

TAX FACTS



Taxpayers' Federation of Illinois

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2012 LEGISLATIVE SYNOPSIS

By Scott Selinger

Scott Selinger, Government Policy Advisor at Dykema, served as Legislative Director for the Taxpayers' Federation of Illinois from February 2010 through December 2012. Scott continues to represent TFI on select matters. 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 2012 has come and gone, this edition of Tax Facts takes a look back at this past year's legislative activity, including the January 2013 "lame duck" session, and also recaps some of the results from the November 2012 General Election. As always, TFI looks forward to providing you information on the pertinent Illinois fiscal issues and the proposed solutions.

Spring 2012 Legislative Session

The 2012 Spring Legislative Session ended with a furious pace as legislators scrambled to finish several issues that had dominated debate towards the end of session. Gaming expansion, the Fiscal Year 2013 Budget, and reforms dealing with Medicaid and public pensions were just a sampling of the key issues debated. TFI was extremely busy down the homestretch as we worked to pass legislation dealing with Enterprise Zone Reform and the establishment of the Illinois Independent Tax Tribunal. At the end of the

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NOTES FROM THE INSIDE. . .

By Carol S. Portman

This issue is our annual report on the prior year's legislative session, although we've extended our definition of "2012" to include a bit of 2013 in order to cover the last few days of the 97th General Assembly. As you can see, many issues were addressed during the year, but sadly, the state's pension woes remain largely unresolved.

Our state's budget problems, which unfortunately extend beyond "merely" the \$96 billion in unfunded pension obligations, are now well-known and well-documented in the state and national press. The silver lining behind this notoriety is that it has become increasingly difficult for our elected officials to ignore the problem, and 2012 saw some serious efforts at meaningful pension reform. Perhaps 2013 will be the year when those efforts yield results.

2012 did have some bright spots: legislation implementing the Illinois Independent Tax Tribunal and Enterprise Zone reform were two major projects spearheaded by TFI's Tom Johnson. As previously announced, Tom has become TFI's President Emeritus in 2013, and he continues to provide guidance and expert advice, for which we are all grateful.

TFI is busy researching and analyzing legislative proposals for 2013 and beyond—many of those research projects are sure to make it into future issues of Tax Facts!

Spring 2012 Legislative Session, the Governor indicated that additional legislative meetings would take place in the summer on public pension reform; these efforts were extremely limited, however, and this critical issue remains unresolved as we compile this annual legislative review.

Fall 2012 Veto Session/January 2013 Lamé Duck Session

The Legislature reconvened in late November and early December for the annual Fall Veto Session. Action was extremely light and a couple of the scheduled days were actually cancelled as most of the focus was shifted to the January 2013 "Lamé Duck" Session.

The legislature met in an unusual fashion during the final days of the 97th General Assembly: the Senate convened for 2 days, then the House followed for 2 more. As a result, there was little time to address the many major issues before the legislature, and little was accomplished before both houses adjourned sine die on January 8, 2013.

Fiscal Year 2013 Budget and Medicaid Reform

The original Fiscal Year 2013 state budget that passed on May 31st encompassed \$33.7 billion in general fund spending. It consisted of an increase in overall spending of \$400 million due to mandatory state payments including

increasing public pension payment obligations. Discretionary spending was cut approximately \$700 million in areas like education and human services. The budget proposal paid down some of the backlog of old bills and consolidated 57 state facilities, and made the statutorily mandated pension payment of \$5.2 billion, up from last year's \$4.1 billion. The legislature also approved a capital bonding reauthorization measure to borrow \$1.3 billion for additional transportation projects.

Additional revenue was anticipated from SB 1849, an expansion of gaming adding five new casinos and slot machines at horse racing tracks. Preliminary estimates called for \$1 billion in up front licensing and tax payments and between \$300 million and \$1 billion in annual revenue. SB 1849 passed both houses but was vetoed by the Governor, and the veto was not overridden.

Also during the Spring Session, a variety of Medicaid reform measures passed that were estimated to produce \$1.6 billion in savings and an additional \$1.0 billion in revenue was expected from an increase in the cigarette tax and increases in hospital provider fees (which would be matched with federal funds).

At the end of June, Governor Quinn further reduced the Fiscal Year 2013 budget by approximately \$57 million. Among the actions taken by the Governor to achieve this reduction were the closure of select state prisons, mental health facilities and juvenile justice centers throughout the state. He also consolidated

various state agency functions and facilities under his "efficiency reforms". His intention was to redirect these savings towards increased funding for education and various children and family services that were cut in the budget originally passed by the General Assembly. The specific bills that comprise the Fiscal Year 2013 Budget and the actions taken at the end of June by the Governor are listed below:

Approved

SB 2378/PA 97-0726 - General Services appropriations

SB 2413/97-0728 - P-12 Education appropriations

SB 2443/97-0729 - Higher Education appropriations

SB 2454/97-0730 - Human Services appropriations

SB 3802/97-0732 - Budget Implementation Act

Line Item and Reduction Vetoed

SB 2474 - Public Safety appropriations (Appropriation Reductions for prisons and juvenile justice centers)

Reduction Vetoed

SB 2409 - General Services appropriations (Consolidation of Centralia Animal Disease Center functions into Galesburg Animal Disease Center under the Department of Agriculture)

Line Item Vetoed

SB 2332 - Capital re-appropriations (Vetoed funding for Illinois Finance Authority Loans to Fire Departments, Fire Protection Districts and Non-Profit Ambulance Services)

The fiscal year 2013 budget took effect July 1, 2012 and all changes proposed by the Governor through his veto and reduction veto actions, mentioned above, were not overridden in the Fall 2012 Veto Session by the General Assembly.

Pension & Retiree Benefits Reform

While 2012 was a year of much discussion regarding the importance and urgency of addressing Illinois' current public pension funding crisis, TFI sadly reports that no real reform efforts were successful this year. In his budget message, the Governor cautioned that further pension reform is vital. Lawmakers introduced and in some cases passed measures that only dealt with peripheral issues related to the state's pension systems but could find no agreement on a comprehensive solution to a problem that is crowding out all other state services, programs and funding.

One positive development that may eventually lead to significant savings did occur in the retiree healthcare arena. Legislation passed ending the currently mandated state subsidy that allows a majority of retired state employees to pay no premiums for their health insurance. SB 1313, now PA 97-0695, repealed the statutory 5% state

subsidy of retiree health care premiums for every year of service. The new law provides that the Illinois Department of Central Management Services (CMS) will annually set premium rates for state retirees and the amount of the state subsidy, if any, and it contains no mandatory years-of-service or means-testing component to that determination. This measure was touted as a source of substantial savings and could someday reduce the state's retiree healthcare costs dramatically, but until union contracts are renegotiated, those savings will not materialize.

Senate President Cullerton introduced a public pension reform proposal, HB 1447, that passed the Senate on May 31st but did not receive a concurrence vote in the House before the legislature adjourned. HB 1447 was limited to only state employees and legislators. The measure essentially provided employees, both active and retired, with a choice of accepting higher pension benefits or continued state subsidized healthcare upon retirement. Governor Quinn and other legislators expressed concern with HB 1447 because it didn't affect the other retirement systems including teachers and university employees. They wanted to see a more comprehensive reform proposal that includes all state retirement systems instead. A link to HB 1447 can be found here: <http://www.ilga.gov/legislation/billstatus.asp?DocNum=1447&GAID=11&GA=97&DocTypeID=HB&LegID=58050&SessionID=84>

The newest proposal to surface, late in 2012, was HB 6258 which aimed to be a comprehensive solution and a compilation of

many prior reform proposals. Specific provisions of HB 6258 included:

For public employees hired before Jan. 1, 2011 (Tier 1):

- Cost of living adjustments would apply only to the first \$25,000 of a pension if the retiree does not receive Social Security and \$20,000 if he or she does. This change applies to both current and future retirees.
- Pensioners would receive no COLA adjustment until they reach age 67 or five years after they retire, whichever comes first. The summary says this provision will apply to retirees already receiving COLAs. So an employee who retired at age 58 and is now 60 would not receive another COLA adjustment until age 63.
- The retirement age would increase as follows: Retirement ages in the current statute would apply to employees 46 and older. One year would be added to current retirement ages for employees between 40 and 45 years old. Employees age 35 to 39 would have to wait an additional three years. Employees 34 and younger would have to wait an additional five years.
- Employee contributions to pensions would go up by 1 percentage point in fiscal year 2014 and 2 percentage points in fiscal year 2015.
- The salary that counts toward a pension would be capped at the higher of the Social Security wage base or the employees' salary when the bill becomes law.

For employees hired after Jan. 1, 2011 (Tier 2):

- All new employees in the Teachers Retirement System and the State University Retirement System would be enrolled in a cash balance plan, a plan that combines the features of a defined benefit and 401(k)-style defined contribution plan. The idea is to protect employers from exploding costs and guarantee employees a minimum level of benefits.
- Current TRS and SURS tier 2 members could join the cash balance plan.

For the state, school districts and universities:

- School districts, community colleges and universities would take over the state's pension cost at a rate of 0.5 percent of payroll per year.
- Pension systems would achieve 100 percent funding in 30 years.
- Courts could force the state, school districts and universities to pay their required pension contributions. "Other state funds" could be intercepted if the payments are not made as required by law.
- Once existing pension obligation bonds are paid off, annual bond service funds would be rerouted to pay off broader pension debt — about \$694 million starting in fiscal year 2016 and \$900 million per year in 2020.

Much of HB 6258 resurfaced during the waning days of the January 2013 lame duck session, in the form of House Amendment #10 to SB 1673. TFI testified in support of the measure, which passed out of the House Revenue Committee.

When it became apparent that there were insufficient votes to pass the bill on the House floor, Governor Quinn himself appeared before the House committee in favor of House Amendment #15 to SB 1673, which gutted the bill and would have created a Pension Review Commission. This Commission would have made pension reform recommendations by April 30, 2013, and these recommendations would have become law unless the General Assembly rejected them. The amendment also passed out of committee, but the House adjourned sine die without voting on the bill.

TFI will continue to strongly advocate for a comprehensive solution that begins to address the state's estimated \$96 billion in unfunded pension liability.

Enterprise Zone Reform

One of the key successes for TFI in 2012 was the successful passage of SB 3616, which provided comprehensive reforms for enterprise zones operating in Illinois. The measure, sponsored by Representatives John Bradley (D-Marion) and David Harris (R-Arlington Heights) as well as Senators Michael Frerichs (D-Gifford) and Pamela Althoff (R-Crystal Lake), implements a variety of reforms and extends the life of existing zones about to expire until July 1, 2016. Thereafter, existing zones along with new potential zones will compete for up to 25 year extensions. TFI would like to thank Mark Denzler from the Illinois

Manufacturers' Association for his leadership on this effort, along with the Illinois Retail Merchants Association and the Illinois Enterprise Zone Association for their assistance, as partners, in passage of SB 3616. TFI is working closely with the Department of Revenue in establishing procedures for the new benefit reporting requirements and the new building materials exemption process. A link to the bill, now PA 97-0905, can be found here: <http://www.ilga.gov/legislation/publicacts/97/097-0905.htm>

Independent Tax Tribunal

TFI partnered with the Illinois Chamber of Commerce on the successful effort to pass HB 5192, which will for the first time establish an independent tax tribunal in Illinois. This measure will provide taxpayers with an independent review of tax assessment disputes. TFI would like to sincerely thank House Majority Leader Barbara Flynn Currie, and bill sponsors Rep. Michael Zalewski and Sen. Toi Hutchinson for their hard work in facilitating negotiations with the Illinois Department of Revenue (IDOR) to help make passage of HB 5192 a reality last spring. A special thanks also goes out to Connie Beard from the Chamber for her hard work on this effort as well. It was a great partnership! A link to this legislation, now PA 97-1129, can be found here: <http://www.ilga.gov/legislation/publicacts/97/097-1129.htm>

Income Tax

Corporate Tax Disclosure

Senate President John Cullerton (D-Chicago) introduced the “Illinois Corporate Tax Disclosure and Responsibility Act” at the end of the Spring Session. SB 282 would require the disclosure of certain publicly traded corporation’s income tax information. It would also require that this information be made available to the public through the Illinois Secretary of State (SOS). The SOS would be required to create a publically accessible website that would disclose corporate income tax information regardless of whether a corporate entity receives state tax incentives or not. TFI strongly opposed this bill as it was very counterproductive to improving Illinois’ business environment. SB 282 passed the Senate in the Fall Veto Session but was defeated in the House Revenue Committee, 6 – 3, during the January “lame duck” session. A link to SB 282 can be found here: <http://www.ilga.gov/legislation/fulltext.asp?DocName=09700SB0282eng&GA=97&SessionId=84&DocTypeId=SB&LegID=55093&DocNum=282&GAID=11&Session=>

The Outer Continental Shelf Tax

At the end of the Spring Session, an amendment surfaced to HB 5342, sponsored by Senate President John Cullerton (D-Chicago) that would change the definition of the “United States” to include the outer continental shelf in the Illinois unitary group. This measure would have provided for an annual \$100,000,000 General Revenue Fund transfer to the Education Assistance Fund and the creation of a new annual

tax credit in an amount equal to 2.5% of qualified college education expenses for qualifying individuals. TFI strenuously opposed this tax hike and it passed the Senate but was not taken up by the House before adjournment. A link to HB 5342 can be found here: <http://www.ilga.gov/legislation/billstatus.asp?DocNum=5342&GAID=11&GA=97&DocTypeID=HB&LegID=65538&SessionID=84>

Animated Film Production Tax Credits

SB 1286, sponsored by Rep. Patrick Verschoore (D-Milan) and Sen. Mike Jacobs (D-East Moline), would allow animated films to qualify for a Film Production Tax Credit. A link to SB 1286, now PA 97-0796, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0796>

Veteran’s Employment Tax Credit & Mining Equipment Tax Exemption

SB 3241, sponsored by Sen. John Sullivan (D-Rushville) and Rep. Jerry Costello II (D-Sparta), creates an income tax credit in an amount equal to 20%, but in no event to exceed \$5,000, of the gross wages paid by a taxpayer for hiring an unemployed veteran. The bill further specifies that a property tax abatement granted to the surviving spouse of a fallen police officer or rescue worker also applies to the surviving spouse of a fallen soldier. SB 3241 also amends the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act to reinstate the exemption for coal and aggregate exploration (originally only coal exploration), mining, off-highway hauling, processing, maintenance, and reclamation

equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. A link to SB 3241, now PA 97-0767, can be found here: <http://www.ilga.gov/legislation/publicacts/97/097-0767.htm>

Unemployment Benefit Allocation

SB 3507, sponsored by Rep. Patrick Verschoore (D-Milan) and Sen. Mike Jacobs (D-East Moline) at the request of IDOR, amends the Illinois Income Tax Act providing that unemployment benefits paid by the Illinois Department of Employment Security are allocable to this State. A link to SB 3507, now PA 0709, is here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0709>

Angel Investment Tax Credit Revisions

SB 3619, sponsored by Rep. Daniel Biss (D-Evanston) and Sen. Dan Kotowski (D-Park Ridge), makes a variety of changes to the Angel Investment Tax Credit Program, administered by the Illinois Department of Commerce and Economic Opportunity (DCEO), and reinstates the Business Location Efficiency Incentive Act, which was accidentally repealed in December 2011. A link to SB 3619, now PA 97-1097, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1097>

AG's Enhanced Tax Evasion Bill

HB 5289, sponsored by Sen. Jeff Schoenberg (D-Evanston), allows the Attorney General's Office to prosecute, with enhanced criminal penalties, those retailers that fail to remit appropriate sales taxes. TFI was strongly opposed because some of the bill's language was vague and unclear. TFI submitted alternative language that would have removed our opposition and clarified the intent of the bill but unfortunately it was not accepted by the AG's Office. TFI looks forward to following up on a commitment made by the AG's Office to work with TFI and the IDOR on the underlying acts that might resolve any remaining concerns and unintended consequences resulting from passage of this bill. A link to HB 5289, now PA 97-1074, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1074>

"Stripper Tax"

HB 1645, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. Sara Feigenholtz (D-Chicago), creates the Live Adult Entertainment Facility Surcharge Act by imposing an annual tax on strip club operators who allow alcohol consumption in their facilities. The bill allows for the operators to choose between paying a tax equal to \$3.00 per patron admission or pay a specified tax based on the gross receipts of the strip club operator. All proceeds from this new tax are to be deposited into the Sexual Assault Services and Prevention Fund. HB 1645, now PA

97-1035, is effective on January 1, 2013 and a link to the bill is here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1035>

Tax Revenue Sharing Agreement Disclosure

This Regional Transportation Authority (RTA) initiative, sponsored by Rep. Carol Sente (D-Vernon Hills) and Sen. Kwame Raoul (D-Chicago), sets disclosure requirements for county and municipal “tax revenue sharing agreements”. A link to HB 3859, now PA 97-0976, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0976>

Municipal Use of Tax Proceeds Extension

HB 5362, sponsored by Rep. Mike Fortner (R-West Chicago) and Sen. Pam Althoff (R-Crystal Lake), makes changes to the Illinois Municipal Code stating that corporate authorities of a non-home rule municipality may, until December 31, 2020 (now, December 31, 2015), use the proceeds of a tax imposed under the Non-Home Rule Municipal Retailers' Occupation Tax Act, Non-Home Rule Municipal Service Occupation Tax Act, or the Non-Home Rule Municipal Use Tax Act for expenditure on municipal operations, in addition to or in lieu of any expenditure on public infrastructure or for property tax relief. A link to this bill, now PA 97-0837, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0837>

False Claims Act/"Whistle Blower" Lawsuit Abuse

The House of Representatives held a subject matter hearing last summer on concerns

expressed by TFI and other business groups regarding abusive lawsuits being filed under Illinois' False Claims Act. Under current law, private parties are bringing lawsuits asserting tax liability contrary to positions taken by the Department of Revenue, who is tasked with the administration and enforcement of Illinois' tax laws. This has been particularly pervasive in the sales tax area. TFI strongly supports limiting the power to assert tax liability to the state agencies charged, by statute, with administration and enforcement. HB 6202, introduced by Rep. Michael Zalewski (D-Chicago), addressed this issue. TFI, Rep. Zalewski, the Department of Revenue, the Attorney General's staff, and other interested parties met through the fall and agreed to revised language, but the legislature did not address the issue before adjourning. Representative Zalewski has already introduced a bill in the 98th General Assembly containing the agreed language.

Property Tax

Park District Tax Levy Rates

HB 587, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. Ed Sullivan (R-Mundelein), allows park districts to increase the property tax levy for corporate purposes or recreational programs to a total rate that does not exceed the total of the rates authorized under the Park District Code for those purposes, as long as the increase is offset by a like property tax levy reduction in one or more of the park district's funds. HB 587 also stipulates that a tax increase may not exceed the limiting rate set

forth in the Property Tax Code. A link to HB 587, now PA 97-0974, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0974>

General Homestead Exemption Administration and Tax Sales

HB 4239, sponsored by Rep. Mike Zalewski (D-Chicago) and Sen. Bill Haine (D-Alton), amends the Property Tax Code allowing chief county assessment officials to change requirements in relation to the granting of General Homestead Exemptions. It also changes the effective date for certain provisions previously passed in Public Act 97-557 dealing with tax sales. A link to this bill, now PA 97-1125, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1125>

Natural Disaster Homestead Exemption

In response to a spring tornado in Harrisburg, Illinois, Sen. Gary Forby (D-Benton) and Rep. Brandon Phelps (D-Norris City), passed HB 4242. The bill creates the Natural Disaster Homestead Exemption equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for an exemption under this section of the Property Tax Code minus the base

year (taxable year prior to taxable year in which the natural disaster occurred) equalized assessed value of the residence. A link to this bill, now PA 97-0716, is here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0716>

Special Service Area Transparency

SB 409, sponsored by Rep. Kelly Cassidy (D-Chicago) and Sen. Terry Link (D-Waukegan), requires that notice of a proposed tax levy in a special service area must include the proposed amount of the tax levy for special services for the initial year for which taxes will be levied within the special service area. The measure further provides that a public hearing on the establishment of a special service area may not be held less than sixty days after the adoption of the ordinance proposing the establishment of the special service area and specifies that, if, in any year other than the initial levy year, the estimated special service area tax levy is more than 105% of the amount extended for special service area purposes for the preceding levy year, notice shall be given and a hearing held on the reason for the increase. A link to SB 409, now PA 97-1053, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1053>

Illinois Tax Facts

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Military PPV Leases

SB 2761, sponsored by Sen. James Clayborne (D-Belleville) and Rep. Eddie Jackson (D-East St. Louis), amends the Property Tax Code by expanding current valuation rules applicable to leasehold interests of naval property and facilities to all military property and facilities in Illinois. The measure further provides, for the taxable years 2006 and thereafter (now, 2006, 2007, 2008, and 2009), the chief county assessment officer in the county in which property subject to a PPV Lease is located shall apply certain provisions concerning the net operating income and the fair cash value of a PPV Lease in assessing and determining the value of any PPV Lease for purposes of Illinois property taxes. A link to SB 2761, now PA 97-0942, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0942>

School Consolidation Tax Rates

SB 3252, sponsored by Rep. Sidney Mathias (R-Buffalo Grove) and Sen. Pam Althoff (R-Crystal Lake), encourages school consolidation through equalization of the permissible property tax rates applicable to the newly consolidated school district. A link to SB 3252, now PA 97-1022, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1022>

PTELL Referendum Information

SB 3314, sponsored by Sen. Don Harmon (D-Oak Park) and Rep. Michael Zalewski (D-Chicago), specifies that the approximate amount of the tax extendable, as stated on a referendum question submitted to impose a new or increased limiting

rate, shall be calculated by multiplying \$100,000 by (i) the percentage level of assessment prescribed for that property by statute, or by ordinance of the county board in counties that classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution; (ii) the most recent final equalization factor certified to the county clerk by the Department of Revenue at the time the taxing district initiates the submission of the proposition to the electors; and (iii) either the new rate or the amount by which the limiting rate is to be increased. SB 3314 further states that the approximate amount of the additional tax extendable, as stated on the referendum question submitted to increase the extension limitation, shall be calculated by multiplying \$100,000 by (i) the percentage level of assessment prescribed for that property by statute, or by ordinance of the county board in counties that classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution; (ii) the most recent final equalization factor certified to the county clerk by the Department of Revenue at the time the taxing district initiates the submission of the proposition to the electors; (iii) the last known aggregate extension base of the taxing district at the time the submission of the question is initiated by the taxing district; and (iv) the difference between the percentage increase proposed in the question and the lesser of 5% or the percentage increase in the Consumer Price Index for the prior levy year; and dividing the result by the last known equalized assessed value of the taxing district at the time the submission of

the question is initiated by the taxing district. A link to SB 3314, now PA 97-1087, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-1087>

Erroneous Homestead Exemptions

An ongoing legislative effort by Cook County Assessor Joe Berrios that would allow county assessors to record a tax lien against property that was granted one or more erroneous homestead exemptions failed to pass the General Assembly this year. HB 506, sponsored by Sen. Tony Munoz (D-Chicago), was amended to include provisions for notices, hearings and penalties after the issue previously surfaced in HB 4148. TFI voiced several concerns about this bill and urged the legislature and the assessors to consider procedures on the “front end “ of the exemption determination process to eliminate the erroneous exemptions. A link to HB 506, as amended by Senate Amendments #3 and #4, can be found here: <http://www.ilga.gov/legislation/billstatus.asp?DocNum=506&GAID=11&GA=97&DocTypeID=HB&LegID=56288&SessionID=84>

Other Legislation of Interest

Satellite TV Tax

Another tax increase proposal surfaced at the end of the Spring Session in HB 5440, and then again in late December, in SB 402. The proposal created the Direct Broadcast Satellite Service Providers Fee, a fee on the act or privilege of providing direct broadcast satellite service to a subscriber or customer in this State at the rate of

5% of the provider's gross revenue. All proceeds from this new tax would be directed to the Education Assistance Fund. Neither measure passed both houses prior to adjournment. TFI was strongly opposed to this measure. A link to HB 5440 can be found here: <http://www.ilga.gov/legislation/fulltext.asp?DocName=09700HB5440sam002&GA=97&SessionId=84&DocTypeID=HB&LegID=65709&DocNum=5440&GAID=11&Session=>

TIF Reform

One issue that was not addressed unfortunately before adjournment was Tax Increment Financing reform. Two competing proposals introduced in the House and Senate respectively were not called for final votes. The two bills that were the subject of discussion are linked below:

- HB 5457 (Rep. John Bradley’s “House Version”) <http://www.ilga.gov/legislation/billstatus.asp?DocNum=5457&GAID=11&GA=97&DocTypeID=HB&LegID=65752&SessionID=84>
- HB 5495 (Sen. Don Harmon’s “Senate Version”) – See Senate Amendments #'s 2, 3, and 4. <http://www.ilga.gov/legislation/billstatus.asp?DocNum=5495&GAID=11&GA=97&DocTypeID=HB&LegID=65948&SessionID=84>

Elimination of Township Collector in Cook County

HB 1981, sponsored by Rep. Charles Jefferson (D-Rockford) and Senate President John Cullerton (D-Chicago), eliminates the township collector position in Cook County and transfers those duties to the Cook County Assessor. A link to HB 1981, now PA 97-0857, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0857>

EDGE Credit Disclosure

HB 3934, sponsored by Rep. Jack Franks (D-Woodstock) and Sen. Susan Garrett (D-Lake Forest), requires the Department of Commerce and Economic Opportunity (DCEO) to disclose on its website the terms of future EDGE Credit agreements awarded by the Department. A link to this bill, now PA 97-0749, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0749>

Metro East Police Department Consolidation

SB 549, sponsored by Sen. James Clayborne (D-Belleville) and Rep. Eddie Jackson (D-East St.

Louis), would consolidate the police departments of the city of East St. Louis and the villages of Brooklyn, Alorton, and Washington Park into the newly created Metro East Police District. TFI was highly supportive of these efforts to consolidate local government functions. A link to SB 549, now PA 97-0971, can be found here: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=097-0971>

Estate Tax Collection

SB 3802, sponsored by Rep. Barbara Flynn Currie (D-Chicago) and Heather Steans (D-Chicago), is a budget implementation bill or “BIMP” bill that contains language to have the State Treasurer collect the Estate Tax. This function was previously performed by county treasurers. SB 3802 also establishes a refund fund setting aside 6% of total receipts from the tax and a link to the bill, now PA 97-0732, can be found here: <http://www.ilga.gov/legislation/publicacts/97/097-0732.htm>

2012 Election Recap by Scott Selinger

In addition to President Obama’s reelection victory, there were several state and federal races of interest to our membership this year and we’ve broken out the changes in detail below. It should be noted that the new 98th General Assembly, seated in January 2013, will mark the first time in the history of Illinois that one party has obtained

veto-proof majorities in both chambers at the same time. There were several planned legislative retirements mostly due to the re-apportionment required every ten years. This always results in new legislative membership, and several incumbents were defeated as they ran against competition in new legislative districts. We

believe the new membership in both houses make up the largest “freshman “class since the House blanket ballot in the 1960’s.

The Illinois House went from 64 Democrats and 54 Republicans to 71 Democrats and 47 Republicans. Four Republican incumbents (Saviano, Mathias, Cole and Morthland) lost their seats, while there were no incumbent defeats suffered by the Democrats in the House. There will be a total of 25 new Representatives which represents more than 20% of the membership. Of these 25, three of the “freshmen” (Hoffman, Smith and Sandack) are actually legislators that have served before.

The Illinois Senate went from 35 Democrats and 24 Republicans to 40 Democrats and 19

Republicans. One Republican incumbent (Pankau) lost her seat while the Democrats lost no incumbents in the Senate. There will be a total of 16 new Senators (more than 25%) with five of these “freshmen” (Biss, Rose, Barickman, Connelly, and Cunningham) coming over from the House.

On the federal level, Illinois lost one congressional seat due to reapportionment, going from 19 total seats to 18. Four Republican incumbent congressmen lost their seats (Walsh, Dold, Biggert and Schilling) changing the partisan makeup of Illinois’ Congressional delegation from 11 Republicans and 8 Democrats to 12 Democrats and 6 Republicans.

ILLINOIS GENERAL ASSEMBLY CALENDAR MARCH 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					SESSION 1	2
3	4	SESSION 5	Governor's Budget Address SESSION 6	SESSION 7	HOUSE SESSION 8	9
10	11	SESSION 12	SESSION 13	SESSION 14	HOUSE SESSION 15	16
17	18	SESSION 19	SESSION 20	SESSION 21	SESSION Deadline Substantive SB & HB out of Committee 22	23
24						
31	25	26	27	28	29	30

ILLINOIS GENERAL ASSEMBLY CALENDAR APRIL 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4	5	6
7	HOUSE SESSION	HOUSE SESSION	SESSION	SESSION	SESSION	13
14	HOUSE SESSION	SESSION	SESSION	SESSION	SESSION DEADLINE 3RD READING - HBs	20
21	22	SENATE SESSION	SENATE SESSION	SENATE SESSION DEADLINE 3RD READING - SBs	26	27
28	29	SESSION	30			

ILLINOIS GENERAL ASSEMBLY CALENDAR MAY 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			SESSION	SESSION	SESSION	
	1	2	3	4		
5	SENATE PM SESSION	SESSION	SESSION	SESSION	SESSION Senate-Deadline HB out of Committee House-Deadline SB out of Committee	11
12	13	SESSION	SESSION	SESSION	SESSION	SENATE SESSION
SESSION	SESSION	SESSION	SESSION	SESSION	SESSION Senate-Deadline 3rd Reading HBs House-Deadline 3rd Reading SBs	HOUSE SESSION
19	20	21	22	23	24	25
HOUSE SESSION	SENATE PM SESSION HOUSE SESSION	SESSION	SESSION	SESSION	SESSION ADJOURNMENT	
26	27	28	29	30	31	

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