

STATE OF ILLINOIS
98th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE

98th Legislative Day

2/20/2014

Speaker Turner: "Members are asked to be at their seats. We shall be led in prayer today by Pastor Robert Freeman, who is with the Komer United Methodist Church in Springfield, Illinois. Pastor Freeman is the guest of Representative Scherer. Members and guests are asked to refrain from starting their laptops, turn off all cell phones and rise for the invocation and the Pledge of Allegiance."

Pastor Freeman: "Let us pause. Almighty one, You're always more willing to hear us than we are to pray, and more willing to give more than we desire or deserve. As the deliberations of the 90th General Assembly Session of the Illinois House of Representatives reconvene this day, grant them Your gracious favor and assist them with the wisdom and guidance that in all their works begun, continue and ended in You, we may glorify Your holy name. Pour upon them the abundance of Your mercy for giving us of those things that we have failed to do, and give us the good things that we are not worthy to ask for. And by Your grace and by the humbleness of our hearts, grant us the strength we need for this day. In the name of the one who grants us peace, Amen."

Speaker Turner: "We shall be led in the Pledge of Allegiance today by the Gentleman from DuPage, Representative Reboletti."

Reboletti - 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 Turner: "Roll Call for Attendance. Representative Currie."

Currie: "Thank you, Speaker. Please let the record show that Representatives Arroyo, Lilly and Welch are excused today."

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Speaker Turner: "Representative Bost."

Bost: "Thank you, Mr. Speaker. Let the record reflect that Representative Hatcher is excused on the Republican side of the aisle today."

Speaker Turner: "On a count of 113 Members are present, a quorum is established. Mr. Clerk."

Clerk Hollman: "Committee Reports. Representative Franks, Chairperson from the Committee on State Government Administration reports the following committee action taken on February 19, 2014: do pass Short Debate is House Bill 4590; recommends be adopted is House Resolution 474. Representative Rita, Chairperson from the Committee on Business & Occupational Licenses reports the following committee action taken on February 19, 2014: do pass Short Debate is House Bill 4381. Representative Jackson, Chairperson from the Committee on Counties & Townships reports the following committee action taken on February 19, 2014: do pass Short Debate is House Bill 4534 and Senate Bill 497. Representative Riley, Chairperson from the Committee on Mass Transit reports the following committee action taken on February 19, 2014: do pass Short Debate is House Bill 3672; recommends be adopted is House Resolution 675. Representative Chapa LaVia, Chairperson from the Committee on Veterans' Affairs reports the following committee action taken on February 19, 2014: recommends be adopted is House Resolution 420. Representative Jakobsson, Chairperson from the Committee on Higher Education reports the following committee action taken on February 19, 2014: do pass as amended Short Debate is Senate Bill 2202; recommends be adopted to House Resolution 790. Representative

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Thapedi, Chairperson from the Committee on International Trade & Commerce reports the following committee action taken on February 19, 2014: recommends be adopted is House Joint Resolution 69, House Resolution 730. Introduction of Resolutions. House Resolution 843, offered by Representative D'Amico, is referred to the Rules Committee."

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

Clerk Bolin: "Agreed Resolutions. House Resolution 844, offered by Representative Leitch. House Resolution 845, offered by Representative Leitch. House Resolution 846, offered by Representative Monique Davis. House Resolution 847, offered by Representative Ford. House Resolution 848, offered by Representative Brauer. And House Resolution 849, offered by Representative Durkin."

Speaker Turner: "Representative Currie moves that the Agreed Resolutions be adopted. All in favor say 'aye'; all opposed say 'nay'. In the opinion of the Chair, the 'ayes' have it. And the Resolutions are adopted. Representative Moffitt, for what reason do you seek recognition?"

Moffitt: "Thank you, Mr. Speaker, rise to a point of personal privilege."

Speaker Turner: "Please state your point, Sir."

Moffitt: "Just a reminder that next week, Tuesday and Wednesday is weigh-in for the weight loss contest sponsored by the Retrofit Caucus. You do not have to do... be in the contest to be a member of the caucus. So please consider joining, even if you don't want to weigh in and be a part of that, 'cause were going to do some other fun things. So next week, Paramedic Station, Room 206 on second floor. Kept

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confidential. What happens in the paramedic's office stays there. The weight information will be confidential. And by the way, if you could help me find out, I stopped and bought my lunch as I came through the tunnel, this health bar, but out of 80 choices down in the vending machines only two of them would be what I would call healthy choices. So, maybe you could tell me who I could talk to to try to get more healthy options in our vending machine downstairs. I look forward to hearing from you. Mr. Speaker. Thank you, but weigh in next week. Please consider joining the Fitness Caucus."

Speaker Turner: "Thank you, Representative. Members, if we can get a little order in the chamber. We're going to proceed to Bills on Third Reading. Mr. Clerk, House Bill 3749, Representative Franks. Please read the Bill."

Clerk Bolin: "House Bill 3749, a Bill for an Act concerning education. Third Reading of this House Bill."

Speaker Turner: "Representative Franks."

Franks: "Thank you, Mr. Speaker and Members of the General Assembly. This is a Bill that came to me over last summer. It's necessary to ensure that the tax-exempt status, which certain institutes of higher education hold in Illinois, is not abused. What we found is that certain universities outside of Illinois were giving interest-free loans and forgiving loans..."

Speaker Turner: "Excuse me, Members. Please have a little order and take the conversations to the rear of the chamber. Thank you. Representative Franks."

Franks: "Thank you. What we found was a problem in other states and we're trying to make sure it doesn't happen here. What we

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found was that tax-exempt universities were giving interest-free and loans and also forgiving loans for second homes for professors at a time when students are taking on excessive debt and the schools are not forgiving those debts and those debts are not dischargeable in bankruptcy. I don't think that it's proper public policy for tax exempt institutions to be giving those type of loans and this would simply prohibit that act. I've reached out to almost every university in the state and gotten their response and they're not doing it now. But I think it's a very important piece of proactive legislation. I'd be happy to answer any questions."

Speaker Turner: "On that, we have Representative Hays."

Hays: "Thank you, Mr. Speaker. Representative, when we discussed this in committee, is it fair to say that this is a dynamic that has not occurred in our state?"

Franks: "Correct."

Hays: "And so, what was the impetus for bringing such a Bill on a proactive basis to underscore a dynamic that hasn't happened?"

Franks: "Good fences make for good neighbors. When we see other problems happening, I think it's smart that we don't suffer the same indignities. So, hopefully it won't... I don't... I'd... listen, I think the people in Illinois do a heck of a job and I think they're very well-committed and it may never be an issue, but let's... let's make sure it never becomes one."

Hays: "And I appreciate your effort. I guess, in some ways, as I read this over again and I reflected on your testimony in committee, sometimes I feel like this a solution in desperate..."

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desperately seeking a problem and for that reason I... I will listen to the debate. I appreciate your efforts. Thank you."

Franks: "I appreciate it, but it is a real problem, 'cause it's happened in other areas and oftentimes, they just follow along the line. But I appreciate your comments."

Speaker Turner: "Representative Sandack."

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

Speaker Turner: "Sponsor will yield."

Sandack: "Jack, I don't know why we need this Bill. So, walk me through what this does, that the prevailing law doesn't already afford protections to borrowers in the ordinary course."

Franks: "Well, it's not a question of the borrowers, it's protecting. That's... I want to make that very clear. This is nothing to do with banks or loans. What we found is that universities that are tax exempt, thereby basically using our tax dollars, are giving interest-free loans and forgiving loans in other states for professors and connected insiders to buy second homes. I think that's outrageous at a time when our students are taking on huge debt, excessive debt, which I believe will be the next bubble and none of these universities are allowing their debt to be forgiven or interest-free. And I don't think it's fair, if you have a tax-exempt status, to do that. Now, if they're a taxable for-profit institution, I don't think there's anything we should say about that, because they have a different status. But they're getting a... they're getting a privileged status of tax exemption and then using that to give special privileges that

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they're not affording to the students. I just don't think that's right."

Sandack: "Help me out with something here, though. Aren't we really talking about extra compensation?"

Franks: "Yes."

Sandack: "Isn't this in lieu of whatever else they're going to do by way of compensation?"

Franks: "It could be. But it's non-taxable as well, in many cases, because it's additional... that's additional. Let's be honest, then, if it's going to be that type of compensation. But I don't think that tax-exempt organizations, if they're going to act like for-profit institutions, then they should be treated like for-profit institutions."

Sandack: "Last question, Jack. Do you have any metrics on how many times this is used?"

Franks: "What I did, I talked to, I think, over 20 of our universities. I talked to the Presidents of the colleges. I'd say Glenn Poshard was very excited about it. He thought it was important. There... a lot of them do give some type of loans, but they're not for a second home. They're not for that type of thing. Some... and they're usually for short-term bridge loans. We're not going to do anything to affect what those institutions are doing. This is much more localized in what we're prohibiting."

Sandack: "All right. Well, thank you. To the Bill. I'm just always a little leery of Bills that come out this fast and that's why I was asking the Sponsor questions, because we're in the infancy of this Session and I just thought it was important to get some of those things on the record. So, I appreciate

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the Sponsor's willingness to answer questions. Thank you, Mr. Speaker."

Speaker Turner: "Representative Riley."

Riley: "Will the Sponsor yield?"

Speaker Turner: "Sponsor will yield."

Riley: "Representative Franks, I have to tell... I have been trying to listen to the debate. It is a little noisy in here. So, I hope the question I ask you hasn't already been asked. But real world situation, I know a faculty member at a college somewhere else that's a Nobel laureate. I know a person that's engaged and is a nonpareil around the world in cancer research. As you know, there's a lot of competition to bring competent faculty to different universities and colleges. So, isn't a loan or can a loan be viewed as just an emolument that may be given to attract a person of that nature to come to your university?"

Franks: "I don't believe this would impede that at all. And I think we also have to consider that if we have to give interest-free loans or forgive loans for professors to get a second home, then we need to probably really rethink whether the tax-exempt status is appropriate. That's something that a tax... someone who's paying taxes can do."

Riley: "Yeah."

Franks: "But understand that we are subsidizing those tax-exempt universities and they should act as though they're tax-exempt universities. I think they need to be up-front on what compensation they'll be paying for... paying someone and that's fine. But I don't think they should be allowing perks like

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that when their students are not allowed to have their loans... given interest-free loans or forgiven."

Riley: "Representative Franks, one of the things, and I understand what you're saying and it... and it sounds really good, but a high level faculty member is not a student. And a high level faculty member can enhance the stature of a university, bring money into the university..."

Franks: "Oh... oh, I agree... oh, I agree with you..."

Riley: "...and bring top level students. And so, I think what's happening, and it's a point well-taken, you're taking the anecdote of some people that just happen to buy houses in the Hamptons and I wonder whether or not that's representative of those people who might have gotten a loan."

Franks: "I don't think it's a widespread issue. I just don't want it happening here. It's very... It does three basic things. I'm not sure you saw the analysis."

Riley: "Yeah. I read it."

Franks: "All right. Because it really..."

Riley: "That I read."

Frank: "... it really only does three things and it's very specialized. I think we get a lot of egg on our face if we allow this to happen in the State of Illinois. I can tell you, I don't think our taxpayers would understand that kind of perk and largesse. There's other ways to attract top talent. And we can pay them more if you have to, but let's not play these back door games, where they get, you know, tax-free gifts."

Riley: "All right. But I'm saying, can't you maybe even more narrowly tailor the Bill, that maybe it ends up as ordinary

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income, taxable income or other kinds of things that would really address the problem. I think this is broadly..."

Franks: "I think this does. I mean, we did a lot of research on this. I can't tell you how much time we spent on this months. This was the... this was the best solution."

Riley: "Okay. Thank you for your answers."

Franks: "Thank you."

Speaker Turner: "Representative Franks to close."

Franks: "Thank you. I really appreciate the questions. This Bill, understand, only... it does three things. It prohibits making the loans to employees in a natural... at an annual interest rate that's lower than the prevailing loan interest rates at the time of the loan approval. You can't forgive these loans made to the employees. Folks, this is a question of fundamental fairness. We want... we need to treat our students as well as we treat our faculty, and to provide these perks by a nontaxpaying entity makes them act as though they are... that they ought to be paying taxes. They can't have it both ways. So, in order to protect our taxpayers, in order to protect our students, I'd encourage an 'aye' vote."

Speaker Turner: "Gentleman moves for passage of House Bill 3749. All in favor vote 'aye'; all opposed vote 'nay'. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Representative Crespo, Gabel, Kosel. Mr. Clerk, please take the record. On a count of 83 voting 'yes', 21 voting 'no' and 7 voting 'present', House Bill 3749, having received the Constitutional Majority, is hereby declared passed. On Supplemental Calendar #1, we have House

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Resolution 790. Mr. Clerk, please read the Resolution. Mr. Riley."

Riley: "Thank you, Mr. Speaker. House Bill 790 establishes UIC Urban Planning Day, February 22, in the State of Illinois. Specifically on the 22nd, UIC will be celebrating the 40th anniversary of the College of Urban Planning and Public Affairs. This institution, CUPPA as we call it, is a great institution, been around for 40 years. It's only one of the two institutions in this state that offered an accredited master's degree in Urban Planning program. Of course, they offer master's degrees in Public Administration, PH.D.s in Public Administration. The fascinating thing about CUPPA is they've been really involved in the development and the social and economic health of the City of Chicago. I remember when we had redistricting, there was a member of the Urban Data Visualization Center that came down and did a fantastic presentation. We have the Voorhees Center for community economic development. We have other institutes that are really great and have been involved in the uplift of Chicagoland area and beyond. So, 790 basically establishes UIC College of Urban Planning and Public Administration Day in the State of Illinois."

Speaker Turner: "Representative Nekritz."

Nekritz: "Thank you, Mr. Speaker. I would like to commend Representative Riley for bringing this matter forth today and the timing could not be better for me. I'm joined today by my legislative director from my district office up in Buffalo Grove, John Amdor, who is a student in this program right this... right this minute, is about to get his master's in the

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summer, we're hoping. So, I'm delighted that John could be here to see this Resolution adopted for the very program that he's participating in right now."

Speaker Turner: "Gentleman moves for the adoption of House Resolution 790. All in favor say 'aye'; all opposed say 'nay'. In the opinion of the Chair, the 'ayes' have it. And the Resolution is adopted. And now, allowing perfunctory time for the Clerk, the House will adjourn Session 'til Tuesday, February 25 at the hour of 12 noon. All in favor say.. Representative Hurley moves for adoption of the Adjournment Resolution. All in favor say 'aye'; all opposed say 'nay'. In the favor.. opinion of the Chair, the 'ayes' have it. And the House is adjourned."

Clerk Hollman: "House Perfunctory Session will come to order. Committee Report. Representative Barbara Flynn Currie, Chairperson from the Committee on Rules reports the following committee action taken on February 20, 2014: recommends be adopted, referred to the Order of Resolution is House Joint Resolution 76; approved for consideration, referred to Second Reading is House Bill 738. There being no further business, the House Perfunctory Session will stand adjourned."