

**Item #8B:**  
**Village President Underwood**  
**Legislative Update**

## David Lothspeich

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**From:** IML Legislation [IMLLegislation@iml.org]  
**Sent:** Friday, May 02, 2014 2:01 PM  
**Subject:** Illinois Municipal League Statehouse Briefing - May 2, 2014

# IML Statehouse Briefing



On the ground news and insider information!

May 2, 2014

## Governor Open to Discussing Increased LGDF Share for Cities, Counties

During a speech before the City Club of Chicago on April 28, Governor Pat Quinn indicated that he would be open to discussing an increase to the share of income tax revenue distributed to cities, villages, and towns as part of the debate over making the temporary income tax increase permanent. The Governor confirmed this interest to mayors this week.

**If the existing income tax rates are extended, restoring cities and counties to a full 10 percent of collections would provide an additional \$65 per resident!** Over the next few weeks, the IML will be working to build support for a restoration of the full 10 percent share of LGDF revenue. We strongly encourage our members to begin contacting their legislators and urge them to demand that cities and counties be restored to their full 10 percent share if the temporary income tax increase rates are extended.

Cities received a full 10% of income tax revenue as recently as 2010, but that amount was reduced to 6% of total income tax collections when the temporary rate increases went into effect in 2011.

## IML Lobby Day Successful!

Over 100 local officials attended IML's Lobby Day Legislative Briefing on Wednesday, April 30. Visit our [Facebook page for pictures](#) from the event. If you were unable to attend, the [handouts and materials are available here](#).

Attendees were treated to a presentation by House Republican Leader Jim Durkin (R-Western Springs) on issues confronting the state and local governments. Following Leader Durkin's remarks, IML staff discussed several critical legislative issues that confront municipalities prior to the scheduled adjournment date of May 31.

Municipal officials were encouraged to be strong advocates for a full restoration of 10 percent of LGDF revenue for cities and counties. The municipal and county share of state income tax collections was reduced from 10 percent to 6 percent in 2011 as part of the temporary income tax increase. Talk of making the temporary income tax increase permanent presents a tremendous opportunity for municipal officials to fight for the restoration of these critical funds.

Lobby Day attendees were also encouraged to urge their legislators to oppose three bills being pursued by the firefighter union. The first, HB 5485, would make manning and staffing a mandatory subject of collective bargaining and interest arbitration. This bill would result in property tax increases and service reductions for many communities with unionized fire departments. The second bill, SB 1681, would create a cumbersome and undesirable alternative process for fire service consolidation. The third bill, HB 4418, would impose a referendum requirement before a municipality could close its

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**From:** IML Legislation [IMLLegislation@iml.org]  
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**Subject:** Illinois Municipal League Statehouse Briefing - May 13, 2014

# IML ACTION ALERT



On the ground news and insider information!

May 13, 2014

## **Cities Must Act to Restore Full 10% LGDF Share!**

Back in 2011, the Illinois General Assembly temporarily increased the state income tax rates and reduced the revenue distributed to local governments (LGDF) from 10 percent of total collections to 6 percent. Since the new rates went into effect, the IML and our membership have called upon the General Assembly to restore cities and counties to a full 10 percent share of LGDF revenue based upon the higher income tax rates. Unfortunately, those calls went unheeded.

Illinois legislators may soon be asked to vote to make the existing income tax rates permanent. Once again, the IML is requesting that the General Assembly and Governor restore cities and counties to a full 10 percent share of LGDF revenue as part of an extension of the current rates. The IML strongly urges our members to contact their state legislators and request a restoration of a full 10 percent share of LGDF.

To help facilitate these contacts, the IML has developed a tool to calculate and share with your legislators what a restoration to 10 percent of income tax distributions would mean for your community. This dollar amount will automatically be inserted into the text of an e-mail that will be sent to your legislators. [This powerful advocacy tool is available here.](#)

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**From:** IML Legislation [IMLLegislation@iml.org]  
**Sent:** Friday, May 16, 2014 2:22 PM  
**Subject:** Illinois Municipal League Statehouse Briefing - May 16, 2014

# IML Statehouse Briefing



On the ground news and insider information!

May 16, 2014

The House and Senate concluded business for the week and will return on Monday, May 19. Today was the deadline for moving bills from the opposite chamber out of committees. Various bills that remain in committees may receive deadline extensions.

## House Approves Spending Bills

In a marathon floor session, the House debated and approved 73 appropriation bills that included approximately \$38 billion in spending on Thursday, May 15.

The strategy from House Democratic Leadership is to put votes on spending to place legislators in a position where they can be convinced to follow through with support to approve an extension of the existing income tax rates necessary to pay for the spending. Following passage, Speaker Madigan (D-Chicago) filed motions to reconsider the votes as a parliamentary tactic to prevent the bills from advancing to the Senate where the appropriation bills could eventually be amended to reflect the spending priorities of the Senate. Both chambers are trying to avoid sending appropriation bills to the opposite chamber where they could be amended and sent back as a “final offer” in the dwindling hours of the spring session. Neither chamber wants to empower the other to have greater control over the FY15 state budget.

The Republicans are questioning the constitutionality of approving a budget that clearly exceeds available revenues. Without extending the current income tax rates, the budget being debated in the House will most definitely exceed available revenues when the income tax rates decline in the middle of the FY15 fiscal year (January of 2015). One estimate puts the spending-to-revenue imbalance at \$4 billion. There has been some discussion of a 6-month budget to get legislators beyond the election before they must vote on legislation to make the income tax increase permanent. This option carries financial risk and may also trigger constitutional questions. Yet another option is what has become known as the “not recommended budget” that includes draconian cuts to state services and programs.

What we know for certain is that there is a palpable sense of budgetary tension that will only increase as the session draws closer to the scheduled May 31 adjournment date.

## The Income Tax Debate and LGDF

The Senate reportedly has the 30 votes necessary to extend the current income tax rates. The House appears to be a few votes short at this time. The Governor reportedly plans to meet with the House Democrats early next week.

The IML Board of Directors voted to support the extension of the existing income tax rates along with an immediate restoration to a full 10 percent share of the income tax revenue (LGDF) collected under the current rates.

When the income tax rates were increased in 2011, the state retained 100 percent of the additional revenue. Accomplishing this required that the historic 10 percent share distributed to cities and counties on a per capita basis was reduced to 6 percent. The consequence of this reduction was to subject cities and counties to recession level income tax revenue collections while the state collected record-high revenues.

The IML has been a proponent of restoring the full 10 percent income tax share since the percentage was reduced. IML staff met with the Governor's Office on Wednesday to discuss a restoration to the full 10 percent income tax share. We have also met with key leaders in the House and Senate to convey the same message.

Illinois cities, villages, and towns have made the difficult decisions necessary to balance their budgets and fund the basic services expected by local residents. Rising municipal police and firefighter pension costs and other budgetary pressures are threatening to jeopardize the ability of cities, villages, and towns to maintain these service levels and pay for the countless mandates (i.e., pension benefits) handed down by the state. State-shared income tax revenue is simply a critical source of local funding.

In fact, Illinois residents are more likely to actually see and directly benefit from their income tax payments when the money is invested in their local community. Without adequate state-shared revenue, local service levels are threatened and the prospect of local tax increases becomes more likely. Restoring cities, villages, and towns to a full 10 percent of income tax revenue would help to shore-up local budgets, fund essential services, and mitigate against local tax increases.

If you haven't already, please [send your legislators an e-mail](#) urging that the local share of the state income tax be increased to 10 percent if and when the permanent extension of the higher income tax rates occurs.

### **Judge Delays Implementation of Pension Reform Law**

A coalition of unions opposed to [SB 1](#) prevailed in a request to have the benefit reductions delayed until the courts rule on the constitutionality of the pension reform law. The law was set to take effect on June 1. The Office of the Attorney General has weighed in to defend the implementation of the benefit reductions by arguing that the state's dire financial condition justifies the benefit reductions. The Attorney General is essentially invoking a "police powers" argument to support the constitutionality of the pension reform law.

### **Speaker Madigan Pushes Minimum Wage Referendum**

On Friday May 16, Speaker Madigan (D-Chicago) won approval in the House Labor and Commerce Committee for an amendment to [HB 3814](#) that proposes a non-binding advisory referendum question asking voters if they support increasing the minimum wage to \$10 an hour by January 1, 2015 for adults over the age of 18. The move is seen as an effort to increase Democratic turnout during the November 4 election. HB 3814 is expected to receive a floor vote next week.

### **Fire Service Legislation**

Three IML-opposed bills affecting the fire service saw no action this week.

- [HB 5485](#) (Minimum Manning) is unlikely to advance prior to adjournment.
- [HB 4418](#) (Referendum Requirement to Close Fire Department) remains in the Senate Assignments Committee.

The third bill, [SB 1681](#) (Regional Fire Protection Agencies), remains in the House Cities and Villages Committee and is presently being further negotiated between the AFFI and Committee Chairman DeLuca (D-Chicago Heights). Chairman DeLuca and other Committee members are aware of IML's

opposition and have identified several provisions of the bill that they would like to see changed before the legislation is permitted to move forward. The House Cities and Villages Committee is scheduled for a hearing on Tuesday, May 20.

### **Ticket “Quota” Legislation Reaches Final Passage Stage in House**

Fraternal Order of Police legislation to prohibit the use of certain comparables to evaluate the job performance of police officers is on Third Reading in the House. If approved, [SB 3411](#) (Rep. Hoffman, D-Belleville) would be sent to the Governor for his consideration. We urge our members to contact their state representatives to oppose the bill. We also ask that our members encourage their police chiefs to contact legislators to express opposition to the bill. **IML OPPOSES**

### **IML Launches “Press Room”**

The IML is frequently in the news and we wanted to create a page on our website where these stories can be viewed by our members and other interested parties. IML press releases will also be available for viewing in our new [“Press Room.”](#)

### **IML Tracked Bills**

A complete list of bills being tracked by the IML is available [here](#). The bills are categorized by policy area.

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