

## VILLAGE OF LILY LAKE

---

### RESOLUTION NO. 2015-09

#### **A Resolution Opposing The Proposed Reduction Of Local Government Distributive Funds By The State Of Illinois**

---

- The Village of Lily Lake is a non-home rule municipality located in Kane County, Illinois.
- The Village provides direct, front-line services to its residents and businesses, including snow removal, road maintenance, traffic safety and other core services.
- Residents and businesses of the Village have paid income taxes to the State of Illinois to support both the State budget and the Village budget, which taxes are collected by the State and the local share of which is distributed monthly to the Village via the Local Government Distributive Fund (the "LGDF").
- One of the primary principles of establishing the LGDF was that the State agreed to act as the collection agency for the revenue on behalf of the local governments, and in exchange, local governments agreed not to impose their own local income tax.
- Since the inception of the LGDF, the Village has received and relied upon these funds to provide services to its taxpaying residents and businesses.
- The downturn in the national economy has resulted in a reduction of several of the key revenue sources for the Village and in response, the Village has worked diligently to manage the impact to Village residents and businesses by reducing costs in an attempt to preserve core services and programs while simultaneously reducing Village expenditures.
- The State contemplated reduction in LGDF distributions will result in the loss of over half of the Village's revenue from the income tax which is the Village's largest revenue source, requiring

major reductions in services or tax increases upon people who have already paid their fair share of taxes.

Now, therefore, be it resolved by the president and the board of trustees of the village of Lily Lake, Kane County, Illinois that:

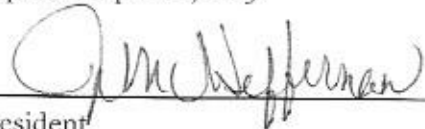
1. The provision of the Village of Lily Lake's direct, front-line services are at risk with this potential loss of income tax revenue and, therefore, the Village opposes any reduction of Local Government Distributive Fund payments to the Village.

Adopted April 20, 2015.

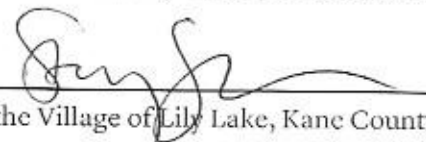
[Signature page follows.]

Trustee	Yes	No	Absent	Abstain
Damisch	X			
Conn			X	
Dell	X			
Ivancic	X			
Marlovits	X			
Overstreet	X			
Heffernen				
Totals	5	0	1	

Approved April 20, 2015.

  
 \_\_\_\_\_  
 President

Attested and filed in my office on April 20, 2015.

  
 \_\_\_\_\_  
 Clerk of the Village of Lily Lake, Kane County, Illinois





# Take Action **Now!** to Spare Cities from the Budgetary Chopping Block

BY: JOE MCCOY, LEGISLATIVE DIRECTOR, IML

We knew this day would come.

Years of irresponsible fiscal and budgetary neglect has left the State of Illinois in a bad way. State leaders have no viable alternatives other than to enact substantial reforms to reverse this unsustainable state of affairs.

The state is swimming in debt. The Fiscal Futures Project at the University of Illinois published some alarming numbers in a January report entitled *Apocalypse Now? The Consequences of Pay-Later Budgeting in Illinois: Updated Projections from IGPA's Fiscal Futures Model*. Consider the following:

- Illinois has been running annual deficits since the early 2000s
- The Fiscal Year 2016 state budget is projected to have a \$9 billion deficit
- Multiple bond downgrades have left Illinois with the lowest bond rating among states
- Unfunded pension liabilities are in excess of \$100 billion
- Unfunded state employee retiree health insurance liabilities of \$34.5 billion
- Unpaid backlog of state bills total \$6.5 billion

Governor Rauner and state legislators have their work cut out for them. Not only must they patch the immediate \$1.5 billion hole in the Fiscal Year 2015 budget, but they also have to enact the comprehensive revenue and spending reforms that will place Illinois on a path toward long-term fiscal stability.

Meaningful reform will be painful and politically tenuous. Very few interest groups and causes will be spared from examination and possible funding reductions.

## LGDF ON THE TABLE

Among a litany of budget reductions, Governor Rauner is proposing that Local Government Distributive Fund (LGDF) revenue be reduced by 50 percent. LGDF is shared state income tax money. Municipalities presently receive 8 percent of total state income tax collections. The following is excerpted from the Governor's February 18 Budget Address:

*"While the state tightens its belt, so too must local governments and transportation agencies.*

*The amount of money transferred to local governments has grown 42 percent over the past decade. The state currently transfers \$6 billion every year to local governments. Those governments are currently sitting on more than \$15 billion in cash reserves.*

*The reduction in local government sharing in this budget is equal to just 3 percent of their total revenue.*

*Along with this modest cutback, our turnaround reforms will reduce unfunded mandates, and give local governments and voters the tools to save hundreds of millions of dollars through consolidation, employment flexibility and compensation restructuring."*

Reducing LGDF revenue by 50 percent would deprive local communities of over \$600 million in the aggregate. To calculate what a 50 percent LGDF reduction would mean to your community, multiply your population by \$99 (estimated Municipal Fiscal Year 2016 per capita distribution) and divide that number in half.

The IML has always been, and remains, a strong advocate for state-shared municipal revenues. We believe that LGDF revenue drives outstanding value for Illinois taxpayers and that this shared-revenue is the best return on investment that taxpayers will ever get. It is a direct return of their dollars to their communities.

IML LEGISLATIVE UPDATE CONTINUES ON PAGE 6