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Doorkeeper: "Attention, Members of the House of Representatives, the House will convene in 5 minutes. All persons not entitled to the House floor, please retire to the gallery."

Speaker Redmond: "The House will come to order, the Members please be in their seats. We will be led in prayer by the Reverend Krueger, the House Chaplain."

Reverend Krueger: "In the name of the Father, the Son and the Holy Ghost. Amen. O Lord, bless this House to Thy service this day. Amen. It is written in the Book of Matthew, 7th Chapter, 12th verse.

"Whatsoever ye would do that men should do unto you, do ye even so to them. Let us pray.

Almighty and eternal God, Lord of both Heaven and earth, our Creator and our Sustainer, we praise Thy glory for the abundance of Thy love which Thou has bestowed upon us. Grant that as we do here serve Thee and the people of this State of Illinois in the House of Representatives, we may show forth unto all such compassion and concern that all our legislative efforts will neither be of hurt nor harm to any; rather, may it be for our mutual well being and in harmony with Thy divine economy, which Thou hast planned for all mankind; through Jesus Christ, our Lord. Amen."

Speaker Redmond: "The Pledge of Allegiance. Representative Taylor Pouncey. The former United States Marine Corp."

Pouncey: "I pledge allegiance to the flag of the United States of America. And to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

Speaker Redmond: "Former House Member, now a Member of the



Judiciary, Judge Londrigan. Is the new Member out there? Mr. Williamson and his wife, will you please come forward? May I present Clarence B. Williamson, a new Member to the House of Representatives, who will be sworn in."

Judge Londrigan: "All right, Representative Williamson, will you please raise your right hand and repeat after me? I, Clarence B. Williamson."

Williamson: "I, Clarence B. Williamson."

Judge Londrigan: "Do solemnly swear."

Williamson: "Do solemnly swear."

Judge Londrigan: "That I will support the Constitution of the United States."

Williamson: "That I will support the Constitution of the United States."

Judge Londrigan: "And the Constitution of the State of Illinois."

Williamson: "And the Constitution of the State of Illinois."

Judge Londrigan: "And that I will faithfully discharge the duties of the office."

Williamson: "And that I will faithfully discharge the duties of the office."

Judge Londrigan: "Of Representative in a General Assembly."

Williamson: "Of Representative in the General Assembly."

Judge Londrigan: "For the 29th Legislative District."

Williamson: "For the 29th Legislative District."

Judge Londrigan: "Of the State of Illinois."

Williamson: "Of the State of Illinois."

Judge Londrigan: "To the best of my ability."

Williamson: "To the best of my ability."

Speaker Redmond: "Roll Call for attendance. Representative Madigan."

Madigan: "Mr. Speaker, will the record show that the following Representatives are excused. Representative



Satterthwaite, Representative Garmisa, Representative Flinn, Representative VonBoeckman, Representative Breslin."

Speaker Redmond: "Is there any objection to the record showing that they're absent? Any Republicans whose absence... Representative Collins."

Collins: "Mr. Speaker, will the record show that Representatives Meyer and Wolf are to be excused today because of legislative business?"

Speaker Redmond: "Any objection? Hearing none, the record will so show. Representative Madigan. How about the Resolution? Representative Ryan."

Ryan: "Well, Mr. Speaker and Ladies and Gentlemen of the House, I want to take this opportunity to welcome you back. It's nice to see you here and I'm glad to see you're in good health and ready for the battle, Mr. Speaker. We're really, sincerely glad to have you back."

Speaker Redmond: "Thank you."

Ryan: "We're also glad to see Representative Epton back too."

Speaker Redmond: "I don't recommend anybody do what I did, but... Thank you. Representative Skinner asks leave to go to Washington. Is there any objection? Representative Casey here? Casey here? Well I'd just as soon do this one. Where are we on this one? The House will be at ease for 5 minutes. Representative Giorgi."

Giorgi: "Mr. Speaker, last week we passed a couple of Agreed Resolutions, House Resolution 595 and 596 and they're Co-Sponsored by Bradley and Johnson, that have to do with some intricate law matters. They have subpoena powers and they're going to spend money. So I'd like to reconsider those two Resolutions and send them to Committee on Assignment



so that that can be proved. I'd like to move for that, your honor."

Speaker Redmond: "Any discussion? The question is on the Gentleman's motion. Those in favor say 'aye'; 'aye', opposed 'no'. The 'ayes' have it. The Resolution carries...580, 595, 596...580, 595 and 596, Committee on Assignment. The House will be in order. The Members please be in their seats. On the...on the Calendar, under Conference Committee Reports, appears Senate Bill 769. Representative Ryan is recognized."

Ryan: "Thank you, Mr. Speaker and Ladies and Gentlemen of the House. ~~House Bill 769 is suppose to be handled~~ by Representative Peters. He's not here today and...because of a death in the family and I've been asked to handle it. This contains... All right, the Department of Commerce and Community Affairs and the Department of Revenue, the 24 million 982 thousand 500 dollars for the Commission on Delinquency Prevention there's 234 thousand 500 dollars. For the Auditor General there's 126 thousand 250 dollars. For the Capital Development Board 4 million dollars. Now on...on the Department of Commerce and Community Affairs, we only gave them 9 months funding last Session, last year when we were here and this is to fill out their funding for the remainder of the year. There's money in there for the Department of Revenue for the same purpose. They only had a 9 month funding and so this is the remainder of theirs... There's a supplemental of 234 thousand 500 dollars to the Commission on Delinquency Prevention so they can operate the Status Offenders Program for the remainder of Fiscal Year 1980 and I understand that their money runs out February 1. There's a supplemental



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of 126 thousand 250 dollars for the Auditor General to complete compliance audits of the R.T.A. and of...and the C.T.A. There's also 4 million dollars in here for the...for the School Construction Fund of the Capital Development Board to, for the construction of schools in districts with less than 500 thousand population. The total package is 29 million, 343 thousand, 250 dollars and I would be glad to attempt to ask...answer any questions you may have, Representative Kane. I would move for the passage of Senate Bill 769, Mr. Speaker."

Speaker Redmond: "Is there any discussion?"

Ryan: "The First Conference Committee Report."

Speaker Redmond: "The Gentleman has moved that the House adopt the First Conference Committee Report to Senate Bill 769. Those in...this is final action. Those in favor vote 'aye', opposed vote 'no'. Have all voted who wish? Have all voted who wish? The Clerk will take the record. Thank you. On this question there's 110 'aye' and 2 ho' and the House does adopt the First Conference Committee Report to Senate Bill 769. Representative...do you want to go to... Representative Mautino has voted 'yes' on the motion to adopt. Representative Ryan."

Ryan: "Would the record show that Representative Peters should be excused today because of a death in the family?"

Speaker Redmond: "Is there any objection? Let the record so show. Representative Madigan on the floor, on that Resolution on the Committee of the Whole Resolutions."

Madigan: "Mr. Speaker, would you add to the list of excused absences Representative Braun?"



Speaker Redmond: "Any objection? Hearing none, the record will so show."

Madigan: "Mr. Speaker, I believe that the Clerk has a Resolution which would provide for a Committee of the Whole today at 1:30 for the purpose of considering legislative limitations on ad valorem real estate taxes and to hear testimony thereon. Mr. Speaker..."

Speaker Redmond: "Representative Skinner."

Skinner: "I wonder why the maker of this motion doesn't trust the Revenue Committee?"

Madigan: "Mr. Speaker, in light of the call of the Governor and the widespread interest in this subject matter, we would prefer that the entire House be permitted to hear the testimony which will be offered."

Skinner: "Mr. Chairman, I wonder how long this hearing is going to go on. I mean, some of us would like to vote on this Bill today."

Madigan: "Mr. Speaker, it would be the intent of the Speaker's Office to give everyone an opportunity to be heard."

Speaker Redmond: "What was that again?"

Madigan: "We would like to give everyone an opportunity to be heard, unless Mr. Skinner objects to, to the ability of the public to be heard."

Skinner: "Mr. Speaker, what I object to is the public not being given adequate notice, so that only the tax... so that the taxpayers will not have a chance to get down here. They will have approximately a half of an hours' notice, while I'm sure the Gentleman, the maker of the motion had notified all the special interest groups and they're all in the Capitol probably sitting in the gallery ready to descend upon us."



Speaker Redmond: "Representative Skinner, notice was put on the board in the Press Room yesterday. So there was notice, as much as could be."

Skinner: "One days notice?"

Speaker Redmond: "Well. The question is on the Gentleman's motion for the adoption of the Resolution. Those in favor say 'aye'; 'aye', opposed 'no'. The 'ayes' have it, the motion carries and the Resolution is adopted. Representative Madigan. Democratic Conference in Room 114? Representative Greiman."

Greiman: "That's it, Mr. Speaker. I would request a Democratic Conference in Room 114. I guess right now, back at 1:30."

Speaker Redmond: "Back at 1:30. Representative Collins. Mahar. You look like Collins."

Mahar: "Thank you, Mr. Speaker. I request a Republican Conference in Room 118, to last till about 1:30."

Speaker Redmond: "Okay. The House will now stand in recess until 1:30. Conference. Republicans in 118, Democrats in 114."

Speaker Redmond: "The House will come to order and the Members please be in their seats. The Regular Session will stand in recess till the call of the chair. Now we will convene the Special Session. Representative Donovan moves that we use the Roll Call, the Attendance Roll Call, on the Regular Session as the Attendance Roll Call on the Special Session. Is there any objection? Hearing none, leave is granted. Reading of the Journal."

Clerk O'Brien: "Journal for the 1st Legislative Day of the 4th Special Session. Saturday, January 12, 1980."

Speaker Redmond: "Representative Donovan moves that the



reading of the Journal be dispensed with and that the Journal be approved as if read. All those in favor of the motion indicate by saying 'aye'; 'aye', opposed 'no'. The 'ayes' have it, the motion carries, the Journal is approved. The Special Session will stand in recess until the call of the chair. The Regular Session will come back in order. The Reading of the Journal.'

Clerk O'Brien: "Journal for the 96th, 97th, 98th and 99th Legislative Day. The House met pursuant to adjournment."

Speaker Redmond: "Representative Donovan moves that the reading of the Journal be dispensed with and that the Journal be approved as read. Those in favor indicate by saying 'aye'; 'aye', opposed 'no'. The 'ayes' have it, the motion carries, the Journal is approved. Introduction and First Reading."

Clerk O'Brien: "House Bill 2893. Donovan. A Bill for an Act to amend Sections of the Civil Administrative Code of Illinois. First Reading of the Bill. House Bill 2894. Bowman. A Bill for an Act to amend Sections of the Condominium Property Act. First Reading of the Bill. House Bill 2895. Huskey - Walsh."

Speaker Redmond: "Is Representative Schraeder in the chambers?"

Clerk O'Brien: "A Bill for an Act to amend the Illinois Controlled Substance Act. First Reading of the Bill. House Bill 2896. Sam Wolf. A Bill for an Act to amend Sections of the Metro East Sanitary District Act. First Reading of the Bill."

Speaker Redmond: "Let the record show that Representative Walsh is in the chamber. Representative Schraeder in the chamber? The House will come to order. The Order of Business is the consideration of the





Message from the Committee of the Whole, pursuant to House Resolution 604. The House will now resolve itself into a Committee of the Whole. The Gentleman from Peoria, Representative Schraeder, will preside. Vice Chairman of the Revenue Committee."

Chairman Schraeder: "Ladies and Gentlemen, for those who wish to testify and haven't signed the witness slip, we request you do so right away and we'll begin with the Committee hearing. Ladies and Gentlemen, we have some that have signed witness slips that want to be recorded as being in opposition, rather recorded but they will not testify and I'll call those to the record. George W. Miller, Township Officials of Illinois. Don Sledge, Associate Executive Director of the Illinois Association of School Administrators. Harold P. Seamon, Executive Director of the Illinois School Association. David Willard, Superintendent of Schools, Malta District. Gary Martens, Director of Business Affairs, Naperville School District 203. James Aellig, Assistant Superintendent for Business District 41. Lynn Hartweger, District 21, Hartsburg. Roland Sanders, Director Reimbursable Programs, District 150, Peoria. Timothy Oates, Superintendent, Panhandle Unit #2. Kenneth Cox, Superintendent, Unit District 22, New Holland, Illinois. Karl Plath, Superintendent of Schools District 113, Highland Park. G. Allan Gogo, Superintendent of Schools, Lake Park High School District 108. Dr. Howard W. Eilks, School District 160, Clarington Hills. Tom Touseignant, Woodridge Elementary District 68, Woodridge, Illinois. Mark DeFay, Superintendent of Schools, District 61, DuPage. Brandt Crocker, Superintendent of Schools, Bloomingdale District 13. Donald Barnes, Superintendent of Schools, District 101, Webster Springs, Illinois. Robert



Schowalter, Airport Director, Decatur Park District. Harold Blankenship, Executive Director, Decatur Park District, Decatur Illinois. Ralph Rosser, Director of Parks, Decatur, Illinois. William Renner, Administrative Assistant for Personnel, Community High School District 94. H. R. Starkey, Superintendent of Schools, District 100, Cerro Gordo. Ron McIntire, #6, Chrisman, Illinois. Wayne Riley, Superintendent of Schools Carrollton Community Unit District 1. Edward Siltman, Superintendent of Schools, District 200, Roseville. James Cox, Superintendent of Schools, Yorkwood District, Monmouth, Illinois. James Trost. Superintendent of Riverside District, Riverside, Illinois. William Schehl, Superintendent of Schools, Cambridge District 227. Richard Sanders, Regional Superintendent, Hamilton Jefferson. Lewis Hauser, Assistant Superintendent, Bethalto, Illinois #8. Marion Verton, Superintendent of Livingston County, District 4. James L. Golby, Superintendent of Schools, Kewanee District 229. Howard Jackson, Superintendent of Schools, District 230, Kewanee. Donald Dohieslager, Superintendent of Schools, Atkinson 233. Clarence Hughes, Superintendent of District 2267, Annawan. Don Simpson, Superintendent of Schools, Bethalto Community District 8. Thomas Oakso, Superintendent, Hawthorne 73. Greunan Hills. Fred Dale, Superintendent, Community Unit District 3, Mahomet. Jack J. Watts, Assistant Superintendent, Urbana School 6, Urbana, Illinois. ~~The first witness will be Robert McGaw,~~

Rockford, Illinois, Mayor of Rockford and President of the Illinois Municipal League. Mr. McGaw."

Robert McGaw: "Thank you, Mr. Speaker and Members of the House of Representatives."

Chairman Schraeder: "Just a minute, Mr. McGaw. This is a



very important piece of legislation. These people that are testifying want to be heard and I would ask we have order in the chamber."

Robert McGaw: "Thank you, Mr. Speaker. My name is Bob McGaw and I'm Mayor of the City of Rockford, the President of the Illinois Municipal League. Thank you for this opportunity to give some of my thoughts on the subject of property tax limitations. I am unable to comment specifically on all the details of the proposed, as I received a revised copy only this morning. The Illinois Municipal League and its Members are opposed to the concept of House Bill 2563 and Senate Bill 1292. The underlying, unsaid belief of the proponents of such proposals is that the Citizens of Illinois really do not know enough to elect Mayors, Aldermen, Village Presidents and Trustees who will spend only what the citizens demand. Tax limitations do exist in Illinois. My Aldermen and I do listen to the Citizens of Rockford. If we didn't, we wouldn't be re-elected. I know that the property tax is an unpopular tax and we have done our very best to keep those taxes at the lowest level possible. But the property tax is essential to the delivery of needed municipal services in our City of Rockford and all the cities across this State of Illinois. The question most often asked has been, 'Why can't you live with a 9.3% increase?' Well I want you to know that... I want you to know that spread over the last 7 years the property tax increase in our community has averaged around 3%. Thank you very much, Mr. Speaker. The answer is that we try to provide the police, the fire, the state, the sanitation and other municipal services on a much smaller increase than the inflationary cost has been impacting us. In Rockford



we are doing everything we can to avoid any increase in the property tax. The problem we face is that the property tax, being the least popular one, and about the only one we have any flexibility in, is the one we levy only the amount necessary to balance the budget. Members of the General Assembly, I think we ought to get the taxing picture in its proper perspective. In the year 1980 the Federal Government will be spending a total of about 3,000 dollars per capita for every man, woman and child in America. The State of Illinois will be spending about 1,000 dollars per capita for every man, woman and child in the State of Illinois to run our city and provide the basic essential services to the people of the City of Rockford we are spending in the neighborhood of 300 dollars per capita. Now I do recognize there are many other localized taxing districts and I recognize that they take taxpayers money also. But the 3 basic units of American general purpose government of the 4,500 dollars per capita it costs to finance government in America, less than 10% goes for the basic, essential, vital services of the people of our municipalities. Some years no increase or very small increases are necessary but some years we get unexpected increases in costs forced upon us by the State, by the Federal Government or the courts. Some year we may lose a substantial amount of intergovernmental revenues. Such a possibility exists today because of the fight to reenact Federal Revenue Sharing will occur this calendar year. And that's going to be a tough fight. I expect to be in Washington tonight with the U.S. Conference of Mayors and we're going to fight for the reenactment of revenue



sharing and I want the General Assembly to know that at the National League of Cities we fought also to make sure the state continued to receive their proportionate share of revenue sharing. We in Rockford believe we've done a decent and a good job. We are sure that the locally elected officials and the other 1,275 municipalities are also providing services demanded by their citizens at the lowest possible property tax levies. I ask you to consider those officials before you unnecessarily limit their ability to govern. As minimum, those officials should be given an opportunity to see and examine the details of the latest proposed limitations and offer suggestions which would amend the most unworkable and unequitable proportions of the tax program. Once again, Mr. Chairman and all Members, thank you for your time and I will of course be happy to try to respond to questions. But I do want to tell you here and now that yesterday in our meeting with the Governor, when we had school officials and park district officials, township officials, county officials and municipal officials, everyone of them was thoroughly confused by what the impact of this legislation would be to their taxing bodies. I've had my comptroller, my budget director, my legal personnel, working on the Bill that we received last week and they can't tell me what's going to happen in Rockford as a result of this legislation.

Thank you very much, Mr. Speaker."

Chairmand Schraeder: "Thank you, Mr. McGaw. Representative Matijevich."

Matijevich: "Mr. Chairman, the procedure last week with the Committee of the Whole, and I thought it was the proper procedure, although there were a limited number of witnesses, was for the witnesses to appear



first and to provide testimony and then have questions later. I think that's the proper procedure, because otherwise down the line some who were wanting to testify will not be able to have the opportunity. And I would hope that we have some formal procedure in that regard because I always worry about the person at the end of the totem pole who also has the expense of coming down here and can never say his or her voice in the matter."

Chairman Schraeder: "I think your point is well taken, Representative Matijevich. We'll follow that procedure." Representative Darrow.

Darrow: "I'm in agreement with that procedure but I would wish that the speakers who are testifying would address themselves also to the possible Amendment. It would appear that the votes are here to pass this legislation and I'm sure that they would favor some type of Amendment, some type of changes in the Bill. So, as they testify, if they could tell us what sort of changes they would like we could have some Amendments drafted to help them out. Thank you."

Chairman Schneider: "All right, thank you, Representative Darrow. Representative Simms."

Simms: "Mr. Speaker, Ladies and Gentlemen of the House, I think in the case of some of the Mayors that they do have some previous commitments where they're going to have to fly to Washington D.C. In the case of Mayor McGaw and a couple of the other Mayors of the larger cities that perhaps that they should not be detained here all day long for the many, many witnesses that would like to address this legislation, that those individuals might avail themselves to questions at this time. Because we do



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have a larger number of people today that want to testify and I think it would be somewhat unfair to keep some of the Mayors of the cities that do have commitments in Washington D.C. later in the day to remain here for perhaps the rest of the evening."

Chairman Schneider: "Well we'll have the questions just as soon as we can get through them, Representative Simms. I think we've got...we've got about 40 or 50 people that want to give their viewpoints on this piece of legislation. I think we ought to proceed from there. The next witness is Tom Johnson, the Assistant Director of the Internal...  
~~the Illinois Department of Revenue, proponent."~~

Tom Johnson: "Thank you very much, Mr. Chairman."

Chairman Schneider: "Just a minute, Mr. Director. Please have a little order, please now. They've got a lot of testimony and I hate to rap the gavel but it looks like we're going to have to do it if you're not a little more attentive. All right, Director."

Tom Johnson: "Thank you very much, Mr. Chairman. The proposed property tax limitation Act of 1980 came up...has come about as a result of several meetings from legislative staffs from both sides of the aisle, as well as the Department of Revenue in the Governor's Office. The Department of Revenue has surveyed units of local government and their impact... tax levy impact on real estate taxes for the 1980 year. As a result of those surveys the Department of Revenue has estimated that property taxes, billed the taxpayers of the State of Illinois for the calendar year 1980 will rise on the average of 13% over 1979 levels. This growth is significantly higher than in any year since 1971. The successive growth appears to be driven by increased local spending



rapidly increasing real property values and confusion over the abolition and replacement of the Personal Property Tax. The limitation proposal which was agreed in compromise allows local governments and school districts to have moderate real estate tax growth. Districts in rapidly growing areas will be able to tax newly assessed properties in addition to this moderate growth. The growth factor in the Bill provides that the average growth in personal income over the past 3 years will be the amount allowed for increased real property tax bills in any one year. The proposal, in general, limits local governments and school districts in areas where the market value of taxable real properties, excluding new construction, and/or local government spending, is rising faster than the growth in Illinois' personal income. We believe, by allowing this moderate proposal to limit property taxes, provide enough room and enough revenue growth for units of local government to finance the experienced increased costs that they're realizing at the local level and yet put some stability and some reasonableness in the growth of property tax Bills on the part of the taxpayer as well. By allowing exceptions to the limitations, local governments and school districts are limited in the amount of growth they may experience only in funds over which they have discretionary control. The largest non discretionary funds, such as bonded indebtedness, are excluded immediately. Pension funds are excluded after the first year. It's important to note that the proposal would reduce anticipated real property tax revenue increases for units of local government by approximately 200 million dollars in 1980. Because of differing assessments of individual pieces of property it is





impossible to predict the effect on individual tax bills. The only certainty is that these Bills will not increase as much as they would have had no limits been imposed. Many questions have come up as a result of this limitations proposal on the affect of the school aid formula. An adjustment to the general school aid formula is not needed until Fiscal Year...until the Fiscal Year '82 budget legislative cycle. One solution was a companion Bill, Senate Bill 1292, to the limitation Bill, Senate Bill 1292, introduced in the Senate last year. At least 11 states have recently departed from traditional property tax rate limitations and opted for property tax extension limitations in the past few years. These limitations have generally been associated with a lower level of property taxation that would be expected in a state without limits. State spending for state purposes have grown at less than the rate of personal income growth in the past 3 years. This proposal is a reasonable, moderate approach to limiting property tax increases to that same growth factor. One that we feel strongly that units of local government can live with and certainly the property taxpayers in the State of Illinois will appreciate in the future. Thank you very much."

Chairman Schraeder: "Thank you, Director Johnson."

Johnson: "Next witness will be Dean Sears, Director of State Legislation, Illinois Farm Bureau. Mr. Sears."

Dean Sears: "Thank you, Mr. Chairman and Members of the Committee. My name is Dean Sears and I am representing the Illinois Farm Bureau. I'd like to make a few brief comments on behalf of House Bill 2563. We are a general farm organization and we represent farmers throughout the State of Illinois."



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The farm community is affected by property taxes as much or more than any other segment of our economy by the very nature of our business. We support the concept of a reasonable tax limitation proposal such as proposed in House Bill 2563. This is not a freeze on tax increases but allows for an increase based upon the growth and personal income of the State of Illinois. We realize that we are all subject to the ravages of inflation, including units of local government. And this Bill does take that fact into consideration. We feel that it is urgent that this type of legislation be passed immediately so that it will impact

1979 taxes payable in 1980. The substantial increase in assessed valuations we've seen in many counties as well as the additional personal property tax replacement revenues being returned to units of local government point out the need for responsible tax levies to avoid dramatic increases in tax Bills in certain instances. While this type of legislation may be looked upon as a stop gap measure to prevent serious inequities in the property tax situation at this time, we would hope that you would look upon this type of legislation as important, at this particular time to provide a meaningful relief until such time as the General Assembly can address property tax reform on a broader basis. With the recent embargo placed upon many of our grain exports and the rapidly escalating costs of farm input, it's very important to the farm community that this particular increase in their costs of doing business be addressed by the General Assembly. Thank you."

Chairman Schraeder: "Thank you, Mr. Sears. Next witness is Paul A. Lenz, Mayor of the City of Alton. Mr. Lenz."



Lenz: "Thank you, Mr. Speaker, honorable Members of the House of Representatives. Thank you for this honor of addressing you. I would like to pose two questions to you, if I might. I'd sure like to have you listen to them. First of all, is there a companion Bill with something like this, which, if you're going to control the revenues to the municipalities of this state are you also going to be able to control the inflation? But I think perhaps we've got to look at both sides of this problem. I think the people that put me in office and other Mayors of this State of Illinois also put you there. And they did that with the full faith of your integrity in mind. They believed that you would provide the best quantity and quality of state services you could with the revenues that they've made available to you. They believed the same thing of me and of people that are like me along this state. They felt that the municipal officials are as responsible fiscally as you are. I think I could ask a second question in this form. Recently a report came out which was the result of a Committee made up of Members of this august body as well as the Senate. It was a study on regionalism as proposed by the Federal Government. As you know, the Federal Government was to establish 10 regional districts across the country. The study pointed out, with some alarm, that they felt the Federal Government was usurping the legislative and administrative powers of the various states by setting up 10 districts which would control your authority. I kind of thought that report was done very well because it expressed an alarm that I think each one of you feel, I certainly do. I feel the same alarm in this type of legislation. I think you ought



to consider the fact that the cost of providing the quantity and quality of service should be the determination of the people that put us in office. I don't believe it should be a legislative act.

I would hope that you would consider your own dealings in refusing to allow the Federal Government to run your state. And then when you think of us, don't try and run our government. Thank you very much."

Chairman Schraeder: "Thank you, Mr. Lenz. The next Gentleman that wants to testify is Robert Cook, the Executive Vice President of the Illinois Association of Realtors. Mr. Cook. He's not here at the moment, he'll be here in just a moment. We'll go on to Patricia A. Fitzpatrick, School Board District 88. Patricia Fitzpatrick. We'll go on to the next party. Deborah on that list? Chair, Legislative - Library Development Community, Illinois Library Association. Deborah Miller."

Deborah Miller: "I'd first like to thank you for this opportunity to present a few brief library facts to you. Unlike other units of local government libraries are solely, almost solely, reliant on property tax revenues for their operating income. They receive no income tax, no sales tax and no direct federal revenue sharing. In an inflationary time people use the library more because they can't afford to purchase their own materials. In a time when taxes are cut back and school funding is cut back the children use the library more. When there's a higher unemployment rate, as threatened now, people use the library for career development and for job development. Libraries in Illinois have been very fiscally responsible. Their tax rate



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has increased at only 6.18 percent. Our problem is the critical situation of those libraries who have been responsible and who are in a high rapid growth area. We need time to hold a referendum. The one year delay could potentially destroy a minimum of 60 public libraries in this state. While other referendum has failed, 80% of library tax referendum 1979 passed. There is a precedence for such library relief. In 1970 libraries were in a similar situation and those who were experiencing rapid growth and were taxing at their maximum rate were allowed statutory relief of a .3 mil higher levy rate. We implore you to consider us in this terrible squeeze play that we seem to have no...no opportunity to benefit from. And to recognize that very frequently it's your citizens, your constituents who are served by your local library who will suffer the most from this. Thank you."

Chairman Schraeder: "Thank you, Ms. Miller. The next speaker will be Patricia Fitzpatrick, Board of Education, District 88. Mrs. Fitzpatrick."

Fitzpatrick: "Thank you. Honorable Ladies and Gentlemen, I think you for the opportunity to address you. In general, we can support the concept of tax limitations and we do in our school districts. We do have one reservation though about this Bill. We have been a responsible school board and for the third year in a row we have reduced our levies and once you pass this legislation we are going to find ourselves in a more difficult position than those districts who did not regard their taxpayers and levied the maximum amount. We have, in my district and in the districts that seat us, lowered our rates voluntarily with consideration to our taxpayers. Once this limitation is placed to



us will find that we have legal taxing limits to which we will not have availability. We wish, in considering this Bill, you will consider the plight of those of us who have been responsible persons.

Thank you."

Chairman Schraeder: "Thank you, Mrs. Fitzpatrick. Next opponent is A. Eugene Rennels, City of West Chicago."

Eugene Rennels: "Mr. Chairman, Ladies and Gentlemen, I would like also to take this opportunity to thank you, to make a few brief remarks on behalf of the citizens of the City of West Chicago. I also speak as Chairman of the 'Du-Kane Valley Council' which is a consortium of 19 municipalities located in Kane, Cook, DuPage and Will Counties. And I carry with me today their unanimous vote in opposition to this Bill. I would like to... I would like to remind us that it was not but a short 10 years ago that the Citizens of the State of Illinois, by referendum, adopted a new Constitution. A Constitution that speaks to and recognizes the need for and the efficiency of local control. What you have before you for consideration is contrary to the decision of that referendum. It is an unworkable, an unwarranted matter of legislation. At best it will result in the creation of additional special taxing districts, to what is already a multilayered situation regarding taxing districts. I am not certain where Director Johnson polled, what local governments were polled, where he received his information. In the past 10 days I have polled dozens of units of local government. And not one has had a citizen, a Member of the electorate stand forth in support of this Bill. He speaks of an increase of 13%, speaking



for my community and going back over the period of 10 years we have not experienced an increase in our property tax levy. In fact, in the past 8 years we have decreased our rate by 21%. Ladies and Gentlemen, I contend that that is responsive local government. It is that type of local government that the people of the State of Illinois have a right to expect. It should not be usurped by a state mandated program. Thank you."

Chairman Schraeder: "Thank you, Mr. Rennels. Next speaker, Virginia Haytuer, Northwest Municipal Conference, Southwest Mayors and Managers. Mrs. Haytuer."

Haytuer: "Thank you very much. First I wish to speak on behalf of the South Suburban Mayors and Managers Association. Some 34 municipalities and 500,000 strong. Whereas, the South Suburban Mayors and Managers Association is composed of municipalities in South Cook and North Will Counties and these local governments are the most responsive level of governments to the needs and desires of their constituents and are required to provide their constituents with basic services such as police, fire, water and where they face financial increases each year in providing these services due to increased regulations and rising costs associated with the current economy. Very few municipalities in this area have a surplus of revenue but rather struggle to finance existing service levels. Municipalities in this area are dependent upon property taxes for the majority of their local tax revenue. The South Suburban Mayors and Managers Association declares that municipalities who must both finance and provide for these services are the best instruments to determine their property tax levels. Be it resolved that the South Suburban Mayors and Managers Association opposes any efforts or legislation



which attempts to put a ceiling on this basic revenue resource and that it directs its legislative Committee and the Executive Director to oppose any efforts to place a ceiling on this resource and to convey his position to both the Governor and the South Suburban delegation. I would like now to speak to the North Northwest Suburban Municipal Conference some 800,000 strong and 30 municipalities. But before I do I think I need to establish a psychological contract with those of you who are in the room and who are listening. I have been a local elected official for 15 years both at the school district level before 1969 and the increase that was concurrent with the State Sales Tax and State Income Tax increases and since that date, as a local or elected official, both as trustee and Mayor. I would like to point out to you that there are some problems with the Bill that you have in hand. And while phylosophically I would protest to you very vehemently that we have been responsible and that the Governor, using a broad brush, really did a disservice to many of us in local government and that he angered many of us. And out of that anger came many statements. However, I am a political realist and realize that those of you who are sitting and standing here are going to consider some type of Bill. And out of this Assembly will come some type of Bill. And so I would like to speak to you about the particulars of this Bill, which is inherently fought with more trouble than perhaps some of you recognize. I would like to point out to you that it's very interesting that as a precedent the Governor agreed that the sales tax would have an incremental decreasing affect and in that precedent a one year consideration was taken into affect. May I suggest to you, in his





State of the State Message he was specific enough to talk directly about a one time problem and that was the Corporate Personal Property Tax. Supposedly, some of us had not listened to him and to wise counsel and therefore, he was not only going to take us to tax for some of those districts who did not roll back. And I can say to you that this is no different than that time in Cook County when the assessor said, we are going to redo the assessment process. And we said, 'How, Sir?' And he said to us, 'Don't worry about it, it will be all right.' And the same fright came upon some local officials and they did the very same thing that they have done now. So this is nothing unusual. When in doubt, protect oneself. And that is what has happened. For those of us in local government, we would not have been adverse to having the Governor send us a communication to tell us that he thought that there was a problem with our levy and that...would we consider doing something about it. But to tell all of us, and more importantly, to affect the tax moral of our constituents in the way he did was irresponsible, extremely irresponsible, especially when most people feel that government is not responsive to their needs and we are trying desperately to do so. I would like to point out, the specifics in this Bill, if you must, Ladies and Gentlemen, consider the fact that the property tax is a tax that is very visible. It is also a tax that has tax relief in that the property tax then can be applied as a deduction on your federal income tax. If local units of government are forced into user taxes, those user taxes will not be able to be used as a deduction. And therefore, you are fooling yourselves if you are thinking that you



are giving tax rebates, tax maintenance or any kind of tax freeze. I would suggest to you that the building industry may be looking at 800 dollar building permits. And therefore, that industry may find itself, even in its dire straits, unable to afford to do business. I would suggest to you, very specifically, that you clearly exempt all costs of federally mandated programs and any costs of state mandated programs before the January 1, 1980 date. All insurance costs should be exempt. All principle and interest for all bonds and notes of all home rule and non home rule units of government. Please, do not treat us differently. There is no magic about 25,000 in population. There never was and there never will be. All credit for non utilized growth in the three year period should be accruable. For instance, those of us who have multi-year contracts, either for capital improvements or more especially, multi-year contracts with our employees, an ideal both with the AFL-CIO Firefighters and the Fraternal Order of Police, find themselves locked into contracts and they catch up a year later. And I would suggest to you that that catch-up is always whatever they didn't get the year before. And labor costs, at least at the local level that I am speaking to, in municipalities, are now some 80% of our budget. I should also like to tell you that we respect and thank you for this opportunity of speaking to you. This did not happen with the transportation package. And the transportation package we will live with and we will argue with and we will have problems with for a long time. I hope that will not be true with this piece of legislation. We can be helpful to each other or we can be hurtful to each other. And there are ways



to get around the present legislation as it is  
drafted. But mine is not to tell you that, your  
questions may follow. Thank you."



Chairman Schraeder: "Thank you, Mrs. Haytuer. Next witness is James M. Thomas, Mayor of the City of Ottawa, ~~Ottawa, Illinois.~~ Mr. Thomas. Would the last Speaker...do you have copies of that? One of the Representatives requests a copy of your talk. Representative Catania. Mr. Thomas. Not here? Okay, we'll go on to the next witness. Alfred J. Stramaglia, Mayor, President DuPage Mayors and Managers, City of Darien in DuPage."

Stramaglia: "Thank you, Mr. Speaker. I'd like to take this opportunity to thank the Legislators for allowing us the ability to speak to you at this time. My name is Alfred J. Stramaglia. I'm the Mayor of the City of Darien in DuPage County, Illinois. I am also the President of the DuPage Mayors and Managers Conference, which is a conference made up of thirty-two of the thirty-three municipalities in DuPage County, with a combined population of five hundred thousand plus residents. I've been an elected official on the local level for the last ten years. In those years I have agreed and disagreed with many Legislator's actions. On some occasions, I have written or spoken to Legislators. But never before have I felt the need to come to Springfield. In fact, this is my first time, believe it or not, in Springfield. I am here today in an attempt to prevent a clear outrage. You are being asked by our Governor, and by no one else, to pass an ill-drafted, ill-conceived and reactionary Bill which will overturn one hundred and ten years of constructive Illinois history. In 1870, this state adopted a Constitution which removed all powers from municipalities and school districts. It took this state nearly one hundred years for local governments to regain the tools which they would need to deal with the twentieth

century problems. In 1970, Illinois adopted the most progressive local provision of any state in the nation. That was the Local Government Article which is often cited as a great achievement of the convention. In addition to home rule, that Constitution granted certain powers to non-home rule units of government. Perhaps as an important... excuse me...perhaps as important was a general change which came about in the relationship between the Legislature and the local governments. The Legislature was no longer besieged each Session with special interest Bills on behalf of local governments. The local elected officials no longer take so active a role in the make-up of the Legislature for this reason. The Governor's proposal would destroy this new relationship which has built up in the last ten years to the disadvantage of both parties. If the power to tax is removed or further limited, the burden of funding new programs will fall upon this Body. It will no longer be my job, Gentlemen, as the Mayor of a local municipality, to balance local needs and abilities to pay. I will no longer be forced...I...I will now be forced to turn to you, who have limited our power to tax, to fund projects that we need. I will do this and so will twelve hundred and seventy-five other Mayors if they have to. All school, park, library and other local officials will look to this Legislature to bail them out of financial crises. At this moment these burdens and the political liabilities they entail are the problem of the local officials where they justifiably belong. If you support the Governor, these problems will become yours. If I cannot properly manage my community without the annual blessing of this Body...excuse me...then I will

become much more interested in what goes on in Springfield. During the last ten years, for the most part, local officials have conscientiously sought less political influence in local party politics involving the State Legislature. With the passage of this outrageous Bill all of that will probably change. As a note from urban centers becomes progressively more important, Mayors and other elected officials can, if they must, exert substantial influence in areas in their legislative districts, and races in their legislative district. And believe me, we can do it if we must. Why? Why are we having this confrontation? Is it because we are enmeshed in scandals of governmental mismanagement?

No. The crisis of the Chicago schools is made even more poignant by the fact that this giant system is the only governmental Body in the state that has any real serious problem. Have any local governments been greedy? By and large, no. Governmental services have been provided at fair cost. If you question this, simply look at the cost of private schooling as opposed to public education. Did communities abuse the personal property tax replacement? No. Many communities, and especially in DuPage County, abated their previously levied taxes even though the Supreme Court decision was not yet final and the Bill which was passed has flaws which must be corrected. Why then am I and my colleagues here today? It is because the Governor sees political advantage in cutting taxes. Political advantage is one thing, detroying over one hundred years of hard-fought local control over taxes is quite another matter. The Governor is known to be a scholar and a careful lawyer. Unfortunately, to those titles, he has added that of a temporary demagogue. When



this Body considered the abolition of the state sales tax on food and drugs, you heard a different Governor Thompson than you are hearing today. 'We must go slow on tax reductions,' he stated. 'One year of reductions is all that the prudent Legislature can consider. The people want tax relief that will allow services to continue'. And that's a quote. Those are the ideas of the Governor when he talked of state tax relief. Caution is his byword. But one day the Governor, or a member of his staff, has a bright idea. Don't cut state taxes, cut someone else's taxes. And so the Governor, as if by magic, produces a tax relief program which affects all governments, but the state government. Perhaps next year the Governor can make everyone happy by proposing a tax lid on the State of New Jersey. The proposal which the Governor makes is to limit taxes already one-half spent. His proposal puts the same state imposed lid upon thousands of governmental bodies with no consideration of their past histories, growth patterns or currently committed obligations. It is a meat-axe approach to a matter that requires sensitivity. Does the Governor only possess this sensitivity when it is our programs which are at stake? The Governor is a scholar. A man who spent years of his life criticizing, hastily drafted legislation. And yet, this Bill, this death blow to financial control by local officials, is yet undrafted in final form. It is a product of catch as catch can pastime...part-time drafting team. The Governor should be ashamed of himself. This august Body is being asked to change the basic law of governmental and school finance in twinkling based upon an imaginary Bill which may be magically conjured before...be for it at the last moment. This



Bill must not be passed, Ladies and Gentlemen. The only way that this Bill will be passed is if the Members of the General Assembly bow to the confrontation and press conference politics of the Governor. Other Governors with higher ambitions tried these tactics and failed. So long as this Governor tries to divide and conquer, he should fail as well. The Legislatures of the City of Chicago...Legislators of the City of Chicago should not sell their birth right of local control for one year reprieved. What Mayor Daley fought for over a period of thirty years could be lost on one winter's afternoon. Legislators from rural areas should not pervert needed school improvements by placing unrealistic limits on districts whose income is already largely controlled by the state. Legislators from home rule and other municipalities should not destroy a successful governmental structure which has...excuse me... freed the state from the need of increased local funding. A further reminder to all of you, is the subject of revenue sharing which has come up earlier. Last September at our I.N.L. convention, the state officials who participated, including the Governor encouraged the local officials to show a united front to the federal government because the federal government is pushing a move to exclude states from federal revenue sharing this year. That Gentlemen... Ladies and Gentlemen is a two way street. You can't ask us for a united front of all of the elected officials in the State of Illinois, whether they be local or state, on one hand and then turn around and try to change one hundred years of history and about twelve years of extremely cooperative and continuing cooperation. The Governor is capable of showing far more responsibility than he has exhibited so far.





This Body must assist him by not...now, by not bowing to his pressure. If it is truly felt that local tax relief must be studied, then for heavens sake, let that study begin and be completed within a short time. I and my colleagues would support the creation of such a Committee. The Members of the Committee should come from this Legislature, from local governmental officials, their organizations and from the banking community, and yes, from the general public, including those who strongly favor tax limitations. Such a Committee could report its findings and recommendations to the Legislature within a period of six to nine months of its creation. I might not agree with the recommendations that would come from that report. But I would not feel the outrage that I must express today. The thousands of people who have voted for me as the Mayor of Darien expect me to fairly and carefully analyze and act upon matters before the city government. Over the long run I am returned to office for doing what is right. I ask the same of you, Ladies and Gentlemen. Do not overturn a successful system of shared fiscal responsibility for the sake of one press release. I thank you all for allowing us to be here."



Chairman Schraeder: "Thank you, Mr. Mayor. Now, Ladies and Gentlemen, you know that there's no outbursts allowed in the House of Representatives, so keep your cool. The next witness is Robert E. Cook, Illinois Association of Realtors. Mr. Cook. If any of the witnesses have copies of their talk, if you bring them up to the Clerk and if there's no sufficient copies we'll make some up for the Members of the House."

Robert Cook: "Thank you, Mr. Chairman, Members of the House.

I have a rather short remark. I would like to tell you that just this last week our Board of Directors unanimously reiterated their strong support for the concept embodied in this legislation.

This is not new. I want to inform everyone here in the House that this did not come as a result of the Governor's statement. For many more years than this present Governor has been Governor we have been for this kind of legislation. So that we're just saying it's about time that it's being addressed and addressed strongly in this House.

We congratulate the Sponsors of this Bill and others who have brought it as far as they have. We would urge the support of the Members of this body from both sides of the aisle. We just urge you not to get hung up in the partisan politics because this is something that the taxpayer will not and does not understand. And he even cares less about. All he cares about is having some relief of his real property taxes. We urge you to look at that.

Don't look at the partisan politics. Don't pay attention to the tax eaters that aren't satisfied with this relatively liberal 10% increase. It will take care of inflation because of the formula that's in this, because it deals with a consumer price index.



So that a lot of the statements that you've heard are absolutely not true. As Realtors, 33,000 strong who have contacts daily with real property owners throughout this state, we would like to be able to carry back to them, before this primary and before the fall elections and tell them that they do have friends here in the Legislature on both sides of the aisle. Friends that are listening to their problems that will help them as the real property taxpayers and not just being beholdng to the property tax eaters. We urge your consideration here, regardless of partisan politics, regardless of who the Sponsors of these Bills are and show them that the Members of the General Assembly are concerned that real property taxes have gotten out of hand and show every intention of going much farther than they ever should go. There are ample monies. We think that the practice that has been shown by some of the cities, some of the taxing districts, speak for themselves. We urge you to seriously consider strongly voting for this and be able to go back to your citizens, your constituents, telling them that you were concerned about their interests and you held their concerns number one. Thank you."

Chairman Schraeder: "Thank you, Mr. Cook. The next witness is Wilma Bartunek, Administrator of the Village of Bensenville, DuPage Mayors and Managers Conference. Wilma Bartunek."

Wilma Bartunek: "Mr. Chairman, as a Representative from Bensenville's elected officials who, I might add, have been responsible for decreased real estate taxes in Bensenville, I wish to go on record as being opposed to House Bill 2563. Thank you."

Chairman Schraeder: "Thank you very kindly. The next witness,



Wesley G. Usher, Mayor of the Village of Itasca.  
Mr. Usher."

Wesley Usher: "Mr. Speaker and Members of this honorable House, I rise in opposition to the proposal being put to you on tax limitations. I do so not because I am opposed to low or high taxes, I am opposed to high taxes and my community, as my neighbor communities, have proven this over the years. We have been status quo. We have not raised our levy. We have been living off sales tax because we are responsive to our community. But I am also aware of my citizens, when I go to the, when they complain about the taxes and say, 'Fine, we will cut off two snow plows.' 'Oh, no, don't do that, Mr. Mayor.' I say, 'Fine, then we'll take 3 policemen off the payroll.' 'Oh, no, we don't want to get rid of the policemen, Mr. Mayor.' I say, 'Well what do you want to get rid of?' We're not throwing away money. We're trying our best to survive the way we are on our sales tax. Our raise, if there is any, is in response to the citizens who say, We want this service or we want that service. That is fine but you have to have money and money can only be gotten, if you cannot get it from your sales tax, by raising your taxes. We strive to continue to improve local services and I would have to go on record with the rest of my colleagues in opposition to this. And I would hope that the honored Members of this House will really dig very deep into their minds and weigh this thing. I have read it, I have asked attorneys to read it, I have asked various citizens to read it, they cannot understand it. So let's be honest. I'm going to be very honest with you, the way it is written and presented, I do not understand it and I would doubt, Gentlemen, and I



am not questioning your intelligence, there are a lot of you who really understand every word of it. And I have a great deal of respect for this House, you've done a fabulous job. I hope you will continue and thank you very much for this privilege."

Chairman Schraeder: "Thank you, Mayor. The next speaker is Janice Gerzevske, Village President, Village of Carol Stream. I hope I pronounced your name right."

Janice Gerzevske: "Thank you. I'm Janice Gerzevske, the Village President of the Village of Carol Stream.

I am here today as a Mayor in DuPage County to tell you that the Village of Carol Stream has been very frugal in the past. Carol Stream only levys a property tax for the police pension fund in our town and that's only been done for the past 3 years because the Village felt the necessity to put in some sidewalks for the safety of our school children. I object to the fact that at some point in time my sales tax and my utility tax revenues may not be large enough that my operating budget will be able to carry all of the expenses. And I will not be able to levy a property tax under the corporate property tax act that's allowed by this state. I find that the Governor asked myself, along with everyone else, to abate that portion of my taxes that were going to be reimbursed under the new corporate property tax. And that was done by our Village on December 11. I abated 7,229 dollars. Under the provisions, the growth provisions of this Bill, I now find in calculating that having done that, because of the amount that I have to levy, our Village is going to be 3,000 dollars



short in the amount that we are going to be able to extend under the police pension fund extension. These are just some of the things that are happening in terms of the Bill that is being proposed before you. One other thing that has happened to the Village of Carol Stream is that we are looking in terms of financing a new building, but we do not...are not intending to do it under a 'G.O' bond issue. And Chapman and Cutler have refused to issue an opinion for our financing until such time as action is taken on this Bill. This means that, if we're talking about something being delayed for 6 or 9 months the construction costs that the Village will be looking at in the interim are going to keep going up and up and up. These are just several of the ways that this type of a Bill is hurting my municipality in particular. And though it may be a somewhat unique situation I'm sure that there are a lot of other unique situations. I thank you for allowing me to come here and to express my opinion. I do not feel that this Bill is in the best interest of those of us who have been very fiscally responsible in the past. Thank you."

Chairman Schraeder: "Thank you, Madam President. The next speaker is Bill Perry, City Administrator Darien, Illinois. Mr. Perry."

Bill Perry: "Mr. Speaker, or Chairman, Ladies and Gentlemen of the House, it's a honor to be able to speak to you today on this Bill. Speaking from 20 years of experience with local government I believe that you are on the edge of entering a thicket again. We all have one common interest, each and every one of us, and that's the fact that we all live in a community. We all live in a community. We are all



governed by Mayors in that community. In 1963 and 64 we came to Springfield and started an effort for a mandate for the change in the Constitution of the State of Illinois. We are on the verge of going back to Dillon's Rule. And it...if you have doubt in your mind that within 2 years or 3 years that this does not work, you will find every city, village and town in the State of Illinois crawling on its hands and knees back to this Legislature.

I will remind you of one other thing, I served in Evergreen Park when Oaklawn, Hometown and Evergreen Park were devastated by the sever tornado. I

remember the tornado that hit Lamont in 1976 and the tremendous floods that occurred. And I'm sure you will all recall the tremendous blizzard of last year which cost one noted Mayor his job. Let me tell you that local governments were there. They didn't come to the State Legislature to bailed out when the streets opened up for public health, safety and welfare. Nobody had to worry about the fire and police being able to do their job, but we did. Four hours...four days and four nights straight until our community met the guidelines of the Federal Government. And in doing that a little community like Darien spent 100,000 dollars out of its own pocket, out of the general fund. Yes, we were to be reimbursed by the Federal Government through the State of Illinois on the emergency disaster plan. Let me tell you today, Gentlemen, we're still waiting for the final quarter, which is being held up by the Federal Government because the State of Illinois did not appropriate the money to carry out the audit that is required by federal law before the final payments can be released.



We have been put in a terrible cash flow situation by acts of nature such as this. And throughout the years the municipalities that have been hit and have been affected have been and have and will continue to respond. Thank you very kindly for your attention."

Chairman Schraeder: "Thank you, Mr. Perry. The next witness,

Fred Mellenbruch, the Mayor of Glendale Heights."

Fred Mellenbruch: "Thank you, Mr. Chairman. My name is Fred Mellenbruch, I am the Mayor of Glendale Heights. Glendale Heights appreciates this opportunity of being able to address our State Representatives. For many weeks now Glendale Heights has been concerned about this recent attitude of property tax limitation. To respond to the Governor I've even prepared a letter stating our city's stand. After seeing the proposals that are being considered in this Special Session I held that letter and instead have traveled to Springfield to personally give you my feelings. Glendale Heights is one of the fastest growing communities in this state. At the last census we were about third in the state. As a growing community we have had ups and downs. Our property tax extensions also go up and down. Last year we reduced our tax levy about 15%. The year before that we raised it 33% over the previous year. With rapid growth we are required to give high cost services of police protection, snow removal, etc. It's sometimes 18 months before the property tax assessment gets on the books. So we have had to make these adjustments annually with our levy. But only within the limits set by the Statutes. We need this ability to make these adjustments. The replacement revenues for corporate personal property





tax amount to 13 thousand dollars for Glendale Heights. If this legislation passes we could lose about 219 thousand dollars in possible revenues. This year we've reduced our utility sales tax...our utility taxes 40% for about 180 thousand dollars. We may not need any increases in our revenues this year and then again we may. The point is that we are fiscally responsible. As I am sure all local officials are. We could have initiated about 18 additional non-referendum taxes but we haven't. ~~This year we will become a home rule community. Many of the home rule powers that will~~ be undermined by this legislation. That concerns me greatly. ~~Through the years we have abated two~~ tax extensions. Now we are going to be penalized by zero revenues if the need arises for tax revenue in those areas of service. Last year we joined IRMA and we are now self insuring our community. This legislation means we will have to find 43 thousand dollars additional revenue for liability insurance. 13 thousand dollars in replacement taxes for corporate personal property taxes is creating ~~legislation that is totally unpalatable.~~ We Mayors know what is best for our community and we have to be responsive to the electorate. We are not the so-called tax barons certain individuals may imply. I have been an elected official of Glendale Heights for 6 years now so I must be satisfying the residents. I feel this legislation will create monsters at the local level in the form of ~~alternate taxation and hidden taxation that is not~~ fair to the local taxpayer. Please consider our problems at the local level with this legislation before you vote on the proposal. Thank you."



Chairman Schraeder: "Thank you, Mayor. The next witness Bernard A. Oglietti, Village of Willowbrook, Illinois. And since we're getting somewhat repetitious on our testimony, I would hope that we would keep the remarks brief and hit subjects and issues that have not been touched on before."

Bernard Oglietti: "Thank you, Mr. Speaker...Mr. Chairman and Members of the House of Representatives. I indeed consider it an honor to be here today. In 1978 and 1979 the Village of Willowbrook levied no ad valorem taxes against real estate and within its corporate limits. We anticipate no 1980 levy. The 1977 levy for general corporate purposes assessed against all the real estate in Willowbrook was 30,000 dollars. This resulted in the rate of 8 cents per 100 dollars of assessed valuation. This was accomplished while maintaining a professional level of services. The base from which future extensions will be computed is this nominal...is this nominal extension of 30,000 dollars. The benefits of many years of conscious planning and development would be severely...would be severely diminished. This empirical evidence verifies the fact that we are indeed fiscally responsible while remaining sensitive to the service needs of the community. Careful consideration must be given to this legislation to assure that those units of local government who have been most responsible to the taxpayers are not most severely limited or restricted. Thank you very much for your time."

Chairman Schraeder: "Thank you very kindly. The next witness, Arthur Gottschalk, Urban Counties Council. Mr. Gottschalk."

Arthur Gottschalk: "Thank you, Mr. Chairman, Ladies and



Gentlemen of the Committee of the Whole. I'm Arthur Gottschalk, Executive Director of the Urban Counties Council of Illinois, comprised of 28 downstate larger county...county boards, made up of hundreds of locally elected individual county board members, who I submit are not tax eaters, not robbers of the taxpayers, not stealers of the public wealth, but public officials who must face their constituencies on election day after voting for budgets and levys for public purposes, just as you must do as Members of the General Assembly. I learned last week of the existence of a compromise proposal. In rough form it was made available to legislative leaders, this was on Saturday, January 11. No copy was mailed to me as a representative of county boards. I obtained a purloined copy of the memorandum, rough draft memorandum, January 16th with many inner lineations and changes and crossed out items on it. I did not receive a copy of the proposed Bill or Amendment. I did obtain yesterday in the Governor's Office a copy of an updated revised rough memorandum but not a copy of the Bill, even though I requested a copy and sought a copy late yesterday afternoon up to 5:00. I did receive a copy today at 10:30 of a 21 page Amendment to the House Bill under consideration here today. Now I'm not an expert. I am a lawyer, but I'm not an expert in the mechanics of assessments and the intricacies of levys but I would like to have experts in these fields, States Attorneys, County Supervisors of Assessments, County Clerks, County Boards. I'd like to have them have the opportunity to review the proposals in their supported final form carefully before the Bill is heard by the Legislature so that we



could submit our comments, hopefully, informed comments and correct whatever deficiencies that could be in these Amendments. The truth is, I cannot testify today on the merits of the proposal until the merits have been digested and no one can digest a proposal of this sort without adequate time to do so, including the Members of the General Assembly. It's my understanding that you did not receive copies of this 21 page Amendment until this morning. Now I have served as a Member of this Legislature and subsequently as a lobbyist for various clients for something like 20 years. Some of you have served longer. I've learned many things in the process. I've learned to respect the legislative process when it's done well and to respect Legislators on both sides of the aisle who do a pretty good job. One thing I've learned that indelibly...and that is, legislative haste produces a consistently bad product with adverse repercussions which were rarely adequately foreseen, without reopening new cans of worms, perhaps old cans. I could list a number of legislative fiascos over these past 20 years that have caused...some of which are still around to haunt us and cause us lots of trouble. Today this is not a hearing. It may be a Committee...meeting of the Committee of the Whole of the House of Representatives with some Senators in attendance but it is not a hearing on the merits of House Bill 2563, as amended. The Urban Counties Council respectfully asks that a date for a proper hearing be set with adequate time for all affected parties to analyze the 21 pages and digest the Bill with time for all those individuals who would have to administer it to take a look at it. We feel confident that a better



product would result, one that you could be proud of and one that would not result in unforeseen shocks or interruption of essential local services that were not intended. The Directors of the Urban Counties Council, last year, 1979, went on record as not objecting to some system of tax rate limitations tied in some way to the national rate of inflation. With built...with built in exceptions for carefully prepared lists of uncontrollable or mandated costs. We recognize that this proposal today proports to do this, at least in part. Thus, I have not listed the Urban Counties Council as an opponent at this time. Instead, we are an opponent of haste, but we are a proponent of careful scrutiny. My suggestion to the Members of the Committee of the Whole today is let's give House Bill 2563 that careful scrutiny. Thank you."

Chairman Schraeder: "Thank you, Mr. Gottschalk. The next speaker is J. Leo Davis, Mayor of the City of Carlyle. Mr. Davis. Okay, apparently he's not here. Carroll Fry, City Manager, the City of Carbondale. Mr. Fry."

Carroll Fry: "Mr. Chairman, I am here on behalf of the Mayor and Council of the City of Carbondale and to express our regrets of the Mayor of Carbondale, Hans Fisher, is unable to be here in person. The Council has formally requested me to present certain views that they have regarding this legislation. And bearing in mind the admonition of the Chair. I will keep those remarks brief. First of all, the Council and Mayor are opposed to this legislation flatly and unequivocally. It is poorly constructed, ill contrived and we really don't know what it means because we haven't had an opportunity to see



the Amendment which some have said they've seen today. To us it looks like a railroad job. And we are somewhat suspicious, perhaps, in the deep South of Illinois but we sometimes have good reason.

We urge the House to study this Bill with due deliberation, which is historical in the General Assembly to call for hearings throughout the state and to analyze very carefully. There is a long history of this type of an approach. We faithfully attended the hearings held last in Southern, Illinois and we were able to have inputs into the hearings and we felt that we were heard because the Committee wanted to hear us. We strongly support our State Senator, Ken Buzbee, in his position of careful deliberation on the issues because we are a university city and we have special problems. The council is mystified because of the allegations of being robbers and tax eaters and horrendous tales of tax levy increases throughout the state. None of our neighbors nor us are guilty of this. And the Mayor said to me last, he said, 'Tell them we resent that conotation.' Two years ago in our city the tax levy was \$1.29. This year we submitted a tax levy of \$1.03.7 and by abatement we have reduced it 12.3 cents to an estimated 91393. We have abated 461,764 dollars in our tax levys which will be paid for by non-property taxes and this includes 104,361 dollars in levys...in taxes levied to replace the corporate personal property tax. We have no statutory corporate levy tax levy in our city. We do have pension problems of escalating pensions costs and this is a continuing concern to us. But I would submit to you Gentlemen that... and Ladies, that this is not the actions of an irresponsible local government. But we do need



flexibility, which has been touched upon many times here this afternoon because the multiplier is a devilish device which shows confusion and the projections of local governments into a spin, along with assessment procedures which seemingly vary from township to township. I would submit respectfully that these may be of greater concern than the concern for the abatement of taxes. Furthermore, our council resents the class action aspect of this Bill, the double standard. Is the difference in the size of cities a criteria for a double standard? The prodigal son rewarded and that's the story that...with which all of you are familiar, and is a mismanagement of activities within a large city a...an excuse to exempt them from the taxing possibility or the tax restrictions which are possible under this Bill? The prudent, the thrifty local governments are penalized. That does not effect us at this time but it might. Because we need the flexibility to go up and down, depending upon the economy. When the years are good and the nonproperty taxes or income is good we lower the rates and then we go back up. Our people understand that, they go along with it and to prove my point the council, which I am representing here today has been in office a substantial period of time. And finally, the council feels strongly about the setting of the municipality standard of living because they feel that they are the closest to the people. If they are not responsive they're going to be out in 2 years. And our Mayor and council are sensitive to this. We are more familiar with what our people want and what they will pay for than an impersonal formula that reduces



local government to the same monolithic structure that some live on...some live poor, some live high on the hog. It is what the people of the community want. It was recently noted on the task force for the future of Illinois and perhaps this is appropo to this particular legislation, we are losing the ability to plan our own destiny in this state. Thank you."

Chairman Schraeder: "Mr. Fry. The next speaker is Doctor Robert Lynn, Alton Community School District. Doctor Lynn."

Dr. Robert Lynn: "Mr. Speaker, my name is Bob Lynn, I'm Superintendent of Schools in Alton, Illinois, Community Unit District #11. I want to thank you for the opportunity to speak briefly on behalf of my board of education in opposition to the pending tax limitation Bill. Shortly after the corporate personal property tax replacement legislation was found Constitutional, we in District 11 abated a levy. This was done by subtracting the assessed value of corporate personal property from the total assessed valuation of our districts, then taking into account some assumptions regarding adjustments as a result of quadrennial reassessments, we brought our levy to the proper county officials. Following this we lost a 3 proposition tax referendum by a large majority. Further, under the current resource equalizer formula we stand to lose approximately 350,000 dollars in state aid next year due to losses in student enrollment. For the current school year we have reduced our teaching and service staff by 100 people. This year we are also anticipating and will soon take action on the





reduction of an additional 50 people. Mr. Speaker, I submit these comments to show that the government of our district has been responsible. Our Board of Education is not guilty of robbery. We have made every effort to live within our revenues. This, in face of increasing costs for personnel, utilities material and supplies. We feel that proposed legislation is damaging and unwarranted, specifically, this proposal, as I understand it will just allow levies made for Workmen's Compensation and Unemployment Compensation. For our district this is a 250,000 dollar cost item. I don't know how we can absorb this without further eroding the quality of our districts educational program. Further, this Bill will affect our already diminished state aid situation by negative influences on assessed valuation and on qualifying tax rates, both intrinsic parts of the resource equalizer formula. Very candidly, our district cannot tolerate further erosion and evasement of our financial resources. In conclusion then, I would respectfully encourage that this Bill be defeated.

Thank you.

Chairman Schraeder: "Thank you, Doctor Lynn. The next speaker is Edgar Gaskill, Superintendent of Kansas Community Unit District No. 3. Mr. Gaskill. Mr. Gaskill. We'll go on to the next one. Oscar Weil...Weil, Illinois Federation of Teachers.

Oscar Weil: "Donald C. Parker: "Community Unit District 425. Mr. Parker here?"

Donald Parker: "Mr. Chairman, Ladies and Gentlemen of the General Assembly, thank you for the opportunity to speak today on behalf our school district and school administrators in the state. I'd like for the



Legislators to consider the effect of some of the elements of the Bills before you as we consider them detrimental to the future of education in the State of Illinois. The purpose of tax relief should be, in our opinion, to reduce the burden on individual taxpayers. We question whether or not this legislation, in fact, will do that. We kind of think that it gives the advantage to corporations and businesses. We also, as many others have stated, resent the Governor's accusations because they're unfounded. I want you to recognize that school districts file their tax levys in December and as a result of that they made their decisions on taxes after the Supreme Court made their decision and abated their taxes prior to filing tax levys. Our school districts will be harmed by this legislation. We passed a tax rate increase in 1975, we have not used all that tax rate increase but according to this legislation we'll never get to use it. Local people have not complained in our district, specifically about local taxes. Certainly local people complain about taxes and certainly they're burdened by local property taxes but I hear many more complaints about state and federal taxes than I do about local taxes. Maybe that's because we have the lowest tax rate in our county and one of the lowest in the state. We are responsible managers. You've heard that before, I think you'll hear it again. I read in the exemptions for the legislation that there's going to be exemption about tax anticipation notes. Why not tax anticipation warrants? And if in fact you're going to exempt more than notes maybe you're asking us to do deficit financing so that we'll have those outstanding that can be excluded.



Someone else mentioned the possibility earlier that some provisions might be gotten around, that seems to be a pretty...pretty bad situation. Do you expect us to reduce our efforts for fire safety and for meeting the demands of energy conservation by reducing our budget in areas where we need to improve our buildings and our equipment to meet those needs? Do you expect us to pay unemployment compensation premiums out of the increase? That's a new program, Ladies and Gentlemen, that we haven't had very long. We're beginning to see the result of RIF on that program and if in fact our budget has to be reduced as a result of this limitation unemployment compensation taxes are going to be much higher. The...the growth factor seems to be great to me right now, you know, 9. plus growth factor is great because we haven't had that in our district for some time. It happens that this year we happen to have a little bit more possibility of growth in that but we haven't had that kind of growth in a long time. What are we going to have next year and the year after? Maybe you'd like to guarantee us a minimum of 9. increase. We don't have it now and we're not going to have it so maybe you could guarantee it for us. We do believe that the issues of this Bill are far too complicated to rush through the General Assembly in a short period of time. We are not necessarily opposed to the concept of tax limitation at any level but we do wish that the Bill be developed properly, we do not believe that this is a real hearing because we don't know what the Bill actually says. We've heard talk about the Amendment today, we haven't seen them, we're not about to see them, I don't think, before you have to take some action.



Thank you very much."

Chairman Schraeder: "Thank you, Mr. Parker. I believe this Gentleman has already left. Mr. Kamm. The next speaker is S. W. Wegman, Unit District 115.

Mr. Wegman. Not here? All right. Karl Plank, District 20, Roselle, Illinois."

Karl Plank: "Thank you, Mr. Speaker, Mr. Chairman, Ladies and Gentlemen. The testimony I've prepared represents the Board of Education of Keeneyville Elementary School District #20 in Northwest DuPage County. And also in District #93 in Vernon Hills in Lake County. It was prepared to focus on House Bill 2563 and to present the posture that ~~District 20 supports the concept of tax limitation~~ legislation. This testimony will center on four major areas of difficulty and the implementation of House Bill 2563 in District 20 and District 93. Those areas are, new construction growth, state aid, educational mandates, open-ended funds or required funds. First of all, new construction growth. In providing this information I'm using as its source my school district, Keeneyville Elementary School District #20 in DuPage County in Bloomingdale Township. The school district is approximately four and a half square miles that are bisected diagonally by Route 20 or Lake Street. Being located in the Lake Street corridor the district is experiencing rapid growth. That's a new story today for most school districts. ~~The school district has increased from 5 day enrollment~~ to 6 day enrollment over the past 3 years at an average annual rate of 18.2 percent. The statistics regarding assessed value for new construction growth are not available from the Bloomingdale Township Assessors Office. However, we estimate the 5 million



dollars of our estimated 12 million dollars growth will be for new construction. 5 million dollars new growth represents 11.8 percent and 20 percent in District 93, of the total 1978 assessed valuation in District 20 and District 93 respectively. The districts, whether reviewed in terms of assessed valuation growth or student enrollment growth, are growing at a rate more rapid than 9.3 percent inflation factor included in House Bill 2563, as the average of the three previous years for personal income growth in Illinois. Real property growth is increasing at a rate more rapid than the factor for inflation included in H.B. 2563. When inflation and new construction growth are viewed together in Districts 20 and 93, it will require a 15 to 25 percent increase in tax extensions to remain in a status quo position for a growth district of that type. The exact financial effect of House Bill 2563 on District 20 and 93, in my district, is a loss of 190,500 dollars, or 14...14.5 percent of the revenue expected in the 1979 levy. In the Vernon Hills District it's a loss of 650,000 or 26% of the revenue expected from local taxes. If option B were allowed in the first year of House Bill 2563 District 20 would still lose 88,000 dollars or 7 percent. District 93 would lose 300,000 dollars or approximately 12 percent of its 1979 levy. The loss will be substantial to either district. However, the reason for delay of implementation of option B in this new legislation is simply not understood. If its district...if a district is growing in student enrollment or assessed value it is expected to handle its burden from its inception. A delay can implement the growth factor in House Bill 2563 is unacceptable to districts growing



rapidly. Future growth within the Lake Street corridor and Northwest DuPage County area will come as a result of a the new Strafford Square Shopping Center development in Bloomingdale, projected to open in the fall of 1981. The center has ultimate plans to include 2,500 residential units. This growth will affect Bloomingdale 13, Carroll District... Carroll Spring District 93, my district, Keeneyville District 20, Lake Park High School District 108 and Glenbard High School District 87. An additional issue, educational mandates. School districts in Illinois are required to provide many mandated programs that aren't fully paid for by the state and federal agencies that mandate them. In addition, if House Bill 2563 is adopted, as presently written, local taxing bodies will be unable to raise the level of local spending to provide the program when state and federal funds are no longer available. Programs such as federally required special education 94-142 legislation, Senate Bill 100, which requires local districts to require transportation for children in hazardous situations, Senate Bill 101, which would have provided... would have required local school districts to deliver parochial children beyond the boundry lines of the school district by as much as 10 miles, daily required physical education for each student, the shortfall of appropriations with regard to required expenditures in programs such as special education, personnel reimbursement, transportation reimbursement, etc. And the consideration of future tax limitations on that legislation, such as the extention of the homestead exemption or decreasing the percentage of true value used in the computation of assessed valuation.



For example, from the 33 1/3 to perhaps as much as 25%. The expenditures or loss of revenue required by the programs listed above are not controlled by the school district affected. In providing tax limitation legislation the Legislature must be aware that local school districts must have access to revenue if continued expenditures from programs such as those listed above are expected. Difficulties are also placed on local districts when state legislation provides for educational mandates. If the appropriated money to support that mandate is then provided on a per capita basis because appropriations are short of the known expenditure needed to conduct the program, additional sources of revenue are used by the district to provide the program mandates. House Bill 2563 affects the ability of a local school district to use local tax revenue to assist an educational program when state and federal funds are not appropriated for whatever reason. Another major issue is the affect on state aid. One of the major factors involved in computation of the state aid formula is the assessed valuation of a school district. Currently, a districts eligibility for state aid is related to its own wealth or assessed valuation and the number of students in average daily attendance. Basically, the wealthier the district becomes the less money it gets in the form of state aid payments. If House Bill 2563 were approved in its current form and no subsequent change presented for the state aid formula districts would be penalized for assessed valuation growth on the one hand for state aid and not able to use that same growth in terms of local tax levys. In other words, if a district is restricted in the amount of wealth that he can use



but the entire amount is used to calculate his state aid payment it could be hurt both ways. There's a direct relationship between the proposed limitation and the state aid formula where school state aid revenue is concerned. In School District 20 we have experienced increases in assessed valuation over the previous 3 year period at an average annual rate of 35.3 percent. We have estimated that the assessed valuation of District 20 will grow 28.3 percent for the 1979 levy. Of that total growth it is estimated that approximately 11.8 percent of the new growth will be growth for new construction.

As House Bill 2563 is currently written, District 20 would only be able to benefit from approximately 3.95 million dollars in growth where we were expecting 12 million dollars in new assessed value. The point I am trying to emphasize in this portion of the testimony is that we would be able to use 3.95 million dollars in assessed valuation with regards to the 1979 levy. However, we're expecting to gross 12 million dollars and would lose access to 8.05 million dollars of assessed valuation growth. In addition, we would be penalized on the state aid formula by that same 8.05 million dollars in new assessed valuation. Having the effect of reducing the state aid formula with regard to District 20. That same problem would reduce Hawthorne District 93 441,000 dollars in state aid in the year '81, '82. In regard to open-ended or required funds, school districts are also required to provide many of what I term to be open-ended or required funds. Examples of this type of required expenditure are the Illinois Municipal Retirement Fund, the Bonded Interest Fund, Workmen's Compensation expenditures, Unemployment Compensation expenditures,





Tort Liability expenditures. The increase in any of the above programs are not related to a districts ability to pay them. These funds are also requirements for expenditure over which local school boards have no spending control. Hopefully, any proposed tax limitation legislation would include exceptions for the types of programs and funds outlined above. In summary, I've tried to focus on the elements of House Bill 2563, which make its implementation difficult for a school district increasing rapidly in student enrollment. And those still do exist today. At the same time, I want to emphasize that my Board of Education and I support the concept of tax limitation. My district could stand to lose 190,500 dollars if House Bill 2563 were implemented as currently written. An additional major concern would be the effect of that same legislation on state aid received by District 20 since the continued assessed valuation growth would be limited for local tax purposes but would be used to decrease state aid revenue. Other concerns regarding the unlimited requirement for expenditure in state aid, or state mandates, required funds, open funds, or programs also negatively effect the student...school districts ability to meet its obligation for a financial point of view. My board and I urge you to proceed with caution and do everything in your power to understand the impact...impact of tax limitation legislation on local school districts and make a reasoned decision in this regard. Thank you very much.

Chairman Schraeder: "Thank you, Mr. Plank. The next speaker is Doug Whitley, Executive Vice-President of the Taxpayers Federation of Illinois. Mr. Whitley."

Doug Whitley: "Thank you. Mr. Chairman and Members of the Eighty-first General Assembly, it is indeed an honor



to appear before you today, just as a number of impressive individuals did a few days ago. I do not pretend to possess the style of Mr. VanGorkum or the stature of Mrs. Rhoter. I offer only the sincerity that I believe many of the state's property tax payers would desire to have presented today as you take up the matter of property tax limitation. During the past week the media outlets have given attention to the criticism local governments have had about tax limitation proposals, which you have been asked to consider. But who else is expected to complain? It is unfortunate that so many of the taxing districts have felt maligned. I, for one, believe that most the taxing districts have in fact been very reasonable about taxation. And those people who have spoke before me today would suggest that that is also true. I have no doubt that each of you have had conversations and correspondence from numerous local officials during the past few days and I would ask, have not many of those individuals confided privately that the present proposal could be accepted and generally is not that bad? Yes, the proposed property tax limitation would require some taxing districts to reorder their budget priorities. But what of the limitation Bill if no one is limited? Much of the conversation you've heard today is from someone who is saying, 'I would like a limitation, but which lets me levy exactly what I've levied and therefore, call it a limit.' The very concept of a limitation is that somebody must be limited. A considerable amount of space was given to tax limitation, given to the tax limitation Bill in the Sunday Springfield paper. I read the article with interest. The news



account was almost totally critical of the limitation proposal and began with a particularly revealing lead, to paraphrase, 'Twenty-five percent of the taxing districts in Sangamon County may face budget reductions.' The correlative lead, of course, is that seventy-five percent of the taxing districts in Sangamon County would be unaffected by this Bill that you're discussing. The proposal you have to consider is not a freeze, it is not a roll back from the previous years levy, it is not a permanent flat rate indifferent to inflation or other economic forces and it is certainly not a Proposition 13 meat ax approach, which threatens the very foundation of local government. In fact, this proposal is not even a limit on total local government revenues. It only addresses the property tax. If anything, the proposal you're being asked to consider is too lenient. The exclusions make the effective tax limit much higher than the generally stated amount. It is beyond me how a taxing district can be opposed to a limitation which allows growth in excess of 9 percent plus new construction, in addition to numerous exemptions, including the big ticket items of bonds and pensions. There are those who are concerned that the new limit will in fact become the new floor. It may be a valid argument, but we would suggest that the argument will be no more true of this limit than the rate limits now set in the Illinois Revised Statutes. Those districts which have always sought to gain all of the tax dollars that are available to them will probably continue to do so. But we believe a great majority of the taxing districts will continue to maintain prudent taxing and spending policies based on need. And, just as those taxing districts have found it



unnecessary to push toward the maximum tax rate we trust they will find it unnecessary to strain against the limit proposed in this legislation. There once was a time when taxpayer participation and local referendum was a common occurrence, but every year the Membership of this Body is asked to approve legislation authorizing property tax rate increases without benefit of referendum because someone does not trust the taxpayers back home. The proposal for the tax limits you have before you provides the referendum out. The Taxpayers Federation of Illinois encourages the use of local referendum to determine property tax burdens. ~~We believe the proposed legislation will~~ enhance the use of the referendum. The Legislature should not shy from the opportunity to reinstate the will of the electorate to determine local tax policy. I have been asked that if I support the property tax limitation do we also support state tax limitation? The answer is yes. But the question is divisible. It is our sincere hope that the Governor will propose adjustments to the state tax structure in his March budget message, which will have the effect of limiting state revenue growth. The state's record and your record over these past three years has been admirable. For the last three years the state spending has been kept below the rate of inflation and below the growth of Illinois personal income. The limitation proposal which you are ~~considering is no stricter than the standards~~ by which the state is operating. In fact, it is less so, as it limits only the growth of the property tax. In my capacity with the Taxpayer's Federation of Illinois I have had many opportunities to meet with and address various gatherings of local



government officials. For the last 18 months, that is after Proposition 13 passed in California I found on practically every occasion I was asked whether tax limitation would come to Illinois. My answer was that the Illinois Legislature has been responsive to the needs of the property tax payer and therefore, the key to whether or not tax limitation would take root in Illinois would depend on the restraint which local budgeters would show when preparing 1979 levys. In my opinion, all local government budgeters should have leaned over backwards this year, this one year, to assure that simmering taxpayer frustrations would not boil over when those 1980 tax bills are mailed out and received. The figures released by the Department of Revenue would suggest that that was not the case. I believe the citizens of this state and the nation are frustrated with the inability to control government spending, particularly as it influences the gross national product and inflation. In our opinion there is nothing subversive about requiring government spending to remain compatible with the taxpayers ability to pay. The Taxpayers Federation of Illinois, long ago, adopted a standard by which legislation is assessed. The Federation has consciously tried not to be against but rather apply a standard of reasonableness. Despite the numerous exclusions provided in the limitation proposal, we think the proposal is reasonable and is a reasonable means of property tax limitation. It deserves passage. I thank you very much for your attention."

Chairman Schraeder: "Thank you very much, Mr. Whitley. We're getting down there, Gentlemen and Ladies.

Next witness is Donna Gerson, Alderwoman, Evanston



City Council, City of Evanston. Mrs. Gerson."

Donna Gerson: "Thank you. I'm Donna Gerson, Alderwoman from the City of Evanston. I've come to read a Resolution that was passed by the City Council. With one Member not present the following Resolution was unanimously adopted and it contains the following statements. 'The City of Evanston and many other cities fully and completely abated the personal property tax in 1979. The City of Evanston has already adopted a budget policy limiting the increase in its annual levy. Local officials are more informed of and sensitive to the needs of their constituents with respect to local spending and are more directly responsible to that constituency.

Home rule power was granted in the 1970 Constitution of the State of Illinois to provide for self determination by municipalities. The City of Evanston strongly opposes erosion of home rule power. The limitation of S.B. 1292 and H.B. 2563 would be imposed without public hearings and the opportunity to raise important questions about the profound implications of these Bills. Therefore, the City Council of Evanston opposes any legislation which would radically alter the power of the cities of Illinois and urges that hearing opportunities be provided and that municipalities can participate in the determination of their own destiny.'

Mr. Speaker and Members of the General Assembly, we thank you for this hearing, while it's limited we're glad it is an opportunity to make a statement.

As an individual Member now, of the City Council, I'd like to say a few more things. Evanston has sound fiscal policies, like the State of Illinois, we have a triple A Bond rating and we're proud of it. Unlike the State of Illinois, we do not have a



surplus in our treasury. A 1979 tax levy was 3.5 percent higher than our 1978 levy. We...because we share your concern in limiting increases in property taxes we have established our own limit on the annual increase in our levy. It is tied to the Consumer Price Index. As a responsible community, we are distressed with legislation that goes against the concept of home rule and self-determination and does so without careful and extensive consultation with your partners, the local governments...Home rule gives local governments important powers. Taxation is part of that power.

Don't alter our balance of responsibility. Don't confuse tax limits with replacement of personal property tax. Please, do not pass this Bill. It has not been carefully considered. I might say that the history of local government in Illinois says that tax limits do have results. They result in the creation of more units of local government. That's not a solution. Thank you."

Chairman Schraeder: "Thank you, Mrs. Gerson. The next speaker is Hobson Bale, Superintendent of Schools of Liberty Unit No. 2. Mr. Bale."

Hobson Bale: "Ladies and Gentlemen, I realize that much I have to say will probably fall on deaf ears. The Liberty School District in the past number of years has come back from a deficit of some 180,000 dollars, to a point at which we are now in the black without asking the people to increase our tax rate. We find that right now, today, we face in the next two years another great deficit as far as our revenues are concerned. Last December we filed our tax levy. Since the 1st of January we find that there's a great possibility, because of the personal property real estate taxes that are going.



the Bill that was passed a few years ago, that our revenues are going to increase about 100%. This is going to change our levys from 1...in our education fund from some \$1.60 per 100 dollars, to \$1.13. It's going to decrease our state aid in the year 1981-82 by 406,000 when our budget is only 1,200,000 dollars. We can never, we can never increase our rates back up to that \$1.60 in time to save our district from bankruptcy. We can only increase our levy by some 39,000 dollars a year if you pass this revenue act that you're thinking about presently. You have been asked to help bail out the City of Chicago schools, I'm afraid that if Liberty, with 750 students, would come and ask you to do the same thing we might also not hear, as some other districts have heard in the past. I'm afraid that we would also not realize much help. We have tried to take care of our spending in our own way. But if you pass this 9.3 limitation, if you pass a limitation on what we can spend, if you pass a limitation on what we can levy, you may have to come to the Liberty School Districts aid in the next few years and bail us out. Actually, we believe that we have been very good spenders of the people's money. Our tax levy has gone up, on the average, of 3.9 percent each year. Yet, if you pass this and our land values double, as we have been told by our supervisor of assessments, some 40 percent of our total money available to us in the year 1981-82 will not be available. Some 406,000 dollars on 1,200,000 dollar levy, or budget rather. Please, give us an opportunity to run our own schools. Please give our people the opportunity to tell us what they want levied, not what someone in the Governor's Mansion wants levied.





Our people have done very well. We've held open forums, we've had community participation in our school districts. We keep our people informed, we keep our parents informed. I think that very possibly in the next few days we could have 100 or more people call our Legislators and say, 'Do no pass this.' People who are real estate owners, who actually this might help. I would be very happy to talk with you individually. I'm sure I'd be very much better able to do that than I am this. Thank you very much."

Chairman Schraeder: "Thank you, Mr. Bale. The next Speaker is Dr. William Henkel, Legislative Consultant

~~for the Illinois Library Association. Dr. Henkel~~

Dr. Henkel. If not we'll go onto the last one, Donald Miedema, Superintendent of Schools, Springfield, Illinois. Mr. Miedema."

Donald Miedema: "Mr. Speaker and Ladies and Gentlemen, I'm Donald Miedema, Superintendent of Schools in Springfield, Illinois. I appreciate the opportunity to testify before you today. We in Springfield are in favor of reasonable tax limitation and we believe in economy and efficiency in operation of our school districts. Let me elaborate on this last point. Our present tax rate ceilings in both the educational fund and the operational fund have been in effect for 5 years. We have no present plan to seek increases in those ceilings. We have, over the years, cut staff in relation to declining enrollment and last month the Board of Education voted the closing of 5 school buildings at the end of this year and at the end of next year in our school districts and we do believe in reasonable tax limitations. But the proposed Bills that have been introduced have two very serious



defects as far as we are concerned, as well as some minor defects that others have spoken to and which I will not elaborate on today. The first is the timing. These Bills would have the effect of reducing our revenue in Springfield by about 1 million dollars this year, this year, Ladies and Gentlemen. There is no way in the world that that kind of loss in revenue can be absorbed in the current budget year without serious detriment to programs and services. Secondly, the Bill does not account for the double jeopardy effect, if you will, that relates to the general state aid formula. Although there has been some reference to a legislative remedy in the future this is a serious flaw and a serious limitation. Thus, these Bills, in summary, would reduce our revenue by 1 million dollars this year and force drastic cuts in programs and services and lay-off of employees and even more cuts and lay-offs in subsequent years as the state aid formula effects, double jeopardy effects would come into being. Thus, because of these defects, in spite of our support for the theory tax limitation, I must speak in opposition to these Bills and I thank you for the opportunity to testify today. Thank you very much."

Chairman Schraeder: "Thank you, Mr. Miedema. I have three, I wanted to mention that were opponents, Chester Knight, District 150 Superintendent, Southern District. David Kuetemeyer, Stonington District 7 and Steve Sargent said that he'd forebare any testimony because of the fact that we've had such lengthy ones, he's from the Illinois Municipal League. At this point in time I presume we're ready for questions. Representative Mulcahey."



Mulcahey: "Mr. Speaker, I wonder if there's any proponents to this Bill?"

Chairman Schraeder: "That's all, who spoke, that's everyone."

Mulcahey: "No proponents."

Chairman Schraeder: "Well I'm very pleased that the testimony was so great that no one has any questions and I have to say that your forbearance was excellent, your attendance was excellent and all the things that go with that type of thing. Representative Kane from Springfield."

Kane: "Could I ask some questions of Mr. Whitley from the Taxpayers Federation?"

Chairman Schraeder: "Mr. Whitley."

Kane: "Mr. Whitley, why don't you trust local government officials?"

Whitley: "Pardon me, Sir?"

Kane: "Why don't you trust local government officials?"

Whitley: "I don't think you can lump all government officials as being untrustworthy. The majority, and certainly the majority of those who spoke here today were very responsible in their approach to levying this past year."

Kane: "If you were giving a choice of trusting Legislators or trusting local officials, which one would you choose?"

Whitley: "Definitely the Legislature because I have to work with you all the time."

Kane: "I think you're really running into problems...well I won't get into a debate on that. A couple of other questions. In terms of school aid, you know how the school aid formula works and that is assessed valuation goes up, state aid automatically goes down. And yet you're saying that we're going to put a limit on what the schools can get from that increased assessment and so schools are really put in the position of getting



their support reduced substantially without any requirement that the state make that up. And I'm wondering whether you would say that if a school loses state aid because of increased assessed valuation, whether the state should be mandated to pick that loss up."

Whitley: "I agree with your assessment that there is a problem. And you asked a moment ago who I trusted, in this particular case I definitely trust the Legislature because you're going to have to amend the school aid formula this coming year to make corrections because the corporate personal property replacement tax...just as we talked about limiting state spending and state dollars is divisible from limiting local property tax dollars, I believe this limit is also divisible from the way you correct it and correct the school aid formula and I trust that you will in fact correct it and we will support those kinds of adjustments in the school aid formula."

Kane: "Have you been talking with the Governor's Office on this Bill?"

Whitley: "I have."

Kane: "Is the Governor prepared to commit state dollars to holding school districts harmless?"

Whitley: "I can't answer that. I do not know."

Kane: "Was that question ever raised?"

Whitley: "No."

Kane: "Why not?"

Whitley: "Because I did not raise it and they did not raise it of me. I have."

Kane: "Did you see that as a...as a substantial problem with this Bill?"

Whitley: "I see that as a problem that the Legislature is going to have to address and that is changing the school aid formula to protect special districts..."



school districts. You made steps that way last year when you began to phase out the minimum qualifying raise."

Kane: "Would you...would the Taxpayer's Federation support holding school districts harmless out of state revenues for this current year?"

Whitley: "I can't answer that without knowing what the figures are. I'm sympathetic to that, yes."

Kane: "What about timing? School districts and other local governments are already in the middle of a budget year predicated on budgets that they have already adopted and those budgets will not

~~be met if this Bill is passed. Is that not correct?~~

Whitley: "In my remarks I spoke to that point and I gave Sangamon County, your district, as the example. Yes, 25% of the taxing districts in this...in this county would be affected and would have a limit imposed upon them. But 75% of the districts fall within the limits as proposed with this...with this particular proposal. So therefore, yes. Some taxing districts would have to make adjustments in their budgets."

Kane: "That would mean, according to testimony of Dr. Miedema and others that Springfield District 186 would be affected the most. I think that District 186 would lose some 1 million dollars out a budget that's already been cut substantially. How would you suggest that those dollars be made up? Or would you suggest that District 186 would close a month early?"

Whitley: "Dr. Miedema and I were standing at one side discussing the subject, we did not get into the details that I could answer that question."

Kane: "One other problem. It appears that most of the other



local governments in Sangamon County, the 25% that you're talking about, the ones that have exceeded the...their limit are basically districts that are going to make capital expenditures. And this seems to be a problem, particularly with small units of local government, the township that wants to buy a road grater or a fire district that wants to buy a fire truck. They're lumpy expenditures. How do you work this into this kind of a formula without forcing the local government to tax, at the maximum allowable each time, which I don't think that you want to do. But isn't this the incentive if this Bill passes?"

Whitley: "I don't believe and I certainly hope that it's not the incentive the taxing districts would go to maximum every time. I said that, using the rate limits that are now set in the Illinois Revised Statutes, the Majority of the Districts do not use maximum tax rate limits now. I don't think and would certainly hope that they would not be pressed or feel as though they have to use the maximum available under the limit proposal which we're discussing here, each year."

Kane: "It's true there is a limit now and most units of local government do not go to the limit. But if this...but there's no penalty for them. If this Bill passes aren't they essentially penalized and their ability to limit...to face or to handle a future crisis, isn't that severely limited?"

Whitley: "I do not think so. Again, referring to my testimony, I pointed out that there has been a history of the use of referendums as a means of determining what local property tax burdens shall be. And in recent years that referendum appeal has



been eroded. We have found taxing districts coming to the Legislature and asking you to increase their property tax rates so they do not have to go to referendum. Records...as an example, the records showed a couple of years ago when the library districts were in, that the...the records showed that of the districts that went to referendum, well over 60% of the districts were in fact passing the referendum, yet we were here to have rate increases because they didn't want to go to referendum. The point being that the people, I believe the people will in fact respond to a reasonable request by a local government through the referendum mechanism.

And when the need is present and visible and recognized and can be sold, the people are going to respond to that. It's much easier to tax at maximum rate limits when you don't have to go back to the people and justify the kind of expenditures you're making because you were able to get rate increases from the Legislature."

Kane: "Do you think that townships should have to go to referendum every time they want to buy a road grater?"

Whitley: "I'm not sure every time they want to buy a road grater but a major, capital expense, I don't think that that's unreasonable."

Kane: "This is tied to personal income. What about road districts, highway funds and those kinds of special expenditures where the rate of inflation is considerably higher than personal income. How do you deal with that or how would you suggest that we deal with that? Gasoline prices have doubled in the last year. It's a major expenditure for highway districts, for the County Highway Department.



The cost of asphalt has gone up 40%. How can those units of government continue giving the kind of... of service that the people desire? We haven't had a snow storm this year so we don't have large snow removal costs. But that's going to break county highway departments, township highway departments and so forth, is it not?"

Whitley: "Personal income, I believe, is a reasonable measure to use based on the fact that I believe the people, the taxpayers who are going to be responsible for paying the taxes feel very frustrated with the inability to control government expenditures. In particular those inability to control inflation.

~~I don't think you would find very many International~~  
Harvester Employees, or Caterpillar Tractor Employees who have suffered through job losses this year, or very many farmers who have watched their corn prices drop 30 cents to a maximum every day, who would be sympathetic to taxing districts who have double digit percentage increases offered in 1980. People are simply asking that government take into account their ability to pay."

Kane: "Why don't they just vote for officials then that will hold expenditures down? - That seems to be the...the political, democratic procedure is if an official spends taxpayer's money more than they should, if those officials waste money, they have to stand for election. So people, if they know it, they can vote those officials out. Why should we in Springfield tell local people who they should elect, what those local officials should be able to spend and do. I think that if we trust the people at all we should trust them to replace those local officials that are over-taxing and over-spending."





Whitley: "I agree with your position."

Kane: "And that if the state is over spending then we should be held responsible. If the local government is over spending then the local government officials should be held accountable. There is not one dollar of property tax that is collected that is not voted for to be spent by a locally elected official. And they should be held responsible."

Chairman Schraeder: "Bring your questions to a close, please. The Chair recognizes the Gentleman from Cook, Mr...Representative Bluthardt."

Bluthardt: "Thank you, Mr. Chairman." The same witness, Mr. Whitley. Mr. Whitley, is that the right name, Whitley?"

Whitley: "Whitley, Sir."

Bluthardt: "Whitley. Do you agree with the provision of the proposed legislation that permits the City of Chicago, by ordinance, to opt out the first year of this law?"

Whitley: "Yes, Sir, I'm willing to accept that..."

Bluthardt: "And if so, why?"

Whitley: "Because it would appear from the financial report that we have seen, the newspaper articles, the City of Chicago is indeed in financial problem... faces financial problems. And it's also accepting the fact that often times in order to get legislation from this particular Body we have to provide special exclusions. That is a political reality that you're well aware of."

Bluthardt: "Can you think of other units of local government especially large urban units of government, cities and villages, of any other city or village or municipality that may be in as bad financial straits as the City of Chicago?"

Whitley: "No, Sir, I'm not aware of any..."



Bluthardt: "Are you aware of the financial position of the City of East St. Louis, for instance? And if...if you would find, as I'm sure you would, that the City of East St. Louis is just as bad off financially as the City of Chicago, then shouldn't they also have the right to opt out? The question is, shouldn't any other municipality that is in as bad financial straits, shouldn't they also have the option to opt out for the first year?"

Whitley: "We have on the last proposal that I saw, I'm under the impression that there is an option, an opt out, by referendum which can be approved locally."

Bluthardt: "I'm talking about by ordinance or Resolution of the governing body. Not by referendum. Would you agree though that in all fairness that all municipalities that find themselves to be in a precarious financial condition should be given the right to opt out. If any one should then all should."

Whitley: "No, Sir, I do not agree with that particular position."

Bluthardt: "Well, okay, you don't agree with that and I'm sure you won't agree with the others. Did you agree with the recent legislation that passed here several weeks ago that was concerned with the City of Chicago Board of Education..."

Whitley: "No, Sir, I was not involved in that issue."

Bluthardt: "Are you familiar then with one provision of that legislation that provides that the Chicago Board of Education would be replaced within so many days after the enactment of that legislation?"

Whitley: "I'm familiar with that provision."

Bluthardt: "All right, and will you further agree generally that these municipalities that find themselves in bad financial condition find themselves that way because of poor fiscal management in the past."



Whitley: "I suppose it's very possible."

Bluthardt: "Okay. Now it's all right for the Legislature to provide that the Chicago Board of Education should be removed from office because of the condition that they were...that we found them to be in, the financial plight, that we ought to provide an opt out provision in this legislation that would permit any municipality or any governing body, tax levying body, to opt out. But with a further provision that by doing so they admit that they have been fiscally irresponsible and the condition that they find the municipality in is due to their own misdealings or mismanagement. Would you agree then that those who are permitted to opt out could then also find that their terms shall expire the next regular election?"

Whitley: "Basically, you're asking me to agree to an opt out position with limitations. Frankly, Sir, I don't really agree with the opt out for Chicago. That's a political reality that I'm accepting."

Bluthardt: "Okay, but the point I want to get is that if the fiscal position of a municipality has occurred generally because of the mismanagement of...of the municipal governing body then we ought to allow them to opt out only on the provision that when they do their term shall expire the next regular election and let them run for reelection. And that would in some way be similiar to what was done to the Chicago Board of Education. Thank you."

Chairman Schraeder: "The Chair recognizes the Gentleman from Cook, Representative Mugalian." Let's have a little quiet, please."

Mugalian: "I'd like to ask some questions of the Deputy Director, Johnson."

Chairman Schraeder: "Deputy Director of Revenue, Mr. Johnson."

Johnson: "Yes, Representative."

Mugalian: "In your opening remarks I heard you say that the administration had been working on a tax limitation Bill and you considered a lot of concern and had come up with an answer... What Bill were you referring to?"

Johnson: "I don't believe I said the administration. I think both sides of the aisle have staff working on a compromise Bill which is represented by the proposed Amendment to House Bill 2563."

Mugalian: "Oh, then you are referring to an Amendment to 2563?"

Johnson: "Correct."

Mugalian: "Now, is that what was contemplated in the State of the State Message?"

Johnson: "I can't answer specifically what was contemplated in the state of the state but what state of the state said was Senate Bill 1292 or an acceptable version thereof on the same concept."

Mugalian: "Well, Mr. Johnson, what was your participation in that development?"

Johnson: "In the development of working on the compromise Bill I worked with staff from both sides of the House, as well as the Senate."

Mugalian: "Well what? Who authorized the Democratic staff to work for this Bill?"

Johnson: "I can't specifically answer that question. I believe the Leadership was involved in that."

Mugalian: "Well now you...your position that 2563, as amended, is the Bill. Is that correct?"

Johnson: "As it will be amended in the Senate."

Mugalian: "Well, how do you know how it will be amended in the Senate?"

Johnson: "I do not know. I know there is an agreed Bill, agreed Amendment that was worked out by the staff."



Mugalian: "Well there's 1 large Amendment here. Is that the one you're referring to?"

Johnson: "Yes, I am."

Mugalian: "Now is the final form of what you're talking about?"

Johnson: "Of the agreed Amendment?"

Mugalian: "Yes...whatever you're referring to."

Johnson: "It is...it is the final form, as agreed."

Mugalian: "Well when was this finally agreed to, this Amendment."

Johnson: "Basically, it was agreed last week there was the technical changes, redrafting some of the... language in the exemption Section but it was

~~generally agreed last week."~~

Mugalian: "Then are you saying that the administration favors this Bill except for slight technical changes, without any other substantive Amendment?"

Johnson: "I'm saying that they have agreed to that. There have been other Amendments suggested that may well be appropriate."

Mugalian: "Can you give me an example of one or two that you would endorse?"

Johnson: "Well I believe we have endorsed the Amendment, which changes the abatement procedures the County Clerks will use in abating bonded interest tax levys under the Corporate Personal Property Tax to change it from extension to collection."

Mugalian: "Well how many additional Amendments would you say you would find acceptable? That have come... that have been brought to your attention."

Johnson: "The other one that I'm aware of is dealing with non referendum bonds. It's my understanding that others are being prepared and drafted. I'm not aware of all of the...what is in those Amendments."

Johnson: "Well, let me refer you to your statement that in

the Department of Revenue's opinion there would be an increase in local taxes of 13%. Is that...is that the figure I heard you use?"

Johnson: "Yes. On the average."

Mugalian: "Can you tell me the basis for that estimate?"

How did you arrive at that?"

Johnson: "Yes, we have passed out an information bulletin that deals with the way in which we determine that average increase. We did take a random sample of units of local government throughout the state, 370...369. It is on page 2...2 and 3 of the hand-out that we have provided to the Members of the Legislature."

Mugalian: "Well I'm talking about how you know what the 1979 exemptions will be."

Johnson: "We have estimated that based on that...these provisions by contacting County Clerks throughout the State of Illinois, taking a random sample, which we believe...which statistically has a 95% confidence level between plus or minus 1%. We have taken... we have contacted the County Clerks for 369 districts and determined the levy increase over last years levy, which was extended against real estate taxpayers in the state. We have taken into account the growth and equalized assessed valuation on real estate and other adjustments that are necessary, for example, for balloon levys, which because of existing tax rate limitations would be limited under the tax rate limitations now in effect."

Mugalian: "Can you explain to me how estimates of equalized assessed valuation would enter into the picture?"

Johnson: "Well to the extent a unit of local government has increased, let me give an example. To the extent a unit of local government has increased their levy 20%. And to the extent that they are at their are at



their maximum rate currently. If EAV increases 20% then they would be able to capture their total levy growth because of the growth in the EAV. And so that was taken into consideration in the estimate process."

Mugalian: "There was a report in the newspaper in my district that the City of Rolling Meadows was used as an example of a municipality where the extensions would be increased by 22%. Are you familiar with that?"

Johnson: "I am aware of an article, I believe in the Sun Times concerning Rolling Meadows."

Mugalian: "And it turns out that that was totally erroneous. There was no...no increase at all."

Johnson: "I talked to the reporter of that reported that there would be no increase and he told me that he failed to take into consideration the EAV growth of that city."

Mugalian: "But the Mayor of the City of Rolling Meadows has testified and told me, and he's also been down to Springfield, I talked to him on the phone, that there's no increase in their extension."

Johnson: "Their extension has not been made yet. And what you have to compare is their levy that is on file with the County Clerk and compare that levy with the amount which was extended against real estate in the previous year. And that's what we did."

Mugalian: "He claims that the dollars they asked for are no greater than the dollars they asked for last year."

Johnson: "I would have to look at that specific case. I do not have that information."

Mugalian: "As to the proposed Bill, which we're really not quite sure of the final form, what happens to a municipality or a local taxing district that has

never had a tax levy."

Johnson: "It provides that a unit that has never levied a tax, but has the authority to do so, would be exempt from the limitations for the first year."

Mugalian: "Has the department considered segregating the different kinds of local governments and treating them somewhat differently under a Bill of this kind?"

Johnson: "We were not sure...no, we have not."

Mugalian: "Wouldn't you agree that might be a very good idea? A school districts problems are entirely different from those of municipalities and they in turn are different from park districts, which in turn are different from library districts."

Why could you not categorize each form of local government and have separate tax limitation rules that make sense instead of getting into the tremendous problems that you have under this Bill, including the effect on the state aid formula."

Johnson: "Concerning the state aid formula, there was a companion Bill introduced to Senate Bill 1292 last Session, which was Senate Bill 1291, which addressed the effects of the school aid formula to the point that SAV of a district increased more than the growth factor allowed under this limitation Bill then the limit, based on the growth factor, would be all that would go into the school aid formula. And we certainly support that as well at the present time."

Mugalian: "But that Bill may never pass. Why not put that into this Bill?"

Johnson: "Okay. One, we're going to ask the...we addressed... I believe the General Assembly addresses the school aid formula every year. They're certainly going to have to address it most likely for the impact of the





corporate personal property tax on that formula. I believe it is appropriate to do it at the same time so that you don't counteract the effects of both Bills on the school aid formula."

Mugalian: "Well isn't that equivalent to saying you'll pass this Bill and force the General Assembly to provide a school aid formula, which would cause all, step legislating into the gun. Do you approve of that kind of procedure?"

Johnson: "No, I do not. But what I'm suggesting is the property tax Bills that are going to go out in 1980 are being addressed by this Bill and it is done so immediately. The affects of the school aid formula will not, or the need for change of that, will not be affecting the school aid formula till fis...state fiscal year '82. And so there is 2 years in which the adjustments could be made before the tax, or the equalized assessed valuation for 1979 will impact the formula."

Mugalian: "Well, getting back to the original question, why do we not categorize units of local government so that we can treat each one, at least, within the category fairly and equitably, instead of mixing apples and oranges?"

Johnson: "Well I think the Bill is intended to address, not only the needs of local government, but the needs of taxpayers as well. And to the extent that all property taxes are limited I think it's addressing the taxpayers need specifically more so than the individual local governments."

Mugalian: "Well, Sir, don't you think the taxpayers are users of services and that their needs also involve police and fire protection and library and park districts as well as schools?"

Johnson: "I certainly do. I think that's a philosophical



question which... I think you have to question whether you believe the growth factor which is allowed under that Bill is appropriate growth factor and revenue sources for units of local government.

What the growth factor provided for 1980 would be, would be about a 9.3% increase. If that is what you're arguing with, I think that's a philosophical question which we did not take into consideration."

Mugalian: "You mean philosophy, which is generally concerned with ends and means and values, is not a concern of this Legislature?"

Johnson: "Well I'm certain it is a concern of the Legislature, it wasn't substantive concern to those who were drafting the agreed upon Amendment."

Mugalian: "Well, Mr. Johnson, you heard a witness say that library districts, for example, receive all their help from real estate taxes. Where other units of local government may have 50 to 60% of the revenues from the sales tax and from possibly income tax. Don't you think that's a substantial difference and one that would warrant a classification of these districts?"

Johnson: "I believe that's a philosophical question as to whether there needs to be classification and one that the General Assembly should address if they feel that there needs to be a differentiation."

Mugalian: "Thank you."

Chairman Schraeder: "The Chair recognizes the Gentleman from Coles, Representative Stuffle. Who would you like?"

Stuffle: "Yes, Mr. Chairman, I'd like to address my questions to Doug Whitley, from the Taxpayer's Federation."

Chairman Schraeder: "Mr. Whitley of the Taxpayer's Federation, please."

Whitley: "Yes, Sir."

Stuffle: "Doug, since we now apparently are being told that the large Amendment that we have on 2563 is indeed an agreed Amendment, at least with some people. I want to direct some questions to you along the lines of what Representative Kane asked you. First of all, generally speaking, with all of the exemptions, I think there are about 19 specific ones in that Amendment. Do you really believe that this will serve as a tax limitation Bill? Or do you believe that there are other means that we ought to employ as an alternative to this and if so what?"

Whitley: "It is in fact a tax limitation Bill. It does also have sufficient number of exclusions to make it a limitation Bill that is very lenient. I'm not in personal agreement with all the exclusions that are being suggested, but I also am willing to accept what I believe to be reasonable compromise as embodied in that particular Amendment. Are there other kinds of tax relief or tax limitations that could be imposed is the question, right?"

Stuffle: "Do you see an alternative that's more feasible that would be more to your liking, more fair to all the people involved, taxpayers and taxing districts as well that would be easier to implement? Something that you could support in the alternative to this proposal that's before us now?"

Whitley: "Let me express this concern. My greatest concern in fear about tax limitation is that you would pass something that would be a limitation in name only. And that when the tax Bills come out next June and the homeowner is expected to pay a double digit increase for percentages of taxes for



certain taxing districts, that they would be sufficiently mad, that they would feel they've gotten a double whammy, one from the taxing district and one from the Legislature for not stopping it when they knew it was coming and had the opportunity to stop it."

Stuffle: "With regard to the Amendment, what percentage, if you could address yourself to this off the top of your head, and I suspect maybe you can, what percentage would you say the taxing districts...of the costs of local governments are involved with contractual obligation?"

Whitley: "I can't answer that question?"

Stuffle: "What percentage of the cost of local governments school districts or municipalities in general would you say are attributable to salaries?"

Whitley: "Well in the case of school districts, very high. Which of course would be under the limit."

Stuffle: "Well the Amendment provides that beyond the 19 exemptions it also provides the general exemption, that I read to say that where there is any contractual obligation that exists in any of these taxing districts on the effective date, that those contractual obligations would also fall outside the limit of this Bill. And if that's the case, given the fact that some districts have as much as 70 to 75% of their money tied up in salaries and fringes and that they have the authority to enter into professional contracts for a period of up to 3 years, the school districts, and I understand that there also are similar obligations entered into by many municipalities wouldn't that extra exemption really knock out virtually any limitation that might be imposed by this Bill for some substantial period. Let's say, particularly if a school district entered into a 3 year professional employee contract, as many have, some municipalities, I understand, have for 2,

beginning this year and going on for the next year or the year after, taxwise, wouldn't that really with the 19 exemptions make this a nullity in those situations for all intents and purposes?"

Whitley: "If what you're suggesting is in fact in the Bill I would think it would be an opportunity to get around it, yes."

Stuffle: "Well I direct you to Section..."

Whitley: "I might add that that's...what you just told me is news to me."

Stuffle: "Section 162.3 of the proposed Amendment, in addition to the 19 exemptions that are specific says, 'Nothing in this Amendatory Act shall be construed to impair or limit. Nor shall Section 162.1, which is the...the income related cap, be applied so as to conflict with any contractual agreement obligation of any taxing district, outstanding on the effective date of this Amendatory Act.' Which is I think reading...clear English in there, if you had a 3 year contractual agreement that that obligation that exists on the date of this Act would continue to be enforced and you could continue to tax outside the limit and even beyond the 19 exemptions." It would seem to me that in many cases, particularly you're talking about the bigger taxing districts where professional contractual obligations seem to occur more than the small ones, that this would indeed make this, for all intents and purposes, somewhat of a sham, if not completely a nullity, as a tax limitation Bill. At least for the period of time that those obligations would be enforced. Thank you."

Chairman Schraeder: "The Chair now recognizes the Gentleman from Effingham, Representative Brummer. Who would you like to address your questions to?"

Brummer: "Well I guess while Doug Whitley's there I'll address some to him. I'd like to also address some to Deputy Director Johnson later on. Doug, you and I discussed a week ago, before we bugged out, as the Governor said, and left without passing the Bill. The one concern of mine is that this will in fact cause an increase. I know that you address partially that question in your earlier testimony. Did you by any chance have an opportunity to read the Decatur Herald today?"

Whitley: "No. No, I did not."

Brummer: "Well on the front page of today's Decatur Herald in headlines large enough that I think you can probably see from there, it says, 'Park Board okayed 1 million dollar bond issue.' I'd like to read the first two paragraphs of that rather lengthy article and I think you will get the jest of it. 'In an effort to beat Governor James Thompson to the punch, the Decatur Park Board in a Special Session Monday night, authorized the issuance of nearly 1 million dollars in General Obligation Bonds for capital improvements in parks and at the Decatur Airport. Park Board President, Robert Cole, called the emergency meeting and recommended approval of the bonds, after learning over the weekend of a proposed Amendment to the Governor's tax lid proposition that would prohibit local units of government from issuing bonds without a referendum.' It seems to me that this action of the Park Board, of calling a Special Session last night to beat today's deadline, when the Park Board knew that we were going to be back in Session, illustrates very graphically that units of local government are going to do the best that they know how to beat this...this limitation. Now



my concern was that by not allowing the various taxing districts to aggregate their unused percentage increases that they allowed, would otherwise be allowed to use, the effect of the legislation would cause districts regularly to increase their tax levys up to the maximum and that the maximum proposed in the Bill would in effect become a minimum. It seems to me that the action of the Decatur Park District, which by...which I'm not criticizing, it is not in my district, only supports that contention.

Would you agree with that?"

Whitley: "It would seem to be the case."

Brummer: "You...you then."

Whitley: "I agree with...I agree."

Brummer: "Would you support then an Amendment which would allow the districts to aggregate their unused percentage increase that they were allowed to use but did not use and carry those over to subsequent years to...so that we do not have the pysical impotence for the districts to raise their rates the maximum every year for fear of using their base forever into the future."

Whitley: "Representative Brummer, I read the memorandum which you issued and I'm agreeing with you that yes, it would appear the Decatur Park Board did what they could to get around what appeared to be a pending, eminent, limitation. I am not yet willing to accept an Amendment which would allow an aggregate continuation of percentage increases. I am willing, however, I am sympathetic to the Board of calling a Special Session on the other two points that you put in your memorandum about reductions or zero."

Brummer: "Well I think you, in an indirect sense, and I guess myself, in a direct or indirect sense, both work for the taxpayer. I think we both have a common



goal of...of limiting irresponsible governments from increasing beyond their needs on a regular basis.

And I suppose what we're disagreeing about is what the effect or impact of this legislation will be.

I only point out the Decatur situation because here, prior to the passage of that, is a unit of government which has already accomplished exactly what I was concerned about when I used the memorandum and indicated that I felt the districts would do in reaction to the legislation. If you had an opportunity, I assume, to... Well, let's...let's hold that question. Is Director or Deputy Director Johnson..."

~~Chairman Schrieder: "Director Johnson."~~

Johnson: "Yes, Representative."

Brummer: "Tom. You spent many hard hours two weeks ago in...in a work conference over several days in the Speaker's Office trying to hammer out the details of this Bill. I...I think you were there yet at 6:00 on Saturday evening, or close to that time, and finally about 7:00 the...the House, at least, adjourned and went home."

Johnson: "Yes."

Brummer: "On Monday I had a draft of a Bill which was mailed to me, which was suppose to be the final version of the agreed Bill. Now I have on my desk I guess a new version, which is a new agreed version. I have gone through some of that and tried to go through all of it because it is a very complex, complicated topic. I wonder if you would point out what changes have been made since last...a week ago Saturday night at 6:00 between that proposal and the current proposal that's laying on our desk?"

Johnson: "Yes, I certainly could. On page 6."

Brummer: "I'm sorry."





Johnson: "On page 6."

Brummer: "Okay."

Johnson: "Representative, specifically, if you go to this, I can go page by page if you wish, but if you go to this background paper and those points on the last two pages, pages 14 and 15, that are asteriks, three at the bottom of page 14 and those on page 15 are the ones that were affected somewhat by the redraft."

Brummer: "Well the...the Bill of a week ago Saturday night, which wasn't in existence yet, but there was some concept of agreement by some people, I thought contained permissive abatement authority of tax levys. How was that changed?"

Johnson: "Added to that language was also a validation clause, validating those units of local government who have filed abatements just to insure...many units of local government have said that they had filed even though they weren't municipalities and it was just validation language saying that there action was proper."

Brummer: "Okay, included in the Bill that arrived in my office... district office on Monday was authority for counties which compute tax bills by hand to be relieved from compliance with...certainly with certain recently passed legislation. That was in the Bill that arrived Monday. How does that language in the Bill that arrived Monday differ from the language in the Bill currently?"

Johnson: "In the drafting of the language last week, erroneously what we did was for counties that did not have computerized property tax billing systems, we took out all the required information on the property tax Bill that was in existence for all counties even before the passage of House Bill 2567. It was not the intent to do that. It was the intent

to only take off the effects of House Bill 2567 on counties that do not have computerized operations. It was a drafting error."

Brummer: "Well, there were a number of things that were included in 2567, do I have the correct number?"

Johnson: "Yes."

Brummer: "One of those, as I recall, was a requirement that... that the tax Bills specifically have itemized by districts the allocation of the total taxpayer Bill."

Johnson: "That is correct."

Brummer: "No was that part removed also?"

Johnson: "For those counties that do not have computers?"

Brummer: "No."

Johnson: "The itemization is not taken out. It doesn't have to appear on the tax Bill, as it didn't before. But in comparison from last years itemization to this years was taken out."

Brummer: "So that those counties that do not have computer tax billing would still have to show a breakdown of district by district?"

Johnson: "Yes, they needed...they had to do that prior to the effect of House Bill 2567. It does not have to be done in a dollar amount but it has to show the breakdown of rates. It also does not have to appear on the tax Bill itself but must accompany the Bill. But that requirement was on all counties prior to the passage of House Bill 2567."

Brummer: "One item that I do not see asterik is any...was

to make sure that the accept...those items accepted from the growth factor were also accepted from the base."

Johnson: "I'm sorry, that wasn't asterik and that wasn't additional language..."

Brummer: "That was an additional change also."

Johnson: "Well it was not a major change in intent. All it was was to clarify the language and there was some question brought up as to the effect of the language in the first draft."

Brummer: "Okay. So I note 13 items, 13 asteriks noted on those...on those pages and there's at least one other one that there's no notation made of the change but nevertheless, has been changed. I guess my concern and my...you were involved in the negotiation session, I gathered on behalf of the Governor and I thought you did an excellent job with regard to a very diligent effort to hammer out the details and finally resolve this issue. We left here at 7:00 Saturday night. I know that you were back in the Speaker's Office yet at 6:00 attempting to try to get together a draft with regard to this. I think everyone felt that they had worked rather diligently that week at times. We came in on Wednesday and heard the State of the State address. On Thursday and Friday we addressed the Chicago school problem and suddenly on Saturday we were back at the special call of the Governor to pass a tax limitation proposal. A number of people worked very hard with regard to trying to resolve that issue. I left here Saturday night about 7:00. I was very surprised, I guess, to turn on the t.v. and hear the 10:00 news and hear the Governor of the State of Illinois bad mouthing the Legislature for bugging out of Springfield, I think was his language, when the Bill was ready to go. Now you were there, I think, in a Representative capacity on behalf of Governor Thompson. Did you ever advise Governor Thompson as late as 6:00 that the Bill was not yet drafted in its final form?"

Johnson: "Approximately 6:00...if I remember the time frame, Representative, approximately 6:00 it was in the Reference Bureau in the final steps of being drafted. What the staff agreed to and specifically on page 15 on items k, l, m and o, the staff had agreed to include those at that time. For some reason when it came out of the Reference Bureau it did not include those. Shortly after 6:30 if we noticed that they were not included we would have included them at that time if it had not already been determined to come back later, I believe."

Brummer: "Okay. Well you will at least agree that...that no Member of the General Assembly of either the House or the Senate had seen a final drafted...a final version of the draft at 6:00 or 7:00 Saturday night, because it wasn't printed yet."

Johnson: "Yes. I would agree to that."

Brummer: "Did you so inform the Governor before he made his comments criticizing the Legislature for leaving here without passing a Bill which was ready to go, in his words?"

Johnson: "I believe what the Governor said was that he urged the Legislature to stay until that was made available for them and for them to take action thereon."

Brummer: "Okay. And after that finally came out of the Legislative Reference Bureau, and I don't know what time but I assume at 7 or 8 or 9:00 Saturday night, since that time, as a result of reexamining that product that came out of the Legislative Reference Bureau at that time there have been 13 specific changes made that...that the Governor, I assume, agrees ought to have been made."

Johnson: "Yes."

Brummer: "Okay. The specific...there are specific exemptions with regard to Chicago and Cook County. And I guess



it always concerns me that...that Chicago is large enough to have its own legislative people down here to watch with scrutiny the actions of the General Assembly and the Governor. Cook County is large enough to have its own full-time staff people down here, or staff people down here to watch on a regular basis and scrutinize the activities of the Legislature and the Governor. Did the Governor or anyone on behalf of the Governor make sure that the provisions of the proposed Bill did not adversely impact in an unfair manner some of the small district that may have a 5 or 10 or 20 or 30,000 dollar budget downstate so that they are treated in the same fair manner that Chicago and Cook County is?"

Johnson: "I can't answer that, Representative. Specifically I did not take that...did not survey every unit.. every...every one of the 6,700 units of local government to determine the impact specifically on them. What I believe is the drafting of the language of this legislation provides for reasonable growth in property tax revenue. We were concerned on the impact or moderate growth of revenues for units of local government. We were concerned with that impact on local government but we were mostly concerned with the impact of substantially rising taxes on the taxpayer, property taxpayer in this state. That was our general focus in drafting this legislation."

Brummer: "Well I...I guess I would have a suggestion for a message to be carried to the Governor and that's that all of us who are concerned about rising property taxes and who want to see a reasonable limit imposed on those rising property taxes are not well served by the Governor getting involved in partisan tongue lashings when the Bill that he



expects to be passed isn't even on the desk of the Legislature and in waiting a week there are some 13 or 14 changes made. Obviously the Bill was just not ready to go at that point. It wasn't printed, it wasn't delivered. I think all of us are concerned about limiting real estate taxes and we can best get that job done by a spirit of cooperation and working together toward that common goal without getting involved in what appears to me to be bad mouthing when it was not deserved at all, because you, on behalf of the Governor and a number of other people have not yet come to a final consensus in today's form with regard to the Bill."

Johnson: "I think we generally have come to consensus but in the final drafting what we had written up as either exemptions or specific language, when it came out of the Reference Bureau Saturday evening it did not have those in there. I think general consensus was complete at that time."

Brummer: "Well as a diligent and conscientious public servant of the people of the State of Illinois, I'm sure that you are as concerned as everyone else is that the language that is finally adopted be the language that was intended, be in the proper form, that we have an opportunity to scrutinize it and see that it is. This is complex legislation and I suppose that I've... hopefully, made adequate my point and that is I think we can best serve the taxpayers of the State of Illinois by working together in the spirit of cooperation, seeing that we have adequate time to scrutinize the legislation. Seeing that it accomplishes what we want it to do. Seeing that the acceptance that are in the Bill are properly written and not improperly written so that we do not need major court litigations to determine what the

impact and the intent of the Legislature was."

Johnson: "I would certainly agree with you."

Brummer: "Thank you."

Chairman Schraeder: "Let's contain the noise level please.

We only have 2 more questions here. The Chair recognizes the Gentleman from DeWitt, Representative Vinson."

Chairman Schraeder: "Representative."

Vinson: "Am I correct in reading the Bill, Tom, that there is nothing in this Bill that would constrain any unit of local government with regard to their property tax revenues anymore than the taxpayers in the whole...as a whole in this state are constrained?"

Tom Johnson: "That is the intent of the legislation. The basic intent of the legislation and how it's been drafted, yes, Representative."

Vinson: "Government in this state, with regard to the property tax, would just be required to live within the same limitation on income growth that voters and taxpayers and citizens have to live with then, is that correct?"

Tom Johnson: "That is correct."

Vinson: "Thank you. My next question is for Mr. Whitley, Mr. Chairman."

Chairman Schraeder: "Mr. Whitley."

Douglas Whitley: "Yes, Sir."

Vinson: "Thank you for breaking up that conference and coming back. I appreciate the tolerance. The previous questioner, the distinguished gentleman from Effingham, touched on a point that concerns me. He made reference to a certain park district that operates an airport, I believe. In your judgement, is it consistent with the idea of frugal ~~government to have park districts in this state~~ operating airports?"

Douglas Whitley: "If I may I'd like to expand that question a bit and say that perhaps the problem that we're really trying to address and I'm not...this Bill does not, but that's that of finding accountability for local government finance. Taxpayers, as a rule, are



individuals who are busy running their own lives, are not tracking down and keeping tabs of every taxing district that they pay taxes to. So accountability is nonexistent. So the answer to you question..."

Vinson: "So, what we're really doing with this Bill through the referendum process, we're not taking anything away from local controls, we're just saying that local controls should rest with the taxpayers, not with the government...local governments. Isn't that correct?"

Douglas Whitley: "That's the position we've taken.-- Yes, Sir."

Vinson: "Thank you."

Chairman Schraeder: "The Chair recognizes the Gentleman from Cook, Representative Bowman. Who would you like to question? Mr. Whitney."

Bowman: "Yes, thank you. My first question is to Mr. Whitley. I know that, based on conversations that we've had in the past that you support legislation to eliminate some units of local government, that you...is it not your position that we have too many units of local government right now?"

Douglas Whitley: "That is true."

Bowman: "Now, it's my understanding, and I...one of the witnesses, Mrs...Miss Gerzevske alluded to this today, that one of the reasons that we have so many units of local government is precisely because we had limitations on such things as tax rates and bond issues and so forth in the past. Now I grant you that this isn't precisely the same thing but in your own words I believe you were talking about limitations on at least the rate of growth, is that not correct?"

Douglas Whitley: "That is correct, but you...only the property tax."



Bowman: "Well, but...is not the local...is not the property tax the mainstay of local government in this state?"

Douglas Whitley: "Of many but not of all."

Bowman: "Would you not say that it is the mainstay of... of most of the moderate size governments?"

Douglas Whitley: "No I would say the smaller governments."

Bowman: "Well let me ask you just point blank, do you feel that there would be similar pressures to those that have developed in the past to create new units of government in those instances, in those instances where use of government did depend heavily upon the property and tax and there were extreme pressures for increase in spending?"

Douglas Whitley: "We would support legislation which would encourage local governments facing financial problems to, number one, go to referendum. Number two, begin consolidating and creating more efficiency."

Bowman: "Yes, but aren't those contradictory, or isn't your position on consolidation contradictory to the... the pressures for increasing the number of units of local government as a means of circumventing the provisions of this proposal?"

Douglas Whitley: "I don't believe so."

Bowman: "Why not? If you take that position it seems to me you ought to be able to explain it."

Douglas Whitley: "Well I said, and I think it's true in this legislation or any other legislation, and as to the answer that I gave Representative Vinson, and that is that the ability to go to referendum resolves any problem. They have that option and should utilize that option. And that would resolve the problem you're concerned about, a limit."

Bowman: "But the state can create units of local government, can it not? In other words, the Legislature could

pass Bills to create new units of government?"

Douglas Whitley: "The state has created units of local government, yes."

Bowman: "And circumvented referendum in the process?"

Douglas Whitley: "That is correct."

Bowman: "So, this Legislature could circumvent the provisions in this Bill by simply creating more units of local government ergo more taxing districts, is that not correct?"

Douglas Whitley: "That is correct also."

Bowman: "Thank you. I...I would predict, Mr. Whitley, that that's precisely what this Legislature would do

in the future when the pressures build up. That's....

that's my position, you don't have to respond to

that. I'd like to ask Mr. Johnson to come please."

Chairman Schraeder: "Mr. Johnson. Director Johnson."

Bowman: "Director Johnson, I have so...not so much a question, but I'd like to ask a favor of you if I might."

Tom Johnson: "I would."

Bowman: "I'd like to ask you if you could possibly, since you talk to the Governor more than, I think any

Member of the General Assembly, including the

Minority Leader, perhaps talks to the Governor.

If you could possibly give him a message on my behalf."

Tom Johnson: "I'll certainly try."

Bowman: "I would appreciate that because I think I can speak, not only for myself but a large number of

the Representatives sitting in this chamber. I

think we're tired of the contempt that the Governor

is showing for the legislative process. I think

we're tired of the Special Sessions for non-crisis.

There is no reason to try and ram something through

that is ill considered and hastily drafted. We have had 3 Special Sessions and only one of them, in my opinion, was a genuine crisis that had to be responded to within a fixed deadline time frame. There is no reason why we cannot avail ourselves by the normal legislative processes and have regular hearings on these Bills, rather than having a Committee of the Whole in this Session. And have the Amendment process in the two chambers and do it the way the Constitution of this State intended. I think the Governor is showing contempt for this Assembly and I resent it and I think the ~~Chairman when the pressures build up, that's not of the Assembly, resents it. Tell him that,~~ please."

Chairman Schraeder: "The Chair recognizes Representative Mulcahey."

Mulcahey: "Yes, for Mr. Johnson, just a quick question, Mr. Johnson. Does the Governor of the State of Illinois propose and back a statutory limit as opposed to a Constitutional limit?"

Tom Johnson: "I cannot answer that question. I think he would be the one to answer what his position on that..."

Mulcahey: "You cannot answer? Would you have any idea of what the Governor's response might be?"

Tom Johnson: "I cannot give you a specific answer as to what I think the Governor would say on that question... or answer that question."

Mulcahey: "And one final, or one more final observation. On page 6 of the Bill, concerning personal income, it says: 'The total income received by a person in Illinois from all sources, including transfer payments, as defined and officially reported by the United States Department of Commerce.' I would

like to ask you, in your opinion, how accurate is the Federal Government's analysis in statistics in this area?"

Tom Johnson: "In looking at various measures of cost growth, we believe that this measure has got the greatest amount of stability. It, for example, the Consumer Price Index has recently, by Economists, has come under specific scrutiny and, because basically they don't agree with the market basket concept assessor. We believe the personal income of the State of Illinois is a reportable one. It's one that is derived from the U.S. Department of Commerce so we think it has a sufficient amount of stability to be an accurate measure of the increased stability of the taxpayers ability to pay increased taxes."

Mulcahey: "So then, actually, when you come right down to it the bottom line could also read whether these statistics be accurate or inaccurate, the bottom line could also possibly indicate that the Federal Government really is setting the limitations in this Bill."

Tom Johnson: "Pardon me, Representative, I didn't hear?"

Mulcahey: "The Federal Government indeed probably could be setting the limitations as far as this Bill is concerned."

Tom Johnson: "No."

Mulcahey: "Whether those statistics are accurate or inaccurate?"

Tom Johnson: "They're reporting information. It comes from Illinois sources and is fed to the U.S. Department of Commerce."

Mulcahey: "That's correct."

Tom Johnson: "Okay. And so it is Illinois sources that feed that information and then they return that

information on Illinois."

Chairman Schraeder: "That concludes the testimony and the questioning of the witnesses. I'd like to show my appreciation for your tolerance and your quietness and attentiveness. I think everyone had a chance to say what they wanted to say and the questions be answered. And with that I will adjourn the meeting of the Whole and turn it over to Speaker Redmond. Representative Schneider."

Schneider: "Mr. Chairman, I move that the Committee do arise...the Committee of the Whole do arise."

Chairman Schraeder: "You've heard the motion. All those in favor signify by saying 'aye', 'no', contrary... The 'ayes' have it, so ordered. The meeting's adjourned."

Speaker Redmond: "The House is back in Session.

Representative Dunn for an announcement."

Dunn: "Thank you, Mr. Speaker. The House Transportation Committee met earlier today and was recessed to the call of the Chair. The House Transportation Committee will not reconvene tonight and will not reconvene this week. There will be no House Transportation Committee Meeting this week."

Speaker Redmond: "Any other announcements? Representative Madigan."

Madigan: "Mr. Speaker, I move that we adjourn to 12:00 noon tomorrow."

Speaker Redmond: "Any...any discussion? The question is on the Gentleman's motion... Representative Brummer."

Brummer: "Yes, I was wondering if the Speaker can give us any estimate of how many days or weeks we're going to be here?"

Speaker Redmond: "Well, I can't because we have 177 Members, but to the best of my knowledge it's

tomorrow. We have, I think, it will be 2:00 or earlier tomorrow afternoon. That's the best I can guess now."

Brummer: "Thank you."

Speaker Redmond: "The question is on Representative Madigan's motion to adjourn until 12:00 noon tomorrow. Those in favor say 'aye'; 'aye', opposed 'no'. The 'ayes' have it, the motion carries the Regular Session stands adjourned till noon tomorrow."

Speaker Redmond: "The Special Session will come to order."

Representative Madigan adjourned the Regular...  
Special Session till...

Madigan: "12:05?"

Speaker Redmond: "12:05, yeah. Any discussion? The question's on the Gentleman's motion to adjourn the Special Session till 12:05 tomorrow. Those in favor say 'aye'; 'aye', opposed 'no'. The 'ayes' have it, the motion carries, the Regular... Special Session now stands adjourned till 12:05 tomorrow."



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