MORRILL AND ASSOCIATES
A PROFESSIONAL CORPORATION
203 NORTH LASALLE STREET
15TH FLOOR
CHICAGO, ILLINOIS 60601

TELEPHONE (312) 606-8770
FACSIMILE (312) 606-2817

WWW.SMORRILL.COM

SPRINGFIELD OFFICE
433 WEST EDWARDS STREET
SPRINGFIELD, ILLINOIS 62704
TELEPHONE (217) 789-5411
FACSIMILE (217) 789-5413

The following is a general overview of the legislative activity occurring during the Illinois General Assembly's 2003 regular session. Reports also include detailed information about legislative activities of direct interest to each client.

CLIENT REPORT FOR 2003 END OF SESSION

The Illinois General Assembly concluded its 2003 spring session early Sunday morning, June 1, 2003, effectively completing their business by the May 31 constitutional deadline. Immediately thereafter, as following the adjournment of any regular session, Illinois governmental attention shifted to the Governor's Office, which will continue acting on the bills that passed the General Assembly this session. The General Assembly will reconvene for six days during November, in what is generally categorized as "veto session;" at that time, the General Assembly will act on the Governor's vetoes and amendatory vetoes, and will also address a number of substantive bills.

The 2003 spring session was unique in a number of ways. Perhaps most evident was that this session marked the first in over 25 years where Democrats controlled the Governor's mansion and both houses of the General Assembly. Additionally, the state faced a combined Fiscal Year 2003 and 2004 ("FY03" and "FY04" respectively) budget deficit of over $5 billion – a problem that many have called the worst financial crisis in Illinois history. The session was dominated by the interplay of the new Governor and a General Assembly that experienced massive turnover following the redistricting election cycle, retirements and the loss of long-time members (and staff) to positions within the executive branch. The session clearly saw the result of years of pent-up demand from more liberal constituencies. The most dominant feature of this legislative session, however, was the budget, which demanded discussion throughout the session and

saturated legislators time on the floor and in committee during the final two weeks of the legislative session.

On a statistical note, the 2003 regular session displayed a high volume of activity. There were 5,905 bills introduced (3,818 House Bills and 2,089 Senate Bills), an approximate 40 percent increase from the 3,562 bills considered during the 2002 spring legislative session (2,665 House Bills and 897 Senate Bills). A total of 699 measures were passed by the General Assembly this year, compared to only 348 measures passed in 2002. To place these numbers in context, during a typical two-year cycle of the General Assembly, nearly 6,000 bills are considered. That many alone were considered in only the first year of this General Assembly.

This end-of-session report highlights legislative activities from the now-concluded 2003 regular session that may be of *general interest*, as well as such activities that are of *specific interest* to you.

I. GENERAL OVERVIEW OF SESSION

The 2003 spring session officially convened on January 8, 2003, with the inauguration of the 93rd General Assembly, and adjourned in the early morning hours of June 1, 2003. The 2003 spring session concluded 9 days after the scheduled adjournment date of May 23, but avoided a true "overtime" session by concluding the vast majority of its business prior to midnight on May 31. Under the Illinois Constitution, to become effective prior to June 1 of the next calendar year, a bill must pass before June 1 of the previous year unless it is passed by a three-fifths majority of both chambers (71 votes in the House and 36 votes in the Senate). The Democrats control the Senate by a 32-26-1 margin (the one independent, Senator James Meeks (I-Calumet City), caucuses with the Democrats), and the House by a 66-52 margin. If the General Assembly had not passed the budget before the deadline of May 31, the minority caucuses – House Republicans and Senate Republicans – would have gained an effective veto over the budget, since the legislature cannot adjourn without passing a budget for the fiscal year that begins July 1. Few Republicans in either the House or Senate voted for the revenue enhancing bills that passed.

A. THE BUDGET

The Illinois General Assembly passed a final budget package for FY04 of approximately $52 billion (a $2 billion decrease from the FY03 budget) just prior to adjourning on May 31st.

The FY04 budget process truly began on the campaign trail during the post-redistricting election process where every constitutional officer and every member of the General Assembly was up for election. The FY03 budget process was one of the most difficult in recent memory, with economic indicators pointing towards a continued nationwide economic slowdown. It became obvious that projected revenues for FY03 would not be met, and that conditions for FY04 would be much worse. During the campaign, both gubernatorial candidates, Democrat Rod Blagojevich and Republican Jim Ryan, pledged to balance the budget without raising general sales or income taxes. Both also discussed numerous programmatic changes to help balance the budget.

In the 2002 veto session, held in November and December, it was believed that the budget deficit for the current fiscal year – FY03 – was $585 million and that the budget deficit for FY04 would be approximately $2.5 billion. No action was taken during the veto session in regards to the FY03 budget. By the time the new General Assembly and Governor Blagojevich were inaugurated in January, the Governor believed the combined deficits for FY03 and FY04 had reached $5 billion. The state's fiscal condition had continued to worsen, with tax receipts well below the estimates used to balance the FY03 budget.

Illinois' budget process is driven by the Governor's proposed budget, the framework of which the Governor and the General Assembly typically use to craft a final budget deal. In the face of what many were now calling the worst fiscal crisis in state history, the new Governor asked the General Assembly to postpone his annual budget address, giving his administration additional time to review the state's fiscal condition and to prepare a state budget that did not include raising general sales or income taxes – a promise the Governor made in the campaign and vowed to keep following his election and inauguration. The General Assembly took unique action, passing legislation that postponed the Governor's budget address from the third Wednesday in February (February 19) until the second Wednesday in April (April 9). While this action allowed the Governor more time to prepare a budget for General Assembly review, it also compressed the budget timeline. Legislative leaders, committees, members and staff typically spend February and March reviewing the proposed budget and holding public hearings on it prior to sitting down for face-to-face negotiations with the Governor and his staff in late April and May.

On April 9, the Governor delivered his Budget Address to the General Assembly, unveiling his plan for balancing the FY04 budget. The Governor's plan called for a FY04 budget that contained a mixture of budget cuts, a pension financing plan, one-time revenue sources and new, recurring revenue sources, as well as the investment of nearly $1 billion in new funding for education, health care and public safety and funding the rainy day fund. Among the notable highlights are:

- ***Education.*** The Governor proposed increasing general state aid per student by $250 to $4,810; spending $29.9 million for early childhood programs;

consolidating 24 grant programs and service lines; eliminating regional education offices; maintaining $500 million in school construction funds; and increasing funding for school programs mandated by state law by $87.5 million.

- ***Higher Education.*** The proposed budget included $112 million in reductions to go towards deficit reduction; a freeze in tuition increases for the four years a student is enrolled at a public university; continued funding at existing levels for the Monetary Award Program; an elimination of base subsidies for private universities; increasing out-of-state tuition at public universities; and putting a hold on certain capital expenditures at public universities.

- ***Government Operations.*** The Governor sought consolidation of several agencies and boards and commissions, including consolidations of the Department of Lottery, Liquor Control Commission and Racing Board into the Department of Revenue, the Department of Nuclear Safety into the Illinois Emergency Management Agency, and the merger of the Illinois Pollution Control Board with the Illinois Environmental Protection Agency. Blagojevich also proposed consolidating and eliminating a number of state agencies, as well as consolidating legal services, internal auditing, information technology, facilities management, procurement and the collection and administration of fees into one state agency.

- ***Public Safety.*** In the proposed FY04 budget, three state prisons currently under construction would be put on hold; the Sheridan Correctional Center would be re-opened as a drug crime center; a statewide Terrorism Intelligence Center would be opened; new initiatives aimed at club drugs and supervision of parolees would be implemented; $5 million would be made available to assist families of National Guard members and reservists called up; and $37 million would be made available for personal protective equipment for first responders to emergencies.

- ***Health Care.*** In the health care arena, Blagojevich proposed pooling state agency prescription purchases and creating a new "special drug advocate" to negotiate a lower rate; expanding KidCare with an additional $4 million and FamilyCare by $23 million; increasing funding for low-income families to access child care; increasing funding for individuals with physical, developmental or mental disabilities or illness; increasing Medicaid funding by $689 million to allow payment to hospitals and nursing homes within 60 days; and expanding the "circuit breaker" program for seniors to include all prescription drugs.

- ***Economic Development.*** The Governor proposed the creation of a $200 million "Illinois Opportunity Fund" to bring venture capital to the state; the development of six new "Centers for Entrepreneurship" to provide training, tools and resources to help start-up businesses; $800 million in financial incentives to encourage power companies to use advanced technology and burn Illinois coal; and the consolidation of 30 economic development and job training programs within the Department of Commerce and Economic Opportunity.

- ***Revenue Generation.*** The Governor proposed a number of ways of bringing new revenue to the General Revenue Fund to offset the budget deficit. Among them were:

  - Increasing non-consumer fees to bring in an additional $342 million in state revenue, including an additional $21 million for "Illinois polluters" to pay to clean up polluted lakes and rivers, and an additional $103 million in fees through the Illinois Secretary of State's office, including increasing fees for lobbyist registration, personalized license plates and the filing of annual reports.

  - Increasing riverboat per-head admission charges from $3 to $5 (raising $38 million), assuming $350 million from the sale of the 10th riverboat gaming license, and increasing the tax rate to 70% on riverboats that earn over $250 million in profit.

  - Seeking prepayment of liquor and cigarette taxes, earning $50 million.

  - Implementing a tax amnesty program to bring in $40 million.

  - Closing tax "loopholes" to bring in an estimated $320 million. Exemptions that would be eliminated include buying and selling private planes, purchasing graphic arts equipment, coal equipment purchases and out of state purchases of natural gas.

  - Placing a 5% reoccurring service charge on approximately 350 state specialty funds and transferring $144 million in unobligated balances from these funds to the General Revenue Fund.

  - Sale of state property including the Illinois Toll Highway Authority administrative building, land surrounding the Elgin Mental Health Center and a sell and leaseback deal for the James R. Thompson Center in Chicago.

  - Implementing the already passed pension bond financing plan involving the sale of $10 billion in general obligation bonds at low interest rates and using a portion of the proceeds to pay the state's $1.6 billion pension contributions scheduled to be made in FY04.

The Governor's budget was met with a mix of enthusiasm, skepticism and concern. Legislators were generally pleased that no general taxes were raised, but many were concerned with the fee increases and elimination of tax exemptions that many Illinois businesses depend upon. Some legislators were skeptical of many of the one-time sources of revenue, including the sale of state facilities such as the Thompson Center and

the Toll Highway building; and many were concerned over cuts made to elementary and secondary education, to the Chicago Public Schools, to some human service programs and to job placement and truancy programs.

After the Governor's budget address, the legislature had just over five weeks to review the proposed plan before the scheduled adjournment date of May 23. The General Assembly immediately began reviewing the Governor's proposed budget and developed many questions. Governor Blagojevich, citing a desire to avoid "business as usual", did not immediately engage legislators and legislative leaders. This led to friction between the legislative and executive branches. Over the next few weeks, more details emerged; however, no negotiations between the legislative leaders and the Governor on the budget took place. As the scheduled adjournment neared, the House began passing individual subject-area spending bills to the Senate, increasing spending mainly in the education and human service areas. The Senate followed, eliminating some of the spending added by the House, but not all. By May 23, the General Assembly had passed a spending plan that largely mirrored the Governor's plan, but with certain funding levels restored nearly to their FY03 levels. This action was unique, however, in that usually the final budget is agreed upon by the Governor and four legislative leaders (or at least by the Governor and the President of the Senate and Speaker of the House) and then passed in a series of five to ten bills. In this case, nearly thirty spending bills had been individually considered by both chambers and passed, without the expressed agreement of the Governor. Valuable committee and floor time was taken up debating and passing these individual spending bills.

While the General Assembly had passed a spending plan, no revenue plan had been passed to pay for the spending bills sent to the Governor. The legislature almost immediately scheduled for session to extend until the constitutional adjournment deadline of May 31, and began discussing possible revenue scenarios. One major source of revenue drew the attention of many in the General Assembly – increased revenue from gaming. At one juncture, a deal was apparently reached between some legislators and various gaming interests to auction the defunct 10th riverboat gaming license to the highest bidder, create a new city-run casino in Chicago, expand the number of gaming positions at existing riverboats, create two additional gaming licenses (one likely in Chicago's south suburbs and one in Chicago's north suburbs), allow slots at horse racing facilities and possibly to legalize video poker. That agreement collapsed when the Governor announced on May 20 that he would not sign legislation expanding gaming in Illinois.

Budget negotiations between the Governor and four legislative leaders, sometimes together and sometimes individually, began slowly the week of May 26. By the end of the week, it was apparent the Speaker of the House and President of the Senate would allow the Governor to seek passage of his budget in largely the same form as it had been proposed in April, although many of those proposals had never been put into legislation or seen by affected parties. On Thursday, May 29, revenue and budget implementation legislation began arriving as amendments and were moved into position to be considered

in committee and on the Senate and House floors. On Friday and Saturday, May 30 and 31, the Governor visited individual legislators on the Senate and House floors and some in party caucuses.

On Thursday, Friday and Saturday, both chambers focused almost exclusively on budget-related legislation, again breaking from past tradition and voting individually on most of the revenue and budget implementation measures. Hours upon hours of committee and floor time were dedicated to these bills, with passage not assured. In the House, the natural gas tax proposal failed twice (once as an amendment, once after it was amended) before finally passing.

The last few days of session saw budget and budget-related matters quickly agreed upon and drafted into legislative format in a matter of hours. Many items thought dead resurfaced with only a moment's notice, leading to what many legislators referred to as a "brutal" period of continual committee and floor votes. Both the Senate and House finished final action on the budget bills only moments before the midnight deadline, after which a three-fifths majority would have been needed. With Republicans withholding votes from many of the revenue bills, that majority would not have been reached.

In the final analysis, despite doubts by some legislators as to the efficacy of the Governor's proposed budget, the General Assembly passed a budget that largely mirrors the Governor's proposal.

The major revenue enhancements used to balance the FY04 budget include:

- Implementing the already passed pension bond financing plan involving the sale of $10 billion in general obligation bonds at low interest rates and using a portion of the proceeds to pay the state's $1.6 billion pension contributions scheduled to be made in FY04.

- Creating a tax amnesty program that would allow taxpayers to pay overdue taxes without penalty ($40M).

- Decoupling Illinois estate tax from the federal tax, which is being phased out ($45M).

- Increasing annual liquor license fees paid by retailers and changing the way cigarette taxes are collected ($89M).

- Eliminating corporate tax incentives, such as credits for research and development and training programs ($56M).

- Ending sales tax exemptions on out-of-state natural gas purchases, excluding purchases from non-profit organizations, local government,

schools, businesses in enterprise zones, and gas used to produce electricity ($42M).

- Increasing riverboat taxes to as high as 70% for the highest profit boats and raising admissions fees ($200M).

- Selling the James R. Thompson Center and two other state properties, including the Illinois State Toll Highway Authority administrative building in Downers Grove ($230M).

- Eliminating some sales tax credits to businesses, such as for coal and oil machinery purchases and graphic arts equipment ($59M).

- Changing tax exemptions given to trucking company equipment purchases and increasing truck fees ($82M), the so-called "rolling stock" exemption.

- Increasing more than 300 fees and tapping into state funds that had been set aside for special purposes ($1B), including:

    - Increasing speeding fines from $75 to $100 ($5M).
    - Increasing user fees on tire purchases from $1 to $2.50 ($6M).
    - Increasing fees on late state income tax return filings ($24M).
    - Increasing returned check fees charged by Secretary of State from $19 to $25 ($100,000).
    - Doubling driver history fees charged by the Secretary of State ($36M).
    - Increasing personalized license plate fees ($9M).

The major changes in spending between the Governor's proposed FY04 budget and the budget as passed include:

- Increasing funding to elementary and secondary education and restoring cuts to the regional superintendents, job development programs and truancy programs among others ($400M).

- Restoring to the FY04 budget 219 Department of Corrections captain positions.

- $10 billion in capital projects, $4 billion for FY04 and $6 billion in reappropriations from FY03.

- Transferring only certain internal executive agency information technology, procurement, and legal functions to the Department of Central Management Services ("CMS"). Blagojevich had proposed fully consolidating executive agency legal services, internal auditing,

information technology, facilities management, and procurement functions into CMS.

Although the General Assembly passed the budget by the constitutional May 31 midnight deadline, the process was not without strife. In the Senate, Democrats began debating the capital appropriations bill without first holding a committee hearing. When Republicans objected, the Democrats cut off debate and quickly passed the bill just before the midnight deadline. Republicans angrily left the floor, and the Democrats adjourned for the spring shortly thereafter. Strained relations between Republicans and Democrats could make it more difficult for the General Assembly to fix the budget if it starts unraveling in the next several months. Some legislators, and other observers, believe the spending plan relies on overly optimistic estimates of how much revenue the state expects to collect during FY04. For example, the budget assumes the state will be able to sell the 10th riverboat license for $350 million, even though Illinois will now have the highest casino taxes in the nation; that it will to collect at least $230 million from the sale of the Thompson Center and other state property; and that the fee increases and business taxes will produce as much revenue as is anticipated.

Another interesting outcome of this year's budget crisis is statutory language included in one of the budget implementation bills granting the Governor's Budget Director, John Filan, the power to divert money from special earmarked state funds (such as the Road Fund and dedicated state funds) to the state's General Revenue Fund. Director Filan is also given the authority to direct the state Comptroller and state Treasurer, independent constitutional officers elected by statewide vote, to redirect state funds. Some believe this authority to be unconstitutional.

Despite the successful passage of most of the Governor's proposed budget, changes were expected. On June 1, Governor Blagojevich indicated that he may line item veto parts of the spending plan, targeting those funds that were added to the budget during the last couple of weeks of session. On June 4, Blagojevich line item vetoed approximately $22 million from the budget passed by the General Assembly. Those cuts include: $17.3 million for the continued employment of 219 Illinois Department of Corrections captains; $3.7 million for cost of living increases for Supreme Court, Appellate Court and Circuit Court judges; and $791,000 for pay raises for the governor, lieutenant governor, attorney general, secretary of state, comptroller, treasurer, auditor general, agency directors, assistant agency directors and members of the legislature. The Governor has indicated a desire to put the almost $22 million in cuts into the state's Rainy Day Fund.

Following further review of the budget, Blagojevich may cut additional spending, with potential targets including many of the additional items added to his proposed budget by the General Assembly. Among them are: restoration of some human service cuts; restoration of regional superintendents of education salaries; increase of $180 million to public elementary and high schools; and inclusion of $10 billion in capital projects -- $4 billion in new projects and $6 billion continued from previous years. Line

item or reduction vetoes take place when the Governor disapproves or reduces certain line items in an appropriation bill, with the non-vetoed portions taking effect as law without further action by the General Assembly. A line item reduction veto takes effect if not restored by the General Assembly by a simple majority in both chambers.

B. MEASURES THAT PASSED

In a legislative session year that saw a tremendous number of bill introductions, and a high volume of legislative activity, several noteworthy pieces of legislation were passed. Those include:

- Approval of an increase in the State's minimum wage. For employees 18 years of age or older, the minimum wage will increase to $5.50 per hour in 2004 and to $6.50 per hour in 2005. Employees whose income comes mainly from tips will see their minimum wage increase to $3.30 in 2004 and to $3.90 in 2005. The minimum wage for workers under 18 will be .50 less than that for workers 18 and older.

- A $6.6 billion plan sought by Chicago Mayor Richard M. Daley to expand and modernize O'Hare international airport over the next 10-20 years. The measure, generally, removes state authority over construction at O'Hare, grants the City unprecedented "quick-take" powers to allow for quick sales of private property within the airport footprint, and allows for construction of a western access road to the airport. Construction of a third regional airport in the South Suburbs and continuing operations at Meigs Field, tenents of the deal reached between Daley and then-Governor George Ryan and contained in federal legislation to secure O'Hare expansion, were not included in the state legislation.

- A reform of state ethics laws that explicitly forbids state workers from doing political work on state time, prevents state workers from giving state bonuses for political work, bans certain public service announcements by state officials during campaign periods, requires ethics training for state employees, protects whistle blowers, changes requirements for *ex-parte* communications during state agency rulemakings, strengthens campaign contribution reporting requirements and changes regulations regarding reports and registration of lobbyists.

- Approval to auction the state's inactive 10th riverboat gambling license. The legislation also authorizes the state to purchase the license and to hire a private firm to run the boat if private bids for the license do not meet state revenue expectations.

- Legislation, signed by the Governor, authorizing incumbent local telephone provider SBC to increase the rates it charges competitors to use its telephone lines.

- A state prescription drug program allowing seniors to pool their resources and gain more favorable prices for prescription medicines.

- Death penalty reform which bans executions of the mentally retarded, establishes new guidelines for a legal presumption of mental retardation, increases DNA testing, establishes a pilot program to increase the reliability of police lineups, eliminates the death penalty for certain criminal offenses, and establishes a committee to both assess whether death sentences are pursued with geographic and racial balance statewide and to review and report annually on the effect of the reforms.

- An "Equal Pay Act" to ban wage discrimination based upon gender and to provide for criminal and civil penalties, as well as enforcement through the Illinois Department of Labor.

- Legislation to require sensitivity training for state troopers on racial and ethnic differences, which also establishes a 4-year traffic stop statistical study for state and local law enforcement officers based upon information contained on the face of a ticket, including race, and mandates analysis of the data for aberrations concerning the race of stopped motorists.

- Legislation that creates an Inspector General, appointed by the Governor and confirmed by the Senate, for the Illinois State Toll Highway Authority, requires the Authority to submit a comprehensive strategic financial plan to the legislature, and requires General Assembly review of expenditures of excess Authority moneys.

- A 4-year tuition rate freeze for students attending public universities.

- Legislation to encourage the development of affordable housing through numerous means, including: mandating local governments to create affordable housing plans, making changes to the state affordable housing tax credit program, and creating the "Illinois Housing Initiative" task force to coordinate and streamline the allocation of available housing resources.

- Legislation which allows motorists to be stopped solely for not wearing their seat belts and which allows for motorists who use the left lane of multi-lane highways excessively to be stopped and ticketed.

- Legalization of the purchase of up to 20 hypodermic needles at a pharmacy without a prescription along with a mandate that pharmacists make available educational materials to be developed by the Illinois Department of Public Health regarding safer injection, HIV prevention, syringe disposal, and drug treatment.

- Legislation creating the Illinois Civil Rights Act prohibiting any unit of state, county, or local government from excluding a person from participating in, denying a person the benefits of, or subjecting a person to discrimination under any program or activity on the grounds of his or her race, color, or national origin while providing for legal action.

- Legislation to encourage the use and development of renewable fuels through the creation of the Illinois Renewable Fuels Development Grant Program to provide financial assistance for the construction, modification, alteration, or retrofitting of renewable fuel plants that have an annual production capacity of no less than 30,000,000 gallons of renewable fuel per year and that are built in Illinois.

- Election Code reform allowing for the use of touch-screen voting and creating the "Help Illinois Vote" fund to receive federal funds under the Help America Vote Act.

- Legislation which reconstitutes the Illinois Pollution Control Board, the Illinois Industrial Commission, the Prisoner Review Board, the Illinois Labor Relations Board and the Illinois Educational Labor Relations Board, reduces the number of board members for certain boards, allows the Governor to appoint new members to each board, allows for gubernatorial appointment of certain board executive directors and prohibits outside employment by board members.

- Legislation which reorganizes seven state bonding agencies, the Illinois Development Finance Authority, Illinois Farm Development Authority, Illinois Health Facilities Authority, Illinois Research Park Authority, Illinois Rural Bond Bank, Illinois Educational Facilities Authority, and Illinois Community Development Finance Corporation, into one bonding agency – the Illinois Finance Authority.

- Legislation which reorganizes certain executive agencies by: (*i*) abolishing and transferring the functions of the Department of the Lottery to the Department of Revenue and reassigning the Illinois Racing Board and the Liquor Control Commission to the Department of Revenue; (*ii*) transferring the duties of the Prairie State 2000 Authority, and certain programs of the Department of Employment Security and the Illinois Community College Board in relation to workforce development, to the Department of Commerce and Economic Opportunity; (*iii*) transferring the duties and powers of the Department of Nuclear Safety to the Illinois Emergency Management Agency; and (*iv*) transferring

certain internal executive agency information technology, procurement, and legal functions to the Department of Central Management Services.

- A number of high profile events resulted in legislative action this session: (*i*) following the death of a woman who was mauled by wild dogs apparently trained for fighting, legislation was passed to hold owners more accountable for vicious dogs; (*ii*) following a series of on-the-field incidents at U.S. Cellular Field, legislation was passed increasing the fines and penalties for trespassing on places of public amusement; and (*iii*) following a high profile high school hazing incident in which several students were injured and parents were accused of providing alcohol to the minors involved, legislation was passed granting greater liability against adults who provide alcohol to minors.

C. MEASURES THAT DID NOT PASS

While many noteworthy measures passed, the high volume of activity and the sometimes singular mindset on budgetary matters – particularly during the last few weeks of the session – did not allow time for final passage of a number of items that were considered. Those include:

- A new school aid formula. Because it represents a regional battle for educational dollars, the school aid formula is certainly one of the most contentious issues the General Assembly faces. The bipartisan Illinois Education Funding Advisory Board ("IEFAB") has recommended that the state increase its share of total elementary and secondary school funding and reduce reliance on local property taxes. Additional funding was provided to elementary and secondary school districts, and the per-pupil foundation level increased, however, no comprehensive reform was enacted.

- Legislation sought by Chicago Mayor Richard M. Daley to limit Illinoisans to one handgun purchase per month and to further regulate firearm sales failed to pass.

- Legislation that would include "sexual orientation" as an unlawful basis for discrimination under the Illinois Human Rights Act did not advance.

- While comprehensive changes to state gaming law were discussed, and special Senate and House committees created to review the matter, gubernatorial opposition stymied any major change. Among the proposals that were considered, but not passed, were the creation of a new city-run casino in Chicago, the expansion of gaming positions at existing riverboats, the creation of two additional gaming licenses, the allowance of slots at horse racing facilities and the legalization of video poker.

- Legislators in the House revived the Equal Rights Amendment and passed a measure to the Senate allowing for consideration of the proposed Constitutional amendment. The full Senate did not take up the measure.

- Legislation to allow a state referendum on a proposal to temporarily increase the state income tax to help solve the state budget crisis did not pass.

- Legislation providing guidelines for stem cell research in Illinois was not sent to the Governor.

- Legislation to remove the Illinois Property Tax Appeal Board as an avenue of appeal for Cook County commercial and industrial property taxpayers failed to advance.

- Legislation sought early in the session by Philip Morris to statutorily limit the amount of an appeal bond did not pass.

- A proposed ban on smoking in all Illinois restaurants and bars did not advance out of House committee.

- Legislation to reinstate the Structural Work Act, repealed in 1995, was not successful.

II. GOVERNOR'S ACTION ON BILLS

Under the Illinois Constitution, the General Assembly has 30 days in which to present a bill to the Governor after final passage. The Governor has 60 days after receipt of a bill in which to act – inaction beyond the 60-day period results in the bill automatically becoming law.

Typically, the Governor assigns a "bill review team" to analyze any measure that reaches his desk. The review team usually consists of one representative from each of the following areas of the Governor's office: Legislative Affairs, Office of Management and Budget, Policy Staff, Press Staff and Legal Office. Affected administrative agencies typically are also represented.

III. VETO SESSION

The 2003 veto session has been scheduled for October 23 (a perfunctory session day when veto messages are simply read into the House and Senate records); November 4, 5, and 6 (when vetoed and amendatorily vetoed House Bills are considered in the House and vetoed and amendatorily vetoed Senate Bills are considered in the Senate);

and November 18, 19, and 20 (when vetoes overridden, or accepted in the case of an amendatory veto in the original chamber, are considered in the other chamber).

There are three types of vetoes in Illinois: (a) total vetoes, where the Governor disapproves a bill in its entirety; (b) amendatory vetoes, where the Governor makes changes to the bill that, in turn, must be approved by the General Assembly; and (c) line-item or reduction vetoes, where the Governor disapproves or reduces certain line items in an appropriation bill, with the non-vetoed portions taking effect as law without further action by the General Assembly.

The General Assembly may override a total or amendatory veto by a three-fifths vote in each chamber, or it simply may kill the vetoed bill by refusing to pass any motion on the veto. Amendatory vetoes may be accepted by a majority vote in each chamber. A line item reduction veto takes effect if not restored by the General Assembly. Unlike other vetoes, the General Assembly may restore a line-item reduction by a simple majority in both chambers.

With the continuing state budget problems, the necessary review of vetoed portions of the spending plan, and the high volume of legislation considered during the spring session, the veto session is certain to be active. Consideration of non-budgetary and non-veto-related items is expected this fall.

IV. CONCLUSION

It has been our privilege to serve you in Springfield this past session, and we hope the foregoing is useful in summarizing the 2003 legislative activities of interest. Should you have any questions or concerns, or if you require copies of bills or other legislative materials, please do not hesitate to call.

Very truly yours,

MORRILL AND ASSOCIATES, P.C.