1 and October 1, or as soon thereafter as may
7 be practical, during the period July 1, 2004 through June
8 30, 2012, and \$30,000,000 on June 1, 2013, or as soon
9 thereafter as may be practical, and \$15,000,000 on July 1
10 and October 1, or as soon thereafter as may be practical,
11 during the period of July 1, 2013 through June 30, 2015,
12 for the administration of the Vehicle Emissions Inspection
13 Law of 2005, to be transferred by the State Comptroller
14 and Treasurer from the Motor Fuel Tax Fund into the
15 Vehicle Inspection Fund;

16 (4.5) beginning on July 1, 2019, the costs of the
17 Environmental Protection Agency for the administration of
18 the Vehicle Emissions Inspection Law of 2005 shall be
19 paid, subject to appropriation, from the Motor Fuel Tax
20 Fund into the Vehicle Inspection Fund; beginning in 2019,
21 no later than December 31 of each year, or as soon
22 thereafter as practical, the State Comptroller shall
23 direct and the State Treasurer shall transfer from the
24 Vehicle Inspection Fund to the Motor Fuel Tax Fund any
25 balance remaining in the Vehicle Inspection Fund in excess
26 of \$2,000,000;

1 (5) amounts ordered paid by the Court of Claims; and
2 (6) payment of motor fuel use taxes due to member
3 jurisdictions under the terms of the International Fuel
4 Tax Agreement. The Department shall certify these amounts
5 to the Comptroller by the 15th day of each month; the
6 Comptroller shall cause orders to be drawn for such
7 amounts, and the Treasurer shall administer those amounts
8 on or before the last day of each month. †

9 (e) After ~~after~~ allocations for the purposes set forth in
10 subsections (a), (a-1), (b), (c), and (d), the remaining
11 amount shall be apportioned as follows:

12 (1) Until January 1, 2000, 58.4%, and beginning
13 January 1, 2000, 45.6% shall be deposited as follows:

14 (A) 37% into the State Construction Account Fund,
15 and

16 (B) 63% into the Road Fund, \$1,250,000 of which
17 shall be reserved each month for the Department of
18 Transportation to be used in accordance with the
19 provisions of Sections 6-901 through 6-906 of the
20 Illinois Highway Code;

21 (2) Until January 1, 2000, 41.6%, and beginning
22 January 1, 2000, 54.4% shall be transferred to the
23 Department of Transportation to be distributed as follows:

24 (A) 49.10% to the municipalities of the State,

25 (B) 16.74% to the counties of the State having
26 1,000,000 or more inhabitants,

1 (C) 18.27% to the counties of the State having
2 less than 1,000,000 inhabitants,

3 (D) 15.89% to the road districts of the State.

4 If a township is dissolved under Article 24 of the
5 Township Code, McHenry County shall receive any moneys
6 that would have been distributed to the township under
7 this subparagraph, except that a municipality that assumes
8 the powers and responsibilities of a road district under
9 paragraph (6) of Section 24-35 of the Township Code shall
10 receive any moneys that would have been distributed to the
11 township in a percent equal to the area of the dissolved
12 road district or portion of the dissolved road district
13 over which the municipality assumed the powers and
14 responsibilities compared to the total area of the
15 dissolved township. The moneys received under this
16 subparagraph shall be used in the geographic area of the
17 dissolved township. If a township is reconstituted as
18 provided under Section 24-45 of the Township Code, McHenry
19 County or a municipality shall no longer be distributed
20 moneys under this subparagraph.

21 As soon as may be after the first day of each month, the
22 Department of Transportation shall allot to each municipality
23 its share of the amount apportioned to the several
24 municipalities which shall be in proportion to the population
25 of such municipalities as determined by the last preceding
26 municipal census if conducted by the Federal Government or

1 Federal census. If territory is annexed to any municipality
2 subsequent to the time of the last preceding census the
3 corporate authorities of such municipality may cause a census
4 to be taken of such annexed territory and the population so
5 ascertained for such territory shall be added to the
6 population of the municipality as determined by the last
7 preceding census for the purpose of determining the allotment
8 for that municipality. If the population of any municipality
9 was not determined by the last Federal census preceding any
10 apportionment, the apportionment to such municipality shall be
11 in accordance with any census taken by such municipality. Any
12 municipal census used in accordance with this Section shall be
13 certified to the Department of Transportation by the clerk of
14 such municipality, and the accuracy thereof shall be subject
15 to approval of the Department which may make such corrections
16 as it ascertains to be necessary.

17 As soon as may be after the first day of each month, the
18 Department of Transportation shall allot to each county its
19 share of the amount apportioned to the several counties of the
20 State as herein provided. Each allotment to the several
21 counties having less than 1,000,000 inhabitants shall be in
22 proportion to the amount of motor vehicle license fees
23 received from the residents of such counties, respectively,
24 during the preceding calendar year. The Secretary of State
25 shall, on or before April 15 of each year, transmit to the
26 Department of Transportation a full and complete report

1 showing the amount of motor vehicle license fees received from
2 the residents of each county, respectively, during the
3 preceding calendar year. The Department of Transportation
4 shall, each month, use for allotment purposes the last such
5 report received from the Secretary of State.

6 As soon as may be after the first day of each month, the
7 Department of Transportation shall allot to the several
8 counties their share of the amount apportioned for the use of
9 road districts. The allotment shall be apportioned among the
10 several counties in the State in the proportion which the
11 total mileage of township or district roads in the respective
12 counties bears to the total mileage of all township and
13 district roads in the State. Funds allotted to the respective
14 counties for the use of road districts therein shall be
15 allocated to the several road districts in the county in the
16 proportion which the total mileage of such township or
17 district roads in the respective road districts bears to the
18 total mileage of all such township or district roads in the
19 county. After July 1 of any year prior to 2011, no allocation
20 shall be made for any road district unless it levied a tax for
21 road and bridge purposes in an amount which will require the
22 extension of such tax against the taxable property in any such
23 road district at a rate of not less than either .08% of the
24 value thereof, based upon the assessment for the year
25 immediately prior to the year in which such tax was levied and
26 as equalized by the Department of Revenue or, in DuPage

1 County, an amount equal to or greater than \$12,000 per mile of
2 road under the jurisdiction of the road district, whichever is
3 less. Beginning July 1, 2011 and each July 1 thereafter, an
4 allocation shall be made for any road district if it levied a
5 tax for road and bridge purposes. In counties other than
6 DuPage County, if the amount of the tax levy requires the
7 extension of the tax against the taxable property in the road
8 district at a rate that is less than 0.08% of the value
9 thereof, based upon the assessment for the year immediately
10 prior to the year in which the tax was levied and as equalized
11 by the Department of Revenue, then the amount of the
12 allocation for that road district shall be a percentage of the
13 maximum allocation equal to the percentage obtained by
14 dividing the rate extended by the district by 0.08%. In DuPage
15 County, if the amount of the tax levy requires the extension of
16 the tax against the taxable property in the road district at a
17 rate that is less than the lesser of (i) 0.08% of the value of
18 the taxable property in the road district, based upon the
19 assessment for the year immediately prior to the year in which
20 such tax was levied and as equalized by the Department of
21 Revenue, or (ii) a rate that will yield an amount equal to
22 \$12,000 per mile of road under the jurisdiction of the road
23 district, then the amount of the allocation for the road
24 district shall be a percentage of the maximum allocation equal
25 to the percentage obtained by dividing the rate extended by
26 the district by the lesser of (i) 0.08% or (ii) the rate that

1 will yield an amount equal to \$12,000 per mile of road under
2 the jurisdiction of the road district.

3 Prior to 2011, if any road district has levied a special
4 tax for road purposes pursuant to Sections 6-601, 6-602, and
5 6-603 of the Illinois Highway Code, and such tax was levied in
6 an amount which would require extension at a rate of not less
7 than .08% of the value of the taxable property thereof, as
8 equalized or assessed by the Department of Revenue, or, in
9 DuPage County, an amount equal to or greater than \$12,000 per
10 mile of road under the jurisdiction of the road district,
11 whichever is less, such levy shall, however, be deemed a
12 proper compliance with this Section and shall qualify such
13 road district for an allotment under this Section. Beginning
14 in 2011 and thereafter, if any road district has levied a
15 special tax for road purposes under Sections 6-601, 6-602, and
16 6-603 of the Illinois Highway Code, and the tax was levied in
17 an amount that would require extension at a rate of not less
18 than 0.08% of the value of the taxable property of that road
19 district, as equalized or assessed by the Department of
20 Revenue or, in DuPage County, an amount equal to or greater
21 than \$12,000 per mile of road under the jurisdiction of the
22 road district, whichever is less, that levy shall be deemed a
23 proper compliance with this Section and shall qualify such
24 road district for a full, rather than proportionate, allotment
25 under this Section. If the levy for the special tax is less
26 than 0.08% of the value of the taxable property, or, in DuPage

1 County if the levy for the special tax is less than the lesser
2 of (i) 0.08% or (ii) \$12,000 per mile of road under the
3 jurisdiction of the road district, and if the levy for the
4 special tax is more than any other levy for road and bridge
5 purposes, then the levy for the special tax qualifies the road
6 district for a proportionate, rather than full, allotment
7 under this Section. If the levy for the special tax is equal to
8 or less than any other levy for road and bridge purposes, then
9 any allotment under this Section shall be determined by the
10 other levy for road and bridge purposes.

11 Prior to 2011, if a township has transferred to the road
12 and bridge fund money which, when added to the amount of any
13 tax levy of the road district would be the equivalent of a tax
14 levy requiring extension at a rate of at least .08%, or, in
15 DuPage County, an amount equal to or greater than \$12,000 per
16 mile of road under the jurisdiction of the road district,
17 whichever is less, such transfer, together with any such tax
18 levy, shall be deemed a proper compliance with this Section
19 and shall qualify the road district for an allotment under
20 this Section.

21 In counties in which a property tax extension limitation
22 is imposed under the Property Tax Extension Limitation Law,
23 road districts may retain their entitlement to a motor fuel
24 tax allotment or, beginning in 2011, their entitlement to a
25 full allotment if, at the time the property tax extension
26 limitation was imposed, the road district was levying a road

1 and bridge tax at a rate sufficient to entitle it to a motor
2 fuel tax allotment and continues to levy the maximum allowable
3 amount after the imposition of the property tax extension
4 limitation. Any road district may in all circumstances retain
5 its entitlement to a motor fuel tax allotment or, beginning in
6 2011, its entitlement to a full allotment if it levied a road
7 and bridge tax in an amount that will require the extension of
8 the tax against the taxable property in the road district at a
9 rate of not less than 0.08% of the assessed value of the
10 property, based upon the assessment for the year immediately
11 preceding the year in which the tax was levied and as equalized
12 by the Department of Revenue or, in DuPage County, an amount
13 equal to or greater than \$12,000 per mile of road under the
14 jurisdiction of the road district, whichever is less.

15 As used in this Section, the term "road district" means
16 any road district, including a county unit road district,
17 provided for by the Illinois Highway Code; and the term
18 "township or district road" means any road in the township and
19 district road system as defined in the Illinois Highway Code.
20 For the purposes of this Section, "township or district road"
21 also includes such roads as are maintained by park districts,
22 forest preserve districts and conservation districts. The
23 Department of Transportation shall determine the mileage of
24 all township and district roads for the purposes of making
25 allotments and allocations of motor fuel tax funds for use in
26 road districts.

1 Payment of motor fuel tax moneys to municipalities and
2 counties shall be made as soon as possible after the allotment
3 is made. The treasurer of the municipality or county may
4 invest these funds until their use is required and the
5 interest earned by these investments shall be limited to the
6 same uses as the principal funds.

7 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
8 102-699, eff. 4-19-22; 103-8, eff. 6-7-23.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.