

Item #5B:
Village President Underwood
Legislative Update

David Lothspeich

From: IML Legislation [IMLLegislation@iml.org]
Sent: Monday, July 14, 2014 2:44 PM
Subject: Illinois Municipal League Statehouse Briefing - July 14, 2014

IML Statehouse Briefing



On the ground news and insider information!

July 14, 2014

SUPPORT IML'S EFFORT TO ACHIEVE AMENDATORY VETO ON TAP-ON LEGISLATION

The IML requests that municipal officials throughout Illinois contact Governor Quinn to ask that he issue an amendatory veto to legislation that would impose unworkable caps on water and sewer tap-on charges.

SB 3507 would restrict the tap-on charge to no more than 2 months of the estimated annual cost of the charge for supplying the water or sewer services. As an example of the impact of this legislation, a tap-on fee for a single family home could not exceed \$100 for many jurisdictions. These caps would prohibit municipalities from recovering sufficient revenue to help cover actual water and sewer infrastructure costs.

We have created a [resource page](#) for our members to use in advocating for the amendatory veto. The Governor is expected to act on the bill no later than toward the end of August. The Governor could, however, act much sooner. Please promptly send a letter or pass a resolution to ensure that your community can help us to influence the Governor's action.

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.



Today is July 14, 2014

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Advocate

IML Working to Remove Restrictions for Tap on Fees from SB 3507

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By **Joe Schatteman**, Deputy Legislative Director
Published on Thursday June 19, 2014

The IML wanted to provide an update on an issue that we previously wrote about in our [June 3 Statehouse Briefing](#) concerning water and sewer tap on fees.

[Senate Bill 3507](#) (Sen. McCarter, R-Lebanon and Rep. Kay, R-Edwardsville) severely restricts the amount municipalities and townships may charge for tapping a property into water and/or sewer services. Specifically, the charge may only be up to 2 months of the estimated annual cost of the charge for supplying the water or sewer services. As an example of the impact of this legislation, a tap on fee for a single family home could be no more than \$100 for many jurisdictions.

The bill did not receive any formal opposition as it moved through the General Assembly. The IML did have an amendment drafted to remove municipalities from this legislation; however, this amendment was approved by the House Rules Committee but never placed on the bill. The legislation was approved by both chambers and is headed for the Governor's desk for his consideration.

The IML met with Senator McCarter after the bill was approved by both chambers. The Senator agreed that it would be best to request an amendatory veto to remove the language limiting tap on fees for water and sewer services that can be charged by municipalities. Although this does not assure that the Governor will issue an amendatory veto for the bill, it certainly does help persuade him toward that action. In addition, the Governor's staff has been working with Senator McCarter's staff with the understanding that it is unlikely that the Governor would approve SB 3507 without some type of change.

In addition to seeking an amendatory veto, Senator McCarter will continue to pursue a statutory provision that establishes a framework for water and sewer tap on fee charges and is planning to introduce a trailer bill during this upcoming veto session. The Illinois Municipal League has agreed to participate in those discussions and work to identify reasonable statutory language to accomplish this objective. The IML will be working with municipal officials throughout the state on this issue.

The IML will be working with the Governor's office and the Senate Republican staff to assure that Senate Bill 3507 receives an amendatory veto. Although we believe that the Governor will remove the municipal impact from SB 3507, the IML continues to ask our municipalities to send a letter to the Governor requesting this action.

[Click here](#) to read the IML letter to the Governor requesting an amendatory veto of SB 3507. Please feel free to use this letter as a template.

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June 23, 2014

The Honorable Pat Quinn
Governor of Illinois
207 Statehouse
Springfield Illinois, 62706

**Re: Request for Amendatory Veto of Senate Bill 3507
Restriction of Tap-on Fees for Water and Sewer Services**

Dear Governor Quinn:

The Illinois Municipal League respectfully requests that you amendatorily veto Senate Bill 3507 by deleting Section 10 which would remove all references to any changes in the Municipal Code.

Senate Bill 3507 places restrictions on the amount municipalities and townships may charge for tapping onto a property for water and/or sewer services. Specifically, the charge may only be up to 2 months of the estimated cost of the charge for supplying the water or sewer service. As an example of the impact of this legislation, a tap on fee for a single family home could be no more than \$100 for many jurisdictions.

These fees are utilized for the purpose of generating revenue for a community's water or sewer enterprise funds. After gathering data from throughout the state, the charges for tap-on fees by municipalities differ. One reason for these fees is to recapture the cost for installing and purchasing the equipment for the customer. Another reason communities charge these fees is to supplement loan repayments for new or reconstructed plants. If this bill were approved, loan repayments to IEPA for their water or sewer revolving loan could be jeopardized. Lastly, these fees may also be used for the maintenance and future use of the water and sewer system.

Many communities would have no choice but to raise water or sewer rates to make-up for the loss of revenue that would result from this legislation.

The IML has met with Sen. McCarter after the bill was approved by both chambers. The Senator agreed that it would be best to request an amendatory veto for Senate Bill 3507 to remove the language limiting



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Governor Quinn
June 23, 2014

tap on fees for water and sewer services that can be charged by municipalities. Many mayors in the Senator's district have voiced their concerns over this legislation and informed him of the disastrous financial impact that this legislation would have on the citizens of their community.

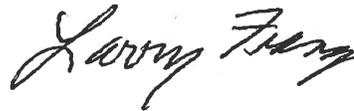
Specifically, the Illinois Municipal League requests the following amendatory veto to Senate Bill 3507:

Delete page 2 lines 20 through 24 and all of page 3.

Water and sewer services are essential needs for healthy living and the municipalities throughout the state provide these necessary services for millions of Illinoisans. In its current form, Senate Bill 3507 imposes unworkable restrictions and jeopardizes the way that municipalities finance these services.

Again, the IML respectfully requests that you amendatorily veto Senate Bill 3507 based upon the reasons stated above. Please contact our office at (217) 525-1220 if we can be of any further assistance. Thank you for your consideration in this matter.

Respectfully,



Larry Frang
Executive Director
Illinois Municipal League

LF/js

Cc: Gary Hannig, Director of Legislative Affairs

CITY OF O'FALLON, ILLINOIS
RESOLUTION 2014 - 30

A RESOLUTION ADVOCATING A GUBERNATORIAL VETO OR AMENDATORY VETO OF SENATE BILL 507, WHICH AMENDS 65 ILCS 5/11-150-1 TO RESTRICT THE COLLECTION OF CONNECTION FEES CHARGED BY MUNICIPALITIES

WHEREAS, Senate Bill 3507, which amends 65 ILCS 5/11-150-1 to restrict the collection of connections fees for water and sewer service by municipalities to new customers by limiting the revenue of connection fees to no more than "1/6 of the user's estimated annual charge for that class of service," was passed by the Illinois State Senate on April 1, 2014 and the Illinois House of Representatives on May 27, 2014; and

WHEREAS, Senate Bill 3507 now awaits final action by the Governor of the State of Illinois,

WHEREAS, the City of O'Fallon believes Senate Bill 3507 will negatively affect its residents by transferring the financing cost of municipal water and sewer systems from new municipal water and sewer customers to existing customers, by restricting the collection of connection fees; and

WHEREAS, the City of O'Fallon which collected \$338,750 from 123 water connections and \$90,580 from 30 sewer connections in our FY14 would see those revenues drop under the reforms presented in Senate Bill 3507 to \$26,010, based upon an average residential two-month usage charge of \$170; and

WHEREAS, the City of O'Fallon reasonably believes that it would have to raise the rates on existing customers to offset the loss of \$403,320 in revenue based on Senate Bill 3507 and the FY14 data above; and

WHEREAS, the City Council of the City of O'Fallon, Illinois, believes it is in the best interest of the City and its residents to urge a gubernatorial veto or amendatory veto of Senate Bill 3507.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS AS FOLLOWS:

Section 1. The City of O'Fallon hereby urges the Governor to veto Senate Bill 3507, or to file an amendatory veto to delete Section 10 of the bill.

Section 2. The Mayor is hereby directed to send a copy of this resolution to the Governor of the State of Illinois.

Section 3. This resolution shall be in full force and effect after its passage and approval as provided by law.

Passed and approved this 7th day of July 2014.

ATTEST:

Approved:


Philip A. Goodwin, City Clerk




Gary L. Graham, Mayor