

## Local Government Distributive Funds Vital to Illinois Communities

### It's Time to Return to 10% Directly Deposited!!

- The citizens of Illinois want to know that they are getting a return on their tax dollars. What better way than through the resources provided by local communities? Whether it is maintaining roads or providing a safe environment to work, play and live, Illinois communities use income tax proceeds to provide these basic needs for their citizens.
- Communities receive only 6¢ for every income tax dollar collected. The State keeps 94¢.
- Since the passage of the 2011 income tax increase, the State's income tax collections have reached an all-time high. However, the local portion has remained stagnant. While the State's revenues went up, cities and counties had 5 straight years of revenues that lagged behind what they received in 2008.

### Comparison of Revenue Disbursements of Income Taxes Between the State and Local Share

State Fiscal Year	State Share of Income Tax/ Person	Local Share of Income Tax/ Person
2008	\$851.07	\$94.56
2009	\$758.39	\$84.27
2010	\$685.97	\$76.22
2011	\$1,001.69	\$79.18
2012	\$1,349.11	\$86.11
2013	\$1,475.83	\$94.20
(Estimated) 2014	\$1,499.60	\$95.72

To illustrate, the chart above shows the amount of the State share per person compared to the local share. The State's income tax share averaged \$765 per year person prior to the income tax increase. After the income tax increase, the State's share increased by almost 75% or an amount equal to over \$1330 annually per person. Meanwhile, for the past six years, local governments have been averaging around \$87 per year per person.

**It Is Time For Municipalities To Promptly Receive A Larger Slice Of The Pie!!**

# House Bill 3750

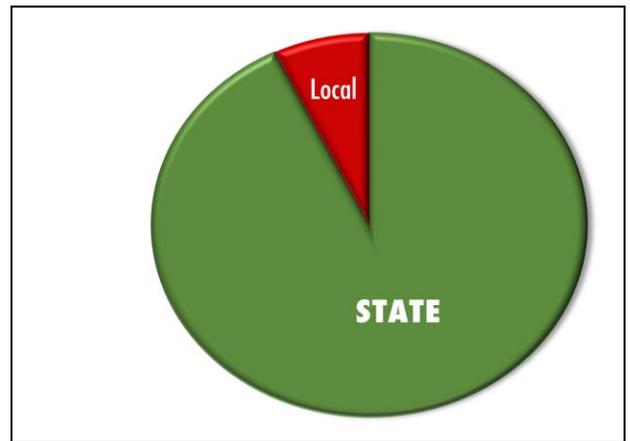
## Restoration of Local Governments Share of Income Tax to 10%

### Summary

House Bill 3750 provides that, beginning February 2015, municipalities and counties shall receive 10% of the income tax collected no matter what income tax rate is imposed by the State.

**If the current income tax rates become permanent, the passage of this legislation would mean an additional \$834 million (or \$65 per person) annually for counties and municipalities. For instance, for every 10,000 in population, a municipality would receive an additional \$650,000.**

- Up until January 2011, municipalities and counties received 10% of the total income tax collections. That amount was decreased to 6% after the passage of the legislation to raise the income tax from 3% to 5%. As the graph illustrates, the State's share is 94% and the Local share is 6%.
- The price of maintaining services for the citizens of Illinois communities has increased just like State services. The time has come for communities to, once again, be treated like fair partners and receive their fair share of the income tax increase.



## House Bill 961

### Direct Deposit of Local Government Distributive Funds

### Summary

House Bill 961 requires the state to directly deposit the share of the income tax allocated for local governments to be directly deposited into the Local Government Distributive Fund rather than be placed in the General Revenue Fund.

- Municipalities will be guaranteed to receive their allocation of the income tax in a timely manner and on a consistent basis.
- Many businesses provide goods and services to municipalities. In addition, communities hire police officers, fire fighters and public works employees. Having a consistent revenue stream helps assure these individuals that the scheduled payment will be made and the paycheck will not be late.