

TOPICS FOR DISCUSSION – STATE LEADERS

State Budget and Pension Reform

The Civic Federation recently reported that: “The \$5.0 billion projected year-end General Funds deficit includes an accumulated deficit from prior years of \$4.6 billion and a FY2012 operating gap between revenues and expenditures of \$454 million. However, FY2012 Medicaid costs are underfunded by as much as \$1.7 billion.

“A loophole in the State’s budgetary law allows lawmakers to pay FY2012 Medicaid expenses in FY2013, effectively pushing current year expenditures off into the next fiscal year. The FY2012 budget also does not set aside enough income tax revenue to pay down a backlog of refunds the State owes to businesses, thus boosting the amount of revenue Illinois can spend on its operations. . . the State is expected to end FY2012 with \$5.5 billion in unpaid bills to vendors and local governments.”

The Federation also reported that Illinois’ recent major tax increase and appropriations cuts did not fix the state’s budget, noting that the only way to address Illinois’ budget crisis is to carry out meaningful pension reform. The Federation stated that: “While the State has decreased agency appropriations by \$298 million or 1.2% since FY2008, these efforts were more than offset by an increase in pension contributions of \$1.98 billion and increased debt service costs of \$1.14 billion on pension obligation bonds over the same time period.”

The Federation is urging the General Assembly and the governor to “explore changes to pension benefits not yet earned by current employees as a way to reduce the cost of the pension program and set the State on a more fiscally sound path.”

The Chamber supports the Civic Federation’s position on pension reform. We urge our state senate and house leadership to fix the state budget now by truly reforming our state pension system.

Economic Development

Illinois is now recognized throughout the nation for its poor business climate. The state’s negative reputation is partially attributable to its:

- Unfair workers compensation, unemployment insurance and tort laws,
- An outdated utilities infrastructure system, and
- A general lack of understanding by too many state leaders about how businesses operate and what they need to succeed.

We urge the state to:

- Take additional dramatic steps to really correct our state’s workers compensation laws, particularly to address the causation standard for injuries, which must change to help control system costs.
- Address the rising cost of unemployment insurance benefits and the impact of this increasing cost for employers.
- Help businesses educate the public and the state’s elected officials about the critical need for tort reform.
- Support the Infrastructure Modernization Act, which will allow ComEd to build a technologically advanced and reliable electric grid for Illinois businesses and individual consumers.
- Engage and respond to the needs of businesses in Illinois. Train and educate state agency leaders and employees to respond to business requests in a timely manner. Prepare teams to respond quickly to potential business relocations inquiries.

Internet Sales Tax

This year, the Illinois Association of REALTORS® (IAR) unanimously voted to support the idea that sales tax should be collected from remote sellers. According to the National Association of REALTORS® and the International Council of Shopping Centers, IAR is one of the first state associations to recognize this disparity in taxation. We agree.

The Chamber supports streamlined sales tax legislation to level the playing field between brick and mortar retail stores and internet retailers.

We urge our state senate and house leadership to push forward this legislation and pass it as soon as possible.

Charity Care

In recent years, there have been government efforts to challenge the tax-exempt status of non-profit hospitals, narrowly defining the charitable contribution of a hospital exclusively by the amount of its “charity care write-offs.”

Illinois hospitals contribute to the health of the communities they serve in innumerable ways, including, but not limited to, providing free care to patients who meet financial eligibility guidelines, subsidizing health services that respond to unique community needs, and offering health and wellness programs in both hospital and community settings. The uncompensated cost of caring for these vulnerable individuals would not be included in a narrow “charity care only” definition.

Illinois hospitals also contribute to the health and well-being of patients and the communities in which they operate by training the next generation of physicians and dentists, supporting and advancing the nursing workforce.

Given the myriad ways non-profit health and hospital systems support public health, we encourage policymakers to employ a comprehensive definition of charity care to ensure that the full scope of a hospital’s contributions to the community it serves is captured and calculated. We further urge the preservation of the tax-exempt status of non-profit hospitals, so the health and hospital systems playing an essential role in the delivery of health care can continue to fulfill their missions in providing quality health care.