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Village of Oak Brook

Press Release

Revenue Diversion Threatens Village of Oak Brook

Oak Brook, Illinois (May 22, 2012) Late last week the Senate Democratic caucus unveiled their plan for the FY13 budget. In this proposal is a measure that would be harmful to local governments all over Illinois. The Senate Democrats are considering taking money away from local communities through a reduction in Local Government Distributive Fund (LGDF) revenue.

Until 2011, cities and counties received 10% of total income tax collections until they were cut out of any additional revenues collected as a result of the state income tax increase. Now they only receive 6% of total income tax collections after the state reduced the percentage of total income tax dollars received by cities and counties. The current Senate proposal would prevent cities and counties from receiving the full 6% of income tax revenue that would result from a growth in income tax receipts. This is a clear reduction in LGDF revenue to local communities and would trap local governments at recessionary revenue levels. Meanwhile, the State takes local money to spend on state priorities.

Prior to the recession in calendar year 2008, municipalities and counties received \$1.219 billion in LGDF revenue. LGDF disbursements in calendar year 2011 declined to \$1.013 billion, a drop of \$206 million. This is a reduction of 16.9% from the amount received four years earlier by cities and counties.

The state is benefiting from the income tax increase while communities have lost substantial amounts of income tax revenue. Prior to the recession in calendar year 2008, the state received \$10.974 billion. In calendar year 2011, the state has seen total income tax revenues increase by \$4.893 billion. This is an increase of 44.6% from the amount received in 2008.

Municipalities have already adopted their budgets and used revenue assumptions that factor in natural growth in LGDF revenue. Any reductions in LGDF revenue will create budget shortfalls of

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approximately \$16,000 - \$32,000 per year shortfall to the Village of Oak Brook. These shortfalls could result in service reductions, personnel reductions, or a combination of both.

"The cost of goods, services, and personnel continues to increase year after year," said Gopal Lalimalani, President of the Village of Oak Brook. "If the state is going to take away local revenues, they need to enact laws that offset our lost revenue. We are trying to provide the services our residents deserve - and under proposals such as these, we simply cannot."

We urge our residents to contact their legislators and demand that the Local Government Distributive Fund be left alone.

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About the Village of Oak Brook:

Founded in 1958, the Village of Oak Brook is located 15 miles west of downtown Chicago and is in proximity to the junction of Interstates 88, 294, and 290. The Village consists mostly of residential subdivisions, with the exception of the Oak Brook Center shopping mall, other retail and office properties along 22nd Street and Interstate 88. Oak Brook is the home of many corporate offices, most notably, the world headquarters of McDonald's Corporation, Ace Hardware, Tree House Foods, Inland Real Estate and the service club organization Lions Clubs International. Oak Brook is also known for being one of the few municipalities in the Chicago area that does not levy a property tax on residents or businesses. Visit www.oak-brook.org to learn more.

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