

McHENRY COUNTY COUNCIL OF GOVERNMENTS

2011 LEGISLATIVE AGENDA

- Preserving Local Government Revenues
 - Fostering Economic Development
 - Lowering the Cost of Providing
Essential Public Services
to the Citizens of McHenry County



THE MCHENRY COUNTY COUNCIL OF GOVERNMENTS

2011 Legislative Agenda

McHenry County Council of Governments

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Introduction

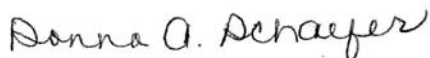
On behalf of the McHenry County Council of Governments, I am pleased to present the MCCG Legislative Agenda for 2011

The MCCG Legislative Committee met several times during the fall of 2010 to discuss the primary issues of concern for municipalities and local governments in McHenry County. This agenda reflects those issues. Overwhelmingly, protection of local government revenues once again emerged as the main concern of the MCCG membership this year. Any reduction in the local share of the income tax or sales tax would be devastating to local governments and threaten their ability to deliver vital public services to residents and businesses. We call our state elected officials to protect local government revenues from changes in the proportional distribution of income tax revenue and unfunded mandates.

The MCCG also recognizes that there are other issues of great concern and potential impact to local governments. We have identified four additional policy areas, which are included in the agenda. These include: Preserving and Expanding Economic Development Tools Available to Municipalities, Amending State Statutes to Clarify Notification Requirements for Legal Descriptions of Property, Preserving and Creating Jobs by Reducing the Cost of Public Works Projects and Providing Municipalities with the Necessary Tools to Maintain their Infrastructure. We look forward to working with our legislators on these issues that impact local government.

Finally, this agenda includes the legislative tenets that set forth our underlying principles when evaluating and taking a position on legislation. We believe local governments should be empowered to solve problems facing their local communities and we oppose any legislation that would infringe on this ability. We believe local government, as the government closest to the people, is in a unique and powerful position to directly impact and improve the quality of life for its citizens. We are committed to working on behalf of our local governments to support them in this endeavor.

Best Regards-



Supervisor Donna A. Schaefer, McHenry Township
Chairwoman of the Legislative and Intergovernmental Committee

Protect Local Government Revenues

- Maintain the Proportional Share for Municipalities in Local Government Distributive Fund. The 1/10th share of the income tax has a long history in Illinois starting in 1969. Municipalities rely on this revenue to fund essential public services for their communities. Reductions in the municipal share of the income tax will necessitate cuts in service or increases in local sales or property taxes. Both options will create hardships for local communities already struggling from deep reductions in revenue. With the State's recent temporary increase in the income tax, municipalities were kept whole and the distribution formula was adjusted to provide municipalities with the same share as they received under the previous income tax rate. The legislation that raised the income tax is not explicit as to whether municipalities will continue to receive the same proportional share if the State is unable to maintain their expenses under the spending cap that was imposed along with the income tax increase. The MCCG strongly asserts that municipalities should not be penalized if the State is unable to keep expenses in line with the spending cap. If the income tax rate is reduced because state expenses exceed the 2% cap and the income tax rate returns to 3%, the municipal share formula of the income tax should be adjusted back to the original 10% share in order to keep municipalities whole.
- Support Local Government Distributive Fund Monies Going Directly to LGDF Fund All income tax funds received by the State are deposited into the General Revenue Fund minus the amount that is set aside for refunds. The Illinois Department of Revenue determines the amount of funds to be deposited into the Local Government Distributive Fund. When the transfer is complete, the Comptroller's Office distributes those funds in LGDF to municipalities.

For the last eight months, the average length of time to receive those payments is 128 days.

Sales tax is collected by the Department of Revenue. The Department shall certify an amount to be paid to each county and municipality. That certification is sent to the Comptroller's office. Within seven days of receiving the certifications, the Comptroller shall issue orders for payment of the amounts specified by the Department.

For the last eight months, the average length of time to receive those payments is 5 days.

The MCCG supports proposals that require the Comptroller to transfer funds from the General Revenue Fund to the Local Government Distributive Fund and distribute those funds to municipalities and counties within seven days after receiving the certification from the IDOR and the Treasurer's Office. A penalty would occur if the funds were not transferred and distributed within 21 days.

Preserve and Expand Economic Development Tools Available to Municipalities

- Maintain TIF Districts as effective tools for municipalities. Tax Increment Finance Districts (TIFs) are essential tools for communities in revitalizing neighborhoods, furthering economic development and improving quality of life. The current statutory limitations on TIFs are extremely rigorous and ensure that TIFs are only created where appropriate. The McHenry County Council of Governments opposes any moratoria or greater restrictions upon the use and creation of new TIF Districts and TIF Districts already in place.
- Allow non-home rule municipalities to provide economic development incentives. Non-home rule municipalities are limited in the incentives that they can offer to attract businesses to their municipality. The MCCG supports proposals that authorize municipalities to provide tax and other economic incentives to encourage economic development within their communities. Under current regulations, non-home rule municipalities face a competitive disadvantage with communities in Wisconsin and home-rule municipalities in Illinois since those communities have access to wider range of incentives to attract business.
- Provide municipalities with access to sales tax information. According to the IML, the Department of Revenue collects sales tax on behalf of municipalities but there are restrictions on the information that the Department may share with communities. The Department may only disclose information from sales-tax returns to municipalities if the municipality is:
 1. A home rule unit that has imposed a tax similar to the State's retailers' occupation tax under its home rule powers;
 2. A non-home rule unit that has imposed a tax similar to the State's retailers' occupation tax by referendum; or
 3. A village that (i) does not levy a property tax for village purposes and (ii) receives more than 60% of its general corporate revenue from receipts generated under the State sales tax statutes.
 4. The information provided to a municipality is subject to statutory confidentiality provisions and the municipality must enter into a written agreement with the Department that provides for reciprocity, limitations on access, disclosure, and procedures for requesting information.

The MCCG supports proposals to authorize the Department of Revenue to share sales information regarding sales tax collections with all municipalities. Municipalities are often in the best position to determine whether there has been an error in their sales-tax allocation and sharing the collection information will assist in detecting any errors in the Department's allocation. In addition, the proposal would give municipalities' access to information to assist in their financial planning and a better understanding of the economic conditions of their community.

Amend State Statutes to Clarify Notification Requirements for Legal Descriptions of Property

Under current law, various legal notice requirements call for a legal description of the property. Simplifying legal notices to include only pertinent information would clarify the language for readers, while providing sufficient information for interested parties to identify affected property. Legal notice requirements would be satisfied by publishing the proposed actions(s), common address or if no common address exists, a common description which would accurately describe the location of the property, and property index number, as opposed to current legal descriptions which may be represented by specific dimensions and may contain bearings and distances for each line, with descriptive geometry and references to adjacent land. These types of metes and bounds descriptions may become too complex for the average person to comprehend exactly what property the action is in relation to. In addition, any minor mistake in the legal description would result in notice being invalid. In allowing the proposed descriptions to be sufficient to satisfy legal notice requirements, it is likely that there will be fewer errors in the published description. Furthermore, as a result of more concise descriptions, cost of publishing legal notices would be reduced.

Preserve and Create Jobs by Reducing the Cost of Public Works Projects

- *Oppose the establishment of prevailing wage requirements for aggregate haulers.* HB 6112 was introduced in 2010 and would amend the Prevailing Wage Act to provide that a laborer, worker, or mechanic engaged in the transportation of aggregate or excavated materials or the operation of equipment to haul aggregate or excavated materials to or from the site of a building or construction job would be subject to Prevailing Wage requirements. This proposal would ultimately increase costs to tax payers for road and other infrastructure improvements and could delay or hinder projects from being conducted. This could result in employee layoffs or less hiring for such work.
- *Exempt projects under \$50,000 from Prevailing Wage Act requirements.* The Illinois Prevailing Wage Act requires that all fixed works performed by a public body using public funds must pay the prevailing wage and most projects undertaken by a public body qualify. Projects that do not use public funds are exempt from the requirements of the Prevailing Wage Act. Currently, there is no cost threshold under which a public works project is exempt from the Act. The MCCG supports changes to exempt all fixed works projects valued at less than \$50,000 from requirements of the Illinois Prevailing Wage Act.

Assist Municipalities in Maintaining their Infrastructure

- Maintain Special Service Areas as effective tools for municipalities. Special service areas are an important tool that municipalities may use to fund public improvements such as water and sewer infrastructure, storm water detention/retention, lighting, and maintenance of public property within a geographic area. Special service areas are an equitable method by which to finance public improvements because residents, who directly benefit from a public improvement, pay for that public improvement. The MCCG opposes any legislation that would hinder a municipality's ability to establish or utilize special service areas.
- Allow municipalities to determine the form of security posted by developers. Under current law, developers can choose whether they want to provide a bond or letter of credit to municipalities and counties for public infrastructure improvements. The MCCG supports proposals to allow municipalities and counties, rather than developers, the ability to decide whether developers will provide a bond or letter of credit for public improvements. While some municipalities have good experiences with bonds and exercising their rights, many municipalities would prefer letters of credit. Letters of credit offer more financial security, ease of drawing on them for improvements and the ability to use them for improvements. Banks would also be positively affected by the additional business they would see by municipalities requiring letters of credit. Most importantly, residents of unfinished subdivisions would benefit the most in having promised improvements completed.

Legislative Tenets of the McHenry County Council of Governments

- Support legislation granting additional permissive authority for counties, townships, and municipalities;
- Support legislation allowing counties, townships and both home rule and non-home rule municipalities to expand non-property tax revenue sources;
- Oppose unfunded mandates imposed by the state or federal government;
- Oppose legislation that would reduce the existing authority of county, township, or municipal government;
- Oppose proposals that erode the existing county, township, or municipal revenue base; and
- Support legislation upholding local and regional land planning and zoning authority.

MCCG Membership

Municipal Members

Village of Algonquin
Village of Barrington Hills
City of Crystal Lake
Village of Fox River Grove
Village of Greenwood
City of Harvard
Village of Hebron
Village of Huntley
Village of Island Lake
Village of Johnsburg
Village of Lake in the Hills
Village of Lakemoor
Village of Lakewood
City of Marengo
Village of McCullom Lake
City of McHenry
Village of Prairie Grove
Village of Richmond
Village of Ringwood
Village of Spring Grove
Village of Trout Valley
Village of Union
City of Woodstock

Supporting Members

Ancel, Glink, Diamond, Bush, DiCianni & Krafthefer, P.C.
Christopher B. Burk Engineering, Ltd.
Commonwealth Edison
Hampton, Lenzini & Renwick, Inc.
Lamp, Incorporated
Trotter and Associates
McHenry County Economic Development Corporation
McHenry County Convention and Visitors Bureau

Local Government Members

McHenry County
Algonquin Township
Grafton Township
McHenry Township
Richmond Township
Seneca Township
Lake in the Hills Sanitary District
McHenry County College
McHenry County Conservation District
Northern Moraine Water Reclamation District

Baxter & Woodman Inc.
Matuszewich, Kelly & McKeever, LLP
Postl-Yore and Associates, Inc.
SEC Group, Inc. An HR Green Company
Zukowski, Rogers, Flood and McArdle
George Roach & Associates
Rempe, Sharpe & Associates, Inc.
Assurance Agency, Inc.
Metro Strategies

Our Mission

The McHenry County Council of Governments is a cohesive network of governmental bodies that seek to foster cooperation between all levels of government. The purpose of the McHenry County Council of Governments is to uphold and advocate principles of effective local government, facilitate solutions to regional issues, and otherwise lessen the burdens of government.

Our History

The McHenry County Council of Governments is a 501 (c) (3) non-profit organization created in 1976 to foster intergovernmental cooperation among municipalities and other local governments in McHenry County and to address issues of mutual concern. The organization was made more formal in 2002-2003 with the adoption of by-laws. In 2004, member municipalities began paying dues in proportion to their population and assessed valuation and in 2005, the first part-time Executive Director was hired. The MCCG is recognized as one of several regional councils of government and is a member of the Metropolitan Mayors Caucus.