

STATE OF ILLINOIS
90TH GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE

122nd Legislative Day

May 12, 1998

Speaker Madigan: "The House shall come to order. The House shall come to order. The Members shall be in their chairs. We shall be led in prayer today by Representative Coy Pugh, the Assistant Pastor of the Fernwood United Methodist Church in Chicago. The guests in the gallery may wish to rise and join us in the invocation."

Pugh: "Let us bow our hearts. When I think about Your goodness and all that You've done for these, our soul cries out 'Hallelujah', thank God for saving these. God of our Father, we are constantly amazed and often startled by the miracle of our own individual lives. Our minds are full of the involvement, issues, and problems of our daily living. Affect our lives with the contagious spirit of righteousness. When we are most ourselves, dear Father, we remember to do things that not only seem right to our minds, things that seem to be right, to be true, to be genuine, to be authentic, but to do these things which bring into our whole being, a sense of peace, an incurable sense of health and oneness. We are troubled. We are troubled, our Father, by the schisms that are within us, the deep conflicts in our spirits which cause us to be at war within, which causes us to be divided against itself, a sense of inner conflict and division that is a part of the larger conflict and division that exists among Thy children everywhere. The peace which we seek in own private lives that we may be one is part of the peace that we seek for all Thy children. That they may be one in one family in Thy presence living in Thy world, not to seek a fortuitous relationship with You, but to constantly be in Your face. How to do this, how to experience this if we bud new? With all our being, do You think then that we would try? It is clear to us what is right. What is the ideal thing to do.

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Help us not to compromise our moral and ethical paradigm.

Help us to wait to hear from You. Amen."

Speaker Madigan: "We shall be led in the Pledge of Allegiance by Representative Hartke."

Hartke - et al: "I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all."

Speaker Madigan: "Roll Call for Attendance. Representative Currie."

Currie: "Thank you, Speaker. Please let the record show there are no excused absences among House Democrats today."

Speaker Madigan: "Mr. Cross."

Cross: "Thank you, Mr. Speaker. We're all here on the Republican side."

Speaker Madigan: "The Clerk shall take the record. There being 118 Members responding to the Attendance Roll Call, there is a quorum present. Mr. Clerk."

Clerk Rossi: "Introduction of Resolutions. House Resolution 485, offered by Representative Schakowsky. House Resolution 486, offered by Representative Hoffman. House Joint Resolution 65, offered by Representative Jim Meyer. House Joint Resolution 66, offered by Representative Bill Black, are assigned to the Rules Committee. Committee Reports. Representative Phil Novak, Chairperson from the Committee on Environment and Energy, to which the following measures were referred, action taken on May 12, 1998, reported the same back with the following recommendation: 'be approved for consideration' Floor Amendment #1 to Senate Bill 1265. Representative Coy Pugh, Chairperson from the Committee on Human Services, to which the following measures were referred, action taken on May 12, 1998, reported the same

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back with the following recommendation: 'be adopted' House Resolution 471. Representative Harold Murphy, Chairperson from the Committee on Personnel and Pensions, to which the following measure was referred, action taken on May 12, 1998, reported the same back with the following recommendation: 'be approved for consideration' Floor Amendment #1 to Senate Bill 499. Representative Mary Flowers, Chairperson from the Committee on Health Care Availability and Access, to which the following measures were referred, action taken on May 12, 1998, reported the same back with the following recommendation: 'be approved for consideration' Floor Amendment #2 to Senate Bill 1420. Representative Dan Burke, Chairman from the Committee on Executive, to which the following measure was referred, action taken on May 12, 1998, reported the same back with the following recommendation: 'be approved for consideration' Floor Amendments #6, 11, and 13 to Senate Bill 1878. The House Rules Committee will meet at 1:30 in the Speaker's Conference Room. The Rules Committee will meet at 1:30 in the Speaker's Conference Room."

Speaker Madigan: "Mr. Black."

Black: "Yes, I'm sorry, Mr. Speaker. Mr. Speaker, could there be some order in the chamber? I think it's a new grandfather's prerogative to have order in the chamber. Thank you. Mr. Speaker, I have filed a Motion with the Clerk of the House and at this time would move pursuant to Rule 18(g) that the Rules Committee be discharged from further consideration of House Bill 868. That is the COLA Bill, and that measure be advanced to the House for immediate consideration. Now, Mr. Speaker, I know that you will probably recognize someone on your side of the aisle to object and deny my Motion. I again reiterate that the

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Rules are ambiguous as to my demand for a roll call vote on the question of discharge. And I think I'm entitled to that by House Rule 49. I further think I'm entitled to that by the Illinois Constitution that permits the House to take a roll call record vote on any question. I am joined by every Republican asking you for a record vote on my Motion to discharge. If there is an objection to the Motion to discharge, all it takes is one 'no' vote and my Motion is then defeated. But, I think I am entitled to a roll call; all of us are entitled to a roll call on the COLA issue, which has been stagnant in this chamber for practically two years. Mr. Speaker, I ask to be appointed to the Human Services Committee one day so that I could vote to advance the COLA Bill to the House. Your Committee Chair refused to let us have a vote even in that committee, even when we were joined by Democrats asking that that vote be taken in committee and advance the Bill to the floor. Mr. Speaker, we need an honest and thorough debate on this issue. The time is now. If we don't do it now, the time on this Session will soon expire. This issue will not go away. These are the people who take care of the most vulnerable of our citizens. The money is in the budget. The will is there, if you will but let us have a vote. Mr. Speaker, I again request immediate discharge of House Bill 868. I would like a record roll call vote on my Motion to discharge, and I'm joined by every Republican in asking for a roll call vote on the Motion to discharge. Mr. Speaker, if you find it in your will to deny us once again the right to a record vote, I will then seek to overrule the Chair."

Speaker Madigan: "Representative Currie."

Currie: "Thank you, Speaker. I object to the Motion. Not that I object to the underlying Bill, and I do believe we will

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have time to consider the question of cost of living increases for our wonderful community service providers before this spring Session ends, but I believe the Motion is not timely. I object, and I do not believe that a record roll call vote is required. This is not the kind of issue that there's any question about the outcome; the record makes it clear that there is an objection. There is no question before the House of the sort that the Representative describes, and an objection is enough to defeat the Motion. No record roll call voted is required."

Speaker Madigan: "Your point is well taken. Mr. Black."

Black: "Mr. Speaker, I'm somewhat shocked that the Majority Leader of the House Democrats will not allow us to have a record vote on the Motion to discharge. It's simple why the issue isn't before it, before the Body. You won't let it out. And the Majority Leader of the House Democrats is joined by the Speaker of the House, and in fact, the Chairman of the Illinois Democratic Party..."

Speaker Madigan: "Mr. Black..."

Black: "...you won't let us have a vote."

Speaker Madigan: "Do you have a Motion to make, Sir?"

Black: "I make a Motion that we overrule the Chair."

Speaker Madigan: "The Gentleman has moved that the Chair be overridden and the question for the Members will be, 'Shall the Chair be sustained?' Mr. Black, did you wish to speak to that Motion?"

Black: "Mr. Speaker, I believe the Motion is debatable, and I believe some of my colleagues would like to speak to the Motion. I think I've made my feelings very clear, and I am shocked and appalled and quite frankly, disappointed, that you won't give us a record vote on the discharge Motion, but at least let us debate the issue to overrule the

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Chair."

Speaker Madigan: "Alright, Mr. Black, I want to direct your attention to House Rule 52, subsection 2, on the question of Standard Debate. Pursuant to that Section of the Rules, there will be three people speaking to this Motion. And I take your comments to me that I should go to the following people: Mr. Cross, Mr. Rutherford and Mr. Biggins, who were the first three seeking recognition. So, Mr. Cross, for five minutes."

Cross: "Well, Mr. Speaker, an inquiry of the Chair. As long as you're citing House Rules, I have a question with respect to House Rule 49, as well as the Constitution, and the Rules are very clear under House Rule 49. Any vote of the House, and it says, 'Any vote of the House shall be by record vote whenever five Representatives shall so request whenever the presiding officer shall so order.' The inquiry of the Chair is why are we...while you're citing Rule 52, too, and limiting our debate, what is the rationale in ignoring House Rule 49 with respect to Representative, the Majority Leader, Representative Currie's Motion that doesn't even allow us to take a roll call vote on the Motion to discharge?"

Speaker Madigan: "Mr. Cross, do you want an answer to your inquiry?"

Cross: "I'd love one."

Speaker Madigan: "The Parliamentarian will respond to your inquiry."

Parliamentarian Kasper: "Representative Cross, on behalf of Speaker Madigan, Rule 18(g) provides that measures may only be discharged by unanimous consent from the Rules Committee. There has been an objection to the Rules Committee; therefore, the Motion by definition fails."

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Cross: "Mr. Speaker and Mr. Parliamentarian, with all due respect, an objection is certainly not a vote. The Rules are extremely clear that anytime we request a vote, anytime we request a roll call vote, we should have a vote. Now, I do not...you're in clear conflict with the Rules, as well as the Constitution also, as you may know, Mr. Parliamentarian and Mr. Speaker, the Constitution says, 'A record vote may be taken on any other occasion. A record vote is a vote by 'yeas' and 'nays' in or on the journal.' Mr. Parliamentarian, can you tell us why we are in conflict with the Constitution, as well as with the House Rules?"

Parliamentarian Kasper: "Representative Cross, on behalf of Speaker Madigan, I believe I spoke to your inquiry as to House Rule 49 and House Rule 18. As to your inquiry regarding the Constitution, Section 8 of..."

Cross: "Article 4, I believe."

Parliamentarian Kasper: "...Article 4 of the Constitution is entitled 'Passage of Bills'. This is not dealing with the passage of a Bill."

Cross: "Well, what it says..."

Parliamentarian Kasper: "Therefore, it's inapplicable."

Cross: "What it says...if you look at the first part of it, Mr. Parliamentarian, 'Final passage of a Bill shall be by record vote.' And it further reads, 'In the Senate at the request of two Members and in the House at the request of five Members, a record vote may be taken on any other occasion.' That's not about final passage, Mr. Parliamentarian, and that's in addition to what you've just stated. So, it's pretty clear that talks about instances other than final passage. Now we have been shut down from votes for the last months on numerous issues. If you can address what I've just inquired about."

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Speaker Madigan: "The Parliamentarian has responded to you, Mr Cross."

Cross: "Mr. Speaker, we talked about..."

Speaker Madigan: "We are on the Order of the Motion to overrule the Chair, and you have been recognized to speak to that Motion."

Cross: "Mr. Speaker, I will get to that in a moment, as will some others, but we are talking about a constitutional right to a record vote as we are a rule right under your own rules, and we have been denied that with very little reasoning. What I inquired about was, the additional language that says we can have a record vote on any other occasion, and he has not responded to that at this point."

Speaker Madigan: "The Parliamentarian has responded to your inquiry, Sir."

Cross: "Alright, Mr. Speaker, I guess the real question with respect to the COLA Bill is, if not now, when can we expect a Bill? If not now, if not now, if not now, when can we expect Representative Daniels' Bill to be called? My understanding is that that Bill has been stuck in Rules. We have been requesting a COLA increase for the last three years. We have been looking for one for people that work in the area of social services, whether it deals with seniors, whether it deals with mental health workers, whether we deal with children, whatever the case may be, these people are making \$5.35 an hour. That is an insult for us not to address the COLA Bill. And I ask once again, either to you or to the Parliamentarian, if not now, when can we expect this Bill to be called?"

Speaker Madigan: "Have you finished your remarks, Mr. Cross?"

Cross: "I finished them with my question of when can we expect this Bill to be kicked out of Rules?"

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Speaker Madigan: "Please finish your remarks, Mr. Cross."

Cross: "Can I expect..."

Speaker Madigan: "You are speaking to the Motion, Sir."

Cross: "Well, in my questioning or in my Motion speaking or to the Motion, I'm asking when can we expect this Bill to be out on the House Floor?"

Speaker Madigan: "Have you finished your remarks?"

Cross: "I'd like an answer."

Speaker Madigan: "Have you finished your remarks, Sir?"

Cross: "I will finish them when I get an answer to my question."

Speaker Madigan: "I would suggest you finish your remarks, Mr. Cross."

Cross: "Mr. Speaker, why can't we get the COLA Bill called? We're here ready to go. It's been stuck in Rules. All we're asking from everyone here today is when can we expect this Bill to be called?"

Speaker Madigan: "Mr. Cross, you have ten seconds left."

Cross: "I guess we're not going to get an answer, Mr. Speaker. I think everyone knows the issue here. Three years without a cost of living increase, they're making 5.35 an hour and we're ignoring them."

Speaker Madigan: "Thank you, Mr. Cross. Mr. Rutherford, for five minutes on the Motion to overrule the Chair."

Rutherford: "Well, Mr. Speaker, first of all I note that this is the first time you've actually limited debate on this, and I think that's too bad because this is the people's Body. We have a very important issue to be dealing with out here. You know, sooner or later, this Body's going to have the opportunity to decide if they should give themselves a pay increase or not. The Compensation Review Board has come out and said the Legislators should get a pay increase. The problem I have with that, Mr. Speaker, is the fact that

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we're not even putting out of a committee, the fact of being able to try to give a cost of living adjustment for our community mental health and community service providers. Mr. Chairman, Mr. Speaker, that's wrong. You know, as the Chairman of the Democratic Party, these types of issues are important to the public, not only my district, but all over the state. Republicans have been trying to do this, Mr. Speaker, back in November of '97. You adjourned the Fall Session without calling this Bill. Mr. Speaker, in January this Bill...in this year, the Republican Leader Daniels tried to get this Bill called. You refused to do that. Mr. Speaker, on January 28th of this year, we again tried to move this Bill in the Republican Party, and you again blocked that. Mr. Speaker, as recent as of March of this year, we tried to move this Bill again, and you have blocked it. Mr. Speaker, May 5th, we tried to move this Bill, and you have blocked it. Mr. Speaker, it is May 12th, and the Republicans in this House are trying to move the Bill to give our community providers a cost of living adjustment, and you are refusing to call this Bill. Mr. Speaker, is there some kind of backroom negotiation, compromise, wheeling/dealing going on that's keeping this matter from coming to the forefront? Right here, we have people all around, all around the State of Illinois are represented here wanting to have this 3% cost of living adjustment. Mr. Speaker, a question. Mr. Speaker, Mr. Speaker, a question for you. Is there some type of issue or development that you see happening down the road before we adjourn this Session that we can deal with the cost of living adjustment for our community providers?"

Speaker Madigan: "Well, Mr. Rutherford, please conclude your

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remarks, Sir."

Rutherford: "I've got two minutes and 51 seconds to go, and I intend to use every one of those, because I think this is important. Because I think this is important. I think this is important for the people of Illinois, to understand why those who are providing the basic of care for those with needs who are doing one of the most efficient cost effective manners, do not have the opportunity, Mr. Speaker, do not have the opportunity, to come forward and let this Body decide if they should get a minor, meager, 3% cost of living adjustment. Mr. Speaker, that's wrong. Mr. Speaker, Mr. Speaker, the Compensation Review Board has provided for the Legislatures, the Judiciary and others in government, cost of living adjustments. It's provided for us to receive pay increases. We're going to get to vote on that; I don't see that being taken off the table. We're going to get a chance on the Resolution whether we... whether we get ourselves an increase. But those out there that are providing these services in our communities is not even having the dignity, the dignity to have it come before this Body for a vote. Mr. Speaker, that's wrong. Mr. Speaker, you're House Majority Leader, everybody understand, everybody understand what just took place here. Representative Black asked to have the Rules Committee present this Bill to the floor so we can vote for you. It requires a unanimous, a unanimous decision to do that, but the Democratic Majority Leader rose and said, "Noooo, noooo, I'm not going to let you vote on an increase of 3% for those people that deserve it.' Ladies and Gentlemen, out there in the real world, that's what's happened. This Republican party in the House has said, 'Mr. Speaker, bring forward that COLA; we're ready to vote for it. We're here

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to support those people that need it.' Mr. Speaker, you know it is wrong. You know it is wrong to not call that Bill. No backroom negotiations, no shady deals, no cutting a deal with somebody else. Bring it out here. The people of Illinois deserve it, our community providers deserve it. There's no question about it, Mr. Speaker, but what you're doing is wrong, shame on you. If not now, when?"

Speaker Madigan: "The Chair recognizes Mr. Reitz for the purpose of an announcement."

Reitz: "Thank you, Mr. Speaker. I'm joined today, I have Arey Caufllick, the math team coach from Sparta High School, Doyle Jones the President of the School Board. I also have on the floor with me seniors Matt King, Kendra Holder, Reed Holland and Nathan Pickford, and the rest of the math team is directly above me. Wave at them guys. The Sparta math team has won the Class A Math Tournament six consecutive years. They have won 12 of the last 18 years, and I would like the House to show our congratulations."

Speaker Madigan: "Mr. Clerk."

Clerk Rossi: "The House Rules Committee will meet immediately in the Speaker's Conference Room. The Rules Committee will meet in the Speaker's Conference Room."

Speaker Madigan: "Mr. Giglio, for the purpose of an announcement."

Giglio: "Thank you, Mr. Speaker and Members of the House. We have with us today some of our students from back home in Homewood, James Hart Elementary School 153. Welcome James Hart. Thank you. Give them a round of applause. It'll be appreciated."

Speaker Madigan: "Mr. Biggins on the Motion."

Biggins: "Well, thank you, Mr. Speaker. I was prepared to speak about a minute ago, but to interrupt this debate on a most

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serious matter with introductions of guests, while the guests are very important, I'm sure that the previous speaker will certainly have his name voted on the ballot in November. But, the other two introductions I think could have been deferred so the people with disabilities that are here today can move about their business after this debate is done, which has been limited by your Chair to 15 minutes, now a little longer because of the introductions for those guests. I hope you will allow me my time without an interruption and other interruptions, Mr. Speaker, that you have in the past. First, I would like to... addressing the issue of the Chair being sustained, I would like to point out that the only reason that the Chair needs to be sustained is because of the prior Motion and the actions by the House Majority Leader. Now, I have a great deal of respect for the House Majority Leader, but I think to stand up and say, if you call this for a vote, I'm going to vote 'no' is a little disingenuous. In essence, what that position takes is, if all the Republicans showed up for work, and you, Mr. Speaker, were here, and one other Member on the other side of the aisle was here, then we could start our business of the day. But if somebody wanted to do something to bring up a Motion that was und...not here, all the other Members are not needed, because they are back home in their districts and they can just be saying, 'Well, we'll phone it in.' You know, to say I'm going to vote some way does not mean you're going to vote that way. And sometimes I wonder if those positions taken by the Majority Leader are true to the way she would have voted on the House Floor. The first speaker on our side of the aisle was Representative Black, and he mentioned that the COLA Bill is stagnant. Well, that may be true. But the people

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with disabilities are not stagnant. They are here today; they are working positively to get this COLA Bill passed. Nor are the providers stagnant. They're here today to ask for their 3% cost of living increase, a very modest increase, a very reasonable request for people making \$5.35 an hour, with a budget surplus of a billion dollars. Now, I came to this Legislature in 1992, the state budget was \$26 billion. It is now \$36 billion. I don't think a 3% cost of living increase with a billion dollar surplus, this is a billion dollars of what we supply in all of the needs of our state last year, is asking for too much. Not too much at all. And we're here today, our side of the aisle is not begging for a vote, we're just asking for due process to take place, for open debate to continue, and for the opportunity for the people that are here today and across this state who need the 3%, who are being given the Chair, the 3% cost of living will provide them. They should have an opportunity, maybe the measure won't pass. They should have an opportunity to see why it's passing, if it's being called, and why it wouldn't be passing if it's not called. But, you've stalled the Bill from being called and you are the Chairman of the State Democratic Party, as well as the Leader of this House, and I think it's the responsibility, whatever party you're with, to bring up a Bill that been duly debated before, and it's been presented several times, and still has not received the opportunity to be voted on by this Body. Now, this Bill is...for everybody's recollection, the Bill number on this is House Bill 868, but the Republicans are ready to wait until 8/6/98 if we have to stay down here and have this Bill called and pass this COLA increase. And I want to know if the people that are today on our side of the aisle, if they

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would please raise their hands, if they would be willing to stay here until August 6, 1998 to pass House Bill 868. Would you please indicate your support on this side of the aisle, please. Now, let me ask the other side of the aisle a question. If we can do this on our side, why can't they do this on their side? Why isn't there one Member on the other side of the aisle saying, 'Let's just call the Bill.' Is there not one person on the other side, maybe one running for Congress, maybe one running for the State Senate, maybe one running for re-election of this House, maybe one retiring, that wants to go out with a decent Bill, a decent vote on behalf of people with disabilities and those that care for them? If there's one person over there, I would appreciate if they'd raise their hand. I don't know how long I'd have to wait for that, so I'm not going to stop and go through that pause. But, I would just again ask the Speaker of this House, the most powerful Member in this State of Illinois and the Democratic Party, to call this Bill, give the opportunity while the people are here that would be affected by this COLA increase, to see how the vote goes up. I happen to believe it will pass, but let's not deny some of our most needy citizens in this state, and some of our most valiant providers of care, the opportunity to continue to serve those who are most in need of the monies that this COLA would benefit."

Speaker Madigan: "Mr. Black, three minutes to close."

Black: "Thank you very much, Mr. Speaker and Ladies and Gentlemen of the House. I want to just tell you as quickly as I can in the three minutes I've been given why I think you should overrule the Chair. This is not a partisan issue. This Bill started out as a Democrat Bill, sponsored by Speaker Madigan. Representative Hannig presented this Bill in the

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Human Services Committee. Democrats and Republicans wanted to pass the Bill from committee and bring it to the floor. Representative Hannig left the committee and the Chairman of your party refused to call the Bill. This isn't a partisan issue. You need to join with us today to overrule the Chair. It costs \$90,000 a year to keep a disabled person in a state institution. Our community care workers can do it for \$36,000. That's a savings to the taxpayer, and yet we pay them a wage that is below the federal poverty wage. Where is your conscience? Where is it? Ladies and Gentlemen of the House, it's not a partisan issue. It's an issue about caring for the most vulnerable of our citizens of Illinois. This started out as a Democrat Bill. You took that Bill back to Rules, said the deadline had passed. So let us have 868. Many of you are going to vote for the Bill. You know you're going to vote for the Bill. You want to vote for the Bill. Why don't you join us? For once, for once in this chamber, let's tell Leadership, it's our House. It's our chamber. We're all elected here. Why do we let four people run this institution? Why do we do that? If you don't join with us, if you don't join with us on this time, then don't come to me ever again and say, 'The Leadership controls this House.' Because I've sat here for 12 years and said, 'If you stand up on your own two feet, by God, we control this House.' This is your opportunity. It may be the last one of this Session. Vote with us to overrule the Chair. It's the right thing to do. It's the right time to do it. Join with us, vote to overrule the Chair."

Speaker Madigan: "The question is, 'Shall the Chair be sustained?' Those in favor of supporting the Chair vote 'aye'; those opposed vote 'no'. Have all voted who wish?"

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Have all voted who wish? Have all voted who wish? Have all voted who wish? Have all voted who wish? The Clerk shall take the record. On this question, there are 58 'ayes', 58 'noes'; the Motion fails. The Chair recognizes Shirley Jones. Shirley Jones. Representative Shirley Jones withdraws request for recognition. Page 7 of the Calendar, Senate Bills - Second Reading, there appears Senate Bill 1208. Mr. Clerk, what is the status of the Bill?"

Clerk Rossi: "Senate Bill 1208. A Bill for an Act amending the Illinois Municipal Code. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. The Notes that have been requested on the Bill have been filed."

Speaker Madigan: "Third Reading. Mr. Tenhouse."

Tenhouse: "Mr. Speaker, in view of what just happened here, if this is the way you're going to run this place, we request an immediate Republican Conference right now, Room 118."

Speaker Madigan: "Both parties will go to immediate caucus. The Democrats in 114, the Republicans in 118. For what purpose does Representative Andrea Moore seek recognition?"

Moore, A.: "Thank you, Mr. Speaker. Before we go to caucus, could you please...I did not wish to move my Bill to Third, I prefer it remain on Second."

Speaker Madigan: "Alright, Senate Bill 1208 shall be placed on the Order of Second Reading. Both parties will go to political caucus. The House shall come to order. The Members will be in their chairs. The Order is Second Reading - Senate Bills. Senate Bill 1224, Mr. Fritchey. Do you wish to move your Bill? 1224. Okay, we can take it out of the record. Senate Bill 1260, Mr. Bost. Wish to move your Bill? Mr. Bost in the chamber? Want to move

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your Bill? 1260. Mr. Clerk, what is the status of Senate Bill 1260?"

Clerk Bolin: "Senate Bill 1260. A Bill for an Act to amend the Criminal Code of 1961. Second Reading of this Senate Bill. Amendment #1 was adopted in committee. No Floor Amendments. No Motions filed. All Notes that have been requested have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1265. Mr. Black. Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1265. A Bill for an Act concerning energy. Second Reading of this Senate Bill. No Committee Amendments. Floor Amendment #1, offered by Representative Black, has been approved for consideration."

Speaker Madigan: "Mr. Black. Amendment #1."

Black: "Thank you very much, Mr Speaker and Ladies and Gentlemen of the House. The Amendment was heard today by the Energy and Environment Committee. It is a technical cleanup of the Energy Deregulation Bill as proposed by DCCA and the Department of Revenue. There was no opposition expressed in committee. If you want a further explanation, I'll be glad to answer any questions or offer one if somebody wants me to get into greater detail."

Speaker Madigan: "Mr. Black."

Black: "Yes, Sir."

Speaker Madigan: "I was interrupted, Sir."

Black: "Yes. I said we presented the Bill this morning in the Energy and Environment Committee. Was an Attendance Roll Call... There was no opposition expressed. It is a technical cleanup that adds to the Bill, is designed to blunt the implementation concerns of the electric Dereg Bill that we had last spring. It provides a date, that's June 1st, of each calendar year that DCCA must notify in

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writing to every utility an alternative retail electric supplier of the amount of prorated share they owe to the Energy Efficiency Fund. That amount will be then be remitted to the Department of Revenue by June 30th of each year. The Illinois Commerce Commission's ability to revoke a utility or alternative supplier's certification for delinquent payments of his prorated share become discretionary. It further clarifies who is subject to the renewable energy resources and coal technology assistance charge as well as the low income energy assistance charge. It provides for the procedure of informing and collecting from the utilities their prorated share of the \$3 million charge to support the energy efficiency program. It provides that the Coal Technology Development Assistance Fund balance limit is in addition to money received from the new renewable energy charge. It adds several cross references to the municipal gas language. That's what we presented to committee. As I said, no opposition was expressed, and it was passed by Attendance Roll Call."

Speaker Madigan: "Mr. Granberg."

Granberg: "Thank you, Mr. Speaker. One question, Bill, Senator Maitland indicated that about 10 days ago that some of this was technical. He wasn't sure about any substantive provisions. You indicated this is strictly technical, which it appears to be. Senator Maitland has signed off on this Amendment as well?"

Black: "Staff indicates that he has. I have not talked to him about this Amendment, except when it was first brought to me. He did say he wanted it held because he wanted the language on the cooperatives, and the Bill as introduced, to be approved first, and that I think he looked this Department of Revenue Bill over. I didn't hear from him

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personally, but staff said that he is aware of it and he has no problem with it."

Granberg: "Great, thank you. I just didn't know about your staffers. We've had problems..."

Black: "Right."

Granberg: "...in the past with him. Thank you."

Speaker Madigan: "The Gentleman moves for the adoption of the Amendment. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it; the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "No further Amendments."

Speaker Madigan: "Third Reading. Senate Bill 1267. Mr. McCarthy. Do you wish to move your Bill? Leave the Bill on the Order of Second Reading. Senate Bill 1289. For what purpose does Mr. McCarthy seek recognition?"

McCarthy: "I'd like a point of personal privilege please, Mr. Speaker."

Speaker Madigan: "Mr. McCarthy."

McCarthy: "I'd like the Members of the Assembly to please join me in recognizing a school from my district. A school that recently was awarded the blue ribbon notification, James Hart School from Homewood, up in the left side and in the back of the chamber."

Speaker Madigan: "Mr. Clerk."

Clerk Bolin: "Committee Reports. Representative Barbara Flynn Currie, Chairperson from the Committee on Rules, to which the following measures were referred, action taken on May 12, 1998, reported the same back with the following recommendations: 'direct floor consideration' for House Amendment #1, Senate Bill 1224; House Amendment #2 to Senate Bill 1315; House Amendment #3 to Senate Bill 1372; and House Amendment #2 to Senate Bill 1424."

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Speaker Madigan: "Senate Bill 1224, Mr Fritchey. Mr. Clerk, what is the status of that Bill? 1224."

Clerk Bolin: "Senate Bill 1224. A Bill for an Act in relation to criminal law. Second Reading of this Senate Bill. Floor Amendment #1, offered by Representative Fritchey, has been approved for consideration."

Speaker Madigan: "Mr. Fritchey."

Fritchey: "Thank you, Mr. Speaker. Floor Amendment #1 to Senate Bill 1224 contains language which was included into the Bill at the request of the Illinois State Medical Society. I'd be happy to answer any questions."

Speaker Madigan: "Mr. Black. Mr. Durkin. Mr. Black. Mr. Durkin."

Durkin: "Thank you, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "Sponsor yields."

Durkin: "Representative, I didn't quite catch what you were...this Amendment's doing. Can you explain to me what you're amending through Floor Amendment #1?"

Fritchey: "Well, what Floor Amendment #1 does, is clarifies certain language. There is provisions in the Bill for a victim of a sexual assault or other crime to be notified of the availability of a urinalysis or blood screening to test for the presence of controlled substances, which may have been administered to him or her. What the Amendment does is clarify that the hospitals have the ability to designate one person is to inform the victim of their rights and to ensure that no additional responsibilities are being put on hospital personnel that don't exist statutorily otherwise."

Durkin: "I'm sorry, you said that there's going to be somebody designated in the hospital who is going to be able to define or tell what these... individual person, who may be a victim of sexual assault, they're going to be told what

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their rights are? I'm not hearing it very well."

Fritchey: "Well, what this says, if emergency room personnel have reasonable cause to believe that a person has been delivered a controlled substance without their consent, that personnel designated by the hospital, other than a physician, shall provide an explanation to the victim about the effects of a controlled substance and the availability of testing and disclosure that all controlled substances will be disclosed by the test. And furthermore, that the test is strictly voluntary."

Durkin: "Is there a problem which is existing within the hospitals and these types of situations which has prompted this type of legislation, or where did this start?"

Fritchey: "The underlying Bill provides for enhanced penalties for use of controlled substances in certain crimes. The Amendment deals with the provision of testing and screening to detect controlled substances. And the State Medical Society was concerned that it was clear in the Bill whose responsibility it would be to notify a victim and inform them of their rights and of the availability of the test and the nature of the test."

Durkin: "Well, it says right here, I'm reading, it says that no sample analysis may be performed unless the victim returns a signed written authorization within 48 hours after the sample is collected. What if that person at some point later, which often happens in sexual assault cases, where the victim, through some type of relationship, has second thoughts of reporting this crime, and they do not want to have the sample tested? What are we going to do in those situations, if they...when they do not consent to the sample or the workup of that type of analysis?"

Fritchey: "The Amendment...well, the underlying Bill provides

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that no sample analysis may be performed unless the victim returns the signed consent within 48 hours. That's not in the Amendment. I'm happy to take up that issue with the underlying Bill."

Durkin: "I'm sorry, Representative, I'm sorry, I just couldn't hear. Could you..."

Fritchey: "Representative, I'm more than...it's an interesting point that you've raised..."

Durkin: "Mr. Speaker, I can't...Mr. Speaker. I can't hear the answer. Could we have some order, please? Representative, could you restate that?"

Fritchey: "What I said Representative was, I think you raise an interesting and valid point, but I think it would be more appropriately addressed when there's discussion of the Bill as a whole. That language is not part of this Amendment."

Durkin: "Well, what I'm reading on the Amendment, it states that...it exactly does state that in the Amendment, and I think I have reservation about this language that critically in a number of these situations where you have a boyfriend or a girlfriend and there is a date rape situation and within...there's been some...either some type of...someone has intervened and told this person not to pursue the charges, this person can say that I don't want any of these samples worked up. I think that this may be counterproductive."

Fritchey: "In the event that they sign an authorization after the 48 hours, and the sample analysis cannot be used, the underlying crime can still be prosecuted just as it would be today, not as an aggravating crime, aggravated crime by virtue of the use of the controlled substance, but as a criminal sexual assault, criminal sexual abuse or whatever the case may be. You find yourself in the exact same

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situation you're in today."

Durkin: "Representative, you talked to somebody from the Illinois Coalition Against Sexual Assault on this provision?"

Fritchey: "We've been working with the Illinois Coalition Against Sexual Assault for probably six or seven months on this Bill."

Durkin: "I'm not aware of whether or not...was this Amendment... wasn't this discussed in committee?"

Fritchey: "This Amendment was not...the substance of this Amendment was not discussed in committee. The Bill has come before committee twice, once as a House Bill and once as a Senate Bill and passed out of committee unanimously both times."

Durkin: "Well, thank you for the answer, but I know what you're trying to do and I applaud you for that, but I think that there's some problems that I feel will exist with this Amendment, which I previously stated, which in a sense I think could be counterproductive to seeking the truth and bringing the right people to justice. In any event, I have no further questions."

Speaker Madigan: "Mr. Black."

Black: "Thank you very much, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "Sponsor yields."

Black: "Representative, I'm just curious, could you enlighten me as to how your Amendment went to Rules and was discharged directly to the Floor? It didn't go to committee, did it?"

Fritchey: "It did not go to committee, Representative."

Black: "So, we don't then... Can you illuminate for me then, since I don't have committee witness slips, I don't know who's in favor of the Amendment and who's opposed to the Amendment. Are you aware of any opposition or those

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particularly in favor?"

Fritchey: "Nobody's informed us of their opposition to the Amendment. There are numerous law enforcement organizations that are in support of the underlying Bill. The Illinois State Medical Society withdrew any opposition or concerns they may have had upon the adoption of this Amendment."

Black: "On the underlying Bill, I noticed that there was one group that evidently signed in in opposition, and I thought that was ICASA..."

Fritchey: "That's correct."

Black: "...was an opponent to the Bill, and if the Illinois Coalition Against Sexual Assault was in opposition to the underlying Bill, does the Amendment satisfy their concerns?"

Fritchey: "I don't believe that the Amendment addresses their concerns one way or the other. I am very reluctant to speak for the members of ICASA. My impression, sincerely from working with them as much as I have on this, is that they are more comfortable with this Bill with the Amendment than without it."

Black: "So...and I'm not asking you to speak for them, I understand that no one on the floor can, but I...I'm not comfortable voting for the Amendment without some reasonable assurance that the organization that has been extremely involved from day one in sexual assault language, if they're still in opposition to the Bill, then I have some concerns with the Amendment."

Fritchey: "This Amendment, in all honesty, will not remove their opposition to this Bill, Representative."

Black: "Alright, alright. So, with your permission then, we may want to revisit the Bill on Third Reading? Okay, fine."

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Thank you."

Fritchey: "Absolutely, I think this Bill deserves a little benefit..."

Black: "Okay."

Fritchey: "...from some discussion."

Black: "Thank you, Representative."

Speaker Madigan: "The Gentleman moves for the adoption of the Amendment. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it and the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "No further Amendments."

Speaker Madigan: "Third Reading. Representative Clayton, do you wish to move Senate Bill 1280? 1280. Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1280. A Bill for an Act to amend the Illinois Municipal Code. Second Reading of this Senate Bill. Amendments #1 and 2 were adopted in committee. No Floor Amendments. No Motions filed. All Notes that were requested on the Bill have been withdrawn."

Speaker Madigan: "Mr. Clerk, is there a third Amendment to this Bill?"

Clerk Bolin: "Floor Amendment #3 has been referred to the Rules Committee."

Speaker Madigan: "Alright, leave this Bill on the Order of Second Reading. House Bill 1904...Senate Bill 1904. Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1904. A Bill for an Act concerning financial management of insurers. Second Reading of this Senate Bill. Amendment #1, lost in committee. Amendment #2 was declared out of order. Committee Amendments 3 and 4 were referred to committee. Amendment #5 and Amendment #6 have been adopted. No further Amendments. No Motions

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filed. All Notes that have been requested on the Bill have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1289, Mr. McAuliffe. Mr. Clerk, what is the status of that Bill?"

Clerk Bolin: "Senate Bill 1289. A Bill for an Act to amend the Illinois Vehicle Code. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed."

Speaker Madigan: "Mr. Clerk, are there any Amendments pending? 1289. Any Amendments pending?"

Clerk Bolin: "No Amendments have been referred by the Rules Committee or any standing committee."

Speaker Madigan: "Are all Notes filed?"

Clerk Bolin: "All Notes have been filed."

Speaker Madigan: "Alright. Third Reading. Senate Bill 1315. Representative Coulson. Representative Coulson. Is Representative Coulson in the chamber? Do you wish to move this Bill? Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1315. The Bill's been read a second time previously. Amendment #1 was adopted in committee. Floor Amendment #2, offered by Representative Coulson, has been approved for consideration."

Speaker Madigan: "Representative Coulson on Amendment..."

Coulson: "Floor Amendment #2, I'd like to move to table it."

Speaker Madigan: "Representative, you might wish to just withdraw the Amendment."

Coulson: "Or we can withdraw the Amendment. That's fine."

Speaker Madigan: "The Lady requests permission to withdraw the Amendment. Is leave granted? Leave is granted. The Amendment is withdrawn. Are there any further Amendments?"

Clerk Bolin: "No further Amendments."

Speaker Madigan: "Are there any pending Notes?"

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Clerk Bolin: "All Notes requests have been met."

Speaker Madigan: "Representative Coulson."

Coulson: "We also...there's a little confusion. Number two should have been withdrawn, that's Representative Ryder's, and Amendment #1 should be tabled, that's Representative Feigenholtz."

Speaker Madigan: "The Bill is on the Order of Second Reading. Representative Feigenholtz. Is Representative Feigenholtz in the chamber? Representative Coulson, when we locate Representative Feigenholtz, we'll come back to the Bill. So, Mr. Clerk, take this Bill out of the record. Senate Bill 1328. Mr. Dart, do you wish to move your Bill? 1328. Leave this Bill on the Order of Second Reading. Senate Bill 1331. Mr. Roskam. Mr. Roskam. Do you wish to move your Bill? Mr Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1331. A Bill for an Act to amend the Property Tax Code. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed. All Notes that have been requested have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1338. Mr. Wirsing. Mr. Wirsing. Is Mr. Wirsing in the chamber? Mr. Wirsing. Mr. Wirsing, do you wish to move your Bill? Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1338. A Bill for an Act to amend the Public Community College Act. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed. All Notes that have been requested have been filed."

Speaker Madigan: "Third Reading. The Chair recognizes Representative Younge."

Younge: "Thank you, Mr. Speaker. I'd like to recognize Scott

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Randolph, who is a retired teacher and who is here with the East St. Louis Credit Union. He's a distinguished Illinoisan. Let's give him a hand."

Speaker Madigan: "Senate Bill 1339. Mr. Dart. Do you wish to move your Bill? Leave this Bill on the Order of Second Reading. Senate Bill 1372. Mr. Ryder. Mr. Ryder. Do you wish to move your Bill? The Gentleman indicates he wants to leave Senate Bill 1372 on the Order of Second Reading. Senate Bill 1420. Representative Monique Davis. Do you wish to move your Bill? Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1420. A Bill for an Act to amend the Illinois Public Aid Code. Second Reading of this Senate Bill. Amendment #1 was adopted in committee. Floor Amendment #2, offered by Representative Monique Davis, has been approved for consideration."

Speaker Madigan: "Representative Davis on Amendment #2."

Davis, M.: "Thank you, Mr. Chairman (sic-Speaker). Amendment #2 merely changes the date of the cost report on file with the department. It changes it from, I believe, '95 to 1997, and that Amendment was approved in the Health Committee this morning, so, I would just ask for support."

Speaker Madigan: "The Lady moves for the adoption of the Amendment. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it; the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "No further Amendments. A Fiscal Note has been requested on the Bill as amended... A Fiscal Note has been requested on the Bill as amended by Amendment #2, and that Note has not yet been filed."

Speaker Madigan: "Leave the Bill on the Order of Second Reading. Senate Bill 1424. Mr. McCarthy. Mr. Clerk, what is the

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status of the Bill?"

Clerk Bolin: "Senate Bill 1424. A Bill for an Act concerning driving violations. Second Reading of this Senate Bill. Amendment #1 was adopted in committee. Floor Amendment #2, offered by Representative McCarthy, has been approved for consideration."

Speaker Madigan: "Mr. McCarthy."

McCarthy: "Thank you, Mr. Speaker. I'd like to make a Motion to re-refer Amendment #2 to Senate Bill 1424 to the Rules Committee for reassignment to committee."

Speaker Madigan: "Mr. Cross. Cross."

Cross: "I know. I just can't hear what he said, Mr. Speaker. It's..."

Speaker Madigan: "The Gentleman has..."

Cross: "...impossible to follow."

Speaker Madigan: "The Gentleman...Mr. Cross, the Gentleman has moved that the Amendment be sent to the Rules Committee for assignment to a standing committee."

Cross: "Fine. Is that just with respect to Amendment 2?"

Speaker Madigan: "Yes."

Cross: "Okay, thank you."

Speaker Madigan: "Is there leave? Is there leave on that Motion?"

Cross: "What does the Amendment do?"

Speaker Madigan: "Mr. McCarthy."

McCarthy: "The Amendment basically rewrites the Bill that we discussed in committee under Floor Amendment 1. The committee had asked for me to negotiate with members of the Chicago Bar Association and the Illinois Bar Association. This is the rewrite of the Amendment. I wanted to go back to..."

Cross: "Mr. Speaker, I can't hear him. I..."

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McCarthy: "The Amendment #2, which actually rewrote Amendment #1, Representative, was sent straight to the floor because of our previous agreement in committee. I asked for it to be re-referred back to the Judiciary Committee, to go back to Rules so it can go back to the Judiciary Committee, which we agreed upon in committee."

Cross: "So the Amendment...Amendment #2 is a rewrite of the entire Bill?"

McCarthy: "There's changes in it that were judged technical in nature, but because of the previous agreement we had in committee, I felt it was justified to go back to the total committee to rediscuss those changes. The Rules Committee ruled them to be technical changes and referred it right back to the floor. I, in fairness to the agreement in committee, moved that it go back to the Rules so it can go back to the substandard committee."

Cross: "Are you going with one or two? Is this Judiciary II?"

McCarthy: "This...Judiciary II."

Cross: "Okay. Thank you."

Speaker Madigan: "There was a request for leave on the Motion. Leave is granted. The Motion is adopted. The Amendment goes back to the Rules Committee, and the Bill remains on the Order of Second Reading. Senate Bill 1432. Mr. Moffitt. Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1432. A Bill for an Act to amend the Criminal Code of 1961. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed. All Notes that have been requested on the Bill have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1500. Mr. Reitz. Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1500. A Bill for an Act to amend the

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Kaskaskia Regional Court District Act. Second Reading of this Senate Bill. Amendment #1 was adopted in committee. Floor Amendments 2 and 3 have been adopted. No further Amendments have been approved for consideration. No Motions filed. All Notes that have been requested on the Bill have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1599. Mr. Winkel. Mr. Winkel. Mr. Winkel. Do you wish to move your Bill? Leave the Bill on the Order of Second Reading. Senate Bill 1617. Mr. McAuliffe. The Gentleman wishes to leave the Bill on the Order of Second Reading. Senate Bill 1867. Representative Brown. Do you wish to move your Bill?"

Brown: "There's been an Amendment filed, and I believe it has to go back to Rules."

Speaker Madigan: "Mr. Clerk, what is the status of the Bill? You're correct, Mr. Brown. The Amendment is assigned to the Rules Committee, so the Bill shall remain on the Order of Second Reading. Senate Bill 1878. Mr. Holbrook. Do you wish to move your Bill? Mr. Clerk, what is the status of the Bill?"

Clerk Bolin: "Senate Bill 1878. A Bill for an Act to amend the Code of Civil Procedure. Second Reading of this Senate Bill. Amendments #1, 2, 3 and 4 were adopted in committee. Amendment #5 lost in committee. Floor Amendment #6, offered by Representative Schakowsky, has been approved for consideration."

Speaker Madigan: "Representative Schakowsky. Representative Schakowsky, on an Amendment."

Schakowsky: "Thank you, Mr. Speaker. Floor Amendment #6 to Senate Bill 1878 deals with two parcels of land in Evanston that are needed for the redevelopment of our research park. There's no controversy over this Amendment whatsoever. The

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parcels themselves...the owners of the property are in agreement with this. There are two restaurants there. They've known that they are going to be moving for a long time, and the community is in favor of this Amendment, and I urge its passage."

Speaker Madigan: "The Lady moves for the adoption of the Amendment. Mr. Rutherford."

Rutherford: "Thank you, Mr. Speaker. This Bill, 1878, has had a bit of discussion in the Executive Committee, and I just wanted to clarify with Representative Schakowsky that there is no opposition to this quick take on this particular Amendment and that the...that we do know the specific parcels of property that we're talking about."

Schakowsky: "Those parcels have been clearly defined, and there's no opposition."

Rutherford: "Thank you, Representative."

Speaker Madigan: "The Lady moves for the adoption of the Amendment. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it, and the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "Floor Amendment #8, offered by Representative Burke, has been approved for consideration."

Speaker Madigan: "Mr. Burke."

Burke: "Thank you, Speaker. I would ask to withdraw Amendment #8."

Speaker Madigan: "Amendment #8 is withdrawn. Are there any further Amendments?"

Clerk Bolin: "Floor Amendment #13...Floor Amendment #11, offered by Representative Wirsing, has been approved for consideration."

Speaker Madigan: "For what purpose does Mr. Burke see recognition?"

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Burke: "Thank you, Speaker. On this matter, I do have another Amendment that I would ask the Body to table."

Speaker Madigan: "Oh, which one is that, Mr. Burke?"

Burke: "Number 3."

Speaker Madigan: "Mr. Clerk, is there an Amendment #3?"

Clerk Bolin: "Amendment #3 was adopted in committee."

Speaker Madigan: ".....Amendment #3, which was adopted in committee, and the Gentleman moves to table Amendment #3. Mr. Rutherford."

Rutherford: "Thank you, thank you, Mr. Speaker. There's been a great deal of discussion on the Highland Park quick take issue. And in light of the past Amendment which Representative Burke has withdrawn, this will take care of the controversy that has existed back there and the confusion, and by him withdrawing...I'm sorry, tabling #3, that'll...I think puts everything to rest. And I stand in support of Representative Burke's effort."

Speaker Madigan: "The question is, 'Shall Amendment #3 be tabled?' Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it; the Amendment is tabled. Mr. Clerk, are there further Amendments?"

Clerk Bolin: "Floor Amendment #11, offered by Representative Wirsing, has been approved for consideration."

Speaker Madigan: "Mr. Wirsing. Mr. Wirsing. Mr. Wirsing. On Amendments. Mr. Wirsing."

Wirsing: "Thank you, Mr. Speaker. Amendment #11 is simply a quick take for the Rochelle Electric Company that's a municipal electric power company. They are simply asking for the ability to put holes in the ground to put electric poles to expand, and more importantly, increase the quality of producing and delivering electricity to the members in Rochelle and the surrounding areas. That's basically all

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this does. It does not take anybody's property or land. It just simply... They got a couple, three members...property owners that are having a problem with allowing that right. So, it's very simple. I'll answer any questions."

Speaker Madigan: "The Gentleman moves for the adoption of the Amendment. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it; the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "Floor Amendment #13, offered by Representative Tim Johnson."

Speaker Madigan: "Mr. Tim Johnson. Tim Johnson, on an Amendment. Mr. Tim Johnson."

Johnson, Tim: "I move 'do adopt'."

Speaker Madigan: "The Gentleman moves for the adoption of the Amendment. Mr. Black seconds the Motion. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it; the Amendment is adopted. Are there any further Amendments?"

Clerk Bolin: "No further Amendments. All Notes requested on the Bill have been filed."

Speaker Madigan: "Third Reading. Senate Bill 1892. Excuse me, Mr. Clerk. For what purpose does Mr. Holbrook seek recognition?"

Holbrook: "Mr. Speaker, I believe there's another Amendment to be put on this in committee today. Amendment #14. Can we bring it back at a later time then?"

Speaker Madigan: "Amendment #14? Mr. Clerk."

Clerk Bolin: "Amendment #14 has been referred to committee."

Speaker Madigan: "Mr. Holbrook, that Amendment has been assigned to committee."

Holbrook: "Okay. Okay."

Speaker Madigan: "The Bill shall be placed on the Order of Second

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Reading. Mr. Rutherford."

Rutherford: "I'm sorry, we're still on Second Reading on 1878?"

Speaker Madigan: "Yes."

Rutherford: "I'm going to withdraw... I will not call Amendment 14 in light of what Representative Burke has just accomplished. My Amendment 14 is no longer necessary, so I would not need the Amendment to hold this going to Third if you'd like to."

Speaker Madigan: "Mr. Holbrook, you wish the Bill placed on the Order of Third Reading?"

Holbrook: "If he withdrew 14, let's move to Third."

Speaker Madigan: "So the Bill shall be placed on the Order of Third Reading. Senate Bill 1892. Representative Mitchell, you wish to move your Bill? Mr. Mitchell. Is Mr. Mitchell in the chamber? Is Mr. Winters in the chamber? 1282. Do you wish to move the Bill? Mr. Clerk, Senate Bill 1282. What is the status of the Bill?"

Clerk Bolin: "Senate Bill 1282. A Bill for an Act to amend the Sanitary District Act of 1917. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. All the Note requests have been withdrawn."

Speaker Madigan: "Third Reading. On the Order of Senate Bills - Third Reading, there appears Senate Bill 1491. Mr. Saviano. Mr. Saviano. Is Mr. Saviano in the chamber? The Gentleman wants to take the Bill out of the record. Senate Bill 1544. Mr. Dart, you wish to call your Bill? Mr. Dart. Mr. Clerk, read the Bill."

Clerk Bolin: "Senate Bill 1544, a Bill for an Act to amend the Mechanics Lien Act. Third Reading of this Senate Bill."

Speaker Madigan: "Mr. Dart."

Dart: "Thank you, Mr. Speaker, Members of the General Assembly. Senate Bill 1544 is a Bill which attempts to bring some

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degree of sanity to the Lien Act. Under a recent Supreme Court case, they interpreted the different liens that can be placed against a judgment so that, in effect, the victim in a civil suit would walk away with nothing. What this attempts to do is to break up the lien so that the different lien holders have to aggregate their claims so that, in effect, a victim can be assured of some type of recovery in a suit. As I said, it's more of a common sense approach, has to...dealing with a recent Supreme Court case that just sort of stood logic on its head. And I would appreciate a favorable vote, and I'll be happy to answer any questions."

Speaker Madigan: "The Gentleman moves for the passage of the Bill. The Chair recognizes Mr. Cross."

Cross: "Thank you, Mr. Speaker. Before I get to asking questions, in the event this Bill gets the requisite number votes, we request a verification. Is that acknowledged? A verification?"

Speaker Madigan: "Verifications are great. Do you want to ask some questions?"

Cross: "I'm going to do that, too. I just wanted to make sure you heard my request for a verification."

Speaker Madigan: "We hear everything you say, Mr. Cross. Do you have some questions?"

Cross: "That's not always good... yes, will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Cross: "Representative, is there any opposition to this Bill?"

Dart: "My understanding is that the Hospital Association and I believe the Medical Society are opposed to it."

Cross: "It's a little... it's been very difficult on this side of the aisle to hear everything you said about the substantive parts of the Bill, Tom. Can you, again, just at least

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briefly, tell us what this does with respect to the lien portion?"

Dart: "Sure, Tom. What it does is it addresses a recent Supreme Court case which was Burrell versus Southern Trust, which, in effect, interpreted our different lien statutes so that the net result was that victims in a personal injury type of case could, in effect, receive nothing in their award. What this attempts to do is... it makes all the lien holders aggregate their claims so that there'll be something left for the victim to walk away with."

Cross: "Aren't we setting up a scenario or a situation where those lien holders are not going to receive full payment for the services they provide?"

Dart: "No, the way that we're actually setting up now, and my true belief is, is we will encourage that these lien holders will receive more money, because under the present scenario, if you have all seven statutory liens trying to get some money, they'll be trying to go after seven thirds, which, obviously, they can't do. There is no such thing. They're always entitled to go after... for their services, in addition to anything they get from the award, so they still have that ability to pursue that. They're not being prevented from doing that under this law at all. But what it's going to do is, in effect, it's going to make it so that there will be some incentive for the victim to proceed with the case, and thereby making sure that there's a big enough pie for these lien holders to go and get something in the first place."

Cross: "Is the only provision left in your Bill contained in Committee Amendment #1? Is that... Amendment #1 become the Bill?"

Dart: "Yeah, Tom. There was, originally, some negotiations going

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on with some other individuals in regards to liens that have been ongoing negotiations. My Amendment becomes the Bill and deleted everything prior to that. So, that... it does not affect some of these other areas that were talked about."

Cross: "But aren't we... this affects not only physicians and hospitals, it also affects, if I'm reading it correctly, the dentists, emergency medical professionals..."

Dart: "Correct."

Cross: "... home health agency, hospital lien, physical therapists, physicians lien. So, they all are going to be sharing a third?"

Dart: "Sure. Exactly. There's seven of them in total, Tom."

Cross: "Pardon me?"

Dart: "There's seven of them total, correct."

Cross: "So, the seven, potentially, seven different individuals or entities are going to split a third?"

Dart: "But the other side of the coin is, under this court case, the seven of them are going to get seven thirds of an award, which would obviously leave nothing at all for a victim, which would leave no incentive for a settlement of a court case and when, in effect, would leave no incentive for a victim to come forward. So, these people would receive nothing."

Cross: "Tom, what do you do in terms of, I mean, aren't you pitting these seven different entities or individuals against each other?"

Dart: "They..."

Cross: "I mean, you're going to have..."

Dart: "...they already are, sort of. To be honest with you, Tom, under existing law, they already are."

Cross: "So why are we... why do we want to.... I mean, you're

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just encouraging, if I'm reading this correctly, litigation between those seven groups, and we're not eliminating that."

Dart: "They're already doing that now, but under the way the law is written right now, there is in effect in quite a few situations, the victim's going to walk away with zero and, as I said before, there'll be no incentive whatsoever for them to come forward with the case in the first place, so that these different lien holders will get nothing. They'll get nothing under the existing law, then."

Cross: "Alright, I don't have any other questions at this point."

Speaker Madigan: "Mr. Black."

Black: "Thank you very much, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "Sponsor yields."

Black: "Representative, this is a very interesting piece of legislation, and we keep making reference to the fact that the injured party may end up with nothing. What might the... what might the injured party's attorney end up with?"

Dart: "The injured party's attorney would receive whatever the agreement was that they had worked out or their third. This Bill does not affect the existing law which, right now, gives priorities to attorneys' liens."

Black: "Well, I understand that, but you're saying everyone in the health care delivery system could not exceed one third of the judgment. Correct?"

Dart: "Exactly, just like if there was multiple attorneys, they couldn't exceed the one third, either."

Black: "Alright, so even though the health care delivery system, from the paramedics on the scene, to the lifeline helicopter, to the trauma team, to the surgery, to the

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hospital, to the physical therapist, even though they expend heroic efforts and saved the individual's life, even though he may be horribly injured as a result, lifelong injury suffered as a result, the health care entities that, in fact, saved the individual's life is limited to one third of the award, even though it may be less than 10% of their cost."

Dart: "They're limited to one third of the award; however, they still have the ability to go after the victim, the person they gave the services to for the rest of the lump that's owed them. We're not preventing that whatsoever. The problem is, the way this court case was decided though, it stands logics on its head so that these people will, in effect, in certain situations get next to nothing because there will be no case. There's no incentive for anybody to even come forward if the net result is they're going to get nothing out of it."

Black: "Well, what's the underlying purpose of the Lien Act?"

Dart: "The Lien Act, as it originally started, was just for hospitals. And every year, not every year, but since that time on seven different occasions, we have granted liens for other purposes, as well for purely arbitrary reasons where we decided a different provider deserved to have a lien placed against an award to ensure that they get paid for their services. And as I say, it started with hospitals; it's gone on to dentists and other providers, as well, and some would say a semi-arbitrary fashion."

Black: "But, Representative, what I'm trying to get at is the purpose of the Lien Act is to protect those people who provide a service, is it not?"

Dart: "Correct."

Black: "Alright. Then why, in the case of a mechanic's lien, and

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I have some...some familiarity with that as I grew up in a small family owned construction business, and it's hard enough to get your money out of a mechanic's lien, why do we tell the health care delivery system, 'We don't care what expenditures you incurred in carrying out your job, you're only going to collect one third of the award.'

Dart: "Well..."

Black: "That doesn't protect them."

Dart: "One third of the award, because in our infinite wisdom here in the Legislature, we passed not one, but seven statutes allowing for liens in which we said, 'You can receive up to a third.' And as I say, I became a lawyer because I wasn't very good at counting, but even I could figure out that seven thirds, you aren't getting anything there. And so, this is to try to put logic on... back where it should be, instead of standing it on its head."

Black: "Well, I understand your math, but on the other side of the coin, without passage of this law, I might get seven sevenths, couldn't I?"

Dart: "There's a chance, a mathematical chance, and in this situation, you want the best of me. There's a mathematical chance you can get that, but there's also a very strong practical chance you'll walk away with zero. Because if the different providers have different claim amounts, and they're all allowed to get up to one third of the award, they will far exceed the award. And the lawyer, when they size up the case, they're going to sit there and say, 'Why are we going to take this case? And, victim, we can tell by the number of liens against you and the number... and the amount of the policy, you're going to walk away with nothing.' So, they're going not to proceed with the case. In which case, the different lien holders are going to get

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nothing out of an award out of a guilty party then, so they, in effect, got much less."

Black: "Well, let me ask you this question."

Speaker Madigan: "Mr. Black, could you wind down?"

Black: "Yes."

Speaker Madigan: "Thank you."

Black: "One more question. I thought you were just helping me get order, Mr. Speaker. Shows how little I know. Thank you. In the case of the Health Care Lien Act, is there a hierarchy of liens like there is in mechanics? Is there someone who gets a first position?"

Dart: "No, no, and in this area here, all seven of them have the same ability to access that."

Black: "Then it would be, if I were a health care provider, it would be in my best interest to file a lien, because I don't have to worry about the position."

Dart: "Correct, and that's presently what they do. They would be... all of the different providers, the seven of them, would all be filing liens against it."

Black: "Alright. Thank you very much, Representative. Mr. Speaker, if I might, to the Bill. Very briefly, if you'll look at this, Ladies and Gentlemen of the House, I don't want to become as highly partisan as I could on this issue, but what we're saying to the health care delivery system is that you can expend heroic efforts to save the life of an injured or seriously ill individual. And if that ends up being litigated, no matter how much money, how much time, how much talent and energy and resources you've expended to do your job, if it ends up being litigated, you may only get one third of the award. I think the message this sends to the health care delivery system, if it looks like coming into the ER that it's going to be litigated, don't worry

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about it. Don't be too heroic, because you may not get paid. But you know who gets paid under this Bill? The lawyer is still going to get his or her share, depending on the agreement or the one third of the award. Now, if the Gentleman would amend the Bill on its face and say that the lawyers would accept the same lien limitations as the hospitals, and then the victim is therefore assured one third, I'd cosponsor that and vote for it in a second. But as it's construed now, I will not vote for it, and I don't think anybody else should vote for it."

Speaker Madigan: "Mr. Lang."

Lang: "Thank you, Mr. Speaker and Ladies and Gentlemen. I rise in support of this Bill, and despite the comments of the prior speaker, let me try to put this legislation into perspective. And I would ask that all who are actually listening to me, back off of whatever preconceived notions you have from whatever backgrounds you have, and just listen to the facts. The Lien Act was put into effect for the benefit of both the health care provider and the victim of negligence. It helps the health care provider, because once they file the lien, they don't have to go chasing this person. It helps the consumer, because the victim of negligence, because they stop being chased. It was for both sides, but this General Assembly passed seven different Lien Acts to protect seven different kinds of health care providers. We can't give seven thirds of a judgment. If you're going to leave the lawyer out of it, if you take seven thirds of a judgment, there's nothing left for the victim of negligence. And so the history, the purpose of the Lien Act was to protect the health care professionals, as well as the victim of negligence. In exchange for the health care provider's forbearance, not

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proceeding against the victim of negligence, the victim of negligence guaranteed to them that they would have a lien against some of the proceeds of the settlement. Now, we probably should have passed one Lien Act, but we passed seven. That was our mistake, but this Lien Act protected both sides. Relative to the issue of attorneys' fees, those of you who are going to say that they're going to vote 'no' on this because of those big bad terrible attorneys, this Bill will not make a single attorney in Illinois a single nickel more than if we don't pass the Bill. The attorneys will get the same fees whether you pass this Bill or not. If we had no Lien Acts at all, then health care providers would be chasing these victims of negligence all over the state, all the time, prejudgment, during trial and after trial. The Lien Act was to protect both of these parties and does nothing to the issue of attorneys' fees at all. If this Bill passes, which it should, whatever balances are due in owing to the health care providers are still due them. They can proceed against the victim of negligence that has received a settlement or a judgment that has been collected, they can proceed. If there was no Lien Act, they'd have to proceed for a hundred percent of what was due and owing to them. With the Lien Act, it will be less. Ladies and Gentlemen, this is a good piece of legislation. The court system of this state was created to allow, for one reason, to allow victims of negligence to be able to address their injuries in a courtroom and put a recovery in their pocket, to pay them for their injuries, to award them something for their pain and suffering, and to take care of, perhaps, their medical costs on into the future if they're really seriously injured. To take seven thirds of that award from

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these victims of negligence is to take away from them their ability to access the courthouse. Without this Bill, we have eliminated one of the reasons that a person would want to access the courthouse. Now I know there are many, particularly on the other side of the aisle, that would like to do that. Those that voted for that terrible Tort 'Deform' Bill some time ago, which by the way has been declared unconstitutional..."

Speaker Madigan: "Mr. Lang, could you bring your remarks to a close?"

Lang: "Thank you. This is about... this is about giving the victim of negligence the opportunity to get the recovery they're entitled to. It does not help lawyers. It helps victims. Please vote 'aye'."

Speaker Madigan: "Mr. Stephens."

Stephens: "Thank you, Mr. Speaker. Let me get my 'Pass the COLA' sign straightened out here. The... I rise in opposition to the Motion to pass Senate Bill 1544. And for those of us that are not attorneys, I wonder if the Sponsor would, once again, give us a review of the basics of the Medical Lien Act?"

Dart: "The thrust of this is, is that we decided in our infinite wisdom here to create liens against an award for different medical providers along the line, whether they're doctors, the hospital, the ambulance drivers, and the like. That makes all good sense. We started off by doing it just for hospitals and when we did it, we qualified by saying, 'You can get a lien up to one third.' However, in our infinite wisdom here, we started giving away more and more liens, and now we have seven. We never stopped to think that you can only have three thirds of a pie. We kept giving everybody a third, so now we have the possibility of having

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seven thirds. So what this Bill does, it says that the different providers have to aggregate their claim, so that the victim of a case can still get an award out of this as well."

Stephens: "So, after this Bill is enacted, if we had a case where there were two doctors and one hospital involved, the two doctors would each get... have one sixth of a judgment. The hospital has one third. After this Bill is enacted, all three would be limited to one third, which would equal one twelfth to each doc and one twelfth to the hospital. Is that right?"

Dart: "Well, each one of these different providers is still allowed to collect the complete award. They're still allowed to do it. The lien was an ability for them to be assured of something out of an award. So, they can still get it. As far as the numbers you've thrown around there, all this is contingent upon what the amount of the award was. If the award was for a million dollars, say it was a million dollars, the hospital Bill was \$8,000, the doctor's bill was \$2,000, the other provider was \$2,000 and so on, obviously, that's well under the one third cap. They would all get all of their amounts that the lien was... under the Lien Act. They'd get all of it under this Bill. They would get all of it back, so it depends on what the award is, and it then depends on what the lien amount is as well."

Stephens: "But, indeed, they would have to bring a collection action against their patient, wouldn't they?"

Dart: "They would have to bring what, I'm sorry.... of course. Well, they'd have to do that without any of this, as well, but I mean, unless they're in the business of doing this for free."

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Stephens: "Well, I don't know, Representative. With all due respect, I think that would divert more attention from a doctor's practice or from the other medical practitioners..."

Dart: "They do that now."

Stephens: "...that are involved in your..."

Dart: "They do that now... they do that now."

Stephens: "Well, and maybe that's part of the problem. We've got too many doctors in the courtroom defending themselves and not... which is to the benefit of the Trial Lawyers Association, but not to the benefit of the patients that need Illinois doctors' care. This legislation, currently each classification of providers is limited to one third of the recovery. This Bill would lump all of those together and cap the health care liens in an aggregate of no more than one third of the recovery. It's not amazing to me that the proponents of the legislation are the Illinois Trial Lawyers Association, the Illinois Bar, the Chicago Bar and, Ladies and Gentlemen, the opponents of the Bill. And we're talking about medical care providers here, the Illinois Medical Society, the Illinois Hospital and Hospital Systems Association, the Illinois Chiropractic Society, the Illinois Home Care Council and the Illinois Physical Therapy Association are opposed to the Amendment and to the Bill. And part of the reason for that, let's think about what it is that they do. These are health care providers. They are interested in being at their place of professional practice and delivering health care, and not interested in another method in which they can be forced into the courtroom to defend themselves once again. You know the... and it's a little bit ironic that you bring this legislation before us in response to a Supreme Court

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ruling that overturned the, or excuse me..."

Speaker Madigan: "Mr. Rutherford, could you... Mr. Stephens, could you bring your remarks to a close?"

Stephens: "... refuse to, excuse me, Mr. Speaker, in Burrell, the Illinois Supreme Court refused to limit the total amount of liens by medical providers in the personal injury cases. We've got documents from the Trial Lawyers Association that tries to convince us that that ruling was wrong. I would suggest that the Gentleman's intent may be well placed, but the net result is that health care providers in Illinois are further threatened from existence and further enabled from their ability to bring care to the patients that they serve in the State of Illinois. I stand in strong opposition to Senate Bill 1544."

Speaker Madigan: "There are two people seeking recognition, Mr. Roskam and Representative Biggert. Could we ask just one more person?"

Dart: "Sure."

Speaker Madigan: "Mr. Roskam."

Roskam: "Thank you, Mr. Speaker. Will the Sponsor yield? Representative Dart, if this Bill passes, a health care provider or any of the seven people or any of the seven health care providers that would be consolidated under this Lien Act, they would still have an independent cause of action, wouldn't they, to go after a patient in another health care plan and ultimately seek recovery?"

Dart: "Exactly, exactly."

Roskam: "So, the bottom line is that what we're trying to do is make a very complex system more simple."

Dart: "Exactly."

Roskam: "If a health care provider, a physician or hospital or chiropractor is consolidated into this lien, then they're

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still able to go to the patient and say, 'Hey, you owe me this amount of money'. Isn't that right?"

Dart: "Exactly and... the heart of the matter is that they will have a much better chance of recovering some money altogether than they would otherwise get none. Because the way the court interpreted this law is so absurd, it will actively discourage victims from bringing any type of action, so that the hospitals will get nothing, then A and B. It would actively discourage a victim from ever settling a case, because they would need to maximize the highest amount possible just to pay off all the liens under this case."

Roskam: "Well, I rise in support of this Bill, Mr. Speaker, and I urge its... I urge its passage."

Speaker Madigan: "The question is, 'Shall this Bill pass?' Those in favor signify by voting 'aye'; those opposed by voting 'no'. Third Reading Roll Call. Have all voted who wish? Have all voted who wish? Have all voted who wish? Have all voted who wish? The Clerk shall take the record. On this question, there are 53 'ayes', 54 'noes'... Mr. Dart."

Dart: "I'd ask for Postponed Consideration."

Speaker Madigan: "Place the Bill on the Order of Postponed Consideration. On page 13 of the Calendar, there appears on the Order of Concurrence, House Bill 3000. Mr. Tom Johnson. Mr. Johnson."

Johnson, Tom: "Thank you, Mr. Speaker. I would make a Motion to nonconcur with Senate Amendment #1 to House Bill 3000 and request a Conference Committee."

Speaker Madigan: "You've all heard the Motion. Those in favor signify by saying 'aye'; those opposed by saying 'no'. The 'ayes' have it; the Motion is adopted. Mr. Clerk, what is the status of Senate Bill 1707? 1707?"

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Clerk Rossi: "Senate Bill 1707 is on the Order of Senate Bills -
Third Reading."

Speaker Madigan: "Place that Bill on the Order of Second Reading.
Mr. Clerk, what is the status of Senate Bill 1286?"

Clerk Rossi: "Senate Bill 1286 is on the Order of Senate Bills -
Third Reading."

Speaker Madigan: "Place that Bill on the Order of Second Reading.
Mr. Clerk, what is the status of Senate Bill 1707?"

Clerk Rossi: "Senate Bill 1707..."

Speaker Madigan: "Alright, the Bill's on the Order of Second
Reading. Then leave it on the Order of Second Reading.
Mr. Clerk, did we move 1286 to Second Reading?"

Clerk Rossi: "Yes."

Speaker Madigan: "On the Order of Senate Bills - Third Reading,
there appears Senate Bill 1565. Mr. Granberg. Mr. Clerk,
read the Bill."

Clerk Rossi: "Senate Bill 1565. A Bill for an Act concerning
taxes. Third Reading of this Senate Bill."

Speaker Madigan: "Mr. Granberg."

Granberg: "Thank you, Mr. Speaker, Ladies and Gentlemen of the
House. Senate Bill 1565 addresses a problem my county and
three other counties currently face in Illinois. My county
specifically passed a referendum for a new jail. They
issued bonds pursuant to the passage of that public
referendum. They don't have the ability to pay the debt
service on the bonds, because they can't collect the
revenue pursuant to this public referendum until next
January. This would simply allow them to collect that
money in July. They are merely coming into compliance with
federal and state standards. It is the money only of that
one county, and I would ask for your support."

Speaker Madigan: "Mr. Parke."

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Parke: "Thank you, Mr. Speaker, Ladies and Gentlemen of the House. Will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Parke: "Thank you. Representative, is this a front door referendum?"

Granberg: "Yes."

Parke: "So, the voters in your county have the right to vote 'yes' or 'no' on this?"

Granberg: "Yes, they do."

Parke: "Is this...is this a single issue...or in it...I mean, is it just for one property, tell me again, I'm sorry."

Granberg: "Yeah, sure, Mr. Parke. It was passed pursuant because of the need for a new jail because of state and federal standards. Our jail was currently outdated, so we had to raise our own money to come into compliance with federal and state standards."

Parke: "What happens if the taxpayers of that county vote that down? What happens then?"

Granberg: "Well, obviously we would not be in compliance, and at some point, we might be the defendants in a suit brought by the Attorney General or some other body in the State of Illinois."

Parke: "So, in essence, the voters are almost duty bound to pass this. Almost duty bound, I mean, they either do it or they are out of compliance. How many jobs are we talking about at this prison?"

Granberg: "It would be a county jail."

Parke: "A county jail?"

Granberg: "A county jail, it would not be a prison. They're currently overbedded by, I believe, 40 prisoners, because the state makes these people... makes local counties house state prisoners to alleviate the crowding in the state's

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prisons. So, I believe that...I would guess whatever the number would be to hire additional employees to take care of the additional prisoners in that county facility."

Parke: "When you...now did you present this Bill in committee or this Amendment in committee?"

Granberg: "Yes."

Parke: "Was there any opposition to your Amendment in committee?"

Granberg: "No, there was not."

Parke: "Representative, do you know of any citizen groups from your area that has banded together that oppose your legislation?"

Granberg: "No."

Parke: "Thank you, Representative, I appreciate that."

Granberg: "Thank you, Mr. Parke."

Speaker Madigan: "Representative Pankau."

Pankau: "Thank you, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Pankau: "Representative Granberg, I have some questions to ask you for legislative intent. As a matter of legislative intent, if Senate Bill 1565, as introduced in the House, is passed by the General Assembly and signed into law by the Governor prior to July 1st, 1998, will any ordinances or resolutions currently on file with the Department of Revenue be affected by this change?"

Granberg: "Thank you, Representative. Yes, all local ordinances or resolutions imposed in discontinuing the local taxes affected by this legislation, which are collected and administered by the Illinois Department of Revenue, not yet being enforced, and which were properly certified and filed with the Department of Revenue prior to April 1st of this year, will be administered and collected beginning July 1st, 1998."

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Pankau: "What if Senate Bill 1565 is not enacted until after July 1st, 1998?"

Granberg: "Ordinances or resolutions filed with the Department of Revenue before April 1st of this year will not be administered and collected by the department until January 1, 1999."

Pankau: "What local taxes does Senate Bill 1565 affect?"

Granberg: "The Home Rule County Retailers Occupation Tax, a special county Retailers Occupation Tax for Public Safety, the Home Rule County Service Occupation Tax, the Home Rule Municipality, Municipal Retailers Occupation Tax and Home Rule Municipal Service Occupation Tax and the Home Rule Municipal Use Tax."

Pankau: "And finally, if a county or municipality has not filed a certified ordinance prior to April 1st of any year, when will their taxes be collected and administered?"

Granberg: "Any local tax, ordinance, or resolution properly certified and filed with the Illinois Department of Revenue after April 1st but before October 1st will be collected and administered by the Illinois Department of Revenue beginning the following January 1st. Any tax, ordinance, or resolution filed after October 1st but before April 1st will be collected and administered by the Illinois Department of Revenue beginning the following July 1st."

Pankau: "Thank you, Representative Granberg."

Granberg: "Wasn't that fascinating."

Pankau: "Mr. Speaker, to the Bill. I know some people might be skittish about this Bill, but this doesn't just affect certain areas that a previous Sponsor had pointed out. I believe Representative Wyvetter Younge had had a similar Bill to this. I also had a situation where one of my local municipalities, the Village of Bloomingdale, wanted to

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purchase some land. They went out for a referendum; 80 some odd percent of the people in the village voted to pass this referendum and make this village a home rule municipality, which gave them all sorts of powers. But also the people felt that it was for a just and correct cause, and they also trusted the people that they had elected to go forward with the charge that they gave them. However, when it came to purchase the land, the village had to take out a loan because they could not pay for the land. They had to wait until this was passed in April. They had to wait until the next January to even begin collecting the tax and actually until they got the money, which is three months later, it was March of 1997. Virtually a whole year had passed without the municipality being able to access the money that they were entitled to go out for. But because we can only do it once a year, by the rules of the Department of Revenue, they couldn't access it. This is not a new tax. You're going out to the voters and asking them if you can impose this. This is just giving another date at which you can access it. I think it's a good Bill. I'm voting for it."

Speaker Madigan: "Mr. Biggins. Mr. Biggins."

Biggins: "Thank you, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Biggins: "Let me just put aside my COLA notice here. Representative, now this Bill, I think had an Amendment attached to it, House Amendment #1, when it was in the House. Is that correct?"

Granberg: "No, Mr. Biggins."

Biggins: "My error. But this Bill allows increases in taxation for municipalities across the state?"

Granberg: "No."

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Biggins: "Well, doesn't it allow a tax to be collected sooner rather than later?"

Granberg: "It impacts..."

Biggins: "...To coin a phrase."

Granberg: "It impacts four counties that held public referenda..."

Biggins: "Sorry, I'm sorry, I couldn't hear you."

Granberg: "It impacts four counties that held public referenda, front door referenda, because of federal and state mandates. We are taxing ourselves. There's no new taxes collected. It allows them to accelerate that tax collection pursuant to the issuance of bonds because of the state and federal mandates."

Biggins: "Well, can you tell me who the proponents are for the legislation?"

Granberg: "The Illinois Municipal League, the Illinois Department of Revenue."

Biggins: "And are there any opponents listed?"

Granberg: "There were no opponents in committee, Mr. Biggins."

Biggins: "On my listing on the analysis, it says the Illinois Retail Merchants Association is opposed to this Bill. If that's true, could, you know, everybody..."

Granberg: "Representative Biggins, they did not file a slip in committee."

Biggins: "Well, do you know why they might be opposed to it? Apparently, they have made it known to our analyst on our side, maybe not on yours."

Granberg: "Mr. Biggins, they did not file a slip in committee. I don't know why...I work very closely with the Retail Merchants. If they did it, it must be some type of policy reason. But they would not...again there was no opposition in committee."

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Biggins: "Okay, well, thank you, Sir. Mr. Speaker, to the Bill.

I have problems with this Bill. The tax ramifications are onerous to taxpayers of this climate in this state, whether you're in municipal government, state government or any other form of government, is experiencing massive increases in revenue. I don't see the need to propose a increase in taxes at this time, particularly in sales taxes, which affect every consumer in this state, are extremely regressive. And therefore, Mr. Speaker, if this Bill would pass, I would ask for a verification."

Speaker Madigan: "Mr. Cross."

Cross: "Thank you, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Cross: "Mr. Speaker, we request a verification. I don't know if you heard that."

Speaker Madigan: "I did."

Cross: "Just checking."

Speaker Madigan: "Did you want..."

Cross: "May I ask a couple of questions?"

Speaker Madigan: "Yes. The Sponsor yields."

Cross: "Representative, was this the same Bill where we tried to put an Amendment on that deals with single sales tax and it lost in committee?"

Granberg: "Mr. Cross, in committee there might have been an Amendment offered for the single sales factor. Apparently, it lost."

Cross: "If I'm reading this Bill correctly, and I'm sure you've said this, this gives the municipality an opportunity to have two shots at raising or lowering taxes within a year. That's what it says in our Bill."

Granberg: "No, Mr. Cross. Four counties had public referenda, alright, so the four counties, including mine, had a public

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referenda to increase their revenue because of state and federal mandates, to come in compliance with state and federal mandates. Since the state would not provide the money, they're taxing themselves. It went before a public referendum, before a public body; they voted to do this. This allows them to accelerate that collection, because the bonds were issued pursuant to the referendum. When the bonds were issued, they did not have the revenue stream to provide the debt service on the bonds. This allows them to have that revenue to provide the debt service on the bonds."

Cross: "Is this a one time opportunity to do that, or is it ongoing?"

Granberg: "This being pursuant to the issuance of the bonds, the county would have the ability to take that off once the bonds are retired."

Cross: "Well, would they, I'm sorry, I can't hear anything you're saying."

Granberg: "So, Rep..."

Cross: "Did you say the municipalities would have to take action to lower the tax or lower the..."

Granberg: "Once the bonds are paid off for the construction of the county jail, pursuant to federal and state mandates, then the county, I'm sure, would take that tax off, because the bonds will be retired."

Cross: "This doesn't give them any authority to impose a tax, you know, anytime other than...at anytime during the year?"

Granberg: "No. It's not our reading of the Bill."

Cross: "So, but, they're not obligated to lower the tax when the bonds are paid off?"

Granberg: "That would be up to those four local units of government, what to do after the bonds have expired. I

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know in my county, they would take the sales tax off."

Cross: "Do you have the amount of the increase in the sales tax in your Bill? Or is it just designed to sufficiently fund the bonds?"

Granberg: "It doesn't specify, Mr. Cross. I think that's contention upon each county, whatever they did subject to the referenda. In my situation, I think it was a quarter cents sales tax in the one county to build a jail, because the state would not give us the money to do it. So we are, in fact, taxing ourselves, because the state and federal government tells us to do things, and they don't give us the money to do those things, which I think you would be very much in favor of, right? You're opposed to those state and federal mandates."

Speaker Madigan: "Mr Cross."

Cross: "Alright, just a couple of real quick points. Is this Bill identical to the one that Representative Younge had earlier, that died?"

Granberg: "Her situation is very similar. I think that's one of the municipalities or one of the county governments that's impacted by this. I believe that Vermilion County has a problem; Representative Pankau has a problem. But again, these were public referenda. Front door referenda where we have to tax ourselves because that help is not forthcoming from Springfield or Washington. We have to come in compliance with the regulations we set in Springfield and Washington, but those governments aren't giving those people the money. We are having to tax ourselves to come in compliance because of the federal and state government."

Cross: "Federal Congressmen like Representative Poshard, who's running for Governor?"

Granberg: "I don't know..."

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Cross: "Okay, I don't have..."

Granberg: "I don't know if Congressman Poshard did it."

Cross: "...any other questions."

Speaker Madigan: "The question is, 'Shall this Bill pass?' All those in favor signify by voting 'aye'; those opposed by voting 'no'. Have all voted who wish? Have all voted who wish? Have all voted who wish? Have all voted who wish? Have all voted who wish? Have all voted who wish? The Clerk shall take the record. On this question, there are 62 'ayes' and 54 'noes', and there is a request for a verification. Mr. Clerk, read the names of those voting 'yes'."

Clerk Bolin: "A poll of those voting in the affirmative. Acevedo. Beaubien. Bergman. Boland. Bradley. Brunsvold. Bugielski. Burke. Capparelli. Clayton. Currie, Barbara. Curry, Julie. Dart. Davis, Monique. Davis, Steve. Durkin. Erwin. Fantin. Feigenholtz. Flowers. Fritchey. Gash. Giglio. Giles. Granberg. Hannig. Hartke. Hoffman. Holbrook. Howard. Jones, Lou. Jones, Shirley. Kenner. Krause. Lang. Lopez. Lyons, Joseph. Mautino. McGuire. McKeon. Moore, Andrea. Moore, Eugene. Morrow. Murphy. Novak. O'Brien. Pankau. Pugh. Reitz. Rodriguez. Schakowsky. Schoenberg. Scott. Silva. Slone. Smith. Stephens. Stroger. Turner. Woolard. Younge, and Mr. Speaker.

Speaker Madigan: "Questions, Mr. Cross? Mr. Cross."

Cross: "Representative, yes, thank you, Mr. Speaker. Representative Reitz."

Speaker Madigan: "Mr. Reitz. The Gentleman's in his chair."

Cross: "Representative O'Brien."

Speaker Madigan: "Representative O'Brien is in the rear of the chamber."

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Cross: "Representative Giglio."

Speaker Madigan: "Mr. Giglio. Mr. Giglio. The Gentleman's in the rear of the chamber."

Cross: "Representative Hartke."

Speaker Madigan: "Hartke?"

Cross: "Hartke."

Speaker Madigan: "Mr. Hartke. He may be practicing the Pledge of Allegiance."

Cross: "Maybe I could give him an UNCOLA. Seems to be the day for UNCOLA's."

Speaker Madigan: "Remove Mr. Hartke. Further questions?"

Cross: "Representative Morrow."

Speaker Madigan: "Charles Morrow. Is Mr. Morrow in the chamber? Mr. Morrow. Remove Mr. Morrow. Mr Cross."

Cross: "Representative..."

Speaker Madigan: "Mr. Cross, Mr. Morrow is in the rear of the chamber, so restore Mr. Morrow to the Roll Call. Mr. Cross."

Cross: "Representative Lopez."

Speaker Madigan: "Representative Lopez. Mr. Lopez. Remove the Gentleman from the Roll Call. Mr. Cross."

Cross: "Representative Durkin."

Speaker Madigan: "Durkin? Durkin?"

Cross: "We don't see him."

Speaker Madigan: "Is Mr. Durkin in the chamber? Remove the Gentleman from the Roll Call."

Cross: "Representative Howard. Connie Howard."

Speaker Madigan: "Representative Howard. Representative Connie Howard. Remove Representative Howard."

Cross: "Is it my turn?"

Speaker Madigan: "Mr. Cross."

Cross: "Representative Lou Jones."

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Speaker Madigan: "The Lady is in her chair."

Cross: "I'm sorry. Representative Flowers."

Speaker Madigan: "Representative Flowers. Representative
Flowers. The Lady's in the chamber."

Cross: "Representative Beaubien."

Speaker Madigan: "Beaubien?"

Cross: "Beaubien, yeah, Beaubien, I..."

Speaker Madigan: "Beaubien. Is the Gentleman here?"

Cross: "We don't see him."

Speaker Madigan: "Yeah. Remove Mr. Beaubien."

Cross: "Representative Bugielski."

Speaker Madigan: "Mr. Bugielski is in the chamber."

Cross: "Representative Erwin."

Speaker Madigan: "Representative Erwin."

Cross: "I see her. We see her."

Speaker Madigan: "The Lady's in the chamber. Mr. Cross."

Cross: "Representative Slone."

Speaker Madigan: "Representative Slone is in the rear of the
chamber. Further questions?"

Cross: "That's...we'll stop now. Nothing further."

Speaker Madigan: "Mr. Granberg."

Granberg: "Thank you, Mr. Speaker. Mr. Cross, I'm sure you're
going to have to send down the state money because of your
mandates that you have imposed on these counties, so I'm
sure you won't be too hypocritical about it, and you'll
send that money for this construction. Mr. Speaker, I
understand the partisan nature of it. I request Postponed
Consideration."

Speaker Madigan: "Place this matter on the Order of Postponed
Consideration. Mr. Clerk, what is the status of Senate
Bill 1313?"

Clerk Bolin: "Senate Bill 1313. A Bill for an Act in relation to

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taxes. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed. All the Note requests have been withdrawn."

Speaker Madigan: "Third Reading. Mr. Clerk, what is the status of Senate Bill 1347?"

Clerk Bolin: "Senate Bill 1347. A Bill for an Act concerning the Illinois Building Commission. Second Reading of this Senate Bill. No Committee Amendments. No Floor Amendments. No Motions filed. The Note requests for the Bill have been withdrawn."

Speaker Madigan: "Third Reading. Senate Bill 1335."

Clerk Bolin: "Senate Bill 1335. A Bill for an Act in relation to criminal law. Second Reading of this Senate Bill. Amendment #1 was adopted in committee. No Floor Amendments. No Motions filed. All Note requests have been fulfilled."

Speaker Madigan: "Third Reading. On the Order of Senate Bills - Third Reading, there appears Senate Bill 1901. Mr Mautino. Mr. Clerk, read the Bill."

Clerk Bolin: "Senate Bill 1901, a Bill for an Act to amend the Illinois Insurance Code. Third Reading of this Senate Bill."

Speaker Madigan: "Mr. Mautino."

Mautino: "Thank you, Mr. Speaker, Ladies and Gentlemen of the House. Today I present Senate Bill 1901. The underlying Bill would allow for increasing the amount payable on the face value of an insurance policy and this is due to, if there is a catastrophic illness for example, AIDS, cancer, they can take those funds and then move them forward, and I know of no opposition to that. Now Senate Bill 1901, which is amended, has the Mutual Holding Company legislation. This will permit the mutual insurers to maintain their

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mutual form of corporate governance and still generate new... new capital necessary to compete. To date, 19 states have enacted this legislation and the District of Columbia. This proposal would add Section 59.2 to Article 3 of the Insurance Code. It would permit Illinois domestic insurers to reorganize by converting the mutual insurer to a stock insurer and by creating a Mutual Holding Company. This has been an ongoing discussion, both nationally, and here in the State of Illinois, for a couple of years. Under this proposal, mutual insurance policyholders will continue as policyholders that converted stock insurer and becomes members of the Mutual Holding Company with a right to elect the Mutual Holding Company Board of Directors. They will have voting rights for other Mutual Holding Company matters similar to what they had as the mutual policyholders' rights. The company will be required that at least 51% of the voting stock be held by those policyholders, and in the course of negotiating this Bill through open hearings and meetings also with groups who are in opposition, we have made some changes which I feel a lot more comfortable with this legislation. Some of those would include that the plan has to be fair and equitable to the policyholders. Now, that fair and equitable is a term of art, which means that if you're going to set up a Mutual Holding Company, it's a specific, tougher, regulatory standard than other states that have these and it's designed to protect the policyholders. The insurance company will also be required to hold a public hearing on the plan, and the Department of Insurance will have the responsibility of having prior approval authority over the plan. Also, one of the tougher more strict pieces of legislation is the authority would have the ability to give

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conditional approval. If they didn't think there were enough policyholder safeguards inside the Bill, they could go forward and require additional safeguards. This legislation is the subject of negotiations and also it is current Illinois law within the State of Illinois, and so we already have the ability to establish the holding companies pursuant to 215 ILCS 5/59.18. So basically, what we're doing with this is taking the department's... their current procedure, and setting them up inside the statute so we would have guidelines and benchmarks and recourse to ensure that this is done fairly and equitably. And so at this point, what I would like to do is ask for your 'aye' vote. I'd be happy to entertain any questions."

Speaker Madigan: "Mr. Black. Mr. Black."

Black: "Yeah, thank you very much, Mr. Speaker. Will the Sponsor yield?"

Speaker Madigan: "The Sponsor yields."

Black: "Representative, how long has this concept, as embodied in Committee Amendment #1, been discussed? Has this been around for months, years, weeks, or days?"

Mautino: "Actually, I've been working on this concept now and monitoring it through 14 of the states that passed it for the past two years, and that is as it affects the national level. Some of the things which they've done wrong, and we did not want to do this in a truncated Veto Session, so we wanted the opportunity to have some clear and open debate. So it's been around for awhile, and as a matter of fact, it is actually been the law here in the State of Illinois since 1994."

Black: "Has this Bill... has it been around in Bill form in this chamber for more than a year?"

Mautino: "I believe in the Senate. As a matter of fact, Senator

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Madigan had held a public hearing in the Senate, plus, I believe, two negotiation Senates... Sessions within the Senate before I became involved on the actual language of the Bill. As a matter of fact, resulting from the negotiations, of the 19 points that were brought up, 16 were addressed. I believe there are 3 points which are still outstanding."

Black: "If you've been following this in other states, are you familiar...what happened in the State of New York when they had a very similar Bill?"

Mautino: "The State of New York has...they had this Bill and they, as a matter of fact, I've read the transcripts from that and followed it along with their Department of Insurance, and they have decided to, at this point, not go forward and hold off."

Black: "Ah ha. In fact, as I recall, what happened in New York after full and open debate, and all parties subject to the debate, the State of New York thought this wasn't a very good idea, and they thought it should be given further study. Is that not exactly what happened?"

Mautino: "The report you're referring to was written by one person who is opposed to the Bill and has been since the beginning."

Black: "Well, I don't have any report. I checked with LRU."

Mautino: "So, okay, well, there is a report which was issued on that, and it is a very political and controversial issue in New York. And that's my understanding that the decision was made by the committee chairman of their Insurance Committee not to bring that forward."

Black: "Well, in fact, Representative, wouldn't it be a fair assumption to say this is a highly complex, somewhat political, and somewhat controversial issue no matter what

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state it comes up in?"

Mautino: "It is very complex. As a matter of fact, the technical structure, which is in this Bill, is currently the way that our Department of Insurance has been doing this for the past five years. And these standards are actually a tougher regulatory standard, in the fact that we do it inside the Insurance Code, brings that under Illinois Insurance Law, which is stronger than many of the other states. And as a matter of fact, one of the strongest portions is the conditional acceptance, where the department, and let me give you an example of how this would work, Representative. If you would like to form the Mutual Holding Company, then you must bring forward that plan to the department, at which point, and this is under... this is how it works today, as we speak, and has been working in the State of Illinois, the department would hire an independent actuary for the policyholders and another for the company to review the plan. If it is found that it's not fair and equitable to the policyholders, then that plan cannot be accepted, regardless of who the director is because of the stiffer standards."

Black: "And who...would the policyholders be formally represented at any such hearing or fact finding meeting?"

Mautino: "As a matter of fact, one of the provisions which was negotiated and placed into the Bill, this would go to the fact that we do require a public hearing where they would have the opportunity to bring forth any comments which must be taken into consideration, and that was actually brought in by the consumer groups."

Black: "Well, I appreciate the work that you've done on it, Representative. I truly do. I stand in opposition to the Bill because of the Amendment. Mr. Speaker, if I might, to

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the Bill, but more specifically to the Amendment. The Gentleman is very forthright and has said clearly that it has been a very complex and emotional and controversial issue in those states that have done it. I would submit to you that New York, in this case, looked at it long and hard and in the open and in the sunshine and decided it was far too complex to rush through the New York General Assembly, and they decided not to take any action. Now, this Bill may have been around in one form or another for a year or so, but I dare say, other than my colleagues who have a working knowledge of the insurance business, there aren't a handful of us on the floor that ever heard of this until two weeks ago. And I hear the same old arguments - it's to level the playing field. Well, I would submit to you that under this Amendment, the playing field is not level because a Mutual Holding Company maintains 51% of its ownership; therefore, it is not subject to a buy out or a takeover like a stock company is. So, the managing directors could be very satisfied with a 5% return or a 6% return. Where in a stock company today, the Board of Directors had better be more aggressive, or they're liable to find themselves on the end of a buy out or a takeover or a revolt from the shareholders. But in this case, the policyholders, which in effect are shareholders, but don't have actual stock, rather than receive significant dividends or perhaps a lower premium, are in my opinion held at considerable risk. It looks to me like this is another example of consolidation, acquisition, takeover; let's reduce competition. That's the bottom line and I don't think that's a very healthy way to go. I think it's competition that year after year, even though many of us complain about insurance rates, if you'll look at the data, competition

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and insurance in the State of Illinois gives us fairly competitive rates. I don't think this Bill is in the form that it should be to come before us. And I think if you vote for this Bill, you will disenfranchise about 3 million policyholders and I daresay if we surveyed them, the overwhelming majority of those policyholders would say, 'No. Don't do this. We are not yet fully informed as to all of the ramifications. We would like additional information. We'd like those public meetings before you sell us out, not afterwards.' Think about it very carefully. Maintain competition, protect the policyholder, vote 'no'."

Speaker Hannig: "Representative Schakowsky."

Schakowsky: "Thank you, Mr. Speaker and Ladies and Gentlemen of the House. I would like to caution my colleagues. If you were concerned about the late payments on cable fees, you better be worried about this Bill because it makes that one look like a nickel and dime consumer rip off. We are talking about legislation that could cost policyholders about \$35 billion in assets. That's what's at stake here. Every one of the consumer organizations are opposed to this legislation. The Coalition for Consumer Rights, Metro Seniors in Action, Citizen Action of Illinois, Citizen Advocacy Center. We've got think tanks on the insurance industry. The Illinois Consumer Insurance Board and the Center for Insurance Research that are against this legislation because it does, as the previous speaker said, the findings in New York say that consumers are put at considerable risk, that is, mutual policyholders are at risk. Let me read from that New York report. It says that, 'Mutual policyholders would give up control of their companies and the right to share in 100% of the profits of

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the insurer through dividends on participating policies, and at the same time, would be exposed to added risk. The legislation does not provide for any real compensation for policyholders', et cetera. This is not a good Bill. Now, the Sponsor says that we already have legislation allowing for this. Then I ask you, why would he be proposing this Bill? Because we do not have legislation that would allow changing these companies into stock companies, and so he needs... the mutual companies need this legislation in order to achieve their goals, which are different from those of your ordinary policyholders. We are talking about over 3 million Illinoisans who have mutual insurance policies that could be affected by Senate Bill 1901. As I said, we... they have between 35 and \$100 billion, billion dollars, not million, billion dollars in policyholder assets that could literally be confiscated under Senate Bill 1901. We simply don't have the consumer protections that are needed in here. There were discussions, the consumer groups were not satisfied. If you want to vote for an anti-consumer Bill, an anti-policyholder Bill, this is for you. But if you want to stick up for the more than 3 million Illinoisans that are policyholders, then this is a Bill that you want to vote 'no' on."

Speaker Hannig: "Representative Beaubien."

Beaubien: "Yes, I rise in support of Senate Bill 1901. Of the 50 largest mutual life and health companies in the United States, 3 have gone into the process of demutualization and 23 others have already begun or announced plans or completed the move into mutual holding companies. The national trend is very clear as to where we're going on this issue. I would point out that the State of Wisconsin last year... last week, passed a Bill that would allow this

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type of activity to take place. Iowa, Missouri, and Kentucky are also our surrounding states, allow the activity...proposed under this Bill to take place. In the State of Illinois and in this Legislature, we frequently pass Bills that may help make this state the dynamic economic community that it is. We have to pass legislation that's agricultural friendly. We pass legislation that's friendly and helps our tremendous small business community. This is a large business Bill. Why do they need this Bill? They need this Bill to have the critical mass to compete in today's economic environment with massive mergers of city banks and travelers and other mergers that could take place in a daily basis. We need to allow our big Illinois businesses to be competitive, and this Bill will allow them to do that. What must... concerns me is that there is the possibility out there that these particular companies could re-domesticate to another state, some very close to where their current offices are. We do not want to wake up some day and look in Crain's Business Magazine for our largest business organizations from various categories, and find five of our companies no longer there. The large mutual companies, we do have 5 of the 50, are Country Companies Insurance Company in Bloomington; Kemper Insurance Companies, Long Grove, Illinois; Mutual Trust Life Insurance Company, Oak Brook; Protection Mutual Insurance Company, Park Ridge; Trust Mark Group, Lake Forrest, Illinois. These groups do not act as legislative bodies. We do not start with an idea and take two or three years to pass it. The directors and the officers of these corporations must act in the fiduciary capacity of what is in the best interest of their shareholders and their interest holders. And in this case, what I'm afraid is,

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we're going to wake up six months or a year from now and we may find one or two or three of these companies domesticated in another state. We don't want that to happen. It's not necessary, and I think this is one of the most important Bills that we're going to act on this year and I would urge your 'aye' vote on this Bill."

Speaker Hannig: "Representative Steve Davis."

Davis, S.: "Thank you, Mr. Speaker. Will the Sponsor yield?"

Speaker Hannig: "He indicates he will."

Davis, S.: "Representative Mautino, I understand this is a complicated Bill, and I think that there are several questions that need to be posed to possibly clarify some of the issues that have already been addressed. Number one, isn't it true that this is a Bill that will allow the mutuals to compete in the free marketplace and to allow the mutuals to continue to grow? It's my understanding that right now that they're having a problem with growth in the mutual industry. Could you explain to us what the problem is with that?"

Mautino: "Certainly, and as a matter of fact, I'll go back to something Representative Beaubien had said. As far as...the reason that they're asking for this is, they need to access the capital markets in order to grow and to acquire other companies. Now, the reason that that's compelling is, and I'll use the Travelers and the Citi-Corp merger, that requires a change in the federal law that says, 'There must be, in any state, a nonoperating holding company', which is what would be allowed to be created under this. And in order to do that, if House Resolution 10 were to pass, without this in place with specific authorization, then they would be stopped or preempted by federal legislation. What that does, in effect, and this

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is probably one of the most important things of this Bill, it allows the mutual companies here in Illinois to re-domesticate automatically. If we don't have a structure in place for this, they have an easy process, under this new federal law, which will allow them to move to another state, where they can set up this structure in order to capitalize and compete. The important thing for Illinois policyholders is, if we don't have a structure like this in place, then those policyholders in Illinois, their rights, would then be subject to another state or another regulatory's jurisdiction, which is not as strong and does not require as many policyholders' safeguards as this Bill. Many of the discussion you heard earlier was arguing the New York Bill."

Davis, S.: "Thank you, Representative. Also, it also has been thrown around that this Bill will strip the policyholders of their financial rights. And it's my understanding that that couldn't be farther from the truth. That under this legislation, the policyholders will own 51% of the company, 51% of the stock, and that they're only allowed to sell 49% of the corporation; therefore, the 51% will be in the majority. They will be the ones who are electing the Board of Directors who are making the decisions as to whether or not the dividends are paid to the policyholders or to the stockholders, and I can't imagine 51% of the policyholders electing a Board of Directors that would be... would go against their interests. So, I believe that the policyholder's interests is protected under this Bill. Is that correct? Is that the way you would interpret that, Sir?"

Mautino: "That's fairly summarized. As a matter of fact, in this legislation itself, the plan is given to the department for

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their approval. Once it is gone and met those standards, then it must be taken back to the policyholders who must then vote on it by a super majority, and that is structured in there. Additionally, the assets of the holding company are held in trust and they are non-pierceable by bankruptcy, so if a company which has acquired, which also must be approved by the Department of Insurance, has any problems or they can't meet the financial need, the department has the ability to reach up, pull those assets down for the benefit of the policyholders."

Davis, S.: "And also under this Bill, I believe that mutual companies can continue to demutualize if they so choose to do so, and let me ask you one question about demutualization. What happens under demutualization when one policyholder refuses to turn his policy in under demutualization or two policyholders or ten or 15 or 100? What happens under demutualization under that scenario? How can you possibly demutualize if the policyholders don't want to turn their policies in and demutualize? Are they required to by law?"

Mautino: "Yeah. The plan itself would protect their policy interests in it. So, they would... that should take, I believe that should suffice."

Davis, S.: "To the Bill, Mr. Speaker."

Speaker Hannig: "Your time has expired, Representative, but if you could conclude your remarks."

Davis, S.: "Could I close, please?"

Speaker Hannig: "Please."

Davis, S.: "I am generally 100% pro-consumer. I don't believe this is an anti-consumer Bill. I believe that there are plenty of protections in this Bill for the consumers in the State of Illinois for the three million policyholders. I

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think it's good business for the State of Illinois to create this vehicle to allow the mutual companies to compete with other insurance companies in the state and to compete with the mutual companies in other states. I believe if we don't pass this legislation, we're going to see our mutual companies move their business to other states in the State of... and move out of the State of Illinois, and we're going to lose jobs, we're going to lose tax dollars, and I'd appreciate an 'aye' vote."

Speaker Hannig: "Representative Parke."

Parke: "Thank you, Mr. Speaker, Ladies and Gentlemen of the House. Will the Sponsor yield?"

Speaker Hannig: "He indicates he will."

Parke: "Representative... by the way, Mr. Speaker. Mr. Speaker, it's..."

Speaker Hannig: "Yes, Representative..."

Parke: "It's so loud, I cannot really hear the other speakers. Representative Mautino, it's been alluded on the floor that one state decided to look at this a little bit longer. How many states have passed this legislation?"

Mautino: "Actually, 19 states have passed this legislation and the District of Columbia, as well."

Parke: "So, 19 states have already passed this because they think that this is good public policy. Let me ask you, and also, how many meetings have been held on this? It's been alluded that we should, maybe, slow down or we should have another look at it or this has not been drawn correctly. How many meetings have you had with consumer groups?"

Mautino: "The Senate has had the hearings, which is public testimony, and then I believe, two meetings in the Senate. I have had two meetings with the consumer groups, in which actually some very good changes have been set up in the

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structure."

Parke: "So matter of fact, this Bill is different than it was originally put out because of the meetings they've had with the consumer groups. Now, is this Bill, in essence, considered a Department of Insurance Bill?"

Mautino: "No, it is not. They do, however, support this. And as a matter of fact, in a meeting with the consumer groups, Director Dutcher had expressed the need and his concern was that, one, we can already do this in the State of Illinois and the Legislature in 1994 allowed for that in our current statutes. However, there are no benchmarks or there are less stringent regulatory guidelines to make sure that we can protect the interests of the policyholders and the Illinois policyholders as well."

Parke: "Okay, Mr. ...Representative Mautino, let me ask you this, it's been alluded that the policyholders' rights are not protected and that they don't have any say in it. Is it your understanding that every company who presents this to their policyholders must have two-thirds of all the policyholders approving this? Is that your understanding?"

Mautino: "Two-thirds of those voting."

Parke: "Yes. So in essence, every policyholder who wishes to exercise their right to vote can vote on this, and you have to have two-thirds of them before a company can go, become demutualized?"

Mautino: "That is true, and also, we have put in there language which would require both the risks and benefits to be disclosed as to what this would do in a context of the policyholder and safeguarding their rights."

Parke: "Representative, there's been a question as why are we moving so quickly with this legislation? Is there anything pending in Congress that is a reason for this?"

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Mautino: "House Resolution 10, which is pending in Congress, would preempt state law. And without a nonoperating holding company upstream, we would not qualify. Therefore, a second provision of House Resolution 10 in Congress allows any companies whose home state did not have a nonoperational holding company structure may move to a state which does."

Parke: "That ain't..."

Mautino: "That puts policyholders at risk."

Parke: "Thank you. To the Bill. Mr. Speaker, again...."

Speaker Hannig: "To the Bill."

Parke: "It is so noisy, I cannot hear in here. Ladies and Gentlemen..."

Speaker Hannig: "Would you give the Gentleman some attention?"

Parke: "I'd like to just summarize what the Sponsor of the Bill has said through the questioning. Ladies and Gentlemen, 19 other states have passed this, including the District of Columbia. Other states are going to be passing this legislation already. The consumers have had plenty of meetings. This group, the only group that I know of that really still opposes this is this Consumer Group that Creamer has. There isn't anything that you could do to make that guy happy with any of this legislation. This has been molded in a way that I think makes this a decent Bill. It's something that will protect consumers. Two-thirds of all the policyholders who are voting must approve this legislation before a company can go... become demutualized. Ladies and Gentlemen, the safeguards are built in there. This Bill is good public policy. We have to compete in a world economy that is continually changing. This is good public policy. We have to do it because if we don't, we could be losing jobs out of this state to other states who

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surround Illinois, who already have passed this legislation. It's just a matter of time. We should be passing this Bill now."

Speaker Hannig: "Representative Lang."

Lang: "Thank you, Mr. Speaker, Ladies and Gentlemen of the House. It would be easy for me to stand on the floor and take the knee jerk response that other consumer advocates have on this piece of legislation. It's easy to take out certain facts and say, 'Well, gee, if you do this, these people are losing money they could get back. They're losing certain rights they have. You're allowing them to change the structure of this company without going to them.' These are all the red herrings that have been out there, and indeed, most of my friends with the consumers' groups, who I'm with 99% of the time, have said to me, 'Of course, you're for this.' And I had to inform them, or they said, 'Of course, you're not for this.' And I had to inform them that I was for this Bill. So, I rise in support of Senate Bill 1901. You have to take a look at these red herrings for what they are. For those that say, 'Well, these people are out \$3500 that they're entitled to.' Well, they may be entitled to \$3500 on paper if the company would close down, but you can't go to your insurance company today and say, 'Give me my \$3500, I'm going to get my insurance somewhere else.' You can't get that \$3500 or any amount of money out of this. When my constituents and your constituents buy insurance, there aren't too many that say, 'Well, wait a minute, is this a stock company or a mutual company?' They just want to be insured. They want to know that if they die, their claim is going to be paid and they want to know that they have an opportunity to have some competitive rates, and so they check rates. With all the other states

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around us going to this kind of plan, how long do you think it will be before the insurance companies in Illinois can no longer be competitive, and people in Illinois will have to shop elsewhere for their insurance. It will put people out of work. It'll make costs go up. It'll do all sorts of things with the insurance industry and for consumers that we really would not like to see happen. Now, it's rare that I'm on the floor of this House advocating something that appears to be good for the insurance industry, but I believe this is good for that industry because it will promote competition. I also believe that in the end, it's good for consumers because, red herrings aside, about \$3500, the fact is that the more competition you bring into this industry, the more competition you bring into Illinois, the more options that a potential policyholder has in reaching out and trying to buy a policy of insurance, the better off those consumers will be in the long run, and that should drive prices down, not up. So, for all the talk about there's money out there that these people can get, they can't get it. For all the talk about how bad this is for consumers, I don't see it. If I saw it, I would be on the floor of this House saying 'oppose this Bill'. And I've been on the floor of this House many times telling you that there's a Bill up on the Board that's bad for consumers. But, this is not a Bill that's bad for consumers. To me, it's a 'win/win' Bill. It's a Bill that's good for consumers. It's a Bill that's good for the insurance industry, and that of course, all makes it a good deal for the economy of the State of Illinois. So, I think we should join with the states around us that are doing this. It seems to me that they're enlightened. It seems to me that they haven't fallen for this, 'Oh, woe

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is me. What's going to happen to the consumer? What about their cash?' This is not a Bill we can handle in a knee jerk way. This is not a Bill where we can say, 'Well, we're always with the consumers, and the consumer activists say we have to be this way and so, we're going to be this way.' This isn't about that. This is about the facts of this particular Bill, how it affects this industry, how it affects our consumers and how it affects the economy of our state. And on those three points, on those three points, all of the advantage goes to being for this Bill. So, I rise in support of this Bill, despite the fact that some of my consumer advocate friends are opposed. I rise in favor of this Bill, despite the fact that I got a nasty letter from my brother-in-law telling me to vote 'no'. I rise in support of this Bill because it's the right thing to do."

Speaker Hannig: "Representative Winters."

Winters: "Thank you, Mr. Speaker, Ladies and Gentlemen of the House. I want to encourage any additional nasty letters sent to Representative Lang. We can always use more of those. Will the Sponsor yield?"

Speaker Hannig: "He indicates he will."

Winters: "Representative Mautino, I understand that not only you have carried the honored name of Mautino to the Illinois House, but your father also before you?"

Mautino: "That is correct."

Winters: "So, you have a fairly good feeling, I understand that as a child you almost grew up on the House Floor. Your history of this Legislature is probably better than at least mine is. Is that a fair assumption? I have not been here that long, as you have."

Mautino: "Well, if you count paging, then maybe I would have a little more experience."

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Winters: "I think the Pages learn a lot when they're down here. Have you ever in your family history or your own history in the Legislature, have you ever seen a Bill come from 19 or 20 other states that have passed and Illinois said, you know, that's such a great thing. We really ought to jump onto that without considering the ramifications. Or do we, when we look at all the other states that passed it, do we kind of want to weigh both sides and pretty carefully consider before we make it part of our own state statutes?"

Mautino: "I would agree, and I would expect no less of this Body, actually."

Winters: "Well, I think it's incumbent upon us not to just count the number of states that have passed legislation, but to consider the legislation on its own merits. Not just saying because Illinois and Wisconsin and Missouri may have passed this legislation, that it therefore is prima facie, it is good for Illinois. And I think being in on some of the meetings that you have held, the different ramifications of this Bill have been fully discussed. I do want to raise one, one issue, however, and that is the argument that has been made that this would give a mutual company an unfair advantage when speaking, when comparing them to a stock company. A stock company goes out to the market, sells stock to raise cash, and they may choose to go out and buy another company. Under this legislation, it's not correct that the Mutual Holding Company could sell up to 49% of its equity. It could raise up to 49% of its value in the stock market and then use that to go out and expand itself by buying other companies, increasing its market share in that method."

Mautino: "Insurance companies, banking companies. All those though that would have to, and the Bill also requires that

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the department would have to conduct a study to make sure that the capitalization there, the ability to manage it, the fairness to the stockholder, is present before they could conditionally approve it and send it back to the policyholders for a vote. But you are correct."

Winters: "Okay. The concern that I have is that we, that we leave the field when we get done, that the insurance industry still has a level playing field. That a stock company, that if they do not perform adequately in the market, their stock value may fall and someone else may be able to come in with outside source of capital and start buying stock and take them over. But under this Bill, because of the 51% of the, of the value that is left in the Mutual Holding Company, that cannot be bought. Do they actually have an inherent advantage over a stock company?"

Mautino: "Actually that is not correct. As a matter of fact, the department has already administered two of these where a stock company wished to come in and purchase the Mutual Company and this operates the same as it does in any other sector of the market. For example, a closely held private firm. What would happen in that situation is, you could go in and if the family that held it did not wish to ke... wish to sell, even on a public company, then it would not be sold. So, you would go in and make your offer to management, which would then, on a closely held private company, be taken into consideration. Now, this is the same thing that can be done with the, with the members of a mutual and it has, in fact, has been done twice here in the State of Illinois in the past three years."

Winters: "Okay. So, what you're stating is that this Bill..."

Mautino: "They can be bought."

Winters: "I'm sorry?"

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Mautino: "They can be purchased in the same manner that any privately held stock company could."

Winters: "Okay. So, what you're saying is that this Bill is not necessarily opening up a different avenue for the Mutual Holding Companies, they've ar... or the mutuals, they've always had access to this, or at least since 1994..."

Mautino: "Since 1994."

Winters: "...they've had that access, but it has not been codified that the regulations have not been written by the Department of Insurance. They are operating under a, an umbrella statement that the director can..."

Mautino: "Under direct discretion of the director, currently."

Winters: "I'm sorry, I didn't catch that."

Mautino: "Currently this can be done, but it's done under the broad discretion of the director. And what we've actually done, the department was very instrumental in putting this together, we've taken their policy for what they do now, and they have been negotiating a Mutual Holding Company for over the past few years, one of these. But, we've taken their standards and policies that they have for specifically the directors broad discretion, placed them in statute as it currently would be done now, and in fact, with the help, and I would have to say that we worked very well and I commend the consumer groups for some of the provisions that they've put into the Bill, because we had some very long sessions, some heated, but the Bill improved, and I think we have those guidelines."

Speaker Lang: "Mr. Winters, can you bring your remarks to a close?"

Winters: "Yes. Thank you for answering the questions. Thank you."

Speaker Lang: "Representative Lang in the Chair. The Chair

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recognizes Representative Meyer."

Meyer: "Thank you, Mr. Speaker. Would the Sponsor yield for questions?"

Speaker Lang: "The Sponsor will yield."

Meyer: "Thank you. Representative, and I do appreciate the fact that you've included me in some of the discussions that have taken place on this Bill, it's... I think helped me a great deal to understand it more, and I do appreciate that. I do have some concerns though, and it's a pre... one of the previous speakers, I think my understanding alluded that we didn't really have to be that concerned about the assets of the corporation and what occurs to them. But, I do... I would take exception to that. I do believe that we do have to be very much concerned. Those policies were purchased in good faith. They were sold on certain parameters of performance with that company and anything that would erode or detract from that, I think it's something that we need to be careful with..."

Mautino: "If I could..."

Meyer: "Let me finish my question first."

Mautino: "Sorry, go right ahead."

Meyer: "Perhaps, you're anticipating that. But, what protections are a part of this that would make sure... I guess my main concern on this is principally on the life side of the issue. What protections are there that are in place as a part of this legislation that would protect the assets for those people that have purchased life policies?"

Mautino: "Representative, you've asked the key question and I thank you for that and also for your participation in the discussions with the director as to how they would deal with those. The assets, and you have to understand that here in Illinois, subsequent to a Supreme Court ruling, and

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also to what has been a policy of the State of Illinois, the policyholders have a stake inside that company for the va... for the face value of that contract, plus any dividends that might be declared. So in the plan itself, there must be, and it's basically those...okay, as part of the plans, those assets which are specifically for the policyholders must be set aside. And that is not a negotiable factor inside the plan, to ensure that the policyholders have full value within it. As a matter of fact, the director also, in any other dealings, has the ability to reach up for any of the assets of, for example, a spin-off company, which has been held in the Mutual Holding Company. So, not only do we set up a trust, if you will, or set aside the assets, but we also have the ability to reach into the stock company. This is to be governed as an insurance company under the full weight of the insurance statutes."

Meyer: "Representative, who ensures that... What's the mechanism that will ensure that, in fact, actuarially those assets are sound to drive those policies?"

Mautino: "That is required under the statute. For example, they... that's an example that I gave earlier. If you want to go ahead and you're going to set forward your plan, then it must meet the guidelines and it must meet the standards which are not standards that are, 'In the best interests of the policyholder as other state standards are.' They must meet standards which are fair and equitable to the policyholders, which is a higher term of art standard."

Meyer: "Who will, in fact, monitor that to make certain that that occurs?"

Mautino: "If you'll look on page 12 of the Bill, Section (iv), starting on line 7. That language, 'The plan shall provide

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that a Class I mutual company's participating life policies in force on the effective date of the conversion shall be operated by the converted company for dividend purposes as a closed block of participating business.' So, that... that is actually in the language of the Bill."

Meyer: "Under this legislation, what powers will be given to the Director of Insurance?"

Mautino: "Extremely broad powers. As a matter of fact, he has these powers now, which are not set forward in statute, under his broad discretion. He can go ahead, he can deny the plan. He can also grant what is a conditional approval, where the Department of Insurance, if the actuaries come back and say, 'This is not in the best interest of the policyholders.' Then he can..."

Speaker Lang: "Mr. Bost yields his time to Mr. Meyer."

Mautino: "They had my mike off, too. Thank you. Okay. They can... The director can require that additional safeguards, even above and beyond those in the Bill, must be in place before this can even go to the policyholders for a vote."

Meyer: "Representative, what is the role of the Legislature in this... to make certain that the rules that are set into place by the Department of Insurance are good and fair and equitable for policyholders?"

Mautino: "Our role is, and should be, setting up the standards so that we have the benchmarks to provide consumer safeguards, make sure that they are not getting into an area of business which is going to damage the policyholders, and that's what this Bill is designed to set into law."

Meyer: "Earlier in a discussion with another Representative, I couldn't quite hear it because of the noise on the floor, you were talking about voting rights of the mutual com... the policyholders' mutual company versus voting rights of

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the policyholders in a... a company that has this type of structure that you're proposing. Could you go through that again, so I make sure I understand that? Because right now, and here's where I'm driving at, Representative. Right now, the policyholder is the only party that has any type of voting ability within a mutual company. What we're doing now is creating this mutual holding company where we have stockholders. And I'm not a stockholder in a mutual holding company, but I do know that those companies where I own stock, that we, from time to time, receive in the mail a notice that there will be a meeting, and the stockholders will have voting rights. How will the voting rights of this new mutual holding company be affected, because now they have both stockholders and also policyholders? And can you give me that relationship on the voting rights?"

Mautino: "The policyholders, as set up in here, will have 100% control of the holding company."

Meyer: "Of the holding company and..."

Mautino: "Outsiders would only be at the intermediate or lower level."

Meyer: "Okay. And that holding company, in fact, will own 51% of the stock that is available?"

Mautino: "At all times."

Meyer: "At all times. What are the controls to protect the policyholders' rights that are in this Bill compared to those other states that have passed similar legislation? Because, I... I would understand from the discussions that I took part in, that this is more far reaching."

Mautino: "Okay. First of all, assets are held in trust and the Illinois Insurance Code is in place and takes precedence at both levels, which is an additional protection. Also, the higher level of regulatory standard."

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Meyer: "I'm sorry, I missed that last point. If you could amplify on that."

Mautino: "The higher level of regulatory standard. Many states have put this in, and they have determined that the standard for regulators would be 'in the best interest of the policyholders'. Well, that has a different regulatory meaning than fair and equitable to the policyholders. So, it's a higher standard, regardless of who is the director. These are the parameters in the regulatory function which must be met."

Meyer: "Thank you for your answers to those questions."

Speaker Lang: "Representative Leitch."

Leitch: "Thank you, Mr. Speaker. Will the Gentleman yield?"

Speaker Lang: "Yes, he will."

Leitch: "Thank you. Representative, this is a very intriguing idea and one that I've been trying to look at here. If this were a mutual savings bank, there wouldn't be any worry about the shareholder, in effect, because if someone deposited in that mutual savings bank, then as many are all over the country scrambling to do, in the hopes that they do become stock companies, because then the member is entitled to purchase stock which has been selling then at very high premium and they're wealthy. The equivalent in this case is the policyholder. So, what does the policyholder get? Do they get stock?"

Mautino: "The policyholder would still have the ownership at the top level, plus would also be able to purchase. There'd be the initial purchase offer and they could also, if they believed in the, the expansion, or what the company was going to do, they could also purchase stock in the new stock company."

Leitch: "I mean, are all policyholders then offered the

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opportunity to purchase stock at some level?"

Mautino: "Yes. They could all purchase stock in the company. If you've got a current policy..."

Leitch: "I mean, would they be granted stock for their... the surplus value of some proportion within the company?"

Mautino: "If that is what is in the plan, the conversion plan, that can be called for it or that can also be on a conditional basis from the director."

Leitch: "I'm trying to understand why there would not be a conflict of interest between the interest of a shareholder and the interest of a policyholder. I would think a policyholder would want distributions that would perhaps take his insurance down, his cost down; whereas, the stockholder, theoretically, would want to have return on the stock that he has invested in the company."

Mautino: "The policyholder would, would retain and own at the very minimum the 51% of the overall holding company itself and 100% of the mutual holding company itself. So, there would be... Since they have 100% of the mutual holding company, they would be...there would not be the opportunity for the..."

Leitch: "Why would I buy stock in this company? Why would I buy stock?"

Mautino: "Let me bring this back to... If you like the corporate philosophy, if you agree that what they're looking to purchase or do with these funds, let's say, for example, Kemper would be interested in purchasing a bank so that they can increase their strength. Even though you would be buying in as a stockholder at the minority level, you would buy in for the opportunity to make some, to make additional money, but also because you believe that company is going to grow. You would have no less rights than you have

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buying into any other minority stock interest."

Leitch: "But, our analysis said that these holdings shall not be deemed a security under Illinois law. What does that mean? Are these marketable securities?"

Mautino: "That means that this... the ownership of the policyholders is not subject to the security laws; it is subject to the Insurance Code. That's one of the protections that was structured in there."

Leitch: "So, I couldn't sell this stock if I were a policyholder? I'm still trying to understand. If I'm a policyholder, do I get stock?"

Mautino: "Not automatically. As a... collectively as a group, they own the..."

Leitch: "Right, but I wouldn't control it. I'd be a policyholder, but I wouldn't be able to..."

Mautino: "As a policyholder, you still own 100% of the mutual holding company and a majority interest in any intermediate company or offshoot, as a policyholder."

Leitch: "I... I still find that point very confusing. I mean, would my stock, as a policyholder, be a..."

Speaker Lang: "Would you complete your remarks, please, Mr. Leitch."

Leitch: "This is a very complicated Bill. I'm not trying to delay the Body. I'm trying to understand this concept, if I could have some more time, Sir."

Speaker Lang: "Well, please complete your remarks, I've given you an extra minute."

Mautino: "That 51% is owned collectively by the policyholders and so, if... not transferable."

Leitch: "Right. I understand where that 51% is, but I also see where the other 49% is. I don't understand how there is not a potential for a very different point of view between

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a stockholder and a policyholder, and I also don't understand how the policyholder value is set if it's not in a market situation. And it also appears to me that this could be a big poison pill in effect to present..."

Speaker Lang: "Please, please, complete your remarks, Sir."

Leitch: "Thank you, Mr. Speaker. To prevent a takeover, in an anti-competitive sense. But that is why I'm asking all these questions, because this is a very complicated thing, and I'm just simply trying to understand this. Thank you for your time. I'd like to be able to ask a lot more questions, but apparently that won't work. Thank you."

Speaker Lang: "Representative Schar... Schakowsky has spoken in debate. For what reason do you rise?"

Schakowsky: "Thank you, Mr. Speaker. I rise to ask, should this Bill get sufficient number of votes, I would like a verification of the Roll Call."

Speaker Lang: "That request is acknowledged. There are still four lights on. Can we... we have Representative Poe, Representative Coulson, Representative Mulligan. Can we get one of you to agree that you'll be the last speaker, so we can move forward? Representative Stephens."

Stephens: "Mr. Speaker, we have a five minute rule. I see no reason why the... each of them shouldn't be able to express... express their... views."

Speaker Lang: "Representative, I'm not trying to shut down debate. I'm perfectly willing to hear from all people that want to speak. I was just trying to save some time."

Stephens: "What time does your event start?"

Speaker Lang: "I have no event, Sir. Representative Poe, you're recognized."

Poe: "Mr. Speaker, yeah, I would like to yield my time to Representative Black."

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Speaker Lang: "Five minutes for Mr. Black."

Black: "Hey, Mr. Speaker, they're taking my time. I... Mr. Speaker, Ladies and Gentlemen of the House. Let me just reiterate why I stand in opposition to this Bill, and I appreciate my good friend, the right Honorable Representative Poe, for giving me the time. I submit to you, and I don't say this in political rhetoric, his father before him and Representative Mautino, there's no one in this chamber that I have more respect for, for the name of Mautino. Many of my colleagues here are experts in the field of insurance, and I defer to their judgement, and I listen to what they say. But I've been in this chamber for a number of years, and I think I know my district fairly well, and I read this... I read this piece of paper that they give to say, 'Oh, this is a good Bill.' If you've been here any length of time, ask yourself a question. Why does this show up as an Amendment to a Bill with nine days left in the Session? Why isn't it a stand-alone Bill? Why didn't it go through the entire committee process? You've all been here as long as I have; you know the answer to that. Now, let me read you something that was handed out by an insurance company who favors the Bill. Well, there's a surprise, an insurance company that favors the Bill. Important consumer safeguards are in the Bill. The Department of Insurance... the Department of Insurance that's helping the Sponsor of this Bill answer questions. Has the Department of Insurance talked to any of you? They haven't talked to me. They represent the consumer, and yet they're helping the Sponsor of this Bill, and they haven't talked to probably any of you in here, other than two or three, about why this Bill shows up late in the Session as an Amendment. Don't worry... don't worry, one of the

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safeguards is that the plans shall be fair and equitable to the policyholder. Department of Insurance, where's the definition of fair and equitable? Do you have one? If so, bring it over to me. That the insurance department may be required, may be required, to hold a public hearing, not shall, may. Let the insurance department have prior approval authority over the plan. Well, for crying out loud, if the Department of Insurance has prior approval over the plan, I bet that hearing's going to be a dandy. Ladies and Gentlemen of the House, look at your various staff analyses of the Bill. You've got all these insurance companies that say they're in favor of it. I daresay, if your district is like mine, if any item of business comes up that affects the insurance industry, how many insurance agents back home call you? I bet a lot of them. They do in my district. Not one item that reflects the insurance industry can go through this chamber that I don't hear from many of my friends and colleagues back in my district who make their living selling insurance. They're probably as active a lobbying group as there is in the State of Illinois. Individuals, not companies, not lobbyists, but the individual insurance agent on the street, I've not heard from any of them asking me to support this Bill. In fact, I called one today and he said, 'What Bill? What are you talking about?' I said, 'Your association supports the Bill.' He said, 'I don't know what this Bill's about.' So I faxed him some information. Now, Ladies and Gentlemen, this Bill has been portrayed as everything, and it may well be, it may well be, but ask yourself one question. When you've been in this chamber a little while, you'll begin to understand that certain things surface late in the Session. This has surfaced late, as an Amendment, to an outstanding

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Bill. The underlying Bill would have gotten a unanimous vote. Isn't it odd that a controversial Amendment gets added to a very popular Bill? That's lesson #1 in practical politics in how to pass something. Ask yourself the second question. If it's so popular with the insurance industry, have you, in fact, heard from your agents back home? The agents who sell the policies. I've not heard from one of them, not one. And last but not least, I have it on reasonable authority that the Department of Insurance thinks you don't even need this Bill. The Department of Insurance thinks they can do this already. Well, if the Department of Insurance thinks that way, why is the Bill here and why are they now working it? In fact, the only person on the floor working this Bill right now, other than the Sponsor, who is a well-meaning, hard working Legislator, the only person on this Floor answering most of these questions, works for the Department of Insurance. And I thought the Department of Insurance was suppose to work for the consumer. Well, I want to tell that young lady that works with the Department of Insurance, I represent 97,000 consumers; you haven't said one word to me. Nobody in your department has said one word about this Bill to me, it's... Mr. Speaker, I'll bring my remarks to a close. I'm just going to tell you one thing. I've been here long enough to know when something like this pops up as an Amendment to a popular Bill late in the Session and the department that would regulate, that would regulate the very substance of the Bill is over lobbying for it. This thing smells like yesterday's fish sandwich. And I'm telling you... I'm telling you, a 'no' vote or a 'present' vote. If this thing is so important and so good, it'll come back. It'll come back soon, in its own form, in its

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own stand alone Bill, and I'll bet you'll hear from your insurance agents as to whether it's good or bad. But this late in the Session, and I think Representative Schakowsky said it earlier, be careful about this vote. Some of you got burnt not too long ago. I'm suggesting you may get burnt on this. This thing stinks, vote 'no'."

Speaker Lang: "Representative Stephens."

Stephens: "Inquiry of the Chair."

Speaker Lang: "State your inquiry, Sir."

Stephens: "What kind of sandwich was that that he referred to?"

Speaker Lang: "I... I'm not sure what kind of sandwich that was, but perhaps Mr. Black would like to share it with you. You have questions or comments regarding this Bill, Sir?"

Black: "The sandwich was fish, kosher fish, and I'm telling you, after 24 hours, it doesn't smell good."

Stephens: "Mr. Speaker, if that was a slam at the aquaculture industry, I stand it. Representative Black. That concludes my comments. Thank you."

Speaker Lang: "Representative Mautino, to close."

Mautino: "Thank you, Ladies and Gentlemen of the House. To the... to a couple of the previous speakers, first of all, it is not a 'may' issue on holding public hearings, it is 'shall'. They are required in the Bill. This is current law in the State of Illinois. They are allowed to do that, to do, and structure these companies now. The reason for bringing it forward has part to do with the fact that the market has changed, and I'll take a look at the Travelers City Corp. There you have one bank which has the assets, twice the assets, of all 12,000 credit unions combined. This is the way that the industry is going. Now, in order to allow that merger to continue, it takes a change in federal law known as House Resolution 10. In that House

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Resolution 10 is a Section which says, 'Any state that does not have a Mutual Holding Company Act or a nonoperational holding company at the top, those entities doing business in that state may change states.' So, that is why this Bill is a reality. As to why we needed to bring it up, currently it can be done under law with a lesser set of standards. Right now, that is subjective; it's up to the department. I have asked the department to join me here on this Bill, which I've worked on for the past couple of years. It is not a new issue; it is not new here in Illinois. But, I would like to see that the policyholders have some rights and have recourses in a market that's changing. If a mutual company needs to access capital to grow and to go to the market, there should be that option, and we should have the consumer safeguards, which are in this Bill. I ask you to consider what the current law is, the protections which exist inside the Bill and the fact that this is a stronger Bill than in many of the states that are out there. We have the safeguards, and we are now putting our current practice, what we're doing now in the State of Illinois, in the statute. So, I thank you for your consideration and I would ask for an 'aye' vote."

Speaker Lang: "The question is, 'Shall this Bill pass?' All those in favor shall signify by voting 'aye'; those opposed shall vote 'no'. The voting is open. Have all voted who wish? The Chair reminds the Members to record yourselves. A verification has been requested. Have all voted who wish? Have all voted who wish? Mr. Clerk, please take the record. On this question, there are 55 voting 'yes' and 52 voting 'no' and 7 voting 'present'. The Chair recognizes Representative Mautino."

Mautino: "Postponed Consideration, please."

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Speaker Lang: "So it will be placed on the Order of Postponed Consideration. The Chair wishes to acknowledge the presence of State Representative Bill Peterson from Sioux Falls, South Dakota. Representative Peterson. Representative Peterson was testifying in the Senate today, and I think he likes what he sees in the House better. Mr. Clerk, what is the status of Senate Bill 445?"

Clerk Rossi: "Senate Bill 445 is on the Order of Postponed Consideration."

Speaker Lang: "Please place that Bill on the Order of Second Reading. Mr. Clerk, what is the status of Senate Bill 1372?"

Clerk Rossi: "Senate Bill 1372 has been read a second time previously. Amendments 1 and 2 were adopted in committee. Floor Amendment #3, offered by Representative Ryder, has been approved for consideration."

Speaker Lang: "Mr. Ryder."

Ryder: "Mr. Speaker, I would ask leave to withdraw Floor Amendment #3."

Speaker Lang: "The Amendment is withdrawn. Mr. Clerk, anything further?"

Clerk Rossi: "No further Amendments."

Speaker Lang: "Third Reading. The Chair recognizes Representative Erwin. Please, I'm sorry. The Chair was in error. The Sponsor requests this Bill be kept on the Order of Second Reading. Thank you, Mr. Ryder. Representative Erwin, for what reason do you rise?"

Erwin: "Thank you, Speaker. On a point of personal privilege. In case anyone missed it, I would like you to all join me in wishing my lovely seatmate a very happy birthday. Jack McGuire."

Speaker Lang: "Happy Birthday, Representative. Couldn't see you

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behind the flowers. The Chair recognizes Representative Zickus. For what reason do you rise?"

Zickus: "Thank you, Mr. Speaker. I rise on a point of personal privilege."

Speaker Lang: "State your point."

Zickus: "We're pleased to have with us today Mayor Carl Hastings of Orland Hills, and I'd like to introduce him and give him a big Springfield welcome. Thank you."

Speaker Lang: "Welcome to Springfield. Thank you. The Chair recognizes Representative Stephens. For what reason do you rise, Sir?"

Stephens: "On a point of personal privilege."

Speaker Lang: "Please state your point."

Stephens: "Representative McGuire in committee earlier today was trying to explain to us about the age, the relative age, of he and his twin brother. I wonder, Representative, if you'd clarify that for us."

Speaker Lang: "Mr. McGuire."

McGuire: "What did you want clarified? My twin brother is 65 today, so I think that answers the question, or does it?"

Stephens: "Thank you."

Speaker Lang: "The Chair wishes to remind Members that there's a committee schedule on your desk. The committees listed on that sheet will commence immediately upon adjournment. Allowing perfunctory time for the Clerk, Representative Burke now moves that the House stand adjourned until 10 a.m. tomorrow morning. All those in favor will say 'aye'; those opposed 'no'. In the opinion of the Chair, the 'ayes' have it, and the House does stand adjourned until 10 a.m. tomorrow, Wednesday morning."

Clerk Rossi: "House Perfunctory Session will come to order. Introduction of House Bills. House Bill 3884, offered by

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Representative Ronen, a Bill for an Act to amend the Children and Family Services Act. First Reading of this House Bill. House Perfunctory Session stands adjourned."