

Lake County Municipal League

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2008 Legislative Initiatives

Summary

The mission of the Lake County Municipal League is to serve as a vehicle for member municipalities to take joint action on matters affecting the Lake County area. It is the goal of the LCML to enable member municipalities to better fulfill their mission through legislative action, information sharing and networking.

The purpose of the 2008 Legislative Initiatives is to raise awareness of the challenges Lake County municipalities face with regard to transportation, pensions, school funding and other policy issues.

The Lake County Municipal League supports the following initiatives:

1. RTA Funding
- 2 . A Capital Bill for road and bridge improvements
3. An independent evaluation of pension plans and adjustments
4. Education funding reform and accountability combined with property tax relief.
- 5 . Simplified Motor Fuel Tax administration
- 6 . An independent study on Streamlined Sales Tax implications
- 7 . The Greenest Region Compact
8. Protecting dedicated funds from being diverted
9. Opposing unfunded mandates from the state

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1. RTA Funding

While it is often portrayed as a city versus suburban question, the League believes that discussions regarding the regional transportation system should be based on the concept of a single integrated system whose effectiveness results from the viability of all the parts. Lake County's future is directly dependent on a successful regional transportation system that is funded properly, allows for reasonable customer user fees and funds needed capital expenses across the whole system. The League supports system reforms and funding concepts that have been included in SB 572 with the following alterations:

- Funding for the future should be subject to regular consideration by the legislature and not an automatic appropriation each year.
- Use of any sales tax funds distributed to Counties for transportation projects should be confined to projects that increase capacity.
- Projects funded with this new revenue should be determined by a joint process with municipal representation.

2. Transportation and Capital Bill

The Lake County Municipal League believes that **funding for capital improvements** should be the top priority for Lake County's legislative delegation and urges the continued bipartisan efforts of the delegation. Last year the Lake County Transportation Alliance (LCTA) conducted a summit to determine consensus transportation funding priorities for Lake County. The lack of a state capital bill has prevented significant progress on acquiring funds for these state priorities, despite the good efforts of our legislative delegation members, and has placed federal funds at risk.

This lack of infrastructure capacity has

- impacted the quality of life of our citizens
- adversely affected the air quality of our region
- hampered our ability to attract new business investment
- inhibited the generation locally of new financial resources for our schools
- caused increased homeowner and business property tax bills

Funding for the LCTA-identified priority projects is the minimum needed for Lake County. The League supports the passage of a state capital bill, funded by any reasonable funding source that, at a minimum, includes funding for all the LCTA priority projects.

Lake County Municipal League

3. Supporting an Evaluation of Pension Plans and Adjustments

Future pension and disability benefit increases are property tax increases to taxpayers. Taxpayers must be protected from the costs of future benefit increases and have increased representation in the process.

In addition to causing increased citizen and business tax bills, these increasing costs are reducing the ability of municipal governments to provide vital public health and safety services to these very same taxpayers. Many municipalities have little choice but to provide the needed services at the expense of meeting pension funding needs, thereby reducing pension funding levels to the detriment of future generations of taxpayers.

Recommendations include:

- Create an independent review process for analyzing the costs of any new pension, disability benefit or increase in existing benefits. The League supports the creation of an independent review process to analyze the taxpayer costs of any proposed state determined benefit adjustments.
- Increase tax payer representation on police and fire pension boards. Currently, police and fire pension boards are made up of three pension members/ participants and just two representatives of the taxpayers, yet property taxpayers must pay for the results of the decisions of these boards.
- Enact anti-fraud disability measures that require periodic medical re-evaluations of employees receiving disability benefits in order to ensure that those employees who have healed from their injuries are no longer receiving benefits.
- Require pension boards to review disability awards annually, and allow municipal right-of-intervention in both retirement and disability pension decisions.

4. Education Funding Reform

An educated population is of vital importance to all municipalities. Because schools define the overall character of a municipality, the Lake County Municipal League supports the Metropolitan Mayors Caucus proposal for education funding reform and fiscal accountability. It is our belief that the state must fund at least 51% of the cost of education.

Recommendations include:

- Fully fund EFAB.
- Implement fiscal accountability measures, management practices and cost control efforts.

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5. Simplifying Motor Fuel Tax Administration

In order to receive Motor Fuel Tax monies, municipalities are required to follow a large, costly, redundant, and unneeded administrative process regulating even the most minute aspects of the use of these funds. In the day and age when municipalities have the expertise to handle contracting, finance and clerical functions without supervision, it seems redundant and unnecessary for IDOT to require the level of review and tracking from the past. Simplifying the administrative process would be an obvious opportunity to save taxpayer money and redirect vital resources to more productive purposes.

In addition IDOT requires the use of its contractual language and formats for even the most routine maintenance work like snow plowing, right-of-way maintenance, and mowing, even though many of the pages are unnecessary. This process discourages smaller, local contractors from bidding on simple projects, therefore increasing service costs.

The Lake County Municipal League believes it is time to reduce state and local administrative costs related to the distribution and use of motor fuel taxes by municipalities. LCML advocates simplifying the MFT administration process to eliminate the existing costly, wasteful, and outdated motor fuel tax administrative paperwork save the state and municipal governments millions of dollars annually.

5. Studying Streamlined Sales Tax Implications

There is a movement to try to capture sales tax on internet and catalog purchases, but the financial implications of joining the Streamlined Sales Tax Project need to be determined. A major tenet of the SSTP is the change from point-of-sale sourcing to destination sourcing. Another aspect of the SSTP is the simplification of sales tax rates. Each jurisdiction can only have one tax rate and one tax base. This will impact the sales tax on food and drugs as well as general merchandise.

Recently the SSTC added a rule that would permit states to adopt a different sourcing rule for intra-state sales. This would enable Illinois to join the Compact, but still use point-of-sale sourcing. Five states need to need to join under this new rule in order to trigger it.

The Lake County Municipal League recommends an independent study on the financial implications to municipalities if Illinois joins the Streamlined Sales Tax Compact and how those implications will be

mitigated. In addition, in view of the new rule recently enacted, Illinois should encourage other states to join under the new rule, thereby negating the need for mitigation.

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6. Adopting the Greenest Region Compact

The Lake County Municipal League supports the Greenest Region Compact of Metropolitan Chicago. Through our leadership, we will demonstrate the economic and social viability of sustainable and environmentally friendly practices. Among them are promotion of residential water conservation practices, enacting e-waste recycling programs and participating in residential lighting programs.

8. Protecting Dedicated Funds

For the past few years, dollars dedicated for specific purposes have been diverted to balance the state budget. No where has this been more glaring than in the State road funds. Not only does this impact the state's ability to repair, construct or improve roads, it jeopardizes federal matching funds.

The Lake County Municipal League believes dedicated funds should be used for the specific purposes and remain in a dedicated account.

9. Opposing Unfunded Mandates

The Lake County Municipal League opposes legislation that creates unfunded or under-funded mandates for local governments.

10. Support Modifying Disconnection Legislation

The Lake County Municipal League supports revisions that would reconcile case law with the intent of the existing statutes on disconnection of property from a municipality and strengthen existing standards to maintain stability of municipal boundaries, protect local government's ability to implement local comprehensive plans, support regional intergovernmental cooperation and planning, protect local zoning, and protect residents property tax values.

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