



Memorandum

To: Erin Aleman
From: CMAP staff
Date: September 26, 2023
Subject: Regional roadway-generated transportation funding for transit

Executive summary

- Dedicating a portion of new or increased roadway-generated revenues to transit is a potential solution to address structural operating budget challenges.
- Shifting roadway-generated revenues to transit aligns with ON TO 2050's congestion management goals and the plan's call to match the costs of the transportation system to those who benefit from its use. ON TO 2050 also aims to incentive transit use and grow ridership. By making strategic investments in the transit system, the region can provide substantial co-benefits to roadway users by lessening congestion and support greenhouse gas reduction in the region.
- Some of the road revenues identified could be useful to meet transit's imminent fiscal cliff but should not (or cannot) be part of a long-term solution. Other, more durable sources make sense as part of an overall transit funding structure wherein transportation revenues are a primary resource for addressing transportation needs.
- Roadway-generated revenues can not only provide additional funds for transit, but also incentivize more people to switch from driving to transit, thereby increasing ridership and supporting climate goals.
- The RTA Act currently provides the RTA with the powers to levy either a regional sales tax *or* select regional transportation fees (such as a motor fuel tax) to support transit. Any decision to use roadway-generated revenues to support transit would require the

Illinois General Assembly (ILGA) to amend the RTA Act to allow the use of multiple or new revenue mechanisms.

- To use tolling or cordon pricing to fund transit, the ILGA would need to authorize implementation.
- There is a strong connection between parking and transit, particularly in transit-rich areas. Commercial parking taxes are already imposed by various jurisdictions in the region, and an increased fee could be dedicated to fund transit.

Overview of roadway-generated transportation revenues

Transportation funding in northeastern Illinois is generated from a variety of sources, including federal, state, local, and system-generated revenues. Funds are used to construct, operate, administer, and maintain the current roadway and transit system, as well as improve and enhance the system to meet present-day and future transportation needs. Within the larger transportation funding process, roadway-generated revenues are those funds created by imposing fees to use roadway assets or to own and operate vehicles.

In Illinois, the main roadway-generated transportation revenues are the state motor fuel tax (MFT) and state motor vehicle registration fees.^a These revenues are principally used to support transportation capital investments in the state. Other roadway-generated transportation fees collected in Illinois include parking taxes on commercial garages and tolls collected on Illinois Tollway assets.^b

Motor Fuel Tax

In 2022, the state collected \$2.5 billion in gross MFT revenues.^c After deductions for specific transportation-related funds (i.e., Grade Crossing Protection Fund) and operating funds for the

^a Motor fuel taxes and registration fees are also levied by counties, townships, and municipalities to support local transportation needs, but these have been excluded from this discussion.

^b Other transportation fees that have been excluded from consideration at this time include automobile renting taxes (ARTs) and fees on transportation network companies (TNCs). Although the RTA Act provides the RTA with the power to impose an ART, the service of renting automobiles will be captured in recommendations to expand the sales tax base to include additional services. For a discussion of these recommendations, see the companion memo on the PART webpage (<https://www.cmap.illinois.gov/programs/regional-transit-action>). Also, while the City of Chicago taxes TNC rides, there are challenges to scaling up a TNC fee further. First, TNC data is proprietary and largely unavailable for most of the region. Stronger data sharing requirements for TNCs and similar private transportation providers are needed to better understand and manage their activity. Second, the private funding model behind these companies traditionally works to offset the true costs of transportation for consumers. Given that the pandemic has changed market conditions for TNCs, and more of these costs are being pushed to consumers, it has become unclear how reliable a fee on TNCs would be for the transit system.

^c MFT collection and allotment statistics are provided for December 1st through November 30th of the following year. 2022 figures are the most recent annual figures available, and reflect collections and allocations from December 1, 2021, to November 30, 2022.

Illinois Department of Transportation (IDOT), as well as allocations to other state departments (i.e., Illinois Environmental Protection Agency), most net MFT revenues are allocated to counties, local governments, and IDOT’s Road Fund and State Construction Account. Following reforms in 2019, a small portion of MFT funds is now allocated to the RTA and the Downstate Mass Transit District for capital improvements (**Table 1**). The Road Fund and State Construction Account principally support roadway-related investment activities across Illinois, while transit capital improvement funds support transit-related capital investments in their respective regions.

Table 1: Illinois Motor Fuel Tax deductions & allocations, 2022

Fund category	Figures (in millions)	Allocated funds as a percent of net collections
Total funds for allocation	\$2,179.8	100%
Road Fund & State Construction Account	\$1,023.3	46.9%
County & local governments	\$912.0	41.8%
Transit capital improvement funds	\$244.5	11.2%
<i>Regional Transit Authority</i>	\$220.1	10.1%
<i>Downstate Mass Transit District</i>	\$24.5	1.1%
Total deductions	\$288.1	
Gross collections	\$2,467.9	

Source: CMAP analysis of IDOT data

Motor vehicle registration fees

In fiscal year 2023 (FY23), the state collected \$1.6 billion from motor vehicle and operator’s license fees. These fees, which include driver license fees, personalized and specialty license plate fees, and motor vehicle registration fees, are deposited into the Road Fund to directly support roadway capital projects across the state. On average, between fiscal year 2020 and 2023, motor vehicle registration fees and electric vehicle surcharge fees respectively contributed \$18.5 million and \$9.2 million annually (**Table 2**).

Table 2: Illinois motor vehicle registration fee revenues, fiscal years 2020-2023

Revenue source (in millions)	FY2020	FY2021	FY2022	FY2023
Vehicle registration fee	\$17.2	\$20.0	\$18.4	\$18.0
Vehicle registration surcharge on electric vehicles	\$8.6	\$10.0	\$9.2	\$9.0
Registration title transfer fee	\$12.4	\$12.2	\$10.3	\$9.5
Total vehicle registration fees	\$38.3	\$42.2	\$37.9	\$36.5

Source: CMAP analysis of Illinois Comptroller data

Commercial parking taxes

The State of Illinois, Cook County, and the City of Chicago all currently impose a tax on commercial parking lots and garages within their respective geographies. The state and Cook

County charge 6-9 percent of the parking cost depending on whether the parking is paid on a daily, weekly, or monthly basis.¹ Meanwhile, the City of Chicago parking tax rate is 22 percent for weekday parking, including weekly or monthly passes, and 20 percent for weekend parking.² While many communities in the region can directly impose fees on public parking spaces, the City of Chicago’s long-term lease agreement with Chicago Parking LLC precludes them from adding any surcharges to the price charged by the private operator of the city’s public street parking. Therefore, Chicago’s parking tax on commercial garages is the main mechanism the city possesses to collect revenues from parking moving forward. In 2019, the tax generated \$144 million for Chicago. Although revenues dropped to \$65 million during the height of the pandemic (in 2020), revenues from the city’s commercial parking tax are projected to be \$136 million in 2023 (94 percent of the pre-pandemic level).

Illinois Tollway tolls

The Illinois Toll Highway Authority (the “Illinois Tollway” or “Tollway”) is self-funded using revenue from tolls which constitute the transportation fees levied on vehicles using the nearly 300-mile, 12-county tollway system that spans portions of Interstates 80, 88, 90, 294, and 355. Tolls are levied based on vehicle type (passenger or commercial) and the number of axles. The revenues primarily support maintenance and operation of the Tollway system’s infrastructure via direct expenditures, debt service payments on revenue bonds used to fund system expansion, system reconstruction and improvements, and contributions to capital investment accounts. In fiscal year 2019 (FY19), tolls generated \$1.46 billion in revenues for the Tollway. Despite a decline in 2020, toll revenues are projected to be \$1.52 billion in FY23.

Recommendation: Leverage roadway-generated revenues for transit

The current transit operating funding crisis does not exist in a vacuum. Statewide and regional transportation systems are also facing significant challenges; decades of underinvestment have created a significant backlog of capital projects. As a result, poor roadway and transit system conditions continue to be a primary driver of capital needs and expenditures across Illinois and the Chicago metropolitan region. Rebuild Illinois directed some incremental revenues to transit capital projects — which has helped provide system enhancements and prevent the capital backlog from growing — but significant transit capital needs remain. Despite this progress, nearly all the roadway-generated revenues outlined above are currently directed to roadway projects.

A strong and well-operated transit system benefits roadway users and advances state and regional multimodal strategies to improve mobility, regional economic competitiveness, climate resilience, and overall quality of life. New and existing roadway-generated revenues present opportunities to provide greater support to transit, and to ensure transportation revenues are a primary resource for addressing transportation needs.

To better support the state and region’s multimodal goals, several opportunities exist to leverage roadway-generated revenues to support transit needs in northeastern Illinois. Some of the road revenues identified could be useful to meet transit’s imminent fiscal cliff but should not (or cannot) be part of a long-term solution (see below, Option 1). Other, more durable sources make sense as part of the overall transit funding structure (Options 2-6). Given the clear nexus between roadway and transit systems (i.e., congestion management, greenhouse gas emission mitigation), road revenues can and should provide solutions to a range of regional transportation issues.

Road revenue options for transit

The following options for road revenues in northeastern Illinois are based on expanding or adjusting existing transportation user fees (for transportation revenue options pertaining to federal or state capital funds, see the companion memos on the [PART webpage](#)).³

In addition to the policy rationale behind matching transportation user fees with the costs of the transportation system, these options align with guidance around the Illinois Transportation Taxes and Fees Lockbox Amendment (the “Transportation Lockbox Amendment”), which states that any taxes or fees collected in relation to the transportation system can only be used to fund transportation costs.^d Although thoughts may differ over the specific use of these resources and their role in supporting either annual transit operations or transit capital investments, the sources discussed below lack any inherent restrictions that preclude one use over the other. As such, this memo discusses funding options in the context of the overall PART focus on operating funding for transit.⁴ Future work will be needed to determine how specific funding sources should be aligned with specific uses.

- Option 1: Impose a **motor fuel tax surcharge in the RTA region** and dedicate the new funds to transit. This will require the ILGA to amend the RTA Act provision that precludes the use of a regional transit motor fuel tax alongside the existing RTA sales tax.
- Option 2: Impose a **vehicle registration fee surcharge in the RTA region** and dedicate the incremental revenues to transit.
- Option 3: **Increase existing commercial parking taxes** and dedicate the additional revenue to transit.
- Option 4: **Increase existing Illinois Tollway tolls** and dedicate a portion of the increment to transit.
- Option 5: **Add new tolls on currently un-tolled IDOT expressways** and dedicate a portion of the increment to transit.
- Option 6: **Implement cordon pricing around the Chicago central business district.**

^d The Transportation Lockbox Amendment was passed via state ballot measure in 2016. The legality of the amendment was later affirmed in 2022 when the Illinois Supreme Court ruled on Illinois Road and Transportation Builders Association et al. v. the County of Cook.

Option 1: Impose a MFT surcharge in the RTA region for transit.







The MFT is a critical piece of the state's transportation funding strategy. However, improvements to vehicle fuel efficiency and the uptake of electric vehicles (EVs) are increasingly eroding the MFT's sustainability as a revenue source. The ILGA began addressing this dynamic in 2019 with the passage of Rebuild Illinois, the state's most recent capital investment program. Rebuild Illinois included changes to the MFT and provided MFT revenues to support transit capital expenditures. Specifically, the program doubled the base MFT rate to 38.0 cents per gallon, tied future annual increases of the rate to inflation, and directed incremental MFT revenues to a newly established Transportation Renewal Fund (TRF). The TRF provides capital funds for state and local transportation investments like previous funding structures, as well as the newly established Regional Transportation Authority and Downstate Mass Transit District capital improvement funds.

Despite these changes, the existing state MFT does not fund transit operations. Imposing a MFT surcharge within the RTA region could provide a secure, dedicated revenue source for additional transit capital investments and/or transit operations. CMAP estimates that every additional \$0.05 per gallon surcharge imposed in the RTA region is estimated to generate an additional \$135 million in annual revenues.

A MFT surcharge could be implemented in the RTA region quickly using the RTA's taxing authority and existing MFT collection mechanisms. However, improvements to vehicle fuel efficiency (including growing uptake of electric vehicles) and anticipated changes in travel behavior are expected to continue eroding MFT revenues over time. In fact, statewide MFT revenues are only projected to continue growing due to the now-indexed rate and analytical assumptions that vehicle miles travel will continue to increase indefinitely. MFT revenues are also unlikely to keep pace with transportation costs, which persistently grow at a faster rate than inflation. Other revenue tools will ultimately be needed to replace the MFT and support the transportation system, such as a road usage charge or a vehicle miles traveled tax.





Evaluation^e

Policy

Category	Rating	Rationale
 Mobility	Medium	Increasing vehicle fuel costs in the RTA region could encourage mode shift to transit and thereby reduce congestion.
 Equity	Low	The MFT is a factor of vehicle fuel efficiency and is therefore more regressive than other road fees based only on miles traveled. Charging a MFT surcharge, regardless of ability to pay, places a greater cost burden on vulnerable populations that drive in the region, who are more likely to have older, less fuel-efficient vehicles.
 Revenue sustainability	Low	MFT revenues are eroding due to improving fuel efficiency and fleet electrification. This is not a sustainable funding solution in the long-term.
 Environment	High	Imposing a regional MFT surcharge will likely result in a net reduction in greenhouse gas emissions because it disincentivizes vehicle miles traveled.
 Economy	Medium	A regional MFT is unlikely to have a significant impact on aggregate economic growth or access to economic opportunities.
 Regional benefit	Regional	A regional MFT would increase the region's contributions to transit funding.

^e To evaluate different recommendations, CMAP developed a rubric for both policy impact and process difficulty. Policy evaluations are ranked from low to high. "High" means the recommendation would lead to significant improvements in the policy outcome (e.g., greater mobility or additional access to economic opportunities); "Medium" means the recommendation would have a neutral or minimal impact (e.g., no significant impact on transit ridership); and "Low" means the recommendation would worsen policy outcomes (e.g., having a disproportionate impact on low-income communities). For the "Regional benefit" category, the options are "Urban," "Suburban," and "Regional," designating where benefits are concentrated. For all process evaluation categories except timing, the scale ranges from "Low" (difficult) to "High" (easy or relatively straightforward). For "Timing," the options are "Near" (implementation could happen between now and 2026), "Medium" (implementation could occur between 2026 and 2028), and "Long" (implementation would likely be beyond 2028).

Process

Category	Rating	Rationale
 Administrative feasibility	High	A regional MFT surcharge can easily be administered using current mechanisms and distributed to the RTA/transit by the state.
 Political feasibility	Medium	There is the potential for opposition to an increase to the MFT on the heels of recent Rebuild Illinois adjustments to the rate. Additional opposition may come from the proposed use of a funding source that has traditionally been limited to capital funding for transit operations. Nevertheless, support – and statutory precedence – exists for using transportation revenues to meet the need for transit funding.
 Timing	Near	Given the ease of implementation, revenues from a MFT surcharge could likely be realized by the end of 2025.
 State span of control	High	To enact a regional MFT, the ILGA would need to amend the RTA Act provision that precludes the RTA from levying a regional transit MFT alongside the existing RTA sales tax.

Implementation steps

State legislative action

The ILGA would need to amend the RTA Act provision that precludes the RTA from levying a regional transit MFT alongside the existing RTA sales tax. Alternatively, the ILGA could levy a regional surcharge that is administered at the state-level and direct the funds to RTA.

State agency action

Regardless of the legislative action taken, the Illinois Department of Revenue (IDOR) would collect the revenues generated from the additional regional MFT rate and distribute the regional share to the RTA to fund transit operations.

Challenges

Given that the state MFT was increased in 2019 and inflationary pressures have raised the price of gasoline in recent years, it may be politically challenging to further add to the costs of motor fuel.

Option 2: Impose a regional vehicle registration fee for transit.


As previously noted, vehicle registration fees, or “wheel taxes,” are currently levied by the State of Illinois, as well as county and municipal governments. Within northeastern Illinois, 159 municipalities impose vehicle registration fees on residents, ranging from \$5-90 per vehicle. As transportation user fees that increase the costs of driving and therefore encourage mode shift to alternate forms of travel, registration costs have a strong nexus with the transit system and could be used to provide direct support for transit.

In addition to modernizing the MFT, Rebuild Illinois also changed state motor vehicle registration fees in 2019. As a result, the annual Illinois vehicle registration fee is a flat fee of \$151 per registered vehicle with electric vehicles paying an additional annual \$100 surcharge because they do not pay state motor fuel taxes. Registration costs in Illinois are considered relatively high compared to some neighboring states, including Wisconsin, Indiana, and Missouri, but are lower than others (Minnesota, Iowa, and Michigan).^f Using historic vehicle registration data and population forecasts, CMAP estimates the region could generate between \$60-70 million for transit operations from every \$10 levied on top of the existing state fee.






Although Illinois is not the only state that imposes a flat registration fee (which is charged regardless of vehicle value or income), this fee structure is more regressive than other state fees that are calculated according to factors such as vehicle weight, value, and age (which are more likely to correspond to a vehicle owner’s income and ability to pay). Were the vehicle registration process modernized to assign costs according to vehicle characteristics, the system could lead to more equitable taxation outcomes.

Evaluation




Policy


Category	Rating	Rationale
 Mobility	Medium	Increasing vehicle ownership and operation costs in the RTA region could encourage mode shift to transit and reduce congestion.

^f States with lower registration costs might be coupled with higher registration costs at the municipal- or county-level.

 Equity	Medium	<p>While any increase to the state’s flat rate registration fee is potentially regressive, the cost of vehicle registration will remain a small share of the total cost of owning a vehicle, which is itself significantly greater than the cost of traveling by transit.⁵ Additionally, lower-income households own fewer vehicles than higher-income households, and therefore will not be as negatively impacted by this option. As seen in other states, registration solutions that assign costs to vehicle characteristics could further reduce inequitable impacts.</p>
 Revenue sustainability	High	<p>A regional vehicle registration surcharge is likely sustainable in the long-term, although the number of vehicle registrations in the RTA region has declined slightly in recent years.</p>
 Environment	High	<p>A regional vehicle registration surcharge will likely result in a net reduction in greenhouse gas emissions because increasing the cost of vehicle ownership incentivizes mode shift.</p>
 Economy	Medium	<p>A regional vehicle registration surcharge is unlikely to have an impact on economic growth.</p>
 Regional benefit	Regional	<p>The regional vehicle registration fee would increase the region’s contributions to the overall transit funding strategy.</p>

Process

Category	Rating	Rationale
 Administrative feasibility	High	<p>A regional vehicle registration surcharge could easily be administered under existing processes. Since registration fees are collected by the state, funds would need to be distributed to the RTA region.</p>
 Political feasibility	Medium	<p>The 2019 increases to the state vehicle registration fee may make this option unpopular. Efforts to tie the registration fee to factors such as vehicle weight, value, and age could reduce some fees and improve political feasibility.</p>
 Timing	Near-term	<p>Given the ease of implementation, revenues from a MFT surcharge could likely be realized by the end of 2025.</p>

 <p>State span of control</p>	<p>High</p>	<p>The ILGA would be required to authorize this regional revenue option by amending the RTA Act.</p>
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Implementation steps

State legislative action

The ILGA would need to authorize a regional vehicle registration fee for the RTA region and could do so by amending the RTA Act. In doing this, the state should not preclude the use of a motor vehicle registration fee alongside the RTA sales tax. Alternatively, the ILGA could levy a regional registration fee surcharge administered by the state and directed to the RTA.

State agency action

Regardless of the legislative action taken, if implemented, the Secretary of State would need to administer and collect both the state vehicle registration fee and RTA regional surcharge. Incremental revenues for transit would need to be distributed to the RTA.

Challenges

Given that the state raised the vehicle registration fee in 2019, from \$101 to \$151, additional increases may be politically challenging.

There are important equity implications for increasing a flat fee. To assuage concerns about increasing the burden on vulnerable populations within the region, the state should explore more equitable implementation options like calculating vehicle registration costs according to the value, weight, or age of the vehicle.







Option 3: Increase parking taxes for transit.

There is a strong nexus between parking and transit, particularly in transit-rich areas. Taxing commercial parking in targeted ways can incentivize users to shift from single-occupancy vehicles to transit and other transportation alternatives (e.g., micromobility, active modes), thereby reducing congestion and emissions. The City of Chicago, Cook County, and the State of Illinois all already impose taxes on commercial parking in their respective geographies.





An additional commercial parking tax could be implemented in several ways. The monies could be generated through either an increase to any of the existing tax rates or an additional flat fee (e.g., \$2.50 per parking transaction). Geographically, the increased cost could be levied across the entirety of the RTA region, only within the Chicago central business district (CBD), and/or other transit-rich areas, or a combination. A tiered rate or fee could be charged on parking located within or outside of these designated geographies.

Evaluation

Policy

Category	Rating	Rationale
 Mobility	High	Increasing the cost of parking has the potential to reduce vehicular trips within and to areas with high concentrations of commercial parking, like the Chicago CBD. This is expected to shift some travelers to transit reducing congestion and driving an increase in transit ridership.
 Equity	Medium	<p>Increasing the cost of parking does not account for ability to pay and could unduly burden low-income drivers. However, vulnerable populations are less likely to drive and park within transit-rich areas like downtown Chicago, which shifts the burden onto travelers with the ability to pay more for parking.</p> <p>A tiered structure that imposes higher fees on designated geographies based on transit availability than on other portions of the region would improve the equity of outcomes.</p>
 Revenue sustainability	Medium	A commercial parking tax has moderate revenue potential. For example, rate increases that achieve 50% of Chicago’s budgeted 2023 revenues could provide \$60-70 million in transit funding. At the same time, parking tax revenues from the transit-rich areas like the CBD are also susceptible to changing travel patterns and economic trends.
 Environment	High	Mode shifts (from vehicular travel to transit) driven by increased parking costs will have a net positive impact on emission mitigation.
 Economy	Medium	<p>Decreased travel to transit-rich areas driven by increased parking costs could impact businesses in the short-term. Improved transit service is anticipated to offset these impacts.</p> <p>Long-term, fewer cars in transit-rich and business-rich areas would not only make them more friendly to users of active transportation but may lead to more local tax revenue from real estate appreciation and business activity.</p>
 Regional benefit	Urban/ Regional	A parking tax for transit would increase the local and/or regional contributions to the overall transit funding strategy.

Process

Category	Rating	Rationale
 <p>Administrative feasibility</p>	High	Increasing the commercial parking tax rate could leverage existing implementation mechanisms.
 <p>Political feasibility</p>	Medium	Consensus building among stakeholders where this policy is implemented would be required to advance additional tax on commercial parking.
 <p>Timing</p>	Near-term	Revenues can be realized by the end of 2025.
 <p>State span of control</p>	Medium	<p>An increase in commercial parking taxes could be implemented several different ways. If desired, the state could maintain control by increasing their own commercial parking tax and dedicating incremental funds to transit. The ILGA could also amend the RTA Act to remove the restriction regarding levying a regional parking tax alongside the existing RTA sales tax and to focus the regional tax on commercial facilities (rather than public).</p> <p>If not implemented by the state, a single entity (Cook County or Chicago) should implement the additional commercial parking tax to support transit and ensure consistent and transparent application.</p>

Implementation steps

Local action

The state, Cook County, and/or the City of Chicago would need to pass a rate increase or an additional fee to their existing commercial parking tax to implement this proposal. Revenues generated from the parking tax increase should be earmarked for funding transit operations.

Challenges

The pandemic’s impact on travel behavior has called the long-term reliability of parking fees into question. While some parking garages have benefitted from increased tourist activity, remote work, among other issues, continues to impact overall usage of commercial parking

facilities and parking tax revenues have not yet surpassed pre-pandemic levels.⁶ If these trends continue, parking fees could further erode over time. This is especially true of the Chicago CBD, which has the highest concentration of commercial parking in the region.

Changing the attractiveness of parking by imposing greater fees may ultimately depress the availability of future parking fee revenues. However, the potential of mode shift to advance many of the region's broader policy goals related to congestion management and emissions reduction – while also providing revenues for transit – should be thoroughly considered when weighing tradeoffs.

Option 4: Increase existing tolls and dedicate a portion of the increment to transit.

The Illinois State Toll Highway Authority, or “Illinois Tollway”, is the agency charged with building, operating, and maintaining toll roads in the state. Compared to roadways that are operated by IDOT and local county and municipal transportation departments, which rely on federal, state, and local monies to fund maintenance and operations, the Illinois Tollway primarily relies on toll revenues collected from its own system. These toll revenues are used to fund operations, such as Tollway staff costs, snow and ice control, and traffic monitoring and incident response. Toll revenues are also used to fund the Tollway's capital expenditures, which include roadway reconstruction, expansion, and systemwide maintenance. While some toll revenues fund capital costs directly, the Tollway's multi-year capital programs – such as their current 15-year, \$14 billion capital program, *Move Illinois* – are largely funded by proceeds from bonds that are secured by future toll revenues.







The toll fees upon which the Tollway relies are, in their essence, a true user-based fee: some users choose to pay for access to faster or more direct routes (tollways), while others choose alternate routes or means of travel (i.e., non-tolled roadways or transit). Accordingly, tolls serve an important system demand management role by imposing the true cost of vehicle trips on drivers using certain roadway assets, incentivizing mode shift and transit ridership, and reducing congestion. Increasing the cost of tolls would advance these regional priorities and could be used to provide a sustainable revenue source for transit operations.

If desired and directed by the state, the Illinois Tollway could dedicate a portion of its revenues to transit, which could be funded by increasing tolls. Increasing tolls by 30% within the RTA region is estimated to generate an additional \$450 million in annual revenue. This revenue estimate includes increasing tolls paid by freight trucks, which are currently indexed to the Consumer Price Index (CPI) and adjusted on an annual basis. In general, trucks already shoulder a disproportionate share of the costs imposed through tolling and the nexus between commercial vehicles and transit is less straightforward. Therefore, while it is important to ensure freight trucks continue to pay for their use of the tollways, excluding trucks from a toll increase for transit would reduce the estimated annual revenues to \$180 million. The Illinois Tollway may consider an initial increase in passenger car rates to bring passenger car and





freight truck rates into better proportion. This could be followed by an annual CPI adjustment to the rates for passenger cars to maintain future parity with trucks.

Evaluation

Policy

Category	Rating	Rationale
 Mobility	Medium	Increasing the costs of operating a vehicle in the RTA region could help manage congestion on the existing interstate system and better reflect the true cost of roadway use.
 Equity	Medium	Increasing tolls is expected to have a marginal impact on vulnerable travelers because tolls are not a substantial share of transportation costs, and higher-income households contribute a larger share of toll revenues than lower-income households. ⁷
 Revenue sustainability	High	Toll revenues are stable, and increased tolls have strong revenue potential in the region. Changes in future tollway revenues from currently tolled assets could impact the Tollway's credit rating and/or bond financing. Accordingly, any discussions about use of toll revenues from the Tollway system should include in-depth consultation and partnership with the Illinois Tollway.
 Environment	High	Increasing tolls may result in reductions in greenhouse gas emissions. While tolls are not a substantial share of transportation costs, increases will contribute to the overall cost of driving and may result in some mode shift toward transit or canceled trips. Some drivers may choose to divert to local roads, highlighting the long-term importance of a consistent, comprehensive approach to regional road pricing (see Option 5 below).
 Economy	Low/Medium	Increasing tolls for trucks could further burden freight and other related industries that transport goods and materials within and through the region, which could negatively impact economic growth. If trucks are excluded from increased tolls, this option will not have as direct an impact on economic growth.
 Regional benefit	Regional	Additional revenue generated from a toll increase would add to the region's contributions to the overall transit funding strategy.

Process

Category	Rating	Rationale
 <p>Administrative feasibility</p>	High	The Illinois Tollway has the authority to increase tolls and can rely upon existing toll collection infrastructure. Further examination of Tollway’s Trust Indenture is required to better understand the terms in which toll revenue can be used to support transit. Additional administrative support will likely be needed by the Illinois Tollway and Illinois Department of Revenue (IDOR) to facilitate the collection and distribution of funds for transit.
 <p>Political feasibility</p>	Medium	There would likely be opposition to increasing tolls on freight trucks but may be some support for increasing tolls on passenger vehicles given the relatively flat growth of those rates over time. Toll rates could be increased via an Illinois Tollway Board vote or, if necessary, statutory mandate, contingent funding, or some other legislative means. The ILGA would be required to direct a portion of toll revenues to the RTA region.
 <p>Timing</p>	Near-term	Given that the increase relies exclusively on existing capital infrastructure and revenue collection mechanisms, this option could be implemented quickly, potentially yielding additional revenues by the end of 2025.
 <p>State span of control</p>	Medium	While the Illinois Tollway would implement any decision to increase tolls in the RTA region, the action would require the ILGA to direct the Illinois Tollway to dedicate a portion of toll revenues to the RTA region.

Implementation steps

State legislative action

The Illinois Tollway has the authority to increase tolls by itself, but the ILGA would need to direct the Tollway to dedicate a portion of toll revenues to transit in the RTA region.

State agency action

The Illinois Tollway Board would likely need to vote to increase tolls, unless otherwise mandated by the ILGA.

Challenges

Given that toll revenues have already been used to secure bond financing for the Illinois Tollway, increasing toll fees and dedicating tollway revenues to another use (i.e., transit) may negatively impact the Tollway's credit ratings. This could impact both their current financing – if bondholders consider the toll increases risky – and their ability to access financing at favorable interest rates in the future. Further exploration of this option would benefit from an Illinois Tollway assessment of its potential impact. Any increases in tolls and diversion of funds to support transit should be implemented in collaboration with the Tollway to minimize any negative externalities.

Option 5: Add tolls on existing IDOT expressways within the RTA region and dedicate a portion of the increment to transit.

Instead of increasing existing tolls, tolling could be expanded to all the IDOT expressways within the RTA region that are not currently tolled. Comprehensively expanding tolling to all facilities would provide the greatest congestion management and revenue generation benefits for the region, but managed lane and variable pricing strategies could also be considered.^g Accordingly, modeling that applies a toll rate of \$0.15-0.20 per mile of freeway in the RTA region indicates this option could raise an additional \$1.7 billion in gross annual revenue.^h

The vast majority of revenues generated by tolling the existing IDOT system would need to be dedicated to rebuilding those facilities over the next thirty years. To support the billions of dollars needed to reconstruct these aging assets, the region's Financial Plan for Transportation identifies tolling IDOT expressways that have been targeted for reconstruction as a "reasonably expected revenue."⁸ That said, opportunities exist in expanding tolling to introduce an additional increment that can generate consistent, reliable funding for transit while also advancing the region's expressway state of good repair needs.

Currently, tolls are imposed in parts of the RTA region where few alternatives to driving exist. Conversely, transit-rich areas within the region have fewer tolls, are more likely to experience congestion, and are in built-up environments where additional roadway expansion poses significant challenges. Tolling expressways in transit-rich parts of the region (such as the expressways within Chicago and Cook County (e.g., Interstate 90/94)) would incentivize mode shift to transit, advance congestion management across the highway system, and reduce the greenhouse gas emissions attributable to the transportation system.

^g Additional work is needed to determine the costs and benefits of these alternative congestion mitigation strategies.




^h The \$0.15-0.20 per mile input is based on the current toll rate for Illinois Route 390, instead of the Tollway average, which is \$0.06 per mile.




Likewise, expanding tolling in areas of the region that experience high levels of truck congestion would improve travel times for all users of the roadway system while generating funds to support the state of good repair needs across the region. Finally, working to ensure parallel transit service (e.g., Pace’s Bus on Shoulder program) is made available for newly tolled facilities located in transit-poor areas of the region will be critical to support a coordinated tolling system that more accurately matches the transportation alternatives available to travelers with the costs of driving in the region.

Additionally, depending on the nature of the physical and technological investments made, the tolling system could be sufficiently flexible to adapt to future travel patterns and allow the state to enact a form of congestion pricing on certain IDOT regional infrastructure.




Evaluation


Policy

Category	Rating	Rationale
 Mobility	High	Increasing the cost of driving on highways throughout the region would reflect the true cost of road use, encourage transit ridership, and reduce congestion.
 Equity	Medium	<p>Adding new tolls is expected to have a marginal impact on vulnerable travelers. In general, tolls are not a substantial share of the cost of driving and are less regressive than other existing transportation revenue sources that rely on motor vehicle fuel efficiency and flat fees (i.e., motor fuel taxes and vehicle registration fees). Additionally, higher-income households contribute a larger share of toll revenues (and peak-period travel) than lower-income households.⁹</p> <p>Nevertheless, tolling IDOT’s radial facilities would introduce a more diverse customer base than the Tollway’s current users. Any discussions about expanding tolling should include in-depth consultation and partnership with the Illinois Tollway, as well as support to advance equity and limit negative impacts to the most vulnerable users.</p>
 Revenue sustainability	High	The revenue potential from new tolls is strong, and it would likely be a stable revenue source.

 Environment	High	New tolls will result in a moderate reduction in greenhouse gas emissions. Increasing the cost of driving may contribute to mode shifts toward transit and other non-car modes, while improvements in congestion management will reduce greenhouse gas emissions from those users that continue to drive.
 Economy	Medium	<p>The short-term economic impact of expanding tolling is dependent on the rate at which commercial and private users are tolled.</p> <p>The longer-term economic impact of tolling IDOT expressways is expected to be high as it enables the rebuilding the existing facilities and substantially support transit.</p>
 Regional benefit	Urban/ Regional	Additional revenue generated from new tolls would increase the region’s contributions to the overall transit funding approach.

Process

Category	Rating	Rationale
 Administrative feasibility	Medium	<p>A tolling services agreement between IDOT and the Illinois Tollway would be needed to ensure that the Tollway’s back-office could support toll collection on IDOT’s facilities.</p> <p>Assuming the necessary capital infrastructure can be funded and installed, new tolls could then be collected by existing tolling technology and systems.</p> <p>Waivers may need to be secured from the federal government to authorize tolling on IDOT expressways. Any approach to expanding tolling on these roads would require coordination between state, regional, and federal agencies.</p>
 Political feasibility	Low	Adding tolls to currently untolled assets would shift how travelers move through the region and would likely face opposition from existing users. However, within the current system, most of the untolled assets are in areas with greater transit access.
 Timing	Long-term	Significant capital infrastructure investments are needed to implement this option. Revenues would not be recognized for some time.

 <p>State span of control</p>	<p>Medium</p>	<p>The federal government would need to allow IDOT to add tolls to toll-free assets. These waivers require state support, and state agencies (IDOT, Illinois Tollway) would need to coordinate to successfully expand tolling.</p>
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Implementation steps

State agency action

IDOT and the Illinois Tollway would implement the toll expansion, if the federal government provides an exception to existing regulations that prohibit adding tolls to untolled assets. IDOT and the Tollway would need to be directed to develop a tolling services agreement for the Tollway to provide back-office services to IDOT.

Challenges

Adding tolls to untolled assets is currently only permitted by the federal government on a limited basis. To implement this option, the federal government would need to provide an exception to the region and could consider the region for a pilot program such as the Value Pricing Pilot Program (VPPP).¹⁰

Option 6: Levy cordon pricing in the Chicago CBD

Cordon pricing is a congestion management and road pricing strategy that imposes a fee on vehicles entering a defined geographic boundary. Cordons tend to be implemented in CBDs where vehicle congestion is high, air quality is a concern, and transit is an available alternative.

Implementing cordon pricing in the Chicago CBD provides an opportunity to account for the negative impacts imposed by driving on the area, like increased congestion, and decreases in both air quality and traffic safety. At the same time, cordon pricing incentivizes travelers to mode shift to other means of travel. The Chicago CBD is a strong candidate for cordon pricing because of its robust transit network, which provides travelers with various low-cost transportation alternatives through walking, biking, taxi, urban bus and rail (i.e., CTA), or commuter rail (i.e., Metra). Figure 1 shows the Chicago Downtown Surcharge Zone that was used by CMAP for modeling purposes, which was previously studied by the City of Chicago.

Modeling results show that cordon pricing would generate significant revenue. Based on cordon pricing characteristics from New York City and London, CMAP estimates annual revenues of \$765 million for a low-fee scenario (comparable to New York City) and \$1.3 billion for a high-fee scenario (comparable to London), beginning in 2030.ⁱ

ⁱ As modeled, revenues are only collected from drivers entering the cordon, not passing through on interstates.

If it were to be imposed, the cordon would always be in effect, including on weekends, but the fee could vary by time of day. The fee could also differ by vehicle type (e.g., passenger vehicle, light- or medium-duty truck, heavy-duty truck). As recommended, crossing the cordon during peak weekday times costs the most, followed by off-peak weekday times, and then overnight on weekdays. **Table 3** shows cordon charges from the low-fee scenario. The modeled cordon applied to city roadways in the central business district but not to the highways (**Figure 1**).

Table 3: Cordon charges could vary based on vehicle type and time of weekday.

Time of day	Automobile	Light/medium trucks	Heavy trucks
Peak weekday	\$9	\$18	\$27
Off-peak weekday	\$7	\$14	\$21
Overnight weekday	\$5	\$10	\$15

Source: CMAP analysis of low-fee scenario, based on draft New York City cordon rates.







Figure 1: The modeled boundary for cordon pricing in the Chicago central business district is based on the Chicago’s current downtown surcharge zone for Transportation Network Companies (TNCs).







Source: City of Chicago

Evaluation

Policy

Category	Rating	Rationale
 Mobility	High	Cordon pricing incentivizes travelers to mode shift to transit for those trips ending within the cordon, instead of driving. This would encourage transit ridership and reduce congestion.
 Equity	High	A new fee could have some negative equity impacts, although vulnerable populations are more likely to take transit and travel during off-peak periods. While it was not included in the modeling, implementers could consider providing income-based waivers to residents and/or discounts to employers for low-wage essential staff (i.e., janitorial staff) to further mitigate the impacts of a CBD cordon.
 Revenue sustainability	High	Cordon pricing is projected to have a significant revenue yield.
 Environment	High	Cordon pricing discourages vehicle trips, therefore reducing vehicle miles traveled and emissions.
 Economy	Medium	<p>A CBD cordon is unlikely to have an impact on economic growth. Reduced vehicle trips might result in fewer total trips to the CBD, but improved transit service will offset these impacts.</p> <p>Long-term, fewer cars in transit-rich and business-rich areas would not only make them more friendly to users of active transportation but may lead to more local tax revenue from real estate appreciation and business activity.</p>
 Regional benefit	Urban/ Regional	Additional revenue generated from a CBD cordon would increase the City of Chicago’s contributions to the overall transit funding strategy.

Process

Category	Rating	Rationale
 Administrative feasibility	Low	A cordon would require a new collection mechanism and administrative capacity.
 Political feasibility	Low	A cordon is a new and different transportation user fee, which will likely be met with opposition.
 Timing	Low	Implementation is unlikely until 2030.
 State span of control	Medium	Cordon pricing requires authorization from the ILGA and coordination with state agencies.

Implementation steps

State and regional action

Cordon pricing requires authorization from the ILGA. Implementation will require coordination from several agencies, including IDOT, the Tollway, the Chicago Department of Transportation, among others. The charge could ultimately be operated by a public entity such as the Chicago Department of Transportation or through a public-private partnership, as in London.

Challenges

Implementing cordon pricing requires significant capital investments to charge vehicles entering the cordon. Tolling infrastructure would be required around the cordon.

Some travelers could change their travel patterns if a cordon is implemented. Distorted travel patterns could mean increased vehicle miles traveled, as drivers take longer routes to avoid the cordon boundary. Improving infrastructure that enables faster and more reliable movement into and throughout the cordon area for transit users, cyclists and pedestrians could mitigate this challenge.

Endnotes

- ¹ Cook County, “Parking Lot & Garage Operation Tax,” n.d., <https://www.cookcountyil.gov/service/parking-lot-garage-operation-tax>; Illinois Department of Revenue, “Parking Excise Tax,” n.d., <https://tax.illinois.gov/research/taxinformation/excise/parking-excise-tax.html>.
- ² City of Chicago, “Parking Tax,” n.d., https://www.chicago.gov/content/city/en/depts/fin/supp_info/revenue/tax_list/parking_tax.html.
- ³ Chicago Metropolitan Agency for Planning (CMAP), “Plan of Action for Regional Transit,” <https://www.cmap.illinois.gov/programs/regional-transit-action>.
- ⁴ CMAP, “Plan of Action for Regional Transit Steering Committee,” <https://www.cmap.illinois.gov/documents/10180/1523087/PART+Steering+Committee+07.19.2023+presentation.pdf/cc5d51d1-c34d-9634-9dd8-00543e7905d8?t=1689870006294>.
- ⁵ Chicago Metropolitan Agency for Planning, “Improving Equity in Transportation Fees, Fines, and Fares,” April 2021, https://www.cmap.illinois.gov/documents/10180/1307930/FFF_final_report.pdf/1d74b660-c1c3-a2c0-dcb0-879d4493a499?t=1617741942903.
- ⁶ Alby Gallun, “The Car’s Comeback Is Easing Downtown Parking Garages’ Pain,” *Crain’s Chicago Business*, September 24, 2021, <https://www.chicagobusiness.com/commercial-real-estate/downtown-chicago-parking-garages-gain-customers-cta-metra-lose>.
- ⁷ U.S. Department of Transportation, Federal Highway Administration, “Income-Based Equity Impacts of Congestion Pricing—A Primer,” March 26, 2021, https://ops.fhwa.dot.gov/publications/fhwahop08040/cp_prim5_03.htm.
- ⁸ CMAP, “Financial Plan for Transportation,” October 2022, <https://www.cmap.illinois.gov/documents/10180/1439048/ON+TO+2050+Update+Financial+Plan+for+Transportation+Appendix.pdf>.
- ⁹ U.S. Department of Transportation, Federal Highway Administration, “Income-Based Equity Impacts of Congestion Pricing—A Primer.”
- ¹⁰ U.S. Department of Transportation, Federal Highway Administration, “Federal Tolling Programs,” Center for Innovative Finance Support, n.d., https://www.fhwa.dot.gov/ipd/tolling_and_pricing/tolling_pricing/federal_tolling_programs.aspx.