

# Pension Fairness *for Illinois Communities*

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## **Taxpayers Stand to Lose Under Public Safety Pension Bill**

*So-called 'pension reform' legislation could add \$105 million burden on Illinois taxpayers*

**SPRINGFIELD, IL. [May 6, 2010]** – Despite months of good-faith negotiations aimed at achieving meaningful public safety pension reform, the Illinois Senate may vote on House Bill 5873 later today, which instead imposes severe union-demanded penalties on Illinois taxpayers. The Pension Fairness for Illinois Communities Coalition is strongly opposed to HB 5873 and urges legislators to protect their local taxpayers and vote “No” on this bill.

The amendment to HB 5873 calls for unprecedented and financially crippling enforcement penalty language that could impose an estimated \$105 million additional tax burden upon local taxpayers and businesses. This would cancel out any benefits that could result from other parts of the bill, wreaking havoc on municipal budgets across the state and resulting in taxpayers paying more taxes while receiving fewer services in return. (The Senate Executive Committee will vote on the bill Thursday morning and if passed, could come up for a full Senate vote later in the day.)

If the penalty language was in effect today, it would place a significant burden upon taxpayers in many communities including:

<b>Community</b>	<b>Pension Burden Increase</b>
<b>Evanston</b>	<b>\$2 million</b>
<b>Joliet</b>	<b>\$6.6 million</b>
<b>Maywood</b>	<b>\$1.2 million</b>
<b>Oak Park</b>	<b>\$2.6 million</b>
<b>Rockford</b>	<b>\$4.4 million</b>
<b>Springfield</b>	<b>\$2.5 million</b>

Illinois taxpayers would see no immediate relief under this bill. While the penalties would apply immediately in 2015, the savings that could result from the modified public safety pension system included in HB 5873 would not be fully realized for decades.

"It's hard to consider this bill pension reform when Illinois taxpayers are going to have an additional \$105 million tax burden looming over them," said Mark Fowler, Executive Director of the Northwest Municipal Conference. "This legislation was originally intended to solve the growing public safety pension crisis, but instead shifts even more of the public safety pension burden onto taxpayers."

The enforcement provision applies only to suburban and downstate police and fire pensions, but not to City of Chicago funds.

Decades of unchecked growth in public safety pension costs continue to threaten the financial viability of communities across the state. **Today in Springfield, for instance, almost 100 percent of property taxes collected go to police and fire pensions. In Rockford, 41 cents out of every property tax dollar is expected to go toward public safety pensions in 2011.** Under HB 5873, municipalities could face even worse financial setbacks, as the bill would allow the state to deduct from Local Government Distributive Funds (LGDF) and from municipal sales tax revenues, if they are unable to fully meet their pension obligations.

The Pension Fairness for Illinois Communities Coalition consists of more than 80 members representing local governments statewide, business organizations and taxpayer interests. The Coalition was established as a statewide effort to develop a lasting solution to the pension crisis that protects Illinois taxpayers and communities, while ensuring sustainable retirement benefits for public safety employees.

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