

Item #11:
Village Clerk Schultheis
Legislative Update

David Lothspeich

From: David Lothspeich
Sent: Sunday, May 01, 2011 6:28 AM
To: mr4159@gmail.com
Cc: Sherry Shlagman
Subject: FW: Draft Letter To State Reps Re Reduciton In Shared Revenues
Importance: High
Attachments: Draft Letter To State Reps Re Reduciton In Shared Revenues

Maria,

This appears to becoming an issue of not whether the State will cut the income tax sharing with Local Governments but rather how much (100%?)...at this point I would strongly suggest sending an email blast to all of our HOA and other contacts letting them know of the impact on the Village of Long Grove finances and them personally (see below draft email). The subject line of the email "**Urgent Request - Contact Your State Legislators Re: Taxes**". The following materials will be posted on the Village's home page: Village's resolution opposing the reduction; Village President's letter opposing the reduction, Village's budget, link to the IML web page on this issue. Any other suggestions would be appreciated.

May 2, 2011

Dear Long Grove Residents,

As I'm sure you all are aware, the State of Illinois is facing a financial crisis that they need to resolve by cutting their expenses and balancing the State's budget. I am writing to inform you that Governor Pat Quinn and House Speaker Michael Madigan are publicly working toward balancing the State's budget on the backs of all local governments, including Long Grove. Governor Quinn and Speaker Madigan are suggesting that local governments need to "share the sacrifice" by eliminating Income Tax Revenue to local governments (municipalities (cities and towns).

As we all have felt in our own budgets, the State approved a 67% Income Tax increase last year to increase States revenues. However, none of these increased revenues were passed along to local governments. Although we all are paying significantly higher Income Taxes to the State, the State remains in dire financial straits and is now proposing to further impact taxpayers by eliminating all of the Income Tax revenues that are distributed to local governments. This action would violate the commitment made by the State with taxpayers when they "sold" the Illinois Taxpayers on imposing the State Income Tax with "sharing" a percentage (10%) of the State Income Tax with local governments.

After months of deliberations, the Village of Long Grove recently approved a balanced budget (\$2.3M total budget with a \$60,000 surplus). While the Village was able to balance its' budget in very difficult financial times by further controlling and reducing expenditures, the State of Illinois is attempting to balance their budget on the backs of local governments by increasing their revenues through the elimination of our share of Income Tax revenues (your tax dollars) while still not resolving their financial crisis. If the State eliminates these revenues to local governments, the Village of Long Grove's budget would become unbalanced due to the immediate loss of \$619,311 in revenues (28% of total Village revenues) and the Village would be forced by the State's actions to significantly reduce/eliminate expenses for critical services such as police protection, road maintenance (paving, patching, snow removal), etc.

Although, the Village Board has been proactively working with the surrounding communities to be informed, present a unified position and inform our State Representatives of the significant impact to Village finances and our strong opposition, Governor Quinn and House Speaker

5/4/2011

Madigan continue to publicly discuss the reduction of Income Tax Revenues to "share the pain". As a non-home rule municipality that has not levied a local property tax since incorporation in 1956, the Village of Long Grove would be forced by the State's actions to further reducing/eliminating critical services and/or go to our residents requesting approval of a local property tax to offset these revenues. The State efforts to balance their budget fails to address their problems and simply "passes the buck" onto the backs of local governments and the Taxpayers of Illinois. Due to the severe impact on our finances and ability to provide critical services for our Residents, the Village of Long Grove is asking for your support to immediately contact our local State Representatives opposing the State's reduction of shared revenues to local governments.

Please visit Village's Home Page (www.longgrove.net) for additional information on this issue. On behalf of the Village Board, thank you in advance for your assistance on this critical matter.

***Sincerely,
Maria Rodriguez
Village President
Village of Long Grove***

www.chicagobreakingnews.com/news/local/chibrknews-madigan-not-ruling-out-cuts-to-cities-to-balance-budget-20110430,0,1883038.story

Chicago Breaking News

Madigan not ruling out city cuts to balance budget

8:18 PM CDT, April 30, 2011

Democratic House Speaker Michael Madigan said today that he isn't ruling out the possibility of cutting Chicago and other cities' share of income taxes as part of a state budget plan. Advertisement

The powerful Southwest Side Democrat, appearing at an immigrant rights rally at St. Nicholas Church in his 13th Ward, said he has agreed to work with Gov. Pat Quinn on putting together a budget.

The Tribune disclosed Quinn's office was looking at suspending the nearly \$100 million a month in payments the state makes to cities across Illinois in an effort to pressure reluctant lawmakers to support a borrowing plan to pay some long overdue bills.

"I've committed to Gov. Quinn that I'm going to work with the governor in terms of adopting a balanced budget and so my commitment is to work with the governor," Madigan said.

"In the majority of states across the nation it has happened where local governments have been called upon to sacrifice also," he said. "So it's not out of line to ask local governments to share the sacrifice. So that's why I would say my plan is to work with the governor."

From: David Lothspeich

5/4/2011



3110 RFD, ILLINOIS 60047-9613

April 19, 2011

Representative/Senator XXXXX
XXXXXXXXXX
XXXXXXXXXX

Dear State Senator _____/State Representative _____:

I am writing to urge that you to vote "No" for any further the reductions of the municipalities' share of the state income tax (the Local Government Distributive Fund (LGDF) being considered by the Illinois legislature.

Municipalities have received 10% of the total income tax for many years and this has its roots in the 1970 Illinois constitution and when Governor Ogilvie instituted the income tax. This 10% share was not continued in the recent 2% increase of the state income tax. While that alone was an abrogation of the State/municipal compact of shared revenue, many of us understood the fiscal woes of the state and reluctantly accepted the decision.

As you know, the municipal share of state income tax is not a grant. Rather the State is simply the collector of the funds and is obligated under state law dating back to the 1970's to disburse the funds to Illinois municipalities. These are tax dollars paid by state residents with the expectation that our village will receive the money to pay for local services such as police; emergency management; road maintenance/snow removal; storm water management, etc.

The Village of Long Grove is a non-home rule community that does not levy a municipal property tax on our 8,025 residents but rather funds operations through user fees, sales taxes and shared revenues. At an estimated annual value of \$615,919, these shared revenues make up more than 27% of the Village's \$2.25M annual budget. If these funds are eliminated, the Village finances will be devastated and our only option will be to ask our residents to approve a property tax referendum to replace these funds or face further reductions in police protection, road maintenance, snow removal, public works projects and staff. In short, the residents will be asked to pay even more taxes, during what are already very difficult financial times, on top of the recent 67% state income tax increase simply to preserve their existing services.

Raiding these essential local revenues is not "sharing the pain", but rather passing the buck and increasing the taxes on Illinois residents and still not solving the State's self-created \$13B deficit. You must vote against the State's taking any of these essential funds away from local governments.

Very truly yours,
Maria Rodriguez
Village President
Village of Long Grove

David Lothspeich

From: IML Legislation [Legislation@iml.org]
Sent: Thursday, April 28, 2011 4:34 PM
Subject: IML Statehouse Briefing - April 28, 2011

IML STATEHOUSE BRIEFING
“On the ground news and insider information!”
4-28-11

The Illinois House convened in Springfield this week. The focus of legislative activity centered on re-districting and budget issues. The Illinois Municipal League is actively educating General Assembly members about the devastating impacts that would be caused by cuts to state-collected local government revenue. Over the next few weeks it is crucial that any budget option that involves cutting local government revenues be removed from the table prior to the beginning of formal budget negotiations. The best way to preserve local government revenue is with direct outreach to legislators. It remains crucial that municipal officials actively inform legislators of the negative impacts that will befall communities should cuts occur. **Keep up the fight and remember that it's not about sacrifice, it's about survival!**

LGDF Media Coverage: Over the past two weeks, municipal officials throughout Illinois have responded to the IML's call to begin outwardly discussing the detrimental impact that state-collected local government revenue cuts would have on their communities. The IML is aggregating these media stories [here](#). The IML's "Local Revenue Preservation Packet" is a powerful toolkit to raise awareness about the devastating impact of local revenue cuts. [Click here](#) to access these tools.

Publication Notice Update: On Tuesday, the IML and Local Government Coalition met with representatives from the Illinois Press Association in furtherance of modernizing newspaper publications. Initially, the Local Government Coalition sought to allow units of local government the option of posting publications on their website, as opposed to traditional newspaper publication. Since that time, specific requirements were identified as most pertinent for revision. This week, the Press Association offered suggestions with regard to cost control and formatting of current required publications. All parties will be meeting again in the coming weeks in hopes of reaching an agreement.

If you do not wish to receive information from the Illinois Municipal League via e-mail, please reply to this email - include the words "Please remove from list" along with your name, municipality and email address included in the message.

David Lothspeich

From: Lisa Bhatnagar [Lisa.Bhatnagar@Pacebus.com]

Sent: Thursday, April 28, 2011 2:59 PM

To: David Lothspeich

Subject: SB 2194

Attachments: image001.jpg; Oppose SB 2194 word.doc

April 28, 2011

Dear Stakeholder:

We are asking you to contact your state representative and urge them to oppose SB 2194 which was approved by the Illinois Senate last week.

SB 2194 changes the rules regarding how and where sales taxes imposed by cities, counties and special districts, like the Regional Transportation Authority and Pace Suburban Bus, are collected. Under current law, the place where an offer is accepted is the single most important factor in fixing the location of a sale. SB 2194 dramatically changes current law. Under this legislation, the location at which an offer is received is the only factor to consider in allocating a sale to a specific location. SB 2194 would eliminate the fact-based analysis that the Department of Revenue has historically utilized to determine where an offer is accepted and where other relevant selling activities occurred. Pace is supported by sales tax and any loss would be detrimental to the transportation services we provide.

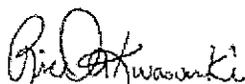
This bill provides a clear path for tax planners to migrate the payment of local sales taxes by establishing satellite offices to receive orders in no/low tax jurisdictions within the State. This device will have significant consequences for local governments. The policy reflected in SB 2194 is disconnected from the fundamental tax policy principle that those receiving the benefits of local government services should share in the cost of providing those services.

Sales tax collections resulted in \$1.2 billion of revenue to the RTA in 2010. This revenue is statutorily divided between RTA, CTA, Metra and Pace. The Illinois Department of Revenue provides the RTA with data on the type of business from which sales tax originated. We estimate up to \$605 million in lost revenue to the RTA system based on increased use of this tax migration mechanism. This measure could potentially have an equally devastating effect on municipalities and townships.

The Illinois House will consider this measure soon. We therefore urge you to contact your state representative and ask that they oppose SB 2194 and that they further take action to correct the current law so that this type of tax avoidance is not allowed. Attached is a one page overview of the measure.

If you have any questions, please contact Lisa Bhatnagar at 847-228-2421

Sincerely,



Chairman

5/2/2011

Oppose SB 2194

Changes in sales tax sourcing law will cause local government to lose millions of dollars

SB 2194 changes the sourcing rules applicable to sales taxes imposed by cities, counties and special districts like the Regional Transportation Authority.

This legislation dramatically changes current law. Under this legislation, the location at which an offer is received is the only factor to consider in allocating a sale to a specific location. This legislation would eliminate the fact-based analysis that the Department of Revenue has historically utilized to determine where an offer is accepted and where other relevant selling activities occur. The bill also takes away the Department of Revenue's power to dispute the sales tax location and therefore their ability to protect the revenues owed to local taxing bodies.

This bill provides a clear path for tax planners to migrate the payment of local sales taxes by establishing satellite offices to receive orders in no/low tax jurisdictions within the State. This device will have significant consequences for local governments. The policy reflected in SB 2194 is disconnected from the fundamental tax policy principle that those receiving the benefits of local government services should share in the cost of providing those services.

Sales tax collections resulted in \$1.2 billion of revenue to the RTA in 2010. This revenue is statutorily divided between RTA, CTA, Metra and Pace. The Illinois Department of Revenue provides the RTA with data on the type of business from which sales tax originated. Certain businesses can more easily engage in sales tax migration – as these retailers can locate their point of sale physically apart from their buyers. Examples include lumber stores and fuel vendors accepting purchase orders at a location remote from the customer.

The exact amount of sales tax that will be lost can only be estimated, below are the

Percent of Sales Tax Lost from Tax Migration due to SB 2194	Dollars lost in RTA revenue
10%	121 million
20%	242 million
30%	363 million
40%	484 million
50%	605 million

www.chicagotribune.com/news/local/ct-met-quinn-borrowing-plan-20110428,0,2727322.story

chicagotribune.com

Quinn wants to withhold cities' money as pressure to borrow billions

By Ray Long, Tribune reporter

9:44 PM CDT, April 28, 2011

SPRINGFIELD

— Gov. Pat Quinn wants to stop nearly \$100 million in monthly payments to Chicago, the suburbs and other Illinois towns if lawmakers won't let him borrow billions of dollars to pay overdue bills, according to a confidential memo the Tribune obtained Thursday. advertisement

The idea drew immediate blowback from local leaders worried about balancing their own budgets in a sluggish economy.

"To me, it sounds like they're holding us hostage," said Tinley Park Mayor Ed Zabrocki, a former Republican legislator.

The proposal, outlined in the memo and quietly distributed to top legislators, represents a pressure tactic by the Democratic governor. He hopes mayors from Zion to Cairo will squeeze their town's lawmakers to help get him the loan he wants.

But the General Assembly's leadership has been highly skeptical of Quinn's other recent plans for big borrowing. They also might not be keen on a plan that would punish communities back home and potentially result in a flood of phone calls and chanting protesters outside their district offices.

At stake is the share of the state income tax that flows to cities and villages. It's doled out every month based on population and currently adds up to a little more than \$1 billion a year. Quinn wants to turn off the spigot if he can't win approval for borrowing.

Acknowledging the backlash from cities, Quinn budget director David Vaught said mayors and other community leaders should "come help us get the debt restructured, and then you would get paid. That's the message to them. It's not, it's not a hostile message. ... We have a cash crunch here, and we need your help getting out of it."

Chicago would be hit hardest, with the city getting about \$220 million in the last budget year from that pot of money. Mayor-elect Rahm Emanuel already faces a money shortfall that could total \$1 billion in day-to-day expenses and employee pension costs.

Cook County collected about \$7.7 million from the state income tax last budget year. Both Emanuel and new County Board President Toni Preckwinkle declined to comment Thursday through spokeswomen.

The Quinn administration's gamble comes a day after Republican Comptroller Judy Baar Topinka revealed the state would be slightly more than \$8 billion in the red when the budget year ends June 30,

pending any new moves by Quinn or legislators. The state this week is just getting around to paying bills dated Nov. 5.

Quinn has asked to borrow \$8.75 billion to pay the bills. With lawmakers scrambling to figure out how to put together a pared-down budget before a May 31 deadline, Quinn now is requesting to borrow \$4.5 billion.

"What we are saying is \$4.5 billion is the bare minimum ... for the suspension to stop," said Kelly Kraft, Quinn's budget spokeswoman.

Even if Quinn's fellow Democrats went along with the borrowing, which is no sure thing, some Republican votes also would be required for approval. Senate Republican leader Christine Radogno said Thursday that she is "absolutely not" prepared to support the latest borrowing plan.

"It just sounds suspiciously like, 'What can we do to threaten another group to get them to pressure the Legislature to borrow more money,' without him doing the hard work of making the cuts that we absolutely have to make," said Radogno, of Lemont.

Democratic Sen. Donne Trotter said passage of Quinn's proposal is "not a slam-dunk. That's for certain."

But the veteran budget expert from Chicago also indicated there might be less sympathy in some quarters for cities and towns because school districts are waiting even longer to get paid.

"There are some that believe, 'Let them raise their own taxes,'" Trotter said.

If lawmakers instead decide to pass legislation allowing Quinn to stop the local payments, the suspension could be retroactive to February and last through year's end.

Suburban leaders say such a move by the state would cripple their budgets. In Tinley Park, the state income tax payments make up about 11 percent of village revenue. Elgin gets \$683,000 a month from that state source. In Naperville, it's a little less than \$1 million a month.

"Obviously we've got very conservative fiscal policies that allow us to weather a short-term storm," Naperville City Manager Doug Krieger said. "However, the solution and the funds would need to come within a couple months before we started to impact local service."

The cut would be especially harsh, suburban officials said, given that the state already is behind in its monthly payments. Zabrocki, set to chair the Metropolitan Mayors Caucus this fall, said his town is owed three or four months' worth despite the major income tax increase approved in January.

New Elgin Mayor Dave Kaptain said he just wants the state to send what it promised.

"I don't like being threatened and I don't work real well under those circumstances," Kaptain said.

Tribune reporters Kristen Mack, Melissa Jenco, Ashley Rueff and Erika Slife contributed from Chicago.

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 JG-TC.com

Quinn's plan to withhold local funds draws ire

By **KURT ERICKSON JG/T-C Springfield Bureau** | Posted: Saturday, April 30, 2011 6:00 am

SPRINGFIELD - Gov. Pat Quinn's plan to keep money owed to cities could trigger everything from local layoffs to the closing of fire stations, mayors from across Illinois said Friday.

The Chicago Democrat wants lawmakers to suspend payment of about \$1 billion in income tax revenue that would normally be funneled to municipalities and counties in the coming months.

He said he would keep the money flowing if the General Assembly approves a separate plan to borrow \$4.75 billion to pay down a massive backlog of old bills, according to a report Friday in the Chicago Tribune.

Charleston Mayor Jeff Inyart said the state money represents about 7 percent of his city's budget.

"I think that we have been responsible locally with our money," Inyart said. "This is really a slap in the face."

East Moline Mayor John Thodos said such a move could trigger the layoff of 10 to 15 city workers.

"None of us are happy about it," Thodos said.

Normal Mayor Chris Koos said losing the income tax share could force the town to look at closing a fire station or laying off employees.

"It would be pretty devastating to many communities," Koos said.

Decatur Mayor Mike McElroy said the governor's move, if implemented, would cause a \$6 million hit to the city budget.

"This is just a way Springfield can get out paying for the mistakes it has made," McElroy said.

Most mayors say they already have talked with their local lawmakers urging them to not cut off state funds. The governor's budget office hopes pressure from local officials force lawmakers to support the borrowing plan.

Quinn's not alone in eyeing the money for local governments. Republicans in the Senate raised the specter of withholding payments to municipalities earlier this spring as a way to free up money to pay old bills.

Contact Kurt Erickson at kurt.erickson@lee.net or 217-789-0865.

By JOHN O'CONNOR – The Associated Press

Quinn: Approve borrowing or lose local tax revenue

SPRINGFIELD – Illinois Gov. Pat Quinn's administration is suggesting that about \$1 billion in tax revenues be withheld from local governments if officials don't get behind a borrowing plan that would allow the state to pay its overdue bills.

The Democratic governor is seeking permission to borrow \$4.75 billion. The state owes about \$8 billion, including nearly \$2 billion in Medicaid and group health insurance bills that, if paid, would preserve the state's eligibility for a 57 percent match in funding from the federal government, instead of the normal 50 percent.

Legislative leaders are considering a proposal that would authorize Quinn to shift money from other state accounts if he is not granted permission to borrow the money.

The plan also includes a proposal disclosed Friday to suspend local income-tax payments to cities and counties through December. That's about \$100 million a month from February through the end of the year. The last payment was made in January.

A Quinn aide said the plan is partially intended to fire up local mayors and county boards to tell lawmakers to back the governor on borrowing.

Republicans and local officials see it as a threat at worst and bad policy at best. The money pays salaries and could lead to layoffs, officials say.

"It doesn't surprise me," state Rep. Joe Sosnowski, R-Rockford, said of Quinn's proposal. "It really is just another borrowing scheme here though. And I think considering the massive tax increase, it's not something I'd be in favor of."

Sosnowski and state Rep. Robert Pritchard, R-Hinckley – both men represent portions of DeKalb County – said the state needs to focus on cost reductions and finding ways to spend less money and not borrow more. Both also noted that local governments, such as counties and municipalities, have been trimming back budgets and operations for years.

"They've been cutting back on spending," Sosnowski said. "The two places that haven't are the federal government and state government. It would be much better for the governor to follow the lead of the municipalities and reduce costs."

"The comptroller said it best here a day or so ago," Pritchard said when asked if he was in favor of borrowing. "We should not start out the discussion by saying we are going to borrow more money before we have adopted a plan to tighten our belts and reduce state spending so we have a balanced budget."

Urbana Mayor Laurel Prussing, a former state representative, said she understands the state's financial challenges, but "they can't deal with it by shifting the burden to local governments."

"We have our own responsibilities, and we have been diligent about living up to what we're supposed to do," said Prussing, adding that Urbana's estimated \$2.9 million loss is crucial and would be used for public safety expenses.

Other proposals include holding back payments for tourism promotion, county fairs and an account that shares income-tax receipts with local communities.

The draft legislation, dated Wednesday and first reported by the Chicago Tribune, gives the governor authority to transfer money from special state accounts to pay general bills. He has transferred \$500 million so far – money that must be paid back within 18 months – and needs permission to move more, budget spokeswoman Kelly Kraft said.

Local governments were paid through January. Other vendors have bills dating to November.

"We would like people who have not gotten paid to step up and say the debt restructuring is good business sense," Kraft said. "We would encourage local municipalities to get behind us and support this plan."

Roger Huebner, Illinois Municipal League deputy executive director, predicted calls will go to Quinn's office with complaints, not to local legislators with lobbying efforts.

"It's an interesting tactic in the sense of saying that if the state is in the financial crisis it is, that the way to resolve that financial crisis is to create 1,300 other ones," said Huebner, referring to the number of city governments.

• *Daily Chronicle News Editor Kate Schott contributed to this report.*

McCaleb: Bully Quinn is messing with wrong people

If nothing else, Gov. Pat Quinn deserves some credit for creativity.

It's too bad he burns all his creative juices coming up with new ways to bully the poor, the needy, and anyone else he can push around, but he is creative nonetheless.

In his latest ploy, Quinn is threatening to withhold almost \$100 million from local governments, pressuring mayors, village presidents and the like to help him strong-arm state lawmakers into approving his borrowing plan.

Legislators – wisely – haven't been too keen on that plan, which calls for the state to go further into debt by borrowing about \$4.5 billion to pay off old bills.

Doesn't everyone pay off one credit card by using another?

Of course, most mayors aren't thrilled with Quinn's latest attempt at leadership, including Crystal Lake's Aaron Shepley.

"I don't know whether we should try to get help for Gov. Quinn or if we should appoint a special prosecutor to investigate him for extortion," Shepley said Friday. "I think he's out of his mind. What [he's] doing is collectively holding all the taxpayers of Illinois with a gun to their heads and saying to the mayors, 'If you don't help us, we're going to shoot them all.'"

Shepley said Crystal Lake stood to lose about \$3 million annually if Quinn were able to withhold the funds, a significant amount for a city of Crystal Lake's size.

Illinois municipalities, already cutting back because of their own declining revenue, either would have to make drastic cuts in services, raise taxes, or both.

"We've been as fiscally responsible as we can, and then the governor wants to break our backs if we won't help him?" Shepley said. "They're like the proverbial trick-or-treater who comes to your house, they get a pile of candy, they go around the corner and change their costume, and then they come back for more."

Quinn's shown that he's not afraid to pull tactics like this. He's been holding human service providers hostage for almost two years. State government owes tens of millions of dollars to nonprofit social service agencies for work completed as long as 7 months ago or more. And his latest budget proposes drastic new cuts to these agencies that serve senior citizens, the poor, the mentally ill, the developmentally disabled, and others most in need.

But if lawmakers would just allow him to borrow a few billion, everything will be OK.

We're sorry, Gov. Quinn, but sometimes a bully picks on the wrong person.

"The notion of holding back money from municipal governments is absurd and it's cowardly," Shepley said. "The cool part about it is, in McHenry County, all of our legislators ... know what's at play here. They're not going to tolerate this."

Nor will the vast majority of Illinoisans.

- Dan McCaleb is editor of the Northwest Herald and a member of the board of directors of the Pioneer Center for Human Services. He can be reached at 815-526-4603, or by email at dmccaleb@nwherald.com.

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LincolnCourier.com

Mayors give state their two cents

By **Janeen Burkholder**

The Courier

Posted Apr 18, 2011 @ 06:01 AM

Recommend

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LINCOLN — Illinois mayors, including Lincoln's Keith Snyder, converged on the state Capitol last week seeking cities' fair share of tax money from state government.

It all comes at a time when municipalities, including Lincoln, are drafting budgets for the year.

Illinois cities get a cut of the state's income tax, but they can't collect an income tax of their own. The state opted to keep all of the income from a recently approved 67-percent personal income tax increase and only base the cities' cut on the old rates. Cities say they need 10 percent from the total income tax, instead of the 6 percent they're getting under the new law.

But the Illinois Municipal League, which lobbies on behalf of cities, villages and townships, also said its members lose out on a total of \$2.7 billion in potential revenue because they're not getting a 10 percent cut of the income tax money.

In addition to obtaining a share of the income tax increase, the mayors are pushing to be paid past-due revenue.

In Lincoln, city councilwoman Melody Anderson said the city's revenues could use some of the income tax money.

"We're not getting enough money," she said. "Revenues are not increasing as fast as expenses. The revenue isn't really appreciating at all."

The council, meeting on Saturdays to forge a new budget, proceeded with three parameters given by the mayor — one that maintains a flat budget, one with increases and one with decreases.

"We tried to follow a flat budget," said Anderson, but she said budget items such as health insurance, salaries, animal control and office space contracted from the county all have significant bites to the budget, which will be presented to the council tonight.

Anderson said the city's revenue is down about \$2 million from last year, but acknowledged that was indicative of the influx of stimulus money that went largely to roadwork.

Without that added revenue, Anderson said, department heads are being forced to keep old machines running and to buy supplies with less money. The fire department, for example, needs a new truck, and the street department has lots of equipment that needs to be upgraded. The only options, said Anderson, are creative financing or general obligation bonds.

"We will try," said Anderson, admitting a new fire truck is "probably a pipe dream."

Snyder said he testified on a Municipal League bill (SB 1921) that would have required the state to immediately distribute income tax proceeds to municipalities rather than having them be treated as other state bills that are subject to cash flow shortfalls and delays," he told The Courier in an email.

But Snyder said that the delay has shrunk. "Earlier this fiscal year (the city's fiscal year runs from May 1 to April 30), we were waiting six or seven months to receive our income tax payments. Currently, the delay is down to three to four months. Sales tax distributions tend to come a bit quicker," Snyder said.

"It is important to remember that municipalities like Lincoln will not see one additional dime of revenue from the increase in the state's income tax," said Snyder. "All of those proceeds were kept by the state to deal with their own financial difficulties."

As for late payments, Snyder said the city's most recent payment was received on March 25. It was vouchered (approved for payment) in December 2010, so it is three months past the voucher month (four months past the collection month). "This is an improvement from earlier this fiscal year," Snyder said.

Snyder said that in December 2010, a state payment was five months past the month it was approved for payment (vouchered), but more recently the payments have been about four months late.

"I would summarize all of this by saying that the timeliness of payments has improved somewhat in recent months, but is still twice as long as it was previously," said Snyder.

"Second, regarding the amounts we have been receiving: In general, they have trended downward or level for several months from what they were a year ago or two years ago; however, we did see a significant increase in the November payment, which, was received on March 25. It is difficult to know, at this point, if this was an anecdotal incident caused by a short-term increase in collections or if this represents the beginning of any type of trend.

"Third, the Municipal Sales Tax payments have generally been received three months following the voucher month, which has been the trend for a few years. The revenues from this tax have trended slightly upward during recent months over the same period in the previous year. This is a positive indication, but not yet a significant enough increase that I would call it an indication of any type of recovery."

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Print Page

By THE ASSOCIATED PRESS

Cities: Quinn's plan to hold up tax money would hurt

SPRINGFIELD – Local Illinois government officials say a plan by Gov. Pat Quinn to withhold income tax payments would hurt cities – not help solve the state's budget crisis.

Quinn has proposed legislation to suspend payment of about \$1 billion in income tax revenue which the state shares with cities and counties. He would call off the suspension if lawmakers give him permission to borrow \$4.75 billion to pay overdue bills.

Roger Huebner is deputy executive director of the Illinois Municipal League. He says the state can't fix its deficit by creating a "financial crisis" in 1,300 cities across the state.

City of Springfield spokesman Ernie Slottag says the city gets \$2.7 million a year and losing it could mean 35 layoffs in the police, fire and public works departments.

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Evanston to residents: Help us stop Quinn plan



By Jonathan Bullington TribLocal reporter Friday at 3:07 p.m.

Evanston officials are asking residents to contact Governor Pat Quinn and voice their displeasure with his plan to stop paying the Local Government Distributive Fund, a decision that could cost the city millions of dollars.

According to a Tribune report, the governor wants to stop nearly \$100 million in monthly payments to municipalities if he's not allowed to borrow billions of dollars to pay overdue bills.

"Currently, the state of Illinois already owes the city of Evanston and other municipalities months of payments and has been behind for a long time," officials said in a release. "Now his idea is to threaten to stop paying dollars owed to the city, which is totally unacceptable and should be viewed as a move to destroy municipal budgets and force substantial financial chaos across Illinois."

City Manager Wally Bobkiewicz said the state has been as much as three months behind on making distributive fund payments to the city this year. And while the amount owed varies, it averages about \$2 million, he said.

"The city of Evanston has already made the tough choices by eliminating millions of dollars out of past city budgets, and for the state to threaten to withhold money owed to municipalities is absurd," officials said in a release.

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Cities ask state for more money

By Andrew Thomason Illinois Statehouse News

SPRINGFIELD — Mayors from across Illinois descended on the Capitol on Wednesday to ask for what they call their fair share from state government.

Cities in Illinois have a deal with state government to get a cut of the state's income tax. In exchange, they don't, and can't, collect an income tax of their own.

The state opted to keep all of the income from a recently approved 67-percent personal income tax increase and only base the cities' cut on the old rates. Cities say they need 10 percent from the total income tax, instead of the 6 percent they're getting under the new law.

Municipalities will get about \$1 billion in state tax money this year, and the Illinois Municipal League projects that by 2015, cities will be pulling down almost \$.8.1 million more.

But the municipal league, which lobbies on behalf of cities, villages and townships, also said its members lose out on a total of \$2.7 billion in potential revenue because they're not getting a 10 percent cut of the income tax money.

"The fact is many municipalities cannot increase their revenues like the state can. We cannot impose our own income tax. Many communities are under property tax extension limitations — meaning they have tax caps^[1] —^[1] and many communities do not meet the home rule requirement to be able to impose additional sales tax,"^[1] said Brad Cole, mayor of Carbondale.

Home rule gives local communities more power over things such as tax increases and issuing bonds.

Cole and community leaders said they've already laid off workers, not filled vacant spots and even cut some services to balance budgets. It is an approach the state should take too, said George Galrapp, mayor of Freeport.

"All these mayors here of municipalities and village presidents and their employees have suffered the pain during this economic downturn," Galrapp said. "We need our state legislators to come into a realistic world and do the same thing and not continue to pass on their deficits."^[2]

When laying out the tax increase, state Sen. President John Cullerton^[3], D-Chicago, pointed out that while municipalities wouldn't be getting any of the new money, the state also wasn't diverting anything they receive.

State Sen. Mike Jacobs^[4], D-Moline, said that the state needs the money.

"Well, the state clearly needs it, from my perspective, I am in state government. I understand that the cities are not getting their share. I understand them being upset,"^[5] Jacobs said. "I would have preferred to see it go to the cities. I think that has always been the system in Illinois, and it is one that we should live within. But in this particular case, you don't always get your way."^[6]

Some of Jacobs's Republican colleagues don't see it that way. Rep. Sidney Mathias^[7], R-Buffalo Grove, has introduced a measure to get municipalities what they want. Mathias asked why the state's budgetary problems should hurt municipalities too.

"We did make this agreement many years ago and I think we should stick to it," he said.

Mathias' plan is stalled, however.

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[1] "The fact is many municipalities cannot increase their revenues like the state can. We cannot impose our own income tax. Many communities are under property tax extension limitations — meaning they have tax caps : <http://cdn.statehousemedia.com/illinois/April/04-13-11/041311cole1.wmv>

[2] "All these mayors here of municipalities and village presidents and their employees have suffered the pain during this economic downturn," Galrapp said. "We need our state legislators to come into a realistic world and do the same thing and not continue to pass on their deficits.": http://cdn.statehousemedia.com/illinois/April/04-13-11/041311galrapp_freeportmayor.wmv

[3] John Cullerton: http://ballotpedia.org/wiki/index.php/John_Cullerton

[4] Mike Jacobs: http://ballotpedia.org/wiki/index.php/Mike_Jacobs,_Illinois_Senator

[5] "Well, the state clearly needs it, from my perspective, I am in state government. I understand that the cities are not getting their share. I understand them being upset,": <http://cdn.statehousemedia.com/illinois/April/04-13-11/041111Jacobs1.mp3>

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[7] Sidney Mathias: http://ballotpedia.org/wiki/index.php/Sidney_Mathias

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