



STATE SENATOR
Daniel Biss



May 21, 2014

Greetings!

I'm writing you from Springfield just a week and a half before we are to adjourn on May 31st. The main issue before us this session is our state budget, so I'd like to take the time to lay out the current situation. As I always say in my May newsletters, things will happen quickly and I will do my best to keep you updated as best I can. You can always check my website at senatorbiss.com for updates and additional information. I've also included a brief summary of some of the bills I've been working on this session.

State Budget and Revenue Options

The options currently before us make sense only with some context, so it's important to take a step back. In 2011, the General Assembly passed legislation increasing Illinois' flat personal income tax from 3% to 5%. However, the law indicated that the increase would scale back to 3.75% on January 1st, 2015. In other words, the legislature passed a bill providing the state with a burst of revenue to address our significant budget shortfall.

Since the increase in revenue, we've taken major steps on the spending side as well. In 2012, we passed a series of bills that made up a major Medicaid reform package. In 2013, we passed legislation to address our pension systems' unfunded liabilities. And while those two areas are crucial because they represent such a large part of our spending, we additionally cut services nearly across the board, including (but certainly not limited to) human services, child care, mental health programs, higher education, and transportation. Moreover, we're shortchanging our school funding formula; for each dollar we're supposed to send our school districts across the state, we only provide 89 cents.

In other words, despite the increase in revenue, we're not yet out of the woods. We're getting closer, for sure. The cuts and reform measures, as painful as they have been, have brought us much closer to balancing our budget -- as has the revenue increase.

The reason we're having these conversations now is because under current law, the personal income tax rate will drop from 5% to 3.75% in about seven months. This discussion is complicated by the fact that our fiscal year starts on July 1st, meaning that under current law we'll have a massive drop in revenue halfway through the fiscal year. Additionally, some of our

cost saving measures, while essential, do not provide short-term budget relief. The pension reform law, for instance, won't go into effect until the courts have ruled on its constitutionality. We won't see cost savings until then, and then only if the courts uphold it.

This situation leaves us with a number of imperfect options.

We could leave the current tax law in place, resulting in a significant tax cut on January 1, 2015, along with a major drop in revenue. This would require extraordinarily deep cuts to critical state services; moreover, it seems like a bizarre approach for a state still facing significant fiscal challenges that have repeatedly forced painful cuts to Medicaid, pensions, and other services. I have always sought to address our fiscal problems by asking sacrifice of all parties, including service recipients, state workers and contractors, and taxpayers.

Governor Quinn has asked that we make the 5% income tax rate permanent, put in place new property tax relief measures, and, roughly speaking, maintain current spending levels. This option is under consideration in Springfield, but as you might imagine some legislators are reluctant to support the revenue component of this approach, so its passage is far from certain.

There are, of course, other options. We could enact an alternate tax plan -- our state could certainly benefit from a strong tax reform package -- and design a spending plan around it. Alternatively, some have suggested more exotic approaches, such as a half-year budget, a budget that simply gives lump sums to the Governor to spend as he pleases, or -- worst of all, in my view -- a budget that's based on gimmicks or new debts.

There is obviously no simple or painless path here, and things are likely to move very quickly in the waning days of May. My top priorities are to enact a balanced budget that allows us to continue down the path toward fiscal stabilization, and to ensure that we continue to distribute the sacrifice required in as broad and equitable manner as possible.

I hope we can stay in touch as this process unfolds, as your input is extremely important to me.

My Legislation

Illinois Secure Choice Savings Program

As I've written to you before, [Senate Bill 2758](#) creates the Secure Choice Savings Program. Right now, 2.5 million workers in Illinois lack access to any employer-based retirement plan -- and as a result, more and more people are retiring into poverty. The program would simply allow private sector workers to contribute to their own IRA through automatic payroll deductions, creating a low cost and easy solution to help people save their own money and retire with dignity. The bill will be heard in the House Personnel and Pensions committee on Thursday morning, and I'm hopeful it will then move onto the House floor.

Patent Trolls

Many Illinois businesses and even some individuals have been victims of "patent trolls," companies that buy up (or claim to own) patents in order to bring enormous numbers of often-questionable lawsuits. These trolls often target small or new businesses with the hopes that the businesses doesn't have the resources or time to fight in court and will instead simply settle. [Senate Bill 3405](#) makes it illegal to send certain fraudulent letters and gives victims of this practice protection under the Consumer Protection Act. The bill has passed the Senate and will hopefully have a vote on the House floor.

Location Surveillance and the Usage of Drones

As you may remember, last year I passed [Senate Bill 1597](#), which created the Freedom from

As you may remember, last year I passed [Senate Bill 1987](#), which created the Freedom from Drone Surveillance Act, requiring law enforcement to obtain a warrant before using a drone for surveillance. This year, I'm sponsoring two related bills. The first is a follow-up to that bill; [Senate Bill 2937](#) prohibits law enforcement from gathering information from a privately owned drone. In other words, it ensures that the protections we passed last year apply whether or not the law enforcement agency owns the drone in question. The other bill, [Senate Bill 2808](#), prohibits law enforcement from using GPS or other location tracking technology without a warrant. It's important that law enforcement be able to use this technology when appropriate, but we must put in place the regulations to protect our privacy as well. I'm pleased that SB2937 has already passed both chambers and awaits the Governor's signature and I am optimistic that SB2808 will follow in the coming days.

Town Hall Events

Additionally, I'll be putting together another Critical Issues Series this summer. I'll email you with that schedule and post it on my website as well. Be sure to join me and State Representatives Robyn Gabel and Laura Fine for our **End of Session Town Hall on June 10th at 7:00 p.m. at the North Shore Senior Center, located at 161 Northfield Road** in Northfield.

As always, I'm eager to hear your thoughts. You can reach me at biss@senatedem.illinois.gov or 847-568-1250.

Sincerely,



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