



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5728

by Rep. Daniel V. Beiser

SYNOPSIS AS INTRODUCED:

30 ILCS 740/2-2.04	from Ch. 111 2/3, par. 662.04
30 ILCS 740/2-14	from Ch. 111 2/3, par. 674
30 ILCS 740/2-15	from Ch. 111 2/3, par. 675.1

Amends the Downstate Public Transportation Act. Provides that the annual increase in a participant's maximum eligible operating expenses is the percentage increase in the net revenue realized under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act in the preceding fiscal year (now, 10%). Makes changes in the definition of "operating expenses". In provisions concerning grants, provides that any procurement by a participant using debt service for which operating reimbursement will be requested shall not be subject to the Department's procurement process, but shall be subject to a locally approved procurement process that complies with all federal procurement standards. Provides that, in Fiscal Year 2013, all funds remaining in the Downstate Public Transportation Fund after the payments have been made to participants shall remain in the Downstate Public Transportation Fund. Provides that, in Fiscal Year 2014 and thereafter, an amount equal to the difference between the appropriations from the Downstate Public Transportation Fund in the preceding fiscal year and moneys deposited into that Fund in the preceding fiscal year shall be transferred from the Downstate Public Transportation Fund to the Downstate Transit Improvement Fund (now, the entire amount remaining in the Downstate Public Transportation Fund is transferred to the Downstate Transit Improvement Fund). Effective immediately.

LRB098 18662 HLH 53805 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 2-2.04, 2-14, and 2-15 as follows:

6 (30 ILCS 740/2-2.04) (from Ch. 111 2/3, par. 662.04)

7 Sec. 2-2.04. "Eligible operating expenses" means all
8 expenses required for public transportation, including
9 employee wages and benefits, materials, fuels, supplies,
10 rental of facilities, taxes other than income taxes, any
11 payment made for debt service (including principal and
12 interest) by all participants on publicly owned equipment or
13 facilities, payment made on unfunded pension liability, and any
14 other expenditure which is an operating expense according to
15 standard accounting practices for the providing of public
16 transportation. Eligible operating expenses shall not include
17 allowances: (a) for depreciation whether funded or unfunded;
18 (b) for amortization of any intangible costs; (c) for debt
19 service on capital acquired with the assistance of capital
20 grant funds provided by the State of Illinois; (d) for profits
21 or return on investment; (e) for excessive payment to
22 associated entities; (f) for Comprehensive Employment Training
23 Act expenses; (g) for costs reimbursed from federal public

1 ~~transportation grant funds under Sections 6 and 8 of the "Urban~~
2 ~~Mass Transportation Act of 1964", as amended;~~ (h) for
3 entertainment expenses; (i) for charter expenses; (j) for fines
4 and penalties; (k) for charitable donations; (l) for interest
5 expense on long term borrowing and debt retirement other than
6 on publicly owned equipment or facilities; (m) for income
7 taxes; or (n) for such other expenses as the Department may
8 determine consistent with federal Department of Transportation
9 regulations or requirements. In consultation with
10 participants, the Department shall, by October 2008,
11 promulgate or update rules, pursuant to the Illinois
12 Administrative Procedure Act, concerning eligible expenses to
13 ensure consistent application of the Act, and the Department
14 shall provide written copies of those rules to all eligible
15 recipients. The Department shall review this process in the
16 same manner no less frequently than every 5 years.

17 ~~With respect to participants other than any Metro East~~
18 ~~Transit District participant and those receiving federal~~
19 ~~research development and demonstration funds pursuant to~~
20 ~~Section 6 of the "Urban Mass Transportation Act of 1964", as~~
21 ~~amended, during the fiscal year ending June 30, 1979, the~~
22 ~~maximum eligible operating expenses for any such participant in~~
23 ~~any fiscal year after Fiscal Year 1980 shall be the amount~~
24 ~~appropriated for such participant for the fiscal year ending~~
25 ~~June 30, 1980, plus in each year a 10% increase over the~~
26 ~~maximum established for the preceding fiscal year. For Fiscal~~

1 ~~Year 1980 the maximum eligible operating expenses for any such~~
2 ~~participant shall be the amount of projected operating expenses~~
3 ~~upon which the appropriation for such participant for Fiscal~~
4 ~~Year 1980 is based.~~

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

20 With respect to all participants other than any Metro-East
21 Transit District participant, the maximum eligible operating
22 expenses for any such participant in any fiscal year after
23 Fiscal Year 1985 (except Fiscal Year 2008 and Fiscal Year 2009)
24 shall be the amount appropriated for such participant for the
25 fiscal year ending June 30, 1985, plus (i) in fiscal years
26 prior to Fiscal Year 2015, ~~in each year~~ a 10% increase over the

1 maximum established for the preceding year and (ii) for Fiscal
2 Year 2015 and thereafter, a percentage increase over the
3 maximum established for the preceding year equal to the
4 percentage increase in the net revenue realized under the Use
5 Tax Act, the Service Use Tax Act, the Service Occupation Tax
6 Act, and the Retailers' Occupation Tax Act in the preceding
7 fiscal year, except that if there is a decrease in the net
8 revenue realized under the Acts, the maximum established shall
9 be equal to the maximum established the preceding year. For
10 Fiscal Year 1985, the maximum eligible operating expenses for
11 any such participant shall be the amount of projected operating
12 expenses upon which the appropriation for such participant for
13 Fiscal Year 1985 is based.

14 With respect to any mass transit district participant that
15 has increased its district boundaries by annexing counties
16 since 1998 and is maintaining a level of local financial
17 support, including all income and revenues, equal to or greater
18 than the level in the State fiscal year ending June 30, 2001,
19 the maximum eligible operating expenses for any State fiscal
20 year after 2002 (except State fiscal years 2006 through 2009)
21 shall be the amount appropriated for that participant for the
22 State fiscal year ending June 30, 2002, plus, (i) in each State
23 fiscal year prior to Fiscal Year 2015, a 10% increase over the
24 preceding State fiscal year and (ii) for Fiscal Year 2015 and
25 thereafter, a percentage increase over the preceding State
26 fiscal year equal to the percentage increase in the net revenue

1 realized under the Use Tax Act, the Service Use Tax Act, the
2 Service Occupation Tax Act, and the Retailers' Occupation Tax
3 Act in the preceding fiscal year, except that if there is a
4 decrease in the net revenue realized under the Acts, the
5 maximum established shall be equal to the maximum established
6 the preceding year. For State fiscal year 2002, the maximum
7 eligible operating expenses for any such participant shall be
8 the amount of projected operating expenses upon which the
9 appropriation for that participant for State fiscal year 2002
10 is based. For that participant, eligible operating expenses for
11 State fiscal year 2002 in excess of the eligible operating
12 expenses for the State fiscal year ending June 30, 2001, plus
13 10%, must be attributed to the provision of services in the
14 newly annexed counties.

15 With respect to a participant that receives an initial
16 appropriation in State fiscal year 2002 or thereafter, the
17 maximum eligible operating expenses for any State fiscal year
18 after 2003 (except State fiscal years 2006 through 2009) shall
19 be the amount appropriated for that participant for the State
20 fiscal year in which it received its initial appropriation,
21 plus, (i) in each year prior to Fiscal Year 2015, a 10%
22 increase over the preceding year and (ii) for Fiscal Year 2015
23 and thereafter, a percentage increase over the preceding State
24 fiscal year equal to the percentage increase in the net revenue
25 realized under the Use Tax Act, the Service Use Tax Act, the
26 Service Occupation Tax Act, and the Retailers' Occupation Tax

1 Act in the preceding fiscal year, except that if there is a
2 decrease in the net revenue realized under the Acts, the
3 maximum established shall be equal to the maximum established
4 the preceding year. For the initial State fiscal year in which
5 a participant received an appropriation, the maximum eligible
6 operating expenses for any such participant shall be the amount
7 of projected operating expenses upon which the appropriation
8 for that participant for that State fiscal year is based.

9 For the purposes of this Section, "net revenue realized"
10 means the revenue collected by the State pursuant to the Use
11 Tax Act, the Service Use Tax Act, the Service Occupation Tax
12 Act, and the Retailers' Occupation Tax Act during the fiscal
13 year, less the amount paid out during that same fiscal year as
14 refunds or credit memoranda to taxpayers for overpayment of
15 liability under those Acts.

16 With respect to the District serving primarily the counties
17 of Monroe and St. Clair, beginning July 1, 2005, the St. Clair
18 County Transit District shall no longer be included for new
19 appropriation funding purposes as part of the Metro-East Public
20 Transportation Fund and instead shall be included for new
21 appropriation funding purposes as part of the Downstate Public
22 Transportation Fund; provided, however, that nothing herein
23 shall alter the eligibility of that District for previously
24 appropriated funds to which it would otherwise be entitled.

25 With respect to the District serving primarily Madison
26 County, beginning July 1, 2008, the Madison County Transit

1 District shall no longer be included for new appropriation
2 funding purposes as part of the Metro-East Public
3 Transportation Fund and instead shall be included for new
4 appropriation funding purposes as part of the Downstate Public
5 Transportation Fund; provided, however, that nothing herein
6 shall alter the eligibility of that District for previously
7 appropriated funds to which it would otherwise be entitled.

8 With respect to the fiscal year beginning July 1, 2007, and
9 thereafter, the following shall be included for new
10 appropriation funding purposes as part of the Downstate Public
11 Transportation Fund: Bond County; Bureau County; Coles County;
12 Edgar County; Stephenson County and the City of Freeport; Henry
13 County; Jo Daviess County; Kankakee and McLean Counties; Peoria
14 County; Piatt County; Shelby County; Tazewell and Woodford
15 Counties; Vermilion County; Williamson County; and Kendall
16 County.

17 (Source: P.A. 94-70, eff. 6-22-05; 95-708, eff. 1-18-08.)

18 (30 ILCS 740/2-14) (from Ch. 111 2/3, par. 674)

19 Sec. 2-14. Grants.

20 (a) Upon a determination by the Department that any initial
21 or amended program of proposed expenditures is in compliance
22 with the provisions of this Act, and upon approval thereof, the
23 Department shall enter into one or more grant agreements with
24 and shall make grants to that participant as necessary to
25 implement the adopted program of expenditures.

1 (b) All grants by the Department pursuant to this Act shall
2 be administered upon such conditions as the Secretary of
3 Transportation shall determine, consistent with the provisions
4 and purpose of this Act.

5 (c) Any procurement by a participant using debt service for
6 which operating reimbursement pursuant to this Act will be
7 requested shall not be subject to the Department's procurement
8 process, but shall be subject to a locally approved procurement
9 process that complies with all federal procurement standards.

10 (Source: P.A. 82-783.)

11 (30 ILCS 740/2-15) (from Ch. 111 2/3, par. 675.1)

12 Sec. 2-15. Residual fund balance.

13 (a) Except as otherwise provided in this Section, all funds
14 which remain in the Downstate Public Transportation Fund or the
15 Metro-East Public Transportation Fund after the payment of the
16 fourth quarterly payment to participants other than Metro-East
17 Transit District participants and the last monthly payment to
18 Metro-East Transit participants in each fiscal year shall be
19 transferred (i) to the General Revenue Fund through fiscal year
20 2008 and (ii) to the Downstate Transit Improvement Fund for
21 Fiscal Years ~~fiscal year~~ 2009 through 2012 and each fiscal year
22 thereafter. In Fiscal Year 2013, all funds remaining in the
23 Downstate Public Transportation Fund after the payment of the
24 fourth quarterly payment to participants in each fiscal year
25 shall remain in the Downstate Public Transportation Fund. In

1 Fiscal Year 2014 and thereafter, an amount equal to the
2 difference between the appropriations from the Downstate
3 Public Transportation Fund in the preceding fiscal year and
4 moneys deposited into that Fund in the preceding fiscal year
5 shall be transferred from the Downstate Public Transportation
6 Fund to the Downstate Transit Improvement Fund. Transfers shall
7 be made no later than 90 days following the end of such fiscal
8 year. Beginning fiscal year 2010, all moneys each year in the
9 Downstate Transit Improvement Fund, held solely for the benefit
10 of the participants in the Downstate Public Transportation Fund
11 and shall be appropriated to the Department to make competitive
12 capital grants to the participants of the respective funds.
13 However, such amount as the Department determines to be
14 necessary for (1) allocation to participants for the purposes
15 of Section 2-7 for the first quarter of the succeeding fiscal
16 year and (2) an amount equal to 2% of the total allocations to
17 participants in the fiscal year just ended to be used for the
18 purpose of audit adjustments shall be retained in such Funds to
19 be used by the Department for such purposes.

20 (b) Notwithstanding any other provision of law, in addition
21 to any other transfers that may be provided by law, on July 1,
22 2011, or as soon thereafter as practical, the State Comptroller
23 shall direct and the State Treasurer shall transfer the
24 remaining balance from the Metro East Public Transportation
25 Fund into the General Revenue Fund. Upon completion of the
26 transfers, the Metro East Public Transportation Fund is

1 dissolved, and any future deposits due to that Fund and any
2 outstanding obligations or liabilities of that Fund pass to the
3 General Revenue Fund.

4 (Source: P.A. 97-72, eff. 7-1-11.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.