

Lake County Municipal League

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2010 Legislative Initiatives

Summary

Because of the continuing economic situation, municipalities will be dramatically impacted by declining local government revenues. The cost of public safety pensions is rapidly overtaking municipal budgets and is jeopardizing the future of our communities. Without a fair public safety pension system, Illinois municipalities will be forced to cut their municipal services or face bankruptcy. To maintain balanced budgets and provide services to constituents without imposing massive tax increases will require municipal officials to be aware of new legislative implications.

The Lake County Municipal League supports the following initiatives:

- 1 . Public Safety Pension Reforms
2. Phase 1 funding for 120 Bypass
- 3 . Simplified Motor Fuel Tax administration
4. Route 53 extension

Other issues of interest

1. Catastrophic injury definition
2. Manning and Collective Bargaining
3. Local Government Distributive Fund Revenues
4. FOIA Commercial Amendment
5. Funding for University Center
6. Education funding reform & accountability
7. Regional Water Advisory Board
8. Streamlined Sales Tax

9. Stormwater Management amendment moratorium

10. CMAP Funding



2010 LCML Legislative Initiatives

1. Public Safety Pension Reform

State-mandated pension increases have become a burden for taxpayers and municipalities. Pension contributions by municipalities have doubled over the past five years, yet pension funds are underfunded. Pension reform is needed to relieve municipalities of the burden of increased pension obligations. Working with all stakeholders, our goal is to develop a long term solution to the pension crisis that protects Illinois taxpayers and secures sustainable retirement benefits for our public safety employees. The Lake County Municipal League supports the following Pension Fairness Initiatives:

A. Enroll all new police and fire employees into a modified pension system

Reasoning: A properly designed pension system will create a sustainable foundation for providing a secure retirement for all current and future public safety employees.

Why It's Fair: There is precedent in Illinois for adopting modified pension systems. The Illinois Pension Modernization Task Force estimated that adoption of a modified pension system for the five state funded pension systems could produce \$53.9 billion in savings over the next 35 years.

B. Recalibrate current public safety employee pension contributions so that they are in line with the level of benefits received

Reasoning: In a sustainable pension system, the employee and municipality contribute equally toward the "normal" pension costs.

Why It's Fair: Public safety employees can retire as early as age 50 after 30 years service with a pension equal to 75% of their final pay while contributing less than 10% of their pay over the same period. The current employee contribution level amounts to about one-third of the "normal" pension cost.

C. Consolidate all public safety pension funds in a pooled multiple employer investment system

Reasoning: Consolidation of all police and fire pension funds into a single entity would reduce operational costs and provide opportunities for improved investment returns through pooling.

Why It's Fair: All other municipal employee pensions are already contained in a consolidated investment system (IMRF), providing pension stability through professional administration and pooled investment management of individual local government pension accounts.

D. Adopt a 30 year rolling amortization period for the funding of public safety pensions to replace the current fixed 2033 funding deadline

Reasoning: Illinois law requiring pensions to be 100% funded by 2033 is arbitrary and not based on financially reasonable actuarial requirements.

Why It's Fair: A 30 year rolling amortization is more in line with the career span of public safety employees and is a standard accepted by the Governmental Accounting Standards Board. In fact, it is common in many other states.

E. Require a supermajority in order to approve benefit enhancements in the General Assembly

Reasoning: Although legislation cannot bind future General Assemblies from action, the threshold for benefit increases for all public safety employees should be raised to a super majority level in order to discourage future changes while allowing flexibility in extraordinary situations.

Why It's Fair: Once a sustainable, financially secure retirement system is adopted, future benefit enhancements would only serve to destabilize the system to the detriment of both employees and taxpayers. This should apply to all public safety employee pension systems.

2. Support for Phase 1 funding for Route 120 Transportation Corridor

Road improvements are a critical factor in the creation of new jobs and the future economic health of the Lake County. Improvements to IL Route 120 would efficiently move products, services and people across the county. In October 2009 elected officials from 11 communities and five County Board districts along the Route 120 Transportation Corridor approved a Unified Vision of the plan to develop the 120 Bypass. LCML supports Phase 1 funding for the Corridor.

3. Simplifying Motor Fuel Tax Administration – HB 4618

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 saving the state and municipal governments millions of dollars annually.

4. Building the Route 53 Extension

In April 2009 Lake County voters supported the extension of Route 53 with a 75% voter approval. LCML urges the Illinois Department of Transportation to initiate the planning process for the Route 53 extension by utilizing the Corridor Planning Council model used effectively in the planning process for Route 41 and the Route 120 Bypass.

Other issues of concern:

1. Catastrophic Injury

Eliminate the abuses of catastrophic injury claims by clarifying the definition. Define Catastrophic Injury the way the federal law does: *injuries are considered "catastrophic" when they are the consequences of an injury that permanently prevents an individual from performing any gainful work.* Legislation should require notification to the municipality of new employment, additional insurance from new employer and if insurance benefits are available through a spouse.

2. Protecting Local Government Revenues/Local Government Distribution Fund

It is imperative that municipal officials protect their communities from efforts to erode local revenue sources or create unfunded mandates. LCML would like to see the Local Government Distributive Fund electronically distributed to each municipality's account.

3. Manning & Collective Bargaining

Do not allow public safety manning schedules to be part of collective bargaining agreements.

4. FOIA Commercial Requests

Under the new FOIA legislation public bodies must respond to FOIA request that are made for commercial purposes. LCML believes this is not the best use tax payer dollars, and supports an amendment that includes a fee for providing records for commercial purposes that is based on the full cost of producing the records.

5. Funding for the University Center

We urge the Legislature to fund higher education institutions like the University Center to provide educational opportunities to everyone in the Lake County.

6. Education Funding Reform

Lake County Municipal League supports education funding reform and fiscal accountability. It is our belief that the state must fund at least 51% of the cost of education. School districts must implement fiscal accountability measures, management practices and cost control efforts.

7. Regional Water Advisory Board

The Lake County Municipal League would like to see a regional entity to guide water supply planning and policy, lead by municipal water suppliers. Municipalities must be key members of any planning or governing body for water supplies.

8. Streamlined Sales Tax

Any Legislation should address the significant unresolved issues pertaining to a change from "order received" to "order accepted" as well as differentiate tax levels within Home Rule communities.

9. Stormwater Management

Establish a moratorium on Stormwater Management Agency amendments for three to five years. The constant amending makes it difficult for municipalities to keep their projects up to date with the requirements.

10. CMAP Comprehensive Regional Planning Fund

Reinstitute the planning funding for CMAP to \$5 million.



Lake County Municipal League

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