

Legislative Report

BOMA/Suburban Chicago

June 1, 2018

The Illinois House and Senate adjourned the 100th General Assembly on May 31. Both chambers are set to return for Veto Session November 13.

Veto Session: November 13 – 15 & November 27-29.

Before adjourning, both chambers passed a budget deal. The budget was negotiated by bipartisan working groups, finalized by legislative leaders and then approved in a bipartisan vote, 56-2 in the Senate and the House 97-18.

FISCAL YEAR 19 STATE BUDGET HIGHLIGHTS

The state's operating budget totals \$38.5 billion, which is a \$600 million increase over the current budget. That increase is largely due to education funding increases and making required pension payments.

Education:

- \$350 million increase in K-12 education to honor the commitments made when lawmakers overhauled how the state funds public schools last year. The new funding formula ensures every school district will see an increase.
- \$50 million increase for early childhood programs.
- The budget deal does not include shifting millions in state pension costs onto local school districts.
- State support for the retired teacher health insurance program (TRIP) is maintained.

Higher Education:

- Higher education sees a 2 percent increase after years of budget cuts. That translates into a \$25 million increase for public universities and community colleges.
- In addition, the state creates a \$25 million scholarship fund to be matched by public universities. The goal of this new tuition assistance program is to keep Illinois students in Illinois attending Illinois schools.
- The budget deal does not include shifting millions in state pension costs to universities and colleges.

Human Services:

- The budget includes and funds a 50-cent wage increase for caregivers who work primarily with developmentally disabled individuals.
- Numerous human service programs including those addressing epilepsy, autism, youth employment, addiction treatment and community mental health had been cut if not zeroed out in the governor's budget. They are funded in this budget deal.

Local Government:

- Local governments would see a nearly \$120 million increase over the current budget.
- A 10 percent cut in the Local Government Distributive Fund in the current budget is reduced to a 5 percent cut. That results in a nearly \$100 million increase for local governments.
- The existing budget also implemented a 2 percent administrative fee for the state processing sales tax revenue for local governments. That fee is reduced to 1.5 percent in the FY19 budget. The result is an increase of nearly \$20 million going to local governments.

Financial details:

- A more than \$1 billion budget hole wiped out through savings, reforms and utilizing other available revenues.
- The state is authorized to tap into up to \$800 million sitting available in various state accounts. This allows the state to utilize that money now to fund programs and services and pay it back over the next two years.
- A series of voluntary pension reforms are projected to bring in \$445 million in budget savings.

Reforms include:

- Inactive buyout: Former public sector workers vested in the program and owed an annuity when they reach the qualifying retirement age would gain the option of cashing out now for 60 percent of the value. Savings estimated at \$41 million
- COLA buyout: Tier 1 employees owed a compounding 3 percent COLA in retirement would get the option of having the state buyout the compounded COLA for 70 percent of the value. Savings estimated at \$382 million.
- Pension spiking: End of career raises would be limited to 3 percent, currently 6 percent. This means if school districts award end of career raises in excess of 3 percent, the retirement system charges them to cover the increased expense to state taxpayers. Savings estimated at \$22 million.

ILLINOIS HOUSE BACKS A GRADUATED INCOME TAX

[Doug Finke](#)

The Illinois House on Tuesday endorsed the idea of a graduated state income tax, but only by the slimmest of margins.

A non-binding resolution passed the chamber on a 61-52 vote. That's just one more than the minimum that House Resolution 105 needed to pass. It was also far less than the 71 votes the measure would need in the House to place a constitutional amendment on the ballot, which is the only way Illinois can get a graduated state income tax.

The earliest such an amendment could get on the ballot is 2020.

J.B. Pritzker, the Democratic candidate for governor, has called for a progressive state income tax that would apply higher rates to higher incomes. However, he has not specified what the rates would be under his proposal.

That has opened the door to Gov. Bruce Rauner and Republican lawmakers to claim that Pritzker would enact a massive tax increase if he is elected.

"Pritzker has bragged that the theme of his campaign will be a graduated tax hike," Rauner campaign spokesman Colin Maynard said in a statement. "Today's vote in the House makes it clear the Madigan Machine in Springfield is ready to work with Pritzker to raise taxes on Illinois families and small businesses."

However, House Speaker Michael Madigan, D-Chicago, had a different take on the graduated tax.

"While much work remains to be done, it's now time for anyone who is serious about cutting taxes for the middle class and growing our economy to come to the table and work with us to enact a fair tax," Madigan said in a statement.

Republicans predicted dire consequences if a graduated tax was put into place, from the wealthy leaving the state, to elimination of jobs, to even lower-income individuals getting hit with an increase.

"If the people of Illinois didn't distrust us already, why in the world would they hand us the power to raise taxes to levels previously unseen or unheard of?" said state Rep. Peter Breen, R-Lombard. "This is one of the worst, ill-considered and most unwanted resolutions for the people of this state."

However, state Rep. Barbara Flynn Currie, D-Chicago, said a previous version of a graduated income tax provided a tax cut to more than 90 percent of taxpayers. She also said 33 other states with an income tax have a graduated tax.

"Rates in other states are not confiscatory. There's no reason why they should be in Illinois," Currie said.

MAYOR EMANUEL THINKS LATEST CASINO BILL IS A LOSER

[Chicago Sun-Times](#)

A gaming expansion bill shot down in an Illinois House committee on Monday — which would have added a Chicago casino — now has a big opponent: Mayor Rahm Emanuel.

The House Executive Committee on Monday voted 5-4, one vote shy of advancing the revived measure that has been in the works since last year.

Among other things, the measure would create six new casinos, including one in Chicago; expand existing riverboats; allow for increased winnings on video gaming; and allow for additional gambling, including slot machines, at horse racing tracks. Profits from a Chicago casino would go to police and fire pensions.

No one from the city has reached out to Rita to express any objections, Keith said.

But a top mayoral adviser, who asked to remain anonymous, said on Tuesday that Emanuel opposes the casino bill in its existing form and believes it's going nowhere in the spring session.

"If there is gaming in Chicago, it would have to be under a different tax and revenue-sharing structure where more of the money comes back to local government," the Emanuel adviser said.

"The way it's worded now, the money goes to the state and to the casinos, leaving the local municipality to deal with all of the downside" without the resources to do it.

ILLINOIS APPROVES EQUAL RIGHTS AMENDMENT

[Chicago Tribune](#)

The Illinois House voted Wednesday night to ratify the Equal Rights Amendment more than 45 years after it was approved by Congress, putting it one state away from possible enshrinement in the U.S. Constitution amid potential legal questions.

The 72-45 vote by the House, following an April vote by the Senate, was just one more vote than needed for ratification. It does not need the approval of Republican Gov. Bruce Rauner, who has said he supports equal rights but was faulted by Democrats for not taking a position on the ERA.

Helping to propel momentum for the measure was a resurgence in activism for women's rights amid national demands to root out sexual discrimination and harassment in American culture in response to the #MeToo movement.

As has been the case for decades, the legislative debate over the Equal Rights Amendment was fraught with controversy. Opponents largely contended the measure was aimed at ensuring an expansion of abortion rights for women. Supporters said it was needed to give women equal standing in the nation's founding document.

Opponents also contended the measure may be moot, since its original 1982 ratification deadline has long since expired. Supporters argued, however, that the 1992 ratification of the 1789 “Madison Amendment,” preventing midterm changes in congressional pay, makes the ERA a legally viable change to the constitution.

State Rep. Peter Breen of Lombard, an abortion rights opponent, called the measure “an alleged constitutional amendment” and warned it would be adopting an “illegal act.” But Breen also contended supporters “have no other thing they want to do” than expand abortion rights.

“It will expand taxpayer funding of abortions, very well might roll back our parental notice (for minors to have an abortion) law and have other negative impacts on various abortion regulations,” Breen said.

But state Rep. Steve Andersson, a Geneva Republican, said the measure “isn’t about those distractions.”

“This is about who we are as a people. This is about who we believe the state of Illinois is and should be, going forward,” he said. “But it’s more than just the state of Illinois. It’s about the United States of America and quite frankly, I believe it’s about the planet. I believe it’s about how we treat women and men.”

Illinois’ 1970 constitution outlaws gender discrimination. Nevada became the last state to ratify the ERA before Illinois last year.

Whether the amendment can be added to the nation’s founding document is still a matter of debate among constitutional experts. Geoffrey Stone, a professor at the University of Chicago who specializes in constitutional law, said it’s unclear “there’s an obvious right or wrong answer.”

Some critics have also questioned the necessity of such an amendment, saying federal laws have already been passed to extend equal rights to women. Stone said ratification of the amendment “would make some difference in marginal cases where the law allows discrimination today” and “lock in” many of the federal protections women have gained over the decades.

RICH MILLER’S WEEKLY COLUMN

For weeks now, some Democrats have been wondering if their party intends to run a “coordinated campaign” this year and have asked what it might look like. A coordinated campaign means all the party’s candidates are working together under one umbrella group.

The party’s standard-bearer J.B. Pritzker has kicked off “Blue Wave Illinois” and will soon make a \$5 million contribution. Democratic sources say much more cash is expected to follow.

The new group won't be a separate, stand-alone entity, but will instead be an internal branch of Pritzker's campaign apparatus.

The House and Senate Democrats will each receive a million dollars. Sen. Kwame Raoul's attorney general campaign will get about \$50,000 (around the maximum he can legally receive) and the other statewide nominees will eventually receive money as well.

To stay within campaign finance contribution limit laws, a million bucks will be transferred to the Rock Island County Democratic Party, which is run by Illinois Democratic County Chairs' Association Chairman Doug House. Chairman House appears to be playing a key role in this new "Blue Wave" organization. House personally endorsed Pritzker ahead of his statewide group's endorsement session.

Pritzker refused to take any campaign contributions during the primary except from himself, but that will also change. Pritzker's campaign committee will raise the money to fund its "Blue Wave" operation from small individual donors and large contributions from others, including his wealthy friends and family. I'm hearing \$30 million may be the target number.

Pritzker will retain responsibility for funding his own race, I'm told. His initial \$5 million contribution can be seen as seed money to get the group going (and the million each to House Speaker Michael Madigan and Senate President John Cullerton could help soothe any possible paranoia on their part). And since contributions to Pritzker's big-spending campaign will have no legal caps on them, Pritzker will be able to vacuum up every possible dime that contributors can afford to give. He has told others that he doesn't want to compete with other Illinois candidates' fund-raising, so he will travel to other states to raise cash.

Any Statehouse-connected dollars will bring the sort of criticism that the self-funder was able to avoid until now, so we'll see how this works out. And, of course, giving money to Madigan's operation has already prompted Gov. Bruce Rauner's campaign to claim that the two men are in cahoots.

But this move also means Democrats will have a centralized funding source with no direct ties to Speaker Madigan. The benefit can work both ways. Some liberal big-money folks just don't like Madigan, and even more candidates are skittish (to say the least) about taking money from the House Speaker. It also seems clear that Pritzker wants his own, independent organization outside of Madigan's Democratic Party of Illinois – which has been accused in the past of redirecting coordinated campaign money toward Madigan's favored House candidates.

The Pritzker cash will be used to fund campaigns "up and down the ticket," from statewide campaigns, to legislative races to county races. The money will also be used for training in messaging and the use of digital technology. The Pritzker campaign wants to concentrate on the most winnable races, but they also say they don't want to leave any stone unturned.

Local political organizations, including township and ward organizations in Chicago and county party organizations throughout the state, will also likely receive contributions in the future. Chairman House

will apparently play the lead role in working with those organizations in an effort to build up a party that is sorely lacking at the local level outside Cook County.

Pritzker won kudos during the primary for opening 18 campaign offices and hiring about 100 field staffers, although there was some internal party criticism for the way at least some of those offices were run. It reminded some influential folks of the DCCC – helicoptered-in staffers who didn't know the lay of the land.

Whatever the case, the Pritzker campaign plans to continue building out those local field offices and will use them to help Pritzker and other regional and statewide candidates.

A true coordinated campaign also involves congressional candidates. At this point, I'm told, Pritzker's "Blue Wave" group figures its field work will benefit all candidates at all levels.

One of Pritzker's slogans has been "think big," and this definitely has the potential to be the biggest effort of its kind that this state has ever seen.

LEGISLATIVE WATCH LIST

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: 5/23/2018 - Added as Alternate Chief Co-Sponsor Sen. Mattie Hunter

Recent Status: 5/23/2018 - Added as Alternate Co-Sponsor Sen. Julie A. Morrison
5/23/2018 - THIRD READING Passed Third Reading in the Senate by 058-000-000.

HB4324 WAGE LIEN ACT (WELCH E) Creates the Wage Lien Act. Provides that a lien exists on an employer's property for the amount of unpaid wages owed to an employee. Defines terms and includes provisions concerning creation of the lien; exemptions; notice; limitations; recording of the lien; enforcement; other claims on the employer's property; successor obligations; and construction.

State Mandates Fiscal Note (Dept. of Commerce & Economic Opportunity)
This bill does not create a State mandate.

Fiscal Note (Dept. of Labor)

The Department of Labor currently lacks expertise in the filing and enforcement of liens. With passage of this bill, the Department will need to add a minimum of three full-time staff to devise and implement new lien procedures, research, file, and process the liens. Also, two additional attorneys preferably with lien recovery experience are needed to review for enforcement sufficiency and to represent the Department at hearings. Additionally, two administrative law judges with lien recovery and or Uniform Commercial Code expertise would also be needed to handle the increase in administrative hearings. Administrative costs include postage, filing fees, office supplies and new employee IT equipment and licensing. Currently, according to the Cook County Recorder of Deeds, recording costs for liens range from \$25.00 to \$32.00. The Department estimate that if we had this additional staff the number of liens that we could theoretically record would be around 1,000 to 1,500 per year. Fiscal Impact = \$1,038,336 (7 Headcount = \$972,336; Administrative Costs = \$66,000)

State Mandates Fiscal Note (Dept. of Commerce & Economic Opportunity)
Does not create a State Mandate.

House Floor Amendment No. 2 - Replaces everything after the enacting clause. Amends the Illinois Wage Payment and Collection Act. Provides that the Department of Labor shall adjudicate claims under the Act within 30 days. Provides that the Department of Labor shall request that an employer deposit up to 10% of a disputed wage claim with the Department pending adjudication of the claim. Increases the administrative fees imposed upon an employer who has been demanded or ordered by the Department of Labor or a court to a pay wage settlement. Authorizes the placement of a judgment lien upon and employer's real estate and authorizes action under the Code of Civil Procedure for a citation or a supplementary proceeding to discover assets.

Senate Committee Amendment No. 1 - Provides that the 30-day adjudication period begins upon the claim being filed. Requires the Department of Labor to send a notice of a wage claim when requesting escrow for disputed claims. Removes the 45-day limit on holding the escrowed moneys.

Current Status: 5/31/2018 - Senate Committee Amendment No. 1 Motion Prevailed ; - Non-Concur

Recent Status: 5/31/2018 - Senate Committee Amendment No. 1 Motion Filed Non-Concur Rep. Emanuel Chris Welch
5/31/2018 - House Non-Concurs House Nonconcur With Senate Amendment No. 1.

Notes: **AFL-CIO Support**

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.

House Committee Amendment No. 1 - Replaces everything after the enacting clause.

Amends the Gasoline Storage Act. Provides that a facility used for: (i) agricultural purposes at an agricultural site; (ii) refueling construction equipment at a construction site; (iii) parking, operating, or maintaining a commercial vehicle fleet; or (iv) fueling at railway yards, may store an aggregate total of 12,000 gallons of fuel for dispensing in aboveground storage tanks, as long as the facility complies with all other requirements of the rules of the Office of the State Fire Marshal. Effective immediately.

Senate Floor Amendment No. 1 - Removes language concerning a facility used for fueling at railway yards from the bill.

Current Status: 5/31/2018 - Passed Both Houses

Recent Status: 5/31/2018 - House Concur

5/31/2018 - Senate Floor Amendment No. 1 House Concur 108-000-000

SB3215 PROP TX-SALE IN ERROR (BARICKMAN J) Amends the Property Tax Code. In provisions concerning sales in error, provides that, in cases where improvements upon the property sold have been substantially destroyed or rendered uninhabitable or otherwise unfit for occupancy, the court may order the holder of the certificate of purchase to assign the certificate to the county collector, upon request of the county collector. Provides that the county collector may further assign the certificate to the county, acting as trustee for taxing districts, or to a taxing district having an interest in the taxes sold. Provides that, if the certificate of purchase is assigned to the county delinquent tax agent because the improvements have been substantially destroyed or rendered uninhabitable or otherwise unfit for occupancy, then the county delinquent tax agent shall extend the redemption period by 36 months.

Senate Floor Amendment No. 1 - Makes changes to the introduced bill to provide that, if a certificate has been assigned to the county collector by court order, then the period of redemption shall be extended for a period of time designated by the holder of the certificate, which may not exceed 36 months from the date of the assignment to the collector (in the introduced bill, extended for 36 months).

Current Status: 5/28/2018 - Passed Both Houses

Recent Status: 5/28/2018 - Third Reading - Short Debate - Passed 113-000-001

5/28/2018 - THIRD READING Passed Third Reading in the House by 113-000-001.

SB3394 PROF LICENSING-VARIOUS-MIN AGE (ALTHOFF P) Amends the Community Association Manager Licensing and Disciplinary Act, the Home Inspector License Act, and the Real Estate License Act of 2000. Reduces the minimum age requirement for licensure as a community association manager, supervising community association manager, home inspector, broker, or managing broker to 18 years of age (rather than 21 years of age). Makes a conforming change. Effective immediately.

Senate Committee Amendment No. 1 - Replaces everything after the enacting clause. Reinserts the provisions of the introduced bill with the following changes: Removes the changes made to the Real Estate License Act of 2000 regarding the minimum age requirement for licensure as a broker or managing broker. Effective immediately.

Current Status: 5/25/2018 - Passed Both Houses

Recent Status: 5/25/2018 - Third Reading - Short Debate - Passed 108-001-000

5/25/2018 - THIRD READING Passed Third Reading in the House by 108-001-000.

Notes: Make sure if this passes that we inform our members as all third-party managers have this license

SB3561 **BLDG COMMISSION-DESIGN-BUILD** (MUNOZ A) Amends the Public Building Commission Act. Changes various repeal dates from June 1, 2018 to June 1, 2023 in provisions concerning allowing public building commissions to use the design-build delivery method for public projects. Makes conforming changes.

Current Status: 5/29/2018 - Added Alternate Chief Co-Sponsor Rep. Carol Sente

Recent Status: 5/29/2018 - Passed Both Houses

5/29/2018 - Third Reading - Short Debate - Passed 115-000-000