



PAMCANI

PLUMBING AND MECHANICAL CONTRACTORS AUTHORITY OF NORTHERN ILLINOIS
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BI-WEEKLY PUBLICATION
**News
DROPS** \$
News updates on our industry, our economy, our recovery

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Area prices down from 2008—Overall prices in the Chicago metropolitan area fell 1% from a year earlier amid a big drop in transportation costs and despite a rise in food and beverage prices, the Labor Department said in mid-March. Transportation costs dropped 12.8% as gasoline prices plunged 36%. The cost of food and beverage rose 4%. High prices for food away from home were the largest contributor to the increase; they rose 6.2% over the year. Prices for groceries increased a smaller 2.8%. Housing prices fell 0.5%, while medical costs rose 2.7%. Apparel costs rose 1.3% and education and communications prices were up 3.2%. (*Chicago Sun-Times*, March 19, 2009)

Illinois Tax Increase— In an effort to erase an \$11.5 billion budget deficit, Illinois Gov. Pat Quinn has proposed a new budget, which he hopes to pass May 31. Quinn acknowledges he'll propose higher taxes, but says he would also raise the personal exemption, shielding more income from taxation. That means many families' taxes actually would go down, he says. Quinn has not settled on the size of the income tax increase, but it is expected to be in the range of .5 to 1.5%. Of seven flat-rate states, Illinois' 3% rate is the lowest. Increasing it to 4.5% would put the state in about the middle, with Pennsylvania at 3.07% and Massachusetts at 5.3%. The budget outline also shows the possibility of lifting the state sales tax for back-to-school shopping. Families would enjoy a sales tax holiday for 10 days in August on the purchase of their kids' school clothes and supplies. Quinn is considering a \$1 increase in the cigarette tax, which is now 98 cents a pack. The increase would be phased in over two years. License plates, which will cost \$79 starting this summer, would jump to \$99 under the Quinn plan. A drivers license, which now costs \$10, would cost \$20. Those higher fees would generate about \$200 million a year, which would be used to finance a statewide construction program to repair roads, bridges and other infrastructure. Quinn's plan also calls for raising the corporate income tax rate to 5.9%, up from 4.8%. That would yield \$175 million for the state. The governor emphasized that the proposal will also include deep cuts. (*Associated Press*, March 17, 2009)

Existing Home Sales on the Rise— Existing-home sales, including single-family, townhomes, condominiums and co-ops, rose 5.1% to a seasonally adjusted annual rate of 4.72 million units in February from a pace of 4.49 million units in January, but are 4.6% below the 4.95 million-unit level in February 2008, according to the National Association of Realtors (NAR). NAR analysis shows that distressed homes typically are selling for 20% less than the normal market price; as a result, distressed sales by first-time buyers accounted for 40 to 45% of all home sales last month. The national median existing-home price for all housing types was \$165,400 in February, down 15.5% from a year ago when the median was \$195,800. Existing-home sales in the Midwest increased 1.0% in February to a pace of 1.04 million but are 14.0% lower than a year ago. The median price in the Midwest was \$131,000, which is 7.8% below February 2008. (*BuildingOnline.com*, March 26, 2009)

Illinois Jobless Rate—The unemployment rate in Illinois spiked to 8.6% in February, the highest level since December 1991, exceeding the nation's 8.1% rate and up from 5.9% a year earlier and a revised 7.8% in January, the Illinois Department of Employment Security said March 24. The over-the-month increase in the state's joblessness was the largest on records dating back to 1976. The state lost 37,200 jobs last month as the number of unemployed persons reached 570,100. Over the year, employers in the state slashed 206,300 jobs. In Illinois, manufacturing lost 16,400 jobs over the month, the biggest month-over-month decline since January 1992. Some 52,000 jobs have been lost in the industry since February 2008, nearly 8% of the total workforce. (*Chicago Sun-Times*, March 24, 2009)

Recession Winners—Here are some overlooked "ups" linked to the economy: *Thrifty groceries*. Consumers are turning more to lower-cost foods. Spam sales have soared in recent months, forcing Hormel to crank up production at its Austin, MN, plant. There's been a double-digit increase in the sale of rice and beans. Sales of real "belly fillers" such as pancake mixes, instant potatoes, and beer are also booming. *McDonald's*. Consumers are "trading down" from pricier restaurants.

Same-store sales at U.S. McDonald's restaurants were up 5.4% over January 2008. **Libraries**. People are now taking out more books from their libraries instead of buying them. Borrowing was up 26% in 2008 at Chicago public libraries. **Movies**. Movie attendance is up 21% already this year. (Excerpted from *Chicago Sun-Times*, March 1, 2009)

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