

Item #16:
Village Clerk Schultheis
Legislative Update

David Lothspeich

From: IML Legislation [Legislation@iml.org]
 Sent: Friday, April 08, 2011 9:31 AM
 To: IML Legislation
 Subject: IML Statehouse Briefing - April 8, 2011

IML STATEHOUSE BRIEFING
"On the ground news and insider information!"
4-8-11

The House and Senate are busy engaged in floor debate and the adoption of amendments as legislators and interest groups vie to advance their agendas prior to the April 15 bill passage deadline. IML legislative staff is actively working bills and holding meetings with legislators to achieve as many favorable outcomes as possible. Please help our lobbying efforts by participating in our annual Lobby Day activities on Wednesday, April 13.

Firefighter Hiring: [HB 1576](#) (Rep. Dugan, D-Bradley) contains two provisions. One provision establishes a statewide list of potential firefighter candidates from which fire departments may select a potential employee. The other provision establishes a statewide procedure for hiring and testing firefighters. It also preempts home rule. **Many legislators believe this legislation is permissive. It is not.** Please contact your House members and let them know that this legislation would take away local authority. [Click here](#) to learn more. **IML OPPOSES**

PSEBA Reform: [SB 2014](#) (Sen. Haine, D-Alton) was presented before the Senate Pensions and Investments Committee on Wednesday, April 6. The Committee listened to testimony about the cost and abuse of the PSEBA law and has not yet voted on the bill. [Click here](#) to learn more. **IML SUPPORTS**

FOIA Administration: An IML-drafted amendment to [HB 340](#) (Rep. Chapa LaVia, D-Aurora) was filed this week. The amendment introduces common-sense changes to the administration of the Freedom of Information Act. The amendment allows public bodies to charge for the full personnel costs in responding to commercial FOIA requests and it provides greater flexibility and cost savings in responding to all FOIA requests. A Fact Sheet about the amendment is available [here](#). The bill is scheduled for a hearing in the [House Judiciary Committee](#). **Please contact the members of that Committee and ask them to support Amendment No. 1 to HB 340. IML SUPPORTS**

Public Notice Modernization: The IML continues to work toward allowing public notifications to be placed on municipal websites. [Click here](#) to learn about the ongoing discussions. **IML SUPPORTS**

Collection of Debts from Employees: [HB 1513](#) (Rep. Dugan, D-Bradley) allows a deduction from a municipal employee's wages to occur for any debt, including an overpayment. An employee's wages may not be deducted by more than 15% per pay period and employees have rights to refute the debt. IML and labor organizations worked together to craft this agreed bill. The legislation was unanimously approved by the House and is headed for the Senate. **IML SUPPORTS**

Business Licenses: [HB 1323](#) (Rep. Riley, D-Olympia Fields) authorizes municipalities to license and regulate all businesses within their corporate limits. Municipalities would have additional authority to have a record of all businesses that are operating within their community. **IML SUPPORTS**

Pensions: [HB 3375](#) (Rep. McCarthy, D-Orland Park) was initially introduced to prohibit retirees from collecting a pension from one pension system while working in a job covered by another pension system. The bill was amended in the House Personnel and Pensions Committee on Thursday, April 7 to remove this language. The bill now contains language to disallow a single teaching position to be filled with multiple annuitants under an existing law that encourages retired teachers to return to service.

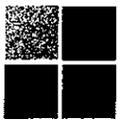
Workers' Compensation: [HB 1032](#) (Rep. Bradley, D-Marion) would abolish the Illinois workers' compensation system and throw all workers' compensation cases into the court system. [Click here](#) for more information.

Local Government Consolidation: Two bills and one resolution have been introduced to create commissions and a task force to study local government consolidation. [Click here](#) for more information.

Lobby Day: Please join us for IML Lobby Day on Wednesday, April 13. [Click here](#) for more information.

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.

4/8/2011



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March 25, 2011

The Honorable Christine Radogno
Senate Republican Leader
309A Capitol Building
Springfield, Illinois 62706

Sent Via E-mail

Dear Republican Leader Radogno:

We read with great interest the report the Senate Republican Caucus released last week entitled, "Facing Fiscal Reality: A Plan for Reality-Based Budgeting". We applaud you and the members of the Caucus for putting forward proposals on how to resolve the State's budget issues. We look forward to the negotiations that will take place in Springfield in the months ahead on the State's FY 2012 budget.

While we commend the Senate Republican Caucus for its efforts, we must inform you that we strongly oppose your proposal to reduce the local government portion of several revenue sources in which the State and local governments have shared. Not only does this break agreements between Governors, General Assemblies and local elected officials that have existed for many decades, it passes the onus of the State's budget problems onto local governments and our citizens.

The shared revenues "Facing Fiscal Reality" targets are the local portions of the State income tax, sales tax, gas tax and personal property replacement tax. A check of history will show that when these revenue sources were adopted, they were sold to the people of Illinois by various governors and legislators in part on the notion that portions of them would be returned to local communities. The rationale behind this was that the returned revenues would be used to fund local services and invest in local capital projects.

These shared revenues have become the single-most visible and effective return on investment taxpayers have received from the State. Local governments count on them to fund the core services our residents have come to rely on. To reduce them as your Caucus suggests will be devastating to local governments who are struggling to address their own budget problems. This brings us to our next point.

In a recent news report, the Illinois Policy Institute has suggested that local governments will not be greatly impacted by your proposed 5 percent reduction in State-shared revenues because we don't need them. We find this to be particularly irksome. In our view, it demonstrates a clear lack of understanding of how local governments have been affected by the recession and what we have done to address our own budget issues. City councils and village boards have felt the pain of the current economic recession. Just like the State, our tax revenues have declined more than 15 percent since the recession began in 2008.

As a result of these declining revenues, municipal officials in the Chicago region have made tough decisions to bring their budgets into balance. For the last three fiscal years, they have laid off police, firefighters and public works employees; instituted hiring and wage freezes; imposed furlough days; cut employee benefits;

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delayed road projects; postponed sewer and water main replacements; and cut social and other services.

Chicago-area municipalities have done the responsible thing during these tough economic times by downsizing our budgets and living within our means. Suggesting that we absorb a \$300 million reduction in State-shared revenues may help bail the State out of its budget woes, but it merely passes the State's financial problems down to us. This will almost certainly lead to more local service cuts and layoffs as well as some tax increases. If you place us in this situation, we will have no recourse but to inform our residents that any new cuts or tax increases we are forced to impose are the direct results of the intent of the General Assembly to solve the State's budget problems on their backs.

In conclusion, we respectfully request that you and the other members of the Senate Republican Caucus re-consider your proposal to reduce revenues shared with local governments by \$300 million. If it occurs, it will drastically set back State and local government relations especially during tough economic times when we should all be working together.

Sincerely,



Larry Hartwig
Executive Board Chairman
Mayor, Village of Addison

/s/Edward J. Zabrocki

Edward J. Zabrocki
Executive Board Vice Chairman
Mayor, Village of Tinley Park

/s/Karen Darch

Karen Darch
Executive Board Secretary
President, Village of Barrington



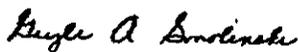
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Income Tax Increase Discussions Occuring - LGDF in Play?

Although an income tax increase plan has yet to emerge, there has been significant behind-the-scenes activity this week. The most prevalent rumor has been the possibility of a temporary two percent increase with another permanent quarter percent that would be allocated for paying off past debts. Also, Senate President Cullerton recently stated that any final plan must include property tax relief.

Unfortunately, there has been no discussion on sharing any increase with their municipal partners. As partners with the State, municipalities should receive their fair share of the additional revenue generated through any income tax increase. For that to occur, the IML needs the membership to take Immediate Action!

Under the current law, 10% of income taxes are shared with municipalities and counties. The other 90% is retained by the state. The 10% that is shared with municipalities has a very tangible effect on these communities.

The Illinois Municipal League strongly encourages you to remind your legislators of the important services your community provides and that these services are in jeopardy if there is any decrease in LGDF funding. Further, it is important that legislators realize that the LGDF has already been decreased due to lower state income tax receipts and that municipalities are currently receiving 15% less revenue than they did in 2008.

Please call, email or text your legislators today and urge them to maintain the local government's share of the income tax at 10% of any rate increase. Model letters are available below:

[Adobe PDF](#) [MS Word](#)

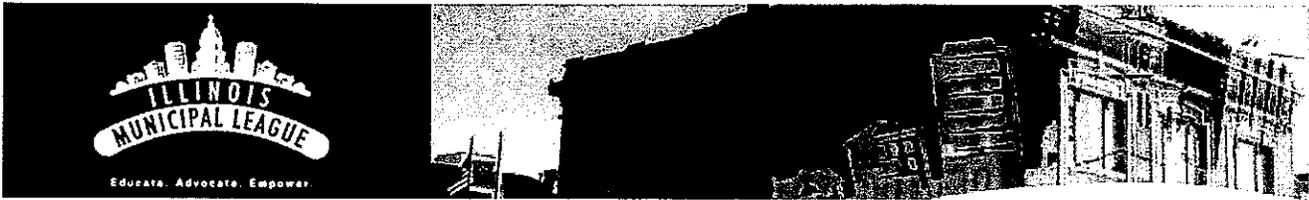
Media Stories:

- [Two Percentage Point Income Tax Hike on Table Today for State Legislators](#) (State Journal-Register)
- [Senator Cullerton on Tax Increase Negotiations](#) (YouTube Video)
- [Illinois Lawmakers Move Closer to Income Tax Increase](#) (WLS)
- [Madigan Refuses to be Pinned Down on Income Tax Amount](#) (Fox Chicago News)
- [Income Tax Hike Moving Forward](#) (Illinois Statehouse News)
- [State Leaders Very Close to Tax Deal](#) (Chicago Sun-Times)
- [Democratic Leaders Push for Income Tax Compromise](#) (Chicago Tribune)

IML Resources

- [Taxes, Budget, and Reform: Is the 96th General Assembly Thinking Big?](#) (Podcast)
- [State Budget 101](#) (IML Review)
- [State-Shared Municipal Revenue Estimates](#) (IML Review)
- [Income Tax - LGDF in Play?](#)

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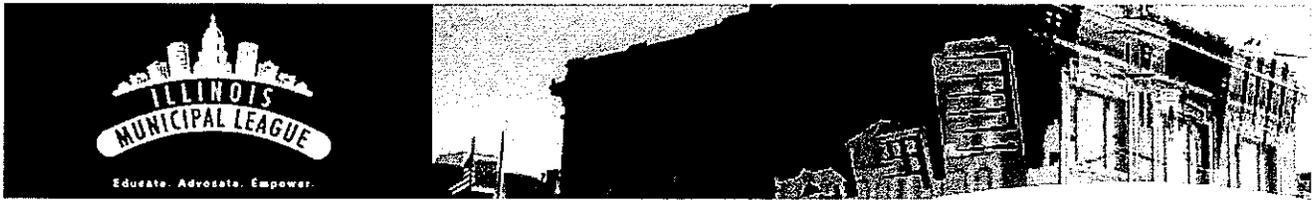
State Budget Not Completed: LGDF Could Still Be In Play

By [Joe Schatteman](#), Research & Information Services Coordinator, IML

The General Assembly adjourned without approving a budget and without a set date to return. The Senate approved a \$26.1 billion operating budget (\$57 billion overall) that contained provisions that included borrowing for and delaying the State's pension payment, cutting spending, and giving the Governor broad emergency powers for the allocation of financial resources. The House rejected the Senate's budget forcing more negotiations that could lead to a revised budget plan.

Municipal officials should be extra cautious following this turn of events. Over this past year, our members have been highly effective in informing the legislature of the importance of Local Government Distributive Fund revenues. Most of the legislative members that we contacted agreed that it would be a bad idea to diminish the local share of the income tax receipts. It is unclear where the legislative leaders will turn to in their attempt to revise a proposed state budget. It is more important than ever to remind your legislators to avoid balancing the budget on the backs of municipal governments. Your legislators are back in their districts and are likely being lobbied by other special interest groups. The IML highly encourages our mayors and other municipal officials to contact your State Representatives and State Senators and ask them not to support any cuts to the Local Government Distributive Fund.

The legislature can come back into session any time during the month of May to adopt a budget with a simple majority. After May 31, the legislature would need a three-fifths vote to pass the budget. The Speaker of the House indicated that a day or two in session would be needed to complete the House's business for the year.



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- Bill Positions
- Tracked Bills
- Resources
- GA Website
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- Social Media
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Action Necessary: Contact Your Legislators & Oppose LGDF Cuts

By [Roger Huebner](#), Deputy Executive Director & General Counsel, IML

The Illinois General Assembly is back in session until adjournment. The state budget and possible reduction of LGDF will be up for consideration during the final weeks of legislative action. This is a great opportunity for local officials to contact their senators and representatives and notify them of their opposition to Governor Quinn's proposal to cut the amount of LGDF funds shared with local governments. Now is the time to take action using the [Action Package](#) below and ensure that the Governor's proposal to take this money from county and municipal governments will not make it through the General Assembly.

Recently, the Illinois Municipal League gathered feedback from member municipalities who are concerned about this issue. There has been an overwhelming response against the Governor's proposed cuts. IML President and Springfield Mayor Tim Davlin said, "This would devastate an already bleak budget to the point of causing a direct negative effect on city services... I cannot imagine what city services might look like under this scenario." This sentiment is shared by a plethora of local officials around the state. It is imperative that we let our state legislators know that local governments simply cannot afford to lose this revenue.

IML First Vice President and Mayor of Schaumburg Al Larson also voiced his opposition to the cut in LGDF funds. "We rely on this funding to balance our budget. Losing this income will force Schaumburg to consider the elimination of least 14-18 positions and may require suspending valued services to our seniors and the underserved within our community." Situations like the one in Schaumburg must be brought to the legislators' attention before they vote on this proposal in the coming months. Henderson Yarbrough Sr., Mayor of the City of Maywood, weighed in with a letter to the editor in the *Proviso Herald*, "Local government is where 'the rubber meets the road.' We have the primary responsibility for protecting residents, providing basic services and ensuring that resources are in place for all. We are Main Street... Any additional revenue loss would make it even harder to maintain the level of service that we do." Below is an extensive list of quotes from lawmakers and local officials denouncing the Governor's detrimental proposal. Follow the lead of these officials and take action during the coming two-week break and notify your legislators where you stand on this issue.

If you haven't already done so, IML urges you to contact your representatives, adopt the resolution provided below, send the sample press release out to your local papers and become active in your opposition to the Governor's proposal to strip our local governments of their income tax revenue.

- IML LGDF Action Package:**
- Download [LGDF Resolution](#)
 - Sample [Press Release](#)
 - [Background Paper](#) on Income Tax Reduction
 - [Media articles](#) relating to reduction of LGDF
 - [Responses](#) of Public Officials concerning LGDF reduction

If you have any questions, please contact Roger Huebner at (217) 525-1220, or by [e-mail](#).

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