



Richard M. Daley
Mayor, City of Chicago
Founding Chair

Joseph Cook
President, Village of Channahon
Executive Board Chair

Larry Hartwig
Mayor, Village of Addison
Executive Board Vice Chair

March 10, 2010

Dear Senator/Representative:

As you probably are aware, Governor Quinn is expected to announce a 30 percent cut in the share of the income tax which is distributed to counties and municipalities in his Budget Address today. The 273 mayors and presidents of the Chicago region are extremely disappointed with and troubled by this proposal. Not only does it break a pledge Governor Quinn made to us at a meeting we had with him in December, it "passes the buck" of the State's budget problems onto local governments and our citizens. We respectfully ask you to join us in opposing it.

The shared revenue municipalities and counties receive from the State income tax has been a critical part of our budgets since the tax was first adopted and the revenue-sharing program was created in State statute more than forty years ago. It is not pork. It is not an unexpected windfall. It is one of four primary revenue sources municipal and county officials have counted on for more than forty years to fund the services we provide to our residents on a daily basis. The others are the property tax, sales tax and user fees.

During last year's legislative session, there was talk in Springfield about potentially reducing the local share to solve the State's ongoing budget crisis. To his credit, Governor Quinn resisted the idea. When the Metropolitan Mayors Caucus met with him this past December, the Governor was asked whether he will continue to protect the local share in the 2010 session. His response in summary was that as long as he was Governor, the local share would be safe. To say we were taken aback by his decision to propose a 30 percent reduction today is an understatement.

The Governor's Budget Director has stated in media reports in the last few days that municipalities "must share the pain" in the FY 2011 Budget. We find this to be particularly irksome. In our view, it demonstrates a clear lack of understanding for what local governments have done to address their own budget problems. City councils and village boards have indeed felt the pain of the current economic recession. Just like the State, our sales taxes are down approximately 12 percent and the local share of the income tax has decreased more than 15 percent since the recession began in 2008.

As a result of these declining revenues, municipal officials throughout the Chicago region have had to make tough decisions to bring their budgets into balance. For the last two fiscal years, they have had to lay off police, firefighters and public works employees; institute hiring and wage freezes; impose furlough days; cut employee benefits; delay road projects; postpone sewer and water main replacements; cut social and other services; and even increase other taxes and fees if all of the cuts were not enough.

Chicago-area municipalities have done the responsible thing during these tough economic times by downsizing their budgets and living within their means. Now, however, the Governor's Budget Director suggests by his "share the pain" comments that this is not enough. He proposes that local governments must do even more layoffs; require employees to take even more furlough days; delay public works projects even further; cut even more social services; and raise local taxes even higher in order to bail out the State by foregoing 30 percent of a primary revenue source.

The Governor's proposal to cut the local share of the income tax will create a hole of approximately \$23 per capita in the budgets of every community in Illinois. Here is a sample of the added budget shortfall it will create in a few of our member municipalities:

City of Chicago · DuPage Mayors and Managers Conference · Lake County Municipal League · McHenry County Council of Governments
Metro West Council of Governments · Northwest Municipal Conference · South Suburban Mayors and Managers Association
Southwest Conference of Mayors · West Central Municipal Conference · Will County Governmental League

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<u>Municipality</u>	<u>Shortfall</u>
Chicago	\$65.7 million
Aurora	\$3.9 million
Naperville	\$3.3 million
Elgin	\$2.3 million
Tinley Park	\$1.3 million
Addison	\$850,000
Batavia	\$628,000
Roselle	\$537,000
Palos Hills	\$399,000
Northlake	\$262,000

To the Mayors of the Metropolitan Mayors Caucus, what is being proposed in the Governor's Budget Address is poor public policy and irresponsible. We implore you to do the right thing and work to reject his proposal and adopt an alternative budget which requires that:

- the State live within its means;
- does not violate a statutory revenue-sharing agreement local governments have had with the State for more than forty years; and
- does not shift the tough decisions regarding service cuts and tax increases onto already fiscally-strained local governments.

Again, please join us in opposing Governor Quinn's proposal to reduce the local government share of the State income tax.

Sincerely,

Joseph Cook
Executive Board Chairman
Mayor, Village of Channahon

Larry Hartwig
Executive Board Vice Chairman
Mayor, Village of Addison

Edward J. Zabrocki
Executive Board Secretary
Mayor, Village of Tinley Park

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