



LEGISLATIVE UPDATE

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STATE NEWS

Governor Signs Capital Bill

\$30 Billion Package will create nearly 450,000 Jobs over the next six years

On Monday, Governor Quinn acted on seven bills to fund a reported \$30 billion in capital projects in Illinois. Governor Quinn was joined by House and Senate members as well as over 100 Labor leaders and union members at John Marshall High School on Chicago's West Side.

The capital program, *Illinois Jobs Now!*, will fund road construction, school construction, mass transit and other infrastructure projects. The *Illinois Jobs Now!* program is the first capital construction program since the 1999 *Illinois First* capital construction program.

At the signing ceremony, Illinois AFL-CIO President Michael T. Carrigan stated, "The Governor and legislative leaders hit a home run with the passage and signing of this long-awaited program. I also want to recognize and thank all of the members of organized Labor who made this historic moment happen."

During the signing ceremony, Governor Quinn also acted on SB 1221. Senate Bill 1221 was an appropriation bill which contained additional capital projects and reappropriated funding for FY 2010 of the projects in the "Jump Start" capital program signed into law on April 3. The Governor placed a line item and reduction veto on two items unrelated to the *Illinois Jobs Now!* program. Provisions of the bill not affected by the Governor's item and reduction veto become law.

The following six bills make up the revenue, spending, funding and authorization of *Illinois Jobs Now!*:



HB 255 – Funding for *Illinois Jobs Now!*

Rep. Lang (D – Skokie), President Cullerton (D – Chicago)
SUPPORT

Raises \$1.120 billion in annual revenue by increasing vehicle registration fees by **\$20**, increasing drivers license fees by **\$20** and increasing the cost of registration and titles of motor vehicles by **\$30**; generates \$150 million annually by streamlining sales tax on candy, non-carbonated beverages and some health and beauty aids; increases the tax on wine, spirits and beer, and raises \$150 million from new (outside) management of the Illinois lottery and \$375 million through the regulation of video gaming.

6/29/09 – Passed the House 86-30-1.

Passed both chambers. PA 96-34 (7/13/09)

HB 312 – *Illinois Jobs Now!* Capital Bill Projects

Rep. Lang (D – Skokie), President Cullerton (D – Chicago)
Appropriates funding for Capital Projects in Transportation, School Construction and maintenance, higher education, environment, water, and the LUST Fund and Technology improvements.

6/29/09 – Passed House 117-0-0.

Passed both chambers. PA 96-35 (7/13/09)

HB 2400 – Bonding for Capital Projects.

Rep. Lang (D – Skokie), President Cullerton (D – Chicago)
Increases the State's bond authorization to fund Illinois Jobs Now! Projects.

6/29/09 – Passed the House 117-0-0.

Passed both chambers. PA 96-36 (7/13/09)

HB 2424 – Privatization of Lottery, *Illinois Jobs Now!* Implementation & Budget Implementation

Rep. Lang (D – Skokie), Sen. Trotter (D – Chicago)
Requires apprenticeship programs for construction trades to do reporting to IDOL. Allows private management Illinois lottery, with job security protection for AFSCME members. Provides \$10 million in grants to assist grocers to locate in food deserts. Also contains a provision for 50% preference of Illinois citizen workers on road projects.

6/29/09 – Passed the House 116-0-0.

Passed both chambers. PA 96-37 (7/13/09)

SB 349 – Sales Tax Delay (HB 255 Cleanup)

Sen. Sullivan (D-Rushville), Rep. Mautino (D-Spring Valley)
Provides that the increase in taxes on candy, beer and liquor beverages, and grooming and hygiene products from the 1% rate to the 6.25% rate begins September 1, 2009 (rather than August 1, 2009).

6/30/09 – Passed the Senate 42-16-0.

Passed the House 81-33-0. PA 96-38 (7/13/09)

SB 1959 – Capital Budget Implementation

Sen. Sullivan (D-Rushville), Speaker Madigan (D-Chicago)
Allows a Downstate Forest Preserve District to receive Capital Funds if it maintains a zoological park.

6/30/09 – Passed the Senate 57-0.

Passed the House 108-3. PA 96-40 (7/13/09)

Budget Impasse ends with Temporary Solution

Plan to raise revenue to fill budget gap not considered this week

Without a FY 2010 budget in place, the state missed the July 15th pay date for thousands of state employees. On Tuesday, the General Assembly convened a second Special Session to address the FY 2010 budget impasse. On May 31st, the General Assembly passed SB 1197 that would have funded human service grants at approximately 50 percent of FY 2009 levels which the Governor vetoed on July 1. On July 7, the Governor vetoed HB 2145 which appropriated \$3.8 billion for state operations and personal services at his budget address proposed levels.

On Wednesday, the General Assembly passed four budget bills that will serve as a spending blueprint for the next several months of FY 2010. The spending plan will rely on massive borrowing; special fund sweeps and will push unpaid bills off into the future. In short, the plan is little more than a stop gap measure that does nothing to address the state's long term structural debt.

Following the vote in the Senate, Senate President John Cullerton recognized the need for additional state revenue to fund state government by vowing to push for an income tax increase next January. On May 30, the Senate passed HB 174 which would increase the personal income tax from 3 percent of wages to 5 percent, increase the corporate income tax from 4.8 percent to 5.0 percent, expand the

sales tax to certain defined services and provide property tax relief. Unfortunately, the bill was held on the order of concurrence in the House and was never brought for a vote on the House floor.

Following the General Assembly's action on Wednesday and the Governor's signing of the bills, state employees were paid on July 16.

The FY 2010 spending plan consists of the following bills:

SB 1216 – State Operations and Human Service Grants

Senator Trotter (D-Chicago)
Speaker Madigan (D-Chicago)
Appropriates \$3.8 billion for State operations and personal services, appropriates approximately \$7.7 billion for human service grants and provides \$1.2 billion to the Governor to be used for either State operations or human service grants.

**7/15/09 – Passed both chambers.
PA 96-42**

SB 1292 – Bond sales to fund Pension Systems

Senator Trotter (D-Chicago)
Rep. McCarthy (D-Orland Park)
Allows the State to issue \$3.466 billion in General Obligation bonds to be used to fund the State's share of the pension payment to the five State pension systems.

**7/15/09 – Passed both chambers
PA 96-43**

SB 1433 – Funds Sweep

Senator Trotter (D-Chicago)
Rep. Mautino (D-Spring Valley)
Swept \$356 million from various special funds to the General Revenue Fund, including \$1.5 million from the Plumbers Licensing Fund.

**7/15/09 – Passed both chambers.
PA 96-44**

SB 1912 – Spending Implementation

Senator Trotter (D-Chicago)
Rep. Mautino (D-Spring Valley)
Implements the FY 2010 State spending plan.

**7/15/09 – Passed both chambers.
PA 96-45**

HB 2206 – Non General Revenue Funds to Agencies

Speaker Madigan (D-Chicago)
Senator Trotter (D-Chicago)
Appropriates non-General Revenue Funds and other State funds to State agencies at approximately the Governor's proposed introduced funding levels.

**5/30/09 – Passed both chambers.
PA 96-46**

Governor Quinn has yet to sign HB 2129 and HB 2132. House Bill 2129 makes appropriations to the State Board of Education for elementary and secondary education. House Bill 2132 makes appropriations for the State Board of Higher Education.

Unemployment Trust Fund begins to borrow to ensure UI Benefits are paid

On Tuesday July 14, 2009, the Illinois Department of Employment Security (IDES) reported to the Illinois AFL-CIO that all unemployment trust fund reserves were expended and the Trust Fund took out a federal loan of \$9 million to pay benefits. Most of Illinois' neighboring states began borrowing from the federal government to pay Unemployment Insurance benefits in the first and second quarters of 2009. Illinois is the 16th state to tap into this federal loan account during the current recession. Benefit payments are uninterrupted by this borrowing, and under the American Recovery and Restoration Act (ARRA), the loans are interest-free through the end of calendar year 2010.

The Department will continue to borrow funds as necessary to ensure Unemployment Insurance benefits are paid to unemployed workers. Later this month, quarterly employer UI Tax receipts will be submitted to

IDES which will allow the Department to temporarily stop borrowing. The Department has also applied for the \$200 million ARRA Unemployment Modernization incentive funds following the passage of SB 1350 which expanded eligibility for workers who leave work for compelling family reasons and guarantees a minimum weekly dependent benefit for laid off workers with eligible dependents. It is expected that the \$200 million will arrive in August and will be used exclusively to pay benefits. Federal loans to the Trust Fund will continue throughout this year with a projected debt level of approximately \$1 billion by December 31, 2009. Economic forecasts indicate that the unemployment rate will continue to be above 10 percent throughout most of calendar year 2010 and the Trust Fund will need to borrow as much as \$5 billion to ensure Unemployment benefits are paid.