



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB1330

Introduced 02/09/05, by Rep. Jim Watson

#### SYNOPSIS AS INTRODUCED:

30 ILCS 740/2-2.02	from Ch. 111 2/3, par. 662.02
30 ILCS 740/2-2.04	from Ch. 111 2/3, par. 662.04
30 ILCS 740/2-3	from Ch. 111 2/3, par. 663
30 ILCS 740/2-6	from Ch. 111 2/3, par. 666
30 ILCS 740/2-7	from Ch. 111 2/3, par. 667
30 ILCS 740/2-15	from Ch. 111 2/3, par. 675.1
30 ILCS 105/5.640 new	

Amends the Downstate Public Transportation Act. Includes the West Central Transit District serving Morgan and Scott counties as a participant in the Downstate Public Transportation Fund. Beginning July 1, 2005, requires the Comptroller to order transferred and requires the Treasurer to transfer, from the General Revenue Fund to the West Central Public Transportation Fund, an amount equal to 2/32 of the net revenue realized from retail and occupation taxes within the boundaries of Morgan and Scott counties. Limits the amount paid into the Fund to 2/32 of 80% of the net revenue realized for tax periods beginning on or after January 1, 2006. Requires a local match based on the amount that could be raised by a tax levy at the rate of .05% on the assessed value of property within the boundaries of Morgan and Scott counties. Provides that failure to raise the local match will result in a reduced deposit into the West Central Public Transportation Fund. Makes other changes. Amends the State Finance Act. Establishes the West Central Public Transportation Fund, a special fund in the State treasury. Effective immediately.

LRB094 05734 MKM 35786 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The Downstate Public Transportation Act is  
5 amended by changing Sections 2-2.02, 2-2.04, 2-3, 2-6, 2-7, and  
6 2-15 as follows:

7 (30 ILCS 740/2-2.02) (from Ch. 111 2/3, par. 662.02)

8 Sec. 2-2.02. "Participant" means:

9 (1) a city, village, or incorporated town, or a local mass  
10 transit district organized under the Local Mass Transit  
11 District Act (a) serving an urbanized area of over 50,000  
12 population on December 28, 1989, (b) receiving State mass  
13 transportation operating assistance pursuant to the Downstate  
14 Public Transportation Act during Fiscal Year 1979, or (c)  
15 serving a nonurbanized area and receiving federal rural public  
16 transportation assistance on or before June 30, 2002; or

17 (2) any Metro-East Transit District established pursuant  
18 to Section 3 of the Local Mass Transit District Act and serving  
19 one or more of the Counties of Madison, Monroe, and St. Clair  
20 during Fiscal Year 1989, all located outside the boundaries of  
21 the Regional Transportation Authority as established pursuant  
22 to the Regional Transportation Authority Act; or -

23 (3) any West Central Transit District established under the  
24 Local Mass Transit District and serving Morgan and Scott  
25 counties.

26 (Source: P.A. 91-357, eff. 7-29-99; 92-258, eff. 8-7-01;  
27 92-464, eff. 8-22-01.)

28 (30 ILCS 740/2-2.04) (from Ch. 111 2/3, par. 662.04)

29 Sec. 2-2.04. "Eligible operating expenses" means all  
30 expenses required for public transportation, including  
31 employee wages and benefits, materials, fuels, supplies,

1 rental of facilities, taxes other than income taxes, payment  
2 made for debt service (including principal and interest) on  
3 publicly owned equipment or facilities, and any other  
4 expenditure which is an operating expense according to standard  
5 accounting practices for the providing of public  
6 transportation. Eligible operating expenses shall not include  
7 allowances: (a) for depreciation whether funded or unfunded;  
8 (b) for amortization of any intangible costs; (c) for debt  
9 service on capital acquired with the assistance of capital  
10 grant funds provided by the State of Illinois; (d) for profits  
11 or return on investment; (e) for excessive payment to  
12 associated entities; (f) for Comprehensive Employment Training  
13 Act expenses; (g) for costs reimbursed under Sections 6 and 8  
14 of the "Urban Mass Transportation Act of 1964", as amended; (h)  
15 for entertainment expenses; (i) for charter expenses; (j) for  
16 fines and penalties; (k) for charitable donations; (l) for  
17 interest expense on long term borrowing and debt retirement  
18 other than on publicly owned equipment or facilities; (m) for  
19 income taxes; or (n) for such other expenses as the Department  
20 may determine consistent with federal Department of  
21 Transportation regulations or requirements.

22 With respect to participants other than any Metro-East  
23 Transit District participant, any West Central Transit  
24 District participant, and those receiving federal research  
25 development and demonstration funds pursuant to Section 6 of  
26 the "Urban Mass Transportation Act of 1964", as amended, during  
27 the fiscal year ending June 30, 1979, the maximum eligible  
28 operating expenses for any such participant in any fiscal year  
29 after Fiscal Year 1980 shall be the amount appropriated for  
30 such participant for the fiscal year ending June 30, 1980, plus  
31 in each year a 10% increase over the maximum established for  
32 the preceding fiscal year. For Fiscal Year 1980 the maximum  
33 eligible operating expenses for any such participant shall be  
34 the amount of projected operating expenses upon which the  
35 appropriation for such participant for Fiscal Year 1980 is  
36 based.

1 With respect to participants receiving federal research  
2 development and demonstration operating assistance funds for  
3 operating assistance pursuant to Section 6 of the "Urban Mass  
4 Transportation Act of 1964", as amended, during the fiscal year  
5 ending June 30, 1979, the maximum eligible operating expenses  
6 for any such participant in any fiscal year after Fiscal Year  
7 1980 shall not exceed such participant's eligible operating  
8 expenses for the fiscal year ending June 30, 1980, plus in each  
9 year a 10% increase over the maximum established for the  
10 preceding fiscal year. For Fiscal Year 1980, the maximum  
11 eligible operating expenses for any such participant shall be  
12 the eligible operating expenses incurred during such fiscal  
13 year, or projected operating expenses upon which the  
14 appropriation for such participant for the Fiscal Year 1980 is  
15 based; whichever is less.

16 With respect to all participants other than any Metro-East  
17 Transit District participant or any West Central Transit  
18 District, the maximum eligible operating expenses for any such  
19 participant in any fiscal year after Fiscal Year 1985 shall be  
20 the amount appropriated for such participant for the fiscal  
21 year ending June 30, 1985, plus in each year a 10% increase  
22 over the maximum established for the preceding year. For Fiscal  
23 Year 1985, the maximum eligible operating expenses for any such  
24 participant shall be the amount of projected operating expenses  
25 upon which the appropriation for such participant for Fiscal  
26 Year 1985 is based.

27 With respect to any mass transit district participant that  
28 has increased its district boundaries by annexing counties  
29 since 1998 and is maintaining a level of local financial  
30 support, including all income and revenues, equal to or greater  
31 than the level in the State fiscal year ending June 30, 2001,  
32 the maximum eligible operating expenses for any State fiscal  
33 year after 2002 shall be the amount appropriated for that  
34 participant for the State fiscal year ending June 30, 2002,  
35 plus, in each State fiscal year, a 10% increase over the  
36 preceding State fiscal year. For State fiscal year 2002, the

1 maximum eligible operating expenses for any such participant  
2 shall be the amount of projected operating expenses upon which  
3 the appropriation for that participant for State fiscal year  
4 2002 is based. For that participant, eligible operating  
5 expenses for State fiscal year 2002 in excess of the eligible  
6 operating expenses for the State fiscal year ending June 30,  
7 2001, plus 10%, must be attributed to the provision of services  
8 in the newly annexed counties.

9 With respect to a participant that receives an initial  
10 appropriation in State fiscal year 2002, the maximum eligible  
11 operating expenses for any State fiscal year after 2003 shall  
12 be the amount appropriated for that participant for the State  
13 fiscal year ending June 30, 2003, plus, in each year, a 10%  
14 increase over the preceding year. For State fiscal year 2003,  
15 the maximum eligible operating expenses for any such  
16 participant shall be the amount of projected operating expenses  
17 upon which the appropriation for that participant for State  
18 fiscal year 2003 is based.

19 (Source: P.A. 92-258, eff. 8-7-01; 92-464, eff. 8-22-01;  
20 92-651, eff. 7-11-02.)

21 (30 ILCS 740/2-3) (from Ch. 111 2/3, par. 663)

22 Sec. 2-3. Downstate Public Transportation Fund.

23 (a) As soon as possible after the first day of each month,  
24 beginning July 1, 1984, upon certification of the Department of  
25 Revenue, the Comptroller shall order transferred, and the  
26 Treasurer shall transfer, from the General Revenue Fund to a  
27 special fund in the State Treasury which is hereby created, to  
28 be known as the "Downstate Public Transportation Fund", an  
29 amount equal to 2/32 of the net revenue realized from the  
30 "Retailers' Occupation Tax Act", as now or hereafter amended,  
31 the "Service Occupation Tax Act", as now or hereafter amended,  
32 the "Use Tax Act", as now or hereafter amended, and the  
33 "Service Use Tax Act", as now or hereafter amended, from  
34 persons incurring municipal or county retailers' or service  
35 occupation tax liability for the benefit of any municipality or

1 county located wholly within the boundaries of each participant  
2 other than any Metro-East Transit District participant or any  
3 West Central District participant certified pursuant to  
4 subsection (c) of this Section during the preceding month,  
5 except that the Department shall pay into the Downstate Public  
6 Transportation Fund 2/32 of 80% of the net revenue realized  
7 under the State tax Acts named above within any municipality or  
8 county located wholly within the boundaries of each  
9 participant, other than (i) any Metro-East participant, for tax  
10 periods beginning on or after January 1, 1990 or (ii) any West  
11 Central District participant, for tax periods beginning on or  
12 after January 1, 2006; provided, however, that beginning with  
13 fiscal year 1985, the transfers into the Downstate Public  
14 Transportation Fund during any fiscal year shall not exceed the  
15 annual appropriation from the Downstate Public Transportation  
16 Fund for that year. The Department of Transportation shall  
17 notify the Department of Revenue and the Comptroller at the  
18 beginning of each fiscal year of the amount of the annual  
19 appropriation from the Downstate Public Transportation Fund.  
20 Net revenue realized for a month shall be the revenue collected  
21 by the State pursuant to such Acts during the previous month  
22 from persons incurring municipal or county retailers' or  
23 service occupation tax liability for the benefit of any  
24 municipality or county located wholly within the boundaries of  
25 a participant, less the amount paid out during that same month  
26 as refunds or credit memoranda to taxpayers for overpayment of  
27 liability under such Acts for the benefit of any municipality  
28 or county located wholly within the boundaries of a  
29 participant.

30 (b) As soon as possible after the first day of each month,  
31 beginning July 1, 1989, upon certification of the Department of  
32 Revenue, the Comptroller shall order transferred, and the  
33 Treasurer shall transfer, from the General Revenue Fund to a  
34 special fund in the State Treasury which is hereby created, to  
35 be known as the "Metro-East Public Transportation Fund", an  
36 amount equal to 2/32 of the net revenue realized, as above,

1 from within the boundaries of Madison, Monroe and St. Clair  
2 Counties, except that the Department shall pay into the  
3 Metro-East Public Transportation Fund 2/32 of 80% of the net  
4 revenue realized under the State tax Acts specified in  
5 subsection (a) of this Section within the boundaries of  
6 Madison, Monroe and St. Clair Counties for tax periods  
7 beginning on or after January 1, 1990. A local match equivalent  
8 to an amount which could be raised by a tax levy at the rate of  
9 .05% on the assessed value of property within the boundaries of  
10 Madison, Monroe and St. Clair Counties is required annually to  
11 cause a total of 2/32 of the net revenue to be deposited in the  
12 Metro-East Public Transportation Fund. Failure to raise the  
13 required local match annually shall result in only 1/32 being  
14 deposited into the Metro-East Public Transportation Fund after  
15 July 1, 1989, or 1/32 of 80% of the net revenue realized for  
16 tax periods beginning on or after January 1, 1990.

17 (b-5) As soon as possible after the first day of each  
18 month, beginning July 1, 2005, upon certification of the  
19 Department of Revenue, the Comptroller shall order  
20 transferred, and the Treasurer shall transfer, from the General  
21 Revenue Fund to the West Central Public Transportation Fund, a  
22 special fund in the State treasury, an amount equal to 2/32 of  
23 the net revenue realized, as above, from within the boundaries  
24 of Morgan and Scott counties, except that the Department shall  
25 pay into the West Central Public Transportation Fund 2/32 of  
26 80% of the net revenue realized under the State tax Acts  
27 specified in subsection (a) of this Section within the  
28 boundaries of Morgan and Scott counties for tax periods  
29 beginning on or after January 1, 2006. A local match equivalent  
30 to an amount which could be raised by a tax levy at the rate of  
31 .05% on the assessed value of property within the boundaries of  
32 Morgan and Scott counties is required annually to cause a total  
33 of 2/32 of the net revenue to be deposited in the West Central  
34 Public Transportation Fund. Failure to raise the required local  
35 match annually shall result in only 1/32 being deposited into  
36 the West Central Public Transportation Fund after July 1, 2005,

1 or 1/32 of 80% of the net revenue realized for tax periods  
2 beginning on or after January 1, 2006.

3 (c) The Department shall certify to the Department of  
4 Revenue the eligible participants under this Article and the  
5 territorial boundaries of such participants for the purposes of  
6 the Department of Revenue in subsections (a) and (b) of this  
7 Section.

8 (d) For the purposes of this Article the Department shall  
9 include in its annual request for appropriation of ordinary and  
10 contingent expenses an amount equal to the sum total funds  
11 projected to be paid to the participants pursuant to Section  
12 2-7.

13 (e) In addition to any other permitted use of moneys in the  
14 Fund, and notwithstanding any restriction on the use of the  
15 Fund, moneys in the Downstate Public Transportation Fund may be  
16 transferred to the General Revenue Fund as authorized by Public  
17 Act 87-14. The General Assembly finds that an excess of moneys  
18 existed in the Fund on July 30, 1991, and the Governor's order  
19 of July 30, 1991, and the Governor's order of July 30, 1991,  
20 requesting the Comptroller and Treasurer to transfer an amount  
21 from the Fund to the General Revenue Fund is hereby validated.

22 (Source: P.A. 86-590; 86-953; 87-838.)

23 (30 ILCS 740/2-6) (from Ch. 111 2/3, par. 666)

24 Sec. 2-6. Allocation of funds.

25 (a) With respect to all participants other than any  
26 Metro-East Transit District participant or any West Central  
27 Transit District participant, the Department shall allocate  
28 the funds to be made available to each participant under this  
29 Article for the following fiscal year and shall notify the  
30 chief official of each participant not later than the first day  
31 of the fiscal year of this amount. For Fiscal Year 1975,  
32 notification shall be made not later than January 1, 1975, of  
33 the amount of such allocation. In determining the allocation  
34 for each participant, the Department shall estimate the funds  
35 available to the participant from the Downstate Public



1 Transportation Fund for the purposes of this Article during the  
2 succeeding fiscal year, and shall allocate to each participant  
3 the amount attributable to it which shall be the amount paid  
4 into the Downstate Public Transportation Fund under Section 2-3  
5 from within its boundaries. Said allocations may be exceeded  
6 for participants receiving assistance equal to one-third of  
7 their eligible operating expenses, only if an allocation is  
8 less than one-third of such participant's eligible operating  
9 expenses, provided, however, that no other participant is  
10 denied its one-third of eligible operating expenses. Beginning  
11 in Fiscal Year 1997, said allocation may be exceeded for  
12 participants receiving assistance equal to the percentage of  
13 their eligible operating expenses provided for in paragraph (b)  
14 of Section 2-7, only if allocation is less than the percentage  
15 of such participant's eligible operating expenses provided for  
16 in paragraph (b) of Section 2-7, provided however, that no  
17 other participant is denied its percentage of eligible  
18 operating expenses.

19 (b) With regard to any Metro-East Transit District  
20 organized under the Local Mass Transit District Act and serving  
21 one or more of the Counties of Madison, Monroe and St. Clair  
22 during Fiscal Year 1989, the Department shall allocate the  
23 funds to be made available to each participant for the  
24 following and succeeding fiscal years and shall notify the  
25 chief official of each participant not later than the first day  
26 of the fiscal year of this amount. The Department shall  
27 allocate 55% of the amount paid into the Metro-East Public  
28 Transportation Fund to the District serving primarily the  
29 Counties of Monroe and St. Clair and 45% of the amount to that  
30 District serving primarily the County of Madison.

31 (c) With regard to any West Central Transit District  
32 organized under the Local Mass Transit District Act and serving  
33 Morgan and Scott counties in Fiscal Year 2005, the Department  
34 shall allocate the funds to be made available to each  
35 participant for the following and succeeding fiscal years and  
36 shall notify the chief official of each participant not later

1 than the first day of the fiscal year of this amount.

2 (Source: P.A. 89-598, eff. 8-1-96.)

3 (30 ILCS 740/2-7) (from Ch. 111 2/3, par. 667)

4 Sec. 2-7. Quarterly reports; annual audit.

5 (a) Any Metro-East Transit District participant and any  
6 West Central Transit District participant shall, no later than  
7 60 days following the end of each quarter of any fiscal year,  
8 file with the Department on forms provided by the Department  
9 for that purpose, a report of the actual operating deficit  
10 experienced during that quarter. The Department shall, upon  
11 receipt of the quarterly report, determine whether the  
12 operating deficits were incurred in conformity with the program  
13 of proposed expenditures approved by the Department pursuant to  
14 Section 2-11. Any Metro-East District may either monthly or  
15 quarterly for any fiscal year file a request for the  
16 participant's eligible share, as allocated in accordance with  
17 Section 2-6, of the amounts transferred into the Metro-East  
18 Public Transportation Fund. Any West Central Transit District  
19 may, either monthly or quarterly, for any fiscal year, file a  
20 request for the participant's eligible share, as allocated in  
21 accordance with Section 2-6, of the amounts transferred into  
22 the West Central Public Transportation Fund.

23 (b) Each participant other than any Metro-East Transit  
24 District participant or any West Central Transit District  
25 participant shall, 30 days before the end of each quarter, file  
26 with the Department on forms provided by the Department for  
27 such purposes a report of the projected eligible operating  
28 expenses to be incurred in the next quarter and 30 days before  
29 the third and fourth quarters of any fiscal year a statement of  
30 actual eligible operating expenses incurred in the preceding  
31 quarters. Within 45 days of receipt by the Department of such  
32 quarterly report, the Comptroller shall order paid and the  
33 Treasurer shall pay from the Downstate Public Transportation  
34 Fund to each participant an amount equal to one-third of such  
35 participant's eligible operating expenses; provided, however,

1 that in Fiscal Year 1997, the amount paid to each participant  
2 from the Downstate Public Transportation Fund shall be an  
3 amount equal to 47% of such participant's eligible operating  
4 expenses and shall be increased to 49% in Fiscal Year 1998, 51%  
5 in Fiscal Year 1999, 53% in Fiscal Year 2000, and 55% in Fiscal  
6 Year 2001 and thereafter; however, in any year that a  
7 participant receives funding under subsection (i) of Section  
8 2705-305 of the Department of Transportation Law (20 ILCS  
9 2705/2705-305), that participant shall be eligible only for  
10 assistance equal to the following percentage of its eligible  
11 operating expenses: 42% in Fiscal Year 1997, 44% in Fiscal Year  
12 1998, 46% in Fiscal Year 1999, 48% in Fiscal Year 2000, and 50%  
13 in Fiscal Year 2001 and thereafter. Any such payment for the  
14 third and fourth quarters of any fiscal year shall be adjusted  
15 to reflect actual eligible operating expenses for preceding  
16 quarters of such fiscal year. However, no participant shall  
17 receive an amount less than that which was received in the  
18 immediate prior year, provided in the event of a shortfall in  
19 the fund those participants receiving less than their full  
20 allocation pursuant to Section 2-6 of this Article shall be the  
21 first participants to receive an amount not less than that  
22 received in the immediate prior year.

23 (c) No later than 180 days following the last day of the  
24 Fiscal Year each participant shall provide the Department with  
25 an audit prepared by a Certified Public Accountant covering  
26 that Fiscal Year. For those participants other than a  
27 Metro-East Transit District or a West Central Transit District,  
28 any discrepancy between the grants paid and the percentage of  
29 the eligible operating expenses provided for by paragraph (b)  
30 of this Section shall be reconciled by appropriate payment or  
31 credit. In the case of any Metro-East Transit District, any  
32 amount of payments from the Metro-East Public Transportation  
33 Fund which exceed the eligible deficit of the participant shall  
34 be reconciled by appropriate payment or credit. In the case of  
35 any West Central Transit District, any amount of payments from  
36 the West Central Public Transportation Fund which exceed the

1 eligible deficit of the participant shall be reconciled by  
2 appropriate payment or credit.

3 (Source: P.A. 91-239, eff. 1-1-00; 91-357, eff. 7-29-99; 92-16,  
4 eff. 6-28-01; 92-258, eff. 8-7-01; 92-464, eff. 8-22-01.)

5 (30 ILCS 740/2-15) (from Ch. 111 2/3, par. 675.1)

6 Sec. 2-15. Except as otherwise provided in this Section,  
7 all funds which remain in the Downstate Public Transportation  
8 Fund, ~~or~~ the Metro-East Public Transportation Fund, or the West  
9 Central Public Transportation Fund after the payment of the  
10 fourth quarterly payment to participants other than Metro-East  
11 Transit District participants and West Central Transit  
12 District participants and the last monthly payment to  
13 Metro-East Transit participants and West Central Transit  
14 District participants in each fiscal year shall be transferred  
15 to the General Revenue Fund no later than 90 days following the  
16 end of such fiscal year. However, such amount as the Department  
17 determines to be necessary for (1) allocation to participants  
18 for the purposes of Section 2-7 for the first quarter of the  
19 succeeding fiscal year and (2) an amount equal to 2% of the  
20 total allocations to participants in the fiscal year just ended  
21 to be used for the purpose of audit adjustments shall be  
22 retained in such Funds to be used by the Department for such  
23 purposes.

24 (Source: P.A. 86-590.)

25 Section 10. The State Finance Act is amended by adding  
26 Section 5.640 as follows:

27 (30 ILCS 105/5.640 new)

28 Sec. 5.640. The West Central Public Transportation Fund.

29 Section 99. Effective date. This Act takes effect upon  
30 becoming law.