

Government Affairs Update February 2021



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Governor's State of the State and Budget Address

Last week, Illinois Governor JB Pritzker issued his State of the State and Budget Address from the Illinois State Fair Grounds. Here are some of the highlights:

The Governor proposed a \$ 41.6 billion state budget for Fiscal Year 2022, which runs from July 1, 2021 through June 30, 2022. The legislature will now take up the proposal for consideration in what will likely be a remote legislative Session, conducted virtually.

The budget maintains current spending levels without significant cuts. It does NOT include an income tax increase, which many believed it would due to the failure of the Governor's proposed Constitutional amendment to impose a graduated income tax in the fall.

The budget also does not rely on any forthcoming federal aid to states and local governments. While it is unclear what the federal relief package will look like at this juncture, it is expected to provide significant no-strings-attached funding to states and local governments to address the coronavirus pandemic.

The Governor's budget office has stated that incoming state revenues have been better than expected given the economic impact of the coronavirus pandemic, and are far improved from the spring of 2020, when revenues plummeted. That, combined with cuts to business tax incentives, are part of the reason the Governor presented a level spending plan.

The Governor proposed a total of \$130 million in additional funding for the Illinois Department of Employment Security which has seen a tremendous increase in unemployment claims, and is dealing with a national wave of scams and security threats.

For the second year in a row, the Governor has proposed not making the \$350 million payment toward K-12 education that was mandated by the recent evidence-based funding formula for education. That delay, or lack of payment, is likely to be contentious for both sides of the political aisle.

Finally, the Governor proposed closing corporate loopholes as a cornerstone of his balanced budget. He proposed an array of ending certain tax incentives estimated to save between \$900 million and \$1 billion in the next Fiscal Year. These business incentives have been shown to be very difficult to remove once they are established and are very strongly opposed by the business community in Illinois.

The Fiscal Year 2022 budget must be approved by the Illinois legislature and signed into law by May 31, 2021 by a simple majority vote, or by June 30, 2021 with a supermajority vote.

Madigan Resigns

Rep. Michael Madigan has announced his resignation from the Illinois House after 50 years in office, one month after losing his bid to remain speaker of the Illinois House of Representatives, a position he held for decades.

"He said last week "I am announcing that I will resign as State Representative of the 22nd district at the end of the month," Madigan said in a statement. "It has been my great honor to serve the people of Illinois as Speaker of the House and State Representative of the 22nd District."