

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 veto session. Reports also include detailed information about legislative activities of direct interest to each client.

CLIENT REPORT FOR 2003 VETO SESSION

The 2003 veto session consisted of session days on November 4, 5, and 6 (when vetoed and amendatorily vetoed House Bills were considered in the House and vetoed and amendatorily vetoed Senate Bills were 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, were considered in the other chamber). Due to the large number of issues considered during the fall session, as well as the unexpected death of a popular legislator, the fall veto session did not adjourn on time. For the first time in recent memory, the veto session went into overtime, with both chambers adding Friday, November 21 as an additional veto session day.

The 2003 veto session concluded on Friday, November 21, ending a very active fall session. The General Assembly considered a large number of gubernatorial vetoes as well as a significant number of non-veto related issues. This letter presents a brief report on: (1) the major issues of general interest which occurred during the veto session; and (2) issues of specific interest to you.

I. SIGNIFICANT ISSUES

A. State Budget Deficit

The record budget deficit faced by the State in fiscal years 2003 and 2004 (“FY03” and “FY04”) was the dominant legislative item considered during the spring 2003 session. Following passage of the FY04 budget, Governor Blagojevich exercised his line item and total veto powers on a number of appropriation measures, reducing the budget passed by the General Assembly by over \$200 million. Following the first week of the veto session, the legislature had taken the first step in overriding approximately \$130 million in vetoes. In total, approximately \$100 million was restored to the FY04 budget by the General Assembly. In addition, the legislature approved legislation removing, at the conclusion of FY04, the statutory authority granted to the Governor’s budget director to authorize monetary transfers between various State funds. Efforts to rollback, eliminate and refund some fees created or increased to fill the FY04 budget deficit failed to pass. Left mostly unaddressed was the pending multi-billion dollar combined budget deficit for FY04 and FY05.

B. Vetoes and Amendatory Vetoes

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 (71 votes in the House and 36 votes in the Senate), 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 or reduction veto takes effect if not restored by the General Assembly. Unlike other vetoes, the General Assembly may restore a line item or reduction veto by a simple majority in both chambers.

The Governor vetoed 115 of the 699 bills sent to his desk by the General Assembly. Of those vetoes, 16 were item and/or reduction vetoes, 45 were amendatory vetoes and 54 were total vetoes. The legislature overrode 21 vetoes and accepted 13 amendatory vetoes. Of the overrides, 6 were total vetoes and 10 were amendatory vetoes, with 5 line item vetoes being restored. The 22 amendatory vetoes that were not accepted or overridden are now dead bills, as are the total vetoes not overridden. In contrast, last year Governor Ryan vetoed 26 bills – 13 vetoes and 13 amendatory vetoes. In the 2002 veto session, the General Assembly considered all 26 vetoed bills, with the 13 total

vetoed standing. Of the 13 amendatory vetoes, 8 were accepted (becoming law with the Governor's recommended changes), 2 were overridden (becoming law as originally passed by the legislature in the spring), and 3 failed to either be accepted or overridden (failing to become law).

C. Ethics Reform

While the General Assembly passed an ethics reform package during the spring legislative session, Governor Blagojevich amendatorily vetoed that legislation creating a necessity to address the issue again this fall. The Governor and the legislative leaders spent much time during the fall session discussing this issue and came to agreement late in the second week on a comprehensive ethics package. That legislation passed both houses this fall and, among other provisions, does the following: explicitly forbids state workers from doing political work on state time, prevents state workers from giving state bonuses for political work, requires annual ethics training for state employees, creates ethics commissions and inspector generals with subpoena power for each constitutional office and for the legislature, bans legislators and constitutional officers from appearing in public service announcements and from using public money to pay for billboards, bumper stickers and the like, bans state employees from working, for one year, for an entity they had regulatory, licensing or contracting decision authority over, removes the exemption in current law for provision of golf and tennis by lobbyists and allows lobbyists to spend no more than \$75-per day per lobbyist per state official, bans lobbyists and their spouses from serving on state boards and commissions, protects whistleblowers, forbids fundraisers for state officials on legislative session days, requires local governments to adopt gift ban and political activity restrictions similar to those by the state, forbids state officials from using state funds to print and mail newsletters or brochures in the weeks leading up to an election, and requires unpaid advisors to the governor and other state officials to file economic disclosure statements.

D. Death Penalty Reform

During the spring 2003 session, the legislature passed death penalty reform legislation 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. Governor Blagojevich amendatorily vetoed that measure to alter language in regards to how police officers who lie in a murder case are treated. Compromise legislation was agreed upon during the veto session and the entirety of the death penalty reform legislation is now law.

E. Unemployment Insurance

Numerous interest groups, legislators and the Governor's office have been working for over a year on a solution to provide immediate capital to the state's bankrupt unemployment insurance fund. The fund will soon be well over \$1 billion in the red. To avoid penalties by the federal government for a depleted fund and an approximate 6% interest rate on a federal loan to replenish the fund, a different solution was implemented. The state will issue revenue bonds to immediately replenish the fund and will increase unemployment insurance rates to pay for the bonds. As part of the agreement, all interested parties have agreed not to pursue any changes to unemployment insurance law until at least 2009.

F. Commonwealth Edison

Just prior to the start of the veto session, Commonwealth Edison and their corporate parent Exelon announced their intention to seek legislation aimed at expediting Illinois Commerce Commission ("ICC") approval of a proposed acquisition of Decatur-based utility Illinois Power. In addition, the utility sought ICC review of a new rate plan for ComEd and Illinois Power for the 2007-2010 period. This legislation generated much controversy, and received tough scrutiny from legislators and the Governor. In the end, competing, stripped down proposals were advanced in the House and the Senate. While the Senate version passed to the House, the House adjourned without considering either version. Subsequent to the adjournment of the veto session, and without approval of their desired legislative changes, Exelon announced that they would not proceed with the Illinois Power acquisition in its current form.

G. Wetlands

A comprehensive effort to regulate wetlands in Illinois has been ongoing for over two years. While this legislation passed the House during the spring session, the Senate did not consider it during the fall session.

H. Hospital Bed Tax

Continuing efforts that began during the spring 2003 session, numerous interest groups worked with the State to impose a per bed assessment on hospitals as a means to raise revenue and leverage almost \$300 million for hospitals serving indigent patients as well as for the State's KidCare and FamilyCare programs. A controversial provision regarding nursing homes was stripped from the bill, and final passage was secured prior to the completion of veto session.

I. Driver's Licenses for Immigrants

Two pieces of legislation were considered that would allow immigrants ineligible for a social security number to apply for driver's licenses with the Illinois Secretary of State. Neither piece of legislation passed.

J. Gaming

Each legislative session, proposals to alter or expand gaming in Illinois are proposed. With continuing difficult economic times facing the state, gaming as a revenue generator was discussed, although never seriously considered during the fall session.

K. City of Chicago Early Retirement

An early retirement bill sought by the City of Chicago as part of the City's 2004 budget earned House passage, but failed to secure final passage in the Senate. The City has subsequently announced that nearly 800 city employees may be laid off.

L. Election Reform

Legislation to specify the manner in which paper ballots and "chads" are considered, to eliminate fines levied by the State Board of Elections and to fix a potential problem that could keep George W. Bush off Illinois' ballot in 2004 failed to pass.

II. CONCLUDING COMMENTS

The House and Senate have both released their spring 2004 legislative session calendars. The second year of the 93rd General Assembly will convene on Wednesday, January 14, 2004.

Enclosed please find the calendar for the upcoming 2004 spring session of the 93rd General Assembly. As always, please contact us if you have any questions or concerns.

Very truly yours,

Morrill and Associates, P.C.

Attachment