

# LEGISLATIVE REPORT

BOMA/SUBURBAN CHICAGO

March 8, 2019

The House and Senate were both in Session this week. The General Assembly continued committee work as the Senate and House deadlines for bills out of committees are fast approaching.

The Senate deadline for senate bills out of senate committees is March 22 and the House deadline for house bills out of house committees is March 29. These are the last days that bills must be moved from committee to the House and Senate floor.

House and Senate will resume Session on Tuesday, March 12.

## ADDED TO BILL REPORT THIS WEEK

- |                 |                 |                 |
|-----------------|-----------------|-----------------|
| ➤ <b>SB1290</b> | ➤ <b>SB1456</b> | ➤ <b>SB1527</b> |
| ➤ <b>SB1433</b> | ➤ <b>SB1464</b> | ➤ <b>SB1541</b> |
| ➤ <b>SB1439</b> | ➤ <b>SB1522</b> | ➤ <b>SB1559</b> |
| ➤ <b>SB1441</b> | ➤ <b>SB1526</b> |                 |

## UPCOMING DATES

- March 22 – Senate Bills out of Senate Committee Deadline
- March 29 – House Bills out of House Committee Deadline
- April 2 – Consolidated Election
- May 10 – House & Senate Bills Out of Committee Deadline

## COGFA: EMPLOYMENT & WAGE UPDATE

### [The Daily Line](#)

The Commission on Government Forecasting and Accountability released its monthly *Illinois Employment and Wage Update*. The update included some troubling job trends.

Illinois has lost the greatest number of jobs in some of the industries with the highest earnings over the last 10 years, while gaining jobs in the lowest-paying job sectors during the same period, according to the Commission on Government Forecasting and Accountability's latest monthly report. While recent improvement in employment and wage growth in Illinois is "encouraging," those long-term trends are "still concerning," according to the report.

The industry with the highest weekly earnings — construction — is also the industry that lost the most jobs in Illinois during the last decade, according to the report. Workers in the construction industry earn an average of \$1,424 per week, according to data from the federal Bureau of Labor Statistics, but jobs in the construction industry have decreased by 12.4 percent in Illinois since 2008. Similarly, jobs in the broad category of information, which earn an average of \$1,335 per week, have decreased by 18.2 percent in Illinois since 2008.

During that same decade, industries like education and health services have been seen the biggest improvement in number of jobs — up 16.2 percent since 2008 — but that industry is among the lowest-paid in Illinois, earning an average of \$814 per week. Jobs in the leisure and hospitality subsector have also seen a boom, but those are the lowest-paying jobs in Illinois, with an average weekly pay of \$405, according to Bureau of Labor statistics. COGFA also points out that Illinois' largest subsection, jobs classified as trade, transportation and utilities which employed over 1.2 million Illinoisans in 2018 and made up 20 percent of jobs in Illinois, "also has one of the lowest average weekly earnings totals in the state" — with average weekly earnings of \$857.

However, recent trends are encouraging, like a 2.7 percent increase in construction — the state's highest-paying industry, according to the report. Similarly, jobs under the umbrella of financial activities — another high-paying sector — increased by 2.1 percent during the last year after being essentially flat since 2008. "Time will tell if this recent growth in these higher paying jobs is the beginning of a long-term positive trend or just a temporary blip in an overall disappointing decade of employment activity in Illinois," according to the report.

## GOV. PRITZKER RELEASES DETAILS OF GRADUATED TAX PLAN

[\*State Journal-Register\*](#)

A graduated income tax plan would raise taxes on those earning more than \$250,000 a year while cutting taxes for the 97 percent of Illinoisans who earn less than that, the Pritzker administration said Thursday.

Gov. J.B. Pritzker also said he plan will provide more property tax relief for taxpayers and create a new \$100-per-child tax credit as part of his package to have people with the state's highest incomes pay more while providing cuts to a majority of residents.

But finally releasing details of his graduated income tax proposal did nothing to change the minds of Republican lawmakers, business interests and others who are adamantly opposed to a graduated tax.

"We can't trust Springfield politicians with a blank check," said Greg Baise, chairman of the dark money group Ideas Illinois, which opposes the tax. "Today's proposal is just a massive jobs tax

on Illinois families and will destroy the Illinois economy and further accelerate people fleeing from the state.”

“They couldn’t be more wrong,” said Pritzker at a Thursday news conference to discuss the plan. “They ignore the fact people and businesses are fleeing our state with our current regressive tax system.”

Although Pritzker touted the fact his plan will give 97 percent of Illinois taxpayers a cut, he said that wasn’t the most important part of the plan.

“The most important thing we are accomplishing is stabilizing the finances of the state,” Pritzker said.

The plan will raise \$3.4 billion, Pritzker said. It will provide revenue to “eliminate the budget deficit, balance future budgets and reduce the pension liability.”

### **Tax rates under Pritzker’s plan**

Brackets that would be in effect under Pritzker’s graduated tax plan. Currently the individual rate for all income levels is 4.95 percent.

Income marginal rates

Up to \$10,000 4.75 percent

\$10,001 to \$100,000 4.90 percent

\$100,001 to \$250,000 4.95 percent

\$250,001 to \$500,000 7.75 percent

\$500,001 to \$1 million 7.85 percent

For incomes over \$1 million, the rate that applies to the entire amount is 7.95 percent.

The corporate rate would be a single rate of 7.95 percent.

Most people see a tax cut — even if it will be small in many cases — because income will be taxed at marginal rates. For example, for someone earning \$200,000 a year, the first \$10,000 of income would be taxed at a rate of 4.75 percent (currently it is taxed at 4.95 percent). The rate would be 4.90 percent on the next \$90,000, and then the person would pay 4.95 percent on the remaining \$100,000.

That system applies to incomes that do not exceed \$1 million. Residents who earn more than \$1 million a year, will pay a single rate, 7.95 percent, on their entire income.

Pritzker’s plan also calls for a \$100-per-child tax credit for single filers earning less than \$80,000 and joint filers earning under \$100,000. For both groups, the credit starts phasing out with higher incomes.

The plan also calls for a 20 percent increase in the money available for a property tax credit for income tax filers. The available money will move from \$500 million to \$600 million.

Pritzker said he will negotiate with lawmakers from both parties on details. He said it doesn't matter if people disagree with his plan, but "they must disagree in good faith with a specific counter proposal. They must say specifically what they support that will address the \$3.2 billion budget deficit, pay down \$15 billion in debt from unpaid bills and protect working families."

The governor acknowledged there was universal opposition to the idea from Republicans before the plan was unveiled, but now "the revelation of what this plan might look like will give them an opportunity to reconsider."

"The House Republican Caucus stands united in opposition to a \$3.4 billion tax increase on Illinois families and businesses," House Republican Leader Jim Durkin said in a statement.

Senate Republicans also said they are opposed to the plan "without guaranteed protections for middle class families."

Pritzker has said he wants lawmakers to vote this spring to put an amendment on the 2020 general election ballot asking voters if they want to move Illinois from a flat income tax to a graduated tax where higher earners pay more.

## STATEWIDE BAG TAX ADVANCES OUT OF SENATE COMMITTEE

[\*Chicago Sun-Times\*](#)

A bill levying a 7-cent tax on plastic and paper shopping bags advanced out of the state Senate's revenue committee Wednesday with its sponsor promising to bring an amended proposal back to the committee in the coming weeks.

There was unanimous approval to advance the bag tax, Senate Bill 1240, from five Democrats and two Republicans present at the committee.

The bill's sponsor, state Sen. Terry Link, a Waukegan Democrat, said the legislation would be amended after negotiations with Democratic Gov. J.B. Pritzker's office.

Pritzker's proposed budget includes \$20 million in anticipated revenue from the tax.

Link's bill in its current form levies a 7-cent tax, with 2 cents being kept by the retailer to cover the costs of implementing the tax.

The other 5 cents would be collected by the state, with 2 cents going directly to the general revenue fund and another 3 cents deposited in the Checkout Bag Tax fund, which would fund solid waste management programs in the counties in which the tax was collected.

Link said these distributions of the revenue would be subject to change after negotiations.

The bill excludes the municipalities of Chicago, Oak Park and any other municipality which had a bag tax on the books as of Feb. 1, 2018. The tax in SB 1240 is currently structured the same as Chicago's tax.

The Illinois Retail Merchants Association filed in support. Rob Karr, IRMA's president, said the group is supportive because of the comprehensiveness of the plan in its promotion of solid waste management.

He also said every bag tax passed around the country thus far has given a portion back to retailers to administer the cost.

The Illinois Restaurant Association filed in opposition to the bill. Currently, SB 1240 does not contain exemptions for carry-out bags used at restaurants, which are part of the legislation in Chicago.

According to the bill, auxiliary containers include containers designed to be reusable, packaging for bulk items, newspaper bags, wraps for frozen foods and several other containers. They are pre-empted from taxation in the current bill.

The bill also exempts bags used to transport items purchased using the Supplemental Nutrition Assistance Program, or SNAP, also known as food stamps, or items purchased using other government aid programs.

## **PRITZKER APPOINTS AGING, DoIT, INSURANCE DIRECTORS**

Governor JB Pritzker announced the following personnel appointments:

Paula Basta will serve as Director of the Illinois Department of Aging (IDOA). She currently serves as the director of senior services and health initiatives at the Chicago Housing Authority and teaches at the Loyola University School of Social Work.

Ron Guerrier will serve as Chief Information Officer of the Illinois Department of Innovation and Technology (DoIT). Guerrier has more than 20 years of experience managing IT in the private sector and has served as chief information officer for multi-billion dollar companies since 2012. He last served as the CIO of Express Scripts, the nation's largest pharmacy benefit manager, and also served the same role at Farmers Insurance Group from 2015 to 2018.

Robert Muriel will serve as Director of the Illinois Department of Insurance (IDOI). Muriel is a civil and commercial lawyer with more than 20 years of experience representing small businesses and professionals in trials, appeals and arbitrations in state and federal courts.