

NEWS

...from the Illinois House of Representatives

FOR IMMEDIATE RELEASE

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FOR MORE INFORMATION:

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Speaker Madigan Offers Compromise Mass Transit Proposal

CHICAGO --- Speaker Michael J. Madigan on Monday afternoon sent a letter to all General Assembly members detailing his compromise proposal for mass transit legislation. A copy of the letter is attached.

For more information, please contact Speaker Madigan's press secretary, Steve Brown.

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GENERAL ASSEMBLY
STATE OF ILLINOIS

MICHAEL J. MADIGAN
SPEAKER
HOUSE OF REPRESENTATIVES

ROOM 300
STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

November 26, 2007

Dear General Assembly Member:

On Wednesday, November 28, in response to Governor Blagojevich's special session proclamation, the General Assembly will convene for the purpose of considering legislation that provides "funding solutions for mass transit."

Last week, the governor sent a letter to all representatives and senators indicating that he supports a plan advanced by Republican Leader Tom Cross, contained in House Bill 4161, which re-directs the state's share of the sales tax on gasoline in Cook and the collar counties to the RTA.

This is not our preferred solution. As is well known, we favor Senate Bill 572 because it is structured to not be merely a bailout or a band-aid, but to provide the RTA and its service boards with a reasonably stable source of operating funds that would help them avoid the need to return in a few years to the capitol with hat in hand.

However, as an act of compromise, we are willing to accept the Blagojevich-Cross plan and ask that our fellow lawmakers support it, too. We face a genuine crisis and the time to act is now. It is irresponsible to continue to leave workers and employers wondering about travel to jobs, students concerned about making it to class and senior citizens worried about preserving their independence and ability to get to leisure activities, visit relatives, go shopping and see the doctor. This compromise will put an end to the piecemeal cash infusions, months of anxiety for transit riders and workers, and the incessant, and unfortunate, legislative drama that has surrounded this issue for the past several months.

In brief, the legislation we will advance, with some technical adjustments, is modeled on House Bill 4161. It does not include a general sales tax increase, nor would it allow the city of Chicago to increase its real estate transfer tax. The reform components of Senate Bill 572, which include substantial pension and benefit concessions from transit unions and other requirements to protect the best interests of taxpayers and transit riders, will remain in the bill. Allocations to Metra, Pace and the CTA are generally comparable to those in Senate Bill 572. For a more detailed explanation of the measure's provisions, please see the accompanying fact sheet.

Just as we believe that others should not hold hostage transit riders in northeastern Illinois for the sake of accomplishing unrelated ends, we will not treat mass transit riders as pawns to be used as leverage to pass our desired solution. Instead, we choose to take Governor Blagojevich and Republican Leader Cross at their word and, for the sake of transit riders, will support the funding mechanism they favor. We also share the governor's expressed desire to see this bill passed before the holidays and fear that a failure to do so will jeopardize the broad and significant reforms it contains.

The heads of the service boards, RTA chairman, transit unions, and Mayor Daley have made it clear that we cannot afford any further delay. The damage to the livability and economic viability of the northeastern Illinois region would be severe, possibly catastrophic, if its mass transit system is allowed to deteriorate. The issue at hand is mass transit and now is the time to set aside alternative agendas and embrace this compromise.

Session begins at 1:00 p.m. on Wednesday. We expect to proceed to partisan caucuses shortly thereafter and to call this measure for a floor vote sometime later in the day.

With kindest personal regards, we remain

Sincerely yours,

/S/

MICHAEL J. MADIGAN
Speaker of the House

/S/

JULIE HAMOS
Mass Transit Committee Chairperson

Comparison of Transit Proposals

Revenue

SB 572 imposes an additional .25% sales tax across the RTA region and increases the real estate transfer tax in the City of Chicago by 0.3%. The state provides a 25% match on these new local revenues generated and an additional 5% match on all local revenues generated. The estimated revenue generated by these sources is \$530 million.

HB 4161 transfers to the RTA from the state General Revenue Fund an amount equal to the sales tax assessed on the sale of motor fuel in the RTA region. The estimated revenue for this bill is \$385 million.

The Alternative Plan is the same as SB 572 except it removes the 0.25% regional sales tax and the real estate transfer tax and adds the diversion of sales tax on motor fuel in the RTA region. The estimated revenue for this bill is \$385 million.

In both HB 4161 and the Alternative Plan, the current \$55 million Paratransit Payment to the RTA would be maintained.

Revenue Analysis *(\$ in thousands)*

	SB 572	HB 4161	Alternative Plan
0.25% Regional Sales Tax	\$280,000	—	—
Real Estate Transfer Tax	\$100,000	—	—
State Match @ 25% of New Revenues	\$95,000	—	—
State Match @ 5% of all Revenues	\$55,000	—	—
Current Paratransit Payment	—	\$55,000	\$55,000
Diversion of Sales Tax on Motor Fuel in the RTA Region	—	\$385,000	\$385,000
TOTAL	\$530,000	\$440,000	\$440,000

Expenditures

On the expenditure side, all bills provide carve-outs for paratransit, the Innovation Fund, and the Suburban Mobility Fund; however, SB 572 gives to the CTA all revenues generated from the Real Estate Transfer Tax including the State Match, while HB 4161 provides a \$100 million annual grant to the CTA for debt service on bonds issued for pensions and healthcare. The Alternative Plan will provide to the CTA an annual grant in the amount of the actual debt service owed on these same bonds. In all 3 proposals, the remainder is distributed as follows: 48% for the CTA, 39% for Metra, and 13% for Pace.

Expenditure Analysis *(\$ in thousands)*

	SB 572	HB 4161	Alternative Plan
Paratransit	\$100,000	\$100,000	\$100,000
Suburban Community Mobility	\$20,000	\$20,000	\$20,000
Innovation Fund	\$10,000	\$10,000	\$10,000
Real Estate Transfer Tax to CTA	\$125,000	—	—
CTA Grant for Debt Service	—	\$100,000	\$105,000 *
CTA Formula Grant @ 48%	\$132,000	\$100,800	\$98,400
Metra Formula Grant @ 39%	\$107,000	\$81,900	\$79,950
Pace Formula Grant @ 13%	\$36,000	\$27,300	\$26,650
TOTAL	\$530,000	\$440,000	\$440,000

*Approximate debt service on \$1.6 billion of bonds at 6% interest for 40 years level debt service.

Downstate Transit

Currently, downstate transit districts are reimbursed up to 55% of the operating costs. SB 572 would have increased reimbursement to 65% of operating costs. Both HB 4161 and the Alternative Plan will increase the reimbursement level to 70%.