



Illinois State Association of Counties

March 4, 2021

The Honorable JB Pritzker
Governor
James R. Thompson Center
100 W. Randolph, 16-100
Chicago, IL 60601

Dear Governor Pritzker:

The Illinois State Association of Counties (ISACO) respectfully opposes the provision within your proposed State Fiscal Year (SFY) 2022 budget to reduce distributions from the Local Government Distributive Fund (LGDF).

Since its establishment as part of the enactment of the state income tax in 1969, LGDF represents a successful and important state and local partnership for funding essential programs and services relied upon by Illinois residents. Maintaining the full amount of these funds is of particular importance during a time when local budgets are facing additional demands to provide public health and safety services directly connected to the COVID-19 emergency response.

A review of the history of LGDF distributions indicates that the local percentage share of the state income tax distributed through LGDF funding has already been reduced over several years. This has prevented local governments throughout the state from receiving billions of dollars in shared revenue.

Until January 2011, counties and municipalities received 10% of total state income tax revenues through LGDF. Following a temporary increase in state income tax rates in 2011, the percentage of tax revenue allocated to LGDF for distribution to local counties and municipalities declined to 6%.

In January 2015, the local share of the state income tax increased to 8% when the higher income tax rates declined according to a predetermined schedule established by law.

The state income tax was permanently increased in 2017 and the local government share was reduced to 5.45% for individual income tax collections and 6.16% for corporate income tax collections for State Fiscal Year (SFY) 2018.

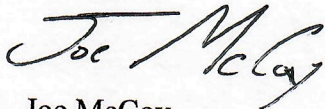
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The LGDF share was slightly increased within the SFY 2021 state budget and is presently 6.06% for individual income tax collections and 6.845% for corporate income tax collections. This is significantly below the 10% share received by counties and municipalities prior to January 2011.

Once again, ISACo opposes any reduction to the existing LGDF share and supports a restoration of the full 10% of income tax collections shared with local governments prior to January 2011.

Thank you for your consideration in this matter and please feel welcome to contact me at 217/679-3368 or jmccoy@isacoil.org if we can be of assistance on other issues.

Respectfully,

A handwritten signature in black ink that reads "Joe McCoy". The signature is written in a cursive style with a large, sweeping "M" and "C".

Joe McCoy
Executive Director

cc: Dan Hynes, Deputy Governor

Tiffany Newbern-Johnson, Deputy Chief of Staff for Legislative Affairs