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2/17/2022 Politico Playbook

[Suburban mayors seek greater share of state tax money](#)

“For decades, towns and counties have received a share of the state income tax dollars paid by their residents and businesses. But to bolster its budget, the state since 2011 has gradually chipped away at the tax revenues funneled back to municipalities through the Local Government Distributive Fund. [The] improved outlook for the state's finances could alter the equation.

‘The timing is right. The Illinois economy is strong,’ said Palos Park Mayor John Mahoney, chairman of the Metropolitan Mayors Caucus, which represents 275 municipalities,” by Daily Herald’s Katlyn Smith.

2/17/2022 The Daily Line

[Suburban mayors push lawmakers to restore Local Government Distributive Fund ahead of House committee deadline](#)

Suburban mayors say it’s becoming even more important state lawmakers increase funding for the Local Government Distributive Fund (LGDF) as residents demand a high quality of service from their local governments, but the cost of providing those services is increasing. They face a deadline for the House to advance a bill out of committee on Friday.

Mayors from seven suburbs held a news conference Wednesday asking lawmakers to pass legislation to increase funding for the distributive fund to 8 percent of the state’s income tax, up from its current level of 6.1 percent. The mayors said the state must fulfill its promise to communities of providing an acceptable level of funding.

“We’re asking for the restoration,” said Lindenhurst Mayor Dominic Marturano. “We’re not asking for an increase in LGDF. We’re not asking for more, we’re not asking for a larger slice of the pie. We’re asking that the slice that was cut for us many years ago be served to us in its entirety.”

The Local Government Distributive Fund is a revenue sharing mechanism for Illinois’ local governments that distributes state income taxes to municipalities on a per-capita basis. It was traditionally funded at 10 percent of the state’s total income tax revenue, but the state reduced funding to 6 percent in 2017. It has not been at the 10 percent funding level since the income tax was hiked in 2011.

The mayors said Wednesday that the distributive fund is a key source of revenue for them and can comprise up to 20 percent of a municipality’s budget. They said the funding source is vital because local governments don’t have many ways they can increase revenue and when more money is needed, the cost often gets passed to taxpayers through property tax increases.

“It’s not only the revenue loss, it’s the mandates that have come out of Springfield...over the last two or three years,” said Palos Hills Mayor Gerald Bennett. “You can’t have it both ways. You can’t take away money and also throw on additional mandates that cost additional money. We don’t have additional resources to provide a substitute for that revenue.”

Bennett said municipalities are becoming strained by the need to keep services going at the level residents expect with the combination of growing pension obligations and more requirements to comply with from the state, such as equipping all police officers with body cameras.

The mayors are supporting two bills in the General Assembly that would increase funding for the distributive fund to 8 percent of the total amount of income taxes collected by the state. SB3010 by Sen. Laura Murphy (D-Des Plaines) did not advance out of Senate committees prior to their Feb. 10 deadline, however. On the House side, HB4169 by Rep. Anthony DeLuca (D-Chicago Heights) is awaiting a hearing in the Revenue and Finance Committee before Friday's deadline to move bills from committee.

"We feel this is a reasonable proposal that would provide our communities greater fiscal stability and increased stability to address current and future challenges," Highland Park Mayor Nancy Rotering said.

Rotering said Highland Park has lost \$2 million since the funding level was reduced from 10 percent. Increasing funding back up to 8 percent would recover about \$1 million.

Palos Park Mayor John Mahoney said this would give local governments more certainty over their funding level. He said he believes now is the right time to increase funding for the distributive fund because of the economy's strong performance and anticipated budget surplus for the state.

Bennett said they are concerned increasing the distributive fund was not included in Gov. JB Pritzker's budget proposal.

At a news conference in Rockford last week, Pritzker said he has increased funding to local governments by \$1 billion during his term in office in other ways, such as the state's capital plan and legalization of cannabis.

"All of that I think has been [to] the benefit of local governments," Pritzker said. "But let me be clear. We should always try to do more for local governments because there's so much more that needs to be invested in."

Pritzker's budget proposal notes local governments have seen an increase in their share of funds the state shares with them since he took office because policies that were put in place during the budget impasse have been removed. This has amounted to an \$800 million increase in the last three years, according to the proposal.

A spokesperson for Pritzker referred to his statement in Rockford last week when asked about his thoughts Wednesday on increasing funding for the distributive fund.

Chicago Mayor Lori Lightfoot and Illinois Municipal League Executive Director Brad Cole are among the other Illinois municipal leaders supporting an increase to the Local Government Distributive Fund.

2/16/2022 Daily Herald

['The timing is right': Suburban mayors seek greater share of state tax money](#)

Suburban mayors are again asking Illinois lawmakers to boost the amount of state income tax revenue doled out to municipal governments, and they see this legislative session as their best opportunity in years to get back a larger piece of the funding pie.

For decades, towns and counties have received a share of the state income tax dollars paid by their residents and businesses. But to bolster its budget, the state since 2011 has gradually chipped away at the tax revenues funneled back to municipalities through the Local Government Distributive Fund.

Before then, the state distributed 10% of the total income tax haul each year to local governments. The state currently allocates just more than 6% of individual income tax collections for the local fund, according to the Illinois Municipal League.

In what's become a familiar refrain, municipal leaders have sought to restore some of the funding to help pay for road repairs, pension costs, flood prevention and other essential services.

But an improved outlook for the state's finances could alter the equation. In his budget address, Gov. J.B. Pritzker announced Illinois will end this fiscal year on June 30 with a \$1.7 billion projected surplus.

"The timing is right. The Illinois economy is strong," said Palos Park Mayor John Mahoney, chairman of the Metropolitan Mayors Caucus, which represents 275 municipalities.

The mayoral association has joined about a dozen other regional organizations to form a "Restore LGDF" coalition. The group held a news conference Wednesday to promote their cause.

Chicago-area mayors say they've gained broad political support in Springfield for legislation that would raise the local share of income tax revenue to 8%. The bill, introduced by state Rep. Anthony DeLuca, a Democrat from Chicago Heights, has about 50 co-sponsors in the Illinois House.

"We feel this is a reasonable proposal that would provide our communities greater fiscal stability and the increased ability to address current and future challenges," said Highland Park Mayor Nancy Rotering, president of the Northwest Municipal Conference.

Pritzker addressed the issue last week speaking in Rockford. Since taking office, the state has added "about \$1 billion more on an annual basis to the coffers of cities across the state, not through the local distributive funds specifically, but through lots of other things," Pritzker said.

The Democratic governor pointed to local tax revenue from legal marijuana sales and the opening of a temporary casino in Rockford. A permanent Hard Rock casino will be built in Rockford under the state's gambling expansion. Local governments also are getting more dollars to put into local roads, Pritzker said.

"But let me be clear, we should always try to do more for local governments because there's so much more that needs to be invested in," he said.

But some mayors say partially restoring the Local Government Distributive Fund to an 8% share of all income tax collections would provide a stable revenue source and lessen reliance on property taxes.

Cuts to the fund have left the city of Highland Park with a budget hole of more than \$2 million a year, Rotering said.

"Those millions of dollars can fix water mains and roads," she said. "They can help us mitigate ongoing flooding, which annually threatens our residents and our businesses."

In Darien, income taxes collected by the state and distributed back to the city accounts for 14% to 15% of the municipal budget, Mayor Joseph Marchese said. The proposal to allocate 8% of total state income tax proceeds to the Local Government Distributive Fund would translate into \$500,000 to \$600,000 more for the city, Marchese estimates.

"It's going to be enough to help our communities to overcome and come out of this pandemic that we still live with," said Marchese, president of the DuPage Mayors and Managers Conference.

Pritzker's budget plan includes no proposed reduction to the current LGDF funding.

2/10/2022 Crain's Chicago Business

[Mayors vie for bigger slice of state tax pie: The latest Springfield Memo](#)

The annual financial tug of war has resumed in Springfield, but for once the usual loser is showing signs of winning the match, at least in part.

At issue is who gets the Local Government Distributive Fund, the share of proceeds from the state income tax that is supposed to go to cities, villages and local governments.

When the income tax was approved decades ago at the request of then-Gov. Richard Ogilvie, the locals were supposed to get 10% off the top, money they could use to hire police, pay pensions, pave streets or whatever. But the state gradually has clawed that back and, according to the Illinois Municipal League, its members collectively get only 6.06% of tax proceeds, not a tenth.

The league has tried, tried and tried again to change that situation in recent years, but was lucky to keep what it had, given the state's financial woes. But with the state suddenly cash flush—Gov. J.B. Pritzker is proposing \$1 billion in one-time tax cuts, plus \$500 million more for pensions, \$900 million to pay off old retiree health bills, and \$800 million to restock the state's rainy day reserve fund—things may be changing.

League allies are pushing two bills, both sponsored by Rep. Anthony DeLuca, D-Chicago Heights. One would gradually bring the municipal share back to 10%; the other would split the difference, allotting 8% of tax receipts for the fund.

What's interesting is who's a chief co-sponsor of the second bill: House Speaker Chris Welch. I'm told his interest is real, but how real depends on a few other things. Like what the munis say they'll do with the influx, and whether this spending would impact Pritzker's proposed tax cuts or other budget priorities, like replenishing the state's deeply indebted Unemployment Insurance Trust Fund.

So ... we'll see. But big money is involved. According to the league, raising the rate to 8% would cost an additional \$500 million a year. Going back to 10% would divert \$1 billion from other spending.

The league also is pushing some other things in the spring session. Like a measure to "refinance" often cash-short municipal police and retirement systems in downstate and suburban areas by allowing them to defer the full-funding goal from 2040 to 2050, and lower the target from 90% of expected liabilities to 80%. Financial watchdogs likely won't like that, but the mayors say pension demands are eating up funds more badly required for public safety and other needs.

2/7/2022 Chicago Tribune

[Column: Southland leaders drive debate in budget fight over municipal share of state tax funds](#)

State lawmakers and municipal leaders are at odds with Gov. J.B. Pritzker over sharing state revenue with local governments.

Members of broad coalition say cities and towns could beef up public safety and ease the property tax burden on homeowners if Pritzker would loosen the purse strings a little more.

"Springfield has taken advantage of local tax revenue to plug gaps in budgets, but this is a process that needs to stop," said state Rep. Anthony DeLuca, D-Chicago Heights.

DeLuca chairs the House Cities and Villages Committee. Back in October he sponsored House Bill 4169, which seeks to restore the level of state dollars divvied out to municipalities through the Local Government Distributive Fund, or LGDF.

"If we don't take action, more costs will be passed down to homeowners who are struggling," DeLuca said. "I'm hearing from too many families across our community who are hurting. It would be irresponsible to ask for more from them."

DeLuca's bill is gaining momentum, like a toboggan hurtling down a sledding hill. Dozens of lawmakers have signed on as co-sponsors, including state Reps. Bob Rita of Blue Island, Thaddeus Jones of Calumet City and Kelly Burke of Evergreen Park. Even Republicans like state Rep. Tim Ozinga of Mokena are on board.

House Speaker Chris Welch of Westchester is among the 40 co-sponsors, as are Southland state Reps. Marcus Evans, Frances Ann Hurley and Nick Smith of Chicago, Will Davis of Homewood and Debbie Meyers-Martin of Olympia Fields.

Two different committees are set to hold a joint hearing on the bill Thursday morning in Springfield. Groups representing hundreds of municipalities have stepped up a messaging campaign designed to pressure Pritzker to funnel more state funds to local governments this year.

“Our members reluctantly dealt with reductions in LGDF and changes to the revenue-sharing formula, previously made in tandem with income tax increases that effectively froze LGDF, as a shared sacrifice during difficult economic times,” leaders wrote in a Jan. 25 letter to Pritzker.

“We believe our members stood with the state when asked,” they wrote. “Those times have passed. The state is realizing economic recovery that must be shared.”

Leaders of groups representing a majority of the state’s 1,296 municipalities signed the letter. They included Chicago Mayor Lori Lightfoot, who also is vice chair of the 275-member Metropolitan Mayors Caucus, and Decatur Mayor Julie Moore Wolfe, president of the Illinois Municipal League.

Thornton Mayor Bob Kolosh signed on behalf of the South Suburban Mayors and Managers Association. Palos Park Mayor John Mahoney signed as chair of the Metropolitan Mayors Caucus. Palos Hills Mayor Gerald Bennett signed for the Southwest Conference of Mayors.

Lockport Mayor Steve Streit signed as president of the Will County Governmental League. Others represented DuPage, Lake and McHenry counties and other areas of the state.

The Southland is well represented in the debate. The region’s booming growth in logistics reflects its strength as an economic engine for the state. The region is flexing its muscle as a job creator and tax generator. The outcome of the LGDF battle will be a measure of political clout.

Advocates have been organizing for months and are mobilizing to fight for a greater share of distributive fund revenue during the budget process this spring. Last week, when he unveiled his budget, Pritzker proposed cutting taxes by up to \$1 billion, which would seem to threaten hopes for more funding this year.

When the Local Government Distributive Fund originated in 1969, the state doled out 10% of income tax revenues to municipalities. The percentage dipped as Illinois faced years of financial crises. Currently, the state allocates 6.06% of individual income taxes and 6.85% of corporate income taxes to communities.

DeLuca’s bill would increase rates this year to 8% for individual taxes and 9.11% of corporate income taxes.

“This is money that goes toward critical services, including funding for first responders and road repairs,” DeLuca said. “Particularly as we deal with a rise in crime in our neighborhoods, we need to make sure our police have the resources they need to do their job safely and effectively.”

DeLuca’s proposal topped a list of priorities outlined Tuesday when the Illinois Municipal League released its 2022 legislative agenda. DeLuca also sponsored a similar measure, House Bill 315, that would require the state to restore distributive fund rates to 10% by 2025.

“Without LGDF, communities across Illinois would need to explore increases to other fees or taxes — including property taxes,” the league said.

The boost would cost the state about \$1 billion a year. Rich Miller of Capitol Fax reported on the league’s agenda Tuesday and sought a response from the governor’s office, which directed him to page 52 of Pritzker’s 574-page budget proposal.

Illinois already is steering an additional \$1.1 billion annually to local governments, Pritzker's administration said in the budget. That includes an extra \$200 million a year in sale taxes thanks to a court ruling on internet sales and \$600 million more each year in motor fuel taxes after lawmakers approved the Rebuild Illinois program.

Local governments are getting shares of taxes on sales of recreational cannabis and expanded video gaming and will soon get a slice of new revenues from licenses for additional casinos, Pritzker's administration said in the budget.

Regulators in December announced plans to award a license for a casino at Interstate 80 and Halsted Street. Most of the local revenue will go to Homewood and East Hazel Crest, though 42 other communities will share 3% of monthly profits.

The distributive fund budget fight might have as much to do with political muscle as it does money. Clearly, Pritzker would like to wave tax-cut messaging during his reelection campaign. Local governments and legislators are standing together to show unity and strength.

It shouldn't be too difficult to forge a compromise agreeable to everyone by the time the budget process concludes in late May. But if I had to pick a side, I would support local government leaders and their efforts to bring home a greater share of state tax revenues to benefit their residents.

2/7/2022 WLDS

[Local Governments Coalition Ask For Restoration of LGDF to Original Level of Revenue Sharing](#)

A broad-based coalition of local governments statewide is joining Illinois lawmakers in calling for the State to increase local revenue funds to lessen the property tax burden on homeowners.

Since 1969, local governments across Illinois have received a portion of income taxes generated by residents and businesses, known as the Local Government Distributive Fund. For years, the State allocated 10% of total income tax collections to local governments through LGDF, but since 2011, it has gradually reduced their share to just 6.06% today.

Executive Director of the Illinois Municipal League Brad Cole says county governments and municipalities need that money to continue to provide services directly to people who pay the taxes: "Municipalities have been receiving less and less funding from the state and more and more unfunded mandates, so we are just simply requesting that our funding be returned to the level that it was previously and help us do the work at the local level that residents require...The reasoning in the past [that we've been given about the reduction in funding] has been because the state needed the money. Now, we are seeing where there are more dollars available for the state so we are seeking to have that [funding] returned so that local governments don't have to increase local taxes and fees."

Cole says its an annual issue of whose money is it and how much of it is actually going to be provided to municipal governments. Cole says the stripping away of funds hits the smallest communities in the state the hardest: "Certainly the smallest communities have the fewest resources to be able to handle their problems or address their issues. Very small communities only have state-shared revenues and property tax, so those only go so far. When one of them is cut, the other is left to carry the burden. For very small communities that need to replace their infrastructure – whether it's water and sewer or sidewalks, or anything else – when the Local Government Distributive Fund is cut or when it's not fully funded at what was the 10% level, then those things go without getting done."

IML is just one of 12 other organizations pushing for the restoration of the LGDF to help bring stability to local government budgets across the state. In its most recent proposal, the coalition is asking that the 10% level of funding be restored by 2025.
