

STATE OF ILLINOIS
93rd GENERAL ASSEMBLY
REGULAR SESSION
SENATE TRANSCRIPT

88th Legislative Day

3/4/2004

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PRESIDING OFFICER: (SENATOR WELCH)

The regular Session of the 93rd General Assembly will please come to order. Will the Members please be at their desks? Will our guests in the galleries please rise? The invocation today will be given by Pastor Samuel Hale, Zion Missionary Baptist Church. Pastor Hale.

PASTOR SAMUEL HALE:

(Prayer by Pastor Samuel Hale)

PRESIDING OFFICER: (SENATOR WELCH)

Thank you. Pledge of Allegiance. Please remain standing. Senator Link.

SENATOR LINK:

(Pledge of Allegiance, led by Senator Link)

PRESIDING OFFICER: (SENATOR WELCH)

Senator Halvorson, for what purpose do you rise?

SENATOR HALVORSON:

A point of personal privilege.

PRESIDING OFFICER: (SENATOR WELCH)

Please state your point.

SENATOR HALVORSON:

I would like the Senate to welcome a group of your students from Ottawa Township High School. I would like for you to all welcome them to the Senate. And you are very fortunate to be able to see your Senator in the Chair today. So, please, if you would rise, we'd like to welcome you to the Senate.

PRESIDING OFFICER: (SENATOR WELCH)

Will our guests please rise? Thank you for coming. Welcome to Springfield. Madam Secretary, Committee Reports.

SECRETARY HAWKER:

Senator Demuzio, Chairman of the Committee on Rules, reports the following Legislative Measures have been assigned: Refer to Executive Committee - Floor Amendment No. 3 to House Bill 2626.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Silverstein, for what purpose do you rise?

SENATOR SILVERSTEIN:

For -- for the purpose of an announcement, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

State your announcement.

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SENATOR SILVERSTEIN:

The Senate Executive meeting will meet at 11:35 in Room 212.

PRESIDING OFFICER: (SENATOR WELCH)

11:35 in 212, the Executive Committee will meet. Madam Secretary, Reading and Approval of the Journal. Senator Schoenberg.

SENATOR SCHOENBERG:

Thank you, Mr. President. I move that reading and approval of the Journal of Wednesday, March 3rd, in the year 2004, be postponed, pending arrival of the printed Journal.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Schoenberg moves to postpone the reading and approval of the Journal, pending arrival of the printed transcripts. There being no objection, so ordered. Resolutions.

SECRETARY HAWKER:

Senate Resolution 449, offered by Senator Viverito and all Members.

And Senate Resolutions 450 through 453, all offered by Senator Sandoval and all Members. They're all death resolutions.

PRESIDING OFFICER: (SENATOR WELCH)

Resolutions Consent Calendar. Ladies and Gentlemen, please turn to page 21 of your Calendar. We're going to pick up on 3rd Readings where we left off on Tuesday. The first bill will be Senate Bill 2323. Senator Shadid. 2323, page 21. Senate Bill 2327. Senator Larry Walsh. Top of page 22. Senate Bill 2335. Senator Hunter. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill...

PRESIDING OFFICER: (SENATOR WELCH)

Pardon me. Take the bill out of the record. Senate Bill 2339. Senator Cullerton. Senate Bill 2350. Senator Welch will return to that later. Senate Bill 2360. Senator Lightford. Senate Bill 2374. Senator Shadid. Senator Shadid. 2374, Senator. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 2374.

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(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

Thank you, Mr. President. Senate Bill 2374 simply adopts a uniform speed limit for cars and trucks on rural interstate and limited-access highways in Illinois. Chicago, Cook County, DuPage County, and portions of Peoria, Vermillion, Lake, Will, Madison, and -- St. Clair Counties are not affected and will remain fifty-five mile per hour for all vehicles. I'd appreciate a Yes vote and be glad to answer any questions.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Risinger.

SENATOR RISINGER:

Thank you, Mr. President, Members of the General Assembly. I rise in support of this bill. Voted for it the last time that it went through. I think this bill is a -- an issue of safety. I spent some eighteen years in the Department of Transportation at a level where I was able to review accident reports as they came through. Many of those accident reports showed that a lot of the accidents involving trucks was because of weaving actions that take place. Uniform speed has shown, over the states that have the uniform speed, to show reductions of accidents. We have seen some of the statistics brought forth that show that Illinois ranks ninth as far as fatalities in truck accidents in the nation. But the truth of the matter is, Illinois is one of the busiest truck highways has the busiest truck highways in the nation. So we should be ranked higher, which shows that our safety is relatively good in the State of Illinois. This is a good bill. It's one of a matter of safety. It's one of a matter of economics for the trucking industry. I think it's one that we should support. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Further discussion? Senator Ronen.

SENATOR RONEN:

Thank you, Mr. President. Will the sponsor yield for a question?

PRESIDING OFFICER: (SENATOR WELCH)

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Sponsor indicates he'll yield, Senator.

SENATOR RONEN:

Senator Shadid, this bill, then, would allow trucks to increase their speed based -- more than they are allowed to now.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

In certain -- did you ask me, are they allowed to increase their speed?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Ronen.

SENATOR RONEN:

I -- I said that very inarticulately. I will try again. Will this bill allow trucks to go faster than they currently are allowed to on the highways?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

Only on certain highways in the State. They'll be able to travel sixty-five on those highways that are designated. And the ones that I just explained, the certain counties, they cannot go higher than fifty-five wherever it's posted.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Ronen.

SENATOR RONEN:

Thank you for that -- for that response. I would just like to respectfully speak in opposition to this bill. I know the -- the AAA Chicago Motor Club and other safety groups are opposed to this, thinking that this will, in fact, make our highways less safe rather than more safe. And I would just urge my colleagues to look closely at the provisions of this bill before voting. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Cullerton.

SENATOR CULLERTON:

Yes. Would the sponsor yield?

PRESIDING OFFICER: (SENATOR WELCH)

Indicates he'll yield, Senator.

SENATOR CULLERTON:

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Senator, I was given some information from the opponents and I was curious as to what your reaction was. The National Highway Traffic Safety Administration of the United States Department of Transportation, they have some statistics about the surrounding states that have gone to uniform truck speeds. They indicate that there's a twenty-seven-percent increase in fatal crashes from '95 to 2001. Were you aware of those statistics, and do you have a response?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

If I could -- I could -- the very recent AAA study is flawed. This include -- they included statistics on all highways in the State, not just four-lane highways nor highways in rural areas that have sixty-five mile per hour.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Cullerton.

SENATOR CULLERTON:

Yeah. I -- I'm just -- you're saying this information is incorrect that says that Midwestern states with uniform truck speeds witnessed a twenty-seven-percent increase in fatal crashes involving trucks from '95 to 2001. Other surrounding states that limit truck speeds below those for cars saw a decrease of fifteen percent in fatal crashes involving trucks. Those are -- those are not accurate?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

I refer this to my expert from IDOT, or formally from IDOT, Senator Risinger.

PRESIDING OFFICER: (SENATOR WELCH)

Wait -- wait a minute. You're asking Senator Risinger to answer the question? All right. Senator Risinger.

SENATOR RISINGER:

Thank you, Mr. President. That information is correct, but that information includes all two-lane highways. This bill only includes interstate, which is fully access-controlled highways, in rural areas. So anywhere where you already have reduced speeds for cars, that portion of the highway is not affected in

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-- in this bill. And so, while that -- those statistics are correct, they have nothing to do with what we're trying to do with this bill. This bill only has to do with rural four-lane highways.

PRESIDING OFFICER: (SENATOR WELCH)

And further discussion? Senator Luechtefeld.

SENATOR LUECHTEFELD:

A question of the sponsor.

PRESIDING OFFICER: (SENATOR WELCH)

Indicates he'll yield, Senator.

SENATOR LUECHTEFELD:

Senator, would you -- you've been on the highway a lot. Would you agree that trucks are -- I find them driving sixty-five right now and going right by the State Police. Wouldn't -- wouldn't -- do you agree with that or is that what you find?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

I can only relate it. I also see passenger cars driving faster than sixty-five. Not just trucks.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Luechtefeld.

SENATOR LUECHTEFELD:

You know, I just -- and I -- I understand what you're trying to do, but I just find it very difficult to believe that if a -- eighty-thousand-pound truck is driving sixty-five miles an hour right now in a fifty-five -- with the fifty-five, if we raise it to sixty-five, I'm going to guess they'll go seventy-three, seventy-four. To -- to -- to simply have a -- something that heavy going down the road at seventy-three, seventy-four, seventy-five miles an hour, I cannot believe that -- that the accidents and -- and much more fatal, many more accidents, to move that stuff that fast. And -- and I know that that -- I know that your statistics maybe show the rear-end accidents and stuff, but once they hit, you know, that much faster -- and I -- I really believe they will drive seventy-three, seventy-four miles an hour if we raise this to -- to sixty-five. That'd be my only comment.

PRESIDING OFFICER: (SENATOR WELCH)

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Any further discussion? Seeing none, Senator Shadid, to close.

SENATOR SHADID:

Thank you. I'd like to make a couple comments, if I might, before I close. The AAA Committee for Traffic Safety found that in passenger cars, truck -- passenger car and truck crashes, a majority of the accidents were caused by the passenger car. I'd also like to say that the truck speed limits in the surrounding -- states surrounding Illinois - Iowa sixty-five, Indiana sixty, Kentucky sixty-five, Wisconsin sixty-five, and Missouri seventy mile an hour - and those states have not found any increase in accidents on the highways that we're trying to -- we're dealing with. I'd like to also -- the support -- this bill is supported by the Illinois Farm Bureau, the Illinois Pork Producers, the Independent Drivers Association, Illinois Fertilizer and Chemical Association, and the Mid-West Truckers Association. I would like to ask you for your support. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall Senate Bill 2374 pass. Those in favor will vote Aye. Those opposed, Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 37 Members voting Yes, 15 Members voted No, no Members voted Present. Senate Bill 2374, having received the required constitutional majority, is declared passed. Senator Righter, for what purpose do you rise?

SENATOR RIGHTER:

For point of personal privilege, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

State your point.

SENATOR RIGHTER:

Thank you, Mr. President. I'd like the Members of the Senate to recognize, in the gallery directly above me, a group of citizens from my district who are part of the Coalition Against Methamphetamine Abuse of Edgar and Clark counties. As we all know, methamphetamine use and abuse is a very serious problem throughout the State of Illinois, and this group has put itself together as a -- a committed group of citizens there to work on legislative proposals for us. In fact, they're here

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today testifying on a bill that's pending in the House that I hope that we'll see here in the Senate. And I would ask the Senate to give them a welcome.

PRESIDING OFFICER: (SENATOR WELCH)

Will our guests in the gallery please rise? Welcome to the Senate. Thank you for coming. Senator Schoenberg, for what purpose do you rise?

SENATOR SCHOENBERG:

Thank you, Mr. President. I'd like to rise for purposes of an announcement.

PRESIDING OFFICER: (SENATOR WELCH)

State your announcement, Senator.

SENATOR SCHOENBERG:

Thank you. At either 1 p.m. or immediately after Session, the Appropriations II Committee will be meeting in Room 212 of the Capitol Building.

PRESIDING OFFICER: (SENATOR WELCH)

Appropriations II will meet immediately after -- after the Session or at 1 o'clock in Room 212. Senate Bill 2375. Senator Carol Ronen. Senate Bill 2377. Senator Ronen. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 2377.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Ronen.

SENATOR RONEN:

Thank you, Mr. President. This is just a clean-up bill. Several years ago we passed the Advanced Practice Nurse Act. This bill changes language in all other appropriate pieces of legislation to acknowledge the changes that were made several years ago. It does not change anything about the scope of practice. It's merely a clean-up bill. I know of no opposition. I would ask for favorable approval, and I'd be happy to answer questions.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Seeing none, the question is, shall Senate Bill 2377 pass. All those in favor, vote Aye.

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Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 57 Members voting Yes, no Members voting No, and none voting Present. Senate Bill 2377, having received the required constitutional majority, is declared passed. Senate Bill -- Senator Schoenberg, for what purpose do you rise?

SENATOR SCHOENBERG:

Thank you, Mr. President. I'd like to rise on a point of personal privilege, as well.

PRESIDING OFFICER: (SENATOR WELCH)

State your point.

SENATOR SCHOENBERG:

Thank you, Mr. President, Ladies and Gentlemen of the Senate. We're joined in the gallery today by some of Evanston's finest Girl Scouts. We have a couple of Girl Scout troops from Evanston who have come and have joined us in the gallery today. And I would like to ask you to join me in offering them a warm Senate welcome.

PRESIDING OFFICER: (SENATOR WELCH)

Will our guests please rise? Welcome to the Senate. Senator Dave Sullivan, for what purpose do you rise?

SENATOR D. SULLIVAN:

Thank you, Mr. President. A point of personal privilege.

PRESIDING OFFICER: (SENATOR WELCH)

State your point.

SENATOR D. SULLIVAN:

Thank you. Ladies and Gentlemen of the Senate, I'd just like to remind everyone that while we're gone for the next two weeks, in addition to the primary we'll all be celebrating St. Patrick's Day and Senator DeLeo will celebrate St. Joseph's Day. But the first night that we're back, we will have the Sullivan Caucus 2nd Annual St. Patrick's Day party for Springfield, from 5 to 8. All kinds of good Irish fun on behalf of Senator John Sullivan, Representative Ed Sullivan and myself. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Thank you, Senator. Senate Bill 2378. Senator Ronen. Read the bill, Madam Secretary.

SECRETARY HAWKER:

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Senate Bill 2378.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Carol Ronen.

SENATOR RONEN:

Thank you, Mr. President. The -- this amends the Children's Products Safety Act {sic} (wrong Act), which this Body passed about five years ago, which says that children's items that have been recalled cannot be sold in resale stores and should not be in an child care centers. This bill merely tightens some of the regulations and makes some technical changes. Allows the Department of Public Health to link to federal websites and sets in legislation certain time frames for child care providers to make information available to make sure there are no unsafe recalled products in their centers. I -- I know of no opposition. I'd be happy to answer any questions.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Seeing none, the question is, shall Senate Bill 2378 pass. Those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 57 Members voting Yes, no Members voted No, and none voted Present. Senate Bill 2378, having received the required constitutional majority, is declared passed. Senate Bill 2381. Senator Munoz. Senate Bill 2386. Senator Shadid. Senator Shadid. Senate Bill 2397. Senator DeLeo. Senate Bill 2398. Senator DeLeo. Senate Bill 2401. Senator Jacobs. Senate Bill 2404. Senator Jacobs. Top of page 23. Senate Bill 2424. Senator Halvorson. Senator Halvorson. Senate Bill 2491. Senator Cullerton. Senate Bill 2503. Senator Cullerton. Senate Bill 2517. Senator Cullerton. Senate Bill 2525. Senator Jacobs. Senate Bill 2552. Senator Link. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 2552.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

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Senator Terry Link.

SENATOR LINK:

Thank you, Mr. President. Basically, what this bill does, this legislation assesses the group of cigarette manufacturers that neither participated in the 1998 Master Settlement Agreement, nor the subsequent participating manufacturers that currently participate in the agreement a two-and-a-half-cent-per-cigarette tax. The purposes of this assessment is related to the reasonable government objective. These manufacturers did not join the Master Settlement Agreement in the year of the tobacco settlement payment in the year 2003 and the master settlement payments in Illinois, where there were almost one hundred million dollars less than have been anticipated. These nonparticipating manufacturers were estimated to be responsible for about thirty million dollars of the hundred-million-dollar-payment gap in 2003. I'll be more than happy to answer any questions. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Could we have a little order in the Chamber? It's hard to hear the speakers. Is there any discussion? Senator Lauzen.

SENATOR LAUZEN:

Thank you very much, Mr. President. Just to let other folks who may feel the same way have another perspective on the bill. First of all, I have enormous respect for the sponsor of the bill. What this bill does, is it -- it basically requires folks who -- businesses that did not participate in the settlement agreement on tobacco, it basically forces them to make a decision contrary by the application of a tax. I don't know what famous person it was who said that the ability to tax is the ability to destroy. This is, the ability to tax is the ability to force somebody to participate in a settlement suit that they chose not to. I would encourage you to vote No.

PRESIDING OFFICER: (SENATOR WELCH)

Any further discussion? Senator Roskam.

SENATOR ROSKAM:

Thank you, Mr. President. Will the sponsor yield?

PRESIDING OFFICER: (SENATOR WELCH)

Indicates he'll yield, Senator.

SENATOR ROSKAM:

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Senator Link, Senator Lauzen raised an interesting question. I just kind of wondered what you thought about that. In other words, the people that chose not to participate in the Master Settlement Agreement apparently made it -- sort of a strategic decision. And then, aren't they still subject to a lawsuit? I mean, can't people still come after them? And what is it -- how does -- how does what you're doing today interact with somebody's other legal remedies or their decision not to participate?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Link.

SENATOR LINK:

Thank you, Senator Roskam. Basically, what this is, there has been -- this -- this tax has been opposed -- imposed on these manufacturers who came about, a lot of these, after the settlement agreement and this tax has been imposed on them, and other states, like the State of Minnesota, where this has been imposed upon them and it was upheld in their court system. The State of Indiana, where it's been upheld on them. What this is, is these are types of companies that have come about afterwards and have gotten around the settlement and have come in with cigarettes at a -- a brand of lesser quality and basically have just tried to get around the market and have cost us, the State, approximately thirty million dollars in our settlement agreement, which we are desperately in need, in a lot of things that we are doing in the State, and will continue to cost us money at what they are doing. And this is just trying to bring this into parity.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Roskam.

SENATOR ROSKAM:

Thank you, Senator. What does this do if -- if these folks are subject to the tax, are -- are they insulated from future liability? The -- the -- the defendants, Senator, who participated in the Master Settlement Agreement did so because they -- they -- it was -- it was a settlement, in other words. Is there any settlement element to this? Or is this simply a tax to raise additional revenue?

PRESIDING OFFICER: (SENATOR WELCH)

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Senator Link.

SENATOR LINK:

Basically, this would only raise about -- the amount of revenue that it would raise would be insignificant. It would be approximately six hundred to eight hundred thousand dollars a year. That isn't the -- the amount that we're -- we're concerned about. What we're looking at is the thirty million dollars that we would be losing in the master settlement plan of the amount of money that would be generated in the -- the -- the figures that have to be generated in each state in this master settlement plan in the figures that are generated in taxes every year. And if the State does not generate that particular amount of money, then we would lose our portion of that amount. We are generated at like I think it's -- the figure, and I don't have it exactly in front of me, we're at, I think, like at 4.8 percent. And if we -- and if the numbers are down each year, we're prorated at that amount. And by these nonparticipating manufacturers, they're causing that amount to be down and we are losing every year. And that's what we're in jeopardy of. So -- it isn't the amount of the tax. It's just bringing up -- that figure up so that we will not lose that thirty million dollars again in the -- in this year's settlement.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Roskam.

SENATOR ROSKAM:

Senator, it -- it sounds -- and I'll -- I'll wait. Your staff is telling you something. I'll wait. You ready? Okay. It sounds like there's no relationship between a settlement and this tax. In other words, the tax that you're proposing today would continue to create a -- I mean, has nothing to do with settling of -- of any claims. And I just want to make sure that we're all clear on that. In other words, the -- the companies that decided to participate in the Master Settlement Agreement did so so that there would be settlement and it would be over. The nonparticipating companies are still subject to potential liability. So, it's not as if we're bringing them into the Master Settlement Agreement. They're still subject to liability, and now they're going to be subject to a tax as well. So, just so -- I think we need to make that point clear. It

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really wasn't clear. Is -- is that correct? Am I -- am I fairly describing that?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Link.

SENATOR LINK:

To the best of my nonlegal determination, yes, you are correct.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Roskam.

SENATOR ROSKAM:

Okay. Thank you. Is there -- have folks reviewed this and -- in terms of the definitions, of which companies are subject to this tax and which companies are not subject to the tax? I mean, doesn't it seem like in order for it to be a constitutional tax, it's got to be uniform and we have to tax the activity of selling cigarettes as opposed to taxing someone's decision to participate or nonparticipate in a judicial proceeding? Has that question been raised? In other words, what's the underlying definition here?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Link.

SENATOR LINK:

Senator Roskam, if I -- I'm hearing your question correctly, if you're asking if it's uniform in way we're doing that, in the State of Minnesota, the same thing was proposed and held, and it was upheld in the Minnesota -- courts to be constitutionally sound in the Minnesota courts to be proposed the same way we're being proposed in this law. So, I hope that's answering the question that you proposed.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Soden, further discussion?

SENATOR SODEN:

Yes, Senator. The Escrow Fund, which is set aside for twenty-five years, collects interest. I asked this question once before in committee. Who is responsible for the investing of the money? And is the Attorney General the custodian of the funds? Or who really controls the funds?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Link.

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SENATOR LINK:

You are correct, Senator Soden, on that question that you asked. The answer I got, the assessment would be paid directly to the Department of Revenue. And with the answer that we've got so far is that the oversight would still be the Attorney General would have the oversight of it. And I -- I hope that answered it, but I -- if it didn't, I will further look into it.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Soden.

SENATOR SODEN:

One more question. If the State's involved and custodial - of the funds, what is the liability of the State if there's a suit filed against the nonparticipating companies in the master plan?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Link.

SENATOR LINK:

I -- I have no idea.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Soden.

SENATOR SODEN:

Well, that will conclude. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Any further discussion? Seeing none, Senator Link, to close.

SENATOR LINK:

I would just ask for a favorable vote so -- we could ill afford to lose thirty more million dollars in this settlement. I'd -- I'd ask for a favorable vote.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall Senate Bill 2552 pass. All those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 36 Members voting Yes, 20 Members voted No, no Member voted Present. Senate Bill 2552, having received the required constitutional majority, is declared passed. Senate Bill 2578. Senator Cullerton. Senate Bill 2601. Senator Clayborne. Senate Bill 2602. Senator Clayborne. Senate Bill 2701.

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Senator Munoz. Senate Bill 2732. Senator Demuzio. Senate Bill 2744. Senator Hunter. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 2744.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Mattie Hunter.

SENATOR HUNTER:

Thank you, Mr. President. Senate Bill 2744 requires group and individual health insurance policies to provide coverage for bone mass measurement and for the diagnosis and treatment of osteoporosis on the same terms and conditions that apply to coverage for other medical conditions. Osteoporosis is a disease that weakens bones to the point that they break easily. It can be treated effectively if it is found early. This bill only requires insurers to cover treatment that is considered medically necessary, or in other words, those tests or treatments that have been ordered by a physician. These medically necessary treatments are already covered by most insurance plans and we seek only to codify existing practice. I would ask for a favorable vote.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Bill Brady.

SENATOR BRADY:

Thank you, Mr. President. I stand in support of the Senator's legislation. This bill is agreed to by the industry and I would ask my colleagues to support it.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any further discussion? If not, Senator Hunter, to close.

SENATOR HUNTER:

Thank you. And I ask for a favorable vote.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall Senate Bill 2744 pass. All those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, 57 Members voted Yes, no Members voted No, none voted Present. Senate Bill 2744,

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having received the required constitutional majority, is declared passed. Senate Bill 2755. Senator John Sullivan. Top of page 24. Senate Bill 2768. Senator Maloney. Senate Bill 2879. Senator Maloney. Senate Bill 2900. Senator Garrett. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 2900.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Susan Garrett.

SENATOR GARRETT:

Thank you, Mr. Chairman {sic}. Senate Bill 2900 -- hold on. Senate Bill 2900 directs the Illinois Department of Human Services to develop, in consultation with the Child Care and Development Advisory Council, a comprehensive plan to revise the child's -- the State's child care provider reimbursements rates. This has been part of the priorities set forth by many of the child care providers in the State. There's no opposition whatsoever, and there's no cost associated with it.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Righter.

SENATOR RIGHTER:

Thank you, Mr. President. To the bill, briefly: I rise in support of the bill. It should be made clear for all the Members, particularly on our side of aisle, this is a study only. There's no new money involved in this legislation. This is simply a study that's going to be conducted with regards to what the child care rates should be. Thank you, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Garrett, to close.

SENATOR GARRETT:

I would ask for an Aye vote.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall Senate Bill 2900 pass. All those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 57 Members voting Aye, no Member voted No, no member voted Present.

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Senate Bill 2900, having received the required constitutional majority, is declared passed. Senate Bill 2919. Senator Sandoval. Senate Bill 2924. Senator Clayborne. Senate Bill 2932. Senator Haine. Senate Bill 2933. Senator Haine. Senate Bill 3013. Senator Susan Garrett. Read the bill, Madam Secretary. Take it out of the record, Madam Secretary. Senate Bill 3065. Senator Jacobs. Senate Bill 3077. Senator Brady. Senate Bill 3083. Senator Schoenberg. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 3083.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Jeff Schoenberg.

SENATOR SCHOENBERG:

Thank you, Mr. President and Ladies and Gentlemen of the bill {sic}. This bill simply corrects an error, a typographical error, in the Tobacco Products Manufacturers' Escrow Enforcement Act, which was approved last year. Under the penalty provisions, the error that's referenced is in the Section of the Act to which a penalty applies. The letter -- the Sections referenced simply don't correspond. This merely corrects that, and I urge your support.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Risinger.

SENATOR RISINGER:

Thank you, Mr. President. This is just a correction. It passed unanimously out of committee. And I vote -- I ask those on this side of the aisle to vote affirmative.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall Senate Bill 3083 pass. All those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 57 Members voting Yes, no Member voted No, no Member voted Present. Senate Bill 3083, having received the required constitutional majority, is declared passed. Senate Bill 3090. Senator Harmon. Senate Bill 3091. Senator Watson. Senate Bill 3107.

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Senator del Valle. Senator del Valle. Senate Bill -- top of page 25. Senate Bill 3112. Senator Susan Garrett. Read the bill, Madam Secretary.

SECRETARY HAWKER:

Senate Bill 3112.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Susan Garrett.

SENATOR GARRETT:

Thank you very much, Mr. Chairman {sic}. Senate Bill 3112 allows for water bottling plants and private water source operators to be licensed by DPH at a fee of a hundred and fifty dollars. It also provides that out-of-state water bottling plants must register, for a fee of a hundred and fifty dollars. It establishes minimum standards for certain activities in relation to bottled or vended water. Home rule powers are exempted from licensing. And this is an agreed bill that we've worked on for over a year, and due to the fact that we have so many new bottled water companies doing business in the State of Illinois, we wanted to make sure -- the Department of Public Health wanted to make sure that we had better oversight as to whom they are. And for those bottled water companies that are processing in the State of Illinois, this bill will allow for an annual inspection. I'd be happy to answer any questions.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Righter.

SENATOR RIGHTER:

Thank you, Mr. President. Will the sponsor yield?

PRESIDING OFFICER: (SENATOR WELCH)

She indicates she'll yield, Senator.

SENATOR RIGHTER:

Senator Garrett, it's my recollection, when this bill passed through committee, that there was some language that -- you wanted to change on this bill, and it's my understanding, in fact, that an amendment has been filed on the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Garrett.

SENATOR GARRETT:

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Thank you, Senator Righter. Department of Public Health and the Bottled Water Association feel that the amendment isn't really needed anymore. So, we had some discussions with them.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Righter.

SENATOR RIGHTER:

Well, I appreciate that, but that's news to our side of the aisle, which the discussion in committee was that there was going to be some changes to the bill. I wonder if it would not be out of order, Senator Garrett, to ask you to pull the bill out of the record till we can sit down and look at the language as well, because it was out understanding there were some changes going to be made.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Garrett.

SENATOR GARRETT:

Okay. The only thing that the amendment did was to allow dairy trucks to also transport water and the Department of Public Health felt that that wasn't a big enough issue. Unless you feel that it is, it just in all -- in the scheme of things, didn't play into the significance of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Righter.

SENATOR RIGHTER:

How do the dairy people feel about that?

PRESIDING OFFICER: (SENATOR WELCH)

Senator -- Senator Garrett.

SENATOR GARRETT:

We haven't -- either way, we haven't heard anything. It -- it -- it -- it -- it just isn't an issue in this piece of legislation. We looked at it. The dairy people haven't weighed in one way or the other. I don't think it's really something that should hold up this piece of legislation.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Righter.

SENATOR RIGHTER:

Senator, I appreciate that, but as you know and I know, with -- with I don't know how many thousands of bills that are floating out there, I'm not sure that I would expect the dairy

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folks to just center in on Senate Bill 3112 and know that. And I guess -- I mean, it was our understanding that there was going to be an amendment, that was going to be attached to the bill that had to do with this issue. And now you've decided not to do that and we don't have any comment from the industry. I'm not -- I don't want to sit here and have a bunch of us vote No. I would rather ask you to pull the bill out of the record until we can consult with the group and talk to 'em about it. And then -- then that's it.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Garrett.

SENATOR GARRETT:

I would ask -- you know, we have worked with the industry. We've been working on this for a year. This isn't something that we're doing behind closed doors. The feeling was this was really insignificant. There wasn't a reason to put it in the legislation. But here's what I will do: If this bill passes this Chamber - we already have a sponsor in the House - we will be happy to sit down and negotiate with the dairy industry to see if this is something that would hold the bill up. In -- in -- in all fairness, I'm not trying to do anything that would be problematic, and I think it's important to pass the bill on its merits and for all the work that's gone into it.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Righter.

SENATOR RIGHTER:

Senator, I appreciate that, but we are not up against -- you are not up against a deadline here. Your -- I mean, your -- your -- your folks are in charge of when this bill can get called. We're going to be back. In two weeks, we're going to be back for another full week. And, I mean, I appreciate the representations made about an agreed bill, but it doesn't sound to me like all the potential affected parties we're talked with. We haven't had a chance to talk to 'em, Senator Garrett, about it. And we'd like the opportunity to do that before we ask all the Members on this side of the aisle to push the buttons Yes or No.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Garrett, what's your pleasure?

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SENATOR GARRETT:

All right. You know, I'll take it out of the record. But I -- you know, at your pleasure, we'll sit down and talk to the dairy industry. They don't have an issue with this. So, I'll take it out of the record.

PRESIDING OFFICER: (SENATOR WELCH)

Madam Secretary, take the bill out of the record. Ladies and Gentlemen, the Senate will stand in recess to the call of the Chair. After the Executive Committee meets, the Senate will reconvene to receive Committee Reports and for further Floor action. Senator... The Senate stands in recess.

(SENATE STANDS IN RECESS/SENATE RECONVENES)

PRESIDING OFFICER: (SENATOR WELCH)

The Senate will reconvene. Madam Secretary, Committee Reports.

SECRETARY HAWKER:

Senator Silverstein, Chairman of the Committee on Executive, reports Senate Amendment No. 3 to House Bill 2626, Motion to Concur with House Amendment No. 1 to Senate Bill 1611 both Be Approved for Consideration.

PRESIDING OFFICER: (SENATOR WELCH)

Madam Secretary, House Bills 1st Reading.

SECRETARY HAWKER:

House Bill 4026, offered by Senator Jacobs.

(Secretary reads title of bill)

House Bill 4098, offered by Senator Garrett.

(Secretary reads title of bill)

And House Bill 4769, offered by Senators Walsh and Burzynski.

(Secretary reads title of bill)

1st Reading of the bills.

PRESIDING OFFICER: (SENATOR WELCH)

Would the Members please come to the Floor? We're going to be voting on 3rd Reading within about two minutes. We have the request for media approvals. The Illinois Information Service has asked permission to videotape the proceedings. Is there any objection? Seeing no objection, leave is granted. Will the

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Members please come to the Floor? The sooner you get here, the sooner we can adjourn the Session. With leave of the Body, we will go to Supplemental Calendar No. 1. The Calendar has been distributed to all Members and should be on your desk at this time. On page 1 of the Calendar - the Supplemental Calendar - is the Order of Concurrence. Senate Bill 1611. Madam Secretary, read the bill.

SECRETARY HAWKER:

I move to concur with the House in the adoption of their Amendment No. 1 to Senate Bill 1611.

Motion filed by Senator Shadid.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid.

SENATOR SHADID:

Thank you, Mr. President. House Amendment No. 1 deletes all and becomes the bill. And what it does is extends the life of the Regional Transportation Task Force by six weeks in order to conclude their business and adopt a report that is to be submitted to the General Assembly. The report would now be due on April 15th of this year, rather than March 1st. I'd be happy to answer any questions.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Roskam.

SENATOR ROSKAM:

Thank you, Mr. President. I rise in support of this bill and urge its passage.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Shadid, to close.

SENATOR SHADID:

Thank you. Like to have an Aye vote.

PRESIDING OFFICER: (SENATOR WELCH)

This is final action. The question is, shall the Senate concur in House Amendments -- House Amendment No. 1 to Senate Bill 1611. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, 56 Members voted Yes, no Member voted No, no Member voted Present. The Senate concurs in House Amendment No. 1 to Senate Bill 1611, and the bill, having received the required constitutional majority, is declared passed. Ladies

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and Gentlemen, please turn to page 25 of your Calendar. On the Order of House Bills 3rd Reading appears House Bill 2626. Let the record reflect that Senator Harmon is now the chief sponsor of the bill. Senator Harmon, do you wish this bill returned to 2nd Reading for purposes of an amendment? Senator Harmon seeks leave of the Body to return House Bill 2626 to the Order of 2nd Reading for the purpose of an amendment. Hearing no objection, leave is granted. On the Order of 2nd Reading is House Bill 2626. Madam Secretary, are there any amendments approved for consideration?

SECRETARY HAWKER:

Yes. Floor Amendment No. 3, offered by Senator Harmon.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon, to explain the amendment.

SENATOR HARMON:

Thank you, Mr. President. The amendment becomes the bill. I'd be happy to discuss the substance of the amendment either now or on 3rd Reading.

PRESIDING OFFICER: (SENATOR WELCH)

With no objection, Senator Harmon moves the adoption of Amendment 3 to -- to Senate -- to House Bill 2626. All those in favor, vote Aye. Opposed, Nay. The Ayes have it. The amendment is adopted. Are there any further Floor amendments approved for consideration?

SECRETARY HAWKER:

No further amendments reported, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

3rd Reading. On the Order of 3rd Reading is House Bill 2626. Madam Secretary, read the bill.

SECRETARY HAWKER:

House Bill 2626.

(Secretary reads title of bill)

3rd Reading of the bill.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Thank you, Mr. President, Ladies and Gentlemen of the Senate. House Bill 2626, as amended, amends the General Obligation Bond Act. Before last year, the State of Illinois

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could issue only fixed rate bonds. Last year, as a part of the bond modernization legislation we passed, we authorized the State to issue variable rate bonds as well. And as a part of that, we authorized the State to enter into interest rate exchange agreements to help the State manage their portfolio and -- and work with a balance between fixed and variable rate debt. The State is preparing to go to market with some bonds in the next couple of weeks and bond counsel raised some concerns that the language that we passed last year may not be broad enough. It is clearly broad enough to cover an interest rate exchange moving from variable to a fixed rate. However, there were concerns that it may not be or some could construe it as not being broad enough to move from fixed to variable. I believe that was the intention last year. This language clarifies that it is, in fact, broad enough to -- to do so. It is a prudent debt management tool that should be in the State's portfolio, and I urge an Aye vote. I imagine that there are questions.

PRESIDING OFFICER: (SENATOR WELCH)

Is there any discussion? Senator Bill Brady.

SENATOR BRADY:

Thank you, Mr. President. Will the sponsor yield?

PRESIDING OFFICER: (SENATOR WELCH)

He indicates he'll yield, Senator.

SENATOR BRADY:

Senator, when we reissue these bonds and we tie them in at an adjustable rate, does the current market have prepayment penalties?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Well, let me -- let me make sure that I -- that I'm explaining. We are talking about empowering the State to enter into interest rate exchange agreements. These -- we're not talking about new bonds.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

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Is there a term in which these exchange agreements would exist, and if we were to buy our way out of it, would be ever be subject to a prepayment penalty?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

It would depend upon the -- the terms of that particular exchange agreement.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

It is your opinion by entering into an instrument with a potential liability, a prepayment penalty, that you actually increase the bonded indebtedness of the State?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

It is not my understanding that this would increase the bonded indebtedness of the State. No.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

Why do you have language in there that says this doesn't increase the bonded indebtedness of the State?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Well, as you know, increasing the bond capacity of the State requires a supermajority. This is just a very simple statement that this is, in fact, not what we are doing and therefore, it -- it is not an issue.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

Why was that not necessary last year?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

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I'm not sure that it's necessary this year. I think it was a concession to folks who were arguing that -- that there was some concern that this would be expanding the bond capacity. It's clearly not doing that.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

To your knowledge -- or, would it be your intention if the State would ever purchase an instrument or issue such, that we would receive an infusion of cash in doing so?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

I'm sorry, Senator. I -- I don't mean to be thick, but I -- I don't understand the question.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

In -- in some instruments, you can actually obligate yourself to pay and receive money up front for that obligation over and above the bonded indebtedness. Do you see any instance where this might happen in this case?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Again, it -- it would depend on the terms of the exchange. There -- there are exchange agreements in which there are -- there's an up-front payment running one way or the other. Again, it depends upon the terms of the agreement.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

So, in essence, we would be extending our liability on the outlays if we actually get money up front, and this authorizes that, which was one of our concerns. So, your answer to that is yes. By issuing four billion dollars in money if money, could go either way, we could receive more money.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

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SENATOR HARMON:

I -- I -- I don't think my answer was yes. We -- we are empowering the State to enter into interest rate exchange agreements that will help the State manage its interest rate risk. Maybe, again, I'm not understanding the point of your -- your question.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

To another issue. If the Governor's Office would have taken the ten-billion-dollar bond issue and issued four billion dollars in bonds, this wouldn't be necessary - correct? - in -- in variable rate?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Well, these are general obligation -- this is the GO bond language. I don't think it is in any way related to the -- to the pension bond issue. It is simply adding a -- a -- a tool to the -- the State's debt management capabilities.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

It's my understanding that the pension bond issue were general obligation bonds and that they could have decided to take the twenty percent, the four billion dollars, approximately, of the ten and issue those. Is that your understanding?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

No, it is not. The -- the -- the threshold is -- is twenty percent of the portfolio can be in variable rate debt. The State has a much broader portfolio of bonds than just the pension bonds. What we're talking about is giving the State the power to manage its overall portfolio.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

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If the State's bonding authority is twenty billion dollars and we authorize twenty percent of that, what I'm saying is, they could have taken the four billion that they fixed -- four of the ten last year that they fixed and made it variable. Could they have not?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Yes. Yes, they could have. But that, in no way, makes this a -- a moot point. This is a tool that can be used as market conditions change to -- to continually manage that debt and to move back and forth as market conditions -- conditions merit.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

Then why do they want to change right now and issue four billion dollars in variable rate financing today when one year ago they didn't, and we are at an all-time low in fixing our rates? What's -- I understand the management, but why -- why the philosophy today? What's changed in everyone's mind? When -- when you all voted to borrow ten billion dollars at a fixed rate, why now do you want to go in when the markets are even better today than what they were then and issue adjustable rate? Aren't we risking a great deal on the backs of our children in future years?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

No. No. Actually, Senator, I believe that we are -- we are improving the position for our children and grandchildren. The State had the authority to issue variable rate debt at that time. The market conditions, at least in the opinion of the Office of Management and Budget, didn't warrant going out with variable rate. And -- and we're not talking about that here in this bill. The State already clearly has the authority to move from a -- a variable rate debt to a fixed rate debt, to -- to insulate itself from the exposure that way. We're talking about the ability to move from -- from fixed to variable. So with the

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coming issues, is that -- is that what your question is? Maybe -- maybe I misunderstood your question again.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

My question is, market rates are better today for fixed rate loans than they are -- were a year ago. I don't know why we want to switch the portfolio -- what -- what the difference in thought process is to switch the portfolio from the most beneficial fixed rate environment we've even seen to an adjustable rate environment.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Fixed rates are absolutely at a -- at a all-time low and are very good. But variable rates are even lower. And giving the State the authority to -- to get into even lower rates is better for us, better for our children, better for our grandchildren.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

Last question. And I guess I -- I just don't understand the philosophy of why they want to switch. But if we reissue four billion dollars in bonds -- you're in the business. I'm not. But if we reissue four million -- billion dollars in bonds, what's someone going to make? What's -- what's the market -- what are we going to pay someone, someone's best friends in the bond business? What -- what are they going to make on the sale of these instruments?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

First of all, Senator, there -- there is no need to actually reissue bonds. The authority that we're giving to the State empowers the State to enter into separate agreements that create synthetic variable rate or synthetic fixed rate from the existing portfolio so no new bonds would have to be issued.

PRESIDING OFFICER: (SENATOR WELCH)

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Senator Brady.

SENATOR BRADY:

In order to adjust our risk on these rates, to sell the instruments which allow us to manage it, from a fixed rate to an adjustable rate - we do that for four billion dollars - what does the marketplace generate in fees? What are we going to line someone's pockets with in doing this? You know the answer to the question. However they're going to be sold to adjust it, who's going to make how much money?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Well, first of all, the four billion is the -- authorized level. I don't understand that there are any plans to go immediately to four billion dollars in variable rate debt. Second, to answer your question, of course there are fees associated with any sort of financial product. I do not know the answer as to what -- would -- is being negotiated for a particular exchange contract.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Brady.

SENATOR BRADY:

I'm -- I'm sorry to delay, but my last question is: Hypothetically - you -- you have a better understanding of the answer than I do - if we did maximize the authority, four billion dollars, to change these interest rate risks from variable -- from fixed to variable, approximately how much money is someone going to make?

PRESIDING OFFICER: (SENATOR WELCH)

Senator -- Senator Harmon.

SENATOR HARMON:

I honestly do not know the answer and I wouldn't want to offer a hypothetical. All I can say is that regardless of the fee, it's only a prudent transaction for the State if the State saves money.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Radogno.

SENATOR RADOGNO:

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Thank you, Mr. President. You know, I feel a little funny rising to talk on a bill like this, because I'm not a financial person. I'm a social worker, which is why I'm very interested in how the State provides our basic services. So I guess I want to really address my comments to the vast majority of you legislators who are also not financial people, necessarily. I listened in on the hearing in the Executive Committee today and I heard a lot of interesting terms. Interest rate protection and exchange agreements, asset and debt transactions, economic sense of present value savings, and, you know, I'm someone that thinks of instruments not as commercial paper, but more like clarinets and violins. So I think I'm coming where the vast -- coming from where the -- the majority of the legislators, as well as the taxpayers in this State, are. And what I'm hoping is that we don't lose sense of our commonsense and how much we know about what is good, sound financial management. Simple things like you don't spend more than you make. If you borrow, you pay it back regularly and you pay it back in a reasonable time period. You don't pay your day-to-day expenses with borrowed money. You don't mortgage your house to buy your groceries. The problem that I'm seeing here is a pattern of this administration doing a lot of the things that just don't make good commonsense. We're putting off that. We're skipping payments. We're mortgaging property for quick cash. And just in Appropriations the other day, the Corrections Department acknowledged that we're going to be bonding to buy cars and computers. All of this is wrong, and we all know that. It's bad policy, and it's being noted by other people outside of this Body. I want to read to you a quote that was in the Bond Buyer Magazine just last week. I have to put on my glasses to do that, though. It says, "Rating agencies, too, have weighed in on the State's change in debt policy. 'They've totally changed the debt posture from one of average amortization to one that is very slow,' said Fitch Ratings analyst Ruth Corson Maynard. 'It's definitely a negative.'" So now we're being asked once again to buy into something that I view as very fancy, creative financing, but something that doesn't make sense because what it allows us to do is get more cash to spend now and in the long term, our debt problems are put off. All this bill does, and --

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and I think Senator Harmon is correct in explaining it, is it allows the State to go from fixed rate debt to variable rate debt. Is that correct, Senator?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

Thank you, Senator. It clarifies the State can enter into interest rate exchange agreements either from fixed to variable or variable to fixed.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Radogno.

SENATOR RADOGNO:

Correct. Because last spring we -- we allowed the other scenario to occur. But I would ask you here now, who, at this point in time, would go and take out a variable rate mortgage when fixed interest rates are so low? The whole attractiveness of the variable rate, the reason people make money on that is they assume those rates are going to go up. So what you do, and what makes sense for the State to do as well, is when there is a low rate, you fix in to the low rate. That makes sense. And -- and Director Filan said that right now, in fact, interest rates are artificially suppressed. So, to, at this point, go into a variable rate scenario, doesn't make a lot of sense. You know, all the fancy terms in the world aren't going to make this a good idea. It's -- it just doesn't make sense to keep pulling cash out now so that we can spend more money than we have. And that's the road that we're on and that's where we've -- we've been going, and I think we're going to see more of this type of thing as the Session progresses. I just ask all of you, don't -- don't just say, "Oh, the experts know what they're doing." There were lots of junk bonds issued. There are lots of companies that have gone under that have had lawyers, consultants, bond experts all saying, "This is a great idea." But you know what? You're smarter than -- than -- than you think in that regard. So trust your instincts and let's not buy into something that's going to end up putting the State in jeopardy for the long term. I would ask you to vote No on this.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Lauzen.

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SENATOR LAUZEN:

Thank you, Mr. President. First of all, I have a question. Is there anything in this bill that affects the competitive bid procedures versus the negotiated bid?

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon.

SENATOR HARMON:

No, Senator, there's not.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Lauzen.

SENATOR LAUZEN:

Okay. Thank you. That -- that'll shorten my remarks. So thank you very -- you know, I -- to the bill. There are -- there's -- first of all, I would -- I would ask all of us -- I would ask all of you and all of us the same question that Senator Radogno just asked us, and that is, would any of us trade a thirty-year fixed rate mortgage at 4.2 percent, which is what we issued bonds at last week, for -- in exchange for an adjustable rate mortgage today? I would suggest that if anybody does that, that would not be a wise investment. Second question that I would ask all of you - Senator Cullerton, I think that you'll get your chance - in everyday terms, over the next thirty years, would any of us trade the chance to make two hundred and sixty-four dollars in exchange for a risk to lose fifty-one hundred and eighty-four dollars? What we're talking about here today, with a couple of assumptions, is one million times the size of that question. It's the back-of-the-envelope kind of calculation about what this piece of legislation is. I don't want to offend anyone, but we certainly don't want to take what some folks would call "sucker money." There are bankers and sophisticated bond owners who will entice us with short-term maybe two-percent savings that could cost us five percent, even ten percent, in the long run. You know and I know that there are people who are just more than happy to give us that kind of deal. But this isn't pocket change. The actual numbers are twenty billion dollars of general obligation bonds - I believe that in the legislation it's fixed at twenty percent of it - and let's say it's a two-percent -- 2.2 percent savings over even three years that the interest rates stay artificially low,

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as they are now, is about a quarter of a billion. However, over the next twenty-seven years after that, at just a -- 4.8 percent higher, it could be over 5.2 billion dollars. Again, there are investment bankers and cronies who were paid thirty-eight million dollars the last time that we put ten billion dollars out to -- to be borrowed. There were investment bankers who were paid a million and a half dollars to mortgage the State of Illinois Thompson Center to the French as if -- five percent, as if we couldn't get that kind of a debt anyplace here in the United States. There was bond counsel that -- that met a sixty-thousand-dollar payday for drawing up a single mortgage document on that transaction. We got two hundred million dollars today. We'll spend that money. But over the next ten years, we pay fourteen million dollars times ten years, plus a hundred-and-forty-eight-million-dollar balloon payment, for a total of two hundred and eighty-eight million dollars. That's eighty-eight million dollars over the next ten years for that one transaction. All of these folks are more than happy to take these fees, loan us the money, and then who's left holding the risk bag? And it's the people who we work for, the taxpayers and citizens of Illinois. You know, if we wouldn't do this with our own money, or with the money our family has, then let's not do it with the people's money who we're entrusted to take care of. I heard twice, in one of the answers to Senator Radogno's question, that we're going to improve the situation of our children and grandchildren. That is impossible. We cannot improve the situation of a future generation by borrowing today, spending today and then leaving them with the bill to pay later on. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Cullerton.

SENATOR CULLERTON:

Yes. Thank you, Mr. President, Members of the Senate. I know, probably, that Senator Harmon can tell me that this analogy to mortgages is probably not a good one. But, Senator Lauzen, you -- you just raised this issue, and it's just so ironic that today I talked to my accountant. And by the way, thank you for that information about our own taxes that you gave to me earlier. And my accountant told me that, yes, I should

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trade my fixed rate mortgage, which I think is at -- 4.25 percent, for a new product which is adjustable, one or two over LIBOR. He just recommended that I do this, 'cause the savings is going to be so great. Now, it probably has nothing to do with this bill. I'm sure Senator Harmon will actually refute you. I don't know any more about this than Senator Radogno just demonstrated. So, I'm just very happy to listen to Senator Harmon, but it's so ironic that you raised this because I really think you should look into this LIBOR product that Merrill Lynch is offering. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Schoenberg.

SENATOR SCHOENBERG:

Thank you. I just want to -- I just want to comment briefly, Mr. President, Ladies and Gentlemen of the Senate, on a couple of the observations that were made on the other side of the aisle. In the interest of time, I will not go into detail how the State arrived at its current unprecedented fiscal situation. My suggestion would be that the other side had plenty of hand in that. Moreover, I'm not going to dwell on the fact that Illinois is now but one of three states that is not slashing eligibility for health care programs, not curtailing reimbursements to providers, and that we are responding as best we can in the current jobless recovery. I'm not going to dwell on that at any length. But that -- is precisely why we need to enhance the flexibility to take advantage of changes in the market conditions so that we can pull cash out now, because if we look at where the greatest spending pressures that we are confronting lie, they're in two primary areas - one, the 1.8-billion-dollar rounding error that occurred as the result of the miscalculations on the early retirement program. All the sweeteners that were added by the last administration after the actuarial projections had been done have now left us holding the bag in -- and looking for new solutions in order to not cut people's health care during the jobless recovery. And secondly, it's the escalating cost of health care itself that is providing the spending pressures that make it necessary for us to take cash out now. We don't live in a perfect world. This problem

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did not occur today. And therefore, I urge that we support Senator Harmon's measure and vote Aye. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Roskam.

SENATOR ROSKAM:

Thank you, Mr. President. Parliamentary inquiry. Mr. President, if a variable rate goes up, doesn't that increase the State's debt, and therefore, wouldn't this require a three-fifths vote?

PRESIDING OFFICER: (SENATOR WELCH)

Well, my understanding is you're changing a higher fixed rate for a lower variable rate, so the rate of interest would be less than originally was. The question has been raised as to whether the proposed changes to Section 9(b) of the General Obligation Act, as reflected in House Bill 2626, Amendment No. 3, would require approval by three-fifths of the Members elected to the Senate, as provided in Article IX, Section 9 of the Illinois Constitution. Of particular interest is the fact that under the proposed amendment to Section 9(b) of the General -- General Obligation Bond Act, the Governor's Office of Management and Budget would be newly authorized to, quote, "reduce or manage bond interest rate exposure," unquote, under the Act. Under Article IX, Section 9 of the Illinois Constitution, the General Assembly, acting through statute, may not authorize State debt through general obligation bonds except through legislation that is passed by a supermajority and that sets forth the manner of repayment. As clarified by discussions during the Constitutional Convention, "manner of repayment" includes the term and conditions of debt service, including the interest payable through appropriations. As currently in effect, the General Obligation Bond Act very clearly sets forth the manner of repayment and includes, by reference to the Bond Authorization Act, an interest rate ceiling. The proposed amendment to the Act does not change the manner of repayment already authorized by the General Assembly, nor does it increase the State's exposure to debt service. The legislation further expressly provides that the authority granted under this paragraph, however, shall not increase the principal amount of bonds authorized to be issued by law. For these reasons, it is

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my opinion that this proposed amendment to the General Obligation Bond Act is not subject to the requirement of a supermajority established in Article IX of the Illinois Constitution.

SENATOR ROSKAM:

Pardon me? No. Just kidding. You know -- thank you, Mr. President. You know, it -- it seems to me that when we -- we -- and we've been on this journey together, all of us, you know, the past -- last Session of the General Assembly and now this new one. And we've been on this journey of watching the new Governor come in. And I think about the Governor every time I drive up to McDonald's, because here's what happens. I drive up -- and we've all done this. You drive up to the speaker and you make the decision about what you're going to order. Me, I'm partial. I get a number three with an orange drink. But, apparently, the Governor, when he goes up, he made the decision to order a super size meal. He ordered the super size. Maybe a number three with a diet Coke and moved forward and they said, "That'll be three ninety-four. Please pull to the first window." And we've all had this feeling, as we've pulled to the first window - every person in this Chamber has done this - we've all gone "Oh, no! I don't -- I don't have -- I don't have any money." We've all done that. And the line is lining up behind us, and it's very awkward. It's a bad feeling. And what do you do when you realize you don't have enough money and you're in your car? You look everywhere. You look under the car mat. You look in the ashtray. You look under the visor to see what's there. You open up the -- the thing with all the stuff in it next to your -- you know, that thing. You lift that up and you grub up enough money, you put it on the stainless steel shelf and you go, "Whew!" And they give you your food and you drive to window number two and you -- and you go away. And it's beautiful. Well, that's exactly what happened to the Governor. When he pulled up to the window, he didn't say, "I'll take a small diet Coke, a small fry and a hamburger," last time. No. No. He said, "I'll take the super size. I want a budget that's a billion dollars bigger than last year. I want the jumbo budget." 'Cause that's what he passed. And then he realized, "Oh, I don't have enough money." So what did he do as

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he pulled up to -- pulled up to the window and put his money on the stainless steel shelf? He said, "I know, I've got a great idea. Let's borrow ten billion dollars and use two and a half billion of that to fund current operations. I know, let's look in the ashtray. Let's mortgage or sell or backtrack or do something to the -- Thompson Center and let's do it with the French, and let's come up with some more money." It's one scheme, one wild design after another. So what is this design today? This design basically says, trust in the same administration that has come up with these wild schemes that are over the -- over the years, these are going to be legendary. When we're old and gray and we're going to be -- we're going to be talking in years to come about how this administration moved this entire fiscal program. It is going to be one scheme after another. So, why -- why are we empowering the administration to do this? It's a bad idea. This is not -- these are not folks who have gone in and made difficult financial decisions - really. They've gone in and they've spent more money. They've told some people no, kind of in a way, but they're really telling a lot of people yes. And I think before an administration gets the kind of tool that they're being asked for today, we've got to say, "Look. You know, we've got to look at the track record and the track record is one that -- that really doesn't warrant more confidence." In your heart of hearts, even if you're Democrats and you're going to vote Yes today, in your heart of hearts, you know that the right thing to do is to vote No. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Emil Jones.

SENATOR E. JONES:

Thank you, Mr. President. Just a brief comment. This is the reason why I voted to put George Bush on the ballot, because this is what -- the speech you're going to use against him when he's running this year.

PRESIDING OFFICER: (SENATOR WELCH)

Senator DeLeo.

SENATOR DeLEO:

Thank you very much, Mr. President. There was a movie out about ten, fifteen years ago and there were some famous, famous

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actors. And I think it was Mel Gibson and Danny Glover and Joe Pesci and they drive through a drive-through window and they order their food, and they get out into the street and Joe Pesci said, "Where's my grilled cheese sandwich?" And it wasn't in the bag. And his next response was, "Don't ever go through the drive-up. They always cheat you." Well, there's been some wild spending over the last twenty-seven years. There's been mismanagement for twenty-seven years. And this current Governor had to figure out a fiscal plan where you think it's a wild idea, but it's been some creative innovating to get us out of a five-billion-dollar hole. If anybody in this Chamber on both sides of this rotunda can come up with a better plan, I ask anybody to come down and meet with the Governor's Office, the Bureau of the Budget and figure out a solution. It's easy to sit here and criticize. It's easy to sit here and say, "What are we going to do?" But nobody's come up with a plan. This is -- the Bureau of the Budget has come up with some ideas, creative ideas. And -- year ago when they wanted to borrow this ten billion dollars, everybody got up and said it's the wrong thing to do. But it showed a revenue -- stream. The interest rates dropped. What they anticipated, the money came in a lot better. Now, we can sit here all day long and debate this. They were asking -- there's one question, one question, is -- they're asking for flexibility. They're not saying they're going to -- impose this. They aren't saying they're going to do this. They're asking one little word. "Flexibility." Whether you're mortgaging your house or you're buying a car or funding the State's problems, it's the right thing to do. I ask for a Aye vote on this measure, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Harmon, to close.

SENATOR HARMON:

Thank you, Mr. President. I appreciate everyone's interest and patience. I recognize more than anyone how arcane bond law can be and how eyes can glaze over. Let me state two very simple things. We are not talking about borrowing more money pursuant to this bill. We -- and number two, we are talking about reducing our payments for interest on existing bonds, and

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I don't -- I can't imagine any scenario where it is not prudent to save the taxpayers' money. I ask for an Aye vote.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall House Bill 2626 pass. All those in favor, vote Aye. Opposed, vote Nay. The voting is open. Have all voted who wish? Have all voted who wish? Have all voted who wish? Take the record. On that question, there are 30 Members voting Yes, 25 Members voting No, 1 Member voting Present. House Bill 2626, having received the required constitutional majority, is declared passed. My apologies. Senator Watson, for what purpose do you rise?

SENATOR WATSON:

Yes. I'd like to ask for a verification.

PRESIDING OFFICER: (SENATOR WELCH)

A request for a verification has been made. That is in order. Will the Members please be in their seats? Madam Clerk, would you read the list of those Members voting in the affirmative?

SECRETARY HAWKER:

The following Members voted in the affirmative: Clayborne, Collins, Crotty, Cullerton, DeLeo, Demuzio, Garrett, Haine, Halvorson, Harmon, Hendon, Hunter, Jacobs, Lightford, Link, Maloney, Martinez, Munoz, Obama, Ronen, Sandoval, Schoenberg, Silverstein, John Sullivan, Trotter, Viverito, Walsh, Welch and Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

Senator Watson, do you question the presence of any Member voting in the affirmative?

SENATOR WATSON:

No, I don't. Looks like you're all here. Thank you.

PRESIDING OFFICER: (SENATOR WELCH)

On a verified roll call, there are 30 Members voting Aye, 25 voting Nay, and 1 Member voting Present. Having received the required constitutional majority, House Bill 2626 is declared passed. Madam Secretary, Resolutions Consent Calendar. We will now proceed to the Order of Resolutions Consent Calendar. With leave of the Body, all those resolutions read in today will be added to the Consent Calendar. Madam Secretary, have there been any objections filed to any resolution on the Consent Calendar?

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SECRETARY HAWKER:

There have been no objections filed, Mr. President.

PRESIDING OFFICER: (SENATOR WELCH)

The question is, shall the resolutions on the Consent Calendar be adopted. All those in favor, say Aye. Opposed, Nay. The Ayes have it. The motion carries. The resolutions are adopted. Senator Cullerton, for what purpose... Madam Secretary, on the Order of Resolutions.

SECRETARY HAWKER:

Senate Joint Resolution 66, offered by Senator Demuzio.

(Secretary reads SJR No. 66)

PRESIDING OFFICER: (SENATOR WELCH)

Senator Demuzio moves to suspend the rules for the purpose of the immediate consideration and adoption of Senate Joint Resolution 66. Those in favor will say Aye. Those -- opposed, Nay. The Ayes have it, and the rules are suspended. Senator Demuzio moves for the adoption of Senate Joint Resolution 66. All in favor, say Aye. Opposed, Nay. The Ayes have it, and the resolution is adopted. Pursuant to Senate Joint Resolution 66, the Senate stands adjourned until the hour of noon on Tuesday, March 23rd, 2003. The Senate Appropriations Committee II will meet immediately in Room 212 upon adjournment. The Senate stands adjourned.