Speaker Lyons: "Good afternoon, Illinois. Your House of Representatives will come to order. Members are to be asked to please be at your desks. We shall be led in prayer today by Lee Crawford, the pastor of the Cathedral Praise Christian Center here in Springfield. Members are asked… and guests are asked to refrain from starting their laptops, turn off all electronics, and please rise for the invocation and the Pledge of the Allegiance. Lee Crawford."

Pastor Crawford: "Let us pray. Most gracious and holy God in heaven, God of all wisdom, God of all power, God of all presence, and God of all creation, we invoke Your blessings upon this august Assembly, upon the Speaker of this House, upon its Leaders, and upon all of its Members. May they be empowered with Your wisdom from above. May they be led by Your precious spirit. May they find strength in You, oh God. May Your grace, may Your mercy, may Your peace be with them all throughout this day and forever more. This we pray in the name of Your precious Son, Amen."

Speaker Lyons: "Representative Kevin McCarthy, would you please lead us in the Pledge of Allegiance."

McCarthy - 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 Lyons: "Roll Call for Attendance. Leader Barbara Flynn Currie, status of the Democrats."

Currie: "Thank you, Speaker and Members of the House. I have no excused Democrats to report today."

Speaker Lyons: "Thank you, Leader. Representative Mike Bost, GOP."

Bost: "Thank you, Mr. Speaker. Let the record reflect that Representative Mulligan and Rose are excused on the Republican side of the aisle today."

Speaker Lyons: "Thank you, Representative. Representative McCarthy, would you like to be recorded as present? Thank you, Representative. Representative McGuire. Mr. Clerk, take the record. There's 116 Members responding to the… to the Roll Call, we have a quorum. We're prepared to do the business for the people of the State of Illinois. Mr. Clerk."

Clerk Bolin: "Committee Reports. Representative Bradley, Chairperson from the Committee on Revenue & Finance to which the following measures were referred, action taken on December 12, 2011, reported the same back with the following recommendations: recommends be adopted Floor Amendment #7… Motion to Concur with Floor Amendment #7. Correction; recommends be adopted Floor Amendment #7 to Senate Bill 397 and Floor Amendment #2 to Senate Bill 400."

Speaker Lyons: "Mr. Clerk, Agreed Resolutions."

Clerk Bolin: "Agreed Resolutions. House Resolution 669, offered by Representative Jones. House Resolution 670, offered by Representative Acevedo. House Resolution 671, offered by Representative Gaffney. House Resolution 672, offered by Representative McAsey. House Resolution 673, offered by Representative Osmond. House Resolution 674, offered by Representative Brauer. House Resolution 675, offered by Representative Moffitt."

Speaker Lyons: "Representative Currie moves to the adoption of the Agreed Resolutions. All those in favor signify by saying 'yes'; those opposed say 'no'. In the opinion of the Chair, the 'ayes' have it. And the Agreed Resolutions are adopted. Mr. Clerk, the Adjournment Resolution."

Clerk Bolin: "House Joint Resolution 54, offered by Representative Currie.

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that when the House of Representatives adjourns on Monday, December, 12, 2011, it stands adjourned until Tuesday, January 10, 2012, in perfunctory session, or until the call of the Speaker; and when it adjourns on that day it stands adjourned until Wednesday, January 11, 2012, in perfunctory session, or until the call of the Speaker; and when it adjourns on that day it stands adjourned until Wednesday, January 18, 2012, in perfunctory session, or until the call of the Speaker; and when it adjourns on that day it stands adjourned until Wednesday, January 25, 2012, in perfunctory session, or until the call of the Speaker; and when it adjourns on that day it stands adjourned until Monday, January 30, 2012, in perfunctory session, or until the call of the Speaker; and when it adjourns on that day, it stands adjourned until Tuesday, January 31, 2012, at 12:00 noon, or until the call of the Speaker; and when the Senate adjourns on Tuesday, December, 13, 2011, it stands adjourned until Wednesday, January 11, 2012, in perfunctory session, or until the call of the President; and when it adjourns on that day it stands adjourned until Wednesday, January 18, 2012, in perfunctory session, or until the call of the President; and when it adjourns on that day it stands adjourned until Wednesday, January 25, 2012, in perfunctory session, or until the call of the President; and when it adjourns on that day it stands adjourned until Tuesday, January 31, 2012, at 12:00 noon, or until the call of the President."

Speaker Lyons: "Leader Barbara Flynn Currie moves for the adoption of the Adjournment Resolution. All those in favor signify by saying 'yes'; those opposed say 'no'. In the opinion of the Chair, the 'ayes' have it. And the Resolution is adopted. Mr. Clerk, on page 3 of the Calendar, under Senate Bill-Second Reading is Senate Bill 400. What's the status on that Bill, Mr. Clerk?"

Clerk Bolin: "Senate Bill 400, a Bill for an Act concerning revenue. The Bill has been read for a second time on a previous day. Amendment #1 was adopted in committee. Floor Amendment #2, offered by Representative Currie, has been approved for consideration."

Speaker Lyons: "Leader Barbara Flynn Currie on Floor Amendment #2."

Currie: "Thank you, Speaker. May we… may we adopt the Amendment and then discuss the Bill on Third-Reading?"

Speaker Lyons: "The Leader moves for the adoption of the Amendment. All those in favor signify by saying 'yes'; those opposed say 'no'. In the opinion of the Chair, the 'ayes' have it. The Amendment is adopted. Anything further, Mr. Clerk?"

Clerk Bolin: "No further Amendments. No Motions are filed."

Speaker Lyons: "Third Reading and read the Bill."

Clerk Bolin: "Senate Bill 400, a Bill for an Act concerning revenue. Third Reading of this Senate Bill."

Speaker Lyons: "Leader Barbara Flynn Currie on Senate Bill 400."

Currie: "Thank you very much, Speaker and Members of the House. When President Gerald Ford was in the White House the Congress and the President created an Earned Income Tax Credit. It was meant to help low-income working families. It's important to stress the point that these are working families. This is the Earned Income Tax Credit, it is not a give away. President Ronald Reagan signed an expansion of the Earned Income Tax Credit and at the time he called it… he called it the best antipoverty, best profamily, best job creation measure to come out of Congress. Illinois’s Earned Income Tax Credit limit is set at 5 percent of the federal credit. This measure would expand the percentage so that in 2012 it would go to 7.5 percent of the Federal credit and in '14 and beyond it would be 10 percent of the Federal credit. This is important to do because our low-income working families are pinched. They're pinched by high state, sales, property and income taxes and in fact, as a share, as a percentage of their income, they are paying 3, 4, and 5 times as much as their more affluent neighbors. Most of the states that have an Earned Income Tax Credit are at least 15 percent. Wisconsin is higher than that and our… even our neighbor Indiana is much higher than Illinois today. Illinois, in fact, is tied for second lowest in the nation in the generosity of the benefit, but the important thing to note is that this is really a measure designed to keep people at work and to reward them when they are, in fact, working. In terms of what this would do for Illinois families to go from 5 percent to 10 percent would mean that a single mom with one child, earning a minimum wage $12,800 a year, her $285 in state tax receipt this year would go when we are at 10 percent down to 131. A single mother with two kids, a family of three at 20 thousand right now would be paying 480. We would be able, doubling the EITC, to bring her down to 259, more than half the amount that she owes. According to a study by the Brookings Institution, every dollar a family saves through the EITC translates into a $1.58 of activity in the local economy. This is not money that people are going to sit on; it is money that they are going to spend. Increasing the Earned Income Tax Credit can increase economic activity. It can boost our economy as well as helping individuals who do definitely need our help. There's a second provision in Senate Bill 400 and that is that it will increase the standard exemption. Today that is $2 thousand. We exempt $2 thousand of everybody's income before we calculate what they owe. This would, in 2012, take that number to $2,050 and thereafter would index the standard exemption to inflation so people would not find that they're… the value of their standard exemption is reduced over time even as the Consumer Price Index increases. I'd be happy to answer your questions, and I would appreciate your bipartisan support for passage of this measure. When we created the state EITC in the year 2000, the vote in this floor was unanimous. When we made it refundable in the year 2003, the vote in both chambers, again, was unanimous. This is a business-friendly, family-friendly, antipoverty program and I am happy to answer your questions, and would appreciate your support."

Speaker Lyons: "Doorman, please take action on the… actions being done up in the… in the gallery. Please, doorman, security. Leader Currie, we're going to get back to business on the House Floor. Did you conclude your remarks? Leader Currie, are you finished?"

Currie: "I'm waiting for…"

Speaker Lyons: "Okay. We have three speakers in response. Chair recognizes Gentleman from Crawford, Representative Roger Eddy."

Eddy: "Thank you, Speaker. Would the Majority Leader yield for questions?"

Speaker Lyons: "Majority Leader awaits your questions, Roger."

Eddy: "Okay. Thank you. Leader Currie, first let me thank you for quoting a couple of Republican Presidents, Gerald Ford and Ronald Reagan."

Currie: "Absolutely, it was my pleasure."

Eddy: "I think if we paid a little more attention to them we certainly wouldn’t be facing some of the issues we are today. Some of your other comments related to the high toll and the difficult time working families are having in this state related to making ends meet can be traced back to last January when, on a partisan Roll Call, your side of the aisle increased the income tax on those individuals by 67 percent. And today we're dealing with that, no question.

Hopefully that won't be lost in this discussion. Let me… let me ask you a question about the effect of the Earned Income Tax Credit as to a constitutional provision related to a progressive tax. Isn't the net effect of allowing Earned Income Tax Credits to change the overall percentage that an individual is taxed to make what might appear to be a progressive income tax system?"

Currie: "I don't think so, Representative. And I'm certainly aware of no court case in which someone has challenged the Earned Income Tax Credit in the State of Illinois, which we adopted in the year 2000. So, I think there is not an issue there at all. This is…"

Eddy: "Well, what… what…"

Currie: …this is not a different rate for low-income people. It is a tax credit. We offer credits for other kinds of things as well and this seems to me to be entirely in keeping with our usual approach."

Eddy: "What income levels receive the Earned Income Tax Credit?"

Currie: "For a family of four it can range up to about $45 thousand a year. You do know that it is one of the credits that becomes less valuable at higher levels of income. So, it is most useful for people who are at the lower end of the economic spectrum."

Eddy: "The… the portion of your response I think that I want to concentrate on is the fact that for that same family of four that might have an income of over I think you said $45 thousand, this doesn't provide any relief from that income tax increase, does it? I mean this portion, the Earned Income Tax portion."

Currie: "At… at the highest level the value of the Earned Income Tax Credit is negligible."

Eddy: "So, you would…"

Currie: "But at lower levels I think I read some of the differences it would make for families at various levels of the income program. So, a single mom, one child, $12,800 a year her tax bill would go down by well more than half if we were to go to 10 percent of the federal credit from 285 to 131."

Eddy: "Yeah. I think you're making my point for me, and I appreciate that. How about for somebody with a family of four that makes $47 thousand a year?"

Currie: "I don't have the figure, but I can… I think 47 thousand you would not qualify. And remember that 45 thousand is for a family, I believe, of four so, the limit for a family of two would be a good deal lower."

Eddy: "Well and I think that's my concern here, is that while this does provide some relief for a segment of working families and working people, if you don't happen to fall within that category the only portion of this relief Bill that would effect them is the… the increased personal exemption. Is that correct?"

Currie: "That is correct."

Eddy: "So, what percentage of the people in the State of Illinois, the working people of the state, would receive a measure of relief based on the Earned Income Tax Credit portion?"

Currie: "Well, right now about two and a half million people qualify, and ask for, and get the Earned Income Tax Credit. I don't know what that number might be in future years, but that's what it is today."

Eddy: "So, I… I don't know if these figures are totally accurate, but we have about seven and a half million people that work in the state. About two and a half million people would receive the lion’s share of the relief from the income tax increase that was passed last January under this Bill."

Currie: "And… and from state and local property taxes which for a very low-income earners in Illinois are four and five times proportionally more than they are for people who are more affluent."

Eddy: "So in FY13 there's $55 million worth of relief for those families who qualify, those working families that qualify and if they're over the 45 thousand, for example, family of four, under this portion there is no relief. And those individuals will be strapped with the continuing difficulty of making ends meet because last January the income tax was increased by 67 percent."

Currie: "Of course those individuals would qualify for the increase in the standard exemption."

Eddy: "Okay."

Currie: "From 2000 to 2050 in…in fiscal '12 and then to… to match the Consumer Price Index in 2013 and beyond."

Eddy: "Okay. Let's go to that, as you bring it up. What… what relief is that? What would the net relief be for that increase based on what we believe the Consumer Price Index may yield for the increase in that exemption?"

Currie: "'Course it would depend on what the Consumer Price Index does, but our… our estimates are that in 20… in fiscal '13 when it goes to $2,050 that the cost of the state would be 20… about 20 million and that it would double at the point it goes to the CPI. But that estimate, who knows, the CPI could turn out to be negative in which case there would be no… no benefit."

Eddy: "Well, Leader Currie, the fact is that about $30 million in tax relief for families, for working families, all working families, can be calculated under this Bill through the personal exemption COLA increase. So, there's about $30 million total for… for all working families for that portion of the Bill."

Currie: "I believe it's 20 million in the first year and 40 million thereafter, is what our estimates are showing."

Eddy: "Okay."

Currie: "For the increase in the standard exemption."

Eddy: "Okay."

Currie: "If there is an increase in the standard exemption depending on what happens to the Consumer Price Index."

Eddy: "Thank you, Representative. Ladies and Gentlemen of the House, to the Bill. I… I thank the Majority Leader for her comments related to the effect of this legislation. Last January, the people of the State of Illinois were dealt a difficult blow in tough fiscal times. Their income taxes were increased by 67 percent. And today about a year into the implementation of that tax, this is a Bill that attempts to provide relief to some families, more than others, working families in this state from that income tax increase. This whole situation was caused by several years… multiple years of irresponsible budgeting under Democratic Leadership. And today we’re here to clean up the mess, but we're not cleaning up the mess in a manner that recognizes the full impact of that increase, not even close, not even close and not even proportionate. For families that are over 45 thousand, a family of four over 45 thousand, the relief for that family is nowhere near the relief for a family under that amount. There's no question that we need to backpedal on the damage that was done last January. But Ladies and Gentlemen of the House, unless it is fair, unless it is equitable, and unless families who enjoy this relief across the state can be treated in a similar manner, I don't think we're doing the right thing here today. I think by picking and choosing who gets relief, we're picking winners and we're picking losers and that's probably not the best way to approach this. This problem was caused by the Democratic Majority and the Leader of that Party in this state that imposed the 67 percent income tax increase on the hardworking people of this state. This is an attempt to placate them and I think the people are going to see through it."

Speaker Lyons: "Representative David Harris."

Harris, D.: "Thank you, Mr. Speaker. Question of the Sponsor."

Speaker Lyons: "Representative Currie awaits your questions, Representative."

Harris, D.: "Leader… Leader, as I understand that this is Bill number one of a two-Bill package. Is that right?"

Currie: "That would be accurate."

Harris, D.: "And with some modification these two Bills put together are pretty much the same as the single Bill that was defeated two weeks ago."

Currie: "Correct."

Harris, D.: "So, instead of one Christmas tree we are now looking at two Christmas trees that are more expensive put together than the one."

Currie: "I don't think this Bill is a Christmas tree, Sir, but I think I might agree with you when it comes to the next Bill on the agenda."

Harris, D.: "Well, I think that such as the nature of Springfield that we end up having two Bills instead of one in the two… two Bills that do pretty much the same thing and the two end costing more than one. Ladies and Gentlemen of the House, on November the 16 the Chicago Tribune ran a large editorial that read this: 'It ain't easy being broke.' And underneath that it said, 'Illinois wants to take care of its leading employers, but what can it afford?' And that, Members of the House, is the key question. What can we afford? The State of Illinois is in an extremely difficult financial situation. This House, however, this House led the way in passing a budget for fiscal year '12 filled on a conservative revenue estimate. We built a budget that was meant to spend less than what our revenues were going to be. And then… and then we passed House Resolution 158 that says we will use any excess revenues to pay down our old bills. And according to recent estimates from COGFA and from the Office of Management and Budget we may have 250 to as much as 600 million dollars above what we budgeted which we can use to pay down old bills. But that's only a start. We must maintain this type of fiscal budgeting discipline for several years into the future in order to get out of the hole that was dug. Now, we were negotiating Amendment #3 to Senate Bill 397, which unfortunately, I believe, unfortunately was not called two weeks ago. And then when we negotiated that the questions were always asked, when talking about certain provisions, what can we afford and how can we best allocate any financial resources we have. As we look ahead to next year, we already have mounting financial obligations. We know that our pension payment alone is going to increase by $500 million and the Medicaid hit could be double that. So, there was a challenge on drafting the legislation that could aid businesses as well as individuals. Let me say, that if this House truly wants to pay us tax relief, then we ought to lower the income… personal income tax immediately. But when it came to individuals, consideration was given to how much could be allocated to the Earned Income Tax Credit and an increase in the personal exemption for income tax purposes. Now, I sit on the Revenue Committee; I look at numbers that come in and how much revenue is the state going to get in. It is worthwhile to keep in mind that each $100 increase in the personal exemption reduces revenues to the state by roughly $50 million. We are fortunate right now to live in a low

Consumer Price Index environment but it is not hard to imagine that the CPI goes up to 5 percent a year or more. Five percent a year, each year, means a minimum of $100 increase in the personal exemption each and every year, which means that each and every year 50 to 60 million dollars comes off the top in terms of state revenue. Let's look at the Earned Income Tax Credit. We negotiated an Earned Income Tax… this Bill increases it eventually to 10 percent. We negotiated an Earned Income Tax Credit that goes up to seven and a half percent. At seven and a half percent a single mother with one child earning $12 thousand would see her tax bill next year reduced to $208 from 285. That is a 27 percent reduction in tax bill. At seven and a half percent a married couple with three children earning $30 thousand would see its tax bill reduced to 625 from 799 dollars a 21 percent reduction. So, there was genuine relief for low wage earning individuals at seven and a half percent. Now, many on my side of the aisle seem to be uncomfortable with the Earned Income Tax Credit. I would like to remind my fellow colleagues that this is a tax credit for low-income wage earners. My friend, this is not welfare. This is for people who have jobs and who are productive members of society. We, on this side of the aisle, should not shy away from the Earned Income Tax Credit. At the same time we should ask the question, how much can we afford? That’s the initial question that we started with. Personally, I believe this Bill goes too far in terms of future revenue lost which is going to make it harder for us to fund those basic state services that we need to fund. I think that things will be even tighter for budgeting in the future and it's going to be even harder to get out of the mess that we are in. However, the powers that be, when they put the package together, said that this is a better package than what we had before. Therefore, I support the Bill and I encourage each and every one of you to do the same. Thank you."

Speaker Lyons: "Representative John Bradley."

Bradley: "I would… I rise in support of this piece of legislation as companion Bill to Senate Bill 397. I'd like to compliment Leader Currie for her leadership on this, Representative Harris, Leader Cross, for putting this total package together. And I would encourage everyone even though it's not everything that everybody wanted; it's a significant step in the right direction to create balance for the overall process that we're trying to accomplish here. And I would encourage everyone to make an 'aye' vote."

Speaker Lyons: "Representative Mike Fortner."

Fortner: "Thank you, Speaker. To the Bill. There are a couple concerns that I have with what I see in this current Bill, on both legs, on both the part for the Earned Income Tax Credit, as well as for the personal exemption. Let me take up the second of those two first. On personal exemption, the way I see it by only increasing that by $50, even if it's going up in the future, we are looking at the middle-class exemption. The exemptions coming off at a 5 percent tax rate a $50 boost, you're talking about $2.50. If we're going to do something I think we have to do something that's a little more meaningful for those in the middle class. Yet, on the other hand, on the EITC, if part of this is to recognize, as I think our floor Leader pointed out, that there has been a significant additional burden placed on all Illinois taxpayers by the income tax increase that was enacted almost a year ago, an increase of just under 67 percent then even if one was trying to proportionally relieve that burden on those who benefit by the Earned Income Tax Credit one would imagine that that would amount to an increase of the same just under 67 percent. Yet in this Bill, by the second year it will have not gone up by 67 but an increase of 100 percent. So, not only are we redirecting some of our budgetary resources to relief here but I think it goes beyond even what a reasonable attempt would be to say we need to at least keep it proportional with what was done prior to a tax increase that I did not support. I think it's burdening all of our taxpayers to this day. For that reason, I'm not going to be able to support this Bill. Thank you."

Speaker Lyons: "Representative Dwight Kay."

Kay: "Thank you, Mr. Speaker. Does the Sponsor yield?"

Speaker Lyons: "Sponsor yields."

Kay: "Representative, I have a couple of questions and they're really fairly simple. By increasing the in… Earned Income Tax Credit from where we are today to where you want to go, what percent increase is that?"

Currie: "It would be… it would be from 5 percent of the federal tax credit to 10 percent over time. 7.5 percent in the first year, 10 percent in the second and I just… in answering your question, let me just reiterate that we are set tight for second lowest in the percentage we offer people of… in terms of the federal credit, that we are the second lowest."

Kay: "Well, Barbara, let me… let me get to ask you again though. Percentage wise, is it a 50 percent increase or a 100 percent increase? What is the increase?"

Currie: "It is from 5 to 10 percent, Sir; you may do the math."

Kay: "Okay. Well, that'd be a pretty substantial increase, wouldn't it?"

Currie: "And it would bring us not nearly to the middle of the pack when it comes to the proportion of the federal tax credit we allow low income wage earners to use in calculating their Illinois credit."

Kay: "Well, Representative, we're not in the middle of the pack in a lot of things. But let me talk about… let me talk about specifics about some facts because I'd like to make this as factual as we can. With respect to Amendment 2 and talking about a family that owns $50 thousand or more and has two dependant children, what kind of tax relief can they expect in 2012?"

Currie: "Well, actually a family of four at 50 thousand is not entitled as I… as I understand it."

Kay: "They're not, okay. They're not entitled."

Currie: "To anything. And at 45 thousand, may be the limit today, the amount would be quite minimal. I… I got some numbers on some people at slightly lower levels of income. So, for example a family of five at $30 thousand a year today would be paying almost $800 in taxes and if we were to go to 10 percent their tax bill would come down almost $200 to 600. But as you can see from that number, the value of the credit becomes a lot smaller as the value of the earnings increases. So, here we're at 30 thousand and you go from 799 to 600. So, I'm sure that if you get as… as high as 40 or 42 or 44, the value is not going to be so great because you don't get as much out of the Earned Income Tax Credit to begin with."

Kay: "Okay. Let me… let me ask separate question then. The same scenario, two dependant children, family household earning $50,000, exactly what tax relief will they receive in 2013?"

Currie: "What was the… I'm sorry what was the number…"

Kay: "Well, the same scenario, Barbara."

Currie: "Family of four at 50…"

Kay: "Well, two dependants, family of four…"

Currie: "Okay."

Kay: "…income of $50 thousand."

Currie: "Okay. At $50 thousand they should get nothing from the Earned Income Tax Credit."

Kay: "Okay."

Currie: "They would get a bit of an increase in the standard exemption."

Kay: "Okay. Now, let's talk about 2012 with respect to the income height that families in these categories now are really up against so to speak, the wall. Aren't they indeed in 2012 this $50 thousand scenario I've laid out with four people in the household, two dependant children… aren't they really paying about $850 more a year right now, since they were in 2010?"

Currie: "I don't have those figures."

Kay: "Well, that’s true, they are. And isn't it true that that’s going to continue in 2013?"

Currie: "Excuse me?"

Kay: "Is that not also the scenario that will carry forward into 2013?"

Currie: "Yeah. They would… they would still not be eligible for help under the Earned Income Tax Credit unless there is a change… yeah…"

Kay: "Okay."

Currie: "…unless there's a change at the federal level."

Kay: "So…"

Currie: "But they would be entitled to an increase in the standard exemption, assuming there is an increase in the CPI."

Kay: "Right. Okay. And I understand that. Where I'm headed and I think you've probably picked up on this possibly, is I'm curious we've already done something for the lower class, so to speak, on when it comes to income and credits. What are we doing for the middle class?"

Currie: "And for the middle class what we are doing is a lot less than we're doing for some very wealthy businesses in the State of Illinois. The value of increasing the standard exemption and increasing the value of the Earned Income Tax Credit is maybe a little more than half as much as the dollars that another Bill, if we support it, will bestow upon businesses in the State of Illinois."

Kay: "Well, let me… let me step…"

Currie: "Individual tax relief is a smaller, by far, portion of the overall package that we earlier heard about that is support for business relief."

Kay: "Well, Representative, here's my concern. I don't know what your staff tells you this Bill will cost the state, but my estimate and I think I might be right on, spot on, is about $100 million providing what kind of answer I get to my next question. Now, that's $100 million and the reason I'm interested in the middle class is because I think they're going to end up paying that. That's the reason I asked that question. However, let me… let me just ask this, is not this state penniless?"

Currie: "I'm sorry. Is what?"

Kay: "Is the state not penniless? Are we not broke?"

Currie: "I do not think we are broke, and as I say, if you're concerned about the state of our… of our Treasury, you might be a lot more concerned about the vote you're asked to offer on the next Bill because that's going to have a much greater ability to deplete the Treasury than is this."

Kay: "Well, I guess my… my point simply is this. This is a Bill where our help already exists for lower income tax earners and we're not doing anything for those in the middle, and I think that's… that's a shame. My last question is just this, wouldn't it be a better idea, when we're talking about income tax credit, to talk about, as opposed to giving people a check which doesn't incentivize them to go get another job… to do something different with respect to how we give this credit out."

Currie: "The… the reality is, that the reports on how the Earned Income Tax Credit is used suggest that more then 60 percent use it for periods of under two years, very few families use that credit for longer than that. There is… because the value of the credit declines as income increases, there is real incentive to get off the program altogether."

Kay: "Well…"

Currie: "And study after study shows exactly that. This is an incentive to work not disincentive to move up the… the promotional ladder."

Kay: "Well, let me… I'm curious, one last question then. If the CPI went from 5 percent as opposed to maybe 1 percent, what would happen to the overall cost of this Bill?"

Currie: "Well, the… the standard exemption, we're estimating that cost at about $20 million a year, once we're in, but obviously that's an estimate. If there is no increase in the cost of living, there would not be an increase in the standard exemption, a very small CPI would presumably bring that $20 million cost down."

Kay: "Thank you, Leader. To the Bill, Mr. Speaker, I… I disagree with one… one essential element of the comments, the dialogue we've had. This state is penniless; I don't think there anyone that disagrees with it. We all want to help people but I think when we do it we need to do it on a broad base and not a disparate basis. The middle class needs help just like the lower class, and I think it's time we recognize that. I'm going to ask that we consider very carefully, the state of our finances here as well as the middle class in this state. Thank you, Mr. Speaker."

Speaker Lyons: "Representative Mike Tryon."

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

Speaker Lyons: "Sponsor yields."

Tryon: "Leader Currie, I… I guess one of the things that’s frustrated me since I've been in this chamber is, coming from local government we tend to look at things more strategically, what our decisions might mean to us five years from now, two years from now, three years from now. In this chamber we've always seemed to just do a budget one year at a time, and spend money one year at a time, except when we voted to raise income taxes. When we voted to raise income taxes, we made a strategy for the future and that strategy was the income tax was temporary and in two years from now we will have to vote to keep it around at its current level. So, when we look at this question, do we… how are we going to have the money in two years to keep an Earned Income Tax Credit at $20 million?"

Currie: "It would be my view that we are… we're seeing some signs of renewed help in the economy, we are phasing in the increase and just the Members of the chamber should understand, this is not a new issue. We have been working on increasing, expanding, making a greater incentive of the Earned Income Tax Credit since 2000. And the fact that we are now able to do so, I think is exciting news for our low-income workers, and I think that that may prove a real shot in the arm for the economy."

Tryon: "So, being that Illinois has one of the highest levels of unemployment right now, today, would we not, if the things don't turn around, be making the decision that in two years would effect the very programs that a lot of these people rely on, such as our Medicaid program and some of our assistance programs, to come up with this $20 million by reducing those other programs?"

Currie: "But these, remember, are workers. These are people who are out earning wages. It's the Earned Income Tax Credit. If there is a problem down the road, we're a continuing Body; we can come back and solve it. Again, I would remind the Body that the dollar amounts involved in individual tax relief under this proposal, are very significantly less, very much less substantial than what you'll be offered in the next Bill on the Calendar."

Tryon: "I… I might just point out that our Medicaid program kicks in at around 200 percent of poverty and many of these salary… many of these people would be effected by that. And in fact, it was 400 percent and we've had to cut it back and my guess is, if the economy doesn't turn around, we're going to have to take that money from some place and it could very well… very well be coming from programs that already assist those people. The question I think is, can you afford it? And I don't see how we make these decisions to continue to spend money when we know that our revenue, in two years, is going to drop substantially, and I'm not comfortable of making this decision. I think it has a price to pay in the end that's greater than the price and the cost that it cost to implement it. So, I'll be voting 'no'. Thank you."

Speaker Lyons: "Leader Barbara Flynn Currie to close."

Currie: "Thank you, Speaker and Members of the House. We've talked about how the state is broke; we've talked also on this floor about how we need to roll back an income tax increase and you know what, Speaker and Members of the chamber, I don't get it. I don't get it. On the one hand the very people who are telling us that the state is broke, are telling us we should reduce the level of taxation. I think that the proposals in Senate Bill 400 are sensible, humane and in fact, can help our economy. Low-income earners in Illinois today get an advantage of… the maximum they can get today is $283. We talk about our competition, we talk about states like Wisconsin, the maximum there is $1,926 for the same family, 283 in Illinois, 1,926 in Wisconsin. The Indiana tax credit is set at 9 percent, we are at 5. I would urge that putting money in the pockets of hardworking, low-income earners in fact will spur our economy, may help us out of our doldrums. And I would say that applying the Consumer Price Index increases to the value of the standard exemption doesn't mean that in the future years we'll be taking more money than we should be taking out of our citizens’ pockets. I urge your 'yes' vote."

Speaker Lyons: "Leader Barbara Flynn Currie, moves for the passage of Senate Bill 400. This Bill will require 60 votes for passage. All those in favor signify by voting 'yes'; those oppose vote 'no'. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Kay, Thapedi. Mr. Clerk… Representative Thapedi, want to be recorded? Mr. Clerk, take the record. On this Bill, there are 67 Members voting 'yes', 49 Members voting 'no', 0 voting 'present'. This Bill, having received the Constitutional Majority, is hereby declared passed. Mr. Clerk, on page 3 of the Calendar, under Senate Bill-Second Reading, we have Senate Bill 397. What's the status on that Bill, Mr. Clerk?"

Clerk Bolin: "Senate Bill 397, a Bill for an Act concerning revenue. The Bill was read for a second time on a previous day. Amendment #3 was adopted in committee. Floor Amendment #7, offered by Representative Bradley has been approved for consideration."

Speaker Lyons: "Representative John Bradley on Floor Amendment #7."

Bradley: "I move for the adoption of this Amendment and then debate the Bill on Third."

Speaker Lyons: "Representative Bradley moves for the adoption of Floor Amendment #7. All those in favor signify by saying 'yes'; Those opposed say 'no'. In the opinion of the Chair, the 'ayes' have it. And the Amendment is adopted. Anything further, Mr. Clerk?"

Clerk Bolin: "No further Amendments. No Motions are filed."

Speaker Lyons: "Third Reading and read the Bill."

Clerk Bolin: "Senate Bill 397, a Bill for an Act concerning revenue. Third Reading of this Senate Bill."

Speaker Lyons: "Representative John Bradley."

Bradley: "Thank you, Mr. Speaker and Members of the House. This is the culmination of months of hard work by the Revenue & Finance Committee in conjunction with the Senate and the Governor's Office. This is the first part of an ongoing process that we're engaged in, in trying to reform the Tax Code in Illinois. We had intended in taking up these issues in the spring next year, and we still intend to do things in the spring, but the timing of two longstanding Illinois corporations who had weathered the economic downturn would weather the economic storm but were in need of adjustments in order to continue to remain in Illinois, made the timing of this vitally crucial at this point. So, in crafting the previous legislation, Senate Bill 400 as well as Senate Bill 397, we tried to create a balanced approach to the issue of tax relief in Illinois, to not just provide tax relief to large corporations which is… was vitally important in order to keep those jobs, those vital jobs, those families in Illinois, but to provide relief to small and middle-class businesses, to working families and the middle class, the strong middle class, in the State of Illinois. So, Senate Bill 400 in conjunction with Senate Bill 397 is the results of those efforts. It's very similar to the Bill that Representative Harris and I negotiated over the previous holidays. It's broken into pieces, obviously. There's been an adjustment to the estate tax; there's been the inclusion of Champion Labs directly for downstate. There have been adjustments in the EITC and the previous Bill, but overall, we have tried to provide relief for farmers, for small family farms, for small businesses through the net operating loss in the estate tax, through the expansion of vital economic developmental tools, through the expansion of the sunsets, and to retain the jobs at Sears and the Chicago Mercantile Exchange, as well as providing relief to the middle class through the personal exemption. This Bill, although somewhat larger than the previous Bill that was put forth by the Revenue Committee, still lives within the means of the state and the balancing we do in trying to pay the backlog of bills and at the same time provide tax relief at this moment of time. An important aspect of this Bill, which cannot be overlooked and which was the insistence of the downstate caucus, Democrats, Representative Harris, working together with myself and others in making sure that there was no impact on fiscal year 12. So, the Resolution that was passed by this chamber earlier this year that said that we are going to dedicate any and all surpluses in fiscal year '12 to the payment of back bills remains in place. Whether that surplus ends up being 250 million or 800 million, depending on the estimates that we receive, that money will go towards the back payment of bills. By lowering the total cost of this package to under 300 million in year one of the program to under 350 million in years two and three of the program we have freed up 5 to 600 million dollars in future budgets, which is also included in this legislation, to pay our providers that are waiting on payments. So, we haven't done this in a microscope; we haven't done this in a vacuum, we've done this in the context of trying to create a fiscally responsible package which retains jobs for longstanding Illinois companies, which provides relief to the middle class, which provides relief to the working poor, which provides relief to small businesses, to small family farms, and retains the jobs that are vitally important to the State of Illinois. I would ask for an 'aye' vote."

Speaker Lyons: "The Chair recognizes Representative David Harris."

Harris, D.: "Thank you, Mr. Speaker. Question of the Sponsor."

Speaker Lyons: "Sponsor yields."

Harris, D.: "So this is… this is Bill two of the two-Bill package which is more expensive than the one-Bill package, right?"

Bradley: "Correct."

Harris, D.: "And the Live Theater Tax Credit is in there at $2 million versus $1 million?"

Bradley: "Correct."

Harris, D.: "And there are sunset provisions in there on a range of tax credits and deductions that are not now going to expire. They're going to remain in place, correct?"

Bradley: "Correct."

Harris, D.: "There's one in there for the credits to hire ex-felons as I understand, for ex-felons."

Bradley: "Correct."

Harris, D.: "However, it's in there because we want to give certainty to businesses that these tax credits and deductions are not going to expire, correct?"

Bradley: "Correct."

Harris, D.: "Thank you. Mr. Speaker, to the Bill. Before I address the legislation I want to tell my colleagues that for over 30 years I have had an associate membership interest in the Chicago Board of Trade which was held for investment purposes. This has always been shown on my statement of economic interests. About 5 years ago the Chicago Board of Trade was purchased by the Chicago Mercantile Exchange, the CME Group. While I do not believe that the membership interest poses a conflict of interest any more than being a hospital board member, voting on Medicaid issues poses a conflict, I will vote ‘present’ so as to avoid the appearance of any conflict. Let me also state that I own no stock in the Chicago Mercantile Exchange or CME Group. To the Bill. Ladies and Gentlemen of the House, this legislation offers significant benefits to two large corporations in our state. Now, many in this chamber will ask and say, well, if you can help the big guys, what is it to stop other corporations from coming to Springfield and seeking tax benefits? The simple answer to that question is nothing. Nothing will stop Abbott Labs from coming to Springfield and saying give us help or we will move up to the land we own in Wisconsin. Nothing will stop Walgreens from saying… coming here and saying give us help or were going to move from Deerfield, Illinois to Brookfield, Wisconsin. Nothing will stop Aon or Horace Mann from coming here saying give us help; we're going to leave Chicago or Springfield and go to Indianapolis. We cannot stop them from doing that no matter how hard we may try. Even if we had a good tax climate, and I'm the first one to say that we do not have a good tax climate, there is nothing we can do to stop a large corporation from pitting state against state by saying it's simply thinking about moving. You probably heard the reports that Ohio was offering Sears almost $40 million to move to Ohio. So, if a state should come here and do that, it is our job to fairly evaluate, is it a good idea or not to grant benefits. So, let's evaluate the Sears proposal and the CME proposal. Now, there are many on my side of the aisle that say if only we had not increased the corporate income tax, we wouldn't be here. These two companies wouldn't be here today if we hadn't increases the corporate income tax. My friends, I completely disagree with that. Sears is asking for two things; extension of its EDA and $15 million a year in tax credits. Well, what is an EDA? It's nothing more than a fancy TIF, and the Sears TIF is expiring in 2013. This House almost routinely extends and approves TIF extensions. Permit me to remind you that in the spring we voted to extend TIFs in Dixon and Lansing, in Markhum, in Bensenville, in Moline, and in Lawrenceville. Sears is asking for an extension of their TIF. So, I contend that they would have been here anyway, even without a tax increase. As for the $15 million in EDGE credits, that is a small price to pay for keeping more than 4 thousand jobs and the economic impact of those 4 thousand jobs in the northwest suburbs and in our state. Let's keep in mind that Sears in 2010 paid $129 million in sales and use taxes and $800 thousand in income and franchise taxes and despite the fact… despite the fact that we got a little bit of a lecture from the distinguished Gentleman from McHenry County about how Sears could get the tax credit and still lower the number of employees they have now, let's remember we did this same thing in the spring with Motorola Mobility. We gave them $109 million in EDGE tax credit and technically they could lower the number of employees that they have. But the EDGE tax credits work; they're a good idea. Companies don't get the tax credits unless they meet the requirements of the tax credits and the Department of Commerce and Economic Opportunity, believe it or not, does a really good job of monitoring compliance with those tax credit requirements. There have been a large number… a large number of corporations who have been granted tax… EDGE tax credits that don't get those tax credits because they haven't met the requirements that they agreed to. And along with MMI I should… along with Motorola Mobility I should add that we had granted $19 million in tax credits to Continental Tire for those folks in southern Illinois. Okay. So, let's look at the CME. Again, I contend that we would be here today handling the CME issue even if the corporate tax credit… or excuse me, even if the corporate tax increase had not passed. John Deere, Navistar, Allstate, lots of other large corporations in Illinois do not pay much income tax in this state because of how we apportion corporate taxes. Taxes are apportioned on the revenue that they generate in Illinois. Revenue from a tractor or a combine harvester sold in Iowa doesn't get taxed under Illinois corporate income tax, but because the CME's computers are located in Aurora and that is where the large percentage of their buy and sell trades are matched up, most of the revenue is subject to Illinois income tax even though the buyer and the seller might be operating on the East Coast and the West Coast. And then you throw in something known as the throw-out rule in our corporate tax system, and CME it gets especially hard hit by that and I wont go into the throw-out rule. It's somewhat… somewhat very technical. But CME has a legitimate problem that would have brought them to this Legislature even without a tax increase because they cannot get regulatory relief from the Department of Revenue which is where they ought to start. There is one aspect, though, of the legislation that I would ask this chamber to keep in mind. We are putting in this legislation that the CME group would be taxed at 27.54 percent, permanently. Why is that a magic a number? It's a number made up by the Department of Revenue to which CME has agreed. CME has offered no data whatsoever that I have seen to say that 27.54 percent is the correct number. Maybe it should be 21 percent, or maybe it should be 34 percent. Now, if you think a major corporation will agree to allow itself to be taxed at a rate higher than it think it should be taxed, you’re smoking funny cigarettes. I am not suggesting that you vote against this Bill. I think both of these corporations deserve our assistance. What I am suggesting though is this House keep in mind and we put the Department of Revenue on notice that that 27.54 percent tax rate should not be set in stone and that it should be reevaluated at some point in the future. They should come to us and say we have data to support the tax rate you are taxing at us. So, not withstanding the… the increase cost of… of two Bills rather than one, I believe that this legislation warrants your support and I hope you will vote for it. Thank you for your patience."

Speaker Lyons: "Ladies and Gentlemen, we have 11 people wishing to speak and because of the seriousness of the issue, I'm certainly going to allow the debate to go on as long as I can, but I would ask you to please be considerate and try to stay within the 3 to 5 minute time frame. Democrats and staff, I'd ask you to please… Leader Tom Cross is going to speak. The last time I was in this Chair I made a promise I would never let him speak over the crowd noise. So, I'd ask everybody to give him the same respect that we give Speaker Madigan when he's on the floor. So, I'd appreciate silence on the floor. Staff take your conversation to the rear of the chamber. Leader Tom Cross."

Cross: "Thank you, Mr. Speaker. This won't take long. I want to congratulate and applaud Representative Bradley and Representative Harris who spent a lot of time on this issue for a good number of days and weeks on a issue that unfortunately or fortunately, however you want to look at it, had to be addressed and they did a very, very good job. They did a good job a year ago working on the budget and developing a number that we worked off of. So, they have continued to do good things and we are fortunate to have their ability utilized in this chamber and on this floor and in this state. But, I… I want to focus on today a little bit and there may be some disagreement from others on this and Representative Eddy's alluded to this over the last few weeks when he spoke. The reality of this problem and the reason we're here today and there's no other way around it, is that the tax policy and the increasing of taxes a year ago did not work, and there’s no other way to look at it. We have… had seen unemployment climbed over 10 percent, we've lost over 100 thousand jobs companies continue to talk to us and go to the press with their either desire to leave or the fact that they are leaving primarily because of the tax policy, but also because of workers' compensation because of our budget situation, because of our pension issue, because of our tort system, and the list goes on and on and on and you had to raise taxes because of your inability to control spending. When you are a chronic spender, you end up with a huge hole and it builds and builds and builds and builds and as a result of that policy and of that approach you've found yourselves increasing taxes. I was at a central Illinois company earlier in the summer and walked out of the meeting with the CEO who expressed to me his concern about taxes, his concern about comp., his concern about the pension system and on and on and on all these issues we've talked about on this floor on a regular basis and who was in his outer office sitting… getting ready to meet with him right after I left none other than the Governor of Indiana, Mitch Daniels. I'm not making this up; it is the truth. He was there to come in and pitch his state to this very large corporation. And if we think that the… the companies in this state are not going to be down here talking to us on a regular basis saying they are going to leave if we don't get our act together, then we are sadly mistaken. We have got to look at things in a broad-based way. Representative Harris talked about that, Representative Kay talked about that, Representative Eddy's talked about it. We had a rather, I don't want to say contentious caucus a little while ago, but we had a very spirited discussion about whether this was right, whether this was wrong. And I think at the end of the day, while as distasteful you may find this to be today, there’s some things in here that we need… needed to do. CME probably bothers you the most, but the reality of it, as Representative Harris talked about, is this is an adjustment of how we do taxes. It's not a break; it's not a credit. The reality is they are being taxed on all of their trades and that’s not fair, that's not right and any corporation would ask for an adjustment. Their timing couldn't have been better, and the… the press that they received I'm sure they would not have liked over this issue, but the reality is this is something we needed to do. But beyond that we are going to, on a daily basis, start hearing from corporations like Sears and others, saying we're going to leave because our policies make other states drool at the opportunity to come in here and grab our companies and give them incentives and say come to Indiana, come to Texas, come to Florida, come to Tennessee, come to Alabama, come to Louisiana, the list goes on and on because they have figured out what to do and not what to do. There were some references on the previous Bill about the idea or the belief that their EITC was at the certain level or their EITC was better than ours. They can afford to do those things because their budgets are balanced; their pension systems are under control; their tax policy is good. I think we have to accept the fact, and that there's a lot of angst on this Bill today, I realize that, that every issue we confront in the next few months, in the next few years will be very, very difficult. We no longer have any easy choices, if we're going to put this state on the right track and looking at things from a broad-based approach; changing our tax policy, changing our pension systems, reforming our pension systems, taking care of Medicaid even more than we have, balancing our budget. Can you imagine what it's going to be like next year confronting a $4 billion pressure that we didn’t have this year? You think today is tough? You think today is a difficult vote? I can't imagine what it's going to be like next year, $4 billion, a billion on pensions, almost a billion on Medicaid and $2 billion of pressures of unpaid Bills in the world of Medicaid. And you’re worried about how you’re going to handle today, you can't… you ain't seen nothing yet. And if we are going to accept the fact that this state is in as bad shape as it is, and it is, and we want companies to stay, the picking and choosing has got to stop. Got to roll back our corporate tax, got to balance our budget, we’ve got to look at broad-based approaches and there are three of them in here today: the NOL, the estate tax, and the R&D. Every state around us, every state around us, gives an R&D tax credit permanently. Every state around us with the exception of one has no state estate tax. The ability to carry forward and that operating loss also goes around at all the states around us. This isn't new stuff; this isn't creative stuff on our part. This is just us attempting to do this on a broad-based approach. So, we got to get through today and the Senate’s got to get through tomorrow, but starting on Wednesday we've got to accept the fact that we've got to change the rules. We've got to approach these things differently and we have to be willing to accept the fact that the decisions that we're going to face are going to be very, very difficult and we don’t have any choices. We had a long, free ride where we were doing things we shouldn't have done from a spending stand point, enhancing benefits stand point, the list goes on and on, those days are over. So, Mr. Speaker, I rise in support of this Bill. Again, to Representative Harris and Representative Bradley, you did a nice job on a very difficult issue. This is a bit different then when it left here or died here a few weeks ago but in concept in many, many ways it's the same package. So, thank you to them and as I said I rise in support of this and I will be voting 'yes'. Thank you, Mr. Speaker."

Speaker Lyons: "Thank you Members of the chamber. Representative Roger Eddy."

Eddy: "Thank you. Speaker, would the Sponsor yield?"

Speaker Lyons: "Sponsor yields."

Eddy: "Representative, I want to really concentrate for just a second on the CME portion because it's been described in a number of different ways. The term bail out has been used, I don't particularly believe that this is any bailout, but it's more of an adjustment…"

Bradley: "Correct."

Eddy: "…of the… where the tax originates or where the trade originates."

Bradley: "Correct."

Eddy: "Is that…"

Bradley: "It's a… it's a change in the apportionment formula. So, Illinois has the single sourcing formula for apportionment. So, if a traditional manufacturer sells a truck or a tractor outside of this state, that's not taxed for income tax purposes. Everything that CME does, because the electronic data center is in Aurora, because the floors are in Chicago, is getting taxed regardless of whether or not those transactions are actually Illinois transactions. There are two different ways to look at that, and this was a negotiation I wasn't a part of, but it was between various groups from the state as well as the Mercantile Exchange and there were two different ways basically to try to sort that out, to have a more fair system. You could do it on population, or you could do it on census data. Population would have been a lower number, so they chose the census data information to try to determine exactly a more fair apportionment method and that's how they arrived at the 27.54 percent."

Eddy: "Okay. And… and I guess, what I think we all need to make sure happens is that there is followup, direct followup to make sure that that 27.54 percent is accurate because if indeed CME is interested in paying taxes on the transactions that take place in Illinois, I would think that in this day and age where we can track by zip code just about anything except probably Christmas gifts this time of year seem to take a little longer, but why can't we figure out a foolproof way during the trade transaction to know exactly where it came from. And if it comes from out of state, perhaps there's a liability there and we could treat everyone in a manner that can be tracked and audited and we won't have this feeling that this number has kind of been contrived. I think that's the concern."

Bradley: "We're… we have challenges with regards to this specific industry in terms of coming up with a fair apportionment method. We're going to try this. Now, there are risks either way, right? It may be that this number is high, and that’s a possibility. It's a possibility that we may, in the future, decide that it is low, but this is the best that could be done in this window that we had to try to resolve this issue before the first of the year."

Eddy: "Well, I… I sincerely believe that this part of the Bill deserves close examination as we go forward to make sure that those claims are accurate and I intend to follow up on that percentage in some manner that will require the Department of Revenue to substantiate in a more accurate way the way those claims are handled and I think that's only fair to the whole process that we don't forget that."

Bradley: "And… and the joint Senate and House Revenue Reform Commission Committee is still functioning. It's our intention to continue to work into the spring to work through whatever issues we weren’t able to address in this fall Session."

Eddy: "Well, and I… I appreciate that because I think that may be a place where we'll learn a lot more about some of the issues related to why Illinois has difficulty, not only attracting business but retaining business and why we face this revolving door now of corporations and job providers who are going to come in and as Leader Cross accurately described, continue to ask on an individual basis when really what we need to do is have a policy in this state that… that is going to attract jobs in a… in a consistent manner rather than the piecemeal that we seem to have. And I… I want to point out one other area in the Bill that I… I think together we need to continue to work on and that's the fact that business climate in this state is… is uncertain based on the expiration of some of these credits. Now, the R&D credit to extend it 5 years certainty gives some measures of stability…"

Bradley: "With an additional 5-year carryover, so effectively ten."

Eddy: "…with an additional 5-year carryover. The point though is that if you're going to make a commitment in this state to spend hundreds of millions of dollars to invest here, 5 years even 10 years, while it's a period of time, it may not be the type of stability corporations really want. We need to look at why do we every few years have to renew these, why can't… why can't we just let businesses know what the climate's going to be."

Bradley: "That's a consistent theme in all the hearings that we've had around the state, from top to bottom and we tried to address those temporarily by the extension of all these sunsets. I don't disagree with you that there may, personally me speaking for myself, there may be a better process by which to go about that. I think that's something else that we look at in the spring."

Eddy: "I appreciate that as well because I think it adds stability, but the other thing is the perception that somehow this allows for those in power to have power over legislation that might extend benefits, adds to the political cynicism that we see in this state surrounding this entire process. It's stability, but it's also transparency and an openness that I think other business owners would like to see in other states coming out of our state."

Bradley: "I…"

Eddy: "Ladies and Gentlemen, and thank you, Representative, I want to join Leader Cross in… in acknowledging the hard work. This has not been easy and I know it's taken a lot of your time, hopefully you'll still have time to shop for some Christmas gifts somewhere along the way. Ladies and Gentlemen of the House, to the Bill. This Bill begins to turn around Illinois's image as far as the nation is concerned related to whether or not we're open for business and we're going to develop a climate in this state that's going to be positive as it relates to employment and jobs. We have a tremendous, tremendous difficulty right now because of several areas where businesses find Illinois to be more expensive to… to deal. And you know, I have friends on the border between Indiana and Illinois that have businesses and they don't want to leave the state and they’re not threatening to leave the state. The reason they may have to leave the state is because if they don't competitors across the border will sell their product for less and they won't be in business. They leave this state because they simply cannot compete because of the cost of input here. We have to do a better job. We have to together make job development the job of this General Assembly going forward because that's the only real way out of this, fiscal climate that we find ourself in is growth. And job growth it puts people to work; it helps families, it helps everyone if we create jobs, and I think that's what this does. It's not perfect, very few Bills that come out of here are perfect, we all know that. But, it does have enough in it that I believe we should support it if for nothing else that it begins to turn this state in that direction we need to turn to create that positive environment. So, I would urge colleagues on the House Floor to not let what happens sometimes on this floor, and I'm sure I've been guilty of it a couple of times as well, don't let the perfect become the enemy of the good. Realize that this is what we can do right now, but let's look at the spring, and let's look at the next few years in a bipartisan manner that we can address some of the other issues that people tell us are the problem. Let's listen to the people who create jobs and let's come up with a better way of doing it, but today, a couple weeks before we get out… or we have Christmas let's make sure this state is going to be more stable for jobs. I urge an 'aye' vote today."

Speaker Lyons: "Representative Dunkin. Three to five minutes, Representative, if you can."

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

Speaker Lyons: "Sponsor yields."

Dunkin: "Representative, first of all, I'm impressed that you have the tax incentive for the theater credit. It's very similar to the film tax credit. It affords or creates an atmosphere where someone who is interested in production they look at tax incentives in various states and they select a state based off of various reasons. Tax incentives are certainly one, and the plus part of it is the state doesn't lose out at all, for the most part, because just like the film tax credit they have to spend a certain threshold and then that’s when our tax credit actually kicks in. They do that by hiring an individual, paying an individual $25 thousand, have to spend over $100 thousand for a commercial or a television or… or movie production and the… and this is somewhat similar to the film with the theater tax credit, so that’s the good part of this Bill. My question to you is what is the solvency… the projected solvency estimate… estimate of Sears and CME?"

Bradley: "Well, as far as I know their solvency is okay. We should note that if there were a situation, god forbid, where these longstanding Illinois companies, who have survived the economic downturn, who are still here were to get into that situation, it would actually reduce or eliminate the cost to the state. So, for instance, the EDGE credit is not going to continue if Sears isn’t around; the EVA is not going to continue if Sears isn't around. If the

CME is not around, we stand to lose, even after this adjustment, 85 to 100 million dollars of tax revenues, if they're not around even after this adjustment. So, that's the situation we find ourselves in is that we lose the jobs, the families are impacted, be devastating to the regions in which these companies are located, the revenue to the state in terms of the EDGE credit would no longer be a liability."

Dunkin: "So, there is a commitment with the tax committee or the Revenue Committee to come back and assess all of the larger companies, the smaller companies, the mid size companies as well."

Bradley: "With regards to the EDGE credit, it's in the Bill. If they leave the state, they shut down, it goes away."

Dunkin: "So, what's the threshold for a company to benefit from the EDGE credit? Do they have to have certain number of employees, have a certain revenue base?"

Bradley: "Yeah. There… that’s something that is of personal interest to me, and something that the committee is going to be looking at in the spring. In terms of, is there some fiscally responsible way for us to expand the EDGE credit to a broader base of Illinois businesses. We haven't been able to get that worked out yet, we haven't been able to figure out exactly how to administer that yet, but I think that at some point in the future we've got to consider the possibility of providing this type of relief to a broader range of Illinois businesses including small and mid-size businesses."

Dunkin: "Was there a third company to…"

Bradley: "There's a champ…"

Dunkin: "…enter into this legislation?"

Bradley: "…there's a Champions Lab which is down, I believe it's in one of the Representatives over there district, and so it's not in my district, it's north…"

Dunkin: "But it's in our state."

Bradley: "Yeah. But it's in our state. And that's a unique situation because not only are they looking at retaining jobs, but they're actually looking at relocating jobs from other states. So, before I… before they turn off my microphone, let me just say I appreciate your leadership on the issue of live theater. I appreciate your commitment to the arts in the State of Illinois and I'm happy that this is part of the legislation."

Dunkin: "I am, too, and to the Bill. Thank you, Mr. Sponsor. Ladies and Gentlemen, you know, I've been here for 10 years and one thing that I'm clear on is that our state is not great just because we say it's great. It's great because we have an incredible and diverse labor force. We have a very impressive professional set of young people, older people that are season from Caro, Illinois, all the way up to Rockville, Illinois and companies actually feel good about not only moving to the State of Illinois but staying here. I don't know the numbers, but I think all of us should avail ourselves to some of the recent… over the recent 8 to 12 months of how many new companies actually moved to the State of Illinois, in spite of this economy. I think we've really, in some cases, been over the top with beating ourselves up because some of the major corporations grab the headlines, but there are a number of small and mid-sized companies that have recently moved to our state, and that we're enjoying their revenue generation, their employment of our citizens. Indiana, Ohio, Michigan, Wisconsin, they can't come close to some of the attributes that our state has. We have a diversity of look, Great Lake up north, the Shawnee Forest down here, fantastic hotels, major colleges and universities that are second to none. So, we also have to be conscious of sort of who's playing who, just because a state or Governor outside of our state entertains some of the companies here, doesn't necessarily make fiscal sense for some of these major corporations to just up and leave. So, we have to be exceptionally conscious and aware that sometimes, some companies, yeah, some of them may be playing games. Do we want to have any job loss in the State of Illinois? Absolutely not. What's the barometer for measuring who's serious or not, whose numbers makes sense or not? I don't have that answer. But this is a state that I am very proud to live in because I know of all of, just like many of you, some of the attributes and assets that we possess here in the state. So, I'm looking forward, Mr. Chairman, for you and your committee and others who are not on the committee to really assess the Tax Code and make sure that it's fair for those small businesses, for the mid-size businesses, for those emerging businesses, and the large corporations. It's not a Democrat or Republican issue whether jobs are sustained here in the state. All of us are pro-business in our district, in our cities, and in our state, but doing the right thing sometimes require an extra step. So, I applaud you, Representative, and Representative Harris, and the other Leaders to at least take a serious look at what it is that we need to be projecting or trying to understand going forward. I would encourage an 'aye' vote as well as my colleagues. Thank you."

Speaker Lyons: "And if we keep our remarks between three and five minutes, I'm sure it'd be appreciated by all Members and still be able to get your point across. Next speaker is Representative Jack Franks."

Franks: "Thank you, Mr. Speaker. I'm really concerned about the business climate here in Illinois. I think it's uneven, I think it's unfair, it's disjointed, and it favors the powerful over those with fainter voices. We have small companies that can't get their tax overpayments back from the state. Just last week in McHenry County, we had two different companies trying to spend $350 million to give additional health care where the state says the most critical need in the state is in southern McHenry County and in northern Kane. And we can't even allow companies to spend $350 million and put people to work because of our… our archaic system here in Illinois. Now I want to acknowledge like the others have the incredibly hard work of Representative Harris and Representative Bradley and express appreciation for their Leadership, but Ladies and Gentlemen, we have been summoned to Springfield at the behest of corporations threatening to relocate and displace thousands of Illinois workers. We have been told that these incentives are vital towards retaining their jobs. In short, we have been told to act now or pay the penalty. Now, to fully comprehend how we got here we must look at where we've been. We've allowed a business tax avoidance scheme, that, at its best, is… is an ineffective economic development strategy, which is a zero sum game and at its worst, it's politically corrupting. Now, this year alone the Governor has pledged more than $246 million in EDGE incentives to 43 companies to create 1,715 jobs and to retain (6460 jobs). Now, of course, those numbers fail to reflect up to the 30 percent of the workforce reduction permitted in fine print in many of these EDGE tax incentive agreements. So, this really isn't a retention of workers, rather it's a state subsidy to fire taxpaying Illinoisans with their own tax dollars. Now, this was done to get around the clawback provisions that we had passed years ago in response to what happened in Harvard with Motorola, when they have gotten about $43 million from the state and we said we're not going to allow that to happen again and if you promise to create and retain jobs, you're going to have to do that. But what the Governor cleverly did is simply said the retention is lower than what you have now which I think goes around the whole spirit of the Law we had passed before. You look at Motorola Mobility, they were awarded $47 thousand, over $47 thousand per job. Navistar and other firms were also… get this exclusive VIP arrangement that allows them to retain their employee's state income tax withholding. Another is a Russian steel company. They were pledged… we're paying $61 thousand per employee for 70 jobs, totaling more than 4.2 million. Again and again the state is doling out incentive packages one by one without transparency, without accountability, and without demonstrating whether they are good deals for the Illinois taxpayer. Now, the Governor did all of this without the Legislature. I'm wondering why he needs us now. Now, I requested the opportunity to vote on a package that did… that did not include Sears, and unfortunately, that did not happen. So, the proposal before us allows Sears to retain $15 million of the withholding taxes collected from their employees for the next 10 years at a cost of approximately of $150 million. But just this month, Standard & Poor's put Sears debt deep into junk territory. This is following 19 straight periods of sales declines, according to Crain's. Fitch has downgraded Sears to B or five levels below investment grade. Now, according to the analyst, Sears would have to bring in over a billion and a half dollars during this holiday season just to cover its responsibilities, but last year they did less than 950 million. It's clear that Sears will have to fire employees, and close stores to meet its obligations. So, we must question whether this is a good investment since we've been relegated to doing this company by company. So, instead of capitulating to corporate demands, what we really ought to be doing is taking efforts to level the playing field for all businesses trying to succeed and we really ought to stop the burden shifting. And since we're giving away revenues from the latest tax hike, why don't we get rid of the tax hike altogether? This proposal would give back around $350 million. Now, the entire corporate tax increase that we passed last year was around 750 million. We're not that far apart but I think at least then our small businesses that can't afford lobbyists will see some relief. Now, these are the type of questions that we need to be asking with a healthy dose of… dose of skepticism. Our Tax Code is badly in need of revision and I hope that’s the take away we get from this whole ordeal. So, we need to craft a system that benefits all Illinois businesses instead of the chosen few, a system that's predictable and avoids the case by case absurdity. Now, Representative Harris said something interesting about the Illinois Department of Revenue and how they should look at this number to see whether it's correct, the twenty-seven and a half percent for CME. I… I believe that should this Bill… Bill fail, that the Governor by Executive Order could cut the CME tax rate on his own, because if they're being over taxed unfairly that’s something that should be fixed. But Ladies and Gentlemen, we need to come together and to work on a… on a project that is fair for all of our businesses. And I'll be submitting legislation this coming month to overview how we give… overhaul, rather, how we give these tax credits and these EDGE credits. I'm as concerned as all of you are that it isn't fair to the taxpayers and hopefully, we'll get on this as soon as we get back in January. So, thank you."

Speaker Lyons: "Representative Zalewski, three to five minutes, Representative."

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

Speaker Lyons: "Sponsor yields."

Zalewski: "Representative, first of all, a lot of the main points of this Bill have been covered. I commend you for the work you and Representative Harris did on this particular Bill for the second year in a row."

Bradley: "And… and you, as well, as a Member of the committee."

Zalewski: "Thank you. For the second year in a row though you've given up your holiday season to tackle some of the biggest issues that face this state. And I think you should be commended for it. There's a specific aspect of the Bill though that I… I think requires some clarification and it deals with the tax tribunal that the stat… that the Bill sets up. Can you explain briefly where the idea came from?"

Bradley: "Yeah. It came out of the hearings that we had over the summer. And there's concern that Illinois could have a more business-friendly approach with the way that we handle tax disputes. And so, this is an ongoing movement in the United States. And we didn't want to tie the hands of the state or the Department of Revenue too strongly in terms of doing this, but we did want to send an important message and take an important step in saying that we're looking towards the creation of these. We're going to sit down in a bipartisan way as we did with this Bill, work together with the Governor's Office, the administration, the Department of Revenue, try to craft a more fair process for Illinois businesses."

Zalewski: "So, what… what I think the… the concern is expressed among us at the Department of Revenue and some other individuals is… is that we're not entirely sure what the problems are with the existing process for appealing a tax issue before the Department of Revenue. Is… is there a specific problem that occurs when this… when a business says… says I… I don't necessarily owe what… what the Department of Revenue says I owe?"

Bradley: "The way I would envision this is a process, a discussions and potential hearings where we would go through this in a more deliberate and thoughtful approach over a longer period of time, as we have more time, and work towards a solution. So, what this does is it creates a framework, but it doesn't tie our hands in terms of saying we have to this or we have to do that."

Zalewski: "What… what the Bill says… the language of the Bill says is… is it basically is only two paragraphs that says at some later point that the Department of Revenue will set forth rules, promulgate rules, appoint staff, and deal with this new tax tribunal. I think that's the concern that a lot of us have is that with just two paragraphs in… in a Bill such as important as this, that we're leaving a lot to the imagination. It would be my suggestion, and I'd be happy to work with you in… in the spring, for the… the Revenue Committee to take an active role in setting up that process so we can ensure that the… that while businesses are given a fair shake by the Department of Revenue that this tax tribunal doesn't, in fact, impede the state's ability to collect unpaid taxes."

Bradley: "Well, Representative, I think that’s a great suggestion and I think that the Revenue Committee needs to be the central roll in this, working with the Senate. Maybe we do it in the context, or I would hope we would do it in the context of the Joint House Senate Revenue Joint Committee and I would, for my part, recommend that you leave that effort within our Body."

Zalewski: "Well, again, Representative, thank you. I plan to support your Bill and I appreciate you taking time to answer my questions."

Speaker Lyons: "Representative Dwight Kay. Three to five minutes please, Sir."

Kay: "Mr. Speaker, I have a parlia… a parliamentary question first. And I thought I had my light on long ago and I was first but apparently I wasn't."

Speaker Lyons: "I call them as I see them, Dwight."

Kay: "I understand. Is it still fair to ask a parliamentary question?"

Speaker Lyons: "Certainly, always… always in order."

Kay: "Okay. Thank you. Representative Bradley, there are parts of this Bill I think are good and parts I think are… are not so good. And my question to you is today, would you be willing to bifurcate your Bill?"

Bradley: "This is the Bill that we're going to vote on. We've already bifurcated the structure and so we're going to vote on this. Your Leader, myself, others have done this in a compromise bipartisan manner. So, it's our intent to have a vote on this today."

Kay: "So, that's a no."

Bradley: "I thought it was… I thought it was…"

Kay: "Well, I'm just… a simple yes or no is good."

Bradley: "…I thought it was a polite southern Illinois no."

Kay: "Yeah. And it was. Thank you, John. Mr. Speaker, can I continue?"

Speaker Lyons: "Dwight, you got three to five minutes, that’s fine Sir."

Kay: "Thank you."

Speaker Lyons: "Did you have a question for the parliamentarian?"

Kay: "No… no."

Speaker Lyons: "No… no that was it."

Speaker Lyons: "Oh, Okay. Okay go ahead."

Kay: "Okay."

Speaker Lyons: "Three minutes, five minutes, we'd appreciate it."

Kay: "I have listened to the debate today, Representative Bradley and, there seems to be a lot in here for business, for business that is failing. And I'm wondering, what's in here for business that is succeeding?"

Bradley: "Well, as the support of the National Federation of Independent Businesses, the Chicagoland Chamber of Commerce, the Illinois State Chamber of Commerce, the Manufacturers' Association, the Retail Merchants Association, Mid-West Truckers Association, Taxpayers Federation would suggest the estate tax is directly targeted for small business particularly family farms. The net operating loss is specifically targeted for small business by capping it at 100 thousand. The tax tribunal is specifically targeted for small business by creating a more fair process through the mechanism that the Representative previously discussed. The R&D credit will not necessarily just help big business; it will potentially help small businesses. So, either you would argue that there is as much or more for small business in this package as for big… big business."

Kay: "Well, and… and certainly, you know, being in Illinois and being a businessman these questions are a wheelhouse issue for me. I kind of understand what it is to do business here, Representative."

Bradley: "And so you… you, if anyone, would appreciate the impact of a $9500 tax rebate on net operating loss…"

Kay: "Oh… Oh."

Bradley: "…or… or estate tax."

Kay: "Yes, I do."

Bradley: "It'd be helpful."

Kay: "What I don't appreciate is the fact that I have to purchase that. What I don't like is having to buy it by paying off Sears and CME because there's something, Representative, that seems fundamentally wrong with that and that’s why I ask the parliamentary question, shouldn't this Bill be bifurcated? You know the second part of the Bill is marvelous, nobody in business disagrees, with all the aspects of the business Bill. In fact, I think Leader Cross, who's not here now, mentioned that most states have all or part of the elements that we're talking about date but what he didn’t mention is they don't have to pay for them in Indiana, and Wisconsin, and Iowa, and other states, they don't have to pay for them. But let me… let me back off just a second, if I could. Here… here's what my research has found. We have given Motorola some incentive money, we've given Navistar some incentive money; Ford, I think falls in that group, Mitsubishi, I think falls in that group. Now, we talk about Sears, CME, Champion Labs, and I think there's a theater tax credit in there. How do we pay for this? How do we afford this?"

Bradley: "Well, as was mentioned previously, by the expiration of the Bonus Depreciation Program, which is a one-year program, that there will be money come back on the books for the state in the next several years and that will… by eliminating the amount of the cost of this program, we would use that additional revenue coming back on the books to pay for majority of this program."

Kay: "I had a conversation last Friday with two Members of the committee in Washington, D.C., that handles the issues like bonus depreciation, and they tell me bonus depreciation in fact, will be with us next year. So, we going to decouple?"

Bradley: "I don't think you can depreciate things twice. So."

Kay: "Well, that… that's interesting. I mean, if we have… if we have bonus depreciation back, are we decoupling from that as the State of Illinois?"

Bradley: "Not under this proposal."

Kay: "Not under this… but my question then is, if we don't do that, how do we pay for these incent…"

Bradley: "I answered…"

Kay: "How do we pay for all this…"

Bradley: "I answered…"

Kay: "…when we're all said and done?"

Bradley: "I answered you question, Representative."

Kay: "Okay. This is the last tax reform package, our policy that we have in the State of Illinois. You know what the date of that is?"

Bradley: "I… I have… you did not give me the benefit of showing…"

Kay: "I know and…"

Bradley: "…that to me before your questions, counselor."

Kay: "…let me just tell you and I don't… you know, what I… I apologize for that, it's 1969 and I didn't know it either until I looked it up."

Bradley: "That was two years before I was born."

Kay: "Well, congratulations. So, you obviously don't know what's in it and neither did I. But my point is just this, in 1969 it was the last time we had a comprehensive tax reform policy that effected business and individuals in the State of Illinois. And you know what's happened since then? Well, I'll tell you…"

Bradley: "I was born."

Kay: "…and we're grateful for that. You know what's happened though since then, on a serious note? We have stacked one tax credit, one bailout, one buyout, another tax credit, another incentive on top of one another until we don't know what we have today. So, wouldn't we be better off today treating everyone fairly by taking a hard, serious, intellectual, comprehensive look at how we fix a policy and not two companies?"

Bradley: "We're in the process of doing that, as I mentioned earlier."

Kay: "John, I want to… I want to just tell you this, and I appreciate your hard work. I know you and Representative Harris have… have worked very diligently on this. I'm going to vote 'no' on this, Mr. Speaker, and I'm going to have to tell you why. I came to this House very humbled and very dedicated to fixing problems and to be very specific, this doesn't fix problems. This is really, really nonsense when we should be using common sense in how we approach the problems in the State of Illinois. Now my experience that… John, is that we don't ever, ever walk away from our experiencing conviction, and I will tell you today that what you're asking us to do, what you're asking us to do is compromise on principle something that could be good for something that is very bad by comingling these two things together. And I will tell you that compromise has put this state in the very position that we are today. I heard, not long ago, that tomorrow, on Wednesday, we were going to start all over again, and we were going to do it right. Why don't we start it all over again today and do it right. It seems to me that we need to stop compromising and we need to start working for the people of the State of Illinois who indeed are going to end up, and I'm talking about the taxpayers of this state, are going to end up picking up the tab for this Bill because we have no money. We have no way to pay for this. There is no comprehensive plan that anyone can demonstrate today that there is payment on the table or coming to pay for this Bill. I think, Mr. Speaker, I'm going to close by saying this. I think it's high time that we recognize, as we deliberate here in Springfield and we cast votes, that’s a high honor, but the people still rule. People in my district, they don't want… they don’t want incentives, they don't want buyouts or bailouts. The only thing they want is good government and my friends, I would summit to you today, that good government is not compromised any longer. Thank you, Mr. Speaker."

Speaker Lyons: "Representative Crespo, three to five minutes please, Sir."

Crespo: "Thank you, Speaker and Members of the House. Number one, I want to congratulate Representative Bradley and Harris for putting this together. I was very intimately involved with this Sears component and it was a lot of heavy lifting, so what… what they are able to accomplish is really remarkable. So, thank you very much. And… and, to the Bill. Let's put things in perspective a little bit. Hear all this discussion about the business climate in Illinois, but folks, it's just the competitive nature of the world we live in. I was reading the Chicago Tribune editorial on Sunday and… and they make reference about the competition between states and they… they referenced a study by the University of Iowa that states that incentives and credits alone cost $50 billion a year nationwide. States are competing against states; we’re not the only one. Do I wish we had a better business climate, absolutely, But we’re not the only one. Now, I'd like to talk about Sears a little bit. Because I do reside in Hoffman Estates, I'm not going to defend Sears. They're big boys; they can take care of that themselves. But let… let me deal with the facts. In addition to the 6 thousand jobs, there are another 47 businesses that were sprung up in the last 5 years adjacent to the Sears headquarters, outside of the EDA that created approximately a thousand more jobs and produced an additional $3.5 million in taxes for all the taxing bodies. More than 100 thousand people visit the campus every year, many supporting the local businesses accruing 30 thousand nights per year at nearby hotels and 18 thousand annual airline tickets in and out of O'Hare for Sears associates alone. Now, I have been talking to Sears for quite some time. Once we heard about some of the offers that were being made, I did tell Sears we will not offer you the most; we will offer you the best proposal. Once you take into account all the tangibles, intangibles, infrastructure, transportation, the work ethic of the people that live in this state, it will definitely be the best offer. I feel confident that if this Bill passes the House and the Senate and the Governor signs it that Sears will strongly support us in front of their board. Finally, we talk about numbers, we talk about Sears, we talk about what we need to do. Ladies and Gentlemen, this is about people. I have met some of these folks that work at Sears. They're paying close attention to what we're doing today. These are people with families that really care, they are really concerned. So, I ask you please join me; let's stop playing with fire and do the right thing and please support this legislation. Thank you."

Speaker Lyons: "Thank you, Representative. Mike Tryon, three to five minutes, Mike."

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

Speaker Lyons: "Sponsor yields."

Tryon: "Representative Bradley, just for clarification of legislative intent so that we understand some of the components in this Bill. There's a component piece in the Bill that says that if Sears doesn't maintain the number of jobs that… that are, in fact, required to maintain, I think its 4700 hundred, that there be a proportionate loss…"

Bradley: "Correct."

Tryon: "…of revenue corresponding with that…"

Bradley: "Correct."

Tryon: "…and it… but the question is when there's no jobs then the EDA goes away and Hoffman Estates would, for one more year, be able to receive the benefits of the tax rebates. Is that correct?"

Bradley: "Yeah. That was negotiated in order to wrap up the EDA."

Tryon: "Okay. What happens if Sears leaves Illinois and keeps not zero jobs but let's say 100 jobs are skeletal staff…"

Bradley: "I… I think that would've…"

Tryon: "…just to maintain the building."

Bradley: "…I think that would effectively end the EDA."

Tryon: "So, your intention here is that if that were to happen, if Sears were to leave and there was only a minimal workforce left here, that the EDA would… would cease…"

Bradley: "Yeah."

Tryon: "…to exist and Hoffman would then have one more year."

Bradley: "Sears… Sears would be forfeiting all their benefits and the EDA would wind up."

Tryon: "Okay. I… I wanted to get that clarified 'cause that… that was our hope that that's what was going to happen. I… I want to tell you that… that this is… I have the honor of representing both a lot of Sears employees and District 300. And District 300 is my school district and I'm very proud of my school district. I'm proud of my administrators, I'm proud of my students for coming down here, I'm proud of my parents groups. They engage, they exercise their constitutional right. They saw something that didn’t work for them and they let us know about it. But I also have to tell you how disappointing it was for me to hear you and the Minority Spokesman publically criticize and emasculate my administration, my parents group, and my students, because you didn’t agree with the way they engaged that process. That was their constitutional right. Particularly difficult for me, since I'm on COGFA, and I traveled 350 miles from my house to go to Murphysboro and Chester and I sat in gymnasiums and took four to five hours of testimony from people in your part of the state. Not once, even though I disagreed with the mechanisms and how they presented their case not one time did I criticize them. And I just hope that that’s not something that would ever happen again. And I know that our emotions get intense and sometimes those things come out. 'Cause I have a respect for you, and I think you worked very hard. There's a lot of good things in this Bill and there's things I don’t disagree in that Bill and that’s the way many of our Bills are, but that part was disappointing. For the same reason that Representative Franks said he could not support this Bill and Representative Kay, I feel the same way. I think it's important for everybody to know that if this EDA were to expire, Hoffman Estates would get $3.3 million. If this EDA is extended, Hoffman Estates is going to get $5.7 million. They get more money then if the EDA were to expire. That's unfair. I made a suggestion on how we might be able to work that out with an EAV formula tax credit that was dismissed out of hat. I would've liked to have had more balance in that part of the Bill. But also this idea that we can continue to negotiate, just by business by business, and offer incentives on top of incentives for those who say they're going to leave. I think we need to look at the bigger picture and fix why everybody wants to leave. Representative Franks did not mention the fact that the Governor of this state gave Groupon $20 million for 250 employees. That's $80 thousand a job of our tax money that one… that one small company got. So, while there's things that are good in this Bill, there's things that I can't support and for that reason I'm going to vote against it. And I hope that we're going to come back and we're going to do something to really change the fact that Illinois has developed this atmosphere as being business unfriendly. And I know a lot of that falls on you, Representative Bradley, and I stand willing to work with you to make those changes in our Revenue Code that might make us a more business-friendly state. Thank you."

Speaker Lyons: "Representative Sullivan, three to five minutes, Ed."

Sullivan: "Thank you, Mr. Speaker. Would the… give me a quick second. Will the Sponsor yield?"

Speaker Lyons: "Sponsor yields."

Sullivan: "Representative, for legislative intent, throughout the Bill the word 'developer' refers to the entity that is presumably Sears. Is Sears a divide as the developer in the redevelopment agreement, documents executed originally by both Sears and the Village of Hoffman Estates when the EDA was established?"

Bradley: "Yes."

Sullivan: "Also, on page 45 of the Bill, it refers to developer or any of its success or entities. By success or entities are we referring to success of Sears operating companies and not to an entity simply occupying the Sears premises in Hoffman Estates?"

Bradley: "Yes."

Sullivan: "And lastly, the total Sears package is broke up into three portions: the EDGE credit of $150 million over 15 years, local property tax benefits to pay the remaining Sears obligation of approximately $125 million, and the additional 5 million per year to keep the EDA going administratively. Is that correct?"

Bradley: "I agree with the first two. The third one is the amount of money that goes to Hoffman Estates. It doesn't actually go to Sears."

Sullivan: "The additional 5 million per year to keep the EDA going administratively to Hoffman Estates. Thank you very much."

Speaker Lyons: "Representative Gaffney."

Gaffney: "Thank you. Will the Sponsor yield?"

Speaker Lyons: "Sponsor yields."

Gaffney: "I have also two questions for legislative intent regarding the Sears school district. There's a prohibition on using the EDA tax funds to pay for the operating cost of the Sears Center Arena. Does that prohibition also include the payment of bonded obligations or a mortgage cost on the Sears Center?"

Bradley: "Yes."

Gaffney: "Thank you. The Bill states that once the developer's obligation has been satisfied the economic development area will end. Who will certify the amount of that obligation and will that certification have the force of law?"

Bradley: "Yes. I… Could you repeat the question, please?"

Gaffney: "Who will certify the amount of the obligation…"

Bradley: "Sears."

Gaffney: "…and will that certification have the force of law?"

Bradley: "Yes."

Gaffney: "Thank you."

Speaker Lyons: "Representative Barickman."

Barickman: "Thank you, Mr. Speaker. I'd like to speak to the Bill. I first want to say thank you to the Sponsors of the Bill for the… certainly the hard work that they've done to bring this piece of legislation to us today. I think I am not alone in this chamber in feeling the pain that some of the businesses referenced in this Bill feel. And without a doubt, there are certainly some tremendously good aspects to this Bill, for which there are many reasons to be supportive. The idea of… of raising the threshold of the estate tax, the research and development tax credits that are forwarded, and the net operating loss deduction are all certainly good provisions of this Bill, although, certainly you could argue that they could go much further. But the reality is, I think, for all of us here in this chamber, the reason that we're here today, the reason that we are having this debate and this discussion is not about the handful of good aspects of this Bill, but what has been disputed today and what I'd like to make very clear is what I believe is the reason that we're here today is because of the massive tax increase that was passed by this Body, over my objection and many of my colleagues, but this massive tax increase that was passed on businesses small businesses, and big alike, throughout our state. And some have suggested, in today's discussion, that we would have this discussion regardless of whether there was a tax hike back in January. And I would point all of you to the facts of why were here. Crain's first reported that CME was going to appro… approach the Legislature back in June. Terry Duffy the CEO of CME said that during a shareholder meeting he had grave concerns about the financial impact of the tax increase on this state and specifically on their company, on CME. To all of those in this chamber who supported this tax increase, I remind you of your statements then that a tax hike such as that would have no impact on our economy. The reality is myself, and many others, said that once you raise income taxes on the people and the business of Illinois you drive out the jobs of the state. Here we have exactly that. We have a massive tax increase passed on the business of Illinois. The businesses stood up and said because of the tax increase we are looking elsewhere, and the question before us today is what are we going to do about it? Some of you have indicated that you want to support a band-Aid solution here today by picking and choosing some winners, and I argue a handful of winners, at the expense of everyone else. When the tax increase passed, the corporate tax increase was designed to generate $700 million in additional revenue to the state. Your vote today will give back $100 million of that to four companies. Fifteen percent of the tax increase is going to go back to four companies at the expense of everyone else. And so you have to wonder what kind of a tax policy this is where government is involved and cherry picking winners and losers at the candid expense of everyone else. If our state seriously wants to address the business climate in our state, if this chamber wants to make substantive measures to make our state more business-friendly, we need to lower the rate for all taxpayers and we need to pass substantial workers' compensation reform. Our state is continually targeted as one of the worst in the country for doing business in it, and those of you who are supporting this Bill stood up today and have said we can't do any more of what we're about to do today. We can't cherry pick winners and losers; we need to create a more business-friendly climate. and so my question is, why are we waiting for tomorrow to do that? Why not do it today? Today is our opportunity. CME is an extremely large company. They've garnered the attention of the media, they've garnered the attention of the Governor, and they've garnered the attention of the lobbyists who pound on our doors. And my question is, what in this chamber are we going to do about it? Are we simply going to bend and say, yes, you've passed the tax increase and we're going to fix it for this company, or are we actually going to solve a problem for everyone? We need to lower the rates for all taxpayers in our state; we need to pass substantive workers' compensation reform. The things that we need to do to change the business climate in this state are expansive, yet unfortunately, nothing of what we're seeing in today's Bill is going to, in any meaningful way change the business for our state. We will be back here next year arguing and debating for yet another company who says the tax burden on them is too large. And so why not deal with it today? I urge my colleagues please vote 'no'."

Speaker Lyons: "Representative Fortner. Three to five minutes, Mike."

Fortner: "Yes. Thank you, Speaker. Will the Sponsor yield?"

Speaker Lyons: "Sponsor yields."

Fortner: "Representative, it was mentioned early in the debate on this Bill, there are three big provisions that I would certainly characterize as broad-based. The R&D credit which is simply reinstating something that we had up through the end of last calendar year…"

Bradley: "Right."

Fortner: "…it was allowed to expire by the sunset. We're simply putting back something that, I guess, in my opinion we should've been… in fact, I was a cosponsor of House Bill

2948, which would've have done that. That Bill didn't move, but I see through this Bill that will come to pass. Another is the net operating loss, again something that we had in place up through the end of last year, simply puts that back, something that competing states do. And then the extension on the estate tax, increasing that number to a number that I believe is probably still below many of our neighboring states if not all of our neighboring states. Certainly most of them run a higher number. Those are all broad-based provisions. Wouldn't… would you agree with…"

Bradley: "I agree that they were intended to be broad-based and to target small and mid-sized businesses including family farms."

Fortner: "Well, I have… according to numbers from COGFA, that does our accounting of this so that we can make estimates towards the future, for this coming fiscal year 2013 the overall cost of this Senate Bill 397 I show as being approximately 146 million. And of those three provisions that I just mentioned, those amount to 86 million…"

Bradley: "Yeah."

Fortner: "…of the 146. Well over half…

Bradley: "We… we…"

Fortner: "…certainly the majority of this Bill…"

Bradley: "Yeah. We tried…"

Fortner: "…is toward that broad-based relief."

Bradley: "We tried to when we put this package together, when Representative Harris and I working with the Revenue Committee and Leader Cross, the Senate, Governor tried to put this together, we tried to stay about a third, a third, and a third, right? Third big business, third small mid-sized business, third working families."

Fortner: "And then even beyond that, of course, there's this other set of roughly a dozen other provisions whose sunsets were extended providing the stability that, again, other speakers have mentioned that I know in my district so many businesses said give us a stable basis just so we can plan 'cause we run multi year budgets. We recognize the state does an annual budget, but at least give us provisions so that we're comfortable. I know some people, whether in this floor or… but really also outside the discussion of this, have characterized this as a bailout. Now, I personally think that even for the two big companies, Sears and CME, that have been the focus by so much of the discussion, I think the characterizations other speakers have made those better and more length in the interest of bringing this to a conclusion, I'm not going to go into that, but even if you were to characterize that in the way that somewhat… that somehow this is a corporate handout, the much larger majority of this Bill is, in fact, not directed in that direction but really to the broad-based relief primarily along the lines of simply saying what we had a year ago we're putting back for those businesses and allowing that to continue forward in a predictable way, so that business can know where they're going and succeed."

Bradley: "The… the recurring things that we heard in the hearings that we conducted throughout this state was fairness, consistency, and predictability. We've attempted to do that with this package."

Fortner: "And… and I would agree and for that reason I will be supporting your Bill. I think it’s a good thing that we need to do to give business a sound footing here in Illinois."

Bradley: "Thank you."

Speaker Lyons: "Our final speaker will be Representative Chris Nybo, and then Representative Bradley to close."

Nybo: "Thank you, Mr. Speaker. I need much less then three minutes. A company that is specifically benefited by this piece of legislation is also a client to the law firm that employees me. It's not an actual conflict, Mr. Speaker, but it's close enough that I will also be joining Mr. Harris in voting 'present' on the matter. I just think it's the right thing to do."

Speaker Lyons: "Thank you, Representative. Representative Bradley to close."

Bradley: "Thank you."

Speaker Lyons: "John, Representative Harris's name was used in debate. David, I'm assuming that’s what you're calling us on."

Harris, D.: "Thank you, Mr. Speaker… and my name was used…"

Speaker Lyons: "So, Representative Harris."

Harris, D.: "…my name was used in debate and I do… I appreciate the courtesy of the House is expressed in… in mentioning my name. But I just want to be clear in one point. Rep… the chairman and I worked on Amendment #3, which was very close, I think a better package then Amendment #7, which is what is contained in this Bill. I didn't have anything to do with Amendment #7, but I appreciate everyone's comment about …about the fact that we negotiated the Bill. Thank you, Mr. Chair."

Speaker Lyons: "Thank you, Representative. Representative Bradley to close."

Bradley: "Thank you, Mr. Speaker, Members of this Body. Thank you for your patience today. As the previous Leader suggested we don't have any easy issues in front of us and this is not the first, but it’s a continuation of this Body's desire and necessity to tackle difficult issues. Whether it be workers' comp, whether it be unemployment, whether it be a balanced budget, whatever the case may be, we are taking on difficult issues. We didn't choose to be in this situation. We can choose not to be competitive with other states, but the reality is that this is the world in which we live. The loss of Illinois manufacturing jobs, the loss of United States manufacturing jobs in Indiana, Missouri, Kentucky, Wisconsin, to other countries with cheap labor, with no pollution controls, who don't have the same attitude toward human life and the dignity of people that we do has caused us to lose some of that. So, we've turned to high-paying jobs, we've turned to high-tech jobs, we've turned to white-collar jobs and there's a constant battle going on among the states for these jobs. And so we have an opportunity with this piece of legislation, this jobs piece of legislation, to keep thousands of employees and families in Illinois and it's not jobs in the abstract. These are people. These are people that go to work and pay their taxes and get up in the morning and take care of their family. That's what this is about is the people that work at those companies and the vendors that work for those companies and the families they represent and yes, in the meantime, we're going to give relief to the middle class and we're going to give the relief to the working poor and we're going to give relief to the family farm and we're going to give relief to small business and medium size business and we're going to do it in a way that we can still pay a substantial amount of our backlog of bills. Ladies and Gentlemen of the House, I ask you, stand with me on this difficult issue, make the difficult decisions. Let's move forward as a state, let's do what we have to do, let's pass this Bill, and let's move forward."

Speaker Lyons: "Representative Bradley moves for the passage of Senate Bill 397. This Bill requires 60 votes. All those in favor signify by voting 'yes'; those opposed vote 'no'. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Colvin, Smith, like to be recorded? Mr. Clerk, take the record. On this Bill, there were 81 Members voting 'yes', 28 Members voting 'no', 7 voting 'present'. This Bill, having received the Constitutional Majority, is hereby declared passed. Representative Don Moffitt on a point of personal privilege, Don."

Moffitt: "Thank you, Mr. Speaker. Just for… like the record to show that on our task force on emergency medical services, the Resolution called for a report by January 1. We still have hearings scheduled. We will be presenting a Resolution to extend that deadline of reporting back I'm cochair with Representative Lisa Dugan and we'll hold those additional hearings and then have that report in the spring. But, we don't have the Resolution yet to do that. So, we would ask for that extension. I'd like the record to show that. Thank you."

Speaker Lyons: "Thank you, Representative. Representative Dave Winters, what purpose do you seek recognition, David?"

Winters: "Inquiry of the Chair."

Speaker Lyons: "State your inquiry."

Winters: "I… do you have any more plans to call us back down to Springfield before the next year starts, in the holidays?"

Speaker Lyons: "You never know, Dave, you never know."

Winters: "Is it… are we going to adjourn or are we going to go to the call of the Chair?"

Speaker Lyons: "We will… we will be adjourning, Representative."

Winters: "Thank you."

Speaker Lyons: "To the call of the Chair. Representative La Shawn Ford, for what purpose do you seek recognition, Sir?"

Ford: "Thank you, Mr. Speaker. I just would like the Body to wish my seatmate, Representative Rita Mayfield a happy birthday."

Speaker Lyons: "Rita, happy birthday and many, many, happy, healthy more. And now, seeing no further business to come before the House, on behalf of Speaker Madigan and Leader Tom Cross, we have the holiday season in front of us. Have a Merry Christmas, have a Happy Hanukah, enjoy those holidays. They go past quickly, and stop and smell the roses. All those in favor of adjournment signify by saying 'yes'; those opposed say 'no'. In the opinion of the Chair, the 'ayes' have it. And allowing perfunctory time for the Clerk the House stands adjourned. Happy holidays, everyone."

Clerk Bolin: "The House Perfunctory Session will come to order. Introduction of Resolutions. House Resolution 663, offered by Representative Bellock. Introduction and First Reading of Bills. House Bill 3914, offered by Representative Howard, a Bill for an Act concerning criminal law. House Bill 3915, offered by Representative Hernandez, a Bill for an Act concerning human rights. First Reading of these House Bills. There being no further business, the House Perfunctory Session will stand adjourned."