



Legislative Report

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Local Government considerations included *Is a “Grand Bargain” on state budget in the offing?*

THE DEMOCRAT SENATE PRESIDENT and the Republican Minority leader have set aside partisan differences that have plagued off-and-on talks that involved themselves, the two House leaders, and the Governor for the past two years, and produced a series of proposals that could lead to a broad bargain on state revenue and economic development for the future.

It is far from a complete package and certainly from a done deal politically. But it is the boldest move yet in the two-year stalemate that has left Illinois without a budget.

With support and urging from their respective caucuses, John Cullerton (D-Chicago) and Christine Radogno (R-Lemont) met frequently over the holiday downtime and put together a package of tax increases and government reforms that could serve as the framework for finally move Illinois forward.

But the package contains a lot of pieces that are—to say the least—controversial. Despite the presence of some of those hot button issues, members of the Senate seem to be lining up in support. It seems the pressure on lawmakers to get a budget in place has superseded the fallout of voting for tax increases or budget cuts.

What's in the package so far?

- ✓ An income tax increase from 3.75% to 4.95% for individuals and from 5.25% to 7% for corporations ... a soda pop tax of 1-cent per ounce ... changes to the corporate tax code that remove certain incentives for businesses.
- ✓ Gradually increases the minimum wage from \$8.25 to \$11.00 in 50-cent steps until 2021.
- ✓ Extends the existing property tax cap law to all local governments for two years and freezes the levy at 0 percent (rather than current Consumer Price Index).
- ✓ Incorporates verbatim language from Senate Bills 388 and 389 from a year ago that enables townships to be eliminated or consolidated, **but with approval first of the township boards**

involved. Allows for elimination of township highway departments by referendum if the mileage overseen is less than 15 miles. **TOI opposes this measure** (Senate Bill 3) due to this provision. Makes changes to other types of local governments.

- ✓ Makes changes to the Workers' Compensation Act that are aimed at lowering costs for Illinois employers.
- ✓ Expands riverboat gambling and adds machines that can be operated at horse tracks.
- ✓ Reforms Illinois' pension spending for public employees' pension funds.
- ✓ Includes a budget for the final six months of the current fiscal year (but does not include a budget for FY 2018 or beyond).

Those are the major ingredients of what have been placed on the table and are under consideration as we report on these developments. There are many holes in the plan and recent official estimates report that even with the massive revenue gains, it will still fall short of balancing budgets in the future without more adjustments.

As for the impact on townships, it certainly could have been worse. The potential elimination of highway districts of less than 15 miles causes us to offer our opposition, but is still much preferable to other legislation with greater mileage thresholds, as well as those that more viciously attack townships, the most efficient level of government in the state of Illinois!

Reaction from the House has been muted so far. And Governor Bruce Rauner, while applauding the significant movement in the Senate, has not weighed in specifically on any of the proposals.

So, it is a long way from cup to lip on this one. But one thing is for sure, whether you agree with them or not, Cullerton and Radogno have taken bold steps to finally get this state on a path toward solvency and sensibility.

