



# Illinois Department of Transportation

## Departmental Policy

### OPP-02: HIGHWAYS TRANSPORTATION DEVELOPMENT CREDITS POLICIES AND PROCEDURES

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Version: 2.0

#### 1. POLICY

It is the policy of the Department of Transportation to utilize Transportation Development Credits (TDC) for highway projects if necessary.

#### 2. PERSONS AFFECTED

This Policy affects:

Office of Finance & Administration  
Office of Highways Project Implementation  
Office of Planning & Programming

#### 3. PURPOSE

The purpose of this policy is to define the approval, implementation, and tracking procedures for Transportation Development Credits for Highways (TDCH).

#### 4. GUIDELINES FOR IMPLEMENTATION

- A. Program Description. [Title 23 U.S.C., Section 120 \(i\)](#) describes terms and requirements for Credit for Non-Federal Share, currently known as Transportation Development Credits (TDC). These were previously known as Toll Credits. Under this provision a state is permitted to use certain capital expenditures of toll revenues as a credit toward the non-federal matching share of highway programs authorized by Title 23 except for the emergency relief program. Transportation Development Credits (TDC) may also be applied toward the non-federal matching share of transportation projects eligible under Chapter 53 of Title 49.
- B. The amount of TDCs for non-federal share to be earned by the state is based on revenue generated by toll authorities within the state that are used by the authorities to build and improve public highway facilities that carry vehicles involved in interstate commerce. The Illinois Department of Transportation (IDOT) in close cooperation with the Illinois State Toll Highway Authority (ISTHA) has secured Federal Highway Administration (FHWA) approval of TDCs that may be used for this match purpose. Use of TDC does not provide any additional funding, only a new way to finance a project.

On September 22, 2004, IDOT was awarded a total of \$696,236,242 of TDCs. Separate policy and guidelines were developed for the use of those TDCs which were reserved for transit use only. On February 29, 2012, IDOT was awarded additional TDCs in the amount of \$1,144,143,585. The following policies and implementation guidelines apply to the 2012 TDCs hereinafter termed TDCH.

The use of TDCH adds administrative complexity to the already-complex processes for the state highway program. It is the department's intent to confine the use of TDCH to fiscal years in which a definite benefit to the department can be justified.

C. Policy and Implementation Parameters:

- 1) TDCH can be used to match federal funds for federally-eligible highway projects.
- 2) TDCH will not be used on local projects without prior approval from the Office of Planning and Programming (OPP).
- 3) TDCH will be used on a project-by-project basis without being confined to certain federal fund types.
- 4) TDCH cannot be used retroactively, i.e., after a project has been awarded by the department.
- 5) TDCH cannot be used to increase the federal share of any project phase previously awarded by the department.
- 6) TDCH may be used for any federally eligible highway program project within the state of Illinois authorized by Title 23. However, use of TDCH may initially be limited to projects in IDOT Districts 1, 2, and 3 because those highway districts contain toll highways operated by ISTHA.
- 7) MPOs that have approved policies and guidance governing the use of TDCH may formally request to use the TDCH from OPP. Policies must be sent to Bureau of Planning – MPO Metro Manager for consideration and approval before requesting the use of TDCH. Each policy must indicate the amount (percentage of total program or fixed amount) allowable for using TDCH within the limits of this policy before it will be approved.
- 8) TDCs allow the federal funding to be used for up to 100% of project cost, and the local non-federal match required to be reduced by the amount of the TDCs used. TDCH to be requested is based on the local share percentage required by the FHWA for the project, and equal to the local non-federal match that would otherwise be required if TDCHs were not being used. For example, if the project's federal/local cost share ratio is 80/20, and TDCHs will be used in lieu of the 20% local cash match required, the amount of TDCHs to be requested is equal to 20% (the local share percentage required) of the project cost. Therefore, if a project cost is \$400,000 and the federal/local cost share ratio is 80/20, the Transit TDCHs needed will represent 20% of the project cost, or \$80,000 (the local non-federal match that would otherwise be required), and the federal share will be \$400,000.
- 9) TDCH will be tracked separately from the TDCs established in 2004. As toll credits previously established for Transit use are depleted, consideration will be given to transfer TDCH for use on eligible Transit projects.
- 10) Although not desirable, projects using TDCH may be placed on Advance Construction status.
- 11) Any TDCs established and approved by FHWA do not lapse but remain available until used by the state.
- 12) TDCH shall be considered "used" once the associated highway project has been awarded.
- 13) OPP will establish a tracking mechanism for the use of TDCH for highway projects.
- 14) The necessary Maintenance of Effort (MOE) calculations will be performed annually. If the MOE test is met in a given year, the department will apply for additional TDCs.

- 15) The Secretary of Transportation has final approval authority for use of TDCH on both individual projects and transfers for Transit use.
- 16) The provisions contained herein may, at IDOT's discretion, be modified on a case-by-case basis to meet IDOT needs.

**D. Application/Approval Procedures:**

- 1) The Bureaus of Programming and Budget and Fiscal Management (BFM) will establish the programmatic need to use TDCH during the annual development of the financial plan for the multiyear highway improvement program.
- 2) For locally sponsored projects, the Bureau of Local Roads and Streets will review the programming information and will verify with the Bureau of Programming – Project Control Section the sufficiency of available TDCH. If the request is eligible, and funding is available, the Bureau of Local Roads and Streets will process the agreement and supporting paperwork.
- 3) Any necessary coordination, administrative modifications or amendments to the MPO TIPs or the department STIP resulting from use of TDCH will be handled normally.
- 4) The Bureau of Programming and Bureau of Local Road and Streets will designate projects using TDCH by an appropriate OPP fund source code in the Program Planning System database (PPS). The Office of Planning and Programming will seek approval of the proposed projects from the Secretary if they are state sponsored projects.
- 5) When the Bureau of Design and Environment (BDE) receives the project from the Bureau of Programming, a traditional federal fund prefix (STP, NHPP, etc.) will be assigned to the federal project number to be followed by a secondary prefix, "TDCH" to indicate a TDCH supported project. While BDE will continue to report the traditional federal percentage (80%, for example), the project as authorized by FHWA would reflect 100% federal reimbursement.
- 6) The Project Control Unit in Bureau of Programming will be able to recognize the project by the "TDCH" designation in the federal project number and the federal bill for that project would be for 100%. Project Control will maintain a listing of actual TDCH usage and share this data with the Bureau of Programming so that there is a central tracking system to show the availability of TDCH.
- 7) The Bureau of Programming will coordinate the planned usage of TDCH with the Fiscal Analysis Section of BFM by notifying them of decisions to apply TDCH to projects as they are authorized.
- 8) Transfer of TDCH to Transit use: Request for transfer of TDCH to Transit use shall be made in writing by the Bureau of Planning to the Bureau of Programming. The request shall include the amount requested and a discussion of the need for the transfer. Request for concurrence will be sent to the Director of Planning and Programming who will seek approval for the transfer from the Secretary of Transportation. Upon concurrence, the requested amount of TDCH will be deducted from the available TDCH total and added to the TDC balance.

**5. RESPONSIBILITIES**

The following outlines the individual and office responsibilities to ensure compliance with the provisions of this directive and its appendixes (if applicable):

- A. The Office of Planning and Programming – Bureau of Programming** is responsible for establishing programmatic need for TDCH in consultation with the Bureau of Fiscal Management, for verifying TDCH availability, for needed STIP modifications, for designating projects to use TDCH, for tracking use of TDCH, and for administering application for and transfer of TDCH. The

Bureau of Programming is also responsible for working with the Bureau of Planning on requests for TDCs that come from eligible MPOs with approved policies for use of TDCH.

- B. The **Office of Finance and Administration – Bureau of Budget and Fiscal Management (BFM)** is responsible for collection of necessary data, calculation of Maintenance of Effort (MOE), processing TDCH projects, and sharing information back to The Bureau of Programming regarding TDCH usage.
- C. The **Office of Highways Project Implementation – Bureau of Design and Environment** is responsible for assigning a secondary project number prefix.
- D. The **Office of Highways Project Implementation – District Offices** are responsible for initiating necessary TIP changes that may be required from the use of TDCH.

## 6. REVISION HISTORY

This directive includes the following changes:

- This policy was formatted into the new Departmental Policy template, which includes removing the Accessibility Section and adding a Revision History.
- This policy has been revised to update Bureau/Office names due to reorganization.
- Establishes a process to allow MPOs to request the use of TDCHs if they have an approved policy in place.

Archive versions of this and all directives are available by contacting the Document Services Unit in the Bureau of Business Services at [DOT.Policy@illinois.gov](mailto:DOT.Policy@illinois.gov).

## 7. CLOSING NOTICE

Supersedes: OPP-02 Highways Transportation Development Credits and Policies and Procedures.  
Effective October 30, 2016.