

79TH GENERAL ASSEMBLY  
COMMITTEE OF THE WHOLE  
FEBRUARY 4, 1975

1. PRESIDENT:

2. The hour of 10:00 o'clock having arrived, the Senate will  
3. now come to order. The prayer by the Reverend Henry Nicholson,  
4. Truelight Baptist Church, East St. Louis, Illinois. Reverend  
5. Nicholson.

6. REVEREND NICHOLSON:

7. (Prayer given by Reverend Nicholson)

8. PRESIDENT:

9. Reading of the Journal. Senator Johns.

10. SENATOR JOHNS:

11. Good morning, Mr. President. I move we postpone the approval  
12. of Journals of Wednesday, January 29, 1975, and I move that read-  
13. ing and approval of the Journal of January 29, 1975...okay, you  
14. want to read them both? Okay. And Thursday, January the 30th,  
15. 1975 until the...pending the arrival of the printed Journal.

16. PRESIDENT:

17. Heard the motion. Ready for the question? All in favor  
18. say Aye. Opposed. Motion carries. Committee reports.

19. SECRETARY:

20. Senator Donnewald, Chairman of Assignment of Bills, assigns  
21. the following to Committee: Appropriations - Senate Bill 75 and  
22. 76; Education - Senate Bills 87 and 88; Executive - Senate Bill 77;  
23. Judiciary - Senate Bill 78 and 79; Local Government - Senate Bills  
24. 82, 83, 84, 85 and 86; Revenue - Senate Bills 74, 80 and 81.

25. PRESIDENT:

26. Special order of business. Committee of the Whole, for  
27. Tuesday, February 4th, 1975. Senate Bills 62 and 63. Senator  
28. Rock.

29. SENATOR ROCK:

30. Thank you, Mr. President and Ladies and Gentlemen of the  
31. Senate. I think, for the record, I would now move, Mr. President,  
32. that the Senate do resolve itself into a Committee of the Whole  
33. for the purpose of considering Senate Bill 62 and 63.

1. PRESIDENT:

2. Senator Rock moves that the Senate resolve itself into  
3. Committee of the Whole for the purpose of entertaining Senate  
4. Bills 62 and 63. All in favor say Aye. Opposed Nay. Motion  
5. carries. Sen...Senator Rock.

6. SENATOR ROCK:

7. Thank you, Mr. President, Ladies and Gentlemen of the Senate.  
8. As a special order of business, as a Committee of the Whole, the  
9. Senate will this morning consider Senate Bill 62 and 63 which are  
10. commonly known and properly known as the Senior Citizen's Property  
11. Tax Relief Bills. The...Senate Bill 63 carries with it an appro-  
12. priation of thirty-four million dollars. Senate Bill 62 is identical  
13. to that bill which we passed here last November and which was sub-  
14. sequently passed in the House in December. On January 24th of this  
15. year, the Chief Executive of our State saw fit to veto that bill.  
16. I...I immediately reintroduced an identical bill and that is what  
17. brings us here today.

18. PRESIDENT:

19. Senator Rock, if I may interrupt just for a moment. There are  
20. some witness slips that have just been handed to me. If there are  
21. persons in or about the Chambers who desire to be witnesses, please  
22. get a slip from the Clerk, the Secretary, and make known your  
23. presence. Senator Harris and attention of the other members, we  
24. have been asked by the media, both the newspapers and television,  
25. to be able to take pictures this morning of this hearing. Are there  
26. any objections?

27. SENATOR HARRIS:

28. Well, Mr. President, I just would like the members of the  
29. media to know that my right side is my best side.

30. PRESIDENT:

31. It is indeed your better side. Senator Rock, what is your  
32. pleasure?

33. SENATOR ROCK:

1. Thank you, Mr. President. We have, I am...last week, through  
2. your kind office, we did direct letters of invitation to certain  
3. people who expressed interest. Comptroller Lindberg indicated  
4. affirmatively that he would wish to testify. Lt. Governor Hartigan  
5. also did. There are five individuals representing the senior  
6. citizens of our State and the Director of the Bureau of the Budget  
7. and the Director of the Department of Revenue. I was going...I  
8. was asked by Comptroller Lindberg if he could because of the press  
9. of business in his office testify first. And I'm sure if we can  
10. wait just a minute, maybe he can come up here and testify first, and  
11. then, we will attempt, at least, to expedite this.

12. PRESIDENT:

13. Well, if that is your pleasure, we'll wait a couple of  
14. moments. But let me just suggest to those who are going to testify  
15. that this is a matter which the Legislature has on a previous occa-  
16. sion been familiar with. We've heard it. We've voted for it before,  
17. and I would ask each of you to keep your remarks cogently brief so  
18. that we could hear as many persons as possible. All of us know what  
19. it's about. We've had it here before. What purpose does Senator  
20. Rock arise?

21. SENATOR ROCK:

22. Thank you, Mr. President. I...I think in the...to attempt, at  
23. least, to save everybody's time since many of the members of the  
24. Senate are here patiently waiting, and we do have two directors of  
25. code departments, I would at this time ask the Director of the  
26. Bureau of the Budget, Mr. Hal Hovey, to step forward and please  
27. present his testimony.

28. PRESIDENT:

29. The Chair recognizes Mr. Hovey. Mr. Hal Hovey of the Bureau  
30. of the Budget.

31. MR. HOVEY:

32. Mr. President and members of the Committee of the Whole, I  
33. appear here at the request of the President for the purposes of

1. testifying on Senate Bill 62 and 63. I will be quite brief as I  
2. assume the purpose of the request was for me to present myself  
3. the opportunity for you to ask questions. As you know, the  
4. legislation provides for a new grant program for senior citizens.  
5. There are a variety of estimates that have been made available to  
6. the members of the Senate with respect to the cost of the legisla-  
7. tion. I think it is fair to say that the high side of those esti-  
8. mates is on the order of fifty-five million dollars for full year  
9. implementation. The low side of those numbers, probably, goes as  
10. low as twenty-five. And I believe that you'll find both Comptroller  
11. Lindberg and I will be testifying to identical numbers on the cost  
12. of the program. Now, as you consider the program itself, you will,  
13. of course, be considering it in light of the available revenues of  
14. the State of Illinois. In that connection, you should know, and  
15. perhaps already do know, the State's budgetary balance at the end of  
16. fiscal year 1974 was two hundred and ninety million dollars. In  
17. fiscal year '75, as you may not know, the State is running in the  
18. red without question. We will be presenting to you as part of the  
19. regular budget presentation a variety of major deficiency appropria-  
20. tions for fiscal 1975. Those will include a public aid deficiency  
21. which we currently estimate will reach approximately one hundred and  
22. seventy million dollars in deficiency appropriations in public aid.  
23. We also expect to present a deficiency appropriation for the cost  
24. of the current pay-outs in the elementary and secondary formula that  
25. will be a number that we're currently discussing with the Office of  
26. Education in the range between thirty and forty. As you know, in the  
27. appropriations which you made and the decisions which you made on  
28. State employee pay, you did not alter the appropriations at the  
29. same time as you altered what we pay our employees. There are other  
30. smaller deficiencies as we look at the '75 situation. As we look  
31. into fiscal year 1976, we will see a situation that is clouded by  
32. uncertainty and clouded by recession. Now, let me ask Mr. President,  
33. I notice Mr. Lindberg is here, would you like me to yield so he

1. could testify and catch his plane?

2. PRESIDENT:

3. He indicates he can wait.

4. MR. HOVEY:

5. In fiscal '76, the most significant fact for all of us and  
6. for all of you as individual citizens is recession. The President,  
7. in announcing his budget yesterday, announced that in his opinion,  
8. which has traditionally been conservative on this point, the unem-  
9. ployment rate would exceed eight percent. At the same time, he  
10. announced a budget that will reveal as we look at it in detail a  
11. number of cuts affecting the revenue side of the State's Federal  
12. Aid picture. Those circumstances combine with built-in increases  
13. in current programs, particularly the school aid formula, to leave  
14. us with a fiscal '76 situation that is awkward at best. Under those  
15. circumstances, we are obviously, right now, having some difficulty  
16. in putting together the budget that we are to present to you in  
17. early March. I cannot at this time forecast what exactly we will  
18. recommend, and I certainly cannot forecast what exactly you will  
19. decide to do. I can say this, that in terms of the timing of your  
20. consideration of the program which is before you, if you want to  
21. consider it in the light of the available revenues of the State and  
22. in the light of the other expenditures which you will wish to make,  
23. then it is obvious that the appropriate thing to do is to consider  
24. it at the time that you have a feeling as to what you think the State  
25. can afford which is sometime after March the 4th. That, Mr. President,  
26. concludes my prepared testimony.

27. PRESIDENT:

28. Any questions of this witness? Senator Rock.

29. SENATOR ROCK:

30. Thank you, Mr. President. Director, just so I have the  
31. figures correct, you...you indicated that the cost figure of this  
32. program as you view it is the range would be between twenty-five  
33. and fifty-five million?

1. MR. HOVEY:

2. That is correct, Sir.

3. SENATOR ROCK:

4. May I ask the premise for that...that conclusion?

5. MR. HOVEY:

6. Yes, the method of calculation of the basic program, that is  
7. the grants themselves, consists of taking census data on the number  
8. of households headed by persons age sixty-five and over. Project-  
9. ing that number forward, based on the maturing of the population  
10. between the 1970 census and now, and putting in to income classes  
11. corresponding to those in the bill, all of the households in Illinois  
12. in that category and striking a number. Now, there are various  
13. numbers that depend upon the extent to which you grow the population,  
14. etcetera, but those numbers tend to come out in the range of thirty-  
15. nine to forty-eight million dollars for that portion of the bill for  
16. one hundred percent participation. Then, you add to that a number  
17. which is something like seven, eight, or nine million dollars which  
18. is the amount associated with the change in the rent and come to a  
19. number. Now, let me briefly answer that question by talking about  
20. participation rate. That gives you a one hundred percent participa-  
21. tion rate number. It is unlikely that there will be one hundred  
22. percent participation. The participation on the current Circuit  
23. Breaker is about fifty percent. I think it's fair to say that you  
24. could take a maximum participation by publicizing the program to  
25. something like eighty percent. In considering that cost and in my  
26. high number, I have used an additional fifteen million reflecting  
27. the thought that if you do both programs together, you will also  
28. increase the participation rate in the current Circuit Breaker Program  
29. to whatever your participation rate is in the new program.

30. PRESIDENT:

31. Senator Rock.

32. SENATOR ROCK:

33. Well, let...let me ask, Director, are those census figures about

1. what you spoke, are those national figures, or are they the figures  
2. predicated solely upon the facts in...here in Illinois?

3. MR. HOVEY:

4. Jerry Stewart is in the audience and will, I hope, correct me  
5. if I'm wrong. They are Illinois figures. The '70 census is based  
6. in Illinois, and the household income data is available for Illinois.  
7. And Jerry's shaking his head, yes.

8. SENATOR ROCK:

9. Alright, with respect to the...

10. PRESIDENT:

11. Senator Rock.

12. SENATOR ROCK:

13. Yea. Thank you, Mr. President. With respect to the...the  
14. dollar figure then, why is it, may I ask, that there was no mention  
15. of this higher figure, either in the past year during the pendency  
16. of this particular piece of legislation or identical piece of legis-  
17. lation, nor in the veto message itself?

18. MR. HOVEY:

19. With respect to the veto message, simply as a drafting matter,  
20. we didn't see any particular advantage in putting in cost estimates  
21. of a bill that was being vetoed. With respect to consideration last  
22. year, we, by Statute, provide you with fiscal notes on everything on  
23. which you ask us for fiscal notes. And I suspect either you didn't  
24. ask us for one or you did some time ago, and there's one floating  
25. around some place.

26. SENATOR ROCK:

27. Well, the fact is that the...all the testimony both in the  
28. House and in the Senate indicated that the figure that was presented  
29. in the accompanying appropriation bill was, in fact, the correct  
30. one.

31. MR. HOVEY:

32. I am not saying that you cannot justify a thirty-four million  
33. dollar number which is the number that is in the accompanying appro-

1. priation bill. In fact, you can justify just about any number you  
2. want to between roughly twenty-five to thirty and fifty-five, depend-  
3. ing on the participation rate assumption. And I...I think every-  
4. body has understood that. That is as my staff has discussed the  
5. bill with the Lt. Governor's staff and others. We've all tried to  
6. point out to you the participation rate assumptions that are involved.  
7. And if you assume that the participation in this program will be  
8. roughly equivalent to the participation of the Circuit Breaker, you  
9. can get within that thirty-four million dollar number comfortably.  
10. SENATOR ROCK:

11. Very comfortably. It comes out about sixteen million. I...I  
12. would say that's extremely comfortable. One final question, you  
13. indicated the dollar amount of the surplus. I...I...was it two  
14. hundred and ninety million? Is that...

15. MR. HOVEY:

16. That is correct?

17. SENATOR ROCK:

18. That is correct. Thank you. I have no further questions.

19. PRESIDENT:

20. Senator Wooten, and then, I recognize Senator Soper. Senator  
21. Wooten.

22. SENATOR WOOTEN:

23. Director, the bill as presently written limits this grant to  
24. those who come under the Circuit Breaker Law. It does not include  
25. those who are living in housing for the elderly. It does not  
26. include those who live at home and do not pay property tax or rent.  
27. If we include all our senior citizens, those who live in housing  
28. for the elderly and so on, what will the price tag be then?

29. MR. HOVEY:

30. Let me ask someone to come up here. Jerry, would you come up  
31. on that technical question? This is Jerry Stewart from the Depart-  
32. ment of Revenue.

33. PRESIDENT:



1. Did you desire he repeat the question or did you hear it?

2. MR. STEWART:

3. The numbers as we put them together would include both house-  
4. holds, mobile home privileged taxpayers, and those people living  
5. in places like the "Y", boarding houses, etcetera, all those who  
6. would be eligible for the...the grants as close as we could get to  
7. that number with the data that's available. So, I guess what I  
8. should be saying is the number that we put together would include  
9. all the elderly living in facilities that are tied to property  
10. taxes or rent in some manner.

11. SENATOR WOOTEN:

12. So, then you...

13. PRESIDENT:

14. Senator Wooten.

15. SENATOR WOOTEN:

16. You would have no idea then what would happen if all the  
17. elderly were included?

18. MR. STEWART:

19. The cost increase wouldn't be that great because we've already  
20. included most of them. We've included the private nursing home  
21. people, for example. We've included the people living at the "Y"  
22. and in boarding houses, and we've including...included those living  
23. in their own homes.

24. PRESIDENT:

25. For what purpose does Senator Rock arise?

26. SENATOR ROCK:

27. Just if I might, Mr. President, to clarify. I think what  
28. Senator Wooten is aiming at is the same thing that Senator Netsch  
29. talked about when 2715 and 16 were under discussion here. And the  
30. question is the applicability of this program to seniors and handi-  
31. capped who reside in a tax exempt facility. Now, the fact is the  
32. program as written will apply to nine hundred thousand people, less  
33. than five percent of the eligibles live in tax exempt facilities.

1. There is no question, but that particular aspect is excluded from  
2. these bills, and I suggested the last time that Senator Netsch's  
3. concern was a good one and that a piece of legislation should be  
4. introduced to cover that less than five percent group.

5. PRESIDENT:

6. Senator Wooten. I'll come back to you.

7. SENATOR WOOTEN:

8. My inquiry is merely fiscal. I want to...I want to know if  
9. there are any estimates. You say there's about five percent?  
10. Can we project from that, then?

11. PRESIDENT:

12. Senator Soper.

13. SENATOR SOPER:

14. Just a question to the Director. Director, you say that we're  
15. about to have a surplus. There's a surplus now in the Treasury of  
16. two hundred and forty million. Against that surplus, you have a  
17. possible deficiency appropriation on the public aid of a hundred and  
18. seventy million?

19. MR. HOVEY:

20. That's correct.

21. SENATOR SOPER:

22. Now, that hundred and seventy million, isn't there a Federal  
23. participation in...in that program?

24. MR. HOVEY:

25. That's correct.

26. SENATOR SOPER:

27. And that...that...what's the Federal participation in that  
28. hundred and seventy million?

29. MR. HOVEY:

30. Roughly, forty-five percent.

31. SENATOR SOPER:

32. Forty-five percent. In other words, then, the deficiency that  
33. would have to be appropriated by the State out of the State Treasury

1. would be approximately say eighty-five...eighty-five or ninety  
2. million dollars?

3. MR. HOVEY:

4. The...the appropriation, then, you have to make is the hundred  
5. and seventy, but the cost of that appropriation to the State Treasury  
6. will be approximately fifty-five percent.

7. SENATOR SOPER:

8. Now, the two hundred and forty million is what you say we have  
9. a surplus at this time, so against that, there wouldn't be a  
10. deficiency appropriation of a hundred and seventy? There would be  
11. approximately eighty-five? Right?

12. MR. HOVEY:

13. Right.

14. SENATOR SOPER:

15. Thank you.

16. PRESIDENT:

17. Any further questions of this witness? Senator Hynes, you're  
18. next.

19. SENATOR HYNES:

20. First of all, Mr. Hovey, what do you project that the surplus  
21. will be at the end of this fiscal year?

22. MR. HOVEY:

23. We are not at this point firm on all of the numbers, but it  
24. would appear that the State will have expenditures that exceed  
25. revenues on the order of a hundred million dollars.

26. SENATOR HYNES:

27. What will...to repeat the question, what will the...the cash  
28. surplus be at the end of this fiscal year?

29. MR. HOVEY:

30. Two hundred and ninety minus a hundred, roughly, which is a  
31. hundred and ninety.

32. SENATOR HYNES:

33. A hundred and ninety million dollars. So that...and that

1. figure includes all of the deficiency appropriations that you  
2. have mentioned? It takes those into consideration?

3. MR. HOVEY:

4. That's right.

5. SENATOR HYNES:

6. Okay, fine. Secondly, could you tell me what the cost will  
7. be on an annual basis of amortizing principal in...interest on the  
8. four point five billion dollar Public Works Bonding Program that  
9. has been discussed?

10. MR. HOVEY:

11. The impact of the Accelerated Construction Program falls in  
12. two separate areas that need to be distinguished. The first of  
13. the Accelerated Program of two billion as distinct from the normal  
14. program that drives that total to four. The Accelerated Program  
15. consists of a revenue bonding part which has no impact on the  
16. General Revenue Fund of the State of Illinois. So, you leave that  
17. out, and you have what amounts to a billion dollars in an Acceler-  
18. ated Program, and then, the normal State capital appropriation of  
19. two billion. As you know, Senator, the normal appropriation has  
20. been giving rise to bond issuances in the range of two hundred and  
21. fifty to three hundred million as normal issue. And the reason is  
22. there...very large number as the Senator knows the reappropriations  
23. in those capital numbers. So, let me focus my answer by saying  
24. you're talking about a billion dollars of new issues of general  
25. obligation bonds. When all of those bonds are issued, if they were  
26. ever outstanding at the same time, the impact would be approximately  
27. ninety million dollars in debt service at a five percent interest  
28. rate, a hundred million at a six. Now, they won't all issue at the  
29. same time, so the fiscal '75 budgetary impact will be zero. The  
30. fiscal '76 budgetary impact, if you enact the program without changing  
31. comma, would probably be a number less than five million dollars.

32. SENATOR HYNES:

33. That's fiscal '76, but as the bonds are...as the bonds are

1. issued, that will go up to the point of a hundred million dollars  
2. when the...when the program is at its maximum, if it were...enacted?  
3. MR. HOVEY:  
4. That...  
5. SENATOR HYNES:  
6. As suggested or proposed.  
7. MR. HOVEY:  
8. With a six percent interest rate or current...the...the last  
9. issue was at about five point two five. That's the maximum you  
10. could get to. You'd never quite get to that because the bonds we  
11. would issue in fiscal '76, we would start paying principal back in  
12. '76 which would reduce the interest then that we'd have to pay in  
13. '77 and so on. So, you don't quite reach that number.  
14. SENATOR HYNES:  
15. Do you recall what the Comptroller's estimate was of what  
16. that additional annual cost would be?  
17. MR. HOVEY:  
18. The Comptroller's here, and he can speak for himself, but...  
19. PRESIDENT:  
20. I might add that the Comptroller is here and he is the next  
21. witness.  
22. SENATOR HYNES:  
23. I was just wondering if Mr. Hovey was aware of it.  
24. MR. HOVEY:  
25. Senator, the Comptroller would have to use exactly the same  
26. methodology I did which is to take the method of issuing bonds which  
27. I control, so he'd have...he'd have to take my number there.  
28. SENATOR HYNES:  
29. Alright. Alright. We'll wait...we'll wait for the Comptroller  
30. then. Thank you.  
31. PRESIDENT:  
32. Senator Schaffer.  
33. SENATOR SCHAFFER:

1. Thank you, Mr. President. Actually Senator Hynes asked the  
2. question I was going to ask. And, Director, just to clarify one  
3. thing, I...I've been trying to figure out how the Governor's Acceler-  
4. ated Building Program was to be financed. Am I correct in the  
5. assumption that less than five million dollars of this two point  
6. some billion dollar program will actually have to be paid before the  
7. '76 election, and the rest is all due after the election?

8. MR. HOVEY:

9. Well, as you know, we don't calculate our fiscal years in terms  
10. of elections, so I'll have to think for a minute about that.

11. SENATOR SCHAFFER:

12. Oh, I...I'm confused. I thought that might have been a factor.

13. MR. HOVEY:

14. Basically, the amount that will be paid out of General Revenue  
15. Fund as appropriations for debt service will, you are correct, be  
16. a quite small number. I don't think it will be less than five  
17. million dollars which was a fiscal year '76 answer. Could go like  
18. ten or fifteen or maybe even twenty over the two fiscal years...  
19. three fiscal years involved. The amount of money that would actually  
20. be paid out is a much larger number, of course, because it is driven  
21. by the proceeds from selling bonds.

22. SENATOR SCHAFFER:

23. It's a brilliant program, Sir. I don't know if it's good  
24. fiscally, but it's good politically.

25. PRESIDENT:

26. Any further questions of this witness? Senator Berning.

27. SENATOR BERNING:

28. Calling your,..calling your attention to the provisions of  
29. the act which apply to incomes of zero to nine hundred ninety-nine  
30. dollars and seven thousand to nine hundred nine thousand nine hundred  
31. ninety-nine dollars and ninety-nine cents which covers a large  
32. segment of the normal population. My question to you is simply  
33. this, could you or would you care to estimate how much additional

1. cost there might be if such a grant program or extended to the  
2. younger taxpaying citizen whose income is in that same range?  
3. And I'm thinking of the vast number of our taxpaying population  
4. who because of age only would not be benefiting from such a program  
5. as proposed here, but who very likely ought to be considered and  
6. if we were to broaden it, would you care to estimate what that would  
7. cost?

8. PRESIDENT:

9. Mr. Hovey.

10. MR. HOVEY:

11. You are obviously quite correct that there are a large number  
12. of people who meet the income criteria of the bill but failed to  
13. meet the age criteria. We have provided for Senator Netsch an  
14. estimate of the cost of extending the bill and the grant table in  
15. the bill to the entire Illinois population, and we've estimated for  
16. full year implementation, if everyone participated, one hundred and  
17. forty-seven million dollars.

18. SENATOR BERNING:

19. That is total including the present population provided for in  
20. the bill? In other words, you say a hundred and forty million was  
21. it?

22. MR. HOVEY:

23. A hundred and forty-seven million. Yes, Sir.

24. SENATOR BERNING:

25. A hundred and forty-seven million would include all citizens,  
26. then, with this income limitation. Thank you.

27. PRESIDENT:

28. Now, let's bear in mind we have several other witnesses.

29. Senator Hynes.

30. SENATOR HYNES:

31. I would just like a clarification of one answer I received.  
32. Director, when you gave me that figure for debt service, were...  
33. you were talking about principal and interest payments, were you

1. not?

2. MR. HOVEY:

3. That is correct.

4. PRESIDENT:

5. Senator Rock.

6. SENATOR ROCK:

7. Thank you, Mr. President. With that large fanfare in the  
8. background, I would now like to call upon the Comptroller of our  
9. State, Mr. George Lindberg.

10. PRESIDENT:

11. Will Mr. Lindberg come forward? Thank you, Mr. Hovey.

12. Mr. George W. Lindberg, Comptroller of the State of Illinois.

13. MR. LINDBERG:

14. Thank you very much, Mr. President, distinguished members of  
15. the Committee of the Whole. Two questions underlie the matter  
16. before you today: what will be the cost of this Tax Relief Plan  
17. for our senior citizens and can the State afford it? Unquestionably  
18. during the present fiscal year, the cost will be substantially less  
19. than the thirty-four billion...million set aside by Senate Bill 63  
20. which is the appropriation bill. The precise amount cannot be  
21. established now, but it will be determined by the length of the  
22. start-up period during the eight months left in this fiscal period  
23. including the standard three months lapse period. For this year,  
24. then, the answer is clear. The State can, by anybody's definition,  
25. afford this program, but there is more to a fiscal responsibility  
26. than only looking eight months ahead. You must also ask what about  
27. the long haul. After the first year, the cost clearly will be higher.  
28. Assuming eighty percent participation, as indicated by Director Hovey,  
29. by eligible senior citizens, I estimate a maximum price tag of about  
30. forty million dollars, in the second and succeeding years across time,  
31. as...as deserving senior citizens take advantage of this tax relief  
32. in greater numbers. Certainly, talking in terms of the maximum,  
33. forty million dollars, I believe that forty million dollars can be



1. easily found in an eight billion dollar budget for any socially  
2. desirable program such as this. The forty million dollars is half  
3. of one percent of the current budget. Again, I want to continue  
4. to emphasize that I am talking in terms of maximum spend. You are  
5. aware that the cost of State government day to day operations and  
6. grant programs have increased by ten to twelve percent annually in  
7. recent years. Revenues, similarly, have been rising at a roughly  
8. identical rate. The available balance in our General Funds which  
9. includes the General Revenue Fund, the Common School Fund, and the  
10. Federal Revenue Sharing Fund, including this year's deficiencies  
11. for welfare and school spending as we estimate them, will be between  
12. three hundred and four hundred million at the end of this fiscal  
13. period. This is a modest balance representing less than fifteen  
14. days of State spending in a time of economic uncertainty. Because  
15. of the State's cash flow needs and an unstable economy around us,  
16. we must have a minimum balance of at least a hundred million dollars  
17. to guarantee that on any given day, we can pay the State's bills.  
18. So, we are talking about a net of two to three hundred million in  
19. our State savings account to begin the next fiscal year. This means  
20. that our revenues must keep pace with expenditures for our bank  
21. balance not to be impaired. Your responsibility is to make sure that  
22. our spending in fiscal year '76, just ahead, will not exceed the best  
23. estimates of available revenues. In the last analysis, then, the  
24. affordability which was the second question of this particular  
25. program will hinge on your action, not so much on this bill, but on  
26. spending demands that will come before you later in this Session. I  
27. urge you to consider this Tax Relief Program in the general context  
28. of overall affordability weigh...weighed against what will soon be  
29. before you. This State clearly cannot afford many of the new programs  
30. that you will consider this year. The need for a studied priority  
31. approach is paramount. Let me leave you with this thought, by itself,  
32. a forty million dollar program, this forty million dollar program, if  
33. spending ever arises to that level in the program over years, will not

1. in itself trigger a need for a tax increase or a significant reduc-  
2. tion in any existing program. If I may editorialize for a moment,  
3. my personal view is that our senior citizens have contributed a  
4. large measure of substance to this generation and to succeeding  
5. generations after us. They are entitled to this modest tax relief.  
6. Thank you.

7. PRESIDENT:

8. There will be no demonstrations from the galleries. Any  
9. questions of Comptroller Lindberg? Senator Hynes.

10. SENATOR HYNES:

11. I would like to ask the question with respect to the cost of  
12. amortizing principal interest on the proposed Bond Program, exclud-  
13. ing Revenue Bonds, obviously, what your projected figures are as to  
14. annual cost of amortization.

15. MR. LINDBERG:

16. Alright, with...with regard to that particular bond program  
17. and trying to answer your question, Senator, inasmuch specific  
18. detail as I possibly can, we have analyzed the impact of the  
19. Governor's proposal in terms of a, again, a maximization of his  
20. program, assuming the upper limit. And you come up with a debt  
21. service in the years to come after the start-up period has been  
22. achieved, and we are in full debt service of a full program. It  
23. would average in the area of two hundred and seventeen millions each  
24. year over a period of twenty-five years. The front-end load, of  
25. course, would be much higher. The starting-up load, once we had  
26. reached the zenith of the start-up, could rise as high as three  
27. hundred million and taper down to as low as in the area of two hundred  
28. million dollars. The important thing, however, is that once the  
29. General Assembly approve that particular bond authorization, the  
30. Governor would, as Director Hovey indicated, be in a position to  
31. turn the spigot on and off and point it in the...whatever direction  
32. he wanted and in whatever amounts that he wanted. So, you might  
33. analogize it to the State's money hose, could be sprayed practically

1. anywhere and in any amount. So, it is difficult to talk in terms  
2. of absolute. But the debt service for a maximized programs could  
3. certainly rise to the levels of two to three hundred millions of  
4. dollars a year into the next century.

5. PRESIDENT:

6. Any further questions of this witness? Thank you very much,  
7. Mr. Lindberg.

8. MR. LINDBERG:

9. Thank you.

10. PRESIDENT:

11. The next witness is Mr. Robert Allphin, Director of the  
12. Department of Revenue. Mr. Allphin.

13. MR. ALLPHIN:

14. Thank you, Mr. President and Ladies and Gentlemen of the  
15. Senate. It's an honor for me to be allowed to appear before you  
16. today and discuss the administrative aspects of this bill. I  
17. think it's necessary to have a brief perspective which will show  
18. that nearly two hundred and fifty thousand senior and disabled  
19. citizens of Illinois have shared a total of some thirty-eight  
20. million dollars in grants under the Senior Citizens and Disabled  
21. Property Tax Relief Act of 1973. Just last week, the Department of  
22. Revenue mailed Circuit Breaker applications to more than seventy-  
23. five thousand senior and disabled citizens who rent their residences.  
24. Renters can file for a grant at any time during the year since their  
25. grants are computed on a flat percentage of their rent. We'll be  
26. putting home owners applications in the mail after their property  
27. tax bills have been distributed. Changes in the law adopted last  
28. year by this General Assembly aided the Department in the adminis-  
29. tration of the Circuit Breaker as well as the Illinois citizens who  
30. benefit from it. The changes made the formula for grants less  
31. complicated and more people became eligible for more money. Gearing  
32. up to handle these changes was not a major problem for the Department  
33. of Revenue because they came at a point in the year when fewer tax

1. returns are processed, but there could be some problems with the  
2. passage of this bill. If this tax relief measure were passed with  
3. a retroactive or immediate effective date, it would mean some major  
4. administrative and economic problems. The bill would not require  
5. any applicant in the State to await his property tax bill before  
6. filing for the percentage of household income grant. With the  
7. additional people who would be eligible for this grant, we estimate  
8. that some one hundred and sixty-five thousand applications, or roughly  
9. a four hundred percent increase, would be filed in February and March.  
10. These applications thus would compete for attention during the peak  
11. filing period for State income tax returns since the same processors  
12. service both programs. The effect of this additional volume, coming  
13. at the same time, would result in what we consider unacceptably long  
14. service times for one program or the other. Additional staffing  
15. through additional funding would answer part of the problem, but so  
16. would a plan to spread the grant applications over a longer period  
17. of time. We have detailed elsewhere the fact that it will take an  
18. additional two hundred and fifty thousand dollars to begin adminis-  
19. tering this type of legislation. Nearly half of that amount, some  
20. one hundred and seventeen thousand dollars, would be required for  
21. postage alone. The remainder would be for twenty-five new staff  
22. members and new computer processing systems required. This bill would  
23. increase the percentage of rent considered property tax from twenty-  
24. five to thirty percent. If the bill were to be administered in  
25. conjunction with the existing Circuit Breaker Program, the grant  
26. for renters could be handled with only some alterations in computer  
27. programing. And as I mentioned, we are already prepared to handle  
28. applications from renters, but the additional volume from home owners  
29. who could file one application any time for the percentage of income  
30. grant, and another application for the basic grant would mean sub-  
31. stantial stresses in our processing system of both Circuit Breaker  
32. and State Income Tax Programs. The alternative would be to have the  
33. property owners file for the basic grant and the percentage of income

1. grant at the same time. We would also recommend for your consider-  
2. ation two technical amendments. The first would clarify whether  
3. every renter, including those resided...residing in housing that  
4. is exempt from property taxation, would be entitled to the percentage  
5. of income grant. It's clear that that grant would be made based  
6. on income alone and not the amount of property taxes paid, but the  
7. qualifications currently prohibit a person living in tax exempt  
8. housing from obtaining the grant. That elderly or disabled person  
9. may have left his home for public housing because he was subject to  
10. greater economic pressures than the people who had been able to keep  
11. their homes and qualify for both grants. The second suggestion would  
12. be for a change in the mathematical structure of the percentage  
13. income grant. The proposed structure would penalize some applicants  
14. for having just one penny more in income. For instance, a person  
15. with an income of two thousand nine hundred and ninety-nine dollars  
16. and ninety-nine cents, for example, would be eligible for a grant  
17. of ninety dollars while a person earning three thousand dollars would  
18. be eligible for seventy-five dollars. One penny in this case caused  
19. a difference in grant amounts of fifteen dollars. These are just  
20. some of the minor things which are correctable. We invite you to  
21. call on the Department of Revenue if you have any question about the  
22. administration of this or any other bill which this Legislature in  
23. its wisdom passes. We're there to help you and your constituents  
24. with any assistance which you need. Any questions?

25. PRESIDENT:

26. Any questions of Senators? Senator Rock.

27. SENATOR ROCK:

28. Yes, Director, I appreciate your testimony. I...you...you  
29. indicated two technical amendments. I'm sorry, I was distracted.  
30. What was the second? The first I understand about the tax exempt  
31. properties.

32. MR. ALLPHIN:

33. The second one, if you look at the mathematics servicing the

1. grant based on thousand dollars of income, one penny triggers you  
2. into another bracket which reduces the amount of the grant. We  
3. think this may be a little inequitable and we could, perhaps, propose  
4. a sliding scale somewhat the same as we have in our income tax which  
5. would take care of this.

6. SENATOR ROCK:

7. Well, I...I'm sure that any time we draw a line, legislatively,  
8. it's inequitable, I suppose, for those persons who are on one side or  
9. on the other of...of a particular line. The fact is that we have  
10. to draw a line some place.

11. MR. ALLPHIN:

12. Right.

13. SENATOR ROCK:

14. Whether it's a penny or a sliding...I'm not particularly  
15. concerned about that.

16. MR. ALLPHIN:

17. I just wanted to point that out to you that there might be some  
18. discussion later on by somebody who felt that this was inequitable  
19. if they got a penny, and it cost...if they had a penny more income,  
20. and it cost them fifteen dollars.

21. SENATOR ROCK:

22. Right. Now, I...I would add one further question, just...I  
23. know you covered it, but just for clarification. The question has  
24. been posed to me, administratively, from your standpoint, would  
25. there be any...or is there any difficulty with the portion of this  
26. bill which increases from twenty-five to thirty percent the Circuit  
27. Breaker operation?

28. MR. ALLPHIN:

29. No, Sir.

30. SENATOR ROCK:

31. Thank you.

32. PRESIDENT:

33. Senator Davidson.

1. SENATOR DAVIDSON:

2. Director...

3. MR. ALLPHIN:

4. Yes, Senator.

5. SENATOR DAVIDSON:

6. ...I did not get a chance to direct this question to Director  
7. Hovey, but since your Director of Revenue, I think you can give  
8. us a correct...an answer of information on it. Director Hovey said  
9. it would be two hundred and ninety million or two hundred and seventy  
10. million, less a hundred million on surplus, as of July 1st. That  
11. was starting from the word zero, but he did not, to my knowledge,  
12. give any indication to the extra amount of income we've had from  
13. sales tax and income tax this fiscal year over and above of what  
14. he budgeted. Can you give us what the amount running the first six  
15. months that you have that's the income and sales tax has come into  
16. the State Department of Revenue over and above the budget which was  
17. proposed?

18. MR. ALLPHIN:

19. I do not have those figures directly in front of me, Senator,  
20. but you are correct in your understanding that the collections for  
21. the first six months of the fiscal year, through the end of December,  
22. are somewhat in excess of the amount the budget estimate. I do  
23. not have the exact figure, but it is...and I would haz...I would not  
24. hazard to guess here, but those figures do speak for themselves.

25. SENATOR DAVIDSON:

26. Okay. Could I ask that...two favors. One, send me a copy, and  
27. secondly, let me pop a figure at you, and you can see if it's some  
28. idea, if it's correct. Is not the combination of sales tax, income  
29. tax running approximately seventy-five million dollars ahead of what  
30. was the budget income was for the first six months of this fiscal year?

31. MR. ALLPHIN:

32. That does not sound too much...too far out of line, but as I  
33. say, I would like to see the exact figure, and I will supply those

1. with you later in the morning.

2. SENATOR DAVIDSON:

3.         Okay. Thank you.

4. MR. ALLPHIN:

5.         There any other questions?

6. PRESIDENT:

7.         Any further questions?

8. MR. ALLPHIN:

9.         Thank you very much for allowing me to be here. I might share  
10. with you a thought that's always in front of me in dealing with  
11. revenue administration and revenue collections. It's a thought that  
12. my grandfather imparted to me back in 1930, and it goes, my...my  
13. grandfather in his house of logs said things were going to the dogs,  
14. and his grandfather and the flemished bugs said things were going to  
15. the dogs. I've always been of the philosophy the dogs have had a  
16. good, long wait. Thank you.

17. PRESIDENT:

18.         Thank you very much. Mr. Ken Johnston, Peoria, Illinois,  
19. Senior Action Coalition. Mr. Johnston.

20. MR. JOHNSTON:

21.         Mr. President, Lt. Governor Hartigan, Comptroller Lindberg,  
22. officers and members of this great august Body, I...I want to thank  
23. you for the opportunity of being able to appear here before you  
24. today. I am Ken Johnston. I'm the Director of the Retired Worker's  
25. Program of the United Automobile Worker's in the two State area of  
26. Illinois and Iowa. I'm also the Regional Director of the National  
27. Council of Senior Citizens and Chairman of the Illinois State Coali-  
28. tion for Senior Citizens Action. So, you can well see that I'm a  
29. jack of all trades and master of none. But, be that as it may, and  
30. I would be most derelict in my duty if at the outset, I took just a  
31. moment's time to express in behalf of the senior citizens in Illinois,  
32. a sincere of thanks to this august Body for having already done what  
33. we're most confident you're going to be doing again today - trying



1. to help the elderly, the poor of Illinois, put another meal on  
2. their table a week, fill another prescription or to pay a fuel  
3. bill. And that's the sole sum and substance of what we're here  
4. talking about today as you well know and have so demonstrated in  
5. the past. We do appreciate your past action on 2715 and regret  
6. very much of what happened to it, but we are not...we are not here  
7. for that purpose of spite. We believe everybody's got a right to  
8. be wrong once, and we're happy to have the opportunity to be here.  
9. I'm very privileged to have the opportunity to represent this  
10. group of people in the State of Illinois, and I make no apologies  
11. to nobody for anything that we have been able to do in their behalf.  
12. And I'm not here begging for people who needs to have somebody beg  
13. for them. I'm here representing the people who helped build this  
14. great country. They went through two world wars and gave of them-  
15. selves and their sons and their daughters, and they went through  
16. the worst depression this country ever known. And by their own  
17. boot straps, they brought it back to where it is today. And we  
18. owe these people a considerable lot more than they're getting, and  
19. we're not asking for something for nothing. We learned a long time  
20. ago that there's no Santa Claus. Nobody knows it better than us.  
21. But friends, what we're saying is that we ought to have a fair  
22. share in return for a life time invested in building Illinois. And  
23. so, we moved in the direction of trying to do two things in Illinois.  
24. Number one, of preventing ourselves bec...from becoming a nuisance  
25. as far as you're concerned being elected officials in Illinois to  
26. administer the affairs of State. And Number two, to get our own  
27. house in order and all go the same direction in trying to accomplish  
28. the same mission. And so, we formed what's been commonly become to  
29. be known as the Senior Action Committee. And you've been very  
30. tolerant with all of our letters and our telegrams and our talks and  
31. our button holing here and there, but we have no paid lobbyists.  
32. People who lobby in behalf of this group of people give of their  
33. time, donate freely without any monetary remuneration of any kind.

1. And we put together this coalition of all senior groups in Illinois  
2. to do two things. Number one, to establish priority so that when  
3. we establish the real need that we think should be met at a particular  
4. time, you'll be dealing with one subject matter instead of sixteen  
5. or twenty different senior citizens groups here with a different bill  
6. or a different cause or creating more confusion than they do good.  
7. And so, we put everything together on this basis of trying to be  
8. effective, quite obviously. It's the only way we believe we can be  
9. effective, and we do represent a substantial number of the million  
10. hundred and twenty-five thousand people in Illinois that are over  
11. the age of 65 through these various organizations that we've put  
12. together. And so, we have worked out, and we established as a priority  
13. last summer in midterm that the number one priority ought to be  
14. economics. It ought to be income because here's where the real  
15. need is, here's where the real problem is, and so in doing that,  
16. we looked at all the bills and figured out where's the one that lays  
17. the closest that we could use as a vehicle to try to help mete out  
18. the needs of the people who needs it the most. And we recognize the  
19. faults, and my good friends on this side pointed out a while ago,  
20. and you're so right. We recognize that people in public housing  
21. was not going to be afforded the same benefit because they don't pay  
22. taxes in Illinois, but we were...we were very much concerned, and we  
23. still believe that the vehicle of which we...which we use to try to  
24. move this need to the people that needs it most is the vehicle and  
25. the mechanics that would get them...get it to them the quickest.  
26. And number two, would get it to them the cheapest because we believed  
27. if you attached it to the Circuit Breaker Bill, and thank you very  
28. much for helping us amend that one up. We've been here several times  
29. haven't we? Back on the Homestead, and the other things, and for those  
30. things, we're very grateful too. But having waded through the home  
31. ...the...the Circuit Breaker and knowing of its faults and having  
32. worked in the area of trying to correct those, we believe this to be  
33. the bill and with the vehicle and the mechanics of which we could do

1. the job in reaching the people the quickest that needed it the  
2. most and doing it the cheapest as far as the State of Illinois  
3. was concerned.

4. PRESIDENT:

5. Thank you very much, Mr. Johnston. You're just beautiful.

6. MR. JOHNSTON:

7. Fine. My time is up, and I appreciate very much, and thank  
8. you on behalf of the seniors.

9. PRESIDENT:

10. Thank you very much. Any questions of Mr. Johnston? The  
11. next witness is Mr. Floyd Galleher of Alton, Illinois, Illinois  
12. State Council of Senior Citizens. Mr. Galleher.

13. MR. GALLEHER:

14. Thank you, Mr. President, honorable Senators. I'm happy  
15. to be with you this morning and to make an appeal for House...  
16. for Senate Bill 62. We think that we can, certainly, prove to  
17. you that there is a need for this bill. I am President of the  
18. Illinois State Council of Senior Citizens that has over four  
19. hundred senior citizen clubs affiliated with us, some of them  
20. ranging well above thousands in membership. We estimated a  
21. close to four hundred thousand people that we represent on the  
22. State level from Cairo to Rockford, from Blue Island to Mt. Carmel.  
23. In addition to this activity on a State level, I am Project Director  
24. for a multiple purpose center at Alton, Illinois, in Madison  
25. County, one of your largest counties. Every day, six to eight  
26. people come across my desk with problems, mostly and the major  
27. unmet need, of course, is income. Now, of the all...of the...the  
28. unmet needs that we have, certainly, this is going to major in some  
29. bit of relief as far as this is concerned. We have inflation that  
30. is certainly a big factor, and can you imagine a person standing  
31. on a railroad platform watching a train as it inches away up the  
32. track while you dingle a few shillings in your pocket standing still.  
33. There are many se...seniors and disabled persons clutching a limited

1. amount of dollars while this inflation express slowly fades into  
2. the distance. While most people can tighten their belts and give  
3. a few luxuries in order to weather the economic storm, the elderly  
4. are too often faced with a terrible choice. The basic necessities,  
5. what basic necessities will they skimp on next. The national  
6. officer in the field of aging very concisely put it when he said,  
7. "Which choice are we going to give up - heat or eats?" The picture  
8. is that gruesome, and I assure you it is no fun trying to live on  
9. less than two hundred dollars a month, yet thousands upon thousands  
10. of elderly Illinoisans are doing that. I don't think I need to  
11. recite the numerous increase in the cost of fundamental human needs.  
12. They've all looked at the grocery bill in shock. You've no doubt  
13. shed a tear over the latest fuel adjustments on our heating bills.  
14. The important thing to remember is that old people spend a lopsided  
15. amount of their tight budget on such basics as housing, heating,  
16. food, clothing and medicine - all subject to the five percent sales  
17. tax. Until you have stood in the shoes of a senior citizen, you  
18. can't realize what prescription drugs actually cost. Medicare will  
19. ...will contribute...does not contribute a penny to the cost of  
20. drugs that are bought over the counter. I'm here to lend my  
21. sympathetic support to the Senate Bill 62 and 63. They are good  
22. bills, and if a hundred and twenty thousand individual seniors who  
23. share my opinion don't know what's good for them, who does.

24. PRESIDENT:

25. Thank you very much, Mr. Galleher. Now, any witness...  
26. any questions of this witness? Any questions? Thank you very  
27. much, Sir. Mr. Edward LaSalle of the American Association of  
28. Retired Persons and the National Retired Teachers Association  
29. from Moline, Illinois. Mr. LaSalle.

30. MR. LaSALLE:

31. Thank you for this opportunity to say a word or two about the  
32. senior citizen. Our organization, American Association of Retired  
33. Persons and the National Association of Teachers...we have three

1. hundred and sixty-two thousand members in Illinois. We have  
2. over seventy-five chapters and a larger number than that of teach-  
3. ing units. Our units go from Winthrop Harbor to Cairo, from Quincy  
4. to Danville and in between. And I represent the legislative aspira-  
5. tions of a large group of senior citizens in the State of Illinois.  
6. The American Association of Retired Persons has been in the forefront  
7. of trying to improve the quality of life of the senior citizen.  
8. The senior citizen is faced, especially those on the lower incomes,  
9. of having his last drop of blood squeezed out of him with high...  
10. high prices, inflative prices of all kinds. He has no way to  
11. meet it. He's seventy-five years of age, some of them, he's over  
12. sixty-five, and there's no way except through emergency legislation  
13. like the Senate Bill that we are asking that you pass. I have s...  
14. looked into the faces of many senior citizens at all the meetings  
15. at these various chapters that I go to, and they tell me their  
16.

17. (End of Tape)

18. (Continued on Page 30)

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33.

1. troubles, and what a tough time they have. I have gone into  
2. supermarkets...I don't see very many senior citizens around  
3. the meat counter, so take that into consideration. These people  
4. are being taxed to death with high prices and no way to meet some  
5. of these prices in order to keep body and soul together, and I'm  
6. speaking for that group.

7. PRESIDENT:

8. Thank you very much. Any questions of this gentleman? Thank  
9. you very much, Sir. Next witness is Harl H. Ray of Chicago,  
10. Illinois, the Illinois State Federation of Labor. Mr. Ray.

11. MR. RAY:

12. Thank you, President Partee, distinguished Directors,  
13. Lieutenant Governor Neil Hartigan, and Ladies and Gentlemen  
14. of the Senate, as a whole. I am the Director of COPE, and  
15. Legislative Assistant to Stanley Johnston, the President, and  
16. Robert Gibson, the Secretary-Treasurer of the L.A. State  
17. Federation of Labor, and we represent some one million three  
18. hundred thousand card carrying A.F. of L. - C.I.O. union members in  
19. the State of Illinois. And this does not include the Auto Workers,  
20. the United Mine Workers and Teamsters. Ken Johnston, who spoke  
21. just before me, as he said, he represents the Auto Workers as  
22. well as the Senior Citizens Coalition. We, in the Illinois State  
23. "Fed", want to thank you Senators for your overwhelming support  
24. which passed this Senate forty-three to three in the last  
25. Session on Sales Tax Relief, sometime last Fall. And as you all  
26. know, Senate Bill 62 is an identical bill. My organization joined  
27. the Senior Citizens Coalition at the request of Stanley Johnston.  
28. He asked me to sit in on, with the various committees, some thirty-  
29. five man committee, legislative committee of a legislative council  
30. representing all the senior citizens in the State of Illinois.  
31. And as you all know, we, in the union movement, have many people  
32. who are retired, and we want to let the Senate know that we are  
33. behind Senate Bill 62 all the way. We regret the action of the

1. Governor when he vetoed House Bill 2715, and we feel that this  
2. bill was vetoed, does not change one bit the reality...reality  
3. that hundreds of thousands of people, your friends and neighbors,  
4. are in need of a helping hand.

5. PRESIDENT:

6. Thank you very much, Mr. Ray. We really appreciate your  
7. presence. Are there any questions of this witness? Thank you  
8. very much, Sir. And now, we have Mr. Vern Anderson of Pana,  
9. Illinois, Project Life and Pana Area Senior Citizens. Mr.  
10. Anderson here? Oh, yes. There he is. Step up, Mr. Anderson.

11. MR. ANDERSON:

12. I am Vern E. Anderson from Pana, Illinois, and I represent  
13. the Senior Citizens of the State of Illinois, as well, principally,  
14. as Project Life and of a seven county planning group. It covers  
15. seventeen counties in Central Illinois, and it composes about  
16. a hundred thousand senior citizens. And we are very much interested  
17. in the approval of this Senate Bill 62 because we see the crunch  
18. that the senior citizen is in...on a set income and with the  
19. high inflated prices of food and utility bills and medical bills,  
20. and I would like to say that we lend our full support to this  
21. Senate Bill, and it should be passed at once and made retroactive,  
22. if possible. Thank you.

23. PRESIDENT:

24. Thank you very much, Mr. Anderson. Any questions of Mr.  
25. Anderson? Thank you, Sir. And now from Wheaton, Illinois, Mr.  
26. Richard Crabb of the VIP Council and the Copley Newspapers.  
27. Mr. Crabb. A bounce to the ounce - there.

28. MR. CRABB:

29. Well, that's because I didn't want that time to count against  
30. me...I wanted to shut it up as good. Lieutenant Governor Hartigan,  
31. President Partee, Minority Leader Harris, Senator Rock, our  
32. sponsor of this bill, and members of this Senate, you've had the  
33. statistics, and you know the information very well. I have only

1. two or three thoughts that I want to leave with you in behalf of  
2. our VIP Council...

3. PRESIDENT:

4. Just a moment, Sir. May we have your attention, please.  
5. This gentleman deserves it. Go right ahead, Sir.

6. MR. CRABB:

7. Thank you, President. Just two or three thoughts that in  
8. behalf of our VIP Council that I wish to leave with you. We have  
9. in the western suburbs, notably, DuPage, Kane, Northwest Cook,  
10. McHenry Counties, about fifteen thousand retired persons who are  
11. affiliated with this program, which is a private volunteer program,  
12. that in the past year, we estimate has meant something over two  
13. hundred thousand dollars to those fifteen thousand persons - helping  
14. them with the problems that you all know about and that sort of  
15. thing. We have from the very beginning taken a great interest in  
16. this bill because we feel that it will help the lowest, low income  
17. of this retired group, the persons that have already been referred  
18. to as living on a hundred and fifty to two hundred dollars a month.  
19. Now, there are two or three points that I just would like to leave  
20. with you. One is that most of the other things which are being done  
21. to help, and we praise them all, are of minimum value to this lowest,  
22. low income group. When we refund...have a projected refund of  
23. income taxes, it doesn't help them greatly because they haven't paid  
24. a large income tax. When we create new jobs, bless them, we're not  
25. really talking to this group because they are not in the job market.  
26. The final point is this: we would not like to come and ask you  
27. to appropriate money that was being diverted from other channels,  
28. but we are very much interested in asking you to set aside the  
29. amount...approximate amount of money that these individuals have  
30. actually paid out of their pocket in sales taxes. The Circuit  
31. Breaker philosophy for property tax is the same direction and  
32. we applaud it. But here is an opportunity to help those in the  
33. various lowest income brackets and return to them a portion of



1. what which they have paid. We would like, so much, to have you  
2. think of this retired group in this light. They are permanent  
3. members of the club, as has been indicated several times this  
4. morning, and we would just like to stop reaching into their  
5. pocket for this sales tax for the coming year, and in the time  
6. ahead. Finally, might I express my extreme appreciation to this  
7. group for having this Session today and giving consideration  
8. to this problem. It will be a very heartening thing to every one  
9. of the persons that are in our Gallery here, and to hundreds of  
10. thousands of other persons throughout the State of Illinois.  
11. Thank you so much.

12. PRESIDENT:

13. Thank you very much, Mr. Crabb. Mr. Crabb, if you'll just  
14. wait a moment, it's indicated there is someone who desires to  
15. ask you a question. Senator Graham.

16. SENATOR GRAHAM:

17. Mr. Crabb, this VIP Council is one that you and Mr. D. Ray  
18. Wilson and others, including yours truly, helped form some three  
19. years ago.

20. MR. CRABB:

21. I recognize you, Senator Graham.

22. SENATOR GRAHAM:

23. I only have no questions to ask this knowledgeable gentleman,  
24. but I wish you would stand there for a moment. Mr. President and  
25. members of the Senate, I've been closely associated with the  
26. leader in the effort, in Northeastern Illinois, to gain some  
27. recognition of and support for some relief for the senior citizens.  
28. That leader of that effort is standing before you now, Richard  
29. Crabb. D. Ray Wilson, the publisher of the paper, certainly has  
30. made a great contribution. His role in this was to support what  
31. Dick Crabb knew was right. I, on two or three occasions, have met  
32. with these people in different counties. These senior citizens are  
33. not unreasonable. They're not the flag wavers. They're not the

1. fellows crying day in and day out. They understand. They can  
2. be talked to. They're not the radicals that are going to march  
3. you out of the room if you say something they don't agree with  
4. because they understand there is a reason for disagreement. I  
5. think, to all of us, a matter of compliment to you, Mr. Crabb and  
6. your organization, you have made one of the finest contributions  
7. to senior citizens of anyone in our entire Nation, and we're  
8. grateful to you.

9. MR. CRABB:

10. Thank you, Senator Graham.

11. SENATOR HARRIS:

12. Dick, I listened very carefully to your comments because I,  
13. like Senator Graham and all of us who know you, respect you, par-  
14. ticularly, for the great work that you are doing personally in this  
15. field of concern for and empathy for the senior citizen. I want  
16. to comment on one point that you made and that is that so much  
17. of what has been done tends not to do enough for those persons  
18. at the bottom of the pyramid. I would call attention to the actual  
19. language of the bill which calculates out to provide a twenty-  
20. two dollar and fifty cent grant for persons earning from four point  
21. five to five hundred dollars to the development of a grant of  
22. ninety-nine dollars and ninety-nine cents for that person that has  
23. income calculated at nine thousand nine hundred ninety-nine dollars.  
24. Now, once again, are we not looking at the thing you mentioned in  
25. your remarks as a re...as a...as a matter-of-fact in this bill  
26. that those at the lowest end continue to get lesser than those  
27. at the top end of the formula provided in the terms of this bill?  
28. Is that not correct, Dick?

29. MR. CRABB:

30. Senator Harris, the general point that you make must be  
31. recognized. The reason that we have favored this bill is because  
32. we regard it as a step in that other direction. I hope it may  
33. be.

34. SENATOR HARRIS:

1. Well...okay. You have told...I...I know you favor the  
2. bill, but I don't really believe, Dick, that you've responded  
3. directly to my question, and that is the fact that, again or  
4. still...the reason I...I...I really would like to have a direct  
5. answer, is that I do have some, what I believe are constructive  
6. suggestions, but I...I really haven't had an answer about this  
7. specific question which is in response to your volunteered  
8. statement that that which has been done tends to favor least,  
9. those at the bottom of the pyramid. Now, my question is, as  
10. a matter-of-fact, does not this bill continue to implement  
11. that same circumstance which you stated in the critical sense about  
12. what has been done, and which I think is a very valid criticism.  
13. I...I'm sympathetic to the point you make, but I would like  
14. to have a response as to whether, in fact, you would not ac-  
15. knowledge that this bill, in its terms, continues to extend that  
16. inequity that is existed in other senior citizen programs.

17. MR. CRABB:

18. Senator Harris, I appreciate your points and I'm prepared  
19. to respond positively and definitely to them. Bear in mind,  
20. I gave illustrations in my very brief remarks that it is the  
21. existing programs that are for our citizens generally that are  
22. bypassing this group, and that was the main thrust, and as you  
23. know, we could carry that further. The highway programs and  
24. everything do this particular group the least possible...you  
25. know...they're of all our population. They're least benefited  
26. by it. Now, we recognize the problems that...that...that you, as  
27. legislators, work under. We commend you for the...for the  
28. limited progress that's been made. If it's possible, and...and  
29. ...and I'm sure it will be in the future to make more progress  
30. in the direction of the problem you've done, we'll come back and  
31. support that too.

32. PRESIDENT:

33. Thank you, Mr. Crabb. Our next witness is Lt. Governor

1. Neil F. Hartigan. He's going to determine that.

2. LT. GOVERNOR:

3. President Partee, distinguished leader Senator Harris, Ladies  
4. and Gentlemen of the Senate and fellow Illinoisans. Like Richard  
5. Crabb, Ken Johnston and others who've spoken before me, I salute  
6. the very distinguished members of this Senate for affording an  
7. opportunity at this literal crossroads in the question of the  
8. level of dignity for the elderly and handicapped in this State  
9. for you to bring together the entire Senate to review the  
10. question that's before this particular Body. The people who  
11. are here and thousands of others, hundreds of thousands of  
12. others throughout this State, came to the system last year as  
13. they've done so many times before. They worked within it because  
14. they respect it. They're the people, in large part, who's work  
15. and payment of taxes has built that system. Your response, your  
16. overwhelming response to their emergency call was in the very  
17. best traditions of professionalism in government. It was ac-  
18. complished, as we saw from the amendments offered in December,  
19. on a bipartisan basis because this question is not one that's  
20. personal or political. It's a human question that transcends  
21. any of those considerations. And I saluted you in December, as  
22. they did, and I salute you again for your interest and concern. I  
23. happen to feel that, long before I participated in State government,  
24. there were many in this room and throughout this State who did  
25. far more then and are doing far more now, than I, or any of the  
26. people who are testifying here today. Your efforts have been  
27. in good faith - the result of long hours of hard work, hard work  
28. you're not given credit for when the process is demeaned and  
29. manipulated in a symbolic manner. And I've saluted you in the  
30. past and I salute you again today for those efforts. But the clear  
31. and simple fact, Ladies and Gentlemen, is that we are in a time  
32. of cha...change, rapid change, and the challenge to those  
33. within government, the employees of the people, is to re-examine

1. what we've done in the past and to meet the new challenges of  
2. today. And that's what we're here for - to take a look at this  
3. bill, but on a broader basis really, to look at the effect that  
4. this bill and all of the bills have on the individual, the one  
5. human being who government is designed to pro...meet the needs  
6. of. What happens from the time the bill is introduced and goes  
7. through this very important process, is signed into law, the  
8. money goes to the Executive Branch. What happens then? Does it  
9. get to the individual human being? And that's the broader question,  
10. really, that we're talking of today, less than three months ago,  
11. this Body, forty-three to three, the House of Representatives,  
12. a hundred thirty-one to three, passed this tax relief - a very,  
13. very modest step which was pointed out by previous speakers. It  
14. was supported by a hundred and twenty thousand human beings who  
15. believed that they could have effect by speaking out in a positive  
16. manner. The Senate, House, the Governor's Council on Aging,  
17. unanimously, the Director of the Department on Aging and people  
18. across this State, spoke clear unequivocal terms, and you responded.  
19. Today, this legislation is, again, before you. I urge you, and I  
20. know that the million two hundred thousand in this State who are  
21. over the age of sixty-five and the handicapped urge you to enact  
22. this program now, without further and needless delay. It's a  
23. good program which will begin to meet the visible needs of one  
24. out of every ten Illinoisans. It's a program which this State  
25. can afford, and it's a program that will begin to bring the kind of  
26. level of dignity that every generation in this State hopes that  
27. another will enjoy. While there are others today who have spoken  
28. more eloquently, I'd like to cite a number of the reasons why I  
29. think this program is needed and needed now. Nearly one out of  
30. five, the seniors in Illinois, have incomes below the Federal  
31. poverty line. These people, as pointed out, have to face the  
32. question of whether to use the limited funds for food or for  
33. medicine, and in many instances, the lack of food results in

1. medical problems, and the lack of medicine results in physical  
2. problems in terms of the literal conduct of their day to day  
3. activities. Almost forty percent of our seniors fall below the  
4. Department of Labor's low level budget of thirty-seven hundred  
5. dollars per year for a couple. In fact, seventy-eight percent  
6. of our elderly families, here in Illinois, live on incomes of  
7. less than ten thousand dollars a year. Senior incomes, as we all  
8. know, are fixed incomes. Senior budgets have not expanded at  
9. anywhere near the rates of increase in the consumer prices were  
10. ...of over eleven percent in 1973 and twelve percent in 1974.  
11. But, food costs are up. They're up twenty percent and better.  
12. Clothing prices are up. They're up nine to eleven percent.  
13. Health care is up twenty-two percent and fuel for home heating  
14. purposes is up seventy to eighty percent and another hike is  
15. expected. Because the elderly devote, virtually, all of their  
16. income after rent to goods which are subject to State sales tax,  
17. principally, of course, food; clothing, transportation, medicine,  
18. increasing prices have meant more and more money being devoted  
19. to these taxes, and it's at the expense of the necessities  
20. of life. The program, contained in Senate Bill 62 and 63, is a  
21. familiar one to all of you. This legislation will operate a  
22. grant distributing in conjunction with existing Circuit Breaker  
23. benefits. They will go to households with incomes of less than  
24. ten thousand dollars. The grant schedule has been constructed on  
25. the basis of Federal Consumer Surveys which reveal the amount  
26. of income that the elderly, in various income brackets, devote  
27. to payments for food, fuel, clothes and medicine. In order that  
28. bureaucratic and administrative costs be cut to a minimum, and in  
29. order to strengthen the existing Circuit Breaker Program, the Tax  
30. Relief Program has been incorporated in the Circuit Breaker Program  
31. itself. Thus, eligible seniors and the handicapped persons can...  
32. can make a single application or could make a single application  
33. once a year and receive benefits from both programs. It would

1. be possible that it could be received in a single check. Other  
2. States have already acted to reduce the sales tax burden. Twenty  
3. States exempt food entirely from sales tax. Thirty States have  
4. exempted medicines from sales tax. In eight States, the elderly  
5. and disabled are given income tax credits for tax reductions  
6. which are based on their annual income. Those with no income or  
7. with a credit that exceeds taxes paid receive a direct refund  
8. each year. In Senate Bill 62, this procedure has been modified to  
9. meet Illinois requirements, while grants are calculated on income,  
10. as in other States. The vehicle for providing grants is the  
11. Circuit Breaker rather than the income tax system. I feel, and  
12. have so stated before, that this program is within our budget.  
13. Thirty-four million dollar appropriation, which passed the Senate  
14. eighty days ago and is again before you, is sufficient to fund  
15. the program. I believe, and many other observers of the State's  
16. fiscal health, agree that thirty-four million dollars is not  
17. a very high price to pay for the increase in the level of dignity  
18. it'll provide to the senior citizens and handicapped of this  
19. State. This tax relief proposal makes sense, both of term...  
20. in terms of dollars and in terms of benefits. We nee...need only  
21. look at other existing programs which are supposed to serve  
22. the elderly in Illinois and the disabled to see the potential  
23. for this program. The shameful fact is that these programs, in  
24. too many instances, simply do not work. They do not deliver the  
25. benefits to those who need the most, and those who you intended  
26. them for, when you passed the legislation. Circuit Breaker, for  
27. instance, reaches only forty-four percent of those who are  
28. eligible. As a result, people are not helped in the manner  
29. intended by the General Assembly and funds appropriated...Don,  
30. why don't you give me that thing...and funds appropriated for  
31. seniors, are lapsed and returned to the General Revenue Fund...  
32. Thank you. The Director pointed out...the Director pointed out  
33. the question for appropriation and grants made. This is a

1. Circuit Breaker, this program, Ladies and Gentlemen, was called  
2. a fair share...senior citizens. The appropriation in '73 was  
3. twenty-nine million. The grants made were thirteen million.  
4. The lapsed funds were sixteen million. In '74, ...in '74, the  
5. appropriation was twenty-nine million. The grants were sixteen  
6. point seven million, and the lapsed funds were twelve point three  
7. million. Thus, the appropriation is about fifty-eight million.  
8. The grants, thus far, have been about twenty-nine point seven  
9. million, and the lapsed funds, and that's the one I'd like to draw  
10. your attention to, if I might. The lapsed funds are twenty-eight  
11. point three million. I think that's really part of what we're  
12. talking about here. We've attempted, through your good offices,  
13. in giving us the ability in our budget to do it, ...,to work  
14. with the Department on Aging to analyze each of the programs in  
15. this profile of senior citizens services in the State of Illinois.  
16. We tried to ask four simple questions - the questions that you're  
17. asking in your appropriation hearing, and with the...the assent  
18. of the President, Senator Hynes, Senator Rock, this year those  
19. questions will be asked of each of the forty-four programs which  
20. allegedly serve the needs of the elderly in this State. What is  
21. the program? How much does it cost? How many are served?  
22. And how well does it work? And, frankly, Ladies and Gentlemen,  
23. the answers just aren't satisfactory. We pointed out in the Circuit  
24. Breaker, that twenty-eight point three million of lapsed funds are  
25. available, funds you appropriated, but never got to that one  
26. individual human being that we were talking about, and that's  
27. been the case in too many programs. Why is it in our State...  
28. why is it in our State that social security can reach eight  
29. hundred and ninety-eight thousand human beings. There should  
30. be in here, by the way, we did this...we...we don't have a big  
31. operation to do it...there should be the five hundred thousand  
32. that are reached out of the income tax. The Homestead reached  
33. three hundred and fifty-three thousand. The Title Three Programs



1. that you hear so much about, the home service, that kind of thing,  
2. reaches a hundred and forty-eight thousand. The Circuit Breaker,  
3. about ninety-eight. SSI, forty-four, nutrition, all of the  
4. nutrition programs in this State, about thirty thousand, food  
5. stamps, sixteen, unemployment programs, four. If you go through  
6. these programs, you'll find that happening. They look good on  
7. paper. They sound...sound and look good on an organizational  
8. chart, but, in fact, in terms of the dollars actually getting to  
9. the senior citizens of this State, actually getting there, it  
10. isn't happening, and that's where the fair share concept came  
11. from. We've seen in supplemental security income a burden - a  
12. burden that the State of Massachusetts decided to accept by taking  
13. the dollars that formerly had been spent for the State share of  
14. supplementary income, put to a State supplement, and now the elderly  
15. person in Massachusetts has the share from the Federal government  
16. under SSI and also a state supplement to go with it. You did  
17. that, in part, to meet the Federal requirements under Senate  
18. Bill 16 two Sessions ago. But there's eighty-seven million  
19. dollars, Ladies and Gentlemen, in the last eighteen months  
20. that's gone back into the General Revenue Fund. Just as out of  
21. Circuit Breaker, twenty-eight point three million has gone back  
22. In just those two programs, programs that were senior dollars,  
23. in a certain sense, we've seen th...that money lapsed or go  
24. back into the General Revenue Fund to make up a large part of  
25. the surplus that Comptroller Lindberg so eloquently pointed  
26. out was present today. The funding for this program...the fund-  
27. ing for this program, at its maximum, if there was a hundred  
28. percent participation, would be about a third - a third of  
29. dollars that previously in this State were spent to meet the  
30. needs of the elderly. Everyone of you people, in this room, our  
31. distinguished Senators, in my opinion, people who work to be in  
32. touch with the needs of your constituents. I share Senator  
33. Harris's concern over the low level of funding of some parts

1. of this program. I share the concern that was expressed by  
2. Senator Hickey and Senator Wooten - a concern that Senator Rock  
3. and Senator Hynes and President Partee and I discussed with them  
4. in December of this year, discussed with Senator Netsch in  
5. December of this year, and we awaited an amendment to be offered,  
6. and when the amendment was not forthcoming, we gladly concurred  
7. in Senator Soper's fine amendment, which was in keeping...  
8. with meeting human needs in the bipartisan spirit that was  
9. involved, and I suggest, Senator Harris, that this is simply  
10. a first step - a first step to provide in the kind of income  
11. level that the elderly in this State do need. I'd also suggest  
12. that if there's this much trouble getting this kind of a benefit  
13. when the funds clearly are documentably there, then, I wonder  
14. what would have happened if we had come in with the kind of  
15. relief that the State of Massachusetts had come from. I read  
16. a letter in the Journal this morning, I don't know how many of  
17. you read it, but it made very clear what's at stake here. What  
18. we're talking about is our priorities in Illinois, and I've  
19. never met the gentleman, but he pointed out that after all of  
20. this discussion, what we're actually coming down to doing is  
21. about five dollars and thirty four cents a month to help a  
22. million two hundred thousand people in this State who've been  
23. paying taxes for forty years. I think the task before us is  
24. to move, again, as you did in December, as you did so effectively  
25. in December in responding to the human need. And then, to take  
26. these forty-four programs and get rid of the ones that don't work  
27. and take the same dollars and start to put them to bear on  
28. bringing about the kind of standard of living that really will  
29. bring an atmosphere of dignity to the people that built this  
30. State. Thank you very much for giving the opportunity to  
31. address you.

32. PRESIDENT:

33. Thank you, Lieutenant Governor Hartigan. Are there questions?

1. Senator Harris.

2. SENATOR HARRIS:

3. Governor, I have two or three questions. One is a...a...  
4. a...fact in the operation of the calculation of the formula in  
5. this bill. My arithmetic tells me that for a person, although,  
6. the actual brackets in the bill provide for zero income to...  
7. four ninety-nine, I believe, in the bracketing in the bill, any,  
8. any application of the four point five percent for the determination  
9. of the amount of the grant, applied against zero will produce zero.  
10. Now, my arithmetic tells me that and wou . . . would you not  
11. concur that that is a correct conclusion. That for the person  
12. who has zero income, under the Illinois Income Tax Act, that to  
13. multiply the four point five percent factor times zero would  
14. produce a result of zero.

15. PRESIDENT:

16. Excuse me, just a moment, Gentlemen. I'd ask the members  
17. of the press to remove their lights and cameras from the Floor  
18. at this time. Go right ahead.

19. LT. GOVERNOR:

20. President, your...sorry. Senator Harris, your question was  
21. on the...from zero to four hundred and ninety-nine dollars on the  
22. ...the chart? Is that the idea?

23. SENATOR HARRIS:

24. Well, you see, in...in the provisions of the bill, it sets  
25. forth...

26. LT. GOVERNOR:

27. This was...this was the bill that we discussed in my office  
28. with you and Senator Partee?

29. SENATOR HARRIS:

30. No, I'm talking about the bill that's before us now, Senate  
31. Bill 62.

32. LT. GOVERNOR:

33. My impression was, Senator, that the provision you're talking

1. about, though, was the provision that was offered in Senator Soper's  
2. amendment when we changed the schedule as a result of a conference  
3. that...that Senator Rock, President Partee and I had with you and  
4. with Senator Clarke in my office in December.

5. SENATOR HARRIS:

6. That's correct. Yes, and the result still is that while we  
7. changed the bracketing significantly, where in the original bill,  
8. the House Bill, that was before us prior to our conference, there  
9. were only three brackets in the bill. There are now ten brackets  
10. in the bill, but the operation of the factor of four point five  
11. percent times the amount of income as it relates to the person who  
12. has no income whatsoever under the Illinois Income Tax Act. If  
13. you multiply four point five percent times zero, you wind up with  
14. zero. Isn't that correct?

15. LT. GOVERNOR:

16. Right. The...I understand the point that you're driving to,  
17. Senator Harris, and my...my response simply would be that we started  
18. out in Representative Jones' subcommittee in the House with a...a  
19. number of steps in the formula. The House, then, reduced it to  
20. four steps. We, then, frankly, as I recall, the majority position  
21. at the time in December was that this formula was an...as equitable  
22. a formula as could be worked out at that particular time. And as  
23. you recall, the...the emphasis was on...on getting a program that  
24. would meet as many needs as we could of as many people as quickly  
25. as possible and do it in a responsible manner. Your arithmetic as  
26. far as that part is correct, and I suppose if there's...the alterna-  
27. tive was a floor, but again, the floor as equitable as that would  
28. be, I'd be more than willing in future meetings as I tried to point  
29. out to take a look at a lot of dollars that are in some of these  
30. programs that don't work to increase the benefits. But, my feeling  
31. for today is that Senator Soper's and Majority's schedule at that  
32. time was the best one available, Sir.

33. PRESIDENT:

1. Senator Harris.

2. SENATOR HARRIS:

3. Well, I...I think in connection with...with all of that you  
4. said just now, there was included the comment that my arithmetic  
5. is correct. Did you not say that? You said a good many other  
6. things, Governor, but did you not say that on the example I used  
7. that my arithmetic was correct?

8. LT. GOVERNOR:

9. I've never taken issue with you, Senator Harris.

10. SENATOR HARRIS:

11. Okay. Alright. Now, the point I really am leading up to is  
12. what I believe is of thoroughly constructive suggestion, and I would  
13. point out that your comments about a determination back in the very  
14. early part of December, and here we are now in just about precisely  
15. sixty days later, I've had some time to do some additional thinking  
16. about this. And I would suggest that the utilization of a percentage  
17. factor produces this unfortunate distortion, and I have a suggestion  
18. that would substitute for the percentage factor provided for in  
19. Senate Bill 62 - a rigid scale of benefits that would redound to the  
20. benefit disproportionately in favor of those at the lower end of the  
21. scale and reduce gradually to a benefit that would amount to signi-  
22. ficantly less for the people at the top end of the scale, nine  
23. thousand four hundred and ninety-nine dollars to nine thousand nine  
24. hundred and ninety-nine. We've taken a lot of time to work this out,  
25. and it produces an expenditure of about the same, thirty-four million  
26. dollars, but it is applied differently so that the benefits are  
27. greater at the bottom end including that senior citizen who has no  
28. income under the Illinois Income Tax Law. Now, this...

29. LT. GOVERNOR:

30. How many are there, Senator?

31. SENATOR HARRIS:

32. I don't really know, but I...if...if there is one...my estimate  
33. is somewhere around twenty-five thousand, may...probably slightly

1. less than that. But, even if it's one, it seems to me that we have  
2. an obligation to try and build as much equity as possible to those  
3. people who have the greatest need. Now, I...I'm...I'm disappointed  
4. that I don't physically have such an amendment in hand, but I can  
5. describe it. I should have it momentarily. But, I...I...what I  
6. want to do here is raise a question of concept and that is that...  
7. that rather than utilizing percentage calculations that we distorted  
8. in a higher percent for the people at the lower end of the scale  
9. which produced a greater benefit for them than what was the case  
10. under the original bill to a static set of grants that could apply  
11. without the compound calculation of the percentage factor so that,  
12. in fact, the person with no income under the Illinois Income Tax Act  
13. could receive a benefit. Now, just for starters, I've calculated  
14. this under these brackets increasing on five hundred dollar amounts  
15. but running from zero to four ninety-nine, including the figure  
16. zero, that for a household with one senior citizen in it, a hundred  
17. and two dollar grant. And as we continue that for those households  
18. in which there are dependents of those seniors, we would move on  
19. up to a formula that would provide as much as a hundred seventy  
20. dollars for a household in which there were a qualifying senior or  
21. two seniors in which there were four or more dependents up to a  
22. hundred and seventy dollars. Now, this gets at the point I raised  
23. with Mr. Crabb. It cures the problem of four point five percent  
24. times zero produces zero, and yet, in the factoring that we've done  
25. here, we produce an anticipated liability on the part of the State  
26. of around thirty-four million dollars. So that we're using the  
27. same number of dollars to provide greater benefit for the people at  
28. the bottom of the scale, and in just connection with this discussion,  
29. as relates to the benefits at the top of the scale, it would provide  
30. this: for those persons, senior citizen qualification under the  
31. provisions of your bill, in the bracket of nine thousand four hundred  
32. and ninety-nine dollars to nine thousand nine ninety-nine, they  
33. would receive in those households for a single person, that is one,

1. not single but one person of qualification under the Act, thirteen  
2. dollars. If there were two in the household, fifteen. If there  
3. were three, eighteen, and four, twenty-one. Now, this is a subjective  
4. determination, but I lay it before you and lay it before Senator  
5. Rock for a response in principal and not in specific.

6. PRESIDENT:

7. For what purpose does Senator Rock arise?

8. SENATOR ROCK:

9. For the response in principal and not specifically.

10. PRESIDENT:

11. Senator Rock.

12. SENATOR ROCK:

13. Senator Harris, I...I do not, cannot certainly quarrel with  
14. a program that contains benefits for those who need it most. I  
15. think, however, that the discussion that you have just engaged in  
16. really kind of obviates or vitiates the intent of House Bill 2715  
17. as introduced last Session and Senate Bill 62 as introduced this  
18. Session. The intent in both bills, and we took Senator Soper's  
19. amendment with the sliding scale in an attempt to arrive at a better  
20. equity, but the intent was...was clear and still is clear although  
21. the words are not there at Senator Hall's request. The intent is  
22. to provide Sales Tax Relief on food, medicine, clothing and home  
23. heating fuel for those over 65 and in the body of the bill as  
24. originally introduced, it said it is the purpose of this paragraph  
25. to provide a grant to certain citizens approximating...approximating  
26. the amounts paid annually in retailer's occupation tax on clothing,  
27. home heating, food and medicines by these citizens. That is the  
28. principal. That is the intent. Your program, all be it a good one,  
29. sounds a little like a supplementary income program. So that for  
30. those who make nothing, they will receive at the high end of the  
31. scale, a hundred dollars. For those who make something, they will  
32. receive commensurately less. I don't quarrel with that. I quarrel  
33. with trying to apply it to this bill whose intent was and whose

1. intent is and will be today to provide a commensurate relief, an  
2. amount of money commensurate with the amount of money that these  
3. folks spend in sales tax.

4. PRESIDENT:

5. Senator Wooten.

6. SENATOR WOOTEN:

7. Governor Hartigan...

8. PRESIDENT:

9. Pardon me. Senator Harris, were you finished? Did you...oh,  
10. I'm sorry. Senator Harris.

11. SENATOR HARRIS:

12. Well, I...I don't think the Governor who is the witness now  
13. had an opportunity to respond in principal and the chief sponsor  
14. did and I think that's fine. I did want to get a response from  
15. the Lt. Governor to whom I posed the question and then I would  
16. like to have some further opportunity for some dialogue.

17. LT. GOVERNOR:

18. Well, Senator Harris, I'd be glad to respond to the...I  
19. think I have two reactions to it, Senator. First of all, what I  
20. have been attempting to make as clear as I know how in the English  
21. language is that this bill is not my bill. It's a bill that the  
22. Senior Action Coalition, the senior citizens of this State, I  
23. think are the sponsors of in a very real sense, and what I've attempt-  
24. ed to do at each step was to work with them, and as I told you at the  
25. meeting in our office in December, the results of that conversation  
26. I took back to them for their response. I think that they're the  
27. ones that either get the benefits or don't get the benefits and  
28. their input is a very important element in this. So, I...I would  
29. indicate that as part of the response. And I think that the...the  
30. second part is that as Senator Rock indicated, as I tried to point  
31. out in my testimony, supplemental security income, the use in  
32. Massachusetts, for instance, is along those lines. And my impression  
33. was that it was something I think in the testimony in Representative



1. Jones' Committee that I supported the additional income principal  
2. and we tried to work out as equitable a scale as possible. One of  
3. the dilemmas, though, in addition to going back to the Senior Action  
4. Coalition would be, I think Senator, with all due respect to your  
5. expertise, that we would have to take a look at the figures within  
6. the different brackets. The figures that I have, for instance,  
7. from one to four hundred and ninety-nine dollar...or zero to four  
8. ninety-nine are different than the figures that you are outlining.  
9. And one other thing that...that does occur to me, is that we've  
10. tried at each step along the process making the process work to  
11. take a look at these different aspects. I, frankly, feel that  
12. we would...we would, at least, need the opportunity to meet with  
13. the seniors and to take a look at your figures because this is,  
14. as I outlined in my testimony, this formula, this program is one  
15. that's gone through the whole synthesis of the legislative process,  
16. and the idea of moving as rapidly as possible with it was to try  
17. and get benefits now, not another six month delay and what have you  
18. and going through the whole process again. We pointed out with  
19. Senator Soper's amendment in December if there is additional steps  
20. later in the new General Assembly that were necessary, that was fine.  
21. But I would think those would be the three factors - what the Senior  
22. Coalition feels as far as the reaction what your figures are and  
23. the impact it would have on the time element that would be involved,  
24. Senator. As far as the benefits, I've tried to make as clear as I  
25. can that I think that the...the people at those income brackets  
26. need as much help and are entitled to as much help as they can get.

27. PRESIDENT:

28. Senator Harris.

29. SENATOR HARRIS:

30. Yea. Well, I would just want to rejoin that I appreciate the  
31. fact that there is contained indirectly the principal and it's...it's  
32. that, not...not...

33. PRESIDENT:

1. At the back rail, please.

2. SENATOR HARRIS:

3. ...a specific in the language of the bill itself reference to  
4. what could be presumed to be the sales tax obligation for senior  
5. citizens in connection with those categories of...of essential house-  
6. hold expenditure. And that's worthy. No question about it. It  
7. does seem to me, and I want to disabuse anyone who would believe  
8. that the point I raise about structuring a grant schedule that would  
9. redound in favor of the lower income people including those who  
10. earn nothing or who are calculable as taxpayers are excluded as  
11. taxpayers because they do not fall within the criteria of the  
12. Illinois Income Tax Act that there is no purpose of delay involved  
13. in my raising this point. I assure you that the point is to cure  
14. the problem that Mr. Crabb referred to and what I think are the  
15. distortions that exist in the bill as presently drawn. And if...  
16. and whenever we have an opportunity to express our legislative  
17. responsibility to cure problems that exist for those who need help  
18. from the sovereign most, we should avail ourselves of that respon-  
19. sibility.

20. PRESIDENT:

21. Senator Wooten.

22. SENATOR WOOTEN:

23. Governor Hartigan.

24. LT. GOVERNOR:

25. Yes, Sir.

26. SENATOR WOOTEN:

27. Reference was made before, I asked Director Hovey a question to  
28. which he responded, and Senator Rock responded about the fiscal  
29. implications of an amendment. Is it not true that if we were to  
30. include those, I'm assured it's five percent or less who are in public  
31. housing, that this would not necessitate a change in Senate Bill 63,  
32. the fiscal...that bill would be enough to cover such an addition?  
33. Is that not correct?

34. LT. GOVERNOR:

1. Well, I've...I've tried to point out that I think that the  
2. thirty-four million was beyond what would be actually expended within  
3. the first year, yes, in that appropriation bill.

4. SENATOR WOOTEN:

5. Thank you.

6. PRESIDENT:

7. Senator Netsch, did you still desire recognition?

8. SENATOR NETSCH:

9. Could I address a question to Governor Hartigan? I...I've  
10. heard others say it, of course, up to this point. And I heard  
11. Senator Rock say it in a very...no uncertain terms just a moment  
12. ago that the...the purpose and objective of the bill is sales  
13. tax relief.

14. LT. GOVERNOR:

15. That's correct.

16. SENATOR NETSCH:

17. Could someone explain to me why, then, the bill is still drawn  
18. in the form of an amendment to the Circuit Breaker which is a  
19. Property Tax Relief bill? Because some of the technical problems,  
20. I'm not talking about substance so much now, but some of the gaps,  
21. some of the forms in which the relief may come about could have  
22. been avoided if this had been drawn as an entirely separate thing  
23. and not tacked on as an amendment to the Circuit Breaker. In addi-  
24. tion to which, I...and I'm sure you've thought about this, you are  
25. creating some problems about validity. If the...if you're indeed  
26. intend for it to be Sales Tax Relief, but the title of the bill, and  
27. the hoped statement of objective of the basic act that you're amend-  
28. ing, is in terms of Property Tax Relief, then, you know, it's just a  
29. ...it's an additional legal hurdle to the validity of the bill. And  
30. I just...I don't understand why we have to go through this. Why it  
31. couldn't have been a separate piece of legislation.

32. LT. GOVERNOR:

33. Well, Senator Netsch, I suppose that we'd have to go back if

1. you would to the outset of the close to a year and a quarter of  
2. process that the elderly of this State have been trying to go through  
3. to get this benefit. It was called Sales Tax Relief, and it still is  
4. for two basic reasons, and I certainly concur with Senator Rock's  
5. sentiments on that. The original idea, as I outlined in my testimony,  
6. was that the people who are paying the most sales tax percentage-wise  
7. in this State are the senior citizens of the State. We got ten  
8. thousand, ten thousand calls and letters in the Senior Action Center.  
9.. The first ombudsman on Aging Program in America from HEW, Senator  
10. Netsch, a year ago, we tried to analyze them. The net effect of  
11. that analysis was that the senior citizens of this State need  
12. additional income. We saw them paying the largest percentage of  
13. their incomes by group for sales...excuse me. May I respond?

14. SENATOR NETSCH:

15. Yea.

16. LT. GOVERNOR:

17. Thank you.

18. SENATOR NETSCH:

19. Yea. I'm not arguing that point, though. I...I...my question  
20. was a different one, though.

21. LT. GOVERNOR:

22. No, I think it goes to the same point, if I might with all  
23. due respect to your talents.

24. PRESIDENT:

25. Sometimes...sometimes there's a problem with a question that  
26. embraces more than one subject matter.

27. LT. GOVERNOR:

28. The...

29. SENATOR NETSCH:

30. If only the Illinois Supreme Court would allow it.

31. LT. GOVERNOR:

32. I don't think that's what he was talking about. In any event,  
33. the...the idea when we testified on January 29th was Sales Tax

1. Relief. These people could go into a store and could pay for the  
2. food or the basic necessities that are involved and have that amount  
3. deducted. Sales Tax Relief, Senator Netsch, as you know, has been  
4. a basic tenet of every platform of our party for years, and we  
5. fought for it, and we're fighting for it still. It was said in the  
6. Committee, it was said in the Committee from an administrative and  
7. a constitutional point of view that perhaps there would be problems  
8. administering it right in the store, so we went back with the senior  
9. citizens, sat down and worked out a different approach. And the  
10. approach there was to take the statistical information from the  
11. Federal Government on how much sales tax was being spent by  
12. different groups and to use it as a rebate. I think that's absolutely  
13. in keeping with the amount of sales tax that's involved. Every  
14. bit as much as the Circuit Breaker is with real estate tax. If  
15. you take a look at it, it's even more so. Now, why did we put it  
16. with the Circuit Breaker, because we were tired of the red tape and  
17. the bureaucratic inefficiency that keeps the elderly of this State  
18. from getting the benefits that they need. And we thought that the  
19. sales tax was something that they understood, understood in the  
20. sense that it could break through the isolation that's cutting so  
21. many of the elderly off from the benefits. So that they would apply  
22. for that benefit. Who understands the Circuit Breaker? A former  
23. director of a major department came in and thought it was a...piece  
24. of an electrical problem. What we're talking about here was a  
25. concept, then, that required better communications, and in December,  
26. I might add, Senator, when we talked...when I talked with Director  
27. Allphin, what we were talking about was how we could get a better  
28. utilization out of the Circuit Breaker. How, instead of a hundred  
29. ...instead of ninety-eight thousand people getting the benefit, we  
30. could get the kind of participation that the Federal Government  
31. gets in its programs, and that was part of my testimony a year before.  
32. And we thought if we put it on the same form that it would make it  
33. not only more accessible for the sales tax rebate, but also for a

1. change, the Circuit Breaker would work better and they would get the  
2. double benefit because, as Senator Harris has pointed out, they need  
3. it. So, those were the two concepts. And then the third one, Senator,  
4. in this atmosphere of Tax Relief that we're all concerned about was  
5. to cut down on administrative costs. We thought it was common sense  
6. and that there was no constitutional problem, at least nobody has  
7. raised one in a year and a half of testimony all over this State, we  
8. thought it was common sense to take the form and put the benefit on  
9. the same form. And it could be torn off, a perforated form at the  
10. bottom where all the senior would do is fill in their gross income,  
11. and then, that could be mailed in as of January 1. And you know,  
12. Senator, as I do, that the forms were at the printer on that basis.  
13. And then, later in the year when the Real Estate Tax Bills came out,  
14. the top half of the form could be sent back in. What we'd be doing  
15. in short, Senator, is we'd be keeping faith with the concept of the  
16. integrity of sales tax rebate in a philosophical sense, but more  
17. importantly, whether you call it Sales Tax or you call it anything  
18. else, the people in this State, instead of getting strangled by the  
19. red tape, would have a much better chance of getting both benefits,  
20. and that's why we did it that way after a year and a half of work.  
21. SENATOR NETSCH:

22. The...I...I think one of your points was responsive to my  
23. question. I don't mean that sarcastically, but I was trying...

24. LT. GOVERNOR:

25. I know...I know you don't, Dawn.

26. SENATOR NETSCH:

27. ...the...the question was not whether there should be Sales  
28. Tax Relief. That is not in dispute, and I think I had always  
29. assumed all of us always have that the objective of all this legis-  
30. lation was, in fact, Sales Tax Relief. What I could not understand  
31. was when you reintroduced with a clean slate the legislation this  
32. year in this new Session of the General Assembly given all the  
33. problems that I think are created by making this an amendment to

1. the Circuit Breaker, why you didn't, then, just...since you had a  
2. clean slate, make it a separate bill and not get it tied up in all  
3. of the definitions and forms and filing dates that are part of the  
4. Circuit Breaker? And I think your response is, as I understand it,  
5. that you...you wanted...would you let me finish please, Senator  
6. Knuppel.

7. PRESIDENT:

8. Well, state your point.

9. SENATOR KNUPPEL:

10. Order is appropriate at any time. How and the source in  
11. all of this matter, we're discussing the bill. We're wasting a lot  
12. of time on matters that are no longer relevant. The bill's in a  
13. form. What mental manifestation went into the creation of it  
14. is completely irrelevant. We've spent two hours, and I...I...it  
15. seems to me that if the Senator has an amendment to offer, she  
16. should. But we've spent at least the last ten minutes in a philo-  
17. sophical discussion that had nothing at all to the meditations of  
18. this Body, and I, for one, want whatever the discussion is to be  
19. germane and not philosophical and ethereal in nature.

20. LT. GOVERNOR:

21. No, Senator. Excuse me, if I might respond to you briefly.  
22. It wasn't just theory.

23. PRESIDENT:

24. I would point out that the hour of noon has now arrived, and  
25. we were trying to finalize this hearing before noon, and we were  
26. going to be going into our Regular Session. If we can finalize  
27. this quickly, let's do so. Senator Rock.

28. SENATOR ROCK:

29. Thank you, Mr. President. My point of order is simply this.  
30. I did say last week when...when the Committee of the Whole was  
31. agreed to that we would attempt at least to finish by noon. Now,  
32. I think Senator Netsch's question is probably a good one, but I  
33. think it's better directed at the sponsor. The bill is mine and

1. if she wants an answer to her question, I'll be delighted to answer  
2. it.

3. PRESIDENT:

4. At this time. Fine. You can do that. Fine. Very good.  
5. The Chair recognizes Senator Rock for a motion in terms of arising.

6. SENATOR ROCK:

7. Thank you, Mr. President. I do now move that the Senate do  
8. now arise from the Committee of the Whole.

9. PRESIDENT:

10. Senator Harris.

11. SENATOR HARRIS:

12. Would it not be possible, Mr. President, when we are in  
13. Regular Session to return to this activity because I think real  
14. purpose is being served here. I just want that question responded  
15. to.

16. PRESIDENT:

17. Senator Rock.

18. SENATOR ROCK:

19. In response to that, Senator Harris, I would assume that once  
20. the Committee of the Whole does arise, and we are, in fact, in  
21. Regular Session, my intent is, as I told...indicated last week, to  
22. proceed immediately to the order of 2nd reading, and I will attempt  
23. and...and will ask that these bills be moved to the order of 3rd  
24. reading.

25. PRESIDENT:

26. And, of course, at that time, any amendments, of course, that  
27. are offered can be offered. Senator Harris.

28. SENATOR HARRIS:

29. I just think that there are Senators who have questions  
30. concerning this important piece of legislation, and though we've  
31. reached the hour of noon which is the schedule for this special  
32. order of business, I would hope that the opportunity for further  
33. dialogue would not be denied. And I'm sure it would not. I just



1. wanted the...the...the point of returning to this subject matter  
2. in the Regular Session poses no problem, as I see it, and I believe  
3. that...

4. PRESIDENT:

5. Certainly, the matters will be addressed on 2nd reading,  
6. others on 3rd.

7. SENATOR HARRIS:

8. Yea. Okay.

9. PRESIDENT:

10. But they're certainly not going to be foreclosed in any kind  
11. of way. Senator Nimrod.

12. SENATOR NIMROD:

13. Mr. President, I would like to know if I can ask a question  
14. from the...

15. PRESIDENT:

16. There's...there's a motion pending at the moment. Does it  
17. relate to the motion? There's a motion made by Senator Rock that  
18. the Committee do now arise. Does your question tend to...

19. SENATOR NIMROD:

20. Well, my question is...is on the bill itself so I can get  
21. some clarification before we do arise and leave the subject.

22. PRESIDENT:

23. Well, we're coming back to the subject matter.

24. SENATOR NIMROD:

25. ...Mr. President, then, I'm going to be in Session, and then,  
26. I can't ask questions. I'm limited in time, and that...that's what  
27. the purpose of this is for. How can I learn about...

28. PRESIDENT:

29. You're going to be in Session, even if the bills are on  
30. 2nd reading. There's ample opportunity to ask questions there,  
31. either at the amendment stage or certainly on final reading.  
32. The question is shall the Committee now arise. All in favor say  
33. Aye. Opposed. Ayes have it.