

# Estimated State Shared Municipal Revenue MFY 2016 (MAY 2015 to APRIL 2016)

BY ROGER HUEBNER, DEPUTY EXECUTIVE DIRECTOR / GENERAL COUNSEL, IML

The *Estimating Revenue* article that ran in the January Review covered the estimated state shared revenue through MFY 2015. This brief article contains the MFY 2016 estimates. The MFY 2016 estimates are conservative in predicting a continued recovery. They also assume no policy/legislative changes to any of the underlying statutory language, which means no state reduction. The 2015 legislative session will focus on revenue issues, but I am not predicting an outcome.

## INCOME TAX (LGDF) ESTIMATE

For MFY 2016 (May 2015 through April 2016), IML estimates \$99.00 per capita. This estimate assumes 2.06% growth from our most recent MFY 2015 estimate of \$97.00 per capita.

## 1% LOCAL SHARE OF ILLINOIS USE TAX ESTIMATE

For MFY 2016 (May 2015 through April 2016), IML estimates \$19.40 per capita. This estimate assumes 4.86% growth from our most recent MFY 2015 estimate of \$18.50 per capita.

TAX	MFY 2012 Actual	MFY 2013 Actual	MFY 2014 Actual	MFY 2015 11/14 Estimate	MFY 2016 02/15 Estimate
Income Tax (LGDF)	\$81.44	\$90.12	\$97.46	\$97.00	\$99.00
State Use Tax	\$14.71	\$15.92	\$17.06	\$18.50	\$19.40
Motor Fuel Tax	\$24.80	\$24.03	\$24.56	\$24.30	\$23.80
Total Per Capita	\$120.95	\$130.07	\$139.08	\$139.80	\$142.20

## MUNICIPAL SHARE OF ILLINOIS MOTOR FUEL TAX ESTIMATE

For MFY 2016 (May 2015 through April 2016), IML estimates \$23.80 per capita. This estimate assumes a 2.06% decline from our most recent MFY 2015 estimate of \$24.30 per capita.

## CORPORATE PERSONAL PROPERTY REPLACEMENT TAX (CPPRT) ESTIMATE

For MFY 2016 (May 2015 through April 2016), IML estimates no change from our most recent MFY 2015 estimate of \$1.38 billion.

## MUNICIPAL CALENDAR - FEBRUARY

On or before February 1 of each year, the chief administrative officer of each unit of local government or his/her designee shall certify to the county clerk the names and mailing addresses of those persons required to file statements of economic interest pursuant to the Illinois Governmental Ethics Act. The chief executive officer or his/her designee shall set forth the names in alphabetical order by county of residence and shall certify the list to the county clerk of the counties in which those persons reside. (If the person resides outside of Illinois or in another county, the list shall be sent to the county clerk of the county where the principal office of the unit of local government with which the person is associated is located). (5 ILCS 420/4A-106.)

Municipalities choosing to levy a tax for the payment of principal and interest on general obligation bonds or limited bonds may do so at any time prior to March 1 of the calendar year during which the tax will be collected, notwithstanding the December deadline to pass the annual tax levy ordinance. (30 ILCS 350/16.)

**NEW** By March 1, 2015, all municipalities outside of Chicago that maintain an Internet website – other than a social media or social networking website – shall post a mechanism so that members of the public can electronically communicate with the elected officials of the municipality, such as a uniform single e-mail address, unless such officials have an individual e-mail address for that purpose. A hyperlink to the information must be easily accessible from the municipality's home page. (50 ILCS 205/20.)

By March 31 of each year, the corporate authorities shall cause the zoning map to be published. If there are no changes from the preceding year, no map shall be published. (65 ILCS 5/11-13-19.)

The annual budget must be passed before the start of the fiscal year by municipalities that have adopted the Optional Budget Officer System (65 ILCS 5/8-2-9.1 through 8-2-9.10) in lieu of the Appropriations Ordinance System. (65 ILCS 5/8-2-9.) The annual appropriation ordinance or budget, as well as an estimate of revenues anticipated to be received by the municipality in the following fiscal year, must be filed with the County Clerk within 30 days of the adoption of the appropriation ordinance or budget. (35 ILCS 200/18-50.)

Any municipality with a population of less than 500,000 which attempts to impose, amend or repeal the Simplified Municipal Telecommunications Tax must file a certified copy of such ordinance with the Illinois Department of Revenue prior to March 20, or September 20. Ordinances received prior to March 20 will be collected on or after the following July 1. Ordinances received prior to September 20 will be collected on or after the following January 1. (35 ILCS 636/5-20.)

On or before the first day of April, home rule and non-home rule municipalities imposing or discontinuing a retailer's occupation tax or effecting a change in the rate thereof must file a certified copy of any ordinance or resolution (and referendum if appropriate) with the Department of Revenue. Ordinances received by the Illinois Department of Revenue by April 1 will be collected July 1. Ordinances received by October 1 will be collected January 1. (65 ILCS 5/8-11-1, and 65 ILCS 8-11-1.1.)

On or before March 1 of each calendar year, every law enforcement agency is required to submit racial profiling information and other data required to be collected from traffic stops during July through December of the previous calendar year to the Illinois Department of Transportation. (625 ILCS 5/11-212.)

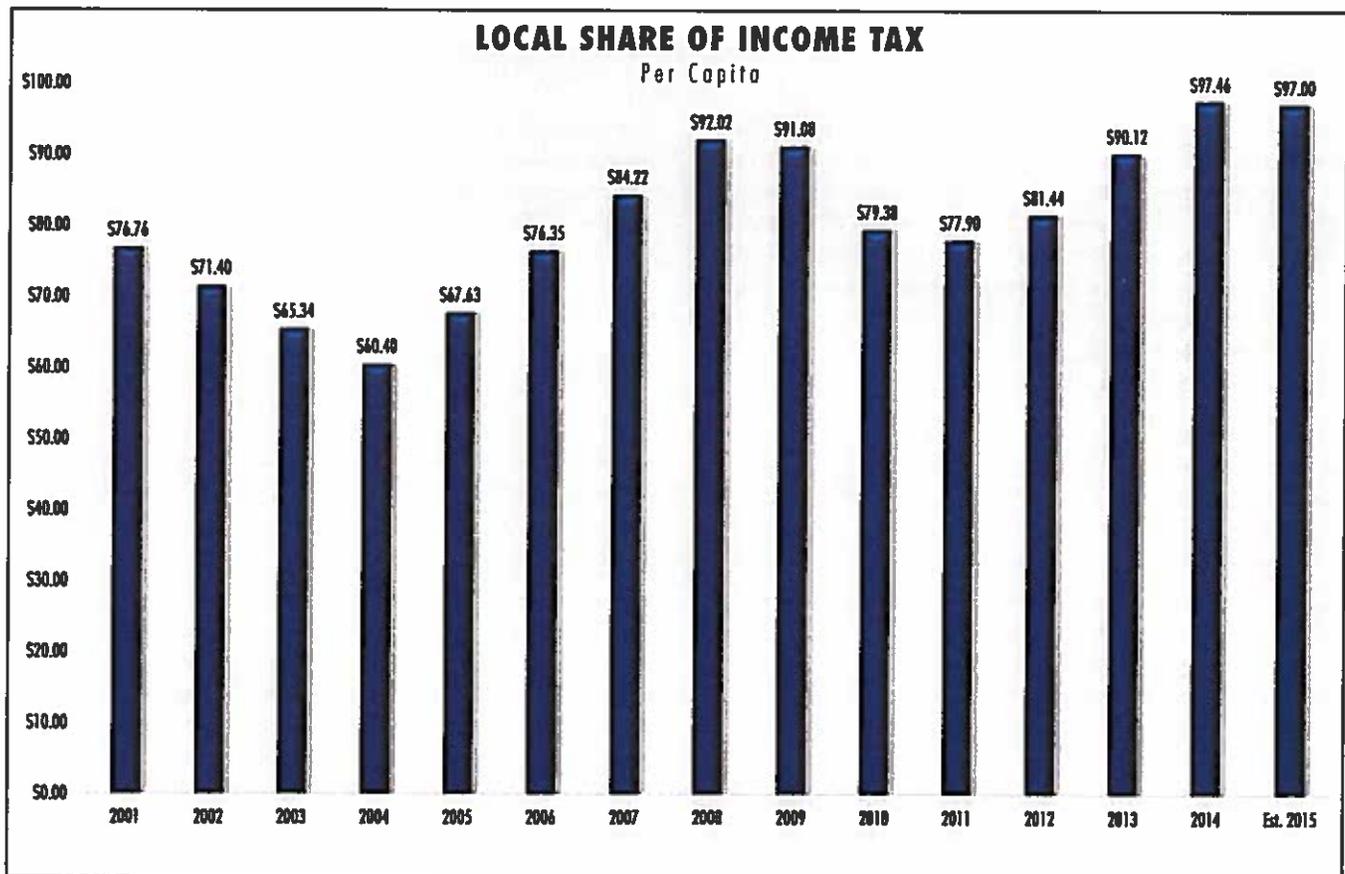


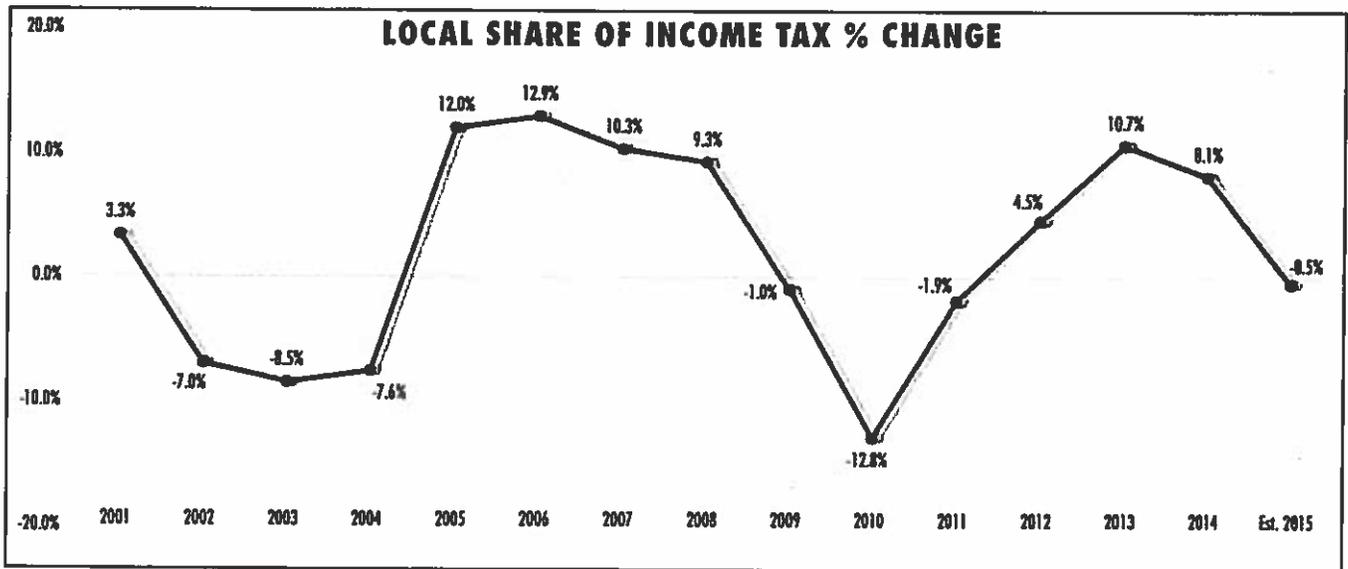
# State Shared Municipal Revenue – an Historical View

BY ROGER HUEBNER, DEPUTY EXECUTIVE DIRECTOR/GENERAL COUNSEL, IML

The *Updated State Shared Municipal Revenue* was published in January to provide an estimate for the remainder of MFY 2015. When writing that article, I reviewed materials from the late 1970s, when IML first began publishing this information. Since that time, we have endeavored to keep the membership informed on a semi-annual basis with new information as the taxes are reported, collected, and distributed. To give an historical perspective and trend analysis, this article was prepared covering several sources of revenue distributed to municipalities and local governments. The future of tax policy should honor the past and realize municipalities' fiscal needs should and must be taken into consideration.

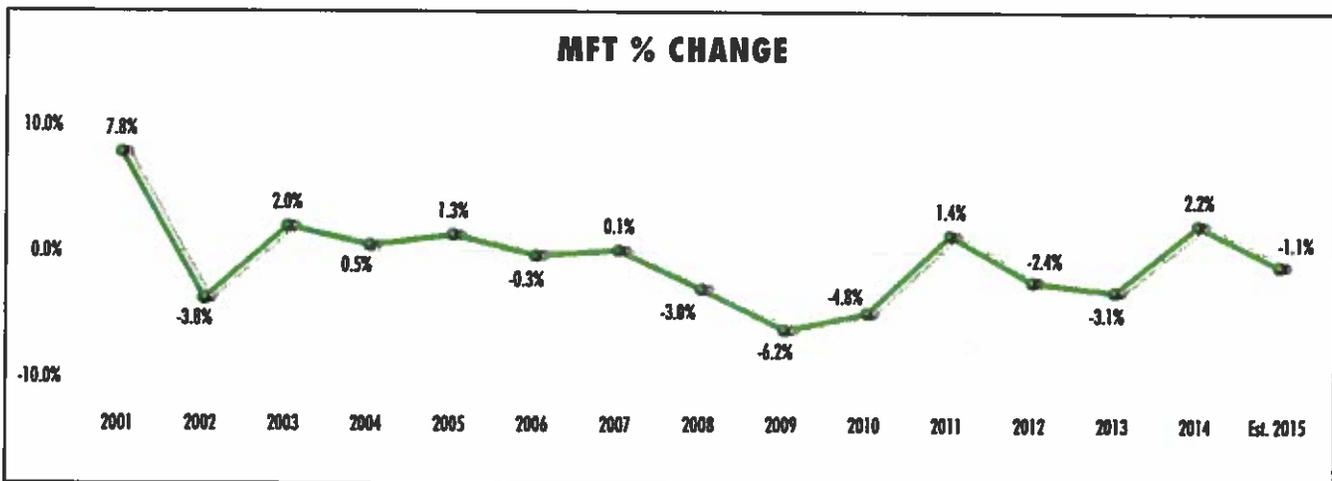
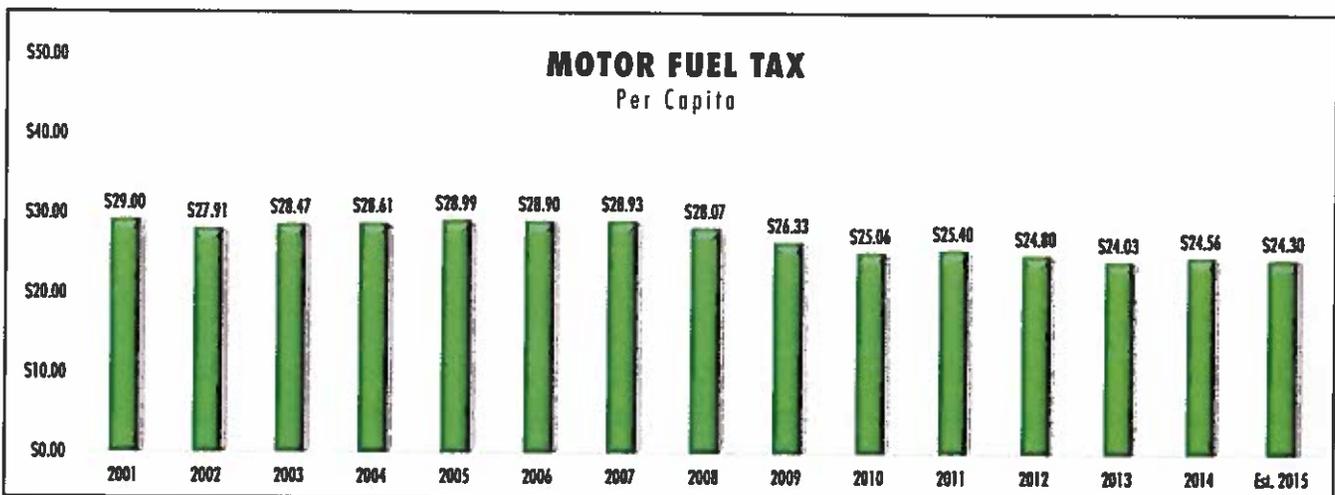
The local share of the State Income Tax that is processed through the Local Government Distributive Fund has been, and continues to be, an important source of revenue to all municipalities and counties. The actual dollar amounts certainly illustrate the per capita distribution and allow a community to calculate their receipts. The long-term trend since 2001 illustrates the fluctuations and shows growth and decline. The Great Recession was felt beginning with 2009 revenues. Note that municipalities did not share in the last several years of increased rates, which expired in January of 2015 – those revenues went to the state. The actual percentages attributed to LGDF will be adjusted as the rates decline and are intended to keep municipalities whole. The future of the state's income tax policy is unknown at this time.

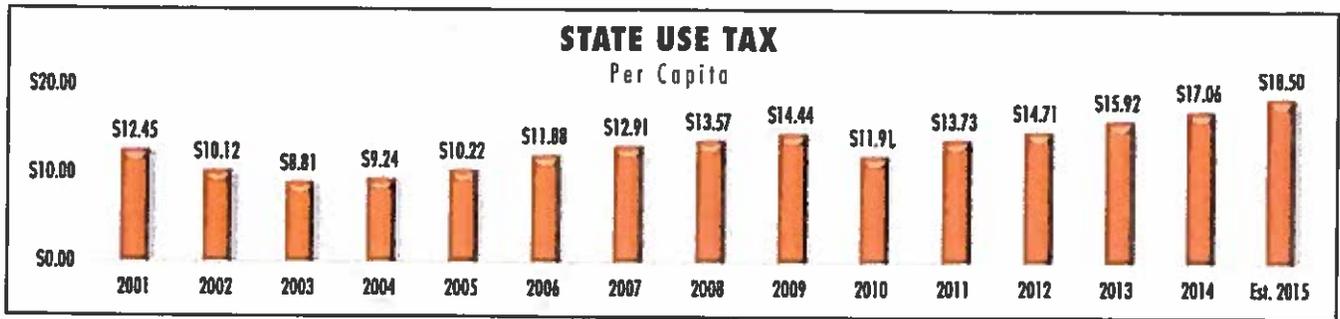




The Motor Fuel Tax (MFT) payments are much more stable. The tax is based on a fixed rate per gallon, so gas price fluctuations have little impact. The important information

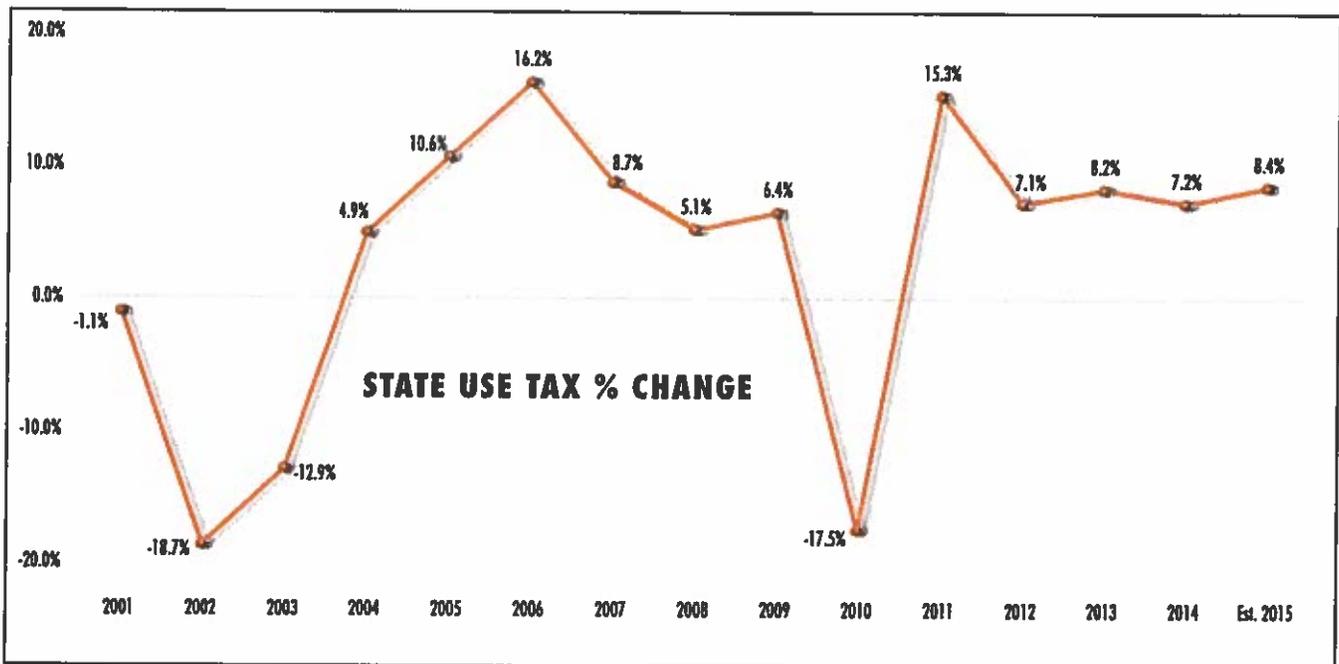
is the actual gallons consumed by the driving public. The trend analysis may show stability, and at this point gasoline prices are trending to recent historical lows, which could alter consumption.





The State Use Tax collected on out-of-state purchases is distributed on a per capita basis. This tax, while the Department of Revenue is expanding its enforcement, is still producing less revenue than could be expected if policy changes at the federal and state were enacted. While Congress has for years debated

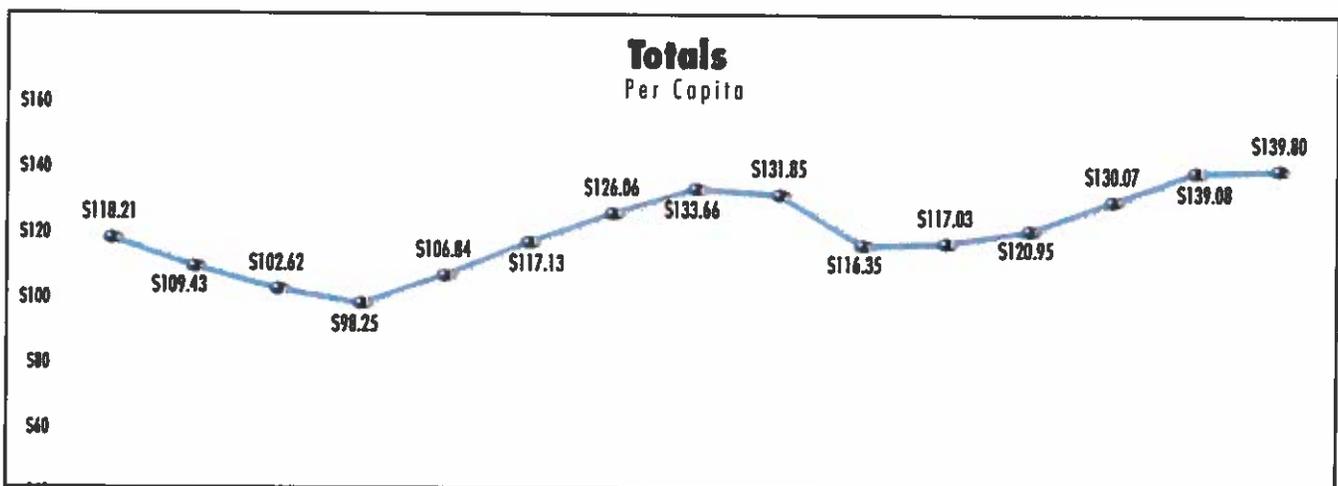
and considered internet sales taxation, no legislation has been approved. If and when such a policy change is enacted to broad-based taxation and compliance by on-line companies, this could produce substantial new revenue.



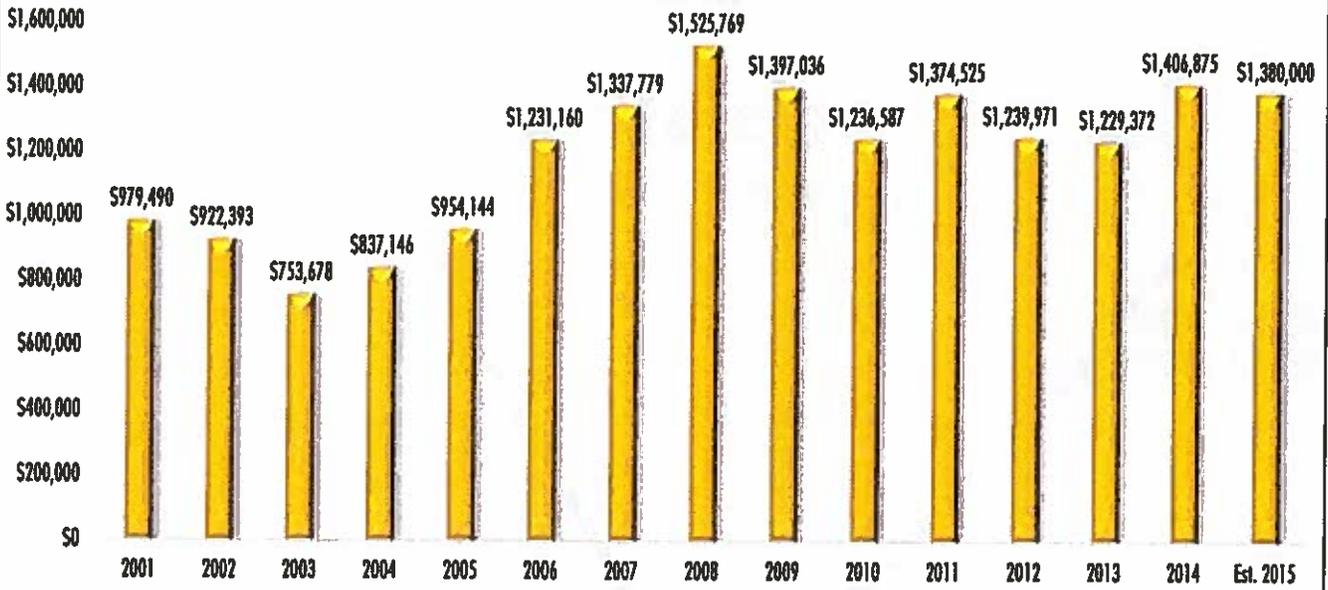
The major three taxes collected by the state and distributed to municipalities – Income Tax, Motor Fuel Tax, and State Use Tax – have increased over the last fifteen years,

but the total growth has been modest, and in some years, dramatically decreased.

In 2001, the total distribution was \$118.21; in 2008 \$133.66; and the estimate for 2015 is \$139.80.



## CORPORATE PERSONAL PROPERTY REPLACEMENT TAX REVENUE



The Corporate Personal Property Replacement Tax (CPPRT) is replacement tax revenue collected by the state to replace money lost by local governments when their powers to impose personal property taxes were taken away. Only local

governments who collected a personal property tax in 1977 are eligible for the distributions. Unfortunately, in recent years the General Assembly has taken revenues from this source to pay for expenses that come out of the state's general revenue fund.

## CPPRT % CHANGE

