

## Budget highlights, Executive branch staffing shifts, and still pending education funding

On July 6<sup>th</sup>, after nearly three years of a budget impasse, the Illinois General Assembly completed its override of Governor Rauner's budget package vetoes. The revenue bill [SB9](#) passed the House with the bare minimum of 71 votes, including 10 Republican members. However, major issues remain: While the budget package authorized an additional \$6 billion in borrowing to pay back old bills, there isn't enough money in the budget to finance a debt expansion and no reforms were included in the package. Below are only a few pertinent highlights of what is law and what was left out in the revenue portion of the package:

- Service taxes, soda taxes, satellite or streaming taxes as proposed in earlier versions were removed;
- Income taxes are permanently increased for individuals to 4.95% (from 3.75) and 7% for corporations (from 5.25) beginning July 1, 2017;
- A complete rewrite of the state's unclaimed property law;
- Illinois Income Tax Act is decoupled from the federal Domestic Production Activities Deduction;
- Earned income tax credit and education expense credits are increased;
- Creates the Uniform State Tax Lien Registration Act.

The budget bill, [SB 6](#) spends roughly \$36 billion. Most notably it would provide the first full year funding appropriation in two years. Major highlights are below:

- Provides for a full-year appropriation for state universities and community colleges;
- Increases MAP grants;
- Funds Medicaid;
- Funds pension and group health;
- Funds various social services.

The budget implementation bill (BIMP), [SB 42](#) is the paperwork needed in order to implement the spending. One major highlight: authorizes up to \$8 billion in payments for the bill backlog;

Shortly after the budget resolve, Governor Rauner's administration has undergone a multitude of changes in its top staff positions, including Chief and Deputy Chief of Staff for Policy. Deputy Governor Trey Childress will take oversight of state government and agency operations, including all healthcare-related state agencies. On the political side, the Governor's top campaign adviser also moved on to a new opportunity.

One remaining piece of the budget package is the appropriation for K-12 education. This appropriation for schools is authorized only if the Governor signs one of two bills that change the way education is funded in Illinois. The only bill that has passed the legislature on the issue is SB 1 which the Governor has threatened to veto due to the pension relief language that was inserted in the bill at the behest of the City of Chicago. The bill is currently being held by a procedure motion in the Senate that is preventing it from being sent to the governor. Gov. Rauner stated that if legislators did not send SB 1 to his desk by noon on July 31<sup>st</sup> that a special session would be called immediately. Senate President Cullerton has stated he would send SB 1 to the Governor on Monday, July 31<sup>st</sup>.

Since the end of regular session, the General Assembly has held 13 special session days to address these extenuating issues. Special Session # 14 will convene on Monday.