

*Government Strategy Associates  
4023 Terramere Avenue  
Arlington Heights, Illinois 60004*

**MEMORANDUM**

To: Brian Lawlor  
Matt Kincaid

From: Terry Steczo  
Maureen Mulhall

Re: Legislative Report

Date: February 28, 2017

**Legislation of Interest**

- House Bill 235 prohibits the sale or distribution of single or loose cigarettes that are not contained within a sealed container, pack, or package to persons who are 18 years of age or older.
- House Bill 3208 raises the age for whom tobacco products, electronic cigarettes, and alternative nicotine products may be sold to and possessed by from at least 18 years of age to at least 21 years of age.
- House Bill 3221 provides that no person shall smoke within 15 feet of any entrance to an enclosed or partially enclosed youth sporting event. Also provides that no person shall smoke within 250 feet of the field of play, including areas for spectators and participants, at a youth sporting event held in an outdoor setting.
- House Bill 3388 - Requires a home medical equipment and services provider that provides or a pharmacist that dispenses pressurized oxygen or any oxygen delivery system to a patient to inform the municipal fire department or fire protection district that serves the patient of the patient's oxygen use in his or her home in case of a fire.
- House Bill 3809 requires that all tobacco and alternative nicotine products (rather than single packs of cigarettes and alternative nicotine products) must be sold from behind the counter or in an age restricted area or in a sealed display case. Provides that candy may not be displayed within 5 feet of a counter that has behind it any tobacco products.
- Senate Bill 1221 - Prohibits operation of a motor vehicle while a person is smoking in the vehicle and a person under the age of 18 is present in the vehicle. Provides that police

officers may not stop or detain a motor vehicle or its driver for violation or suspected violation of this Section. Makes a violation of this Section a petty offense with a fine not to exceed \$100.

### **Will Fiscal February Lead To March Madness?**

For a month where nothing concrete happened there was certainly a lot to digest relating to the prospects of Illinois finally having a budget after almost two years. The Governor proposed his budget in mid-February that was preceded by a plan from the Illinois Policy Institute that showed how the Illinois budget could be balanced with cuts alone, and in the meantime the Illinois Senate "grand bargain" kept chugging along with some changes and with more to come but with no hint that the effort would be successful.

The Senate's vision of a solution to the budget impasse, the "grand bargain" has taken the shape of a dozen bills that cover taxes, borrowing, procurement reform, workers compensation reform, pension reform, local government consolidation and more. Taxes, obviously, are the big bug-a-boo among those who want to get the crisis over with. Finding enough places to raise enough revenue to get out of the fiscal hole is tough. And finding the votes to pass it is even tougher. The same is true with workers compensation reform. Finding the right balance between labor and business interests is not for the faint of heart. Add pension reform to the mix and you wind up with an Excedrin headache with an incalculable number.

Tax provisions in the "grand bargain" changed over the past few weeks due to push back on some provisions. And they'll be changing again as they look for the right mix that can raise enough money and that will placate enough legislators and the Governor. The original Senate plan provided for an income tax increase to 4.75% and a tax on sugary drinks. The sugary drink proposal went flat and was replaced by a hike in the income tax to 4.99% and a "business opportunity" tax. Then, the "business opportunity" tax was removed and replaced with a widening of sales and services taxes with a reduction in the rate from 6.25% to 5.75%. Sales taxes on food and medicine would come back as part of this proposal after a 40 year hiatus. But, after an objection by the Governor in his budget address expect that to be jettisoned and replaced with something else. Governor Rauner indicated in his budget address that he was "encouraged" by the Senate activities and even gave them some parameters to work with, among which were no sales tax on food and medicine and no taxing of retirement incomes (an issue that never has been on the table). While he didn't specifically endorse the Senate tax provisions the only two things the Governor said he could not accept were the two previously mentioned, so if it quacks like a duck ...

One day after the budget address Senate President John Cullerton decided, based on the Governor's pronouncements the previous day, to try to move parts of the "grand bargain" through the Senate even though GOP senators objected. The result was less than impressive. The two bills that were the easiest of the dozen, local government consolidation (Senate Bill 3) and procurement reform (Senate Bill 8) were approved with no GOP support for the bipartisan bills. Then the decision was made to call Senate Bill 11, pension reform, which ended Cullerton's push after it was defeated handily. If the "grand bargain" is to come to fruition many more moving parts are going to have to be adjusted before it's ready for prime time. And there is also the real distinct possibility that prime time may never come. Senate Minority Leader Christine Radogno has intimated that if there is no Senate action by February 28 the whole process should be

scrapped. If that does happen then the misery index will shoot through the ceiling and may stay there for a long while.

### **With Friends Like This ...**

One of the precepts about the Illinois budget impasse that most people accept is that you can't cut nor tax your way out of the mess and back to fiscal health. The solution is going to have to be a combination of both. The Senate "grand bargain" plan calls for both new revenues plus \$2.7 billion in cuts. When the Governor publicly endorsed the Senate effort during his budget address one of the more conservative organizations, the Illinois Policy Institute, who has supported Rauner's efforts thus far became apoplectic and one of their writers, in an op-ed piece in the Chicago Tribune just prior to the budget message chastised the Governor and warned him not to become the "governor of capitulation" and urged him to be the one to take a "sledgehammer to the system". They also emphasized that "Rauner should release a plan do what he promised n the campaign trail". They may have forgotten that a part of Rauner's revenue policy proposals was a broadening of sales and services taxes similar to, with the exception of food and medicine, what's contained in the Senate plan. An idea as to what the Institute has in mind might be evidenced by the proposal the Institute released in early February which portrayed a roadmap to balancing the state budget by cutting current expenditures with no new revenues. Among other things the plan calls for

- A five year property tax freeze with future increases tied to statewide median household income rather than the rate of inflation;
- The state would keep the \$1.75 billion that currently goes to local governments, primarily municipalities;
- Municipalities would be allowed to declare bankruptcy to overcome various labor constraints such as prevailing wage and collective bargaining;
- State mandates relative to prevailing wage and collective bargaining would be modified;
- State Medicaid would be cut by 600,000 individuals, eligibility would be tightened and lower drug costs would be sought by utilizing a pharmacy benefits manager and the Obamacare Medicaid expansion would be repealed;
- New state employees would be placed in a 401k type retirement plan with options for current employees to opt in;
- State payroll would be reduced by 10%;
- Pension subsidies to local school districts (\$970 million) and higher education (\$450 million) would end;
- The "Edgar pension ramp" would be modified and any actuarial changes resulting in lower assumptions for each of the five state pension systems would be phased in over five years rather than immediately;

- Reduce state appropriations to higher education by \$500 million to curb higher administrative costs.

Some of the provisions of the plan are workable while others would be dead on arrival with the political makeup of the state and the realities of state governance and policies.

Earlier in the month there was also a report that Dan Proft, a Chicago radio host and conservative Super PAC Chairman chided Senate Minority Leader Christine Radogno's participation in the proposed "grand bargain" as "negotiating terms of surrender", also saying that she should be "removed from the battlefield in favor of those who are willing to fight".

### **BGA Studies Term Limits**

For years candidates and other, including Governor Rauner, have trumpeted the cause of term limits, suggesting that periodic change in legislative membership will make the process work better and enhances the chances for bipartisanship since members have finite years of service and are unable to parley electoral success into long careers. A study released a few weeks ago by the Better Government Association (BGA) is a Chicago based government watch-dog organization, challenges some of those suppositions.

According to the report, even though term limits are popular with the citizenry the last state to enact them was the state of Nebraska in 2000, over 16 years ago. In the interim Arkansas voters actually lengthened the time legislators can serve in 2014. Other states have considered doing the same.

The report cites the National Conference of State Legislatures (NCSL) studies that have concluded that all of the promises made by advocates, such as less spending and more diversity haven't come to fruition. NCSL points out that non-term limit states such as Texas, Minnesota and Texas have strong economies and are in sound fiscal shape while term limit states such as Louisiana and Oklahoma have large budget deficits.

The BGA report suggests that one of the products of term limits is a shift in power to lobbyists and to the executive branch. Additionally, study from the NCSL and the University of Maine found that legislators elected under term limits "are more partisan and ideological than in the past." That study was done a few years ago but seems to be still relevant today. Maine Governor, Paul LePage, a Republican, is quoted in the report from 2014 stating his opinion that the years of term limits have brought "young people with firm agendas" who are "hurting us in the long haul."

Proponents of term limits like to suggest it as an easy fix that would create a less obstructive legislative body. There is apparently, according to the report, more than meets the eye.

### **Bill Introduction Deadline Passes**

Some citizens think that the legislature sits and ponders waiting for a budget to be passed with nothing else to do. Think again. Budget notwithstanding, individual legislators have been extremely busy filing legislation that will be considered between now and the scheduled May 31 end session.

The deadline for filing bills that could be considered during the current session occurred on February 10. Between the January 11 session beginning and the February 10 deadline there were 2,167 Senate Bills and 4001 House Bills introduced, a total of over 6,100 (6,168 to be exact) filed in both chambers. If you thought that legislators were busy beavers creating all of those proposals just imagine how busy they'll be trying to hear all of those bills in committee by the middle to the end of March. The deadline for hearing bills in Senate committees is March 17 and the House deadline is March 31.

How is it possible to hear that many bills in such a short time? It isn't. About 40% of all the bills introduced are "shell" bills introduced by leadership on both sides of the aisle. They're called shell bills because they do nothing but make a slight, meaningless change to a particular statute chapter. These bills are introduced just in case they may be needed in the future. Most of them are not and never progress. Many introduced in both chambers are also appropriations bills that start off with a meager amount, mostly \$1 or \$2 and are filled in later, if and when there is a budget. If that time ever does come then only a few of these bills will be used for that purpose. Yet other bills introduced by various sponsors are meant to generate conversation about various issues so the chance of those progressing is minimal. And yet others will just fall by the wayside. All told, of the 6,168 bills introduced prior to the deadline approximately 10% will make it through the legislative process and to the Governor's desk.

Comparing other sessions, in 2013, the first year of the 98th General Assembly, a total of 6,191 (2,572 Senate, 3,619 House) were introduced. In 2015, the first year of the 99th General Assembly a total of 6,321 bills (2,130 Senate, 4,191 House) were introduced. Comparing these yearly numbers it's interesting to note how consistent the numbers are from one General Assembly to the next.

### **Session Schedule/Deadline Dates**

Here are relevant dates for the remainder of the 2016 and the 2017 legislative session:

- March 17 - Senate Committee Deadline
- March 31 - House Committee Deadline
- April 10 - April 23 - Spring Break
- April 28 - 3rd Reading Deadline - House and Senate
- May 12 - Senate Committee Deadline - House Bills
- May 19 - House Committee Deadline - Senate Bills
- May 26 - 3rd Reading Deadline - House and Senate
- May 31 - Adjournment