

## Home rule, no financial panacea for struggling Illinois municipalities

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A four part survey by Northern Illinois University's Center for Governmental Studies found that several significant changes occurred in home rule municipalities between 1986 and 2002.

First and foremost, there was a very significant increase in the use of home rule taxing powers. Additional retail sales taxes were increased in 61% of the home rule cities, and property tax statutory limits were exceeded by two in five home rule municipalities.

The study concluded that, "Clearly, taxation has become a major use of municipal home rule powers during the past 20 years," and that was 15 years ago.

Many municipalities, after decades of home rule, are still struggling with financial deficits leading to cuts in services. The state exempted local public pensions from home rule statutes, thereby removing Rockford's and other municipalities' foremost escalating operating expense – so much for self-determination of our local affairs by reducing Springfield's control.

The state has also started to charge an administrative fee to collect all sales taxes and has reduced funding around the state, resulting in higher home rule "total taxes" for these municipalities primarily to reduce deficits, not to enhance economic development.

One of the worst examples of a municipality after 41 years of home rule is [Danville](#), Illinois. The city council just voted to raise 2018 property taxes 10 percent and hike the city's public safety pension fee to \$267 up from the current \$96 on property under 5,000 square feet, a 178 percent increase according to the Policy Institute.

The officials of Danville have formulated, under home rule, a public safety fee, in addition to property tax increases, specifically for public safety pensions.

So, Danville is enacting a property tax and fee hike as part of a 22-year plan to address their underfunded pension liability. The long-term strategy calls for gradually increasing taxes and fees on homeowners and businesses until 2040!

Under the plan, pension fees and property taxes will increase 10 percent in the first two years, 9 percent in the third year and 4 percent in the fourth year, followed by 3 percent increases in each of the subsequent 18 years – home rule in action today in Illinois.

[Hoffman Estates](#) plans in 2018 to raise their property tax levy 4.9 percent and making a 1.2 percent cut to the village's budgeted revenues, in addition to a 1.7 percent spending cut in the total net operating and capital budget from fiscal year 2017 according to the Daily Herald.

Hoffman Estates officials also blamed their sales tax revenue, which is also decreasing due to cuts in consumer spending, while also struggling under the weight of growing costs for retirement benefits.

[Belleville](#), another home rule city, is considering a property tax levy of almost 12 percent this past week with most of the new funding going toward pensions.

The proposed property tax levy increase is more than twice as high as the 4.67 percent levy increase passed unanimously by the Belleville City Council just two short years ago in December 2016.

From 2012 to 2016, taxpayer contributions to Belleville's fire pension fund rose by more than 34 percent, according to the Illinois Department of Insurance's 2017 Biennial Report.

Another city, [Elgin](#), is also having difficulty living within its means despite being a home rule city since April 19, 1977 and needs to consider more taxes at its city council meeting for 2018.

A budget proposal before the Elgin City Council would mean higher property tax bills, a new 4-cents-per-gallon gasoline tax, a sales tax hike, and gradual increases in Elgin water and sewer rates through 2022 that would add up to a 42 percent hike over that time, according to the Daily Herald.

**Naperville** and **DeKalb**, both home rule cities by virtue of having a population of 25,000 or more, also have financial issues involving possible increases in their home rule sales taxes and motor fuel taxes and cuts to the general fund while providing fewer services.

Naperville has also increased their pension plans by 37% from 2016 to 2018.

**Rockford** has a 2018 deficit of \$10.2 million, being compounded by the state's unfunded mandates, fees and home rule exemptions for pension costs.

Rockford will undoubtedly pay off their deficit and their future deficits by raising our "total taxes," regardless of which of the "diverse revenue streams" they chose under home rule and without any voter input.

Read more: <http://blogs.e-rockford.com/tebiondo/2017/12/13/home-rule-no-financial-panacea-for-struggling-illinois-municipalities/#ixzz51uJyH72y>

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