



**END OF SESSION REPORT
2021 SPRING
MORRILL & FIEDLER, LLC**

The 2021 session has not yet officially concluded. While the Illinois General Assembly passed a budget for the upcoming FY22 fiscal year (more on that below), both chambers adjourned on June 1 “to the call of the Chair” and are expected to reconvene in about two weeks. Both chambers worked to pass the FY22 budget, and other matters, after the May 31 deadline – working into the early morning hours of June 1. Once the General Assembly crossed over into June 1, the 102nd General Assembly went into overtime session and any bill that have an immediate effective date require a 3/5ths vote to pass. The House passed the FY22 budget before June 1 while the Senate passed the FY22 budget on June 1 with super-majority votes. The House adjourned “to the call of the chair” around 2:30am on June 1 and the Senate adjourned at 3:30am on June 1st but reconvened later that morning at 12:30pm to consider additional measures. There is speculation the legislature may be called back as early as June 8; however, it is more likely the legislature will be called back mid-June (the current timing indicates June 21).

The primary reason both chambers have been forced into overtime session is the inability to finalize a deal on the comprehensive energy bill that has been subject of negotiations and an internal energy working group since 2020. The primary unresolved issue had been the amount of subsidies to be afforded to Exelon’s nuclear fleet to keep them operational – as the Governor’s independent audit found the nuclear fleet only required \$70 million per year for five years (totaling \$350 million) while Exelon and its supporters stated the needed financial assistance was greater than \$580 million per year. On May 31, it was reported that the Governor’s office, Democratic leaders, and Exelon agreed to a total subsidy package of \$675 million over six years. Other issues within the energy package are still being worked out regarding how to best transition Illinois to 100% renewable energy generation, but a final legislative package is expected to come before the Illinois General Assembly in two weeks.

Other items that may be addressed when the Illinois General Assembly reconvenes include: (a) FOID card modernization – HB 562; (b) a small gaming bill – SB 521; and (c) agreed phased-in approach to provide for an elected Chicago School Board – HB 2908, among others.

With the traditional legislative process subverted by COVID-19 restrictions and regulations, legislators largely held meetings, participated in committee hearings, and took part in working groups remotely. Though most legislators regularly travelled to Springfield to be present for session days, committees were broadcast on Zoom and legislators were allowed to participate from their offices, homes, and even their cars. Senate protocols required legislators and lobbyists to be tested for COVID prior to entry to the Capitol Complex, and the halls of the Capitol were virtually empty compared to pre-pandemic times. Public testimony for committees was delivered virtually, access by the general public to the Capitol and legislative offices was prohibited, legislators no longer had “open office” hours in their Springfield offices to accommodate lobbyists, and after-session events were few and far between. Just as it has impacted all other areas of life, the pandemic drastically changed the frequency and manner in which lobbyists and members of the public were able to access and interact with elected officials.

One tradition COVID could not break was the vast number of legislative matters filed for consideration. For the 2021 spring session, over 7,000 total substantive bills were filed (not counting filed amendments to bills, resolutions, and appointments) – a substantial increase over prior years which averaged 4500 bills – but advanced only 650 (or less than 10%) out of both chambers to the Governor for final action.

Below is a summary of the major bills advanced by the Illinois General Assembly during the 2021 spring session:

SB 2800/SB 2017 – FY22 State Budget Appropriations and Budget Implementation Bill

[SB 2800](#) (Harmon/Welch) contains the \$42 billion state appropriations spending plan for the FY22 budget. The FY22 budget plan provides the following:

- Increases funding for the evidence-based funding plan for K-12 public schools by \$350 million;
- Appropriates \$7.5 billion in state general revenues on Medicaid
- Appropriates \$7.4 billion for human service agencies;
- Appropriates \$1.9 billion for higher education institutions;
- Appropriates \$1.9 billion for public safety agencies;
- Appropriates \$1.4 billion for general services agencies;
- Pays off \$2.0 billion federal loan from 2020;
- Pays full \$10 billion state pension obligation;
- Includes 2021 capital projects spending program; and
- Appropriates \$2.5 billion of the federal American Rescue Plan Act funds Illinois expects to receive (total ARPA funds expected to be \$7.5 billion): \$578 million in economic recovery for businesses, \$183 million for public health infrastructure and \$104 million in affordable housing.

[SB 2017](#) (Harmon/Harris) contains the FY22 BIMP to provide the required statutory changes to implement the FY22 spending plan. Primary components of SB 2017 include:

- Eliminating the following business tax incentives to generate \$655 million in annual revenue: (a) rolling back the federal Tax Cuts and Jobs Act (TCJA) of 2017 accelerated depreciation deduction; (b) capping corporate net operating loss deductions at \$100,000 for the next three years; (c) rolling back the TCJA foreign-source dividend deduction; and (d) freezing the corporate franchise tax.
- Allows for natural revenue growth increase to Local Government Distributive Fund (Governor originally proposed a 10% cut).
- Extended EDGE tax credits for 5 years.

Legislative and Judicial Redistricting Maps

[SB 642](#) (Harmon/Tarver), [HB 2777](#) (B. Hernandez/Harmon), and [SB2661](#) (Harmon/E. Hernandez), which adopt new districts for the Illinois Supreme Court, General Assembly, and Cook County Board of Review respectively. Each bill has been sent to the Governor for his signature.

Every ten years, the Illinois General Assembly (and every state) is required to redraw their federal and state legislative district maps to be based on current US Census data. Since the actual US Census data will not be available until September, the Democratic legislative leaders utilized census data from the American Community Survey in order to develop and enact new maps before the June 30 deadline set by the Illinois Constitution. After June 30, the drawing of the legislative maps would be done by an appointed commission. The maps passed by the 102nd General Assembly are likely to be challenged in court for failing to use US Census data; further, the General Assembly must still produce federal district maps that reflect the loss of one congressional House seat.

SB 825 – Elections Omnibus Bill

[SB 825](#) (Harmon/West) was amended in the House with language to ensure citizens had greater access to voting in the upcoming 2022 elections. Primary components of the measure include: (a) moving the 2022 primary election to June in anticipation of legal challenges to the district maps; (b) allowing county jails to set up polling places in the facilities for inmates (unclear if early voting will be allowed), (c) allowing voters with special needs to vote by email; (d) making the vacancy appointment process more open/transparent to the public; (e) clarifying approved campaign expenditures by candidates/office holders; and (f) expanding further the state’s vote-by-mail system to allow persons to be on a permanent vote-by-mail program. SB 825 has been approved by both chambers and will head to the Governor’s desk for final action.

SB 539 – Ethics Omnibus Bill

[SB 539](#) (Gillespie/Burke) provides for significant state and local government ethics reforms including: (a) stronger statement of economic interest filings for candidates/officials; (b) six-month revolving door ban for senior executive branch personnel and legislators that want to become lobbyists; (c) no Springfield fundraisers during session; (d) consolidates lobbyist registration at state level – lobbyists must include all units of government that a lobbyist will lobby on behalf of a client; (e) requires registration of consultants as lobbyists; (f) provides greater authority and oversight to executive and legislative inspectors general and legislative and executive ethics commissions; and (g) pre-empts home rule for governments below 500,000 (allows City of Chicago to maintain its current regulations). SB 539 has been approved by both chambers and will head to the Governor’s desk for final action.

HB 1443 – Cannabis Trailer for Social Equity Licenses

[HB 1443](#) (Ford/Lightford) provides agreed, negotiated language to correct application and licensing concerns regarding the State’s cannabis industry – in particular the licensing of social equity applicants to ensure a diverse industry. The primary components of HB 1443 include: (a) adding 110 new dispensary licenses – through two separate lotteries – to ensure ownership by social equity applicants; (b) allowing current lottery of 75 licenses to move forward; (c) allows for an additional 50 adult use licenses by the end of 2022; (d) allows for relocation of early adult use dispensaries under certain conditions; (e) allows five additional medical dispensary licenses to social equity applicants; (f) allows medical cannabis patients to purchase cannabis at any medical cannabis dispensary instead of registering with a single dispensary; (g) allows cannabis business employees to begin working while waiting for the required background check needed for obtaining a cannabis business ID card; (h) authorizes a market research study on medical cannabis licenses to study ownership and applicant demographics; (i) allows Social Equity applicants to locate an adult use dispensary within 1500 feet of an existing licensee; and (j) clarifies if an applicant is within the group of “tied” applicants is to be awarded a license, but awarding a license would exceed the 10-license cap, then the applicant must give up an early or conditional-use license.

HB 1443 has been approved by both chambers and is expected to be signed by the Governor.

HB 3443 – Trailer Bill for Criminal Justice Pillar

[HB 3443](#) (Slaughter/Sims) provided changes to the criminal justice “pillar” enacted earlier this year and was negotiated with representatives of both criminal justice advocates and law enforcement. HB 3443 provided clarity on provisions such as: duty to intervene, restrictions on deadly force, choke holds, body cameras, use of no-knock warrants, crowd control, officer misconduct, officer training – including issues of mental health, alternatives to custody, and bond, among other issues. A summary of the issues was created by media outlet Politico and can be read [here](#).

HB 3443 has been approved by both chambers and will be sent to the Governor for final action.

HB 3739 – Statewide Lead Pipe Replacement Program

[HB 3739](#) (Robinson/Bush) established the new Lead Service Line Notification and Replacement Act, would require all water utilities to compile an inventory of all known lead water service lines and submit a plan for removal and replacement of the lines to the Illinois Environmental Protection Agency. HB 3739 requires water utilities to submit an initial plan for lead service line replacement by April 15, 2024, with a final plan due to IEPA by April 15, 2027 (and does provide for extensions to the deadlines, if needed). The bill would require local municipalities to determine the best options to pay for the cost of the pipe replacement program, and would also establish a state-run grant program to assist in minimizing the costs of lead line replacement.

HB 3739 has been approved by both chambers and will be sent to the Governor for final action.

HB 3308 – Codifies COVID Telehealth Expansion

[HB 3308](#) (T. Jones/Harris) would extend or make permanent many of the expanded telehealth services providers put in place during the COVID-19 pandemic allowing for additional telehealth services to be provided by healthcare professionals. A primary component is to ensure the expanded telehealth services are covered by insurance plans (as provide by executive orders issued by Gov. J.B. Pritzker during the pandemic).

HB 3308 has been approved by both chambers and will be sent to the Governor for final action.

HB 2621 – Affordable Housing Expansion

[HB 2621](#) (Guzzardi/Hunter) creates the COVID-19 Affordable Housing Grant Program Act to provide the Illinois Housing Development Authority establish an affordable housing grant program to encourage the construction and rehabilitation of affordable multifamily rental housing in response to the COVID-19 pandemic. HB 2621 would appropriate \$75 million of the federal COVID relief funding for the grant program. HB 2621 also amends the Property Tax Code and Affordable Housing Act to provide additional incentives for building affordable housing.

HB 2621 has been approved by both chambers and will be sent to the Governor for final action.

HB 3743 – Telecom Sunset Renewal

[HB 3743](#) (Hastings/Walsh) became the 2021 telecommunications omnibus legislation. Included within the bill were sunset extensions of the 2018 Small Wireless Facilities Deployment Act (Dec. 2024), and the Cable and Video Competition Act (Dec. 2026). Regarding small cell, HB 3743 provides additional authority for municipalities and other units of local government to ensure equipment meets FCC regulations and safety standards. HB 3743 also revised various acts governing 9-1-1 call systems to implement new training standards, require upgrades to 9-1-1 systems, and address permissible surcharges and funding sources and redefines several terms in the Emergency Telephone Systems Act.

HB 3743 has been approved by both chambers and will be sent to the Governor for final action.

HB 806 – Omnibus Professional Licensure Sunset Renewal

[HB 806](#) (Mah/E. Jones) was amended to update and extend the sunset dates of various professional licensure Acts scheduled to expire at the end of the calendar year. In prior years, each individual profession would have its own bill to modify and renew its statutory practice act, and the statute would

be extended for another 10-year period. During the 2021 spring session, Speaker Chris Welch determined professional licensure statutes should be renewed every five years (instead of ten) to ensure every regulated profession was updated on a more regular basis. As each pending licensure renewal bill during the 2021 was now required to be amended to reflect the new requirement, it was determined all professional licensure renewal bills would be combined into one omnibus bill – HB 806. The professional licensure act extended to Jan. 1, 2027, include: the Boxing and Full-contact Martial Arts Act, the Cemetery Oversight Act, the Community Association Manager Licensing and Disciplinary Act, the Detection of Deception Examiners Act, the Home Inspector License Act, the Massage Therapy Practice Act, the Medical Practice Act of 1987, the Petroleum Equipment Contractors Licensing Act, the Radiation Protection Act of 1990, the Real Estate Appraiser Licensing Act of 2002, and the Registered Interior Designers Act.

HB 806 has been approved by both chambers and is expected to be signed by the Governor.

Current Status of Energy Negotiations

On May 31, multiple media sources reported the Governor's office and the Democratic leaders reached an agreement with Exelon to provide \$675 million over six years in ratepayer subsidies to assist the Dresden, Byron and Braidwood nuclear plants (to be paid only by ratepayers in the ComEd service territory and not statewide). The agreement reflected nearly double the \$350 million subsidy initially offered by the Governor (as recommended by the independent financial study of Exelon's plants that was commissioned by the Office of the Governor), but still lower than the more than \$500 million in annual subsidies (over 10 years) Exelon had initially requested.

Further, the energy working group and the Governor reached agreement to: (a) double the Renewable Portfolio Standard (RPS) budget and associated ratepayer assessments; (b) increase energy efficiency rates 10% beginning year one and another 5% starting year three; and (c) create \$200,000 million in utility/renewable social justice programs. Additionally, the conceptual legislative agreement permits electric utilities to develop and recover the cost of electrical vehicle charging stations, electric utility formula rates will transition into a four-year forward-looking rate case before the Illinois Commerce Commission with performance metrics, and utility companies will be held to higher ethical standards in the way it conducts business. On a proposed carbon tax, legislative leaders, business organizations, and labor unions remain opposed to the Governor's demand for a new carbon tax.

A late addition to the still-evolving energy package is a requirement that fossil fuel and natural gas electricity generation plants become carbon neutral – with net zero carbon emissions, requiring the purchase of carbon offsets – by 2035 and 2045, respectively – and will force retirements of all remaining carbon-emitting electricity generation sources by the target dates. An open question is whether this "carbon neutral" requirement will be imposed on the relatively newer Prairie State coal plant near St. Louis, particularly given that many Illinois municipalities financed its construction through bonds that will not be paid off until 2048.

It is expected that a final energy package will come together later this month for approval by the Illinois General Assembly.

COVID Update

It is still expected that, as the metrics bear out, Governor Pritzker will announce Illinois will enter Phase 5 of the Restore Illinois Plan on June 11. In doing so, Phase 5 will lift all remaining COVID-19 restrictions.