

2012 Legislative Action Program



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DuPage Mayors and Managers Conference

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Legislative Priorities

Legislative Priorities are those specific, important issues that the Conference pursues either through drafting and sponsoring legislation or through strong advocacy in cooperation with other municipal organizations. Legislative Priorities are the primary focus of our legislative efforts.

Critical Priority: Protect the Financial Survival of Municipalities

Local governments are challenged to fund essential services with limited existing resources. Local revenues are often dependent on the State's authorization, collection, and distribution. Frequently threatened with revenue diversions and state fee increases, municipalities require the freedom to raise and expend municipal funds in order to provide the services most needed by their residents and businesses. Recently, municipalities have opposed reduction of the local portion of income tax, sales tax "holidays" that decrease revenue, and fund sweeps that divert funds intended for local programs.

Require the Timely Disbursement of LGDF Funds

Current practice dictates that after collection by the State, local government revenues are deposited in the State's General Revenue Fund and then transferred to the Local Government Distributive Fund (LGDF). The State has recently been up to six months behind in LGDF payments to municipalities. The Comptroller should be required to transfer funds to the LGDF and distribute those funds to municipalities as soon as they are received and certified by the Department of Revenue and the Treasurer's Office. Furthermore, the State should refrain from diverting this, or any other municipal revenue, for its own programs.

Exempt Staffing Requirements from Collective Bargaining

When negotiating with unions, three variables affect the cost to municipalities—wages, pension benefits, and staffing levels. Because of statutory arbitration requirements and state-mandated pensions, the only variable municipalities can use to manage budgets is the number of staff. Therefore, municipalities must have the sole authority to set staffing levels for all municipal activities. Legislation should be approved to explicitly exclude employee staffing levels from municipal collective bargaining.

Amend the Illinois Labor Relations Act to Create a Level Playing Field for Labor Arbitration

Arbitration between municipalities and unions does not include considerations of affordability and fiscal implications for the municipality. The Act should be amended to ensure that arbitrators take into account both the interest and welfare of the public and the financial ability of the unit of government to meet costs with its current revenue streams.

Repeal the Illinois Workers on Public Works Act

The Act currently requires the use of Illinois firms for public works projects. As a result, municipalities unnecessarily pay more for projects and attract a smaller pool of bidders.

Reject Unfunded State Mandates

Legislation often requires communities to divert local expenditures from municipal responsibilities and use them to fund state-imposed programs. The State should not impose mandates that increase financial obligations on local governments without providing adequate funds to reimburse municipalities for these new mandates.

The State should not balance its budget to the detriment of municipalities, nor should it disrupt local budgets by removing or reducing local revenues.

Critical Priority: Reform Pensions

The Conference seeks to make the pension system sustainable not only to ensure affordability for municipalities and their taxpayers, but also to protect obligations to employees. If municipalities lack sufficient funds, then pension systems will collapse and employees will receive nothing. In 2010, police and fire pensions became a two-tier system that ensured some relief for municipalities. That relief, however, will mostly occur in future years. While these reforms are important, more needs to be done now.

Reform Pensions for Current Public Safety Employees

Existing pension benefit obligations are putting communities on the verge of insolvency. The only way to stabilize municipal budgets and protect ongoing pension benefits is to enact legislation to reduce the pension benefits current employees will earn for future work performed after such legislation takes effect.

Oppose All Pension Sweeteners

Public Act 96-1495 created a two-tier pension system with more reasonable pension benefits for public employees hired after January 1, 2011. This reform will be meaningless if the Legislature increases those employees' benefits. The Legislature must reject any pension sweetener for either new hires or current employees.

Amend the Compliance and Penalty Provisions in Public Act 96-1495

Public Act 96-1495 requires municipalities to contribute annually to public safety pension funds in an amount sufficient to reach a 90% funded level by the 2040 fixed amortization deadline. Municipalities unable to make these payments will lose LGDF and other state-collected funds to make up the difference, starting in 2015. The financial benefits of P.A. 96-1495 apply only to employees hired after January 1, 2011, and will not result in tangible savings until those employees have been in the system for several years. Municipalities with underfunded pensions are in that position because there simply are no revenues available to meet their growing pension burdens. The penalty provision of this new law, if left unchanged, will push the municipalities with the fewest resources most quickly toward insolvency, which will ultimately imperil the very pensions that this law was intended to protect.

Enact a Rolling Amortization Period for Pension Funding

Current law amortizes municipalities' pension debts to a fixed deadline of 2040, requiring payments by municipalities which would bring the funds current by that year. While this may sound reasonable in isolation, this arbitrary and unnecessary deadline exacerbates the pressure placed on taxpayers, as they will see their contribution amounts continue to climb. The Government Accounting Standards Board, the source of generally accepted accounting principles for state and local governments, currently endorses a 30-year rolling amortization period as an appropriate method to calculate contributions. Rather than continuing Illinois' unpredictable practice of periodically changing the fixed date, the Legislature should protect the sustainability of pension funds and minimize the immediate burden on taxpayers by adopting a 30-year rolling amortization.

Between 1997 and 2008, taxpayers increased their contributions to police and fire pensions by more than 150% - but funding levels continued to decline due to pension sweeteners and the economic downturn. In just two years (2008-2010), the total combined unfunded liability between the police and firefighter pension funds grew by \$985 million.

Source: Illinois Municipal League

Critical Priority: Reform Pensions (continued)

Increase Employee Contributions

A fundamental principle of pension funding is that both employees and taxpayers contribute to municipal pension costs. Initially, contributions were evenly split, but today taxpayers contribute up to 75% of the pension costs. Employee contributions should be increased and adjusted over time to match taxpayer contributions.

Allow Police and Fire Pension Boards to Invest Funds in IMRF

Police and fire pension boards are restricted to certain investments because each individual fund is relatively small. Other municipal employees' pension funds are mandatorily invested with the Illinois Municipal Retirement Fund, a professionally managed system subject to far fewer investment restrictions. Public safety employees should have the option of investing in IMRF as well.

Allow Police and Fire Pension Boards to Merge Funds

Public safety pension boards should be permitted to merge funds with other jurisdictions. Merging would create larger pension funds with which the boards could access a wider range of investment opportunities.

Ensure Municipal Majority on Pension Boards

Current police and fire pension boards are controlled by beneficiaries of the pension. Boards are comprised of two members appointed by the mayor, two active employees participating in the pension system, and one retiree. Municipalities may be completely cut out of the decisions made about the system despite bearing all the risk if funds do not perform well. Municipalities, not employees, should have majority representation on pension boards. Municipalities should also have standing to testify in disability proceedings before the board, a right that was previously taken away by the courts.

Remove Pension Levies from the Tax Cap

Previous state-mandated pension increases have combined with current economic conditions to overburden municipal budgets. It is imperative that pension costs be removed from the tax cap for non-home rule communities.

Amend the Public Safety Employee Benefits Act

The legislature should amend statutory provisions that affect benefits for people no longer working due to injury or illness to ensure that these benefits are justified and not resulting in double payment.

Continued reforms are needed to protect pension systems and ensure the ability to meet obligations to employees, including police officers and firefighters. At the same time, it is also important to recognize the ongoing strain these pensions place on municipalities and their taxpayers.

Priorities

Protect the Public Rights-of-Way and Advance the Modernization of Public Utilities

Public utilities use public rights-of-way to deliver necessary services and commodities to municipalities. Municipalities own these rights-of-way and have a duty to protect them. As such, municipalities and residents must be able to regulate utilities' usage of this land. In addition, utilities should be required to improve customer service, communications, reliability, and responses to matters of local importance.

Require Arbitration for Utility Franchises

Municipalities are at a disadvantage when negotiating with utilities over expired franchises. Utilities should negotiate with municipalities in good faith and if they do not, then arbitration should be required so that a contract is always in place to protect the public.

Repeal Limitations on Municipal Audits of Utility Taxes

Under Public Act 96-1422, utilities collect taxes and fees to send to municipalities; however, municipalities are not permitted to effectively audit utility tax remittances.

Require ComEd/SMART Grid Reliability

Recent legislation provides utilities with rate increases to invest in infrastructure and implement SMART Grid technology. In return, utilities should be required to meet reliability standards and guarantee that revenue will be used appropriately to fund infrastructure improvements.

Support Western Access

As the Elgin-O'Hare Expressway expands, the State should consider the project's impact on local residents and businesses. The State should also ensure that funding for the project is fair, regional benefits are paid for by the region, and the new access route provides a true entrance into the airport.

Remove the Sunset Date on the Wireless Emergency Telephone Safety Act

With the advent of cell phone usage, an access fee was implemented to fund technological improvements so that cell phones could contact 9-1-1. This legislation sunsets April 1, 2013. Because of widespread cell phone usage today, it is important that the system continues to be funded.

If the wireless fee is allowed to expire next year, 9-1-1 systems would suffer devastating revenue shortfalls. By simply continuing this existing mechanism, we can advance further upgrades to the 9-1-1 centers' capabilities and maintain equipment necessary to ensure the safety of residents.

Legislative Principles

Legislative Principles represent the foundation of our legislative efforts. They help clarify the development of legislative positions and they serve as a benchmark to evaluate the impact of legislative proposals on municipalities.

Protect Municipal Revenues

Municipalities should have the flexibility to fund the programs and services they consider necessary. Funds owed to municipalities should not be diverted for other programs and should reach municipalities in a timely manner. State mandates should be reasonable and balanced against other municipal spending priorities to prevent overburdening local budgets and taxpayers.

Eliminate Legislative Barriers to the Joint Provision of Municipal Services

All levels of government are struggling to maintain programs and services with decreasing revenues, but legislative barriers often make it difficult to consider consolidation and coordination of services including public works, code enforcement, police, and fire. The Conference supports the removal of any statutory barriers that prevent municipalities from working together across jurisdictions to provide joint services. The resulting efficiency would permit municipalities to provide a higher level of services, save money, and reduce the burden on taxpayers.

Preserve and Respect Local Authority

The freedom to make decisions at the local level is the best way that municipalities can fully serve their unique constituencies. Activities such as franchising, zoning, issuing permits and licenses, local code enforcement, and regulating business activities are the fundamental responsibilities of local governments. The ability to make decisions to raise and expend municipal funds, regardless of their source, is vital to local efficiency. Policies should not undermine or preempt local authority to protect the health, safety, and welfare of local residents.

Furthermore, the distinction between home rule and non-home rule communities should be removed to recognize the ability of all municipalities to govern themselves, regardless of population. The State should reject restrictions that erode local decision-making authority. For the good of their residents, both home rule and non-home rule municipalities must have the freedom to employ policies including crime free housing, state and local funding alternatives, out-of-state gas taxation, regulation of pawn shops, and economic development incentives.

Implement Streamlined Sales Tax

A legal loophole allows online retailers to avoid collecting sales taxes. As a result, states and municipalities have missed out on billions of dollars in tax revenue. As the Illinois Legislature looks at implementing federal streamlined sales tax and intra-Illinois sales tax sourcing rules, it must also take into consideration the potential impact on individual municipalities. The State should ensure that any change of rule does not devastate a municipality based on its individual revenue structure. The Conference supports a federal streamlined system that preserves intra-state sourcing rules and requires the State to treat the resulting funds as pass-through revenue. Such a system would ensure that a municipality receives the tax revenue from online retailers for sales ordered and shipped from out of state.

Collection of the 6.25% basic state sales tax on out-of-state sales would produce an estimated \$153 million per year in Illinois alone.

Source: Daily Herald

Legislative Position Statements

Legislative Position Statements regard issues that affect municipalities. They can be proposals that reappear frequently and require legislative efforts by the Conference; or they may never arise during a legislative year. They generally require less time and effort than Legislative Priorities, though on occasion they may become more significant over the course of a legislative session.

STATE AND LOCAL FINANCE

Make Owners Responsible for Protecting Foreclosed Property

The burden to maintain foreclosed property should rest not on the municipality, but on the bank or other owner of record.

Amend Rules Regarding Publication of Legal Notices

Legal notices should be published on the web instead of in a newspaper, as municipalities often no longer have a newspaper of general circulation. In addition, double publication of two-county Truth in Taxation Notices should be eliminated. Municipalities which straddle two counties are currently required to publish legal notices in both; this is a waste of limited public resources.

Permit Municipal Administration of Motor Fuel Tax Funds

Streamline the process for expending motor fuel tax funds so municipalities can use these funds more efficiently.

Remove the Referendum Requirement for Real Estate Transfer Tax

Allow municipalities to enact or increase a real estate transfer tax without a referendum.

LOCAL GOVERNMENT AUTHORITY

Remove Barriers from Non-Home Rule Authority

Allow Crime Free Housing Regulations

Municipalities with home rule authority are permitted to license landlords and require periodic inspection of dwellings. If crimes occur in a dwelling and the landlord fails to enforce the lease, then the municipality may take away the license. Legislation should allow non-home rule communities to use this program as well.

Amend the Hotel-Motel Tax

Allow non-home rule municipalities greater flexibility in how they can spend Hotel-Motel Tax revenues.

Permit Access to Sales Tax Information

Grant all municipalities access to the Illinois Department of Revenue sales tax information by individual retailer for enforcement and budgeting purposes.

Amend the Open Meetings Act

Amend the Open Meetings Act to exclude the use of email in the definition of "meeting," except when used as immediate electronic communication, and allow electronic meeting attendance in cases of non-emergencies and out-of-town vacations. Furthermore, clarify the Act to explicitly authorize municipal boards to vote on items raised under "New Business."

Require Municipal Control of the Foreign Fire Insurance Tax

Elected municipal officials, not fire department members, should receive, budget, and spend the revenues from the Foreign Fire Insurance Tax.

Prohibit Municipal Employees from Serving on the Governing Board

No municipal employee should be eligible to serve on the governing board for that municipality.

PERSONNEL AND COLLECTIVE BARGAINING

Limit the Prevailing Wage Act

Repeal or modify the Prevailing Wage Act to give municipalities more flexibility and assist limited local budgets in meeting residents' needs.

Regulate Charitable Solicitations on Behalf of Police or Fire Unions

Develop effective efforts to prevent fraud and misrepresentation by solicitors.

Define "Confidential Employees" Under the Illinois Labor Relations Act

Legislation is necessary to include within the definition of "confidential employees" those secretaries and similar support staff working directly for certain management personnel and to ensure that such employees are not considered "public employees" entitled to membership within a bargaining unit.

Amend Public Safety Pension Board Training Legislation

Public Act 96-0429 should be amended to permit training using current technology, including online courses and webinars, and to allow certification of local community colleges to provide such training.

PUBLIC SAFETY, UTILITIES, AND ENVIRONMENT

Promote Net Metering for Wind Farmers

Legislation in 2008 provided that local governments are eligible to own and operate wind generation turbine farms, but to be effective the statute must mandate net aggregate metering.

Exempt Park Departments from AED Regulations

Indoor and outdoor physical fitness facilities are required to have an automatic external defibrillator (AED) and an individual trained in the use of the AED on site. Public Act 95-0712 exempts park districts from these regulations. Municipal park departments should be afforded the same exemption.

PLANNING, LAND USE, AND TRANSPORTATION

Protect Sign Regulation and Limit Billboard Removal Compensation

Protect municipal authority to regulate signs. Legislation is necessary to allow municipalities to use amortization as a form of "just compensation" when zoning changes cause a billboard to be a nonconforming use.

Limit Land Disconnection

Prohibit the disconnection of land from a municipality without approval from the city council or village board.

Permit Special Service Areas for Stormwater Facilities

Reform Public Act 97-0533 to allow the use of special service areas so that municipalities can ensure maintenance of drainage facilities that are the responsibility of homeowner associations.

Allow Local Government Quick-Take Authority

Municipalities should be allowed to use quick-take authority to acquire land for specific purposes without being required to obtain a permit.

Allow Municipalities to Determine the Form of Security Posted By Developers

Municipalities, rather than developers, should be able to decide whether developers will need a bond or a letter-of-credit for public improvements.

Conference Membership Home Rule Status and Population

Municipality	City or Village	Home Rule*	Population**
Addison	Village	Yes	36,942
Aurora	City	Yes	197,899
Bartlett	Village	Yes	41,208
Bensenville	Village	No	18,352
Bloomington	Village	Yes	22,018
Bolingbrook	Village	Yes	73,366
Burr Ridge	Village	No	10,559
Carol Stream	Village	Yes	39,711
Clarendon Hills	Village	No	8,429
Downers Grove	Village	Yes	47,833
Elmhurst	City	Yes	44,121
Glen Ellyn	Village	Yes	27,450
Glendale Heights	Village	Yes	34,208
Hanover Park	Village	Yes	37,973
Hinsdale	Village	No	16,816
Itasca	Village	No	8,649
Lisle	Village	No	22,390
Lombard	Village	No	43,165
Naperville	City	Yes	141,853
Oak Brook	Village	No	7,883
Oakbrook Terrace	City	Yes	2,134
Roselle	Village	No	22,763
St. Charles	City	Yes	32,974
Villa Park	Village	No	21,904
Warrenville	City	Yes	13,140
Wayne	Village	No	2,431
West Chicago	City	Yes	27,086
Westmont	Village	Yes	24,685
Wheaton	City	Yes	52,894
Willowbrook	Village	No	8,540
Winfield	Village	No	9,080
Wood Dale	City	No	13,770
Woodridge	Village	Yes	32,949
Total			

*Under the 1970 Illinois Constitution, any municipality of more than 25,000 is a home rule unit. Municipalities of 25,000 or less may elect by referendum to become home rule units. Similarly, home rule communities, regardless of population, may rescind home rule power by referendum. Home rule units enjoy broader powers to license, tax, incur debt, and generally regulate for the public health, safety, and welfare than do non-home rule units. The Constitution provides that the General Assembly may preempt home rule powers in many cases if it does so with the approval of an extraordinary majority (3/5 of the members) in each chamber. (Illinois Constitution, Article VII, Section 6)

**Based on figures from the 2010 Federal Census.



DuPage Mayors and Managers Conference
Celebrating 50 years of intergovernmental cooperation.
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