

# COMMITTEE AGENDA ITEM

## VILLAGE OF HOFFMAN ESTATES

**SUBJECT:**

- A) Presentation of Legislative Update and;
- B) Approval of a Resolution Opposing the Governor's proposed cut to the municipalities' share of the LGDF
- C) Approval of a Resolution supporting the Northwest Municipal Conference 2015 Legislative Program; and

**MEETING DATE:** March 16, 2015

**COMMITTEE:** General Administration & Personnel Committee

**FROM:** Austin Pollack, Administrative Intern

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**PURPOSE:** Presentation of Legislative Update and; approval of a Resolution Opposing the Governor's proposed cut to the municipalities' share of the LGDF; and approval of a Resolution supporting the Northwest Municipal Conference 2015 Legislative Program; and

**DISCUSSION:** Governor Bruce Rauner delivered his first budget address on February 18<sup>th</sup>, and it became clear that local government revenues would be significantly cut. He has ultimately transferred a portion of the state's serious financial troubles onto local governments. His speech addressed three critical areas that will impact local governments in Illinois such as local revenue reductions, transportation reductions, and pension reform.

Most critically, Governor Rauner addressed local revenue reduction by proposing that the Local Government Distributive Fund (LGDF) revenue be reduced by 50 percent. The Village stands to lose a significant amount of revenue if the Governor is successful with his plan. He referenced this revenue as a "modest cutback", which equates to \$2,568,803 for the Village. This reduction could require many municipalities to increase property tax levies, reduce staff such as police and fire positions, and set-aside capital projects, but this not indicative of our response.

Municipal representatives, various inter-governmental organizations, and citizens have already expressed their opposition against reducing the LGDF revenue to state legislators. The attached letter that addresses Governor Rauner's LGDF revenue reduction plan represents the view of many inter-governmental organizations that oppose his plan.

Currently, many municipalities, including the Village, are working on contingency plans in an effort to deal with multiple LGDF revenue reduction scenarios as the budget plan progresses. In addition to reducing local government revenue, the Governor's speech included references to transportation cuts and pension reform. He appeared to exclude public safety personnel from future pension reform efforts and identified them as deserving of special consideration. The Governor's LGDF revenue reduction plan is a work in progress, and many other prevailing factors will affect the success of his budget plan. From the communication, we believe a compromise will be met, however we do not know what that will mean in terms of lost revenue at this time. In addition to the Governor's Budget Address, the Northwest Municipal Conference recently released their bill positions, which is attached for referenced. We will begin to track these bills as they progress through the state legislature.

A resolution is also being presented to Committee to support the Northwest Municipal Conference's 2015 Legislative Program, which is attached.

**RECCOMENDATION:**

Request approval of a:

- a) Resolution Opposing the Governor's proposed cut to the municipalities' share of the LGDF; and
- b) Resolution supporting the Northwest Municipal Conference 2015 Legislative Program.

VILLAGE OF HOFFMAN ESTATES

**A RESOLUTION URGING THE ILLINOIS GOVERNOR AND ILLINOIS GENERAL ASSEMBLY TO PROTECT FULL FUNDING OF LOCAL GOVERNMENT DISTRIBUTIVE FUND REVENUES (LGDF)**

WHEREAS, municipalities are front-line providers of government services to citizens and these services include police and fire protection, parks, infrastructure, water, sewer and utility services, and snow removal; and

WHEREAS the State of Illinois has a long-standing tradition of collecting tax revenues on behalf of municipal governments and municipalities have relied on shared income tax revenue to provide services to taxpayers; and

WHEREAS, municipalities have fewer options to raise significant revenue and rely on the full amount of revenue that the State collects on their behalf in order to fund the essential quality-of-life services expected and relied upon by community residents; and

WHEREAS, the General Assembly increased the State income tax without providing any of the new revenues to municipalities and this loss of revenue has left the municipal share at levels collected during the Great Recession; and

WHEREAS, the Governor proposed a fifty percent (50%) reduction in the local share of the income tax during his FY2016 Budget Address, reducing local revenues by over \$600 million; and

WHEREAS, the loss of this state-shared income tax revenue would result in elimination of countless jobs, local tax increases, program and service cuts, and could increase debt burdens that would be felt by all citizens.

WHEREAS, the Village of Hoffman Estates would lose \$2,568,802.50; and

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Hoffman Estates, Cook and Kane Counties, Illinois, as follows:

Section 1: The Village of Hoffman Estates of urges the Governor and the General Assembly to protect full funding of the Local Government Distributive Fund (LGDF) and other revenue sources that allow local governments to provide for the health, safety and general welfare of their residents.

Section 2: This Resolution shall be in full force and effect immediately from and after its passage and approval.

PASSED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2015

VOTE	AYE	NAY	ABSENT	ABSTAIN
Trustee Karen V. Mills	_____	_____	_____	_____
Trustee Anna Newell	_____	_____	_____	_____
Trustee Gary J. Pilafas	_____	_____	_____	_____
Trustee Gary G. Stanton	_____	_____	_____	_____
Trustee Michael Gaeta	_____	_____	_____	_____
Trustee Gayle Vandenberg	_____	_____	_____	_____
Mayor William D. McLeod	_____	_____	_____	_____

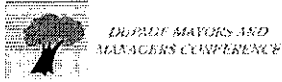
APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015

\_\_\_\_\_  
Village President

ATTEST:  
  
\_\_\_\_\_  
Village Clerk



February 25, 2015



The Honorable Bruce Rauner  
Governor  
207 Statehouse  
Springfield, IL 62706



Dear Governor Rauner:



On behalf of municipalities and taxpayers across the state of Illinois, we are writing to express our deep disappointment with certain proposals affecting local government outlined in your February 18 Budget Address to the Illinois General Assembly. We respectfully request that the state craft a budget that does not intercept revenue due to local governments or prohibit actions necessary to balance municipal budgets.



As you know, the Local Government Distributive Fund (LGDF) was established in 1969 when Illinois implemented the state income tax. Local governments utilize LGDF revenues to fund basic governmental services including police, fire, public works and infrastructure improvements. Your proposal for a fifty percent reduction in LGDF payments spells disaster for municipalities, particularly non-home rule communities and those without a broad base of revenue options. Reducing revenue due to local governments will result in the need for massive property tax increases or dangerous cuts to services that our taxpayers have paid for and expect.



In addition to slashing LGDF revenues, you propose to freeze property taxes and exempt police officers and firefighters from any changes in their pensions. This additional one-two punch to local governments will take away the ability to fund the rising costs of basic government services and public safety pensions, which have been well documented as unsustainable.



Finally, you have called for local governments to tighten their belts. It is important to know that, through the Great Recession and beyond, municipalities have worked diligently to balance budgets, operate within our means, adjust service and staffing levels and cut programs that, while important, we simply cannot afford at this time. We ask that the state craft a fiscally responsible budget without further harming local governments and the taxpayers we all serve.



Thank you for your consideration of our request to preserve local revenues and maintain the ability to manage our local budgets. We stand ready to work with you and the General Assembly to identify ways that all levels of government can move forward and best serve the people of Illinois.



Southwestern Illinois  
Council of Mayors

Sincerely,



(Signature page attached)



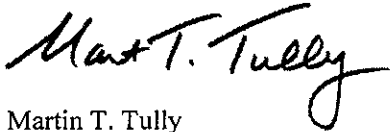
- Barrington Area Council of Governments ● DuPage Mayors and Managers Conference
- McHenry County Council of Governments ● Metro West Council of Government ● Metropolitan Mayors Caucus
- Northwest Municipal Conference ● Southwest Conference of Mayors ● South Suburban Mayors and Managers Association
- Southwestern Illinois Council of Mayors ● West Central Municipal Conference ● Will County Governmental League



Robert Kellermann  
Chairman  
Barrington Area Council of Governments



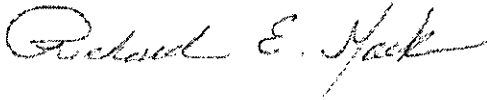
Gerald R. Bennett  
President  
Southwest Conference of Mayors



Martin T. Tully  
President  
DuPage Mayors & Managers Conference



Michael S. Einhorn  
President  
South Suburban Mayors and Managers Association



Richard E. Mack  
President  
McHenry County Council of Governments



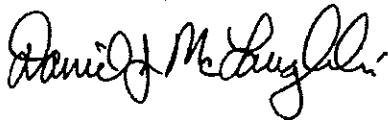
John Miller  
President  
Southwestern Illinois Council of Mayors



David Kaptain  
President  
Metro West Council of Government



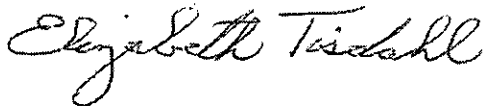
Richard F. Pellegrino  
Executive Director  
West Central Municipal Conference



Daniel J. McLaughlin  
President  
Metropolitan Mayors Caucus



Jim Holland  
President  
Will County Governmental League



Elizabeth B. Tisdahl  
President  
Northwest Municipal Conference