

RESOLUTION NUMBER 2023-15

A RESOLUTION OF THE VILLAGE OF POPLAR GROVE, ILLINOIS ENDORSING PASSAGE OF GENERAL ASSEMBLY BILLS REGARDING THE RESTORATION OF THE LOCAL GOVERNMENT DISTRIBUTIVE FUND

WHEREAS, in 1969, an agreement was reached between Governor Richard Ogilvie and Chicago Mayor Richard J. Daley whereby Mayor Daley would support passage of a state income tax in exchange for ten percent (10%) of the receipt from income taxes being placed into a funds for distribution to municipalities on a per capita basis, which was to be called the Local Government Distributive Fund ("LGDF"); and

WHEREAS, the Illinois Department of Revenue distributed the LGDF at the rate of ten percent (10%) of the income taxes collected from its institution until municipal fiscal year 2011; and

WHEREAS, in 2011, the General Assembly reduced the LGDF from the originally agreed amount of ten percent (10%) to a lesser amount that has varied from 5.45% to 8% since 2011; and

WHEREAS, the LGDF is a significant source of revenue for municipalities, especially those who are non home-rule and have less available sources of income than home-rule communities; and

WHEREAS, it is estimated that the Village of Poplar Grove ("Village") has lost approximately \$3.4 million in LGDF distributions since 2011 when the rate was cut from ten percent (10%); and

WHEREAS, Representative Anthony DeLuca (D-Chicago Heights) has introduced House Bill 1116 ("HB1116") in the Illinois House of Representatives, which seeks to restore the LGDF distribution to ten percent (10%) by municipal fiscal year 2027; and

WHEREAS, Senator Laura Murphy (D-Des Plaines) has introduced Senate Bill 0180 ("SB0180") in the Illinois Senate, which is a companion bill to HB1116 and seeks the same restoration of the LGDF; and

WHEREAS, the Village is a member of the Illinois Municipal League, which supports the passage of HB1116 and SB0180 and advocates zealously to all members of the Illinois General Assembly for passage of said bills; and

WHEREAS, HB1116 and SB0180 have bi-partisan support in their respective chambers of the General Assembly, including Representative Joe Sosnowski (R-Rockford) and Senator Dave Syverson (R-Cherry Valley), who represent all or a significant portion of the Village in the Illinois General Assembly; and

WHEREAS, passage of HB1116 and SB0180 would allow the Village additional funding to provide services, equipment and infrastructure improvements that are needed for the health, welfare and safety of the residents of the Village;

WHEREAS, the Village Board seeks to show members of the Illinois General Assembly that it supports passage of both HB1116 and SB0180 for inclusion in the Illinois state budget for the upcoming fiscal years.

NOW THEREFORE, BE IT RESOLVED by the Village President and Board of Trustees of the Village of Poplar Grove, Illinois as follows:

1. The above recitals are incorporated herein and made a part hereof.
2. The Village hereby endorses HB1116 and SB0180 and encourages all members of the Illinois General Assembly to pass said bills to support the fiscal sustainability of the Village and all municipalities throughout the State of Illinois.
3. Finance Chairman Trustee Miller is authorized to send a letter in substantial form to that attached as Exhibit A to the Office of Governor J.B. Pritzker and all members of the Illinois General Assembly to show the Village's support for passage of HB1116 and SB0180 and encouraging them to pass and sign said bills.

PASSED UPON MOTION BY _____

SECONDED BY _____

BY ROLL CALL VOTE THIS 1ST DAY OF MAY, 2023

AS FOLLOWS:

VOTING "AYE": _____

VOTING "NAY": _____

ABSENT, ABSTAIN, OTHER _____

APPROVED: MAY 1, 2023

ATTEST

VILLAGE PRESIDENT

VILLAGE CLERK

EXHIBIT A

May ___, 2023

Honorable Governor Jay Robert Pritzker
401 South Spring Street
Springfield, Illinois 62704

RE: HB1116 and SB0180

Dear Governor Pritzker:

As a trustee of the Village of Poplar Grove, Illinois and the Finance Chairman of our Board of Trustees, I am writing to encourage you to sign the above bills if they are passed by the Illinois General Assembly. In addition to being the Finance Chairman of the Board of Trustees of the Village of Poplar Grove, Illinois, I was also appointed to the Revenue and Taxation Policy Committee of the Illinois Municipal League.

When the state income tax was established in 1969, Chicago Mayor Richard J. Daley secured the support of municipalities for the state income tax by the creation of the Local Government Distributive Fund ("LGDF"). Through the LGDF, municipalities received a per capita share of ten percent (10%) of the state income tax collections until 2011. Since 2011, the LGDF has been reduced to varying percentages each municipal fiscal year, but it has never been restored to the original ten percent (10%).

The reduction in LGDF has been redistributed to other areas of the state budget. Unlike state government, non home-rule municipalities, such as the Village of Poplar Grove, have minimal sources to raise revenue from. If the state government needs additional revenue, it can pass bills that increase fees or institute taxes to raise the additional revenue needed.

It is estimated that the reduction in LGDF has reduced revenue in the Village of Poplar Grove by approximately \$3.4 million for the time period of municipal fiscal years 2011 through 2022. Our village was on the brink of bankruptcy in 2012, when the reduction in LGDF costs our village almost \$259,000.00. These funds could have been used for infrastructure improvements, road repairs, equipment repairs or helped maintain the financial solvency of our village.

For many years over the past decade, the state was robbing "Peter to pay Paul" to maintain its financial solvency. Now, the State of Illinois is seeing record revenues in the range of \$5 billion. The municipalities sacrificed so that the state could get its fiscal house in order, and it is beyond time to once again share those benefits with municipalities such as the Village of Poplar Grove.

They say that all politics are local. Restoration of the LGDF allows municipalities, as stewards of taxpayer dollars, to return those income taxes collected to the communities those dollars were collected from. Restoration of the LGDF is an investment by the state in the future of all of our residents.

I encourage you to sign quickly HB1116 and SB0180 when those bills arrive on your desk.

Very truly yours,

Trustee Eric Miller