

## Illinois' transportation crisis

### Illinois has a \$43 billion transportation deficit.

Years of declining investment have left Illinois' roads, rails and bridges in poor shape. We must invest \$43 billion to rebuild and improve our state's transportation network. Doing nothing will actually cost us more: From damaged vehicles to lost time, our crumbling infrastructure is taking money out of our pockets and slowing down our state's economy.

Metropolitan Planning Council (MPC) consulted experts around the state to determine that meeting Illinois' transportation deficit requires an investment of an additional **\$43 billion over 10 years**, or an average of \$4.3 billion each year. That's less than we're already wasting on extra repairs to vehicles as a result of poor road conditions, time lost to congestion and delays, and loss of jobs and investment to neighboring states. **Rebuilding our infrastructure will cost less than continuing to suffer.**

A regular investment of \$4.3 billion each year for the next 10 years will fill the gap so we can make the fixes we need today, plus allow for sensible expansion to accommodate tomorrow. Any less is insufficient to meet the maintenance backlog. Waiting will only increase our costs and put us further behind our neighboring states, who are already taking action to invest more in infrastructure. **We must act in 2016.**

### Why \$43 billion more?

The need over 10 years:

- \$10 billion for state roads (IDOT)
- \$10 billion for local roads
- \$12 billion for Chicago region transit (RTA-CTA, Metra, Pace)
- \$1 billion for downstate transit
- \$1 billion for CREATE
- \$9 billion for new and large-scale projects of all types, with performance-based allocation

### 10-year cost comparison

Invest to fix and upgrade

**\$43 billion**

Hidden costs of poor condition

\$37 billion  
extra vehicle repairs

\$73 billion  
cost of congestion

+

**\$110 billion**

Vehicle repair cost source: ASCE (see page 3)  
Cost of congestion source: 2008 MPC study

### We need sustainable, reliable revenue

To start catching up on our maintenance backlog and adequately plan for the future, Illinois needs a sustainable, reliable revenue source that can raise an additional \$2.7 billion in revenue each year (on top of existing federal and state sources). Of this \$2.7 billion, about half can be used for pay-as-you-go spending, with the other half to support \$25 billion in bonds over the 10 years, meeting the \$43 billion need.

This is equivalent to a \$0.30/gal increase in state motor fuel taxes and a 50 percent increase in vehicle registration fees. The tax and fees should be indexed to the consumer price index to keep pace with inflation.

### One way to \$2.7 billion



+30¢  
/gal  
gas tax



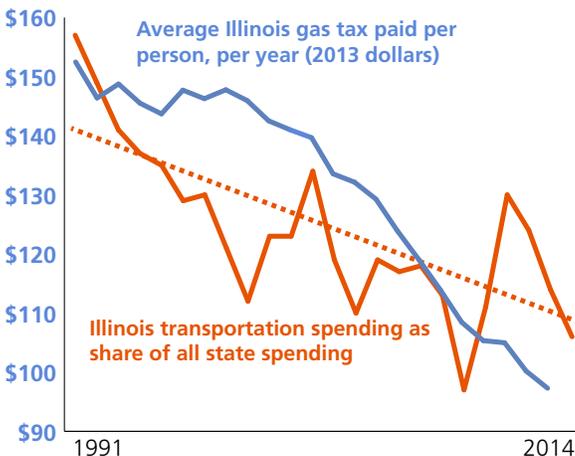
+50%  
registration  
fees

We're in this mess because we've invested less and less

Our failure to invest in infrastructure is costing us dearly: You missed a critical meeting because you were stuck in traffic. One of your delivery trucks hit a pothole and needs expensive axle repair. You're going to be late for dinner with your family because your train had mechanical issues. Transportation snafus are more than headaches: They're stifling our economy and making Illinois less competitive than our neighbors.

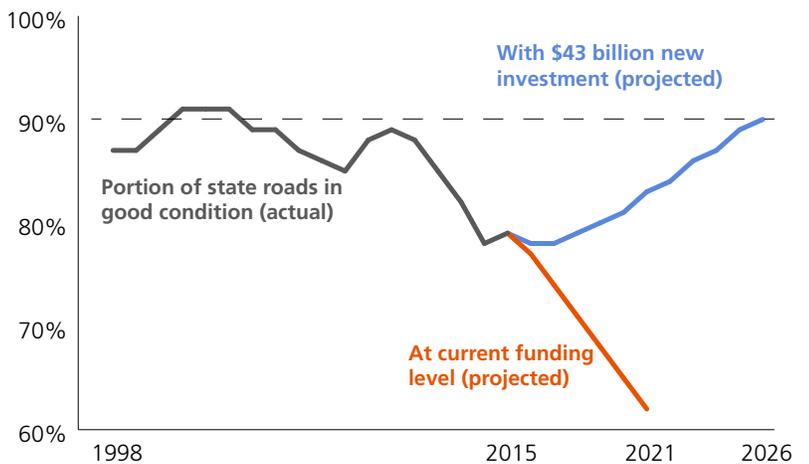
The purchasing power of the state's fixed per-gallon gas tax has declined by more than 40 percent since it was last raised in 1991.

**We've collected less, invested less...**



Source: State of Illinois, U.S. Census, National Association of State Budget Officers

**...and conditions are deteriorating**



Source: Ill. Dept. of Transportation, MPC

Since it was last raised in 1991, the purchasing power of the state's fixed per-gallon gas tax has declined by more than 40 percent—reducing the average Illinoisan's contribution from the equivalent of \$160 to under \$100 per year (in 2013 dollars). In turn, transportation spending has fallen by 40 percent, from 13 percent of state spending in 1991 to eight percent in 2014. Meanwhile, the portion of our roads in good condition has fallen from the standard of 90 percent to only 79 percent in 2015. Without action, this will decline to 62 percent by 2021. Transit systems in North-eastern Illinois have also fallen behind dramatically. The Regional Transportation Authority estimates that only about 67 percent of the region's transit network is in a state of good repair. At existing levels of funding, less than half of the system's buses, trains and infrastructure will be in a state of good repair by 2030.

Meanwhile, the portion of our roads that are in good condition has fallen from the benchmark of 90 percent to only 79 percent in 2015—and it's on course to decline to 62 percent by 2021.

In the past we've relied on large but infrequent capital bills to patch together funding. The resulting boom-and-bust cycle was unpredictable and ultimately inefficient. To allow us to return our infrastructure to good condition and accommodate growth, we need a substantial, regular, reliable source of additional revenue.

## Investing more would actually cost us less

The additional gas tax and the increase in vehicle registration fees would cost the average person \$12.25 each month, or \$147 each year. That's 40 cents a day. The average Illinois household spends more than \$10,000 a year on transportation. For a fraction more, we can have a system that works. Each month it's the cost of one lunch, or a Netflix subscription.

Or, we can continue to waste \$3.7 billion every year on extra car repairs from poor roads—that's \$450 per driver. Chicagoland commuters waste 114 hours every year sitting in traffic and train riders lose a combined 800,000 hours to preventable delays. What's the cost of that lost time? Certainly more than \$12.25 each month.

### Cost per person

to invest +\$43 billion	
40¢	per day
\$12.25	per month
\$147	per year



“Potholes! You cannot avoid them. Two winters ago, damage to my car from a pothole cost \$800 to repair.” —*Andrea B., Peoria*

According to the American Society of Civil Engineers, Illinois drivers spend an **extra \$3.7 billion a year on repair bills** for damage from poor roads. That's an extra \$450 per driver every year.



“If the train were more frequent and reliable, it would be a much more attractive alternative to driving.” —*Charles H., Elmhurst*

Maintenance and simple improvements to increase reliability (including finishing the CREATE program) could save Illinois train commuters more than **800,000 hours of delays every year**.



“There are a lot of cheap and easy ways we could make biking—and riding the bus—easier in the city.” —*Emily O., Chicago*

The latest data from navigation experts TomTom shows drivers in metropolitan Chicago lose **114 hours a year** while stuck in traffic. Cost-effective alternatives like transit, walking or biking are often inaccessible or unsafe for many.

## \$147 per year is reasonable

According to an analysis of AAA and tax data, the typical driver in the City of Chicago currently spends \$1,825 for insurance, repairs, gas, registration, license fees and motor fuel taxes. For someone in DuPage County, it's \$1,682; in Peoria County, \$1,580. This does not include the cost of vehicle ownership.

At a household level, the Center for Neighborhood Technology's H+T Index estimates current annual transportation expenses (including the cost of vehicle ownership) for most Illinois households at more than \$10,000. For the typical household in the City of Chicago, it is \$9,150; in DuPage County, \$12,605; and in Peoria County, \$12,682.

## Illinois' transportation crisis

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### Existing plans and new ways of prioritizing will ensure smart investments

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Smartly distributing an additional \$43 billion investment requires diligent planning and prioritization. Luckily, we already have statewide, regional and local plans that identify bridges to rebuild, roads to repave, and transit lines to upgrade. In terms of maintenance, we know what we need to fix. We simply need the money to do it.

Transformative, new projects must be prioritized on merit and performance. What is the return on investment of building a new transit line or highway? Agencies around the state have started integrating performance measures into their planning and project selection, and some of these results are already reflected in plans.

When thinking about our transportation network as an asset that we must maintain, we should consider its overall value (or replacement cost) and the cost of maintaining it relative to that value, as a business would for its assets. MPC estimates the replacement cost of all our state's roads, bridges and rails at \$1.85 trillion, based on comparable construction costs, per-mile or per-facility, of recent projects. An additional \$43 billion investment represents only two percent of that value—a reasonable cost for an asset so critical to our state.

### In depth: One way to raise the necessary revenue

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MPC uses two straightforward, existing transportation revenue sources to illustrate the scale of this deficit. Public opinion research indicates voters prefer to pay for transportation projects with transportation-related user fees, such as the motor fuel tax and registration fees, instead of general taxes like the sales tax or income tax. While other user fees such as tolls and transit fares have increased when necessary, the motor fuel tax has been fixed since 1991, making it a logical candidate.

Adding 30 cents to the existing state motor fuel tax would raise an estimated \$2 billion each year. Increasing vehicle registration fees (for all types) by 50 percent would raise an estimated \$690 million. Of this \$2.7 billion in new annual revenues, an average of \$1.8 billion would be available annually for pay-as-you-go (PAYGO) spending, much of it weighted toward the early years of the program, with the remaining reserved for ramping up bond payments. This could support a total of \$25 billion in bonds, released incrementally each year as needed, over 10 years. These bonds would be paid back over 25 years with the continuing revenue. (We assume a 5 percent rate.)

MPC recommends the state constitution be amended to create a transportation trust fund to protect this revenue. To acknowledge the effect of these increases on lower- and middle-income Illinoisans, the state earned income tax credit should double to 20 percent of the federal amount.

Even with bond repayments, the additional revenues provided by this increase would provide an additional \$1 billion in annual transportation funding after the 10-year initial funding period. In the long term, MPC recognizes the need to shift toward a user fee that is not tied to fuel purchases. We must begin exploring a vehicle miles traveled (VMT) fee today so that we can have full implementation by 2025.

### For more information

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