



## MEMORANDUM

**To:** CMAP Board  
**From:** CMAP Staff  
**Date:** August 2, 2012  
**Re:** State Legislative Recap

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### GENERAL ASSEMBLY UPDATE

The Illinois General Assembly concluded the 97<sup>th</sup> spring session on May 31, 2012. Following is a summary of the major actions taken by the Legislature that were of interest to CMAP and the region. A critical issue dominating the spring session was the budget deficit, including negotiations around pensions and Medicaid reforms. A summary of the FY2013 budget follows with a brief analysis of the Illinois Departments of Transportation and Natural Resources budgets. A recent Policy Update take a more in depth look at the State budget.

A total of 460 bills passed both houses in the spring 2012 session. CMAP staff tracked and analyzed bills relating to the implementation of GO TO 2040 and issues impacting the organization or its partners. This report provides synopses of the bills that passed both houses of the General Assembly and reports the Governor's actions to date. In total, there are 35 bills of general interest, classified into four core issue areas of GO TO 2040.

### THE BUDGET

Two major areas affecting the budget were pension stabilization and Medicaid cost containment. Unfortunately, pension negotiations were stalled and no agreement surfaced by the end of session on May 31. However, lawmakers were able to reach a bipartisan agreement on Medicaid reform. Summaries of the Medicaid legislation are detailed in the next section of this report. The fiscal year 2013 budget passed by the Illinois General Assembly on the last day of session in several bills. These bills include appropriations for agency operations, capital projects, and re-appropriations, or funds that have not been spent from the current fiscal year: [SB 2332](#), [SB 2348](#), [SB 2378](#), [SB 2409](#), [SB 2413](#), [SB 2443](#), [SB 2450](#), [SB 2454](#), [SB 2474](#).

The FY13 general funds budget totals \$33.7 billion, up slightly from the \$33.6 billion enacted in FY12. It is approximately \$57 million less than the budget adopted by the General Assembly because the Governor exercised his line-item and reduction veto powers on three bills. This includes \$16.4 billion in discretionary, \$5.2 billion for pensions, and \$6.9 billion in Medicaid

spending. The remainder includes transfers out, debt service, and interfund borrowing. On June 30, Governor Quinn reduced the budget by \$57 million through the closures and consolidations of 57 state facilities. The [Office of Management and Budget](#) reports that these actions will save the state approximately \$82 million in fiscal year 2013, and will result in an annualized savings of at least \$136 million beginning in fiscal year 2014. Below is the discretionary funding allocated across the following spending areas:

| <b>State of Illinois FY2013 General Funds Budget (in billions)</b><br><i>Enacted July 1, 2012</i>   |               |
|---|---------------|
| Contributions to Retirement Systems   | \$5.2         |
| Medicaid  | \$6.9         |
| Other <i>includes transfers out, debt service, inter-fund borrowing, <a href="#">reappropriations</a>*</i>  | \$5.2         |
| Discretionary Budget  | \$16.4        |
| <i>Elementary and Secondary Education (<a href="#">SB2413</a>)</i>  | \$6.5         |
| <i>General Services (<a href="#">SB 2378</a> and <a href="#">SB2409**</a>)</i>  | \$1.2         |
| <i>Higher Education (<a href="#">SB 2443</a>)</i>   | \$1.9         |
| <i>Human Services (<a href="#">SB 2454</a>)</i>   | \$5.1         |
| <i>Public Safety (<a href="#">SB 2474***</a>)</i>   | \$1.7         |
| <b>TOTAL</b>  | <b>\$33.7</b> |
| <p><i>*Line item vetoed SB2332 (Capital re-appropriations, vetoed funding for Illinois Finance Authority Loans to Fire Departments, Fire Protection Districts and Non-Profit Ambulance Services).</i></p> <p><i>**Reduction Vetoed SB2409 (Consolidation of Centralia Animal Disease Center functions into Galesburg Animal Disease Center under the Department of Agriculture).</i></p> <p><i>***Line Item and Reduction Vetoed SB2474 Appropriation Reductions for prisons and juvenile justice centers).</i></p> |               |

CMAQ monitored two state agency budgets: the Illinois Department of Transportation (IDOT) and the Department of Natural Resources (IDNR). The IDOT budget totaled \$2.73 billion ([SB 2474](#)). The appropriation includes \$6 million from the Road Fund for “metropolitan planning and research purposes,” which is granted to the metropolitan planning organizations (MPO). Last year CMAQ received \$3.5 million from this line item. A portion of IDOT’s appropriations are funneled to public transit agencies, like Regional Transportation Authority (RTA). Although the majority of RTA’s operating funding comes from sales tax a portion are grant funds from IDOT through the Road Fund, Public Transportation Fund, and General Revenue. Of this, \$42.5 million was appropriated to IDOT for the RTA to meet operating expenses for reduced fare reimbursements and ADA paratransit services in northeast Illinois. The grant for paratransit services (\$8.5 million) has been provided since 2009 to avert fare increases.

| <b>Illinois Department of Transportation Budget (in millions)</b><br><i>Enacted July 1, 2012</i> |           |
|--|-----------|
| General Revenue  | \$22.1    |
| Other State Funds  | \$2,708.3 |
| Federal Funds  | \$0.3     |
| TOTAL  | \$2,730.0 |

IDNR’s \$230 million budget ([SB 2409](#)) was reduced by 13.5 percent from the previous year. Reductions will touch a variety of important programs in the region including land acquisition for open space and recreational facilities, watershed protection through soil and water grants, and the urban fish stocking programs. The effects of these funding decisions will be long-lasting, as planning activities like greenways and trails, flood and drought, water allocation, water supply, and dam safety will be further downscaled.

| <b>Illinois Department of Natural Resources Budget</b> <i>(in millions)</i> |                |
|---|----------------|
| <i>Enacted July 1, 2012</i>   |                |
| General Revenue Funds   | \$45.3         |
| Other State Funds   | \$161.9        |
| Federal Funds   | \$23.6         |
| <b>TOTAL</b>  | <b>\$230.8</b> |

During the course of the session, IDNR, legislators and other stakeholders endeavored to pass legislation that would have provided dedicated, sustainable funding for IDNR. A state park entrance fee bill [HB 5789](#), which stalled in committee, would have allowed the Department to establish and manage entrance and parking fees at state parks. The IDNR Sustainability Package, [SB 1566](#) passed the House but failed to pass in with enough votes in the Senate. Since the bill was called after midnight on the last night of the session, it required a super majority vote—34 yeas); the bill was one vote short. A recent [Policy Update](#) describes these legislative efforts and delves further into the impact of funding decreases on implementation of GO TO 2040’s recommendations to improve communities’ livability through the preservation of natural resources and land conservation. The bill would have provided supplemental revenues generated by broad-based user and permit fees it also proposed various increases to these existing fees and established new fees for certain permits and programs.

Though the budget has been enacted, a complex set of pension issues remains unresolved. Governor Quinn has called legislators back to Springfield to deal with pension reform. A special session is scheduled for August 17.

### **LEGISLATION THAT PASSED**

The following is a brief synopsis of the bills which passed the General Assembly. The bills that have been signed by the Governor are shown as a Public Act. The first section reviews bills which have significant revenue and spending implications for the state. The following sections review bills which have implications for the implementation of GO TO 2040.

### **Bills Impacting State Revenues**

**Medicaid Reform** – Five pieces of legislation were part of the Medicaid Reform package passed by the General Assembly: [SB 2840](#) (Public Act [97-0689](#)), [SB 2194](#) (Public Act [97-0688](#)), [SB 3397](#) (Public Act [97-0691](#)), [HB 5007](#) (Public Act [97-0687](#)), and [SB 3261](#) (Public Act [97-0690](#)). The reform makes \$1.6 billion in program efficiencies and reductions and increases revenues from cigarette taxes. More information on the reform package is available on the Governor’s website.

**Gaming** ([SB 1849](#)) – Creates five new casinos in the State and allows slots at race tracks. The bill also provides provisions for a new inspector general regarding casino oversight. Effective

January 1, 2013. For more details, a Chicago Tonight [report](#) examined the policy implications for the state.

## **Livable Communities**

**Landfill Restrictions** ([HB 3881](#)) – Prohibits the Illinois Environmental Protection Agency from issuing a permit for the establishment of, any new or expanded municipal solid waste or sanitary landfills in Cook County. The legislation was in response to a private landfill operator’s attempt to annex 86 acres of a landfill on the south side of Chicago to Dolton, in order to circumvent the ban on new or expanding existing landfills in the City of Chicago. Effective immediately. Public Act [97-0843](#)

**Plumbing Code Updates** ([HB 4496](#)) – For several years, water conservation proponents and the Metropolitan Planning Council (MPC) has worked to pass legislation amending the plumbing code to allow rainwater to be used for flushing toilets. However, turf battles between labor groups ensued and prevented legislation from advancing. Rather than change the plumbing code, this bill requires the Illinois Department of Public Health to update the code’s minimum standards to be consistent with nationally and internationally recognized plumbing codes. These national and international codes reflect advances in technologies and methods, including the use of rainwater harvesting for indoor plumbing. Effective immediately. Public Act [97-0852](#)

**Recycling** ([HB 4986](#)) – Creates the Task Force on the Advancement of Materials Recycling to review: county recycling and waste management planning; current and potential policies and initiatives in Illinois for waste reduction, recycling, composting, and reuse; funding for state and local oversight and regulation of solid waste activities; funding for state and local support of projects that advance solid waste reduction, recycling, reuse, and composting efforts; and the proper management of household hazardous waste. The Task Force is charged with developing recommendations for the consideration of Governor and the General Assembly within two years of the law’s enactment. Effective immediately. Public Act [97-0853](#)

**Energy Conservation** ([HB 5195](#)) – Provides that the Illinois Finance Authority may (rather than shall) assist the DCEO in establishing and implementing a program to assist units of local government to identify and arrange financing for energy conservation projects. Effective immediately. Public Act [97-0760](#)

**Wastewater** ([HB 5319](#)) – Authorizes the board of trustees of a sanitary district to enter into an agreement to sell, convey, or disburse treated wastewater with any public or private entity located within or outside of the boundaries of the sanitary district. Effective immediately.

**Local Food Systems** ([HR 734](#), [SR530](#)) – These resolutions urge Congress to adopt a farm bill that supports and promotes the development of local and regional food systems.

**School Construction** ([SB 639](#)) – The law currently prioritizes funds for the replacement of aging school buildings. This bill as amended would allow for the replacement or rehabilitation of aging school buildings using school construction funding, giving school districts discretion to evaluate the option of rehabilitation or replacement of older and/or historic school buildings. This bill is aligned with GO TO 2040’s emphasis on infill and using existing building stock to achieve greater livability through land use. Effective June 1, 2012.

**Air Quality** ([SB 3672](#)) – Limits the authority of the Illinois Pollution Control Board to prescribe ambient air quality standards for criteria air pollutants, such as Nitrogen Dioxide, if those standards are more exacting than the National Ambient Air Quality Standards set by the Administrator of the United States Environmental Protection Agency. Exempts those rulemakings from the ordinarily applicable rulemaking requirements of Title VII of the Environmental Protection Act. Effective immediately.

**Energy Efficiency** ([SB 3724](#)) – Requires the Capital Development Board to adopt the International Energy Conservation Code as minimum requirements for commercial and residential buildings and to make training available to builders to ensure compliance within one year of publication. Effective January 1, 2013.

**Net Metering** ([SB 3811](#)) – Last year during the veto session, the legislature passed [smart grid legislation](#). The bill included language regarding net metering, which allows electric customers that generate electricity using alternative energy such as solar and wind. SB 3811 provides clean-up language that will allow current and future renewable energy customers the ability to receive credits for their overproduction. Effective January 1, 2013. Public Act [97-0824](#)

### **Efficient Governance**

**DNR Operations** ([HB 404](#)) – Eliminates legislative mandates the DNR cannot or no longer fulfills and provides DNR flexibility to restructure its operational priorities in order to meet basic agency demands. Effective January 1, 2013.

**Tax Revenue Sharing Agreements/FOIA** ([HB 3859](#)) – This is the sales tax rebate disclosure bill. Requires municipalities and counties to file reports with the Illinois Department of Revenue (IDOR) concerning sales tax rebate agreements. It also amends the Freedom of Information Act (FOIA) to include tax rebates or refunds. IDOR and the county or municipality would be required to redact sales figures, the amount of sales tax collected, and the amount of sales tax rebated. Redacted information would be exempt from the FOIA. IDOR is required to post the reports, excluding the copy of the agreement, to their website and update the information monthly. CMAP supported this legislation because it aligns with GO TO 2040's emphasis on access to information and transparency. Effective January 1, 2013. **SUPPORT.**

**EDGE Tax Credits** ([HB 3934](#)) – Requires the Department of Commerce and Economic Opportunity (DCEO) to publish online its agreements developed under the Growing Economy Tax Credit Act. Effective immediately. Public Act [97-0749](#)

**Public Information** ([HB 4514](#)) – Permits the use of electronic storage of records by county recorders. The bill is applicable to all counties. Effective immediately. Public Act [97-0757](#)

**Open Meetings** ([HB 4687](#)) – Requires that the posted agenda set forth the general subject matter of anything that will be the subject of final action at a meeting. Effective January 1, 2013. Public Act [97-0827](#)

**Road Closure Notification** ([HB 5180](#)) – Requires IDOT to develop and publish a policy for procedures for notification to local authorities and elected officials about road or lane closures that will last 5 days or longer. Effective January 1, 2013.

**Tax Tribunal** ([HB 5192](#)) – Creates an independent administrative tribunal with tax expertise to resolve tax disputes between the Department of Revenue and taxpayers prior to requiring the taxpayer to pay the amounts at issue. It does not cover property tax issues and is limited to matters where the tax liability exceeds \$15,000. Effective immediately.

**Sales Tax Proceeds** ([HB 5362](#)) – This bill allows non-home rule municipalities, until December 31, 2020 (now, December 31, 2015), to use the proceeds of Retailers' Occupation Taxes for expenditure on municipal operations, in addition to or in lieu of any expenditures on public infrastructure or for property tax relief. Effective immediately. Public Act [97-0837](#)

**Road Districts** ([SB 3047](#)) – Provides that any municipality that is part of a road district in a county not under a township organization may compel the county board to organize the municipality into a separate road district. Currently, this provision is only applicable for any municipality with a population of more than 15,000 and part of two or more road districts in a county not under a township organization. Effective immediately.

## Human Capital

**Economic Data Task Force** ([HB 5444](#)) – Creates an Economic Data Task Force to study the costs and benefits of giving the public access to the state employment data currently produced by the Illinois Department of Employment Security. Effective January 1, 2013. Public Act [97-0788](#)

**Enterprise Zones** ([SB 3616](#)) – Over the past three years, municipalities and chambers of commerce have been trying to pass Enterprise Zone extension legislation. Over the course of the session several bills with a similar intent, to extend enterprise zones, were introduced. The legislature finally passed SB 3616. It adds new qualifications to the eligibility of enterprise zones, creating open enterprise zone designations for areas set to expire. New zones will have a 15-year lifespan with the possibility for renewal for an additional 10 years. An Enterprise Zone Board within the DCEO will be formed and charged with determining which designated areas are approved and certified as enterprise zones. Effective immediately.

**Tax Incentives** ([SB 3619](#)) – Amends the Illinois Income Tax Act regarding the Angel Investment (AI) tax. The AI tax credit is provided to businesses that meet the following criteria: must be headquartered in the state; at least 51% of employees are in the state; has potential for increasing employment and/or capital investment; and is engaged in innovation in manufacturing, biotechnology, nanotechnology, communications, agricultural sciences, clean energy creation, or storage technology. The bill also provides for the continuation, validation, and re-enactment of the Business Location Efficiency Incentive Act, which was inadvertently repealed on December 31, 2011. Effective immediately.

## Regional Mobility

**RTA Working Cash Notes** ([HB 3875](#)) – Extends the Regional Transportation Authority's ability to issue, sell, and deliver additional working cash notes until July 1, 2014. The bill also caps the amount of working cash notes the RTA could issue to \$300 million. Working cash notes are essentially short-term (i.e. less than 24-month) loans to cover operating expenses. They can cover a cash flow deficit in anticipation of tax receipts or other future revenues. Extending the RTA's authority to issue working cash notes can support GO TO 2040's recommendation to

increase commitment to public transit, and to support transit operations. Effective immediately. **SUPPORT.** Public Act [97-0769](#)

**Transportation Public-Private Partnerships (SB 3216)** – Makes technical changes to the legislation passed last year regarding public-private partnerships. Makes the following changes: hearing requirements for candidate public-private partnership (PPP) projects; eliminates restrictions on the length of PPP agreements; directs net proceeds from PPP agreements to a new PPPs for Transportation fund; excludes the Illiana Expressway project from the provisions of the Act; and makes various changes to the procurement process for PPPs. These modifications would replace the prequalification process with new “shortlisting” provisions, provide that public and private entities have equal opportunities to contract for a PPP candidate project, permit successful public applicants to follow the Illinois Procurement Code rather than the provisions of the Act, require qualifications-based selection of design work, and remove language requiring a transportation agency to be subject to liens granted to a contractor on a PPP project’s revenues. The bills are aligned with GO TO 2040’s recommendations around innovative financing, specifically targeted use of public-private partnerships. Effective immediately. **SUPPORT.**

**Suburban Bus Facilities (HB 4036)** – Authorizes the Pace Board to issue bonds to construct and expand facilities, including a Compressed Natural Gas (CNG) facility and two garages. Effective January 1, 2013. Public Act [97-0770](#)

**Tollway (HB 4078)** – Amends the Toll Highway Act to provide that upon written approval of the Governor, ISTHA may exercise its authorities under the Toll Highway Act to design and construct new railroad tracks. The Tollway may charge fees to passenger and freight rail operators using its tracks. No monies from the Road Fund may be used to implement these new provisions. Effective immediately.

**IDOT Bonding Authority (HB 4568)** – Includes \$1.6 billion additional bonding authority to help fund Illinois Jobs Now! capital program. GO TO 2040 recommends investing in transportation strategically and increasing funding to transit. The Illinois Jobs Now! capital program provides for funding to the priority capital projects listed in the GO TO 2040 plan. Effective July 1, 2012. **SUPPORT.** Public Act [97-0771](#)

**IDOT Rail Services (SB 2861)** – Creates an escrow account for IDOT to draw on to pay for grade crossing and other railroad repair projects. This bill ensures that railroads would get paid for grade crossings and other railroad repairs through the new escrow account and potentially lowering costs to the State for these projects. Effective immediately.

**Illiana Expressway (SB 3318)** Amends the Public-Private Partnerships for Illiana Expressway Act. The bill modifies language regarding procurement to be more aligned with the provisions outlined in the Design Build Procurement Act. Second, the bill would allow IDOT to acquire property for the Illiana Expressway using eminent domain authority and removes restrictions regarding quick-take powers. Senate Amendment 1, adopted, restores language providing that a public-private agreement includes a provision stating that in the event the contractor finds it necessary, proper or desirable to enter into subcontracts with one or more design-build entities, then it must follow a selection process that is, to the greatest extent possible, identical to the

selection process contained in the Design-Build Procurement Act. Effective immediately.  
Public Act [97-0808](#)

**Metra** ([SB 2937](#)) – Creates the Northwest Metra Commuter Rail District to include all municipalities within McHenry County. As a municipal corporation, the District would have eminent domain powers and the ability to levy property taxes. A property tax would have to be approved by a majority of voters, and the property tax rate would not exceed 0.25 percent of assessed value. If signed by the Governor, SB 2937 would join the Southeast Commuter Rail Transit District as the region’s second new transit district created in the past year. Effective January 1, 2013.

#### LEGISLATION THAT DID NOT PASS

[HB 0028 Green Special Service Area](#)

[HB 1109 Vacant Properties](#)

[HB 3280 Fracking](#)

[HB 3803 LGDF](#)

[HB 3836 Gas Tax](#)

[HB 3850 Tax Rebate Transparency](#)

[HB 3864 Road Fund](#)

[HB 3917 Corporate Income Tax](#)

[HB 3918 Corporate Income Tax](#)

[HB 3919 Job Renewal & Enterprise Zones](#)

[HB 3922 Job Renewal & Enterprise Zones](#)

[HB 3924 Toll Increases](#)

[HB 3974 Utilities](#)

[HB 4000 Local Parks](#)

[HB 4018 Business Registry](#)

[HB 4011 LGDF](#)

[HB 4140 Aeronautics Funding](#)

[HB 4153 IDOT Funding](#)

[HB 4502 Public Private Partnerships](#)

[HB 4505 Affordable Housing](#)

[HB 4509 RTA Public Bidding](#)

[HB 5168 MPS](#)

[HB 5226 Illiana Funding](#)

[HB 5227 School Rehabilitation](#)

[HB 5453 Foreclosed & Abandoned Properties](#)

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[HB 5456 Foreclosed & Abandoned Properties](#)

[HB 5841 Water Pricing](#)

[HB 5853 Fracking](#)

[HB 5834 Job Renewal & Enterprise Zones](#)

[HB 5900 Stormwater Management](#)

[HB 6037 DNR Funding](#)

[SB 0016 Foreclosed & Abandoned Properties](#)

[SB 0179 Riveredge Development Zone](#)

[SB 2514 Road Fund](#)

[SB 2516 Capital Projects Fund](#)

[SB 2523 R&D Tax Credit](#)

[SB 2525 Wastewater Management](#)

[SB 2527 Airport Intermodal](#)

[SB 2530 Toll Increases](#)

[SB 2534 Foreclosed & Abandoned Properties](#)

[SB 2549 Road Fund](#)

[SB 2552 MFT Uses](#)

[SB 2572 RTA Capital Planning](#)

[SB 3214 RTA/Fuel Risk Management](#)

[SB 3236 MFT Uses](#)

[SB 3251 EPA Rules](#)

[SB 3283 MPS](#)

[SB 3384 Bus on Shoulders](#)

[SB 3522 Foreclosed & Abandoned Properties](#)

[SB 3573 Water Utilities](#)

[SB 3667 Local Govt. Consolidation](#)

[SB 3676 Foreclosed & Abandoned Properties](#)

[SB 3901 DNR Funding](#)

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