



ISACo News Release

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CONTACT: Joe McCoy, Executive Director

217-679-3368

jmccoy@isacoil.org

ISACo Opposes Proposed Reduction to Local Government Distributive Fund

Springfield, IL — The Illinois State Association of Counties (ISACo) today expressed strong opposition to Governor JB Pritzker’s proposed reduction to the Local Government Distributive Fund (LGDF), warning that the change would reduce county resources used to fund programs and services that benefit local taxpayers.

When Illinois residents pay state income taxes, a portion of those dollars is returned to local governments through LGDF—a critical revenue-sharing mechanism that supports vital public services. Every Illinois resident utilizes county services. From maintaining safe roads, providing public health services, operating the court system, managing correctional facilities, maintaining official records, and sustaining public safety programs, LGDF dollars are used to support counties across the state. These distributions have also historically helped local governments keep property taxes in check.

Created in 1970, the LGDF originally directed 10 percent of individual state income tax revenues to local governments. Today, that share has declined to 6.47 percent, and the Governor has proposed reducing it further to 6.23 percent. This latest proposal would result in an estimated \$60 million loss to local governments statewide at a time when inflation continues to drive up the cost of delivering essential services.

“Local governments are on the front lines of serving our residents, and LGDF is a critical part of how we fund those responsibilities,” said Matt Prochaska, President of ISACo and Kendall County Circuit Clerk. “Reducing LGDF funding only shifts the burden to local taxpayers or forces difficult cuts to the services our communities depend on. Counties need stable and adequate revenue-sharing to continue delivering for the people we serve.”

Although LGDF is structured as a percentage-based model tied to state income tax collections, recent trends show that distributions to local governments have not kept pace with rising costs. Newer revenue sources feeding into the LGDF, such as adult-use cannabis taxes, have declined by more than 5 percent, while per capita distributions are projected to drop over 4 percent in Fiscal Year 2026. These trends compound existing fiscal pressures facing counties and other local governments.

“Counties across Illinois are already managing increased demand for services, new unfunded state mandates and rising operational costs,” said Joe McCoy, Executive Director of ISACo. “Further reducing LGDF funding moves us in the wrong direction. A strong state economy depends on strong local governments, and that requires a meaningful commitment to revenue sharing that reflects today’s realities.”

As the budget process moves forward, ISACo joins local government partners across Illinois in urging the General Assembly and Governor JB Pritzker to avoid the proposed reduction and instead increase LGDF funding. Ensuring adequate funding for local governments is essential to prioritizing services to local residents.

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About ISACo

The Illinois State Association of Counties (ISACo) is a statewide organization representing county governments across Illinois, advocating for policies that strengthen local governance and improve services for residents.