

Legislative Report

BOMA/Suburban Chicago

February 9, 2018

The House and Senate were in Session this week with both chambers continuing their focus on legislative work in committees. The state budget will take center stage this coming Wednesday as the Governor is scheduled to present his spending plan for the fiscal year that begins July 1. Rauner, who is up for re-election this year, has pledged to roll back an income-tax hike enacted by the legislature in July over his veto. That revenue boost ended an unprecedented two-year budget impasse, which had threatened to send the state to junk-status. Lowering taxes even just a quarter point would shave an estimated \$1 billion off the state's projected revenue, according to the comptroller's office.

REALITY OF THE STATE'S FINANCES

On Wednesday, in preparation for the coming budget address, the Governor's budget director provided an update on the state's finances to a Senate budget committee.

Budget director Hans Zigmund opened by noting that his office has been managing a budget the governor didn't want, after nearly a dozen Republicans broke ranks to join Democrats in overriding Rauner's veto of the spending plan and income tax hike last July. The action ended the yearslong budget impasse between Rauner and Democrats who control the General Assembly after the state racked up billions of dollars in debt.

Zigmund said the lawmakers' budget plan was nearly \$1.7 billion out of balance, but that number has been whittled down to \$600 million through a combination of spending cuts, borrowing from specialized accounts and more revenue coming in than expected.

Then [Zigmund] detailed looming problems, including the state's roughly \$8.3 billion pile of unpaid bills. Of that, \$1.1 billion is tied to what Zigmund called "unappropriated liabilities," or money the administration spent without permission from lawmakers as it sought to keep the prison system and Medicaid program afloat during the impasse.

Zigmund said Rauner would propose a way to address the combined \$9 billion shortfall next week.

"Unappropriated Liabilities"

The state did not have a budget in place for the 2017 fiscal year but kept spending money through a variety of court orders, consent decrees and automatic spending.

About 85 percent of the supplemental spending request is for expenses for Corrections and for Medicaid.

Sen. Heather Steans, D-Chicago, who chairs one of the Senate Appropriations committees asked how soon the money to operate Corrections will run out if a supplemental bill isn't approved.

"Very quickly," Zigmund replied. "Right now, we are having to very actively manage (the bills) that are going over to the comptroller, to do things like make sure the prisoners are fed, make sure the garbage is taken out, make sure the water and lights are running."

Steans said that after lawmakers approved the budget to cover the 2018 fiscal year, it appeared Corrections used the spending authority to pay bills run up the previous year when there was no budget. As a result, Corrections is running short of the spending authority it needs to get through the rest of this fiscal year that ends June 30.

SCHOOLS TO SEE NEW MONEY IN APRIL

Following last week's House and Senate override of the Governor's veto of SB 444, a trailer bill needed to implement the massive school funding overhaul, state schools Superintendent Tony Smith told the Senate Education Committee Tuesday that the \$350 million boost promised to public schools this year will be distributed beginning in April.

Smith said the agency is preparing to finalize attendance figures from the state's more than 800 school districts, a step to ensure the new money is properly allocated. That should allow the Board of Education to send vouchers to Comptroller Susana Mendoza's office in April so it can begin writing checks for the money.

Smith said the education agency still believes the law, as it was approved, doesn't do exactly what lawmakers think it should do. The ISBE has come up with 20 more changes it believes are necessary for the new formula to accomplish what lawmakers intended.

Sen. Andy Manar, D-Bunker Hill, an author of the new formula, wanted to know if those 20 changes would be enough, assuming lawmakers approved them.

"I don't know," Smith said.

Although the \$350 million in new money is only a small part of the state's total education budget, Manar said it is essential that the money is distributed soon.

HOSPITAL ASSESSMENT FUNDING

Legislators are pushing forward with an effort to modernize the Hospital Assessment Program, a move industry groups and hospitals say is needed. At \$3.5 Billion, the program is one of the largest funders of the state's Medicaid system and provides critical funding directly to hospitals across Illinois.

The program was instituted in 1992 to capture federal dollars based on inpatient care in Illinois, and was expanded later to include outpatient care payments, and then again to include the newly eligible population under the ACA, as well as creating new ways to capture federal dollars to match not only traditional fee for service payments, but also payments to managed care organizations which flowed to hospitals for service delivery.

There is federal and state sunset at the end of the current fiscal year (June 30) for much of the hospital assessment program. In addition, since these programs were started over 20 years ago, there have been massive changes to the healthcare and insurance system that are not reflected in the current payments.

To reform and modernize this massive and complex system, a working group was formed by the legislative leaders including members from both caucuses in the House and Senate. Lawmakers are working with the Dept. of Healthcare and Family Services, the Illinois Hospital Association, the Association of Safety Net Hospitals, the Health Care Council of Illinois, the Illinois Association of Medicaid Health Plans as well as groups of academic medical centers, publicly owned hospitals, psychiatric hospitals, investor owned hospitals, pediatric hospitals, Rural Critical Access Hospitals and out of state hospitals bordering Illinois, among others.

LEGISLATIVE WATCH LIST

HB4062 **CONS FRAUD-SCHOOL DATA** (DELUCA A) Amends the Consumer Fraud and Deceptive Business Practices Act. Defines "online real estate database provider". Provides that if an online real estate database provider includes, in its information concerning residential real property located in the State of Illinois, certain information on the quality of schools in which the residential real property is located, the online real estate database provider must use the most recent information available prepared by the State Board of Education. Provides that a violation of those provisions is an unlawful practice within the meaning of the Act.

Current Status: 1/30/2018 - House Consumer Protection, (First Hearing)

Recent Status: 1/24/2018 - Assigned to House Consumer Protection
6/22/2017 - Added Chief Co-Sponsor Rep. William Davis

HB4202 **INC TX-RATES** (BENNETT T) Amends the Illinois Income Tax Act. Provides that, for taxable years beginning on or after January 1, 2019, the rate of tax shall be 5% for corporations (currently, 7%). Makes conforming changes concerning distributions to the Local Government Distributive Fund. Effective immediately.

Current Status: 1/16/2018 - Referred to House Rules

Recent Status: 1/16/2018 - FIRST READING
12/20/2017 - Filed with the Clerk by Rep. Thomas M. Bennett

HB4203 **MUNI CD-ANNEXATION LIMITATION** (ANDERSSON S) Amends the Illinois Municipal Code. Provides that an action contesting whether territory annexed by a municipality is contiguous shall be commenced no later than 10 years after the date the annexation ordinance is recorded. Makes conforming changes. Effective immediately.

Current Status: 1/16/2018 - Referred to House Rules

Recent Status: 1/16/2018 - FIRST READING
12/20/2017 - Filed with the Clerk by Rep. Steven A. Andersson

HB4268 **HOME REPAIR-CONSUMER NOTICES** (THAPEDI A) Amends the Home Repair and Remodeling Act. Provides that "residence" means a single-family home or dwelling or a multiple-family home or dwelling containing 6 or fewer apartments, condominiums, town houses, or dwelling units, used or intended to be used by the consumer as his or her dwelling place (instead of "by occupants as dwelling places"). In the home repair consumer rights pamphlet, replaces notice language concerning lien waivers with the following: "Illinois law requires that, before payment, your contractor give you a sworn

statement which lists: (1) all the persons or companies your contractor hired to work on your home and their addresses; and (2) the amounts previously paid, the amounts about to be paid, and the total amount owed after the payment to these persons or companies. The sworn statement should be fully completed, signed, and notarized. When the contractor's sworn statement lists an amount due or to become due to a subcontractor, or when a subcontractor gives you notice of an amount due to the subcontractor, you must retain sufficient funds to pay that subcontractor. Subcontractors give the contractors lien waivers when they are paid. Ask your contractor for copies of these lien waivers. If your contractor tells you he or she needs a payment from you in order to pay subcontractors, you have the right to pay the subcontractors directly."

Current Status: 2/13/2018 - House Real & Personal Property Law Subcommittee, (First Hearing)

Recent Status: 2/13/2018 - House Judiciary - Civil, (First Hearing)2/7/2018 - House Real & Personal Property Law Subcommittee, (First Hearing)

HB4293 **INC TX-INVESTMENT SERVICES** (WELCH E) Amends the Illinois Income Tax Act. Imposes a privilege tax on partnerships and S corporations engaged in the business of conducting investment management services. Provides that the tax shall be imposed at the rate of 20% of the fees calculated by reference to the performance of the investment portfolio funds and not from the investment itself. Defines "investment management services".

Current Status: 2/14/2018 - House Revenue & Finance, (First Hearing)

Recent Status: 2/5/2018 - Assigned to House Revenue & Finance
1/22/2018 - Referred to House Rules

HB4306 **CONCEAL CARRY-BUSINESS LICENSE** (REICK S) Amends the Firearm Concealed Carry Act. Provides that a municipality, including a home rule unit, may not revoke, suspend, or refuse to renew a business license or otherwise interfere with a business license issued by the municipality to a business owner, including the holder of a retail liquor license issued under the Liquor Control Act of 1934, because the business owner lawfully permits a concealed carry licensee to carry firearms into his or her business establishment. Effective immediately.

Current Status: 1/26/2018 - Referred to House Rules

Recent Status: 1/26/2018 - FIRST READING
1/23/2018 - Filed with the Clerk by Rep. Steven Reick

HB4363 **CONTRACTOR EXPENDITURE REPORTS** (JIMENEZ WOJCICKI S) Amends the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. Provides that any contractor awarded a contract under the Act shall be required to make periodic reports to the contracting State agency on all expenditures made to achieve compliance with the provisions of the Act. Provides for the required contents of the report. Provides remedies for a contractor's non-compliance with the commitment to businesses owned by minorities, women, or persons with disabilities under the Act. Provides additional terms by which a contracting State agency may terminate a contract under the Act. Allows a contracting State agency to have access to a contractor's books and records for compliance purposes.

Current Status: 1/30/2018 - Referred to House Rules

Recent Status: 1/30/2018 - FIRST READING
1/29/2018 - Filed with the Clerk by Rep. Sara Wojcicki Jimenez

HB4378 **MUNI-HOME RULE TAX LIMITATION** (CABELLO J) Amends the Illinois Municipal Code. Provides that on and after the effective date of this amendatory Act, a home rule unit may not impose any tax increase or levy any new or additional tax without prior referendum approval. Limits home rule powers.

Current Status: 1/30/2018 - Referred to House Rules

Recent Status: 1/30/2018 - FIRST READING

1/30/2018 - Filed with the Clerk by Rep. John M. Cabello

HB4390 **CRIM CD-CRIMINAL BUILDING MGMT** (WILLIS K) Amends the Criminal Code of 2012. Defines "commercial property", "dangerous condition", "first responder", "management or operational control", "person", and "serious bodily injury". Provides that first responder endangerment is committed when a person knowingly creates a dangerous situation and intentionally conceals the dangerous condition in a commercial property under his or her management or control and the dangerous condition is the primary cause of death or serious bodily injury of a first responder during the course of his or her official duties. Provides that first responder endangerment is a Class 4 felony.

Current Status: 1/30/2018 - Referred to House Rules

Recent Status: 1/30/2018 - FIRST READING

1/30/2018 - Filed with the Clerk by Rep. Kathleen Willis

HB4538 **PROP TX-NATURAL DISASTER** (HAYS C) Amends the Property Tax Code. In a Section granting a natural disaster homestead exemption, removes language providing that the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. Removes provisions providing that the taxpayer's initial application for a natural disaster homestead exemption must be made no later than the first taxable year after the residential structure is rebuilt. Provides that, if the square footage of the rebuilt structure exceeds 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster, then the amount of the natural disaster homestead exemption is the equalized assessed value per square foot of the rebuilt structure multiplied by 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster minus the base amount. Provides that the amendatory Act is retroactive to the 2012 taxable year. Sets forth provisions concerning the valuation of farm improvements that have been rebuilt following a natural disaster. Effective immediately.

Current Status: 2/5/2018 - Referred to House Rules

Recent Status: 2/5/2018 - FIRST READING

2/2/2018 - Filed with the Clerk by Rep. Chad Hays

HB4564 **MUNI CD-FREE SNOW REMOVAL** (JONES T) Amends the Illinois Municipal Code. Provides that a municipality shall provide free snow removal at the residence of a person with a disability, senior, or veteran when one inch or more of snow accumulates on the ground. Provides that a person with a disability, senior, or veteran may receive free snow removal under these provisions only after he or she registers with the municipality providing the following information to the municipality: identification; proof of current residence; and, if applicable, signing a statement affirming that he or she is a person with a disability or a veteran. Defines terms. Limits home rule powers. Effective July 1, 2019.

Current Status: 2/6/2018 - Referred to House Rules

Recent Status: 2/6/2018 - FIRST READING

2/6/2018 - Filed with the Clerk by Rep. Thaddeus Jones

- HB4569 ABOVEGROUND FUEL STORAGE** (PARKHURST L) Amends the Gasoline Storage Act. Provides that each facility used for: (i) agricultural purposes at an agriculture site; (ii) refueling construction equipment at a construction site; or (iii) parking, operating, or maintaining a commercial vehicle fleet may store up to 12,000 gallons of any single type of fuel for dispensing in aboveground storage tanks that are constructed of steel, made vapor tight, and outside of buildings. Effective immediately.
- Current Status:* 2/6/2018 - Referred to House Rules
Recent Status: 2/6/2018 - FIRST READING
2/6/2018 - Filed with the Clerk by Rep. Lindsay Parkhurst
- SB1435 INC TX-SOUNDPROOFING** (MURPHY L) Amends the Illinois Income Tax Act. Creates an income tax credit in an amount equal to the amount paid by the taxpayer during the taxable year for the purpose of purchasing acoustical materials, other materials, labor, and professional services to soundproof a residential home located at an eligible address against aircraft noise generated by an airport governed by the provisions of the Permanent Noise Monitoring Act. Provides that the credit may not reduce the taxpayer's liability to less than zero; however, the credit may be carried forward. Provides that the credit is exempt from the Act's automatic sunset provisions. Effective immediately.
- Current Status:* 1/30/2018 - Senate Revenue, (First Hearing)
Recent Status: 1/26/2018 - Added as Chief Co-Sponsor Sen. Don Harmon
1/24/2018 - Re-assigned to Senate Revenue
- SB1791 PROP TAX-VALUATION** (STADELMAN S) Amends the Property Tax Code. Provides that in all cases where a change in assessed valuation greater than \$300,000 is sought, the Property Tax Appeal Board shall make an independent determination of valuation. Provides criteria for determining which comparable properties are to be used, together with requirements and criteria for making the independent determination of valuation. Makes a conforming change. Effective immediately.
- Current Status:* 1/30/2018 - Senate Revenue, (First Hearing)
Recent Status: 1/24/2018 - Re-assigned to Senate Revenue
1/24/2018 - Referred to Senate Revenue
- SB1792 PROP TX-COMPLAINT-DISCLOSURE** (STADELMAN S) Amends the Property Tax Code. In provisions concerning hearings before the board of review or the Property Tax Appeal Board, provides that the complainant or appellant shall make timely disclosure to the assessor and the board or review or Property Tax Appeal Board, as applicable, of all relevant evidence or information known to the complainant or appellant, including, in cases where a change in assessed valuation over \$300,000 is sought, all appraisals prepared in anticipation of filing a complaint or appeal. Effective immediately.
- Current Status:* 1/30/2018 - Senate Revenue, (First Hearing)
Recent Status: 1/24/2018 - Re-assigned to Senate Revenue
1/24/2018 - Referred to Senate Revenue
- SB1793 PROP TX-COMPARABLES** (STADELMAN S) Amends the Property Tax Code. Provides that, with respect to non-residential property, neither the board of review nor the Property Tax Appeal Board may consider comparable real property sales made subject to a private restriction or covenant in connection with the sale or rental of the property if that private restriction or covenant substantially impairs the use of the comparable property as compared to the property subject to assessment, or if that private restriction or covenant materially increases the likelihood of vacancy or inactivity on the property. Effective immediately.

Current Status: 1/30/2018 - Senate Revenue, (First Hearing)

Recent Status: 1/24/2018 - Re-assigned to Senate Revenue
1/24/2018 - Referred to Senate Revenue

SB1794 **PROP TX-APPRAISAL DATABASE** (STADELMAN S) Amends the Property Tax Code. Provides that the Department of Revenue, with the assistance of the Office of Appraisals, shall maintain a database of all appraisals introduced as evidence in hearings before the Property Tax Appeal Board or the board of review. Provides that the database must be searchable by certain specified parameters. Effective immediately.

Current Status: 1/30/2018 - Senate Revenue, (First Hearing)

Recent Status: 1/24/2018 - Re-assigned to Senate Revenue
1/24/2018 - Referred to Senate Revenue

SB2211 **FIRE SPRINKLER - DATABASE** (HARMON D) Amends the Fire Sprinkler Contractor Licensing Act. Provides that an individual who performs inspection and testing of fire sprinkler systems and control equipment must possess on his or her person a photo identification card issued by the State Fire Marshal as proof of compliance with the Act. Provides that the photo identification card shall be issued by the State Fire Marshal annually at a fee determined by the State Fire Marshal by rule. Provides that all inspections and testing of fire sprinkler systems and control equipment must be recorded on an inspection report issued by the State Fire Marshal and provides requirements for the inspection reports. Provides that all fire sprinkler systems must be affixed with a pre-printed label bearing specified information that shall be purchased by the licensed contractor from the State Fire Marshal. Provides that a copy of the inspection report must be forwarded to the State Fire Marshal within 24 hours after completion of the inspection. Provides that the fees for an inspection form and photo identification card shall be determined by the State Fire Marshal by rule. Provides that the State Fire Marshal has the power and duty to establish a database of all persons involved in the inspection or testing of existing fire sprinkler systems or control equipment.

Current Status: 2/14/2018 - Senate Licensed Activities and Pensions, (First Hearing)

Recent Status: 2/7/2018 - Senate Licensed Activities and Pensions, (First Hearing)
1/30/2018 - Senate Licensed Activities and Pensions, (First Hearing)

SB2224 **REPEAL/RESTORE VARIOUS-SB9** (MCCARTER K) If and only if Senate Bill 9 of the 100th General Assembly becomes law in the form in which it was amended by House Amendment No. 3, repeals the State Tax Lien Registration Act and the Revised Uniform Unclaimed Property Act created by that bill. Repeals provisions of Senate Bill 9 of the 100th General Assembly that would have repealed the Uniform Disposition of Unclaimed Property Act on January 1, 2018. Changes various Acts by restoring language deleted by Senate Bill 9 of the 100th General Assembly and deleting language added by Senate Bill 9 of the 100th General Assembly. Effective immediately.

Current Status: 1/30/2018 - Added as Chief Co-Sponsor Sen. Dan McConchie

Recent Status: 1/30/2018 - Senate Revenue, (First Hearing)
1/24/2018 - Assigned to Senate Revenue

SB2475 **RIVER EDGE ZONE-QUALIFICATIONS** (MCCONNAUGHAY K) Amends the River Edge Redevelopment Zone Act. Provides that, on and after the effective date, the Department of Commerce and Economic Opportunity may certify as a River Edge Redevelopment Zone any area that meets the qualifications set forth in the Act.

Current Status: 1/30/2018 - Referred to Senate Assignments

Recent Status: 1/30/2018 - FIRST READING

1/30/2018 - Filed with Secretary by Sen. Karen McConnaughay

SB2502

USE/OCC TX-NOTIFICATIONS (BERTINO-TARRANT J) Amends the Use Tax Act and the Service Use Tax Act. Provides that retailers and servicemen that do not collect the taxes under those Acts shall make the following reports and notifications: (1) a notification with each purchase made to an Illinois purchaser that use tax is due on certain purchases at retail made from the retailer and that the State requires the purchaser to file a use tax return; and (2) an annual notification to each Illinois purchaser detailing the total amount paid by the purchaser for Illinois purchases at retail during the previous calendar year. Provides that, if a purchaser has otherwise failed to file a return with the Department of Revenue and remit the proper amount of tax due, and if the purchaser receives a notification from a retailer under the provisions of the amendatory Act, then that purchaser must file a return and pay the tax by April 15 of the year in which the notification is received. Effective immediately.

Current Status: 2/7/2018 - Assigned to Senate Revenue

Recent Status: 2/6/2018 - Referred to Senate Assignments

2/6/2018 - FIRST READING

SB2621

MECHANICS LIENS-SUBCONTRACTORS (MULROE J) Amends the Mechanics Lien Act. Deletes language providing that a subcontractor shall, within 90 days after the completion his or her obligations under the contract between the contractor and the subcontractor, or, if extra or additional work or material is delivered thereafter, within 90 days after the date of completion of such extra or additional work or final delivery of such extra or additional material, cause a written notice of his or her claim and the amount due. Provides instead that a subcontractor shall, within 90 days after the completion of the work or extra work or materials are furnished under the contractor's contract with the owner, cause a written notice of his or her claim and the amount due.

Current Status: 2/8/2018 - Referred to Senate Assignments

Recent Status: 2/8/2018 - FIRST READING

2/8/2018 - Filed with Secretary by Sen. John G. Mulroe