



Fact Sheet: The Safe Roads Amendment Is Bad Policy for Illinois

October 31, 2016

1. INTRODUCTION

This Election Day, Illinois residents will vote on Constitutional Amendment 36, the so-called “Safe Roads Amendment” (**SRA**). The SRA would amend the state constitution to require that transportation-related revenues be spent only for transportation-related purposes. Proponents claim the amendment is necessary because the state diverts funds meant for transportation to other purposes, leaving insufficient resources for road and railway maintenance and construction.

While Illinois’ transportation infrastructure does need investment, the SRA is not a good solution. The Amendment’s text is both sweeping and vague, leaving unclear a) which revenue streams it would lock into transportation uses, and b) what exactly would count as a transportation use. A plain reading of the amendment suggests that it would apply to revenue streams that are not currently used for, or meant to be used for, transportation, diverting money from other crucial programs.

More fundamentally, the SRA misdiagnoses the reason that Illinois under-invests not just in transportation, but in other important services as well. The state simply does not have enough revenue to cover its expenses, and moving money from one expenditure to another without increasing total resources will not solve the problem.

Finally, using a constitutional amendment to make this change, rather than a regular statute, means that any unintended consequences of the SRA will be very difficult to remedy. In fact, no changes would be possible until the next statewide election in two years. For this reason, using the Illinois Constitution as a budgeting tool is unwise, and will aggravate the problems caused by the SRA if it passes.

2. THE SRA COULD LEAD TO SEVERE UNTINTENDED CONSEQUENCES

The SRA’s text says that “no moneys, including bond proceeds, derived from taxes, fees, excises, or license taxes relating to registration, title, or operation or use of vehicles, or related to the use of” transportation infrastructure can be used for anything other than “the costs of administering laws related to vehicles and transportation” and the construction, maintenance, or “betterment” of “highways, roads, streets, bridges, mass transit, intercity passenger rail, ports, airports, or other forms of transportation.”¹

This wording would appear to encompass many sources of revenue, at both the state and local level, which are currently used for other important purposes—not as a result of diversions, but because that was their intended use.

For example, the Illinois Department of Natural Resources (**DNR**) receives up to \$30 million per year (over 10 percent of its recommended fiscal year (**FY**) 2017 budget of \$247 million²) from fees for license plates and vehicle titles.³ A plain reading of the SRA would require those funds to be redirected elsewhere, unless the DNR could show that it was already using all of those moneys for transportation-related expenses. The SRA makes no provision to compensate the DNR or other agencies in a similar position for such losses, and so would likely lead to serious service cuts.

The issue could be even more severe at the local level. The City of Chicago, for example, raises significant revenue for its Corporate Fund, which pays for general operations, in ways that the SRA appears to prohibit. This includes taxes on parking, fuel purchases, and for-hire transportation, which are projected to contribute \$241 million to the city budget in FY2017.⁴ While total City expenditures on transportation-related services are greater than \$241 million, the vast majority of those expenditures do not come from the Corporate Fund—meaning the City could not claim that the \$241 million was already paying for transportation services as the SRA requires. Instead, the SRA would likely create a significant hole in Chicago's general operations budget at a time when the city has already had to raise taxes significantly to make pension payments.

The SRA may even affect the ability of Illinois and local governments to sell bonds for important capital projects. The Chicago Metropolitan Agency for Planning (**CMA**P) has pointed out that the state Capital Projects Fund, which sells bonds to pay for both transportation and non-transportation projects, is supported by both transportation and non-transportation revenues. Under the SRA, the Capital Projects Fund and other state and local programs could be made to prove that the portion of bond proceeds paid for with transportation funds is used only for transportation projects—a very difficult proposition.⁵

3. THE SRA DOES NOT ADDRESS THE FUNDAMENTAL CAUSE OF UNDERFUNDING: TOO LITTLE REVENUE

Proponents of the SRA claim that transportation programs have been underfunded in Illinois because revenue intended for transportation has been diverted to other services.⁶ They cite a 2013 report from the Illinois Auditor General that found \$6.2 billion had been diverted from transportation funds to other uses between FY2003 and FY2012.

But others have disputed those findings and the methodology of that report. It is particularly questionable that the Auditor General report counts bond repayments as part of the \$6.2 billion of diverted funds, even though much of the proceeds from those bonds was used to pay for transportation projects. CMA P's own review found just \$520 million in diversions from the state Road Fund, Motor Fuel Tax Fund, and State Construction Account between FY2004 and FY2015.⁷

Moreover, the SRA comes in the context of a state budget crisis in Illinois brought on primarily by revenue shortfalls. The expiration of temporary income tax increases under the Taxpayer Accountability and Budget Stabilization Act cost the state nearly \$6 billion in revenue last year.⁸ As a result, CTBA estimates that the carry-forward deficit from FY2016 is **\$9.41 billion**.⁹

But the SRA would raise no new funds to help close this gap. It would only redirect money that is currently funding other important services—such as the Department of Natural Resources at the state level, or Chicago's general operations, at the local level—to unspecified transportation projects.

4. AS A CONSTITUTIONAL AMENDMENT, THE SRA WILL LOCK IN BAD POLICY

The SRA would be bad policy as a statute. But it would also be easily amendable: if voters became unhappy with its impact, legislators could change its provisions relatively quickly to, for example, restore funding to IDNR.

But as a constitutional amendment, such changes are difficult and very slow. In fact, if the SRA passes in November 2016, it could not be amended again without a referendum on the next statewide ballot in November 2018. A series of tweaks to fine-tune the amendment would be all but impossible.

This is important in considering any measure that would restrict the state's flexibility to spend funds, but it is especially important given the vague language of the SRA and the potential unintended consequences outlined here. In fact, the SRA's sponsors have claimed that they do not intend for some funds, like revenue raised from vanity license plates, to be governed by the amendment. However, the text of the amendment makes no such exception. The ultimate decision as to the SRA's meaning would likely be made by the Illinois Supreme Court, which has had a strict interpretation of a similar existing clause regarding pension benefits.

The Safe Roads Amendment is unwise policy, and would most likely exacerbate Illinois' fiscal problems.

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ENDNOTES

- ¹ House Joint Resolution Constitutional Amendment 36. Accessed at <http://www.ilga.gov/legislation/fulltext.asp?%20DocName=&SessionId=88&GA=99&DocTypeId=HJRCA&DocNum=36&GAID=13&LegID=91182&SpecSess=&Session>
- ² FY2017 Illinois Operating Budget Book, p. 288.
- ³ Charles Wheeler, "Illinois Issues: Transportation Lockbox Could Come With Unintended Consequences," NPR Illinois, October 13, 2016, <http://nprillinois.org/post/illinois-issues-transportation-lockbox-could-come-unintended-consequences#stream/0>
- ⁴ City of Chicago, 2017 Budget Overview, p. 20.
- ⁵ Chicago Metropolitan Agency for Planning, "Memorandum Re: Constitutional Amendment Regarding Transportation Revenues," October 5, 2016. <http://www.cmap.illinois.gov/documents/10180/583513/JointMemo--ConstitutionalAmendment10-05-2016.pdf/d250f1db-5eff-46fd-ba48-41833968f9a0>
- ⁶ "Frequently Asked Questions," saferoadsamendment.com. <http://www.saferoadsamendment.com/faq>
- ⁷ Chicago Metropolitan Agency for Planning, "Memorandum Re: Constitutional Amendment Regarding Transportation Revenues". <http://www.cmap.illinois.gov/documents/10180/583513/JointMemo--ConstitutionalAmendment10-05-2016.pdf/d250f1db-5eff-46fd-ba48-41833968f9a0>
- ⁸ CTBA, *It Is All About Revenue*, (Chicago, IL: September 2014). <http://ctbaonline.org/reports/it-all-about-revenue-common-sense-solution-illinois%E2%80%99-fiscal-solvency>
- ⁹ CTBA, *Illinois General Fund Spending in FY2016: How Elected Officials Cut Billions in Core Service Expenditures While Worsening the Deficit—All Without Casting a Vote*, (Chicago, IL: October 2016). <http://ctbaonline.org/reports/illinois-general-fund-spending-fy2016-how-elected-officials-cut-billions-core-service>