

Table of Contents

Agriculture	.....	Page 2
FY11 Budget	.....	Page 2-7
Business	.....	Page 7-8
Civil Law	.....	Page 8
Criminal Law	.....	Page 9-16
Guns	.....	Page 9
Crimes against people	.....	Page 9 & 10
Internet safety	.....	Page 10
DNA	.....	Page 11
Domestic violence	.....	Page 11 & 12
DUI vehicle offenses	.....	Page 12
Drugs	.....	Page 13
Sex offenses	.....	Page 13 & 14
Prison/parole	.....	Page 14-16
New offenses/misc.	.....	Page 16
Education	.....	Page 16-21
Elections/Ethics	.....	Page 21 & 22
Environment	.....	Page 22 & 23
Financial Institutions	.....	Page 23-26
Gaming	.....	Page 26
Higher Education	.....	Page 26-28
Human Services	.....	Page 28 & 29
Insurance	.....	Page 29 & 30
Local Government	.....	Page 30-32
Mass Transit	.....	Page 32
Pensions	.....	Page 33
Professional Regulation	.....	Page 33-37
Public Utilities	.....	Page 37 & 38
Revenue	.....	Page 38-40
State Government	.....	Page 40-42
Seniors	.....	Page 42-44
Veterans	.....	Page 44-46

Agriculture

Department of Agriculture Fee Increases

Since the Department of Agriculture's FY10 budget factored in fee increases that did not materialize last year, increasing these fees became a legislative priority for the Department this spring. For example, programs on the Pesticide Control Fund gave up all of their GRF funding in FY10 in exchange for fee increases that did not materialize. These programs are now spending old surplus funds from when fees were adequate and GRF was more available. If the fee increases do not occur, the Fund will be depleted and the programs will be several hundred thousand dollars short of what they need for the year. The Feed Control Fund is in the same position, but it will not run out of funds as quickly.

HB 4866 (Reitz/Sullivan, J.) would increase numerous fees through the Department of Agriculture. Generally, the agriculture industry is neutral on the legislation, but concerns continue to exist regarding the potential for future fund sweeps or reductions in GRF appropriations.

HB 4866 passed both houses, and the bill has been sent to the Governor.

FY11 Budget

The FY11 appropriated state budget totals \$26.01 billion GRF and \$56.9 billion in all funds. Compared to FY10, GRF decreases by \$320 million and all funds decreases by \$250 million.

The FY11 state budget plan is contained in several substantive and appropriations bills. Although the five bills have passed both houses, none have been sent to the Governor. Therefore, it is too early to know the final FY11 budget plan since the Governor could veto or amend the bills. Below is a list of the bills, followed by summaries for each.

- HB 859 – the main appropriations bill that totals \$25.9 billion GRF
- SB 1215 – a trailer appropriations bill that totals \$145.2 million GRF
- SB 3660 – the Emergency Budget Act
- SB 3662 – the budget implementation bill
- SB 377 – the tax amnesty bill
- SB 49 – made changes to the coal bond authorization allowing new projects, but did not increase bond authorization

Summaries for bills that did not pass both houses, but would have impacted the budget plan are also provided. They include:

- SB 3514 – the pension bond bill
- HB 543 – the pension holiday bill
- SB 44 – cigarette tax bill

Summaries:

HB 859 (Currie/Trotter) – Passed Both Houses

This is the main FY11 appropriations bill which totals \$25.9 billion GRF and \$56.7 billion in all funds. It appropriates all federal and non-GRF funds at the Governor's FY11 proposed budget levels, cuts agency operations (salaries, printing, travel, etc) by 5% from FY10 levels, and appropriates GRF agency grants at FY10 levels. A lump sum of \$3.5 billion is appropriated to the Governor, so he has flexibility to spend in areas in need. The only grant reduction is to the State Board of Education totaling \$458 million, of which \$327 million of the cut is to mandated categorical spending. The remaining cut of \$131 million is restored in SB 1215. Higher education funding is held flat at FY10 levels. Overall, this budget is similar to the FY10 plan; it provides necessary non-GRF funding to agencies and provides GRF appropriations in lump sums. This allows the agencies and the Governor to prioritize spending and cuts.

SB 1215 (Trotter/Madigan) – Passed Both Houses

This bill totals \$145.2 million GRF and \$198.9 million all funds, and includes language for agreed to Coal Development Bond Fund projects in Williamson, Sangamon, and Washington Counties. The amendment also restores the \$131 million cut to the State Board of Education that was made in HB 859, and includes annual pay-as-you-go capital/permanent improvement appropriations.

Emergency Budget Act - SB 3660 (Cullerton/Currie) – Passed Both Houses

The Emergency Budget Act of FY11 was introduced to primarily give the Governor unprecedented powers to manage the FY11 budget. The Act specifically authorizes the Governor to (1) make changes in State programs that are necessary to implement the FY11 budget and (2) implement budget measures that prioritize FY10 voucher payments. Also included are budget process reforms, cost saving provisions, such as agency authority to rebid procurement contracts and reductions to General Assembly compensation, and up to \$1.75 billion in tobacco settlement securitization authority.

- **Contingency Reserves.** Beginning on July 1, 2010 and until January 9, 2011, allows the Governor to set aside appropriations as contingency reserves. Exempts constitutional officer, legislative, and judicial appropriations, as well as the office of the Executive Inspector General and the Executive Ethics Commission.

- **All Programs are Subject to Appropriation.** Through January 9, 2011, all expenditures authorized or required by State law are subject to appropriation.
- **Emergency Budget Act of FY11 Takes Precedence.** In case of any conflict among the provisions of the Act and any other law, executive order, or administrative regulation, the provisions of this Act prevail and control.
- **Budget Reforms.** Requires State budgeting based on pre-determined outcome based goals, and requires agencies to review and possibly rebid contracts for savings.
- **Emergency Rulemaking Authority.** Until January 9, 2011, gives State agencies emergency rulemaking authority to implement the budget or any other budget initiative passed by the General Assembly for FY11. Emergency rules can go into effect at once without first having to go through JCAR.
- **Lapse Period Spending Extended.** Extends the FY10 lapse period spending from August 31st to December 31st, 2010. Currently, fiscal year lapse period spending begins on June 30th and ends on August 31st.
- **Governor Fund Transfer Authority.** At the request of the Governor, gives the Comptroller and the Treasurer, until January 9, 2011, the authority to transfer money out of special funds, to the extent allowed by federal law, to the General Revenue Fund and the Common School Fund. Repayment is required in 18 months and OMB must file quarterly report on the transfers.
- **General Assembly Compensation Changes.** In FY11, requires the General Assembly to take 12 furlough days calculated at 1/261st of annual salary; prohibits a General Assembly COLA; reduces the allowance for lodging and meals from \$139 to \$111 per day, and reduces the mileage rate for automobile travel from \$0.50 per mile to \$0.39 per mile.
- **Executive Branch Officer Furlough Days.** Requires executive branch officers to take 12 furlough days in FY11 calculated at 1/261st of annual salary.
- **Tobacco Settlement Securitization.** A Tobacco Settlement Securitization program is enacted through the creation of the Railsplitter Tobacco Settlement Authority. The Authority will issue up to \$1.75 billion in bonds with tobacco settlement moneys pledged as debt service on the bonds. The bonds shall mature not more than 19 years after the date of issuance.

Finance BIMP – SB 3662 (Trotter/Currie) – Passed Both Houses

- Repeals State pledge to respond to inadequate State school aid appropriations by holding general State aid harmless and imposing the entire burden of the deficiency on supplemental general State aid programs.
- Cuts percentage of individual income tax receipts deposited into the Income Tax Refund Fund from 9.75% to 8.75%. This may cause state individual income tax payers to have to wait longer periods of time for State income tax refunds.
- Freezes certain State reimbursements paid to long-term care facilities, nursing facilities, and nursing homes.
- Grants authority to the State Board of Education to transfer monies between school funds earmarked for various categorical aid programs operated by local school districts. This maintains existing State policies.
- Transfers monies between various State-managed funds. Many of these transfers maintain existing State policies.

Tax Amnesty – SB 377 (Kotowski/Lang) – Passed Both Houses

- SB 377 (Kotowski/Lang) has been passed by both houses and sent to the Governor. The House vote was 102-14-0.
- This bill, if signed by the Governor, will open a tax amnesty window for persons, corporations, estates, and trusts that owe Illinois sales taxes, income taxes, or other taxes payable to the Illinois Department of Revenue. The window will open on October 1, 2010, and close on November 8, 2010.
- This tax amnesty is an integral part of the FY11 budget. It is estimated to generate \$250 million in additional **one-time revenue** for the State. One-half of the tax amnesty's net proceeds will be deposited into GRF, and one-half into the Common School Fund.
- Persons and entities with tax liabilities incurred during a seven-year period that began on June 30, 2002 and ended on July 1, 2009, should make an effort to pay these past-due amounts during this window of time. If a taxpayer will be eligible for the tax amnesty and does not use it, the **penalties and interest for non-payment will be doubled**.
- SB 377 also contains a separate provision that authorizes the Department of Revenue to work with the private debt-collection community to track down debts uncollectible by the State. The State is authorized to take a variety of actions, including: (a) accepting a partial payment in settlement of an uncollectible or difficult-to-collect debt, (b) accepting deferred payments on

monies past-due to the State, (c) selling uncollectible debts to private debts collectors at a sharp discount from face value. All monies collected from these pathways will be deposited in GRF.

- Certain fees and payments, such as license fees, are paid to other State departments and may not be covered by this amnesty.
- This is the first State tax amnesty since 2002.

Pension Bonds - SB 3514 (Schoenberg/Currie) – Awaiting Senate Concurrence

As passed the House, authorizes the State to issue \$4.096 billion in general obligation bonds to pay the annual certified amount to the state's five pension systems for FY11.

- The bonds are paid back over 8 years with no principal paid in the first 2 years of the bonding.
- Amends the Continuing Appropriation Act for the Pension Systems. The Act is suspended for SURS, TRS, JRS, and GARS to limit the FY11 contribution to the systems to the pro-rata share of the bond sale that the system is owed. If the bond sale does not take place before October 31, 2010, the Continuing Appropriations Act will come back into effect retroactively to the start of FY11.
- SB 3514 was additionally amended with Amendments #4 and #5. Amendment #4 added a title to a section, and #5 corrected discrepancies for payments to the SERS with the current Lump Sum payment, and the normal percentage of payroll payment. This correction was needed for the SERS to correctly accept the lump-sum payment from the bond sale.
- SB 3514 passed the House 71-44-02. The bill was sent over to the Senate; however, no formal action has been taken on SB 3514.

Pension Holiday – HB 543 (Currie/Cullerton) – Awaiting House Concurrence

In FY11, suspends the pension continuing appropriation from the General Revenue Fund and the Common School Fund until the Governor certifies to the Comptroller that adequate funds are available.

- The goal of the legislation is to skip the FY11 certified payment of \$4.1 billion to the state pension systems if a borrowing plan cannot be passed by the General Assembly.

- According to the Commission on Government Forecasting and Accountability, the fiscal impact of the bill is \$58 billion for the periods ending in FY45. The \$58 billion reflects the loss of investment revenue over the entire period assuming no state pension contribution is made in FY11.

Business

McCormick Place

The Illinois General Assembly has enacted a McCormick Place reorganization and financial stabilization bill. The measure is PA 96-898 (SB 28: Cullerton/Madigan). The bill reorganizes the way McCormick Place is governed by creating a new interim governing board, called the Metropolitan Pier and Exposition Authority, and appointing a new Authority Trustee, Jim Reilly (longtime RTA chairman).

SB 28 also enacts major changes in labor-management relations at McCormick Place, and extends the lives of several MPEA bond issues and the lifespans of the taxes used to service these bonds. The debt extensions will raise additional funds to subsidize the operations of McCormick Place.

SB 28 also contained small increases in taxes charged to taxis and other vehicles that pick up passengers at O'Hare and Midway airports. The tax revenue generated by these increases will be allocated to visitation promotion efforts carried out by the Chicago Convention and Tourism Bureau and by its fellow tourism promotion bureau in Rosemont, Illinois.

Navistar legislation

Navistar, one of the world's largest manufacturers of trucks and truck engines, intended to consolidate its mid-western research and engineering operations with its international headquarters in a new facility in Lisle, Illinois. In exchange, Navistar asked the Illinois General Assembly to reconfigure their current EDGE Tax Credit structure and allow them to receive the benefit of the tax credit throughout the year by reducing their income tax withholdings by the amount of the tax credit. Legislation was drafted for Navistar as SB 3089. SB 3089 enumerated that Navistar would be authorized to receive the EDGE credit against their withholdings, and additionally extends the filing deadline to allow Mitsubishi to apply (PA 96-834 opened Mitsubishi to claim their EDGE Tax credit against their withholding, however, they failed to file in time. SB 3089 was signed into law as PA96-905.

The Illinois Research and Development Tax Credit

The Illinois Research and Development Tax Credit rewards taxpayers for engaging in research activities in Illinois. The R&D tax credit was extended by House Democrats but will expire at the end of 2010. Leader Cross sponsored HB 6861 which would provide that the R&D tax credit is not subject to the Illinois Income Tax Act's automatic sunset provision which would reinstate the credit.

Democrats introduced SB 3655 which will only extend the Research and Development Tax Credit until the end of the year. SB 3655 has passed both houses. This issue will need to be revisited during the veto session or the credit will again expire.

Telecom Deregulation

Continuing Illinois's multi-year push toward deregulation of key Illinois business sectors, the General Assembly enacted major telecom deregulation legislation in 2010. PA 96-927 SB 107 reduces regulatory burdens upon operators of Illinois telephone "landlines," which are losing market share as additional Illinois residents turn to wireless phones.

The measure creates a legal framework for the transformation of Illinois telecom landlines and rights-of-way from phone service to high-speed Internet service. The state law that sponsors the State's transition toward broadband data service, the High Speed Internet Services and Information Technology Act, is strengthened in various ways, and incentives are provided to traditional phone companies to encourage them to invest in broadband infrastructure and technology.

Civil Law

FOIA Reforms

HB 5154 amends the Personnel Record Review Act to prohibit the disclosure of performance evaluations under the Freedom of Information Act, thus shielding employment performance evaluations of public employees from public access.

HB 5154 passed both Houses and has been sent to the Governor for approval. The legislation has been harshly criticized by the media as undermining a key component of the FOIA reform---allow the public access to performance of state tax-payer funded employees.

Adoption – Illinois Edges Closer to “Open” Adoption State

HB 5428 allows for the release upon request of a non-certified birth certificate by adult adoptees or surrendered persons born in Illinois before January 1, 1946. Adult adoptees and surrendered persons born on or after January 1, 1946, will be given their non-certified birth certificate only if the birth parent takes affirmative steps to file specified forms with the Illinois Adoption Registry. The failure of the birth parent to take file necessary documents to prevent disclosure effectively results in a presumption that they have consented to the release of identifying information.

HB 5428 makes process changes that an adoptive parent or family member must go through in order to assure anonymity. Opposition claims that the Illinois has shifted the burden from the State to birth parents to maintain confidentiality of adoption proceedings.

HB 5428 passed both Houses and been sent to the Governor for signature.

Criminal Law

I. GUNS

Carrying Loaded and Accessible Firearm with no FOID Card will be Non-Probationable Crime

HB 5832 provides that the offense of aggravated unlawful use of a weapon where the perpetrator was 18 or older and the firearm possessed was uncased, loaded and immediately accessible, and the person possessing the firearm has not been issued a currently valid FOID card, is non-probationable. This offense would remain a Class 4 felony (1-3 years imprisonment), except that if committed by a convicted felon or while wearing body armor, more severe penalties would apply, as under current law.

HB 5832 passed both houses and has been sent to the Governor.

II. CRIMES AGAINST PEOPLE

Natural Life Sentence Available for First Degree Murder Targeting Medical Personnel

HB 5745 provides that a defendant who has been found guilty of first degree murder and who at the time of the commission of that offense was at least 18 years old may be sentenced to natural life imprisonment if the murdered individual was a physician, physician assistant, psychologist, nurse, or advanced practice nurse, provided that the defendant knew or should have known that the murdered individual was so employed, and the murdered individual was killed in the course of acting in his or her capacity, or the offense was committed to prevent him or her from acting in that capacity, or in retaliation for acting in that capacity.

HB 5745 has passed both houses.

Longer Sentence Available for Committing Sex Offense Against a Minor who is Under the Influence of Alcohol

SB 1020 (Bond/Reboletti) represents the culmination of the efforts of a mother in Lake County whose 11-year-old daughter had been given alcohol and then sexually abused by a family member. The bill gives the sentencing judge discretion to impose an extended term prison sentence on a felony criminal sexual assault, aggravated criminal sexual assault, predatory criminal sexual assault of a child, criminal sexual abuse, or aggravated criminal sexual abuse offense, if the victim was under 18 and the victim was under the influence of alcohol at the time of the offense, and the offender knew or should have known that the victim had consumed alcohol.

SB 1020 has passed both houses.

III. INTERNET SAFETY

New Procedure for Non-Criminal Intervention for Youth Engaged in “Sexting”

Through a collaborative effort involving law enforcement, prosecutors, public defenders, sexual assault advocacy groups and others, the General Assembly took an important first step toward dealing with the emerging trend of teens exchanging and redistributing sexually explicit photographs via email and text messaging, known colloquially as “sexting.” HB 4583 (Senger/Silverstein) creates a new non-criminal avenue for authorities to intervene in cases of teen sexting that come to their attention. Minors who distribute nude or sexual photos of other minors via the Internet or an electronic communication device may be adjudged "minors requiring authoritative intervention" and required to perform community service and/or obtain counseling or other appropriate services.

While the bill is intended to avoid felony charges and/or sex offender registration for teenagers who act foolishly but without criminal intent, nothing in the bill prohibits a prosecution for disorderly conduct, public indecency, child pornography, a violation of the Harassing and Obscene Communications Act, or any other provision of law in an appropriate case.

HB 4583 has passed both houses and is awaiting the Governor’s signature.

Sexual Exploitation of a Child Expanded to Include Sexual Act or Exposure Via Web Cam

HB 5321 (Senger/Hutchinson) provides that a person commits sexual exploitation of a child if he or she, in the virtual presence of a child (defined as a computer-generated environment in which the user appears in front of the receiver on a screen), engages in the sexual act or exposure of his or her sex organs, anus, or breast for the purpose of sexual arousal or gratification of one whom he or she believes to be a child if the person has the intent or knowledge that one whom he or she believes to be a child would view his or her acts. The purpose of the bill is to make it a felony for adults to "cam" with children for the purpose of sexual gratification. Currently, it is only a crime for a person over the age of 17 to masturbate in front of a child or one whom he/she believes to be a child for the purpose of sexual gratification if the offender is in the physical presence of the child.

HB 5321 has passed both houses.

IV. DNA

General Assembly Requires Timely Submission of Rape Kits to State Police Forensic Lab

SB 3269 (Hutchinson/McAsey) creates the Sexual Assault Evidence Submission Act. The bill provides that by October 15, 2010, each Illinois law enforcement agency shall provide written notice to the State Police stating the number of sexual assault cases in the custody of the law enforcement agency that have not been previously submitted to a laboratory for analysis. Within 180 days after the effective date of the Act, appropriate arrangements must be made between the law enforcement agency and ISP, or a laboratory approved and designated by the Director of ISP, to ensure that all cases collected prior to the effective date of the Act that are, or were at the time of collection, the subject of a criminal investigation, are submitted to ISP, or a laboratory approved and designated by the Director of ISP. The bill provides that its requirements for analysis only apply if sufficient funding and resources are available.

This bill passed both houses and has been sent to the Governor.

V. DOMESTIC VIOLENCE

Domestic Violence Victims Protected from Eviction; Landlords Allowed to Bar Problem Individuals from Rental Property

HB 5523 (Yarbrough/Raoul) provides that it is an affirmative defense to a forcible entry action if the demand for possession of the premises is based on: the status of the occupant as a victim of domestic violence; an incident of domestic violence against the occupant; or criminal activity engaged in by a household member, guest or other person under occupant's control directly relating to domestic violence; or when the landlord barred a person from the premises (as authorized by this legislation) and the tenant, lessee or household member did not knowingly consent to the barred person entering the premises, or a valid court order permitted the barred person's entry upon the premises. The affirmative defense must be supported by medical, court or police records documenting the violence, or a statement from an employee of a victim service organization or medical professional from whom occupant has sought services.

The existence of the affirmative defense does not prevent a landlord from seeking possession solely against a tenant, household member, or lessee who perpetrated the violence. The affirmative defense also does not prevent a landlord from seeking possession against the entire household, including the household member who was the victim of domestic violence, if their continued tenancy would pose an actual and imminent threat to other residents, or to the landlord or his or her agents.

HB 5523 passed both houses unanimously and has been sent to the Governor for signature.

Notice of Emergency Order of Protection Expedited When Court is Not in Session

HB 5510 (Farnham/Noland) amends the Illinois Domestic Violence Act and the Code of Criminal Procedure to change the manner in which the issuance of an emergency order of protection during the evening, over a weekend or on a court holiday is communicated to the sheriff, for purposes of service on the respondent and inputting the order into the Law Enforcement Agencies Data System (LEADS).

Chief circuit judges are currently authorized to designate for each county in the circuit at least one judge to be reasonably available to issue orally, by telephone, by facsimile or otherwise an emergency order of protection at all times, whether or not the court is in session. Emergency orders of protection issued when the court is not in session are to be assigned the next day to the appropriate court for immediate entry of the order. Hence, the communication to the sheriff that an emergency order of protection has been issued may not occur the next business day of the court. HB 5510 requires the judge issuing the order to “promptly communicate or convey” to the sheriff that an emergency order of protection has been issued, in order to facilitate quicker service of process and entry of the order into LEADS.

HB 5510 passed both Houses unanimously and has been sent to the Governor for signature.

VI. DUI/VEHICLE OFFENSES

Truth in Sentencing for DUI Causing Great Bodily Harm, Permanent Disability or Disfigurement

HB 4776 (Lang/Schoenberg) provides for "truth in sentencing" for aggravated DUI causing great bodily harm or permanent disability or disfigurement. A prisoner serving a sentence for aggravated DUI that involved a motor vehicle accident resulting in great bodily harm or permanent disability or disfigurement to another, when the violation was a proximate cause of the injuries and the offense was committed on or after the effective date of the bill, shall receive no more than 4.5 days of good conduct credit for each month of his or her sentence of imprisonment. Prisoners affected by this bill would be required to serve at least 85% of their sentences.

The bill passed both chambers unanimously and has been sent to the Governor.

VII. DRUGS

General Assembly Adds Marijuana Substitute to List of Controlled Substances

HB 6459 (Dunkin/Raoul) adds a substance known as K2 to the controlled substance list. K2 is a synthetic substance chemically similar to marijuana which may be smoked or inhaled to have similar effects. The Illinois State Police supported the bill.

HB 6459 passed both houses and has been sent to the Governor.

VIII. SEX OFFENSES

Additional Offenders Classified as Sexual Predators, Required to Register for Life

HB 5043 (Farnham/Noland) categorizes as sexual predators persons who committed the following additional offenses:

- First degree murder, when the victim was a person under 18 years of age and the defendant was at least 17 years of age at the time of the commission of the offense, provided the offense was sexually motivated;
- Sexual misconduct with a person with a disability;
- Kidnapping, aggravated kidnapping, unlawful restraint, or aggravated unlawful restraint, when the victim is a person under 18 years of age, the defendant is not a parent of the victim, and the offense was sexually motivated; and
- Child abduction committed by luring or attempting to lure a child under the age of 16 into a motor vehicle, building, house trailer, or dwelling place without the consent of the parent or lawful custodian of the child for other than a lawful purpose, provided that the offense was sexually motivated.

A sexual predator is required to register for the duration of his or her natural life, whereas most persons categorized as sex offenders must register for a period of 10 years.

HB 5043 passed both houses and has been sent to the Governor.

General Assembly Approves Prohibiting Sexual Predators and Child Sex Offenders from Parks, Whether or Not Children Are Present

SB 2824 (Althoff/Franks) prohibits sexual predators and child sex offenders from being in a public park or loitering within 500 feet of a public park. SB 2824 encompasses all public parks in Illinois, including large State Parks.

The bill is based on a city ordinance in a North Carolina town, which prohibited registered sex offenders from being in any of the 3 city parks. The North Carolina Supreme Court upheld the city ordinance as constitutional.

SB 2824 passed both houses and has been sent to the Governor.

Retroactive Registration of Sex Offenders Finally Passes General Assembly

SB 3084 (Martinez/Mell) retroactively applies the Sex Offender Registration Act to sex offenses committed before the effective date of various amendatory changes, since 1996, if the registration period has not yet expired. This will require sex offender registration for some offenders whose offenses were committed before those various effective dates. The bill exempts juvenile offenders whose registration period has been terminated by court order. To avoid implementation problems, the bill provides that certain notice provisions in current law are inapplicable to persons required to register under the retroactive provisions of the bill.

House Republicans have repeatedly introduced very similar measures only to see them held in Rules or killed in committee, including this year, when the House Judiciary II-Criminal Law Committee failed to approve HB 4889 (Poe) despite the sponsor's pledge to work with opponents to address any concerns they might have with the bill.

SB 3804 passed both chambers and has been sent to the Governor's desk.

IX. PRISON/PAROLE

Early Release/Meritorious Good Time Push

In September 2009, DOC disregarded a longstanding policy requiring a prisoner to serve at least 60 days before being awarded "meritorious" good time credit, and began immediately awarding meritorious good time to newly incarcerated prisoners as part of a so-called "MGT Push" program to grant early releases as part of DOC's effort to meet budgetary constraints. The program has been suspended after media reports indicated that some offenders released under the program served as few as 11 days of their sentences, some of the released offenders had prior convictions for violent offenses, and some committed new offenses and/or parole violations upon being released. This program generated a great deal of negative publicity and inspired several pieces of legislation:

Inmates Must Serve 60 Days in DOC Before Being Awarded "Meritorious Good Time"

SB 1013 (Noland/McAsey) codifies the former DOC rule providing that an inmate must be in custody for at least 60 days prior to being awarded good time credit for “meritorious service.” Additionally, the bill provides that when an inmate’s release will be hastened by an award of good time credit for meritorious service, DOC must give notice to the State’s Attorney in the prosecuting county and/or the county into which the inmate will be released at least 14 days prior to the release (current law only provides “reasonable” notice to the State’s Attorney in the prosecuting county, but does not prescribe a time frame for said notice).

SB 1013 passed both houses and has been enacted into law as P.A. 96-860, effective as of January 15, 2010.

Early Release Information to be Published on DOC Website within 3 Days of Inmate's Release

SB 3411 (Dillard/Flider) provides that, for persons who receive early release either because the Director has awarded the inmate meritorious good conduct credit or the inmate is receiving early release on electronic home monitoring, the Department of Corrections must make identification information and a recent photo of the inmate being released accessible on the Internet by means of a hyperlink labeled "Community Notification of Inmate Early Release" on the Department's website. The identification information shall include the inmate's name, any known alias, date of birth, physical characteristics, residence address, commitment offense and the county where conviction was imposed. The identification information must be placed on the website within three days of the inmate's release, and the information may not be removed until either completion of the first year of mandatory supervised release or the return of the inmate to the custody of the Department.

This legislation passed both houses unanimously and has been sent to the Governor for signature.

Mandatory DOC Warrant for Person who Commits Class 3 felony or Higher Offense While on Parole/Early Release for Forcible Felony

HB 5150 (Reboletti/Righter) provides that if a person on parole or mandatory supervised release for a forcible felony commits an act that constitutes first degree murder, a Class X felony, a Class 1 felony, a Class 2 felony, or a Class 3 felony, then the supervising officer of the parolee or releasee shall request the Department of Corrections to issue a warrant and the Department shall issue the warrant and the officer or the Department shall file a violation report with notice of charges with the Prisoner Review Board.

The bill stems from a recent case in which the State's Attorney called in a parole violation to DOC, but DOC did not lodge a warrant, and the offender then committed a homicide. This legislation would make issuance of warrants automatic in certain targeted situations.

HB 5150 has passed both houses.

X. NEW OFFENSES/MISC.

House Republicans Pass Landmark Measure Creating Veterans and Servicemembers Court

HB 5214 (Tryon/Althoff) creates a new veterans' court, to be modeled after veterans' courts now operating in New York state. The veteran's court will be partly paid for by the \$10 additional fine already imposed, by existing current law, on all criminal convictions for the use of the county mental health courts and county drug courts.

A Veterans and Servicemembers Court is a court with an immediate and highly structured judicial intervention process for substance abuse treatment, mental health, or other assessed treatment needs of eligible veterans and servicemember defendants. The court will bring together substance abuse professionals, mental health professionals, VA professionals, local service programs, and intensive judicial monitoring. The court will operate in accordance with the "10 key components" protocol developed nationwide for the use of drug courts.

The bill acknowledges the challenges of posttraumatic stress disorder (PTSD), traumatic brain injury, clinical depression, drug dependency, alcohol dependency, and affiliated challenges facing U.S. veterans and service personnel, and asserts that the Illinois criminal justice system must recognize these veterans and steer them towards treatment for service-related disabilities associated with their presence in a criminal court of law.

HB 5214 passed both chambers unanimously and awaits the Governor's signature.

Education

State Mandate Relief

HB 4711 (Eddy/Maloney), which allows school districts, including Chicago, to discontinue or modify statutory or regulatory mandate or requirement enacted into law or adopted by rule after the effective date of this bill if a separate appropriation has not been enacted into law to pay for the mandate. In order for a school district to discontinue a mandate, the school board must petition the Regional Superintendent. The Regional Superintendent is then responsible for conducting a public hearing on the matter then determining a decision. The school board is also given the option to appeal its Regional Superintendent's decision to the State Superintendent who then makes the final decision.

HB 4711 passed the House 103-7-1 and the Senate 56-0-1.

Abolish Cook County Regional Office of Education

The intent of HB 16 (Nekritz/Crotty) is to transfer the powers, duties, and responsibilities of the suburban Cook County regional superintendent to those persons employed in the three intermediate service centers within suburban Cook County. Although the transfer of powers is meant to be cost neutral, there may be costs associated with the transfer of powers with training employees to take on duties and responsibilities originally assigned to the regional superintendent, such as training for financial planning and consultation services.

The Cook County Board is also provided with the option of providing financial or in-kind support to the intermediate service centers that serve suburban Cook County. Previously, when the office was abolished in 1994 and re-established in 1995, the Cook County Board was excluded by law from providing any type of financial support to the regional office of education.

HB 16 passed the Senate 39-14-1 and the House concurred 103-14-0. The bill is now P.A. 96-893.

General State Aid Formula Changes

SB 2499 (Noland/Farnham) was introduced to help address the General State Aid (GSA) issue that was causing Elgin School District U-46 to receive \$22 million less than what should have been appropriated. SB 2499 provided that beginning with the 2010-2011 school year, if a district's boundaries span multiple counties, for the purpose of calculating GSA, the limiting tax rate or individual tax rates for the county that contains the majority of the school district's equalized assessed valuation (EAV) is to be used as the school district's home county. The purpose of the legislation was to address the issue of overlapping counties extending their tax rates late, forcing school districts to use estimated data when computing their annual GSA. The State Board of Education opposed this measure saying that it will still be inaccurate and that there are other ways to address the problem and to receive more accurate GSA amounts.

SB 2499 passed the Senate 40-15-0 and the House 113-0-1. The bill has been sent to the Governor.

Special Education Hold Harmless

In August 2004, the Governor signed HB 4225/P.A 93-1022, which made changes to the calculations for special education Extraordinary calculation. The program was renamed "Funding for Children Requiring Special Education Services." Prior to this change, the program provided claim reimbursement to districts and special education cooperatives for individual special needs students who spent considerable time, such as 50% or more, in special education programs with a high education cost.

With the passage of HB 4225, the method for disbursement of these funds changed. Instead of districts submitting claim forms, the funds began being disbursed through fiscal and demographic data used in the General State Aid formula. The calculation is based on 85% of a district's Average Daily Attendance (ADA) and 15% of the district's poverty count. To ensure school districts had enough time to adjust to the new calculation, HB 4225 also included a hold harmless base year defined as the amount each district received under the last year of the Extraordinary formula (FY04) with the remainder of the funds distributed 85% of district ADA and 15% on poverty. This Hold Harmless base year inclusion was to last for three fiscal years ending after FY07.

The loss of revenue for 255 districts, however, prompted an introduction of HB 4148 (Bradley/Forby)/P.A. 95-705. The language stated that, for FY08 and each fiscal year thereafter, individual school districts must not receive payments less than they received in FY07. Every year, the General Assembly must pass supplemental legislation to ensure school districts do not fall below their FY07 allocation for the program. This year, HB 2270 (Bradley/Forby) was introduced to appropriate \$17.1 million for the FY10 hold harmless.

HB 2270 passed the Senate 58-0-0 and the House concurred 106-4-0. The bill has been sent to the Governor.

School-Bullying Statutes Enhanced

In response to increased bullying cases around the country that lead to suicide SB 3266 ((Lightford/Yarbrough) was introduced to expand the definition of bullying to include "any severe or pervasive physical or verbal act or conduct, including communications made in writing or electronically, directed toward a student or student that has or can be reasonable predicted to have the effect of one or more of the following: (1) placing the student in reasonable fear or harm to him or herself or their personal property, (2) causing detrimental effects on the persons physical or mental health, (3) interfering with the student's academic performance, or (4) interfering with the student's ability to participate in or benefit from services, activities, or privileges provided by a school."

The legislation also created the School Bullying Prevention Task Force, which will consist of 15 members appointed by the State Superintendent within 60 days following the effective date of bill. The Task Force is responsible for exploring the causes and consequences of bullying in schools in Illinois, identifying promising practices that reduce incidences of bullying, highlighting training and technical assistance opportunities for schools to effectively address bullying, evaluating the effectiveness of schools' current anti-bullying policies and other bullying prevention and other related issues.

SB 3266 passed the Senate 51-2-0 and passed the House 108-0-0. The bill has been sent to the Governor.

Early Childhood Education

Preschool for All Program Sunset Removed

In May 2006, the Illinois General Assembly passed Senate Bill 1497 (Lightford/Currie)/P.A. 94-1054, which established the Preschool for All Children program. The purpose of the program is to phase in educational services to all 3 to 5 year-old children whose families choose to participate. (HB 5322 and SB 2594).

Expand Access to Early Childhood Construction Grant

SB 3460 (Harmon/Hernandez) was introduced this year on behalf of the Ounce of Prevention and aimed at expanding access to the Early Childhood Construction Grant. Current law requires that a school district or other eligible entity must provide 50% local matching funds in the amount equal to the amount of the grant. SB 3460 decreased the percentage so that the school district or other eligible entity must provide 10% local matching funds in the amount equal to the amount of the grant.

The bill also adds language that provides that the title or lien to the facility used by the Early Childhood Construction Grant be held by the State for a period of 10 years after the date of the grant award. After the 10 year period, the title or lien is to be transferred to the non-profit corporation, provided that the non-profit corporation has complied with the terms of its agreement.

Teacher/Substitute Certification and Evaluation

Substitute Teacher Registration

HB 5863 (Eddy/Cronin) establishes a process for substitute teacher registration in Illinois. The Illinois Association of Regional Superintendents of Schools is looking to allow sharing of criminal history background checks for substitute teachers who apply to numerous school districts across regional offices of education.

The bill requires any substitute teacher who wishes to teach in public schools and who holds a valid substitute teachers' certificate, an early childhood certificate, an elementary certificate, a high school certificate, or a special certificate to register as a substitute teacher with the regional superintendent of schools of the educational service region the teacher wishes to teach in.

HB 5863 passed the House 114-0-0 and the Senate 54-0-0. The bill has been sent to the Governor.

Teacher/Principal Performance Evaluation – Race to the Top

As part of the effort to enhance Illinois' Race to the Top application, the teacher evaluation process was changed by SB 315 Lightford/Chapa LaVia) to include, among other things, student performance as a predominant factor in a teacher and principal performance evaluation. The new evaluation process will be phased in beginning in September 2012 for school districts who have signed memorandums of understanding with all districts participating by September 2016. The bill also prohibits disclosure of public school teacher and principal performance evaluations and prohibits mandate waiver from the new performance evaluation system.

SB 315 requires: (1) evaluator training; (2) local committees to develop teacher evaluation plans that include student academic growth; (3) remediation plans for teachers rated as "Needs Improvement: and "Unsatisfactory;" (4) principal evaluations; (5) State Board of Education data collection evaluation assessment and support systems; and (6) State Board of Education rulemaking authority to outline the use of student academic growth in teacher and principal evaluations.

SB 315 passed the House 74-37-0 and the Senate concurred 48-4-0. The bill is now P.A. 96-861.

Inter-fund Transfers

Health/Life/Safety Transfers

HB 5515 (Hoffman/Haine) allows inter-fund transfers, through June 2013, to occur from a school district's health/life/safety fund to the operations and maintenance fund for up to the revenue produced by the \$0.05 levy amount. The transferred funds can only be used for building repair work.

Current law allows school boards to levy a tax or borrow money and issue bonds for fire prevention, safety, energy conservation, disabled accessibility, school security and for specified repair purposes. Taxes that are levied by a school district for the purposes listed above within the Health/Life/Safety code can create a surplus in the fire prevention and safety fund from proceeds of taxes levied, after the purposes of the levied taxes are accomplished and paid in full. However, those surpluses may only be used for (1) authorized fire prevention, safety, energy conservation, and school purposes or (2) transfer to the operations and maintenance fund for the purpose of abating an equal amount of operations and maintenance purposes taxes.

HB 5515 passed the House 103-12-0 and the Senate 50-5-0. The bill has been sent to the Governor.

Working Cash Fund

The purpose of the working cash fund is to enable the school district to have in its treasury at all times sufficient money to meet demands for ordinary and necessary expenses. Because school revenue is not always received according to schedule, the working

cash fund provides a school board with a source of internal borrowing to meet short-term needs and reduce the need to borrow from outside sources that bear interest costs. HB 6041 (Eddy/Crotty) was introduced to give school districts fiscal relief because of late state payments to school districts.

HB 6041 allows school boards to transfer of funds within the working cash fund to any other fund of the district for any and all school purposes, without having prior public approval. The interest earned from investment of the working cash fund is also allowed to be transferred to another school fund that is in most need of the interest without having a requirement of repayment to the working cash fund, subject to school board resolution to the school board treasurer. A school board may only loan or transfer moneys among funds according to statutory provisions specific to each fund. A school board may transfer funds from the educational fund to the operations and maintenance fund, from the operations and maintenance fund to the educational fund, or from the transportation fund to the educational or operations and maintenance fund.

HB 6041 passed the House 113-2-0 and the Senate 35-18-0. The bill has been sent to the Governor.

Elections/Ethics

Primary Date Move

Anticipating the candidacy of then U.S. Senator Barack Obama for the U.S. Presidency, Illinois Democrats sought to provide his candidacy an advantage in the 2008 primary season by moving the general primary date from the third Tuesday in March to the First Tuesday in February. Citing a lack of participation from the electorate in the midst of winter and a campaign schedule that favors incumbents over challengers, numerous proposals were introduced to move the primary date back to March, April, and June. House Republicans introduced HB 4448 (Cross-Black-Reboletti-Brady-Osmond), which originally moved the primary date to the third Tuesday in June. The legislation was subsequently amended in committee to allow for a third Tuesday in March primary in Presidential election years and a third Tuesday in June primary for non-Presidential election years. HB 4448 remained in the House Elections Committee.

HB 4448 was amended in the House Elections and Campaign Reform Committee but held. It remains in the House Rules Committee

Democrats sought to correct their earlier mistake of the primary date change with introduction of HB 4964 (Nekritz) and SB 355 (Demuzio/Nekritz). Both bills changed the primary date to the third Tuesday in March. SB 355 passed the Senate and the House.

SB 355 passed the Senate 54-0-0 and the House 114-1-1, and became Public Act 96-886.

Governor/Lt. Governor Joint Nomination

The general primary debacle for the Illinois Democrats – nomination of a candidate for Lieutenant Governor with a questionable past – prompted legislation that would mandate the Governor and Lieutenant Governor candidates for all parties must run jointly in the general primary. Currently they are only required to do so in the general election. HB 5820 (Lang/Raoul) mandated the Governor and Lieutenant Governor run as a team on the general primary ballot.

HB 5820 passed the House 90-5-3 and the Senate 56-0-0, and has been sent to the Governor.

Petition Filing Deadlines Extended

Challenges to petition filings have grown considerably as candidates fight their opposition for election at times that precede the balloting on election day. The complexity of the challenges and the narrow time frame for adjudicating contests and allowing due process prompted introduction of several bills that expand the petition filing deadlines. HB 5039 (Nekritz), SB 2168 (Link/Madigan), and SB 3012 (Link/Nekritz) all sought to expand petition filing deadlines to allow a longer period of time for adjudication of contests and certification of candidates. SB 3012, which also included a pilot program for mandated early voting at public universities, passed the Senate and the House.

SB 3012, as amended in the House, past the House 63-47-1 and the Senate 37-18-0 and has been sent to the Governor.

Lobbyist Act Reforms

A myriad of ethics reforms passed in 2009 included substantial changes to the Lobbyist Registration Act. One change to the annual fee assessed to registered lobbyists was swiftly challenged in court and subsequently adjudicated, with the result culminating with introduction of SB 1526 (Schoenberg/Currie). The legislation lowered the annual fee from \$1,000 to \$300, as directed by the court, prohibited a lobbyist or immediate family member from being a member of a board or commission, and changed the filing deadlines for lobbyist reports.

SB 1526 passed the House 116-1-0 and the Senate 55-0-0 and has been sent to the Governor.

Environment

Leaking Underground Storage Tank Fund Reforms

From the Underground Storage Tank Task Force created by HJR 39 (Holbrook/J. Jones) last year came SB 3320 (J. Jones-Haine-Clayborne/Holbrook-Cavaletto), the LUST Fund reform bill. The Fund currently faces a backlog of nearly \$70 million dollars, and major reforms were needed to rein in rising cleanup costs and stabilize the Fund. SB 3320 aims to do so through the following:

requiring the use of Tiered Approach to Corrective Action Objective (TACO) rules for payment from the LUST Fund, reforming the bidding process, authorizing the allocation of up to \$10 million of the Fund towards payment for certain “legacy site” cleanups, and providing remedies to allow LUST site owners to reopen a site and reenter the Fund following receipt of a No Further Remediation Letter.

The language was agreed to by the IEPA, Illinois Petroleum Marketers Association, Illinois Petroleum Council, and Illinois Association of Convenience Stores. SB 3320 passed both houses unanimously, and was signed into law as P.A. 96-908.

Clean Construction and Demolition Debris (CCDD) Regulation

Legislation has been introduced the past two years to establish a bright line for determining what is and what is not “uncontaminated soil” for the purposes of regulating the acceptance of CCDD for use as fill material in abandoned or empty quarries. This bill was suddenly resurrected this year as House Committee Amendment #1 to SB 3721 (Harmon-Millner-Cronin/Currie-Sacia-Verschoore-Holbrook-Fortner), which requires the Pollution Control Board (PCB) to adopt rules that define “uncontaminated soil” for purposes of CCDD and soil generated from construction or demolition activities. It requires PCB to adopt additional appropriate technical standards for CCDD fill sites, and provides interim standards until rules are adopted by bringing “soil-only” fill sites under regulation.

The IEPA has one year from the Act's effective date to propose the rules, and PCB has one year after that to adopt the rules. The bill also creates a state tipping fee for CCDD fill sites and authorizes counties with delegation agreements with IEPA to inspect CCDD fill sites to impose their own local tipping fee with restrictions. The IEPA and counties with IEPA delegation agreements are given the authority to issue administrative citations for violations of the bill.

Waste Management of Illinois, National Solid Wastes Management Association, Will Co. Board, and Will Co. Forest Preserve opposed this version of the bill. All four groups shared concerns that in the interim (2 years) before PCB adopts rules, known contaminants will be allowed to be deposited in fill sites without a TACO Tier 1 residential standard requirement. SB 3721 passed both houses and awaits the Governor’s signature.

Financial Institutions

Foreclosure Grace Period Extended for an Additional Year

SB 4011 (Raoul/Colvin) was signed by Governor Quinn on April 5, 2009. This legislation created the Homeowner Protection Act (HPA). The HPA gives consumers who fall behind on their mortgage payments a 90-day “grace period” during which the lender can not begin foreclosure. SB 3739 (Collins/Lyons) extends the sunset date of the Act to July 1, 2013 (instead of 2012). The 90 day “grace period” consists of three 30-day periods. First, the program requires a lender to send the borrower a notice after 30 days of

mortgage payment delinquency. Next, once the borrower receives the notice, they have 30 days to seek HUD-certified mortgage counseling. Finally, once the borrower engages in approved counseling, the borrower has 30 days to work out a solution to prevent a mortgage foreclosure.

SB 3739 also creates two new fees. First, there will now be a \$50 fee for banks to file a foreclosure action against any individual whom they have provided a mortgage. In other words this bill charges any mortgage lender a \$50 fee to recoup a mortgage that they lent to a borrower. This fee will go to the Foreclosure Prevention Counseling Program Fund. Of the funds raised, 50% goes to the city of Chicago and 50% goes to the rest of the state to be use for HUD-certified mortgage counseling.

Upon entry of a judgment of foreclosure, the real estate which is the subject of the judgment is sold at a judicial sale. This legislation creates an additional fee for buyers at these judicial sales to pay \$1 for every \$1,000 of the purchase price (but shall not exceed \$300). The person conducting the judicial sale then gives that money to the clerk of the court where the foreclosure case is pending and the clerk will give 98% of the money to the Treasurer's Office who will then deposit it into the Abandoned Residential Property Municipality Relief Fund. The clerk will keep 2% for administrative expenses. SB 3739 passed the Senate 46-0-0. However this version only extended the HPA and did not provide for any new fees. The bill then passed the House with the two new fees in addition the underlying bill. The Senate concurred 48-3-0. The bill is awaiting the Governor's signature.

Active Military Duty Foreclosure Preceding Freeze

HB 3762 (Walker/Kotowski) creates a program where an individual is entitled to a 90 foreclosure moratorium if they were deployed to an overseas combat or combat support post within the last 12 months of a foreclosure proceeding taken against them upon their return. Defines "active military duty" as service on active duty as a member of the armed Forces of the United States, the Illinois National Guard, or any reserve component of the armed forces and deployed overseas.

While the bill was debated on the floor, there was confusion about whether this legislation will conflict with the Homeowner Protection Act (HPA). The HPA provides homeowners with a 90 grace period against a foreclosure proceeding. Lawmakers asked if this meant an individual returning from active military duty has 180 days (HPA - 90 days and HB 3762 - 90 days). The House sponsor's answer was that "there is no conflict between the two programs." HB 3762 passed the House 113-0-0. It then passed the Senate 55-0-0 and was signed by the Governor on June 1, 2010.

Payday Loan Loophole Closed After Five Years

In 2005, the Payday Loan Reform Act (PLRA) was signed into law with a loophole that the General Assembly has worked to fix for the past five years. The term for a PLRA loan was 112 days and was capped at \$15.50 per \$100 borrowed. "Not seeing an opportunity for profit," payday lenders began making loans with a term of 113 days which meant the loan was no longer subject to the

PLRA reforms, and consequently fell subject to the Consumer Installment Loan Act which had no interest rate limits. Since this has occurred, some loans had interest rates as high as 900%.

In an effort to fix the loophole, HB 537 (Lang/Collins) creates two new loans that will better regulate interest rates and close the loophole. The first new loan falls under the current Consumer Installment Loan Act (CILA). The Small Consumer Loan is designed to cap interest rates below 99% APR on CILA loans between \$1,000-3,999 (Today this type of loan has no cap on the interest rate, under current law, and has become the favored loan by payday lenders ever since the Payday Loan Reform Act was signed into law in 2005).

The second new loan falls under the Payday Loan Reform Act. This loan is called a Payday Installment Loan. This loan is capped at 435% APR and must be less than \$1,000. Ordinary Payday Loans have a term of less than 120 days. This new type of payday loan will have a term between of 113-180 days. This is designed to be a desirable loan from lenders' point of view because they will be able to charge and collect an additional 60 days interest, in return, they will be required to accept interest rate caps.

By capping Small Consumer loans between \$1,000-3,999 at 99% APR, the "new" Payday Installment Loan principled at up to \$1,000 at 435% APR becomes attractive to small loan lenders. This legislation entices the payday lenders to begin lending under their own Act once again which means consumers will never see an interest rate higher than 435% in the PLRA or 99% in CILA. Firms licensed under each Act will be allowed to make the new loans authorized by this bill. However, a lender may no longer hold a PLRA and CILA license at the same time. This bill eliminates "dual licensure."

HB 537 was an agreed bill between the lending industry on the one hand and the Attorney General and Department of Financial and Professional Regulation on the other. HB 537 passed the House 65-49-0 as a bill that repealed current mortgage prepayment penalties. There were then four amendments in the Senate that brought the bill to its current form. HB 537 passed the Senate as amended 58-1-0. The House subsequently concurred with Senate amendments 1, 2, 3, and 4 by a vote of 108-1-1. This bill was then sent to the Governor's Office for approval.

Banks Push Affirmation of Interest Calculation Practices

The Illinois Interest Act allows parties to a business loan contract for any interest rate that they choose as long as this method of calculation is clearly disclosed in the business loan documents when used. The Illinois Bankers Association (IBA) states that many Illinois bankers and lenders throughout the nation have long employed the so-called "365/360" method of calculating the interest rate for business loans, in order to create equal monthly payments despite the fact that five months do not have 31 days. Recently, a rash of class action law suits and defenses to commercial loan foreclosures are rapidly surfacing on this issue in Illinois. The Illinois Bankers Association expect "countless" more of the same type of lawsuits.

SB 1118 (Harmon/Bradley) amends the Interest Act and codifies that a bank may use any rate or amount of interest over a year based on 360 days. This legislation is specifically geared towards the 365/360 ratio. This area of statute only applies to commercial loans and not consumer loans. Since the Interest Act already allows banks to charge any interest agreed upon with the borrower in a contract, the IBA believes SB 1118 is only affirming current law. SB 1118 (Harmon/Bradley) passed the Senate 58-0-0. The bill then passed the House 73-36-6 and was then sent to the Governor.

Gaming

Video Gaming Act – trailer legislation

Many facets of the video gaming industry came to the Illinois General Assembly to ask for “trailer” language to amend the Video Gaming Act, enacted in 2009. Amendatory language was added to an earlier version of SB 744 (Link/Lang) and later to HB 4927 (Lang/Link). The bill includes language requested by potential video gaming terminal operators that limits the right of the Illinois Gaming Board to deny a terminal operators’ license. The language also legalizes “penny slot” video games, and authorizes truck stops to operate video games on a 24/7 basis.

Both houses of the General Assembly have approved HB 4927, and the measure will soon be sent to the Governor.

Video Gaming Act – off-track-betting parlors

The Video Gaming Act, as enacted in 2009, forbade the Illinois Gaming Board from granting a license to video games operated in an “inter-track wagering location,” commonly known as an off-track betting parlor (OTB). The original Act drew a bright line between electronic betting as conducted in a casino riverboat or video gaming location, and horse race betting as performed in an OTB. Concerns were raised by at least one liquor-pouring establishment that has a contractual arrangement to “host” an OTB as part of its overall business model. In deference to these concerns, the General Assembly took action in spring 2010 to carve out a limited exception to the overall OTB/Video Gaming Act prohibition for liquor-pouring establishments that serve contractual hosts to OTBs. The carve-out was passed by both houses as SB 744 (Link/Lang).

SB 744, as amended with the off-track betting language, has been passed by both houses.

Higher Education

General Assembly Scholarships – Various Changes to Current Law

Combating calls to eliminate the General Assembly Scholarship program, and in an effort to appease those accusing the program of becoming corrupted, Senate President Cullerton offered SB 365 (Cullerton/Flider). The bill made many changes to the current practice of awarding the scholarships, the most controversial of which involved contributions made to the legislators who award them. SB 365 received a tepid reception in lieu of eliminating the General Assembly Scholarships altogether. Many viewed it as an ineffective cop-out that really made no legitimate changes to the program. Despite this opposition, SB 365 passed the Senate unanimously and passed the House 85-22-1. Governor Quinn has since issued a total veto of the measure on May 11, 2010.

Truth in Tuition – Extended for 5th & 6th-Year Students

Touted as a cost-saving initiative that would provide those students who are still undecided on a major with additional time, SB 3222 (Sandoval/Burke) was introduced this year. The measure is meant to extend the current Truth in Tuition law 2 additional years at all Illinois public universities so that 5th and 6th-year students may benefit. Under the legislation, a 5th or 6th-year student would lock in at the rate of tuition during what would have been their sophomore year. Currently, students are locked in at their freshman rate of tuition for 4 years. However, if the student changes majors during this time period, the tuition charged the student shall equal the amount of tuition at the time of the change. SB 3222 passed the Senate 39-14-2 and passed the House 66-43-1 and awaits the Governor's signature.

Borrowing Authorization – Public Universities

In the midst of one of the worst ongoing cash flow crises in the State's history, universities felt particular pressure in trying to meet payroll deadlines for their employees last fall into this spring. Stemming from the State's inability to pay the universities their owed revenues, universities felt the pinch beginning last November and then again this past March. As a result, universities made a consolidated effort to promote SB 642 (Haine/Bradley, J.), which would effectively provide them with the ability to short-term borrow. The bill originally passed out of the Revenue and Finance Committee 11-2-0 back in March, but seven amendments were subsequently filed to the bill, four of which were assigned to the Revenue and Finance Committee and adopted, with varying votes. After all of this, Representative Bradley asked the University of Illinois to come up with its own version of the borrowing language. The result was House Amendment #8 which was adopted to the bill on 2nd Reading and passed the House on 3rd Reading 87-28-2, and passed the Senate on Concurrence 43-11-1. The measure now awaits the Governor's signature.

Borrowing Authorization – Community Colleges

On the heels of the public universities proposing their borrowing initiative, community colleges also followed suit and introduced a borrowing plan of their own. Like public universities, community colleges have felt the sting of the State's inability to make payments on time. As a result, the ICCB offered SB 2615 (Forby/Bradley) which passed the Senate 50-4-0 and passed the House 91-24-0 and is awaiting the Governor's signature. The legislation provides community college districts two financial tools to help manage the state's current fiscal situation: (1) changes the limit on bonding for working cash funds from the current 75% to 150% of the allowed tax

sources (which shall have a 3-year sunset); and (2) allows the board of trustees of a community college district to establish a line of credit with a financial institution (which does not sunset).

Human Services

AABD Managed Care Pilot Program

As part of the FY 2011 introduced budget, Governor Quinn proposed an Aid to the Aged, Blind, and Disabled (AABD) managed care pilot program. The program would cover 40,000 individuals in the collar county area who are eligible for Medicaid coverage under the AABD program. The Department of Healthcare and Family Services has issued an RFP for bids to administer the program, with an estimated start date of October of 2010. Advocates for the disabled strongly objected to the pilot and several pieces of legislation were introduced to delay or prohibit the program. HB 5086 (Chapa La Via) sought to create an oversight Task Force to examine the pilot and make recommendations on whether the state was ready to transition to a managed care system for AABD enrollees. Upon a finding that the state was not ready, pending contracts would be terminated. HB 5113 (Flowers) contained a prohibition on the use of managed care for the AABD population. HB 5086 and HB 5113 both advanced out of committee but were sent back to the Rules Committee after not being called for a vote on the House floor. The Department of Healthcare and Family Services is continuing plans to implement the pilot prior to the end of FY 2011.

Medicaid Reform

HB 5241 (Bellock) – Creates an Internet based Medicaid transparency program to allow for full disclosure and review of Medicaid billing. HB 5241 has been sent to the Governor

HB 5242 (Bellock) – Authorizes the use of Payment Recapture Audits for the Illinois Medicaid program. HFS would contract with third party auditors and fraud prevention specialists on a contingency bases to find cases of improper payments, fraud or abuse. HB 5242 has been sent to the Governor.

General Assembly Passes Landmark Nursing Home Reform Bill

SB326 was drafted in response to the recommendations of the Governor's Nursing Home Safety Task Force. The bill seeks to improve Illinois' nursing home industry in three areas:

1. The Pre-Admission Screening and Background Check Process;
2. Set and Enforce Higher Standards of Care;
3. Expand Home and Community-Based Residential and Service Options.

The bill requires facilities to develop residence care plans that both increase quality of care and encourage community-based residential options for all residents. The bill sets forth the procedure for mental health screenings, and requires reassessments of individuals with mental illness within a certain amount of time.

In order to increase resident safety, SB326 improves and expands the background check process for those seeking admission in a nursing home. To expedite the screening process, the bill requires hospitals to initiate background checks of individuals under certain circumstances. The bill defines “identified offender” and creates an offenders database to be used by facilities and DHS. The bill also establishes a pilot program in Cook and Will counties for an expanded criminal history background check screening process to better identify residents of licensed long term care facilities whose criminal history may pose a risk to other vulnerable residents.

SB326 sets forth incremental increases in staffing ratios. In general, the bill expands and increases fines and penalties for facilities offering nursing home services. The fines and penalties were increased to fund the expansion of regulatory services provided by the State. Lastly, SB326 increases the licensure fee from \$990 to \$1,990.

SB326 passed the House unanimously and the Senate by a vote of 46-8-0. The bill has been sent to the Governor and is awaiting his signature.

Insurance

Continuation of COBRA Coverage

SB 3004 (Garrett/Osmond) was introduced to extend the maximum duration of the COBRA subsidy to 15 months. The legislation also extends the group insurance coverage premium subsidy with respect to an employee or member who is involuntarily terminated between September 1, 2008 and the end of the period set forth in the federal American Recovery and Reinvestment Act of 2009 (instead of December 31, 2009). The federal government has extended the end period for the subsidy various times this legislation extended the end period in Illinois law so that no further amendments to law were necessary if the federal government sought to extend the subsidy again.

Interstate Life Insurance Compact

The Interstate Insurance Product Regulation Compact to date has been adopted by 36 States representing over half of the premium volume nationwide and was created by the Interstate Insurance Product Regulation Commission (IIPRC) - a public entity treated as an instrumentality of the Compacting Member States. The IIPRC provides the States with a vehicle to develop uniform national product standards that will afford a high level of protection to consumers of life insurance, annuities, disability income and long-term care

insurance products, establish a central point of filing for these insurance products; and thoroughly review product filings and make regulatory decisions according to the uniform product standards.

SB 2544 (Haine/Mautino) provides for the statutory framework for Illinois to enter into the interstate insurance product regulation compact. Illinois will continue to regulate market activities and allow for coordination among states and the Commission to determine instances of violations of uniform standards subject to the final order of the Commission. If a state disagrees with a product standard developed by the Commission, it may opt-out of the uniform standard either by regulation or legislation. The Compact has jurisdiction over four product lines which include life insurance, annuities, disability income, and long-term care insurance. SB 2544 (Haine/Mautino) passed the Senate 56-0-0. The bill then passed the House 109-0-0 and was sent to the Governor's Office for consideration.

Local Government

LGDF

The Administration has withdrawn his controversial budget proposal to reduce the local government share of income tax revenue. That initial plan called for the reduction of the local share (the LGDF) from 10% to 7%. The 30% cut would have resulted in a \$300 million dollar loss to local communities in Illinois. Following that proposal local governments throughout state were forced to reevaluate their initial budget plans for the upcoming fiscal year. That local share of income tax revenue has increased in even greater importance as municipalities still cope with the protracted recession. This share is now crucial funding to run even basic operations. Many local governments still face the prospect of further service cuts and staff layoffs. Any reduction in LGDF, the 10% share, would have further exacerbated budgetary pressures. The Governor has now provided some assurance through public statements that he will not reduce this revenue stream.

STAR Bonds

SB 2093 creates the Innovation Development and Economy Act. Allows counties and municipalities to use State and local sales tax increments to finance economic development—this is commonly referred to as “STAR Bonds” This legislation authorizes certain municipalities within Franklin and Williamson Counties to issue sales tax and revenue (STAR) bonds for the financing of a STAR bond project. STAR bonds issued may not exceed 50% of total development costs. Limits the amount of sales tax revenues that may be used to support STAR Bonds to 50% of total state sales tax generated in that area. Provisions within SB 2093 additionally creates the Angel Investment Tax Credit; and increases the cap on an existing tax credit known as the New Markets Tax Credit from \$10 million to \$20 million. SB 2093 passed by a vote of 79-36-01. The Senate eventually concurred with an affirmative vote of 34-17-03. The bill currently resides on the Governor's Desk.

Police and Fire Pension Talks

Police and fire officials pension systems are meetings on benefit changes and funding reform—since they were not included in SB 1949, the pension reform bill. Negotiations resulted in an amendment being floated for HB 5378 that would create major reform, similar to SB 1949, including: Retirement age would be increased to 55 with 10 years of service, the maximum pension would be earned after 30 years of service, the maximum annuity would be 72% of final average salary, and several other changes. Municipalities vehemently opposed the amendment, and the bill was never moved. At the end of the session no compromise was reached but talks will continue throughout the summer.

Counties

Fee Removed

HB 5969 (Rose/Frerichs) seeks to remove the fee for a certificate of title issued to a county for a vehicle that is forfeited to the county under the Vehicle Forfeiture Article of the Criminal Code of 1961. This bill passed both houses unanimously, with a vote of 115-0-0 in the House and 57-0-0 in the Senate. HB 5969 is awaiting the Governor's signature.

Notice Requirements for Telecommunication Towers

SB 3464 (Demuzio/Rita) contains a number of provisions addressing public utility related issues but was amended in the House to also include language placing notice requirements upon companies preparing for the construction of telecommunication towers. Notice must be provided to the appropriate State Representative, State Senator, and County Board member. This omnibus bill passed the House, 75-41-0 and has arrived in Senate has been placed on the Order of Concurrence.

G.A. Passes Increase in Coroner Fees

SB 2529 (Forby/Phelps) amends the Counties Code and mandates increases for the fees charged by coroners for: a transcript copy of sworn testimony (from \$3 to \$5); autopsy report copy (from \$30 to \$50); toxicology report copy (from \$15 to \$25); miscellaneous reports (from \$15 or actual cost to \$25 or actual cost); and the coroner's or medical examiner's permit to cremate a dead human body (from \$10 to \$50). Current fee structure has been in place for at least 18 years. Included were provisions for the coroner may waive the permit to cremate at his or her discretion. Also requires that revenue from fees must be kept within a special account and to be used solely for the purchase of electronic and forensic identification equipment or other supplies and the operating expenses of the coroner's office. Passing the Senate and House Chambers 35-17-0 and 69-46-0, the bill has been sent to the Governor's office.

Townships

Fairness to the Distribution of Motor Fuel Funds

SB 3462 (Link/Winters) changes the formula to distribute motor fuel tax proceeds in road districts (township) throughout the State. While allowing DuPage County to retain its own allocation formula, it provides that road districts in all other counties that have a property tax rate less than .08% with a partial allocation (instead of no allocation). The current distribution model of Motor Fuel Funds deprives townships without a .08% property tax rate of motor fuel tax money. The bill ensures that a road district would receive an allotment of Motor Fuel Tax if the road district levies any special tax for road purposes. The allotments would be dispersed proportionately, based on the amount of the tax levied. SB 3462 passed the Senate and House 51-33-0 and 110-2-0. With the Governor's signature, over 30 townships will benefit with a well earned allocation of Motor Fuel Funds.

Mass Transit

Free Rides for Seniors

HB 4623 with Senate Amendment #4 provided that free services shall be provided to seniors aged 65 or older who have an annual household income that does not exceed for households of one person 150%, for households of 2 persons 150%, or for households with 3 or more persons 125% of the income eligibility limitation for benefits under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act. The Senate passes HB 4623 57-0-0, but it was never called to vote on order of concurrence, where it currently sits.

RTA Borrowing Authority

SB 941(Munoz/Nekritz), as amendment by House Floor Amendment #5, was introduced amid claims by the RTA that an increase of borrowing was necessary to cover a portion of the Service Board's operating expenses due to the State being delinquent on its funding of the RTA. Reports showed the State of Illinois owed the RTA \$280 million.

SB 941 provided for an increase in the RTA's short term borrowing authority in Working Cash Notes from \$100 million to \$400 million for a period of two years; after which, the borrowing authority will return to \$100 million. This was not the first time the RTA asked for an increase in borrowing authority as they were granted an increase from \$100 million to \$400 million from January 1st 2008 to July 1st 2009 with the passage of HB 656 (Hamos/Hendon) from the 95th General Assembly, now P.A. 95-708

SB 941 passed out of the House 72-43-0 as amended by House Floor Amendment #5 and the Senate 31-11-3. Governor Quinn signed the bill into law on June 7, 2010 where it became P.A. 96-0906.

Pensions

State and Local Pension Reform Passed

SB 1946 (Cullerton/Madigan) creates a two-tier system for all members who enter a public pension fund governed by the Illinois Pension Code after January 1, 2011. The General Assembly Retirement System and the Judges Retirement System will have more of a reduced benefit than in changes done to the other systems.

The standardized benefits include a retirement age of 67 with 10 years of service and a reduced benefit at age 62 with 10 years of service. COLAs are reduced to simple interest of the lesser of 3% or ½ CPI. This bill prevents a person from collecting a pension and going back to work under another system, commonly referred to as “double dipping”

GARS and JRS benefits are changed to create a second tier of benefits. SB 1946 would (i) increase the retirement age to 67 or age 62 with a reduced benefit, (ii) reduce the maximum benefit to 60% of the final average salary, (iii) reduce the cost of living adjustment; and (iv) cap the maximum annuity calculation to the Social Security Wage Base, which is \$106,800 in 2010 and would be increased or decreased by CPI each subsequent year. SB 1946 passed the House by a vote of 92-17-07, and became PA 96-889.

Professional Regulation

Changes to Funeral Director Licensing Code Passed by the General Assembly

IDFPR was successful at advancing legislation to amending the Illinois Funeral Directors and Embalmers Licensing Code (the Code). The Code is administered by the Department of Financial and Professional Regulation. The enactment of the Cemetery Oversight Act necessitated conforming changes relevant to IDFPR’s regulation of the licensure of Funeral directors and embalmers. Other changes to the Code are intended to provide for enhanced oversight on the funeral/burial sector

HB 6420 (Reitz/Haine) amends the Funeral Directors and Embalmers Licensing Code. SB 6420 updates existing administrative powers including standards for licensing, professional conduct and discipline. Additionally, the bill amends provisions of the Code pertaining to interaction with and oversight by IDFPR relative to the Funeral Directors and Embalmers Licensing and Disciplinary Board, including the requirements that IDFPR consider the recommendation of the Board in the development of rules to administer and enforce the provisions of the Code.

SB 6420 passed the House on a vote of 107-0-0. The Senate sponsor filed SA#1 (Haine) which clarified that the provision stating that only licensed funeral directors, embalmers or interns could explain funeral or burial merchandise or services or negotiate, develop or finalize contracts directly with consumers for burial or funeral merchandise or services applied only to services obtained at need.

SA#1 corrects a drafting error in SB 6420 and reflects the current state of the law in Illinois as it relates to limiting who may sell funeral merchandise and services at time of need. As amended, HB 6420 passed the Senate 58-0-0 The House concurrence vote was also unanimous.

HB 6420 (Reitz/Haine) passed both houses, sent to the Governor.

Timely Criminal Background Checks for Med Students

HB 5411 (Burns/Raoul) provides that medical schools may contract with outside agents to obtain criminal background checks for medical students and applicants. Currently the State Police conduct these background checks, but, the lack of resources that the State Police have due to budget constraints and staffing causes slow processing. The Illinois Medical Society, on behalf of Illinois Medical Schools, requested this change. This legislation will allow a medical school to more efficiently conduct background checks on their potential students.

HB 5411 (Burns/Raoul) passed both houses, sent to the Governor.

Truth in Healthcare Professional Services Act

While current consumer laws in Illinois concerning advertising require the display of credentials in advertising, and the licensure of most health professionals requires the display of each professional's licenses, the "Truth in Healthcare Professional Services Act" goes beyond these requirements to ensure that the consumer will not be misled regarding the education and training level of the practitioner. .

SB 3509 (Haine/Saviano) is modeled on a Florida law (2003) and is part of a national movement by the American Medical Association (AMA) to legislate their "Truth in Advertising" campaign at the State level. Because there has been an explosion of health care professionals with "doctor" degrees, the AMA and the Illinois State Medical Society believe patients deserve to know what kind of "doctor" they are seeing. There is a great difference between a doctor of psychology and a medical doctor who practices psychiatry.

SB 3509 (Haine/Saviano) passed both houses, sent to the Governor.

High Speed Rail

"A Work In Progress"

In 1992 the Secretary of Transportation designated the Chicago - St. Louis line as part of the "Chicago Hub Network" of high-speed rail corridors. This led to a Financial and Implementation Plan (May 1994) and the corridor was validated in the feasibility study

released by the Federal Railroad Administration (FRA), High-Speed Ground Transportation for America (September 1997). A Final Environmental Impact Statement for the Chicago-St. Louis High Speed Rail Project was issued in January 2003, followed by inclusion as a key component in the Midwest Regional Rail System report of September 2004.

The Chicago - St. Louis route has been designated as a 110-mph Corridor for the Midwest Regional Rail Initiative (MWRRI). The project is located primarily within the State of Illinois between the cities of Chicago and St. Louis, MO on the Canadian National's Joliet Subdivision and the Union Pacific Railroad's Joliet and Springfield Subdivisions. Final approach to St. Louis, MO, is made over the tracks of the Eastern Gateway Railway and the Terminal Railroad Association of St. Louis.

The work is proposed in two major phases, the 04ROD Phase, followed by the Double Track Phase. The first phase will include infrastructure improvements included in the 2004 Environmental Impact Study (EIS). This package of improvements will provide three round trips operating at speeds of up to 110 mph over a large portion of the corridor. The second phase will include the provision of a second main track over almost the entire corridor. The Double Track Phase represents the full build out of infrastructure and eight 110mph round trip frequencies as identified in the MWRRI plan.

The State of Illinois has invested \$143 million in this corridor to date. Additional funding has been secured through federal stimulus money. The stimulus money announced in January 2010 will cover the complete estimated cost for the 04ROD phase of construction. The estimated capital costs for the infrastructure improvements required within the Chicago to St. Louis Corridor 04ROD Phase is estimated at \$1,202,466,000. These funds will be expended over a 5 year span.

New Equipment

Total equipment cost is estimated to be \$180 million for the 04ROD phase.

Rolling stock for the entire Chicago to St. Louis program will be ordered at the outset but equipment will be allocated between the two phases. Equipment for the Chicago-Dubuque service and the St. Louis service will be ordered together. The total order will be for 18 locomotives and 48 coaches of three basic configurations. The configurations are a standard chair car, standard chair car with cab controls and a combined Business Class/Café car.

Twelve of the locomotives at \$5M each and 30 of the carriages at \$4M each are attributed to the 04ROD Phase of the St. Louis service. Six of the carriages will be of the Business Class/Café variety with the remainder being Coach Class chair cars. Four train sets will be in operation while two spares are held, one at each end of the route.

Track and Siding Improvements

The infrastructure improvements to be performed for the Chicago-St. Louis Corridor are cumulative in nature. That is, the improvements to be performed for the 04ROD Phase will provide a basis for and support the improvements scheduled for the Double Track Phase.

The 04ROD Phase improvements include adding or expanding passing tracks to minimize delays from ill-timed train meets, improved fencing to discourage trespass on the right of way, and upgraded grade crossing protection appropriate and timed for the operations.

Existing track will be utilized for 04ROD Phase throughout the corridor after the following upgrades are finished:

- Reconstruction of 183 miles of main track
- Rehabilitation of 13 passing sidings
- Rehabilitation of stations at Dwight, Pontiac, Lincoln, Springfield, Carlinville and Alton

Grade Crossing Safety Equipment

The 04ROD Phase includes enhanced warning devices at 174 grade crossings.

The treatment of grade crossings to accommodate 110 MPH operations is important for the successful implementation of high speed passenger rail. Numerous grade crossings exist through downtown business areas and residential communities where 110 MPH operation is planned. Additionally, in many rural areas, secondary roads parallel the railroad right-of-way. The treatment of crossings in close proximity to parallel roadways may include the installation of acceleration and deceleration lanes and/or the installation of traffic signals. (This roadwork is not included in the capital cost estimates).

Implementation of a state-of-the-art signal and communications system will be a key component to the safe operation of 110 mph train operation. Improved signaling will also increase track throughput and raise the efficiency and productivity of the track as well as meet regulatory requirements that will soon take effect. All signaling and communication systems are subject to acceptance by the FRA and freight railroads.

Snags in the Road

Not every community is embracing the infrastructure improvements; in fact, a battle has been brewing in the Capitol City against the placement of the High Speed Rail Corridor. Two corridors: the 3rd Street Corridor which runs directly through downtown Springfield

and the 10th Street Corridor which runs between the east side of Springfield and the downtown business district are the topic of dissent. Community groups used grass root organizations to voice concerns about both corridors with complaints ranging from sound pollution to racial discrimination.

This opposition caught the eye of Speaker Madigan who filed, in conjunction with Representative Poe and Brauer, HB 4626. This legislation barred the State from spending money on upgrades to the 3rd Street corridor for High Speed Rail upgrades. The one-sentence bill was filed just days before the Illinois Department of Transportation was due to submit a grant application for federal stimulus money to construct a parallel track between Chicago and St. Louis along right-of-way owned by the Union Pacific Railroad. Besides allowing passenger trains at 110 mph, the new track would more than double the corridor's capacity, and the Union Pacific has said it wants to increase the number of freight trains along the route from about 6 per day to 22 by 2017.

While this legislation failed to move forward efforts to stop the upgrades of the 3rd street corridor are ongoing. A feasibility study for utilizing the 10th Street corridor is currently underway. This topic is sure to continue given Speaker Madigan's Springfield Apt. is located directly on the 3rd Street corridor where train traffic is expected to increase by more than 300%.

Public Utilities

General Assembly Modernizes Illinois' Telecommunications Law

SB107 (McCarthy-Bost) rewrote the Illinois Telecommunications Act. Several parties, including the Attorney General, the Illinois Commerce Commission, IBEW, AT&T, and Sprint, participated in producing this legislation. With the exception of The Citizens Utility Board (CUB) and AARP, all interested parties were either a proponent or neutral on the bill.

In Illinois today, wireless technology is more widely used than traditional phone lines. Close to 25% of homes in Illinois are wireless only. In order to meet demand, significant increases in bandwidth were required which in turn requires increased investment. To ensure that Illinois provides an attractive environment for private sector investment in broadband Internet services, the telecommunications industry was seeking certainty regarding the regulatory treatment of broadband, wireless and VoIP services. SB107 provides the industry with certainty that these technologies will remain unregulated for the most part.

The new law is intended to attract new jobs and retain existing jobs in the telecommunications industry. The new law aims to maintain high standards for service quality by promoting competition in the marketplace.

The Telecommunications Act rewrite modernized the law by deregulating broadband internet, VoIP and wireless technologies. The bill eliminated price controls and eliminated certain service quality standards for traditional providers. To appease certain consumer

based organizations, the bill also maintains some basic customer protections and provides for price reductions in two of the three safe harbor packages.

The bill passed both houses unanimously and has been sent to the Governor.

Ameren Transmission

HB 4649 (Reitz/Haine) addressed Ameren's belief that a statutorily imposed timeframe for the certification process was necessary to expedite transmission line construction in Illinois. Due to state laws that require utilities to purchase energy from renewable energy sources, utilities will need to build more transmission lines to connect to these renewable systems. Ameren suggested that the current certification process is too lengthy and uncertain.

The current process for a utility is to obtain a certificate of public necessity and convenience from the ICC before it can commence new construction of any equipment, property, or facility (does not include replacement/alterations). A Certificate of Public Convenience and Necessity is issued by the Commission and allows a public utility to provide electric and natural gas service and/or to construct new plants, equipment, and facilities for providing such service. Certificates remain effective as long as the service is considered a public convenience or necessity. The ICC will grant the certification only if:

- The construction is a necessity;
- The utility can properly manage the construction;
- The utility is capable of adequately financing the project.

There is currently no time limit for the ICC to make a decision on an application for a certificate. Often the process lasts longer than a year before a final decision is made.

HB 4649 requires the ICC to issue its decision on the utility's certificate application in 150 days with an option to extend to 225 days. The bill also requires the utility to pay an application fee of \$100,000 to the ICC and to pay a one-time construction fee of \$20,000 per mill of transmission line to each county in which the line is built. HB 4649 passed the House and Senate unanimously and is awaiting the signature of the Governor Quinn.

Revenue

Tax Amnesty

The Illinois General Assembly has enacted a tax amnesty for fall 2010; the amnesty, if approved by the Governor, will begin on October 1, 2010, and end on November 8, 2010. The amnesty language is contained in SB 377 (Kotowski/Lang). This amnesty is

meant for delinquent taxpayers with outstanding debts to the State for taxes that should have been paid after June 30, 2002 and prior to July 1, 2009.

If the taxes are paid during the amnesty period, no additional penalties or interest will be levied; if the taxpayer continues to be delinquent, the penalties and interest will be doubled.

The tax amnesty is estimated to help the troubled FY11 State budget by generating approximately \$250.0 million in one-time revenue. Monies generated by the tax amnesty will be generated one-half into the Common School Fund, and one-half into GRF.

Alternative General Homestead Exemption

The alternative general homestead exemption, a cap on the rate of increase in homestead assessments that currently operates only in Cook County, was scheduled to start to expire for property tax bills to be mailed out later in calendar year 2010 (these bills are numbered “tax year 2009” and are levied on homesteads located within the city of Chicago).

In order to prevent this expiration and to allow Cook County homeowners to continue to enjoy the benefits of the alternative general homestead exemption, the Illinois General Assembly has passed SB 3638 (Link/Currie). As amended, the alternative general homestead exemption (AGHE) extension bill extends the life of the AGHE by an additional three years. This extension will implement the AGHE through tax year 2011 in the city of Chicago, through tax year 2012 in the northern townships of Cook County, and through tax year 2013 in the southern and western townships of Cook County.

The AGHE is “capped” – no matter how much a homeowner’s homestead market value shoots up, the homeowner cannot claim an AGHE greater than the cap. The SB 3638 extension also reduces the level of the cap, and thus reduces the value of the AGHE to owners of higher-value homestead real property. The value of the cap is reduced to \$20,000 in the first extension year, \$16,000 in the second year, and \$12,000 in the third year. These AGHE “caps” refer to the sums of money that are automatically subtracted from the assessed value of the home, as part of the series of equations that are used to generate the final assessment figure on which the homeowner is taxed.

Job-creation Credit

The Small Business Jobs Creation Tax Credit Act, enacted into law as PA 96-888 (SB 1578: Noland/Madigan), credit a tax credit for small businesses (“small” = 50 employees or less) that hire new employees. Small businesses that believe they are eligible will apply to the Department of Commerce and Economic Opportunity (DCEO) for certification.

The tax credit will not exceed \$2,500, and may be less depending on how many small employers apply for and receive the certification (the total cost of this tax credit to the State is capped at \$50.0 million). If DCEO grants certification to an employer, the employer should present the certification to the Department of Revenue as part of its tax filing or refund filing.

State Government

Creation of the Sunshine Commission

HB 4836 (Reis/Murphy) creates the Sunshine Commission Act. Provides for the appointment by the legislative leaders of a Sunshine Commission, consisting of 4 legislators and 4 public members, to conduct a thorough review of the relevance, efficiency, and effectiveness of each "State executive branch program". Requires the Commission to report its recommendations to the General Assembly within 6 months after the Act's effective date. Requires the General Assembly, by joint resolution, to approve or reject the report within 60 session days after the report is filed. HB 4836 has been sent to the Governor.

Designating State Portraits and Prohibition On Using Taxpayer Funds

HB 5109 (Black/Frerichs), as amended, designates portraits of Illinois Governors displayed in the State Capitol as the official State portraits of the Governors of Illinois and prohibits a portrait of a Governor who has been impeached and convicted from being financed or paid for with State funds. Allows a portrait of such person to be displayed in the Capitol, and maintained with the other portraits. HB 5109 has been sent to the Governor.

Creating the Money Laundering Asset Recovery Fund

HB 5130 (Hoffman/Demuzio) provides that moneys and the sale proceeds distributed to the Department of State Police pursuant to the money laundering statute shall be deposited in a special fund to be known as the Money Laundering Asset Recovery Fund. Said moneys shall be appropriated to and administered by the Department of State Police for State law enforcement purposes. The bill creates the Drug Traffic Prevention Fund for funding of drug task forces and Metropolitan Enforcement Groups in accordance with the Intergovernmental Drug Law Enforcement Act. HB5130 provides that when a person is adjudged guilty of a drug related offense an additional \$25 penalty shall be assessed and deposited in the Drug Traffic Prevention Fund. HB 5130 has been sent to the Governor.

Prohibiting Employee Evaluations from FOIA

HB 5154 (Chapa LaVia/Lightford) amends the Personnel Record Review Act to specifically prohibit employee performance evaluations from disclosure under the Illinois Freedom of Information Act (FOIA). Specific provisions exempting performance evaluations and personal information maintained with respect to public employees were eliminated in the 2009 re-draft of the IL

FOIA. However, the statutory exemption for information which is prohibited from disclosure under the Personnel Records Review Act was retained. HB 5154 has been sent to the Governor.

Requiring GOMB to Provide More Information Prior to Budget Address

HB 6268 (Pritchard/Burzynski) provides that, by January 1 of each year, the Governor's Office of Management and Budget (GOMB) shall submit an economic and fiscal policy report to the General Assembly. The report must outline the long-term economic and fiscal policy objectives of the State, the economic and fiscal policy intentions for the upcoming fiscal year, and the economic and fiscal policy intentions for the following 2 fiscal years. The report must highlight the total level of revenue, expenditure, deficit or surplus, and debt with respect to each of the reporting categories. The report must be posted on the GOMB's Internet website and allow members of the public to post comments concerning the report. HB 6268 has been sent to the Governor.

Adding New Employees to the Transparency and Accountability Portal

HB 6271 (Mathias/Althoff) amends the Illinois Transparency and Accountability Portal to provide access to a database of all employees hired after the effective date of this amendatory Act of 2010, sorted searchable by each of the following at the time of employment: 1) Name; 2) Employing State agency; 3) Employing State division; 4) Employment position title; 5) Current pay rate and year-to-date pay; 6) County of employment location; 7) Rutan status; 8) Status of position as subject to collective bargaining, subject to merit compensation, or exempt under Section 4d of the Personnel Code; 9) Employment status as probationary, trainee, intern, certified, or exempt from certification; and 10) Status as a military veteran. HB 6271 has been sent to the Governor.

Expanding the State Hispanic Employment Plan

SB 387 (Martinez/Berrios) applies the annual reporting requirement in the State Hispanic Employment Plan and bilingual employment plan, which already exists for agencies under the Governor, to constitutional officers, state universities, community colleges, and the Toll Highway Authority. SB 387 has been sent to the Governor.

Standardizing Homicide Investigations

SB 3491 (Millner/Sacia) requires the State Police and the Law Enforcement Training Standards Board to conduct or approve a training program in death and homicide investigation for police officers. Only police officers who have successfully completed the training may be assigned as lead investigator in a death or homicide case. SB 3491 has been sent to the Governor.

Ensuring Prompt Payment Awards Received By Individuals Asked to Pay "Up-Front" for Services

SB 3587 (Burzynski/Pritchard) provides that if a vendor provides goods or services to an individual and requires that individual to pay all or part of the cost of the goods or services in advance of the vendor being paid for those goods or services by the State, then the amount of the individual's advance payment, and any interest under this Act attributable to the advance payment, that is paid by the

State to the vendor is the property of the individual and, to the extent received by the vendor, must be promptly disbursed by the vendor to that individual. SB 3587 has been sent to the Governor.

Clarification on FOIA Requests Regarding Disciplinary Action

SB 3588 (Demuzio/Joyce) provides that an employer who receives a Freedom of Information Act request for records relating to any disciplinary action taken with respect to an employee may provide notification to the employee in writing, sent by first-class mail or by e-mail, if available, on or before the day the records are to be disclosed. SB 3588 has been sent to the Governor.

Providing Assistance for Veteran-Owned Small Businesses

SB 3817 (Holmes/Sente) provides that small businesses that are at least 51% owned and managed by one or more persons who are veterans are eligible for loans from the Department of Commerce and Economic Opportunity (DCEO). Stipulates that loans may not exceed \$100,000 or 50% of business cost unless given a waiver by the Director of DCEO. SB 3817 has been sent to the Governor.

Seniors

State Budget Crisis Threatens Community Care Program

The Department of Commerce and Economic Opportunity has predicted that by 2030, roughly 25% of Illinois's population will be aged 60 or older. In spite of the fact that this demographic boom is dramatically increasing the need for in-home assistance, the State fiscal crisis has led to a decrease of more than 6% to the Department on Aging's FY11 budget.

The Department on Aging's Community Care Program (CCP) is a cost effective alternative to nursing homes that provides home healthcare and quality-of-life services to persons with chronic health challenges. CCP makes it possible for seniors who would otherwise require institutionalized nursing home care to remain in their own homes and maintain their independence. During FY10, nearly 60,000 senior citizens received services through CCP. The Community Care Program offers a variety of services including emergency home response, adult day service, homemaker services, and case management. This program is the cornerstone of non-institutional senior services in Illinois.

The Governor's introduced FY11 budget included \$140 million in targeted savings for the Community Care Program. The Governor has proposed that these savings be realized by reducing homemaker services and other service efficiencies, and by changing enrollment requirements for CCP. The enrollment changes would take effect July 1, 2010 and would require all new CCP applicants to be Medicaid-eligible and Medicaid-enrolled. People currently enrolled in the CCP who are not Medicaid-eligible and Medicaid-enrolled would maintain their services as part of a grandfather clause. Illinois receives over \$120 million in Federal Financial Participation funding for

services provided to Medicaid-enrolled clients in the Community Care Program, which is roughly 22% of the total funding for CCP. Limiting program eligibility to those who are Medicaid-enrolled will save CCP \$140 million in FY11, and likely save even more in future years as non-Medicaid-eligible seniors who have been grandfathered in slowly drop out of the program. These savings may never truly be realized, however, because many seniors who are no longer eligible for in-home care through CCP will be forced to take the much more costly option of nursing home care. These proposed cuts are at the discretion of the Governor. \

Free Rides for Seniors

In 2008, the legislation was passed mandating free rides for all Illinois seniors aged 65 and older are granted free transit rides on public mass transit systems (Public Act 95-708). The fiscal impact of the “seniors ride free” program on the transit agencies has been considerable, with fiscal estimates ranging from \$30-\$40 million for the CTA, METRA and Pace, and over \$1 million for downstate districts. Transit officials have expressed that the overwhelming costs associated with of the free rides has exacerbated the transit system’s longstanding financial problems.

In an attempt to ease the financial burden associated with free rides for seniors, Representative Bassi introduced HB 4623 (Bassi/Hendon). HB 4623 would impose an income eligibility requirement for senior citizens seeking public transportation services free of charge. In order to qualify for free rides, seniors annual incomes must not exceed, for households of one or two individuals, 150% the income eligibility limitation set in the by the Senior Citizen and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act (Circuit Breaker Program), or 125% of the Circuit Breaker income eligibility limitation for households with three or more individuals. In practice, this bill would provide for the following income limitations to qualify for free rides: \$41,415 for a household of 1, \$54,952 for a household of 2, and \$57,071 for a household of 3 or more.

Approximately 25 -50 percent of current senior riders would qualify for free rides under the Circuit Breaker Program, according to the The Regional Transit Authority (RTA). The RTA. has determined that HB 4623 would create approximately \$20 million in new fare revenue. HB 4623 has been placed on the House Calendar Order of Concurrence.

Quinn Proposes Cuts to the Illinois Cares Rx Program

Gov. Quinn’s introduced FY 2011 budget for the Department of Healthcare and Family Services (DHFS) proposed to cut prescription drug assistance under the Illinois Cares Rx program by about 50%.

In an effort to reduce overall agency medical liabilities, the Governor has proposed changes to the prescription drug coverage provided through the Illinois Cares Rx program (formerly the Circuit Breaker and SeniorCare programs). The estimated budget cuts to senior and disabled persons’ pharmaceutical coverage will be \$70 million annually.

DHFS states that the \$70 million in savings will be achieved through higher copayments for program enrollees. However, this change would require the enactment of legislation to change current copayment amounts. To date, no such legislation has been offered.

Eligibility for Medicare eligible individuals for Illinois Cares Rx coverage is \$27,610 for an individual or \$36,635 for a couple. Eligibility for non-Medicare enrollees differs slightly, at 26,917 for a single person or \$36,212 for a couple. Illinois Cares Basic, modeled after the more limited coverage of the Circuit Breaker coverage for specific illnesses, has an income guideline which allows for a family of three to be eligible with a household income of up to \$45,637.

Veterans

Mobile Crises Teams for Homeless and Troubled Veterans

While most Americans believe our nation's veterans are well-supported, in fact many go without the services they require and are eligible to receive. According to a Congressional staff analysis of 2000 U.S. Census data, one and one-half million veterans have incomes that fall below the federal poverty level, including 634,000 with incomes below 50 percent of poverty.

The U.S. VA reports its homeless veteran programs serve 100,000 veterans annually. The National Coalition for Homeless Veterans (NCHV) member community-based organizations (CBOs) serve 150,000 veterans annually. With an estimated 400,000 veterans experiencing homelessness at some time during the year, coupled with the VA reaching only 25% and CBOs reaching 35% of those in need, there is a substantial number of veterans who do not receive the help they need to transition out of homelessness and re-enter society as productive citizens.

Under HB 5823 (Mulligan), the Illinois Department of Veterans' Affairs would issue competitively bid grants to entities providing mobile services that target services to homeless veterans and other veterans facing obstacles to care or services including those in rural and medically underserved areas. Mobile units would be required to travel to locations throughout their contracted areas including local veteran's organization halls or facilities serving the homeless. Services provided would depend on the provisions of the Request for Proposals, but could include: mental health screenings; preventative health care; crisis intervention; assistance in utilizing services provided through the Illinois Department of Veterans' Affairs; or any other state, federal, or local agency and social services provided by private organizations.

HB 5823 has passed both houses.

Veterans Administration Hospital Access

Veterans are often admitted to private hospitals for emergence care and then require long term care in a Veterans Administration (VA) hospital. SB 3637 (Munoz/McAuliffe) would allow for the inclusion of VA hospitals in the EMS system so that ambulances can transport patients (veterans) with non-life treating conditions to VA hospitals.

SB 3637 has passed both houses.

Disposition of Remains

HB 5678 (Pritchard/Haine) eliminates conflict with federal law in relation to service members. Current Illinois law require disposition of remains be determined through specific documentation or by a priority sequence of next of kin. This legislation will recognize the person the veteran authorized to direct disposition (PADD) selected by the service member on DD Form 93 (Record of Emergency Data), in accordance with Federal law.

HB 5678 has passed both houses.

War on Terror Compensation

Currently, Service members who have received either the Global War on Terror Expeditionary Medal or the Global War on Terrorism Service Medal are entitled to receive \$100 upon discharge for service to their country. On April 30, 2005, the United States Military stopped awarding the Global War on Terrorism Expeditionary Medal to service members who were deployed to either Iraq or Afghanistan. These service members began receiving the Iraq Campaign Medal and the Afghanistan Campaign Medal. The Global War on Terrorism Expeditionary Medal is still given to service members who are deployed elsewhere in the global war on terror. SB 3128 (Bomke/Poe) includes recipients of the Afghanistan Campaign Medal and the Iraq Campaign Medal to list of veterans entitled to receive compensation in the amount \$100 for their service.

SB 3128 has passed both houses.

Access to Veterans Lottery Tickets

To ensure that organizations that advocate for veterans benefits and programs have access to the veteran's scratch-off lottery ticket, SB 3661 (Bond/Dugan) provides for the issuance of a specialty retailer license to veterans service organization for the sale of veterans scratch off lottery tickets as long as proceeds are deposited in the Illinois Veterans Assistance Fund. 100% of the veterans scratch off ticket proceeds go to support Illinois Veterans Cash Grant programs.

SB 3661 has passed both houses.

Expand Access to Family Leave

SB 3818 (Hutchinson/Dugan) will provide children and grandparents with the option to take a leave from their job in order to assist their family with the void created when a family member is deployed for military service. This legislation would further allow Illinois employers to more easily comply with both the state and federal law regarding military leave. The Illinois law predated the recent changes to the federal Family Medical Leave Act. This legislation clarifies that an Illinois employer with 50 or more employees may concurrently apply the leave benefits of both the state and federal law. For those individuals, eligible for federal leave their benefits would be as provided by the federal law. For those individuals eligible for state leave only (i.e. grandparents) their leave benefits would be as provided by state law.

SB 3818 has passed both houses.