

## ILLINOIS GAS TAX – SB 103 Amendment

Illinoisans already pay some of highest gas taxes in the nation, but a proposal in Springfield would accelerate residents' gas tax burden to second-highest in the nation. Plus, the bill offers bumper-to-bumper tax hikes: license plates would increase by \$50 a year.

An amendment added to Senate Bill 103 would double the motor fuel tax set at the state level to 38 cents from 19 cents per gallon. The gas tax hike would take effect July 2019, and increase each year based on a formula tied to inflation but capped at 1 cent per year. This tax hike would come atop the layers of state and local fuel and sales taxes Illinoisans pay at the pump.

Suburban Chicagoland motorists might especially feel the pinch. The bill would allow Lake and Will counties to impose their own gas tax of up to 8 cents per gallon; and allow McHenry, DuPage and Kane to hike their current 4 cent-per-gallon gas taxes to 8 cents per gallon. Each collar county would use an annual increase formula similar to that of the state. Conserving gasoline would not be enough to avoid steep fee increases for eco-efficient drivers. Registration renewal for electric vehicles would spike to \$148 from \$18 a year under SB 103, an increase of more than 720 percent.

All drivers would see a \$50 spike when it's time for a new license plate. The annual registration sticker fees would jump to \$148, up from \$98.

That would come in addition to a handful of additional tax and fee increases, including doubling driver's license fees to \$60 from \$30, a \$60 increase on vehicle titles and a \$100 "weight tax" hike across all truck classes.

The bill would allocate \$34 from the proceeds of each new tax and fee to the Transit Capital Projects Fund, designated for infrastructure and transportation purposes.

In 2016, Illinois voters approved an amendment to the state constitution mandating revenue generated through motor fuel taxes only be used for transportation projects.

### **Pain at the pump**

Illinois is one of just seven states that imposes a sales tax on gasoline. But that's only one of the taxes hitting residents at the pump. For example, the typical Chicagoan's gasoline bill includes the following taxes per gallon:

- A federal motor fuel (excise) tax of 18.4 cents
- State underground storage and environmental fees of a little over 1 cent
- A slew of sales taxes that total 10.25 percent\*:
  - 6.25 percent state sales tax
  - 1.25 percent Chicago sales tax
  - 1.75 percent Cook County sales tax
  - 1.00 percent Regional Transportation Authority sales tax
- And more state and local motor fuel (excise) taxes:
  - 19 cent state motor fuel tax
  - 5 cent Chicago motor fuel tax
  - 6 cent Cook County motor fuel tax

How these taxes are layered on matters. Illinois sales taxes are first applied on the base cost of gas plus the federal tax and environmental fees. Then, state and local excise taxes are layered on after the sales taxes are applied.

The SB 103 amendment comes months after outgoing Chicago Mayor Rahm Emanuel called on state lawmakers to at least double the state's gas tax to fund transportation and infrastructure needs in the city and surrounding suburbs.

Despite not having hiked its gas tax since 1990, Illinois' gas tax remains 10th-highest in the nation, according to the Tax Foundation.

### **Slashing waste, boosting efficiency**

Rather than hiking taxes on residents who already pay among the highest rates on gasoline, state leaders need to re-evaluate how existing tax dollars are spent.

Other states have proven able to do more for roads and bridges with fewer tax dollars.

Look at Texas: While it's true that climate plays a role in infrastructure needs, Texas' average gas tax burden is 46 percent lower than Illinois'. The Lone Star State regularly receives recognition for its best-in-the-nation infrastructure. And keep in mind: Texans don't pay an income tax.

Where do Illinois' infrastructure funds go? A pair of recent scandals might offer a clue.

In 2017, a federal investigation into hundreds of "staff assistant" hires made at the Illinois Department of Transportation found that the agency had for years been doling out patronage jobs to politically connected applicants. The agency pushed candidates through the application process with "little or no regard" for actual hiring need, or whether the candidate was qualified for the job," according to the Chicago Tribune.

And in September 2018, the Daily Herald reported the chair of the board of the Illinois State Toll Highway Authority awarded a number of six-figure positions to political allies. The agency had also contracted with firms staffed with officials' relatives and former political associates to the tune of hundreds of millions of dollars.

Addressing those scandals may not on its own meet all of the state's infrastructure needs, nor is it clear that a higher gas tax burden would accomplish those goals.

High taxes, on the other hand, are the No. 1 reason Illinoisans cite for wanting to leave the state. Outbound Illinoisans have generated five consecutive years of population loss. A gas tax hike is only bound to continue driving Illinoisans across state lines.