

From: Mark Baloga
Sent: Thursday, May 01, 2014 4:49 PM
To: Mark Baloga
Cc: Suzette Quintell; Tam Kutzmark; Kate Buggy; Mike Albin; Stephanie Ostrowski; Jean Kane
Subject: FW: FEEDBACK REQUESTED - DMMC Position on Continuation of 5% Income Tax Rate

To: DMMC Mayors/Presidents
Managers/Administrators

After extensive deliberation, the DuPage Mayors and Managers Conference Board of Directors took action today on an issue of great significance to our members, approving conditional support of continuing the 5% state income tax rate. As we follow through on this action, it is important the Board has input from all member municipalities. Please read this email in its entirety, share the information with your municipality's elected officials, and provide feedback to DMMC as soon as possible.

You likely have seen recent news reports of Governor Quinn and Legislative Leaders discussing the opportunity for local governments to secure, or even increase, the local share of state income tax (aka "LGDF") if the current 5% income tax rate is extended beyond its current sunset date of 2015. Senate President Cullerton directly addressed this topic with DMMC members on April 9 during our Springfield Drive Down. Since that meeting, our lobbyist has been in discussions with legislators and has conveyed the following:

1. Extension of the 5% income tax is almost certain to pass regardless of municipal support, opposition, or neutrality.
2. If municipalities and municipal groups uniformly oppose or fail to support the legislation, then it is also a near certainty that LGDF will be eliminated or severely cut. This would be framed as cutting state expenses to help balance their budget.
3. If municipalities and municipal groups such as DMMC support the tax rate extension, this could secure an increase in the local share of income tax and direct deposit of LGDF revenue—both long-standing DMMC legislative priorities.
4. Support for the tax rate extension would generate ongoing political capital for DMMC, other municipal groups, and municipalities themselves.
5. "Support" can range from a simple statement of organizational support, to individual mayors actively supporting the legislation and the legislators who vote for it, and anything between. More active support would result in even more political leverage on LGDF and other current and future issues.

After extensive discussion, the DMMC Legislative Committee (by unanimous consent, on April 25) and the DMMC Board of Directors (by a 9-4 vote, on May 1) approved DMMC's conditional support for continuation of the 5% tax rate as long as the bill adequately increases the current 6% LGDF portion of income tax and provides for direct deposit of LGDF revenue to eliminate delays in payments to municipalities. The Board's motion further specified using this opportunity to pursue additional legislative action including:

- A. Stoppage of HB 5485 which would require negotiation of minimum staffing for fire departments and districts.
- B. Consideration of additional legislative priorities such as expenditure authority for non-home rule hotel motel tax revenue.
- C. Ability to participate actively in development of municipal public safety pension reform legislation.

Two other municipal groups—the IML Board of Directors and the South Suburban Mayors and Managers Association—have taken positions to support extension of the 5% income tax if the legislation includes an increase in the local share of income tax from 6% to 10%.

The Board of Directors approved this motion after considerable debate and consideration of many different perspectives, including the challenge for local officials to publicly support continuation of the 5% tax rate. Approval was based on the following factors:

1. Support is conditional, hinging on inclusion of provisions to benefit municipalities.
2. The tax rate will pass in any case, so it was thought best to avoid losing LGDF revenue in the process.
3. There is value in not only protecting LGDF revenue but also in putting the LGDF issue “to rest” for a period of years and avoid the need to annually fight for this local revenue.
4. The future benefits of creating political capital.

Because we will not have a full membership Conference Business Meeting until June 18 and action on this issue will take place immediately and through the end of session on May 31, we wanted to update all DMMC members as quickly as possible and ask that you share this with your elected officials and request their immediate feedback. As important as LGDF revenue is to all municipalities, maintaining the solidarity of our membership is essential, and indeed our united stance of legislative priorities is in large part the reason why we have this opportunity.

Please contact me with any questions, feedback, or concerns so that I may keep the DMMC Board informed. We will keep you updated as this issue progresses.

Thank you and best regards,
Mark

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