

81ST GENERAL ASSEMBLY

1ST SPECIAL SESSION

AUGUST 6, 1979

1. PRESIDENT:

2. The hour of noon having arrived, the Senate will please
3. come to order. Prayer this afternoon by the Reverend Mason
4. Finks, First United Methodist Church, Springfield, Illinois.
5. Reverend.

6. REVEREND FINKS:

7. (Prayer given by Reverend Finks)

8. PRESIDENT:

9. Thank you, Reverend. Message from the Secretary of State.

10. SECRETARY:

11. To the Honorable Philip J. Rock, President of the Senate,
12. Statehouse, Springfield, Illinois. Sir, I'm enclosing herewith
13. the copy of the proclamation issued by Governor James R. Thompson,
14. filed in my office this second day of August, 1979. Given under
15. my hand the Great Seal of the State this second day of August,
16. A. D. 1979. Signed, Alan J. Dixon, Secretary of State.

17. PRESIDENT:

18. Proclamation.

19. SECRETARY:

20. Proclamation.

21. There is a compelling need for the final legislative
22. action to fulfill the mandate of Article IX, Section 5 of the
23. Constitution, 1970, to replace the Personal Property Tax. The General
24. Assembly has passed House Bill 2569 enacting various replacement
25. taxes and distributive mechanisms. I have returned House Bill
26. 2569 with my specific recommendations for change for consideration
27. by each House of the General Assembly. In order to provide certain
28. quick resolution of this important issue, the General Assembly
29. shall be called into Special Session. Therefore, pursuant to
30. Article IV, Section 5B of the Constitution of 1970, I hereby call
31. and convene the 81st General Assembly in a Special Session to
32. convene on August the 6th, 1979 at noon in order to consider
33. House Bill 2569, entitled, an Act in relation to the abolition

1. of ad valorem personal property tax and replacement of various
2. revenues lost thereby, and amending and repealing certain Acts
3. and parts of Acts in connection therewith, which bill I have
4. returned pursuant to Article IV, Section 9E, with my specific
5. recommendations for change. Signed, Governor James R. Thompson,
6. Governor. Dated August the 2nd, 1979.

7. PRESIDENT:

8. Resolutions.

9. SECRETARY:

10. Senate Resolution No. 1 offered by Senator Donnewald.

11. Resolved by the Senate of the 81st General Assembly,
12. the State of Illinois, at the First Special Session thereof,
13. that the rules of the Senate of the 81st General Assembly, be
14. adopted as the rules of the First Special Session of the 81st
15. General Assembly as so far as may be applicable.

16. PRESIDENT:

17. Senator Donnewald.

18. SENATOR DONNEWALD:

19. I move that Senate Resolution...Senate Resolution 1 be
20. adopted.

21. PRESIDENT:

22. You've heard the motion. All in favor signify by saying
23. Aye. All opposed. The Ayes have it. Senate Resolution No. 1
24. is adopted. Further resolutions?

25. SECRETARY:

26. Senate Resolution No. 2 offered by Senator Donnewald.

27. Resolved by the Senate of the 81st General Assembly,
28. the State of Illinois, at the First Special Session thereof,
29. that the standing committees and their members as designated
30. by the Senate of the 81st General Assembly shall constitute
31. the committees of the Senate during the First Special Session
32. of the 81st General Assembly. And be it further resolved that
33. the officers designated by the Senate of the 81st General
34. Assembly shall constitute the officers of the Senate during

1. the First Special Session of the 81st General Assembly.

2. PRESIDENT:

3. Senator Donnewald.

4. SENATOR DONNEWALD:

5. I move that Senate Resolution No. 2 be adopted.

6. PRESIDENT:

7. Senator Donnewald has moved the adoption of Senate Resolution
8. No. 2. Is there any discussion? In not, all in favor signify
9. by saying Aye. All opposed. The Ayes have it. The resolution
10. is adopted. Further resolutions?

11. SECRETARY:

12. Senate Resolution No. 3 offered by Senator Donnewald.

13. Resolved by the Senate of the 81st General Assembly of
14. the State of Illinois, at the First Special Session thereof,
15. that the Secretary of the Senate inform the House of Representatives
16. that a majority of the members of the Senate is assembled pursuant
17. to the Proclamation of the Governor, convening a Special Session
18. of the General Assembly and are now ready for the transaction
19. of business.

20. PRESIDENT:

21. Senator Donnewald.

22. SENATOR DONNEWALD:

23. I move that Senate Resolution No. 3 be adopted.

24. PRESIDENT:

25. Senator Donnewald has moved the adoption of Senate Resolution
26. No. 3. Is there any discussion? If not, all in favor signify
27. by saying Aye. All opposed. The Ayes have it, the resolution
28. is adopted. Further resolutions?

29. SECRETARY:

30. Senate Resolution No. 4.

31. Resolved by the Senate of the 81st General Assembly of the
32. State of Illinois at the First Special Session thereof, that the
33. Committee on Committees appoint a committee of five to wait upon

1. His Excellency, the Governor, and inform him the First Special
2. Session of the Senate of the 81st General Assembly is now duly
3. in Session and pursuant of the Proclamation of the Governor, and
4. is ready to receive any Messages he may desire to submit.

5. PRESIDENT:

6. Senator Donnewald.

7. SENATOR DONNEWALD:

8. I move that Senate Resolution No. 4 be adopted.

9. PRESIDENT:

10. Senator Donnewald has moved the adoption of Senate Resolution
11. No. 4. Is there any discussion? If not, all in favor signify
12. by say Aye. All opposed. The Ayes have it. The resolution
13. is adopted. Further resolutions?

14. SECRETARY:

15. Senate Resolution No. 5.

16. Whereat it is necessary that every Senator should be
17. conversant with the business transacted by the Senate each day
18. in order that he may be...may act understandably on all matters.
19. Therefore, be it resolved by the Senate of the 81st General
20. Assembly of the State of Illinois at the First Special Session
21. thereof, that the Secretary of the Senate shall prepare each
22. day an exact transcript of the Journal and furnish same to the
23. Superintendent of Printing who shall have four hundred copies
24. therefore printed at once. The form of the copies furnished
25. the Senator shall be precisely the same as those published
26. in accordance with the law relating to State Contracts.

27. PRESIDENT:

28. Senator Donnewald.

29. SENATOR DONNEWALD:

30. I move that Senate Resolution No. 5 be adopted.

31. PRESIDENT:

32. Senator Donnewald has moved the adoption of Senate Resolution
33. No. 5. Is there any discussion? If not, all in favor signify

1. by saying Aye. All opposed. The Ayes have it. The resolution
2. is adopted. Committee Reports.

3. SECRETARY:

4. Senator Gene Johns, Chairman of the Committee on Committees,
5. pursuant to Senate...Resolution No. 4 of the First Special Session,
6. the 81st General Assembly, appoints the following members to the
7. Committee to Wait Upon the Governor and inform him that the
8. First Special Session of the Senate of the 81st General Assembly
9. is duly in Session. Senators Donnewald, Vadalabene, Johns,
10. Shapiro and Weaver. Dated, August 6th, 1979. Signed, Senator
11. Gene Johns, Chairman.

12. PRESIDENT:

13. Resolutions.

14. SECRETARY:

15. Senate Resolution No. 6 offered by Senators Demuzio and
16. all Senators, it's congratulatory.

17. Senate Resolution No. 7 offered by Senator Vadalabene...or
18. Demuzio, Vadalabene and all Senators, it's congratulatory.

19. Senate Resolution No. 8 offered by the same...by Senator
20. Demuzio and all Senators and it's congratulatory.

21. Senate Resolution No. 9 offered by Senator Demuzio and
22. all Senators and it's congratulatory.

23. Senate Resolution No. 10 offered by Senators Mitchler, Bowers,
24. Philip and Graham and it's congratulatory.

25. PRESIDENT:

26. Consent Calendar.

27. PRESIDING OFFICER: (SENATOR DONNEWALD)

28. Senator Rock.

29. SENATOR ROCK:

30. Yes, thank you, Mr. President, Ladies and Gentlemen of the
31. Senate. If I can have the attention of the Body, after discussion
32. with the Speaker and the Minority Leader, it appears that the
33. House...to which this bill has been referred, will break for

1. conference or caucus and they do not expect final action until
2. about three-thirty or four o'clock. So my suggestion is that
3. we are going to stand in recess until the hour of four o'clock,
4. at which time I hope we can handle the matter with some dispatch.
5. PRESIDING OFFICER: (SENATOR DONNEWALD)

6. Is there discussion? Senator Rock moves that the Senate
7. stand in recess until four o'clock this afternoon. All those
8. indicate...in favor indicate by saying Aye. Those opposed. The
9. Ayes have it, the Senate stands in recess.

10. RECESS

11. AFTER RECESS

12. PRESIDENT:

13. All right. Will those not entitled to the Floor, please
14. vacate. The Senate will please come to order. Will the members
15. please be in their seat and those not entitled to the Floor
16. please vacate. I understand that one of the Senior members
17. of the Senate has been given a distinguished honor. In order to
18. pay proper tribute, it's only fitting that the Senate also pay
19. him honor and I will yield to Senator Pate Philip.

20. SENATOR PHILIP:

21. Thank you, Mr. President and Ladies and Gentlemen of the
22. Senate. This weekend in Elmhurst, Illinois, we had what we
23. call a Coal Sands Ceremony. At that ceremony Senator Jack
24. Graham was made an Ambassador of Medinah Shrine, which is quite
25. an honor. Unfortunately he had a problem and couldn't make
26. the ceremony. So the Potentate of Medinah Shrine, Paul R. Amundsen,
27. had asked me to bestow the honor upon him. So if I would have
28. Senator Graham up here to the podium, I would appreciate it.
29. And if all of our Shrine members would come up to the podium,
30. I would appreciate it. Maybe I better restate that, any Senator
31. who is a Shriner or any of the staff that are Shriners, we would
32. be happy to have you all up here. I...I'd just like to say
33. this now, there are now two Illinois State Senators that are

1. Ambassador of Medinah, myself and Senator Jack Graham. And we're
2. happy to have you among our ranks and of course you know, he is
3. a goodwill ambassador for Medinah Temple and that's fantastic.

4. SENATOR GRAHAM:

5. Thank...thank you, very much Pate. I'm sure all the members
6. of the Senate agree that I'm an ambassador of goodwill. But
7. this is a tremendous honor to be bestowed upon me by a great
8. membership of Medinah Shrine of which I've been a member since
9. 1961, so it's a pleasure indeed and I'm sorry I didn't get
10. there for the ceremonies, but I stayed out of Cold Sands...
11. my feet were still warm.

12. PRESIDENT:

13. Senator Shapiro, for what purpose do you arise?

14. SENATOR SHAPIRO:

15. Mr. President, I would like the record to show that Senator
16. Ozinga is absent due to illness and Senator Keats is absent
17. due to military duty.

18. PRESIDENT:

19. The record will so reflect. Senator Savickas, for what
20. purpose do you arise?

21. SENATOR SAVICKAS:

22. Yes, Mr. President, I'd like the record to show that Senator
23. Daley is absent due to illness in his family and that Senator
24. Maragos is also absent due to illness.

25. PRESIDENT:

26. The record will so reflect. And the Chair would like to
27. point out, for those of you who have not yet heard, our friend
28. and colleague, Senator Sam Maragos, today, suffered a coronary
29. attack. He is in Northwestern Hospital, the Olsen Pavilion, still
30. in intensive care. So I hope we will keep him in our prayers
31. and as soon as we get further word, we'll certainly let you know.

32. Senator Mitchler, for what purpose do you arise?

33. SENATOR MITCHLER:

1. Mr. President and members of the Senate. This is a
2. matter I have previously discussed with you. I'd like to
3. call to the attention of the members of the Senate to Senate
4. Joint Resolution No. 48 that was passed by this Body on June
5. 24th of this year and also concurred in by the House. This
6. is a resolution that called upon the Governor of the State
7. of Illinois to proclaim a State-wide day of sacrifice, fasting
8. and prayer on August 6th, 1979. The Governor did issue this
9. Proclamation and he signed it on July 26th of this year and
10. it had nothing to do with the return of the General Assembly.
11. When we passed it, we did not know that we would be in Session.
12. But as a reminder, the Senate Joint Resolution 48 and the
13. Governor's Proclamation has been distributed on the desks
14. of each Senator and I know that each of you will want to join
15. with the people throughout the State of Illinois in making
16. this day a day of sacrifice, fasting and prayer and rekindling
17. our belief in the Almighty God and be thankful for the blessings
18. that have been...bestowed upon us by having this grateful
19. nation that we have been so instrumental in making a great nation
20. for the people that reside within it. Thank you.

21. PRESIDENT:

22. Thank you, Senator. WAND TV-Channel 17 requests permission
23. to film the proceeding. Is leave granted? Leave is granted.
24. So ordered. Messages from the House.

25. SECRETARY:

26. A Message from the House by Mr. O'Brien, Clerk.

27. Mr. President - I am directed to inform the Senate the
28. House of Representatives...has accepted the Governor's Specific
29. Recommendation for Change which are attached to a bill with the
30. following title, in the adoption of which I am instructed to ask
31. the concurrence of the Senate, to-wit:

32. House Bill 2569.

33. Further instructed to...direct, to deliver to you the

1. objections of the Governor which are contained in the attached
2. copy of this letter to the House...to the House of Representatives.
3. Adopted by the House August the 6th, 1979, the First Special
4. Session by a three-fifths vote. Signed, Jack O'Brien, Clerk
5. of the House.

6. PRESIDENT:

7. I understand that copies have been distributed to every
8. member so that the formal reading is not required. Motions in
9. Writing.

10. SECRETARY:

11. I move to accept the Specific Recommendations of the
12. Governor as to House Bill 2569 in the manner and form as follows.
13. Signed, Senator Terry Bruce.

14. PRESIDENT:

15. Will those not entitled to the Floor, please vacate.
16. Senator Bruce.

17. SENATOR BRUCE:

18. Thank you, Mr. President, members of the Senate. I...filed
19. a Motion to accept the Specific Recommendations of...of the
20. Governor as to House Bill 2569. I think that each of us know
21. that the Governor made three changes. One of which has a major
22. impact, the other two have a minor impact. First change that
23. he made was to change the rate to 2.5 in January the 1st. We
24. received the bill from the House at three percent on corporations,
25. we reduced it to 2.85 and the Governor has left that at 2.85
26. for the first eighteen months, at which time it will go to
27. 2.5. He made a change in relationship to the corporations who
28. file on other than a Calendar Year basis, so that when they
29. file in the 1981 Calendar Year, that they can allocate income
30. properly between the two taxing years if they're filing on
31. a Fiscal Year basis. And thirdly, he made...additional change
32. on partership income and to make it...clear that partners would
33. also be liable for taxes due in an individual capacity and also

1. as a partner. I believe that we ought to accept the Amendatory
2. Veto of the Governor. Many of us have worked a long time and
3. talked with the Governor on various proposals. I frankly
4. thought it would have been a better idea to have accepted a
5. lower rate over a continual period so that we would know,
6. business would know, the various communities around the State
7. and local...units of local government would know exactly
8. what they're going to receive every year. But the Governor
9. and I talked about the Taxpayer's Federation Proposal, which
10. reduces it in January of 1981. I think that we are, in fact,
11. committed to that. I've heard discussion around here that if
12. we don't have enough money by 1981, we can change that rate
13. upward to reflect the needs of units of local government and
14. I frankly don't buy that argument at all. I think that once
15. we commit ourselves to the program that the Governor has
16. written into 2569, we are committed at least in good faith,
17. past 1981 to the business community. There's a savings in
18. this bill for everyone and particularly the business community
19. ought to take a look at the various figures that have been
20. developed. They will save around ninety million dollars
21. through the passage of House Bill 2569 under the Governor's
22. proposal. They would have paid about seventy-three million
23. dollars more in income tax because of the Democratic proposal,
24. but we have paid an additional hundred and sixty-three million
25. dollars in taxes because the Governor's original program would
26. have started in January and I think that it is good that he
27. has...he has accepted the idea that we ought not to tax
28. business that extra hundred and sixty-three million dollars
29. for this Calendar Year. I am worried by the fact that in the
30. five year period that we are looking at, local units of govern-
31. ment are going to receive about two hundred and eight million
32. dollars less than we anticipate that they will need. And
33. that can be seen either as a cost to business or as a saving...

1. cost of the units of local government as a savings to business.
2. They are going to pay two hundred and eight million dollars less
3. than we thought when we left here in...in June. The only problem
4. I have with this bill is...is the economic situation in the
5. country between now and 1981. I hope that the Governor has put
6. a sufficient cushion in and I believe that he has, but if we
7. find the economy stumbling more than we had originally anticipated,
8. I think that we ought to notify the units of local government,
9. that come January of 1981 in a collection year and a payment
10. thereafter that they will not receive as much by at least one
11. estimate by about seven million dollars. They will not receive
12. as much in 1981 as they did in 1980. And I think that will be
13. unfortunate, but I think the bill as drafted, is a reasonable
14. compromise, a good compromise between the needs of local government
15. and the...and the desires of corporations and businesses, partner-
16. ships and utilities throughout the State of Illinois and I would
17. recommend that we adopt the Specific Recommendations as put
18. forth in my motion.

19. PRESIDENT:

20. Further discussion? Senator Geo-Karis.

21. SENATOR GEO-KARIS:

22. Will the sponsor yield to some questions, please?

23. PRESIDENT:

24. He indicates he'll yield. Senator Geo-Karis.

25. SENATOR GEO-KARIS:

26. I've had complaints about this bill relative to the public
27. utilities being able to be taxed on their personal property
28. level rates under this bill rather than on real estate. In other
29. words, real estate that if...if they feel that some of their
30. property could be considered personal property, even though
31. it's rooted to other portions of a building. They said that
32. the utilities wanted to have it taxed as...as under this bill
33. rather than under real estate rates. Has that been done in this

1. bill? Has that...taken that away from the right of the assessors
2. to tax utilities who have real estate with the pending fixtures
3. and what have you, as real estate?

4. PRESIDENT:

5. Senator Bruce.

6. SENATOR BRUCE:

7. Yes, it has Senator Geo-Karis and the bill as it passed the
8. Senate after...concern was expressed by many in the House and
9. an amendment was added which clarifies that land...that property
10. that was legally classified in prior years cannot be reclassified,
11. and frankly that works both ways. Some assessors would give
12. utilities a break if it were assessed at real property as opposed
13. to personal property, some would give the break if it were personal
14. rather than real. And now some utility companies seeing that they
15. would not have to pay any taxes if they could get it reclassified
16. quickly to personal property and not as real property, wouldn't
17. pay. The decision was made that the best thing is to freeze
18. everybody with the deals that they've made with their local
19. assessor. If they went to them and said, look, let's assess
20. this at personal property so I can get a lower rate, that's fine,
21. they're stuck with that and now they're off the rolls. If they
22. went though in the other way and said, let's classify it as
23. real estate, and they enjoyed that advantage for several years
24. at a lower rate than the Personal Property Tax rate, I don't think
25. it would be fair now to allow them to change that. So the bill
26. just says, if it were legally classified prior to the enactment
27. of this bill, it cannot be reclassified.

28. PRESIDENT:

29. Senator Geo-Karis.

30. SENATOR GEO-KARIS:

31. I have one...I have several questions. I hope you'll
32. forgive me, but I'm very concerned about this bill and I'm sure
33. everyone else is. Now, is this bill based on a formula of

1. collection of taxes or on taxes...does it include taxes and extend
2. it?

3. PRESIDENT:

4. Senator Bruce.

5. SENATOR BRUCE:

6. The...the payments are based on collections, the 1976 collection
7. year for Cook County, the 1977 collection year for all other taxing
8. bodies. So, it's on collections and not on extensions.

9. PRESIDENT:

10. Senator Geo-Karis.

11. SENATOR GEO-KARIS:

12. I understand that this Replacement Tax does not have the same
13. deductibility status as the Corporate Personal Property Tax for
14. the purposes of calculating Illinois Corporate Tax. Is that correct?

15. PRESIDENT:

16. Senator Bruce.

17. SENATOR BRUCE:

18. That is correct because the tax that you were deducting was a
19. Personal Property Tax separate and apart from an Income Tax. I
20. frankly never was convinced that you can...you can deduct an Income
21. Tax from an Income Tax but because of the complaints of some of the
22. business community, drafted within House Bill 2569 is a provision
23. which allows any corporation to deduct their Replacement Tax from
24. their Income Tax to the extent that they paid Personal Property Tax,
25. but Senator Geo-Karis, you also have to realize that there are
26. individuals who will now pay an Income Tax who never before paid an
27. Income Tax and those people would be excluded. Basically, they are
28. allowed to deduct from their Replacement Tax the amount they paid
29. in Personal Property Tax last year. That is in the Statute.

30. PRESIDENT:

31. Further discussion? Senator McMillan.

32. SENATOR McMILLAN:

33. Mr. President, members of the Senate, I rise reluctantly to

1. support Senator Bruce's motion and to call for an affirmative vote
2. in accepting the Amendatory Veto of the Governor. I do so not
3. because I believe that the...the bill in its amended form is fair,
4. because I still believe it is not. The fifty-two percent, forty-
5. eight percent split which gives Cook County an unwarranted percent-
6. age of the revenue I still believe is not fair. Neither do I
7. believe that it was fair to suburban Cook to use as a base date
8. 1976 which gives the City and Chicago schools an unfair advantage
9. over suburban Cook, nor do I believe it's fair, as was just des-
10. cribed, to provide for a deductibility for those companies that did
11. have to pay the Corporate Personal Property Tax before, but no
12. deductibility for those companies that are socked with a new tax
13. and who did not have that burden before. I also don't support it
14. because it's really the only alternative because I believe there
15. were other alternatives, alternatives which were sounder and more
16. fair and wiser, but none of those alternatives are before us today.
17. Nor, do I rise because I believe it's technically sound because I
18. believe there's a hold harmless provision here which is badly drawn,
19. does not provide the protection for your local units of government
20. which we've led them to believe it does and one that I think we
21. later may regret, but I do rise to support it because number one,
22. this is a reduction over the burden that would have been placed in
23. 2569 as it passed the Legislature and I do commend those representa-
24. tives of...of municipalities and local units of governments and
25. schools that at least in private were willing to admit that no,
26. the total amount that would have been called for in 2569 was not
27. necessary to replace the tax because privately they would admit
28. they were really asking for too much and I would also say we should
29. support it because this is an improvement over 2569 as it passed
30. and I would commend the Governor for standing up a little more firmly
31. than is generally his practice in opposing those attempts to keep
32. the tax higher than necessary. As I say, it's not a perfect bill
33. and I don't really believe we should accept it because it's perfect,

1. but I do believe it is an improvement and a reduction and therefore,
2. deserves support.

3. PRESIDENT:

4. Further discussion? Senator Knuppel.

5. SENATOR KNUPPEL:

6. Well, I'm going to vote for it. I asked myself as I drove all
7. the way down from Michigan today, is this trip necessary? At least,
8. is it necessary at this time? I don't agree with Senator McMillan
9. that the Governor stood up a little more firmly than usual. I think
10. that he talked himself into a spot where he had promised the people
11. and businesses a veto and this is about the feeblest veto anybody
12. could make. I don't think anybody can predict with certainty what
13. this bill will or will not produce in light of the economic condition
14. of this country. The indicators...we're reading about a recession,
15. etc. We..we're going to be back here in October. We're going to
16. be back here in January. Any of these changes could have been done
17. at that time. The veto could have been acted on at that time. It...
18. it sounds to me when I hear all these people patting the Governor on
19. the back and patting everybody else on the back a little like some-
20. body trying to stir apple butter with a wet sock. It doesn't work
21. very well. What the fact of the matter is is that we had to replace
22. Personal Property Taxes for corporations. This we did. We...we can
23. make a lot of projections, but when we come right down to it, it
24. was a shot in the dark. It'll still be a shot in the dark January
25. 1st, 1981, depending on what business makes profit and what profit
26. business makes and it'll always be subject to change and the rate
27. will be subject to change and unlike Senator Bruce, I don't feel
28. one damn bit committed to the business or economic community to say
29. that it has to stay at 2.5. By God, if it takes more than that
30. to educate our children and to do the things we have to do, we'll
31. do it and we also may have to amend the Save Harmless Clause which
32. Senator McMillan finds fault with. Let's...you know, all we're doing
33. here really is saying a lot of things and we know damn well that when

1. we're back here next year we can change this law, we may change it,
2. that we've got a job to do. We may have to bite the bullet. We may
3. have to have the courage and we...we're not trying to fool the people
4. who don't read between the lines. If I promise somebody a veto and
5. then I have to veto something because they don't read between the
6. lines, it's not really a veto at all, I don't see how I'm standing
7. up a little more firmly than usual. I think that the Governor might
8. just very well and the people very well might have accepted the fact
9. if he had said, like Carter said, and it's about the only smart thing
10. Carter's said in the last eighteen months, if he'd have just said,
11. I made a mistake. This thing is subject to change. We're facing
12. a recession. This may not produce more money than local units of
13. local government need. The people might say we respect a man who
14. says I make mistakes, that I was wrong and that he would be bigger in
15. everybody's eyes and I like Governor Thompson. I don't mean to say
16. that, but if he wants to be a Legislator to write this kind of a veto,
17. by God, he ought to run for the job. You know, he oughtn't to run
18. for Governor. He ought to get out here on the Floor instead of
19. using the Amendatory Veto. This is a lot of garbage. We're stirring
20. a...as I say, we're stirring a lot of apple butter with a wet sock.
21. You guys put any connotation on that you want to, but there's only
22. one thing we can do and that is we're wasting the people's money to
23. even be here. Let's approve the Amendatory Veto, get the hell out
24. of here and save the people some money.

25. PRESIDENT:

26. Further discussion? Senator Donnewald.

27. SENATOR DONNEWALD:

28. Yes, Mr. President and members of the Senate. If debate has
29. been terminated, I would make an inquiry...a Parliamentary Inquiry.

30. PRESIDENT:

31. Inquiry is in order.

32. SENATOR DONNEWALD:

33. All right. The question that I would put is how many votes is

1. required to have an immediate effective date on this proposed
2. legislation.

3. PRESIDENT:

4. In the opinion of the Chair, to accept the specific recommen-
5. dations of the Governor will require thirty-six affirmative votes
6. under the ruling of our Illinois Supreme Court in People ex rel Klinger
7. versus Howlett in fifty Illinois, 2nd two four two. Further discussion?
8. Senator Nimrod.

9. SENATOR NIMROD:

10. Thank you, Mr. President. Ladies and Gentlemen of the Senate,
11. I think there's a couple of things that we ought to be aware of.
12. I think there's a couple of things we ought to be aware of before we
13. put this additional tax onto business. Just this very day, it's
14. come to my attention that a hundred and twenty-five million dollar
15. increase in the Workmen's Compensation costs has just been released
16. to add onto the burden of bringing it up almost to a billion dollars
17. onto business that's going to be done in this State. I think other
18. things we ought to keep in mind is that...I think that what we're
19. doing today in adding the needs of...in meeting the needs of local
20. governments, they should remember that the monies that's coming to
21. them both this year and next year as the result of this action...it's
22. certainly one that's going to be averaged rather than the additional
23. amount that they are going to get in '80 and then suddenly a decrease.
24. I think that also we ought to be aware that the Income Tax has his-
25. torically produced about an average of a twelve percent increase every
26. year and that fluctuated anywhere from five to thirty percent. So,
27. that means that what they're doing here, in fact, is taking a basically
28. local government...a recession proof tax of...that's averaged about
29. twelve...about five percent in the past and they're getting a...increase.
30. So, I would hope that we might go on record as a result of what we
31. see today that it certainly is the intent of this Body that if this
32. legislation should pass that what we're saying is that we're averag-
33. ing this over several years and that we should not jump next year to

1. a program of increasing this tax that's already being accepted
2. today at two and a half so that by 1981, as Senator Knuppel said,
3. that we're not going to change it. I think that those of us that
4. think we might vote for this, and I'm still in doubt about it
5. because it certainly is a new tax, that, in fact, the two-five...
6. 2.5 percent, if there is no guarantee that that's going to remain,
7. I don't see how we can anyway support this kind of a position.
8. So, I think the intent has to be that we are certainly basing any
9. decisions we are making in this Body on the fact that that two and
10. a half percent will, in fact, remain and continue through 1981.

11. PRESIDENT:

12. Further discussion? Senator Lemke.

13. SENATOR LEMKE:

14. Just a point. As we...as Senator Nimrod said, we should sit
15. here today and realize what we are doing. We're realizing today
16. what we're doing for the people of the State of Illinois. We're...
17. this is a good example of the Governor's tax relief that he proposed
18. last year in his great campaign. It's a good example of what the
19. Republican Party stands for. Veto any Property Tax or any kind of
20. Sales Tax relief for the individual, but help the corporations and
21. lower their taxes. We see a savings to business of seventy, eighty
22. million dollars by this veto and we also see seventy or eighty
23. million dollars tax relief taken away from the people when the
24. Governor vetoed the Sales Tax on food and drugs. I ask...I'm going
25. to vote for this bill, but I want this to be a mark here, you can
26. make a mark. Today we progressed in the State of Illinois. We
27. stand for giving tax relief to business, but no tax relief to indi-
28. viduals.

29. PRESIDENT:

30. Further discussion? Senator Philip.

31. SENATOR PHILIP:

32. Thank you, Mr. President and Ladies and Gentlemen of the Senate.
33. You know, this compromise the Governor has worked out I suppose is

1. going to fly today, but it in effect is a tax increase, not a tax
2. replacement and what do you think those corporations are going
3. to do? They're going to pass that two and a half percent on to the
4. consumer. So every taxpayer in the State of Illinois is going to
5. pay for this. You know it and I know it. Now, the Governor in
6. good conscience introduced some nineteen bills on tax reliefs, a
7. couple of resolutions and your party, your party killed every one
8. of those in committee and everybody ought to know that. I'm going
9. to hold my nose and vote for this today. It's not what I want. It
10. should be a 2.25 very honestly, but I'm going to vote for it.

11. PRESIDENT:

12. Further discussion? Senator Regner.

13. SENATOR REGNER:

14. Mr. President and members, I wasn't going to speak, but
15. just the point after Senator Lemke made his comments about taxes
16. on businesses and people, you know, we all know it's a farce.
17. Business doesn't pay any taxes at all. You and I and every other
18. consumer in the State of Illinois pays any taxes that are put on
19. business so why don't we come right up in front if we're going to tax
20. individuals, let's tax individuals, not hide it by putting it on businesses.

21. PRESIDENT:

22. Further discussion? Senator Buzbee.

23. SENATOR BUZBEE:

24. Thank you, Mr. President. I, for one, I just want to state my
25. position right here. Anytime I vote for a bill on this Floor, I
26. never feel constrained that I have to stick with that position in
27. years to come and I certainly intend to Senator Nimrod and other
28. Senator who have...and Senator Bruce who have expressed concern
29. about the possibility of changing the 2.5 in 1981 to something higher,
30. I state here and now, categorically, undeniably, that I reserve the
31. right to make it as high as is necessary at that time if possible...
32. if necessary rather. We are establishing a law. We are establishing
33. a tax rate which can be changed by any future General Assembly.

1. The Constitution of this State precludes our ability to dictate
2. to future General Assemblies what they can do. I will be a member
3. of the next General Assembly, having been elected for a four year
4. term last November and if it's necessary, we can change the rate
5. at that time. Come this fall, if necessary, and I think it is neces-
6. sary, we can override the Governor's veto of Sales Tax Relief which
7. my party sponsored and which I am very proud of and which the press
8. apparently misunderstood because we took the responsible position
9. of killing all other so-called tax relief measures so that we could
10. say to the Governor, we have been responsible. We have not been
11. irresponsible. We have passed something that the people of Illinois
12. can afford, the State of Illinois can afford and the people of Il-
13. linois need. So, I'm looking forward to the opportunity to vote
14. to override the Governor's veto come November. I plan to support
15. the Governor's Amendatory Veto today and I am uncommitted and will
16. only vote as what is necessary for future revenue needs of local
17. governments as this bill proceeds down the Calendar.

18. PRESIDENT:

19. Further discussion? Senator Egan.

20. SENATOR EGAN:

21. Thank you, Mr. President, members of the Senate. As long as
22. everybody is going to talk about it I...as you know, I had a...an
23. idea that I thought was genuine and I thought would have resolved
24. all of these problems and I just wanted to say to Senator Bruce, once
25. you're dead, your dead, but I'm going to support it, but still, I
26. want you to know my dog is better than your dog.

27. PRESIDENT:

28. Any further discussion? Senator Shapiro.

29. SENATOR SHAPIRO:

30. Well, Mr. President and Ladies and Gentlemen of the Senate, I'll
31. be very brief. I think the Amendatory Veto that we had before us
32. should be looked upon from one angle and one angle only, that it is
33. nothing more than a compromise. I think if you could take any one

1. individual in this group or any small group of Senators you could
2. find a lot of things good about the Veto Message and a lot of
3. bad things. Some think the rates are too high. Others think the
4. distribution is unfair. Others think that the implementation is
5. way too soon and depending upon which part of Illinois you come from,
6. downstate or Cook County definitely has an impact upon your decision
7. as to how you will vote here today, but please keep in mind that
8. the only perfect bill that would ever go through this Body would
9. be nothing more than a blank sheet of paper. Very definitely this
10. bill is controversial. We have looked at it, worked with it for
11. fairly close to nine years and were unable to reach a decision as
12. to what the Replacement Tax should be until the Courts forced us.
13. I have come to the conclusion and it's a...a hundred and eighty
14. degree turn over six months ago that the Income Tax was the only
15. viable way to go. I personally happen to think that the rate is
16. too high, but I know the rate is higher than I think it should be
17. because the distribution method I think is unfair, but be that as
18. it may, it is a compromise. There have things put into this bill
19. that should satisfy downstaters and I think that we should support
20. the Governor in his Amendatory Veto and close this session down
21. shortly thereafter.

22. PRESIDENT:

23. Any further discussion? Senator Geo-Karis for the second time.

24. SENATOR GEO-KARIS:

25. Thank you, Mr. Rock. It wouldn't have been necessary for the
26. second time, but you cut me off in the beginning, but I forgive you.

27. PRESIDENT:

28. I intend to do so again so get on with it.

29. SENATOR GEO-KARIS:

30. I know it and I'm just going to say if I may, I appreciate your
31. honesty. I feel that although this bill not a very good bill, it's
32. the best the Governor can do in view of the fact that the Governor's
33. party and mine do not have the majority of votes and when you don't

1. have the horses you're stuck with taking the least...the next best
2. thing and therefore, I'm going to support this bill, but at least
3. it's better than the one as it was originally proposed.

4. PRESIDENT:

5. Further discussion? Senator Bruce may close.

6. SENATOR BRUCE:

7. Thank you, Mr. President. I'd just like to say thanks to two
8. fellows who have done a lot of work and that is Senator Egan, whose
9. horse really is dead and a hundred and fifty-five to twelve, Senator
10. Egan pointed out that that's about as dead as you can be and to
11. Senator McMillan who spent more hours on this than I'm sure he ever
12. wanted to and we have, I think, worked out something that is...is
13. reasonable. It is...it is a new tax in some regards, but if we have
14. erred on the side of raising it too high on corporations, I would
15. want to mention to you that the fact that corporations...and you've
16. all said this is going to be passed onto the consumer...that's right
17. and if it is too high it will be passed on at a higher rate, but my
18. concern is the Real Estate taxpayer and to whom does he pass on if
19. we err on the low side and if local government has to go to the
20. Real Estate taxpayer, he can't turn around and say to someone else,
21. by the way, my Real Estate Taxes go up and I'm going to assess you
22. a little more for riding down my street...can't be done and so I
23. would rather err, if we have erred and I don't believe we have, on
24. the...on the higher side of rates because they can be passed on and
25. they're distributed equally across all of us who use any service of
26. a corporation. It is a Replacement Tax and there will be some shift.
27. We keep talking about the shift...be a shift in any tax we have. It's
28. going to be fair to some and unfair to some. There's no tax that
29. can be devised that is different from the Personal Property Tax
30. that's not going to impact differentially on taxpayers throughout
31. the State. We've heard a lot about rates. I wanted to leave them
32. at 2.85. I'm willing to accept the 2.5. My logic is that it's easy
33. for us to change the definition of what is income and if we find

1. eighteen months from now that even 2.5 is too high we can, in fact,
2. change the definition of income and give business an additional
3. deduction, change foreign sales factors, do all the things we talked
4. about and a year later take those deductions and definitions away
5. from them and never change the rate, but in 1981 or '82 or '83 if
6. we have to increase the rate that's going to be very difficult to
7. do and a job that I don't know whether we can do so I applaud the
8. Governor in signing the 2.85 for eighteen months and maybe we can
9. put our house in order. I do think that we have an obligation
10. to business to say that through '81 we're not going to change. I'm
11. sensitive to what Senator Buzbee has said and Senator Knuppel has
12. said, about the fact that we're not obligated, but I think there is
13. some commitment to say to the business community that in 1981, January,
14. the rate is going to go down to 2.5. Now, Pennsylvania just last
15. week or so, they extended for two years their reduction in taxes.
16. They did this same thing. They said to business come to Pennsylvania.
17. In two years we're going to reduce the tax rates. Last...in June
18. they said no, we're going to extend the present rates for two more
19. years. I don't know whether we can do that. I'm sensitive, as
20. each and every one of you are, to the business climate in Illinois
21. and in January of 1981 I think it ought to be 2.5. Maybe by June
22. or July or August or 1982, '83 we'll change it, but I think the
23. rates are high enough that if we raise too much money next year
24. we can fool around with taxable income. If they are not high enough
25. in '82 or '83 we can certainly take a look at them. Senator
26. Shapiro is absolutely right. The only fair perfect bill that would
27. have gone through this Body is a blank sheet of paper. Senator
28. Shapiro, I agree with you. The only problem is whose name were you
29. going to put on it because that would have caused controversy so
30. unless we could get Walter to put his name on it I think he's the
31. only body here, member of the Body here that could have gotten the
32. bill through in the blank form. It's a compromise. I think it's
33. fair as we can make it. It is certainly not fair to all. It is

1. unfair to some, but I think on balance it's the best work product...
2. and a compromise between the Executive and Legislative Branches and
3. we ought to approve it. Thank you.

4. PRESIDENT:

5. Question is, shall the Senate accept the specific recommendation
6. of the Governor as to House Bill 2569 in the manner and form as just
7. stated by Senator Bruce. Those in favor will vote Aye. Those opposed
8. will vote Nay. The voting is open. Have all voted who wish? Have
9. all voted who wish? Take the record. On that question the Ayes
10. are 45. The Nays are 9. None Voting Present. The specific recom-
11. mendation of the Governor as to House Bill 2569, having received the
12. required constitutional majority vote of the Senators elected, are
13. declared accepted. Resolutions.

14. SECRETARY:

15. Senate Joint Resolution No. 1 offered by Senator Donnewald.

16. (Secretary reads Senate Joint Resolution No. 1)

17. PRESIDENT:

18. Senator Donnewald.

19. SENATOR DONNEWALD:

20. Mr. President and members of the Senate, I rise to make that
21. motion, a lovely motion to adjourn sine die...

22. PRESIDENT:

23. Well...just...we're just going to adopt the adjournment
24. resolution. We do have some Congratulatory Resolutions...you will
25. have...you will be afforded the opportunity to make the final
26. motion. Senator Donnewald has moved the suspension of the rules for
27. the immediate consideration and adoption of Senate Joint Resolution
28. No. 1. All in favor signify by saying Aye. All opposed. The Ayes
29. have it. The rules are suspended. Senator Donnewald now moves the
30. adoption of Senate Joint Resolution No. 1. All in favor signify
31. by saying Aye. All opposed. The Ayes have it. The resolution is
32. adopted. Resolutions.

33. SECRETARY:

1. Senate Resolution No. 11 offered by Senator Merlo and all
2. Senators. It's congratulatory.

3. Senate Resolution No. 12 offered by Senator Daley and all
4. Senators. It's congratulatory.

5. Senate Resolution No. 13 offered by Senator Daley and all
6. Senators. It's congratulatory.

7. Senate Resolution No. 14 offered by Senators Rupp and Wooten
8. and it's congratulatory.

9. Senator Resolution No. 15 offered by Senator Rupp. It's
10. congratulatory.

11. Senate Resolution No. 16 offered by Senator Buzbee and all
12. Senators and it's congratulatory.

13. PRESIDENT:

14. All right. Is there leave to add these resolutions 11, 12, 13,
15. 14, 15 and 16 to the Consent Calendar? Leave is granted. All
16. right. On the Order of the Resolutions Consent Calendar we have
17. Senate Resolution No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, No. 12,
18. No. 13, No. 14, No. 15 and No. 16. They are all congratulatory.

19. Senator Buzbee moves for the suspension of the rules for the
20. immediate consideration and adoption of these aforementioned resolu-
21. tions. All in favor signify by saying Aye. All opposed. The Ayes
22. have it. The rules are suspended. Senator Buzbee now moves the
23. adoption of Senate Resolution No. 6. No. 7, No. 8, No. 9, No. 10,
24. No. 11, No. 12, No. 13, No. 14, No. 15 and No. 16. All in favor
25. signify by saying Aye. All opposed. The Ayes have it. The resolutions
26. are adopted. Senator Buzbee, for what purpose do you rise?

27. SENATOR BUZBEE:

28. Thank you, Mr. President. I just would like to point out to
29. the Body...I would like to make an introduction...the object of
30. Senate Resolution No. 16.

31. PRESIDENT:

32. You are in order. Senator Buzbee.

33. SENATOR BUZBEE:

1. A sixteen year-old Japanese high school student is on an
2. exchange program for the past week and the coming two weeks with...
3. staying with my secretary and her family, Mrs. Kathy Robinson, and
4. he is with us here today and I would just like to introduce him
5. to the Body. He is the...in fact, the object of Senate Resolution
6. No. 16. His name is Misoki Oshimi. He is a sixteen year-old
7. high school student from the native city of Tonami City, Japan
8. on a cultural tour of the United States and I would like the Senate
9. to recognize him.

10. PRESIDENT:

11. Will our guest please stand and be recognized? There he is.
12. Welcome. Any further business to come before this Special Session?
13. Senator Martin. Don't forget about the Cardinal game. Any
14. further business to come before the Session? If not, Senator
15. Donnewald is recognized.

16. SENATOR DONNEWALD:

17. Oh, yes. Mr. President and members of the Body I...do now move
18. that the Senate be adjourned sine die...the First Special Session
19. be adjourned sine die.

20. PRESIDENT:

21. You have heard the motion. All in favor signify by saying Aye.
22. All opposed. The Ayes have it. The motion carries and the Senate
23. stands adjourned in this Special Session sine die.

24.

25.

26.

(END OF REEL)

27.

28.

29.

30.

31.

32.

33.