

TAX FACTS



Taxpayers' Federation of Illinois

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2010 LEGISLATIVE SYNOPSIS AND ELECTION REVIEW

By Scott Selinger

Scott Selinger has been Legislative Director for the Taxpayers' Federation of Illinois since February 2010. With over ten years experience in the Illinois Legislature, he has previously served as Director of Government Relations at the Illinois Bankers Association, Legislative Liaison for the Illinois Department of Financial and Professional Regulation (IDFPR) and as an Issues Development Staff Member for Illinois House Speaker Michael J. Madigan.

As 2010 has come and gone, this edition of Tax Facts takes a look back at this past year's legislative activity, including the January 2011 "lame duck" session, and also recaps some of the results from the November 2010 General Election. As always, TFI looks forward to providing you information on the pertinent Illinois fiscal issues and the proposed solutions

FY 11' BUDGET

The Fiscal Year 2011 Budget reportedly included cuts totaling \$1.4 billion, including \$500 million in actual reductions from FY 10' spending levels and another \$900 million in so-called "efficiencies". (See Agency Breakdown Link here):

<http://www.illinois.gov/publicincludes/statehome/gov/documents/Historical%20Approp%20Master%20sheet2.pdf>

The budget included the issuance of an Executive Order requiring state agencies to cut spending on various operational costs, implement energy efficiency initiatives, and reduce group insurance costs. All Executive Branch

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CONTACT US:

430 East Vine Street, Suite A
Springfield, IL 62703
V. 217.522.6818
F. 217.522.6823
www.taxpayfedil.org
tfi@iltaxwath.org

NOTES FROM THE INSIDE. . .

By J. Thomas Johnson

This issue is our annual report on the 2010 legislative session. Usually issued in December after the rap up of the Veto session, we held it up due to the calling of the extraordinary session that just ended hours before the swearing in of the 97th General Assembly. Obviously what happened the last ten days of the 96th General Assembly overshadows the activities of the previous twelve months, yet much was done during the entire year and Scott Selinger reports the activities of the last year of the 96th General Assembly.

Obviously the significant tax increase receives all the press, but one of the landmark occurrences was creating the framework for a five year financial plan for state government created by the spending limitations in the newly enacted legislation. Although presented as a spending limit we believe that the revenue produced from the new tax structure will actually limit the growth in spending to be below the “limit in spending”. However, inserting the spending limit into the Income Tax Act is certainly novel and has the enforcement impact of requiring a tax law change to subvert. Probably difficult to do politically.

Open issues that were not enacted in the 96th that was framed as part of the plan was a cigarette tax increase and the “debt consolidation bond funding”. We will provide further analysis of this 5 year financial plan in future issues of Tax Facts as some of the remaining issues get flushed out.

officials and General Assembly members were required to take 12 furlough days apiece, face the elimination of their annual automatic 3% cost-of-living pay increases and were subjected to further per diem and travel reimbursement rate reductions. While spending cuts were expected, TFI had hoped for more dramatic action to reduce the \$14 billion accumulated FY 11’ budget deficit. Some of the specific pieces of legislation that make up key components of the FY 11’ Budget are provided in greater detail below:

SB 2505 – Personal and Corporate Income Tax Increase

During the “lame duck” legislative session in early January 2011, an increase in the personal and corporate income tax rates were enacted with the bare-minimum number of votes needed for passage in both the House and Senate. Governor Quinn then signed SB 2505, now known as PA 96-1496, into law on January 13, 2011. A summary of the key components of **PA 96-1496** is provided below. The bill language is at: <http://www.ilga.gov/legislation/publicacts/96/096-1496.htm>

The Illinois Personal Income Tax rate is increased from 3% to 5% between Jan. 1, 2011 and Dec. 31, 2014. The rate will revert to 3.75% (originally proposed at 4%) from Jan. 1, 2015 to Dec. 31, 2024. The rate will then reduce to 3.25% (originally proposed at 3.5%) starting on Jan. 1, 2025

The total Corporate Income Tax rate (inclusive of the personal property replacement tax of 2.5%) is increased from the current 7.3% rate to 9.5% starting Jan. 1, 2011 through Dec. 31, 2014. It then drops to 7.75% between Jan. 1, 2015 and Dec. 31, 2024. It then reverts to 7.3% starting on Jan. 1, 2025.

Net Operating Loss absorption is suspended (except for S-corporations) for tax years ending after December 31, 2010 and prior to December 31, 2014.

The current carry over provisions (twelve years for losses incurred on or after December 31, 2003) will be extended for the number of years of the suspension.

The property tax rebate program that was included in the original bill was eliminated in the final bill and resulted the reduction in the reduction of the out year tax rates. The current 5% of property tax paid credit under the personal income tax was retained.

State Spending limitation and tax reduction – If spending from “state general funds” for any fiscal year for 2012 through 2015 exceeds established spending limitations set forth in the Income Tax Act the income tax rates will be returned to 3% for personal and 7.3% for corporations. The spending limits are:

2012 - \$36.818 billion
2013 - \$37.554 billion
2014 - \$38.305 billion
2015 - \$39.072 billion

Local Government Distributive Fund (LGDF) – Currently 10 % of the collections under the Illinois Income Tax Act is deposited in the LGDF for distribution to counties and municipalities based on their proportionate share of the state’s population. They will not share in collections from the additional taxes that are imposed under this act. .

The Illinois Estate and Generation-Skipping Transfer Tax Act was reinstated for deaths occurring after December 31, 2010. It had previously been allowed to lapse December 31, 2009. The tax is equal to the full amount of the state tax credit that would have been allowed under the Internal Revenue Code in effect on

December 31, 2001 but limiting the exclusion amount to \$2 million.

SB 3461 – Governor’s “Emergency Budget Act” Extension

This bill also passed during the “lame duck” session granting Governor Quinn the ability to manage the second half of the FY’ 11 budget. Specifically, it amends the Emergency Budget Act of Fiscal Year 2011 by extending provisions of the Act authorizing contingency reserves and making all State programs subject to appropriation apply through June 30, 2011 (instead of January 9, 2011). It further specifies that certain transfers to the General Revenue Fund or the Common School Fund, as directed by the Governor from special funds of the State are authorized through June 30, 2011 (instead of January 9, 2011) and provides for emergency rulemaking authority associated with Public Act 96-958 through June 30, 2011 (instead of January 9, 2011). SB 3461 was signed by the Governor on January 18, 2011 and is now **PA 96-1500**. The changes are effective immediately and the link to PA 96-1500 can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1500>

SB 3514 – Pension Bonding Authorization

SB 3514, which had been the long-stalled pension bonding bill, finally passed the legislature during the January session. It was previously considered in early November by the Senate but lacked the necessary super-majority votes to pass at the time. The bill authorizes borrowing approximately \$4.1 billion to make the state’s fiscal year 2011 pension payment. A link to SB 3514, as **PA 96-1497**, can be found here: <http://www.ilga.gov/legislation/publicacts/96/096-1497.htm>

SB 3087 – Capital Construction Bond Authorization

SB 3087 is an extension of the capital spending program enacted last year and another \$5.3 billion in additional bond authorization to continue funding the \$3.1 billion capacity program. SB 3087 passed during the January session and now heads to Governor Quinn for final approval. A link to the bill can be found at:

<http://www.ilga.gov/legislation/billstatus.asp?DocNum=3087&GAID=10&GA=96&DocTypeID=SB&LegID=50671&SessionID=76>

SB 377 – Tax Amnesty

Allowed delinquent taxpayers to pay owed back taxes that were accumulated between June 30, 2002 and July 1, 2009 without penalty or interest. The amnesty period ran from October 1, 2010 until November 8, 2010 and the State has taken in approximately \$546 million to apply to the FY 11' Budget. SB 377 also allowed the State to sell certain uncollected debt to private collection agencies. A link to SB 377, now **PA 96-1435**, can be found at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?name=096-1435&GA=96&SessionId=76&DocTypeId=SB&DocNum=377&GAID=10&Session=>

SB 3660 – Emergency Budget Act

This Act was the original wide-ranging bill to allow Governor Quinn authority to adjust his executive agency budgets, as needed, (See SB 3461). It allows securitization of future tobacco settlement proceeds for an expected \$1.2 billion in upfront budget revenue. Also allowed for “inter-fund borrowing” from various restricted state funds of approximately \$1 billion. These loans would have to be repaid, with interest, to their respective state funds within 18 months.

SB 3660 also included a few smaller budget savings measures including requiring state lawmakers, constitutional officers and various top agency officials to take 12 furlough days, lowering legislators’ per diem and mileage reimbursements, reviewing and renegotiating various state agency procurement contracts, and prohibiting cost-of-living increases for state lawmakers and constitutional officers in FY 11’.

A link to SB 3660, now **PA 96-0958**, can be found at: <http://www.ilga.gov/legislation/publicacts/96/096-0958.htm>

HB 859 – Budget Spending Plan

This is the \$26.2 billion general fund spending plan for FY 11’ which is \$400 million less than the current year’s budget and reflects a 5% across-the-board spending cut for state operations. It would leave an approximate \$6.5 billion plus structural gap to maintain FY 10’ spending levels thus requiring the borrowing authority in SB 3514 and SB 3660. Governor Quinn also added an item/reduction veto before signing the bill. A link to HB 859, now **PA 96-0956**, can be accessed here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0956>

SB 3658 - Sales Tax Holiday

Governor Quinn’s proposal to reduce the state sales tax on school clothing and supplies from 6.25% to 1.25% from August 6, 2010 to August 15, 2010. SB 3658 introduced as a way to save money for families buying “back to school” clothing and supplies. TFI opposed this legislation as a new exemption that, with the current condition of the state budget, were “sales” the state simply could not afford to fund. A link to SB 3658, now **PA 96-1012**, can be found

at: <http://www.ilga.gov/legislation/publicacts/96/096-1012.htm>

INCOME TAX

HB 4599 – Small Business Job Creation Tax Credit Expansion

HB 4599, supported by the Illinois Department of Commerce and Economic Development (DCEO), passed the legislature during the January session. It expands the pool of applicants eligible for the Small Business Job Creation Tax Credit. It extends eligibility to businesses that hire employees who had participated as worker-trainees in Governor Quinn's "Put Illinois to Work Program" during 2010. HB 4599, now **PA 96-1498**, becomes effective immediately and a link to the bill language is at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1498>

SB 3655– R & D Tax Credit Extension

Amended the Illinois Income Tax Act to provide that the research and development (R&D) credit applies for taxable years ending on or after December 31, 2004, and ending prior to January 1, 2011 (the credit previously sunset on December 31, 2009 under the Act's automatic sunset provisions). The bill further specifies that the research and development credit may not be carried forward to any taxable year ending on or after January 1, 2011. A link to SB 3655, now **PA 96-0937**, can be found at: <http://www.ilga.gov/legislation/publicacts/96/096-0937.htm>

SB 3089 – Navistar EDGE Credit

Provides that provisions allowing certain motor vehicle manufacturers to elect to claim the EDGE Credit against their withholding tax obligations

also apply to heavy duty truck manufacturers that meet certain criteria and further provides that motor vehicle manufacturers, other than heavy duty truck manufacturers, that elect to claim the Credit against withholdings must enter into an EDGE agreement within 365 days (instead of 180 days) after the effective date of Public Act 96-834. A link to SB 3089, now known as **PA 96-0905**, can be found at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0905>

SB 1826 – Net Operating Losses for Cooperatives

Provides that a cooperative may elect to follow its federal income tax treatment of patronage losses and nonpatronage losses and provides that the election shall be effective for all taxable years with original returns due on or after the date of the election. The bill also specifies that the cooperative may file an amended return to give effect to the election in prior taxable years and provides that the Department of Revenue's rules must include the standards to be used by the Director in evaluating requests to revoke elections. A link to SB 1826, now **PA 96-0932**, can be found at: <http://www.ilga.gov/legislation/publicacts/96/096-0932.htm>

SB 3646 – Partnership Deductions

Amends the Illinois Income Tax Act in provisions concerning a deduction for income distributable to an entity subject to the Personal Property Tax Replacement Income Tax by removing language providing that the deduction is not allowed to publicly traded partnerships for taxable years ending on or after December 31, 2009. A link to SB 3646, now **PA 96-0935**, can be found at: <http://www.ilga.gov/legislation/publicacts/96/096-0935.htm>

SB 2534 – Peoria Historic Preservation Tax Pilot Program

Provides that an income tax credit is granted to an eligible taxpayer who makes expenditures pursuant to a qualified rehabilitation plan for the rehabilitation of a historic hotel located in the City of Peoria. The bill specifies that the credit is available for taxable years beginning on or after January 1, 2010 and ending on or before December 31, 2015. The legislation provides that the credit is equal to 25% of the amount of the eligible expenditure and allows the credit to be carried forward for up to 10 years or carried back for up to 3 years. A link to SB 2534, now known as **PA 96-0933**, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0933>

SB 3648 – Wrongfully Imprisoned Tax Credit

Amends the Illinois Income Tax Act creating a deduction in an amount equal to any amount awarded to the taxpayer during the taxable year by the Court of Claims for time unjustly served in a State prison. This measure became effective immediately as **PA 96-1214** linked at: <http://www.ilga.gov/legislation/publicacts/96/096-1214.htm>

HB 6038 – Affordable Housing Donation Tax Credit

Amends the Illinois Income Tax Act by extending the credit for affordable housing donations through the taxable year ending on December 31, 2016 (instead of 2011). This measure became effective immediately as **PA 96-1276** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1276>

PROPERTY TAX

SB 2797 – Omitted Property Tax Assessments

A bill changing the time period allowed to assess property tax on property previously omitted by a county assessor also passed during the January session. Specifically, SB 2797 would amend the Property Tax Code providing that a county assessor shall have power to assess properties which may have been omitted from assessments for the current year and not more than 3 years prior to the current year (rather than the current year or during any year or years). The bill defines assessment notice provisions and specifies that no charge for tax of previous years shall be made against any property if the assessor failed to notify the board of review of the omitted assessment; the owner of the property gave notice of a change in use, leasehold, or titleholder; the assessor received but failed to list new construction occurring on the property on the tax rolls; the assessor received but failed to list a plat map, plat of survey, ALTA survey, or mortgage survey on the tax rolls; the assessor received but failed to list a real estate transfer declaration indicating a sale from an exempt property owner to a non-exempt property owner on the tax rolls; or the property was the subject of an assessment appeal that had included the intended omitted property as part of the assessment. If approved by Governor Quinn, SB 2797 will become effective immediately. A link to the bill is at: <http://www.ilga.gov/legislation/fulltext.asp?DocName=09600SB2797enr&GA=96&SessionId=76&DocTypeId=SB&LegID=49793&DocNum=2797&GAID=10&Session=>

SB 3638 - Cook County 7% Tax Assessment Cap Extension

Extends the alternative general homestead exemption for a period of 3 years in Cook County. It provides that the maximum amount of the exemption is \$20,000 in the first taxable year, \$16,000 in the second taxable year, and \$12,000 in the third taxable year. The bill allows counties other than Cook to elect to be subject to the alternative general homestead exemption if those counties adopt the necessary ordinances within 6 months after the effective date of this amendatory Act. It further provides that, beginning in taxable year 2010, the returning veterans' homestead exemption also applies in the taxable year after the taxable year in which the veteran returns from active duty in an armed conflict involving the armed forces of the United States and requires reapplication each year thereafter. It also specifies that taxpayers in counties of 3 million or more, who are eligible for a senior citizens homestead exemption, must also reapply each year. The annual amount of the disabled veterans standard homestead exemption is \$5,000 for veterans with a service connected disability of at least 70% (instead of the current 75%). SB 3638 also creates a Homeowner Review Board as an advisory board within the Department of Revenue and provides for the creation of 7 Taxpayer Action Boards within the Department of Revenue. It provides that one board shall be established for each of the following counties: Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will and sets forth the duties of these boards. A link to the bill, now **PA 96-1418**, can be found at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1418>

HB 4797 - Wind Farm Property Tax Special Valuation Extension

Amends the Property Tax Code to provide that a Division of the Code setting forth special valuation procedures for wind energy devices applies through assessment year 2016 (instead of 2011). TFI supported passage of HB 4797, now **PA 96-1036**, and a link to the bill can be found at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1036>

HB 4723 - Historical Society Property Tax Abatement

Amends the Property Tax Code providing that any taxing district may abate any portion of its taxes on the property of a qualified historical society for assessment years 1998 through 2013 (instead of 2008). This measure became effective immediately as **PA 96-1136** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1136>

HB 4758 – Energy Improvement Assessments

Amends the Counties Code authorizing a county to enter into voluntary agreements with the owners of property within the unincorporated areas of the county to provide for contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property. This measure became effective immediately as **PA 96-1032** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1032>

HB 5603 – Municipal Annexation/Property Tax Refunds

Amends the Property Tax Code providing that, if property is annexed to a municipality under a provision of the Illinois Municipal Code that allows annexation of property containing 60

acres or less by municipal ordinance at any time during the taxable year, the taxpayer may apply to the municipality for a refund of the amount of property taxes (i) paid by the taxpayer, (ii) distributed to the municipality, and (iii) attributable to the annexed property for the portion of the taxable year during which the property was not included in the municipality. HB 5603 further states that the municipality shall refund those amounts to the taxpayer within 60 days after the application is received. This measure became effective immediately as **PA 96-1351** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1351>

SB 2350 – Returning Veterans’ Homestead Exemption

Amends the Property Tax Code in the section concerning the returning veterans' homestead exemption, provides that the veteran may apply the exemption for the taxable year after he or she returns if (i) he or she first acquires a principal residence during the taxable year in which he or she returns, but after January 1 of that year, and (ii) if the property is owned and occupied as a principal residence by the veteran on January 1 of the next taxable year. This measure became effective immediately as **PA 96-1288** linked at:

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1288>

SB 2795 - Subdivision Assessments

Amends the Property Tax Code specifying that a Section of the code that provides that the assessed valuation of certain platted and subdivided property shall be determined each year based on the estimated price the property would bring at a fair voluntary sale for use by the buyer for the same purposes does not apply to

property in a special service area for which the ad valorem taxes are extended solely upon the equalized assessed value of the land without regard to improvements. This measure became effective immediately as **PA 96-1396** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1396>

SB 3446 – Property Tax Billing and Interest

Amends the Property Tax Code in a section concerning payments under the accelerated method of billing, stating that, for tax year 2010, the estimated first installment of unpaid taxes shall be deemed delinquent and shall bear interest after April 1 (instead of March 1) at the rate of 1.5% per month. This measure became effective immediately as **PA 96-1297** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1297>

SB 3666 – Disabled Veteran Homestead Exemption

Amends the Property Tax Code providing that, if a taxpayer has been awarded a disabled veterans standard homestead exemption, and that taxpayer subsequently becomes a resident of a facility licensed under the Nursing Home Care Act or a facility operated by the United States Department of Veterans Affairs, then the exemption shall continue (i) so long as the residence continues to be occupied by the qualifying person's spouse or (ii) if the residence remains unoccupied but is still owned by the person who qualified for the homestead exemption. The bill became **PA 96-1298** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1298>

SALES/USE AND EXCISE TAX

SB 3134 – Use and Occupation Tax Proceeds for Municipal Operations

Amends the Illinois Municipal Code concerning non-home rule use and occupation taxes. It provides that if a tax is approved by referendum on or after the effective date of the amendatory Act, the corporate authorities of a non-home rule municipality may, until December 31, 2015, use the proceeds of the tax for expenditure on municipal operations, in addition to or in lieu of any expenditure on public infrastructure or for property tax relief only if the ballot proposition authorizes such use. This measure effective immediately as **PA 96-1057** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1057>

HB 6022 – Motor Fuel Tax Changes

Provides that, if a motor fuel distributor or supplier reports losses due to fire or theft, then the distributor or supplier must include with his or her tax return any applicable fire department or police department reports and any other documentation that the Department of Revenue (IDOR) may require. HB 6022 also amends the Retailers' Occupation Tax Act in a section concerning tax prepayments by motor fuel retailers, specifying that the rate shall be established by the IDOR on January 1 and July 1 of each year and states that the IDOR shall calculate the rate by multiplying the average selling price of motor fuel during the first 2 months of the previous calendar quarter by 6.25%. The bill further states that the rate for biodiesel blends and gasohol shall be 80% of the rate established by the IDOR for motor fuel and requires that the Department shall provide notice of the established rate at least 20 days prior to each January 1 and July 1. This IDOR

measure also makes other various changes and became effective immediately as **PA 96-1384** linked at: <http://www.ilga.gov/legislation/publicacts/96/096-1384.htm>

SB 3462 – Motor Fuel Tax Distribution

Amends the Motor Fuel Tax Law making changes to the allocations of tax receipts. SB 3462 provides that a proportional allotment of tax receipts shall be made for any road district based on the rate extended by the district and sets forth allocation procedures for DuPage County. It also specifies that if any road district has levied a special tax for road purposes under certain sections of the Illinois Highway Code, that levy entitles the road district to a full or proportionate allotment depending on the rate of the levy. It also sets forth allotment procedures for those instances when a township has transferred money to the road and bridge fund and sets forth allotment procedures for road districts that are subject to PTELL. This measure became effective immediately as **PA 96-1024** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1024>

SB 2093– Innovation Development and Economy Act

Allows for the creation of Sales Tax and Revenue Bond Districts or “STAR” bond districts to spur retail development in Marion, IL. Allows for the use of sales tax revenues by developers of a STAR Bond District to promote “destination” retail and recreation projects. The bill also amends the New Markets Development Program Act by increasing the annual cap on credits from \$10,000,000 to \$20,000,000 and creates an “angel investment” tax credit for taxable years beginning after December 31, 2010, and ending on or before December 31, 2016 in an amount

equal to 25% of the claimant's investment made directly in a qualified new business venture. This measure, now **PA 96-0939**, is linked at: <http://www.ilga.gov/legislation/publicacts/96/096-0939.htm>

OTHER ENACTED LEGISLATION OF INTEREST

SB 1946 - Two-Tiered Public Pension Reform

Creates a two-tiered pension plan for newly hired state and local government employees, including teachers. Key pension system changes in SB 1946 are:

- Affects pensioners in the State Employees Retirement System, the Teachers Retirement System and the State Universities Retirement System.
- Applies only to people in these pension systems hired after January 1, 2011.
- Requires an employee to be 67 years old with 10 years of service in order to qualify for full benefits. A person could retire at age 62 with 10 years of service, but with a reduction in benefits of 6 percent per year.
- Caps the salary used to determine benefits at \$106,800.
- Bases benefits on the highest average salary earned during eight consecutive years of the last 10 years of service. Currently, the benefit is based on four years of service.
- Stops the compounding of annual cost-of-living benefit increases; those increases would be based on 3 percent or one-half of the consumer price index, whichever is less.
- Limits participation in the "alternative formula," which provides enhanced benefits for high-risk state jobs, to correctional officers, state police and state firefighters.

- Does not allow a person to draw a pension from one system while working a full-time job covered by another pension system. Pension payments would be suspended during such a period.

SB 1946, now **PA 96-0889**, is available at: <http://www.ilga.gov/legislation/publicacts/96/096-0889.htm>

SB 3538 – Two-Tiered Police and Fire Pension Reform

Creates a two-tiered pension plan for newly hired police and firefighters hired after January 1, 2011. Key pension changes for these individuals are:

- Normal retirement age increased to 55 years from 50.
- Early retirement at age 50 would carry a 6% reduction in pensions for each year retired prior to age 55.
- New pension level determined by using average of member's pay in last 8 of 10 years instead of current rules basing it on member's final day's salary.
- Annual earnings exceeding \$106,800 will not count toward pension calculation, nor would overtime pay.
- Surviving spouse benefits are reduced from current 100 percent to 66 2/3 percent of the pension.
- Cost of living increases would reflect the lesser of 3 percent or ½ of the urban consumer price index and these increases would not take effect until pensioner or surviving spouse reaches age 60.
- Allows for investment authority expansion to include corporate bonds for all funds and greater equity investments for funds with assets of at least \$10 million.

SB 3538, now **PA 96-1495**, is available at: <http://www.ilga.gov/legislation/publicacts/96/096-1495.htm>

SB 3778 – Means Testing for “Free Rides for Seniors” Transit Program

The bill, passed during the January session, amends the Downstate Public Transportation Act, Metropolitan Transit Authority Act, Local Mass Transit District Act, and Regional Transportation Authority Act requiring that seniors must be aged 65 or older, as well as eligible for benefits under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act, to receive free service. The bill further stipulates that the new eligibility requirements must be imposed no later than 180 days after the effective date of this legislation, following the final approval of Governor Quinn. A link to SB 3778 can be found at: <http://www.ilga.gov/legislation/fulltext.asp?DocName=09600SB3778enr&GA=96&SessionId=76&DocTypeId=SB&LegID=51967&DocNum=3778&GAID=10&Session=>

SB 642 – Higher Education Borrowing

Provides that the governing board of each public university shall have the power to borrow money, as necessary, from time to time in anticipation of receiving tuition, payments from the State, or other revenues or receipts of the university. Provides that the borrowing limit shall be capped at 100% of the total amount of payroll and other expense vouchers submitted and payable to the university for fiscal year 2010 expenses, but unpaid at the State Comptroller's office. Requires that any line of credit be paid in full one year after creation or within 10 days after

the date the university receives reimbursement from the State for all submitted fiscal year 2010 vouchers, whichever is earlier. Requires that any promissory note be repaid within one year after issuance of the note. A link to the bill, now **PA 96-909**, is at: <http://www.ilga.gov/legislation/publicacts/96/096-0909.htm>

SB 2615 - Community College Working Cash Fund

Allows the board of trustees of a community college district to establish a line of credit with a bank or other financial institution in an amount not to exceed (1) if anticipating State revenues due in the current fiscal year, 85% of the amount or amounts of the revenues due in the current fiscal year (2) if anticipating State revenues expected to be due in the next subsequent fiscal year, 50% of the amount or amounts of the revenues due in the current fiscal year. The bill further specifies that all moneys so borrowed shall be repaid exclusively from the anticipated revenues within 60 days after the revenues have been received. A link to the bill, now **PA 96-0912**, is at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0912>

SB 941 – RTA Working Cash Notes

Amends the Regional Transportation Authority Act providing that the Authority may issue, sell, and deliver additional Working Cash Notes before July 1, 2012 that are over and above and in addition to the \$100,000,000 authorization such that the outstanding amount of these additional Working Cash Notes does not exceed at any time \$300,000,000. A link to the bill, now **PA 96-0906**, is at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0906>

HB 5242– Medicaid Forensic Audit

Provides that the Department of Healthcare and Family Services (DHFS) is authorized to contract with third-party entities to conduct Payment Recapture Audits to detect and recapture payments made in error or as a result of fraud or abuse. A link to the bill, now **PA 96-0942**, is at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0942>

SB 3592 – Township Road District Review Act

Creates the Township Road District Review Act specifying that the Illinois Department of Transportation shall conduct a study of township road districts in counties with a population of 1,000,000 or more inhabitants and counties that are contiguous to counties with a population of 1,000,000 or more inhabitants and shall deliver to the Governor and General Assembly a copy of this study no later than December 31, 2010. The study shall include a list of all township road districts, their tax levy, the length of road maintained, and the costs incurred in the township road districts, including road maintenance, equipment, facilities, personal services, and benefits, if any. This measure becomes effective immediately as **96-1060** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1060>

HB 6268 – Annual GOMB Fiscal Reports

Amends the Governor's Office of Management and Budget Act providing that, by January 1 of each year, the Office shall submit an economic and fiscal policy report to the General Assembly outlining the long-term economic and fiscal policy objectives of the State, the economic and fiscal policy intentions for the upcoming fiscal year, and the economic and fiscal policy intentions for the following two fiscal years. The report must highlight the total level of revenue,

expenditure, deficit or surplus, and debt with respect to each of the reporting categories and must be posted on the Governor's Office of Management and Budget's (GOMB) Internet website and allow members of the public to post comments concerning the report. This measure becomes effective immediately as **PA 96-1354** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1354>

SB 3683 – River Edge Redevelopment Zone Act and Public Utilities

Amends the River Edge Redevelopment Zone Act specifying that a public utility that has facilities or land affected by the clean-up, remediation, and redevelopment of a River Redevelopment Zone and that incurs costs related to the remediation or the removing or relocating of utility facilities in the River Edge Redevelopment Zone may recover "reasonable and prudent" costs. It further states that the costs incurred by a public utility for facility removal or relocation shall be shared equally among the public utility, the municipality in which the facility is located, and specified landowners. Provides that the Illinois Commerce Commission shall allow a public utility to fully recover from all retail customers in its service territory all "reasonable and prudent" costs that it incurs in conducting environmental remediation related to the removal or relocation of utility facilities in the River Edge Redevelopment Zone. This measure becomes effective immediately as **PA 96-1404** linked at: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-1404>

2010 Election Review, By Scott Selinger

Democratic Governor Pat Quinn won re-election this year by defeating State Senator and Republican (GOP) candidate Bill Brady (R-Bloomington) in the November 2, 2010 General Election. While the end result was in limbo on election night, Sen. Brady later conceded and Governor Quinn has now embarked on a new four-year term. Among other statewide contests decided on November 2nd, Democrat Jesse White won re-election over GOP challenger Robert Enriquez as did Democratic Attorney General Lisa Madigan over GOP candidate Steve Kim. In other notable constitutional office races, GOP State Senator Dan Rutherford (R-Chenoa) won his race for Treasurer by defeating Democratic challenger Robin Kelly and former Illinois GOP Treasurer Judy Baar Topinka defeated Democratic challenger and current State Representative David Miller (D-Dolton) for the post of Comptroller.

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In the Illinois General Assembly, Democratic Speaker Michael Madigan (D-Chicago) maintained his majority in the House of Representatives although his advantage is now ten seats with 64 Democrats to 54 Republican members instead of the pre-election margin of 70 Democrats to 48 Republicans. In the Senate, Democratic President John Cullerton also maintained his majority although that margin has been reduced from a pre-election “veto-proof super-majority” of 37 Democrats and 22 Republicans to the current 35 Democrats and 24 Republicans. There were also several long-term incumbents in both chambers who will not be returning for the Spring 2011 Legislative Session while several first time “freshman” legislators will be taking their place.


In other races of interest around the state, Joe Berrios defeated Forrest Claypool for Cook County Assessor, while Toni Preckwinkle was elected Cook County Board President. In the race for the open U.S. Senate seat previously vacated by President Barack Obama, incumbent GOP Congressman Mark Kirk defeated incumbent Democratic State Treasurer Alexi Giannoulias for a new six-year term as well as finishing out the current four-year term originally won by Obama in 2006. Notable Congressional contests had several newcomers winning their first bid for office including GOP candidate Joe Walsh defeating incumbent Congresswomen Melissa Bean in the 8th Congressional District as well as GOP candidate Robert Dold defeating Democratic candidate Dan Seals for an open seat in the 10th Congressional District. In the 11th Congressional District, GOP challenger Adam Kinzinger defeated incumbent Democratic Congresswoman Debbie Halvorson while current State Senator and GOP candidate Randy Hultgren defeated incumbent Democratic Congressman Bill Foster in the 14th Congressional District. The GOP now hold 10 of the 19 seats in Congress from Illinois while the two US Senate seats are divided between the two parties.

The next big electoral contest on the calendar will be the Chicago Mayoral Primary scheduled for February 22, 2011. Several candidates have filed to run for the opportunity to replace long-time Chicago Mayor Richard M. Daley. Also of note on the political landscape in Illinois is the once a decade redistricting of legislative and congressional district boundaries. Many current legislators and congressmen could find themselves running in drastically different districts in the coming years depending on how the map is drawn by the Democratic Party which will control the process by virtue of having majorities in the Illinois House and Senate as well as control of the Governor’s Office.

FEBRUARY 2011 97TH GENERAL ASSEMBLY

Monday	Tuesday	Wednesday	Thursday	Friday
	1 House and Senate Session	2 House and Senate Session	3 Senate Session House Perfunctory Session	4 House Perfunctory Session House Deadline LRB Requests
7 House Perfunctory Session	8 House and Senate Session	9 House and Senate Session	10 House and Senate Session Introduction of Substantive Senate Bills DEADLINE	11 Lincoln's Birthday STATE HOLIDAY
14	15 House and Senate Session	16 House and Senate Session GOVERNOR'S BUDGET ADDRESS	17 House and Senate Session	18
21 President's Day STATE HOLIDAY	22 House Session	23 House Session Senate Perfunctory Session	24 House Session Introduction of House Bills DEADLINE	25
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MARCH 2011 97TH GENERAL ASSEMBLY

Monday	Tuesday	Wednesday	Thursday	Friday
	1 House and Senate Session	2 House and Senate Session	3 House and Senate Session	4
7	8 House and Senate Session	9 House and Senate Session	10 House and Senate Session	11
14 Senate PM Session	15 House and Senate Session	16 House and Senate Session	17 House and Senate Session DEADLINE for both House and Senate - Bills out of Committee	18
21	22	23 Senate Perfunctory Session	24	25
 NO SESSION DAYS				
28	29 House and Senate Session	30 House and Senate Session	31 House and Senate Session	

APRIL 2011 97TH GENERAL ASSEMBLY

Monday	Tuesday	Wednesday	Thursday	Friday
			DEADLINE APRIL 15 HOUSE - 3RD READING HOUSE BILLS SENATE - 3RD READING SENATE BILLS	1 House and Senate Session
4	5 House Session Consolidated General Election	6 House and Senate Session	7 House and Senate Session	8 House and Senate Session
11 House and Senate Session	12 House and Senate Session	13 House and Senate Session	14 House and Senate Session	15 House and Senate Session
18 PASSEOVER	19	20 SPRING BREAK	21	22 GOOD FRIDAY
25 EASTER	26 House Session	27 Senate Perfunctory Session House Session	28 House Session	29 House Session

MAY 2011 97TH GENERAL ASSEMBLY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 House and Senate Session	4 House and Senate Session	5 House and Senate Session	6 House and Senate Session	7
8 MOTHER'S DAY	9 Senate Perfunctory Session	10 House and Senate Session	11 House and Senate Session	12 House and Senate Session	13 House and Senate Session	14
15 House and Senate Session	16 House and Senate Session	17 House and Senate Session	18 House and Senate Session	19 House and Senate Session	20 House and Senate Session	21 House and Senate Session
22 House and Senate Session	23 House and Senate Session	24 House and Senate Session	25 House and Senate Session	26 House and Senate Session	27 House and Senate Session	28 House and Senate Session
29 House and Senate Session	30 House and Senate Session Memorial Day STATE HOLIDAY	31 House and Senate Session ADJOURNMENT		DEADLINE MAY 13 HOUSE - COMMITTEE SB'S SENATE - COMMITTEE HB'S		DEADLINE MAY 27 HOUSE - 3RD READING SB'S SENATE - 3RD READING HB'S

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Springfield, IL 62703
V. 217.522.6818
F. 217.522.6823

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2011 DATES TO REMEMBER

MARCH 29	SPRING LEGISLATIVE CONFERENCE - SPRINGFIELD GOVERNOR'S MANSION <ul style="list-style-type: none">• LEGISLATIVE RECEPTION• DINNER
MARCH 30	SPRING LEGISLATIVE CONFERENCE - SPRINGFIELD INN AT 835 <ul style="list-style-type: none">• BREAKFAST• LEGISLATIVE UPDATE
JUNE 23	ANNUAL MEETING - CHICAGO MAGGIANO'S LITTLE ITALY LUNCHEON
SEPTEMBER 22	ILLINOIS STATE & LOCAL TAX CONFERENCE TO BE DETERMINED