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## **Illinois Fertilizer & Chemical Association**

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# ***IFCA's State Legislative Update***

## **General Assembly will be back in Springfield this summer.**

The General Assembly adjourned on Wednesday, May 31 but their work is not done because of their failure to pass a state budget. Here is an update on major issues from the final few days.

## **Lawmakers Fail to Pass a State Budget**

For the third year in a row, the General Assembly failed to pass a balanced budget by the end of the spring legislative session. During the ongoing 700 hundred-day budget impasse, Illinois' backlog of bills has now exceeds \$14 billion. Legislative leadership has indicated that negotiations will continue throughout June with legislators returning to the Capitol on occasion with the goal of passing a budget before the start of the state's fiscal year on July 1. It will now take a supermajority three-fifths vote to pass legislation with an immediate effective date.

Senate President John Cullerton (D-Chicago) and the Senate Democrat caucus passed a \$37.3 billion spending plan fueled by \$5.4 billion in new tax revenue. The bill calls for raising the personal income tax rate from 3.75 percent to 4.95 percent. The package also includes extending the state sales tax to a number of services, although the final list was reduced from previous versions of the bill.

In the House of Representatives, Speaker Madigan and the Democrat caucus met frequently behind closed doors but were unable to reach consensus on a balanced tax and spending plan. A number of tax increases were considered including an increase in the individual and corporate income tax rates, expansion of the sales tax on services, and a new \$5,000 fee on all corporations for the privilege of doing business in Illinois. After failing to reach agreement, the House concluded its businesses without taking a budget vote.

## **It's all about a Property Tax Freeze**

One of the biggest sticking points between the Governor and the General Assembly was property taxes. Gov. Rauner's number one talking point all spring was getting a five-year property tax freeze and he wouldn't sign any budget without it. Right now Illinois has the highest property taxes in the nation. The Senate did pass a two year freeze but it did exempt the City of Chicago from the freeze. The House was talking about doing a three-year property freeze but couldn't get the votes to get it passed.

## **Lawmakers File Bill to Response to Potential Regulatory Reforms on the Federal Level.**

On Wednesday morning, House Amendment No. 1 was offered to HB 1438 from Rep. Stratton from Chicago. Identical language was also introduced as a new senate bill, SB 2212 from Sen Daniel Biss from Evanston. The bill as amended would require that the State of Illinois cannot impose environmental regulations for air, water, and endangered species less stringent than federal regulations in place on Jan. 1, 2017. Further, it would allow for a public interest enforcement process that allows a member of the public to sue if state standards fall below federal standards that were in place on January 1, 2017. In essence, this is an attempt to prevent any rollback of federal environmental regulations by the Trump Administration from happening in Illinois. IFCA opposed the bill and worked against it. Ultimately, the sponsor did not have enough votes in committee and the bill was not called but there may be renewed interest given President Trump's Administration withdraw for the Paris Climate Change Accord.

### **General Assembly Passes \$15 Minimum Wage Hike**

In less than a week, Democrats in the General Assembly introduced and passed a 82 percent increase in the state's minimum wage. Under SB 81 (Rep. Guzzardi/ Sen. Lightford), Illinois' current \$8.25 wage would go to \$15 per hour over the next five years.

SB 81 narrowly passed the House of Representatives (61-53-2) and Senate (30-23-2) on the final day of session over the opposition from the business community. It will head to the Governor's desk where it faces a likely veto. Gov. Rauner has expressed a willingness to sign a wage hike only if coupled with other economic development reforms.

The legislation also includes a complicated tax credit for small businesses with less than 50 employees.

### **Ag Sales Tax Fails to Move in the Senate.**

Sen. Mulroe from Chicago in late March filed SB 472. SB472 had language that sunsets and rolls back numerous sales tax incentives and exemptions. It includes several concerning changes to agriculture related incentives including imposing a sales tax equal to ½ of the sales tax rate on "farm chemicals" and farm equipment. The Ag community came together to inform Sen. Mulroe how devastating this legislation would be to farmers and ag retailers. No surrounding states tax farm chemicals or farm equipment.

With no budget in sight, don't be surprised if this legislation comes back up again. Legislators right now are looking at any way possible to generate revenue.

### **Ban on Neonicotinoids on "Lands of Illinois" Fails to Move.**

Sen. Harmon from Oak Park and Rep. Guzzardi from Chicago both introduced SB673/ HB619. Both of these bills would make it unlawful to apply any neonicotinoid insecticides on any public lands owned or maintained by Illinois or any other outdoor residential settings, including landscaping, ornamental, or other outdoor applications in Illinois. It also requires the Department of Agriculture to issue a draft report evaluating whether clear, peer-reviewed, published scientific evidence exists that outdoor applications of these insecticides are safe for honey bees, other pollinators, other beneficial insects, the broader environment, and human health within one year. Both bills were assigned to the

Environment Committee. Neither bill ever got a hearing. There were many meetings with Senator Harmon regarding this legislation. He agreed to hold the bill for now. IFCA doesn't see this type of legislation going away.

### **Truck Length Bill Moves to the Governor's Desk**

Rep. Dan Beiser from Alton and Sen. Tim Bivins from Dixon this spring introduced HB683, Truck Length Modernization Bill. HB 683 makes changes to the legal length of a truck tractor semitrailer combination on non-State highways from 55 feet to 65 feet, and removes the wheelbase limitations on a truck tractor semitrailer combination on Class III roadways and non-designated State highways of 55 feet. HB 683 passed both chambers and will now be sent to the Governor for his consideration. IFCA is asking the Gov. Rauner to sign this bill.

### **Truck Safety Test Legislation Passes Both Chambers.**

Rep. Sauer from Libertyville and Sen. Tracy from Quincy introduced HB 3172. HB 3172 provides that a truck tractor in combination with a semitrailer is subject to a safety test at an official testing station every 12 months, instead of the current requirement of every 6 months. HB 3172 passed both chambers and will now be sent to the Governor for his consideration.

IFCA supported this legislation but will be working next spring session to include language for trucks over 8,000 pounds but with no combination semitrailer.

### **Truck Commercial Distribution Fee Repeal Passes House but gets Stuck in the Senate.**

Rep Rita Mayfield from Chicago ran HB386. HB 386 repeals the collection of the annual commercial distribution fee that is placed on all registered license plates greater than 8,000 lbs. The State of Illinois imposes a 14.35% sales tax on commercial license plates known as the Commercial Distribution Fee (CDF). The fee is collected by the Secretary of State, however all of the CDF revenue goes into the General Revenue Fund, not into the Road Fund.

The Commercial Distribution Fee makes Illinois the 5th most expensive state in which to register a truck. Compared to surrounding states, truck registration fees in Illinois are 23% higher than Wisconsin, 40% higher than Kentucky, 66% higher than Indiana, and 86% higher than both Missouri and Iowa.

Commercial vehicle owners pay as much as \$400 per truck/per year in CDF fees in addition to the cost of an annual license plate which is as high as \$2,790 per truck/per year.

HB 386 passed the House 109-3-0 but was never heard in the Senate.

### **Rep. Pritchard introduces Legislation to Increase the Motor Fuel Tax.**

Rep. Pritchard from Sycamore introduced HB 3136 that would raise the gas tax from 19 cent per gallon to 29 cents per gallon starting on July 1, 2017, Diesel sales tax would go from 21 cents a gallon to 31 cents a gallon. Of the additional 10 cents per gallon, 6 cents per gallon would be deposited into the Road Fund and 4 cents per gallon would be distributed to municipalities, counties,

and road districts. HB 3136 was assigned to the Transportation: Regulation, Roads, and Bridges Committee where it received a subject matter hearing. HB 3136 didn't move out of committee.

IFCA believes this issue will come back up during veto session or next spring session. The Illinois fuel tax hasn't been raised since 1993. If the motor fuel tax had kept up with inflation in 2015, Illinois' fuel taxes would have been at 31 cents per gallon and the diesel tax would have been at 35 cents per gallon. Iowa's General Assembly last year passed a 10 cent gas and diesel tax increase. Illinois does, however also apply sales tax to motor fuel, one of only nine state that add sales tax on top of the motor fuel tax.

**GMO Labeling Reintroduced in the Illinois Senate.**

Sen. Silverstein from Chicago reintroduced SB627, Genetically Engineered Food Right to Know Act. This is the same bill that Sen. Koehler from Peoria has introduced for the last few years in the senate. The bill was never assigned to committee.