



# **SENATE JOURNAL**

**STATE OF ILLINOIS**

**NINETY-FIFTH GENERAL ASSEMBLY**

**15TH LEGISLATIVE DAY**

**WEDNESDAY, MARCH 7, 2007**

**11:42 O'CLOCK A.M.**

**SENATE**  
**Daily Journal Index**  
**15th Legislative Day**

| <b>Action</b>                                  | <b>Page(s)</b> |
|--|----------------|
| Joint Session .....                            | 8              |
| Legislative Measure(s) Filed .....             | 3              |
| Presentation of Senate Resolution No. 86 ..... | 4              |
| Report from Rules Committee .....              | 6              |
| Reports Received .....                         | 3              |
| State of the State/Budget Address .....        | 8              |

| <b>Bill Number</b> | <b>Legislative Action</b> | <b>Page(s)</b> |
|--------------------|---------------------------|----------------|
| JSR 0001           | Resolution .....          | 9              |

The Senate met pursuant to adjournment.  
 Senator Debbie DeFrancesco Halvorson, Crete, Illinois, presiding.  
 Prayer by Reverend Jeff Chitwood, South Side Christian Church, Springfield, Illinois.  
 Senator Maloney led the Senate in the Pledge of Allegiance.

The Journal of Tuesday, March 6, 2007, was being read when on motion of Senator Hunter, further reading of same was dispensed with, and unless some Senator had corrections to offer, the Journal would stand approved. No corrections being offered, the Journal was ordered to stand approved.

### **REPORTS RECEIVED**

The Secretary placed before the Senate the following reports:

CMS Report Pursuant to Public Act 87-552 (Flex time), submitted by the Department of Central Management Services.

FY 2006 Report of the Illinois Emergency Food and Shelter Program and Supportive Housing Program, submitted by the Department of Human Services.

State of Illinois Forecast Report, January 2007, submitted by the Commission on Government Forecasting and Accountability.

Monthly Briefing, February 2007, submitted by the Commission on Government Forecasting and Accountability.

The foregoing reports were ordered received and placed on file in the Secretary's Office.

### **LEGISLATIVE MEASURES FILED**

The following Committee amendments to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Senate Committee Amendment No. 1 to Senate Bill 280  
 Senate Committee Amendment No. 1 to Senate Bill 325  
 Senate Committee Amendment No. 1 to Senate Bill 326  
 Senate Committee Amendment No. 1 to Senate Bill 389  
 Senate Committee Amendment No. 1 to Senate Bill 422  
 Senate Committee Amendment No. 1 to Senate Bill 495  
 Senate Committee Amendment No. 1 to Senate Bill 649  
 Senate Committee Amendment No. 1 to Senate Bill 697  
 Senate Committee Amendment No. 1 to Senate Bill 1165  
 Senate Committee Amendment No. 1 to Senate Bill 1224  
 Senate Committee Amendment No. 1 to Senate Bill 1226  
 Senate Committee Amendment No. 1 to Senate Bill 1279  
 Senate Committee Amendment No. 1 to Senate Bill 1317  
 Senate Committee Amendment No. 1 to Senate Bill 1358  
 Senate Committee Amendment No. 2 to Senate Bill 1578  
 Senate Committee Amendment No. 1 to Senate Bill 1688

The following Floor amendment to the Senate Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Senate Floor Amendment No. 1 to Senate Bill 437

The following Committee amendments to the Senate Resolutions listed below have been filed with the Secretary and referred to the Committee on Rules:

[March 7, 2007]

Senate Committee Amendment No. 1 to Senate Joint Resolution 2  
Senate Committee Amendment No. 1 to Senate Joint Resolution 6  
Senate Committee Amendment No. 1 to Senate Joint Resolution 9  
Senate Committee Amendment No. 1 to Senate Joint Resolution 14  
Senate Committee Amendment No. 1 to Senate Joint Resolution 26

Senate Committee Amendment No. 1 to Senate Resolution 51  
Senate Committee Amendment No. 1 to Senate Resolution 52

### PRESENTATION OF RESOLUTION

#### SENATE RESOLUTION 86

Offered by Senators Watson - Burzynski and all Senators:  
Mourns the death of Leo G. Lauzen of Aurora.

By unanimous consent, the foregoing resolution was referred to the Resolutions Consent Calendar.

### MESSAGES FROM THE HOUSE

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed a bill of the following title, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

#### HOUSE BILL NO. 174

A bill for AN ACT concerning criminal law.  
Passed the House, March 6, 2007.

MARK MAHONEY, Clerk of the House

The foregoing **House Bill No. 174** was taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

#### HOUSE BILL NO. 4

A bill for AN ACT concerning local government.

#### HOUSE BILL NO. 49

A bill for AN ACT concerning public employee benefits.

#### HOUSE BILL NO. 133

A bill for AN ACT in relation to transportation.

#### HOUSE BILL NO. 140

A bill for AN ACT concerning local government.

#### HOUSE BILL NO. 160

A bill for AN ACT concerning finance.

#### HOUSE BILL NO. 1750

A bill for AN ACT concerning regulation.  
Passed the House, March 6, 2007.

MARK MAHONEY, Clerk of the House

[March 7, 2007]

The foregoing **House Bills Numbered 4, 49, 133, 140, 160 and 1750** were taken up, ordered printed and placed on first reading.

### REPORTS FROM STANDING COMMITTEES

Senator Crotty, Chairperson of the Committee on Local Government, to which was referred **Senate Bills Numbered 83, 253, 285, 599, 612, 725 and 1244**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Crotty, Chairperson of the Committee on Local Government, to which was referred **Senate Bill No. 662**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Garrett, Chairperson of the Committee on Public Health, to which was referred **Senate Bills Numbered 15, 233, 650 and 1580**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Garrett, Chairperson of the Committee on Public Health, to which was referred **Senate Bills Numbered 16, 545 and 547**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Jacobs, Chairperson of the Committee on Housing and Community Affairs, to which was referred **Senate Bills Numbered 34, 137, 220 and 380**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Jacobs, Chairperson of the Committee on Housing and Community Affairs, to which was referred **Senate Bill No. 1687**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Wilhelmi, Chairperson of the Committee on Judiciary Criminal Law, to which was referred **Senate Bills Numbered 88, 150, 177, 273, 300, 364, 426, 441, 521, 533, 572, 585, 665, 1228, 1293, 1348 and 1428**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Wilhelmi, Chairperson of the Committee on Judiciary Criminal Law, to which was referred **Senate Bill No. 1430**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Munoz, Chairperson of the Committee on Transportation, to which was referred **Senate Bills Numbered 307, 393, 580, 673 and 678**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Munoz, Chairperson of the Committee on Transportation, to which was referred **Senate Bill No. 540**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

[March 7, 2007]

Senator Raoul, Chairperson of the Committee on Pensions and Investments, to which was referred **Senate Bills Numbered 488, 644 and 1653**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Raoul, Chairperson of the Committee on Pensions and Investments, to which was referred **Senate Bill No. 1179**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Sullivan, Chairperson of the Committee on Agriculture and Conservation, to which was referred **Senate Bills Numbered 7, 649 and 1559**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Sullivan, Chairperson of the Committee on Agriculture and Conservation, to which was referred **Senate Bill No. 281**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

#### REPORTS FROM RULES COMMITTEE

Senator Halvorson, Chairperson of the Committee on Rules, during its March 7, 2007 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Agriculture and Conservation: **SENATE BILL 216**.

Commerce and Economic Development: **SENATE BILLS 1606 and 1615**.

Education: **SENATE BILLS 538, 1183, 1436, 1462, 1473 and 1478**.

Environment and Energy: **SENATE BILLS 215, 268, 482, 635, 1187, 1400 and 1543**.

Executive: **SENATE BILLS 60, 157, 262, 420, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1189, 1190, 1305, 1327, 1385, 1591, 1593 and 1751**.

Financial Institutions: **SENATE BILLS 546 and 551**.

[March 7, 2007]

Higher Education: **SENATE BILL 1246.**

Housing and Community Affairs: **SENATE BILL 487.**

Human Services: **SENATE BILL 147.**

Insurance: **SENATE BILLS 21 and 1518.**

Judiciary Civil Law: **SENATE BILLS 1230 and 1306.**

Judiciary Criminal Law: **SENATE BILLS 200, 450, 607, 677, 697 and 1627.**

Labor: **SENATE BILL 1249.**

Licensed Activities: **SENATE BILLS 280, 463, 637, 648, 745 and 1355.**

Local Government: **SENATE BILLS 345, 399, 417, 523, 632, 733, 735, 1201, 1250 and 1276.**

Pensions and Investments: **SENATE BILLS 1166, 1169 and 1587.**

Public Health: **SENATE BILL 1324.**

Revenue: **SENATE BILLS 52, 109, 136, 629 and 638.**

Transportation: **SENATE BILLS 166, 378, 489, 1337, 1483, 1527 and 1738.**

Senator Halvorson, Chairperson of the Committee on Rules, during its March 7, 2007 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Commerce and Economic Development: **Senate Committee Amendment No. 1 to Senate Bill 1578; Senate Committee Amendment No. 2 to Senate Bill 1578.**

Education: **Senate Committee Amendment No. 1 to Senate Bill 79; Senate Committee Amendment No. 1 to Senate Bill 198; Senate Committee Amendment No. 1 to Senate Bill 266; Senate Committee Amendment No. 1 to Senate Bill 396; Senate Committee Amendment No. 1 to Senate Bill 505; Senate Committee Amendment No. 1 to Senate Bill 641; Senate Committee Amendment No. 1 to Senate Bill 1165; Senate Committee Amendment No. 1 to Senate Bill 1702.**

Financial Institutions: **Senate Committee Amendment No. 1 to Senate Bill 1224; Senate Committee Amendment No. 1 to Senate Bill 1347.**

Higher Education: **Senate Committee Amendment No. 1 to Senate Bill 325; Senate Committee Amendment No. 1 to Senate Bill 326; Senate Committee Amendment No. 1 to Senate Bill 457.**

Insurance: **Senate Committee Amendment No. 1 to Senate Bill 422; Senate Committee Amendment No. 1 to Senate Bill 1279; Senate Committee Amendment No. 1 to Senate Bill 1688.**

Licensed Activities: **Senate Committee Amendment No. 1 to Senate Bill 573; Senate Committee Amendment No. 1 to Senate Bill 1226; Senate Committee Amendment No. 1 to Senate Bill 1424.**

Revenue: **Senate Committee Amendment No. 1 to Senate Bill 1429; Senate Committee Amendment No. 1 to Senate Bill 1680.**

[March 7, 2007]

State Government and Veterans Affairs: **Senate Committee Amendment No. 1 to Senate Bill 66; Senate Committee Amendment No. 1 to Senate Bill 1358; Senate Committee Amendment No. 1 to Senate Bill 1448; Senate Committee Amendment No. 1 to SJR 2; Senate Committee Amendment No. 1 to SJR 6; Senate Committee Amendment No. 1 to SJR 9; Senate Committee Amendment No. 1 to SJR 14; Senate Committee Amendment No. 1 to SJR 26; Senate Committee Amendment No. 1 to SR 51; Senate Committee Amendment No. 1 to SR 52**

### MESSAGE FROM THE HOUSE

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

### HOUSE JOINT RESOLUTION NO. 33

**BE IT RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN**, that the two Houses shall convene in Joint Session on Wednesday, March 07, 2007 at the hour of 12:00 o'clock noon for the purpose of hearing his Excellency Governor Rod Blagojevich present to the General Assembly his Report on the Condition of the State of Illinois and to hear the Budget Message for the Fiscal Year 2008, as required by Chapter 15, Section 20/50-5 of the Illinois Compiled Statutes.

Adopted by the House, March 6, 2007.

MARK MAHONEY, Clerk of the House

By unanimous consent, on motion of Senator Viverito, the foregoing message reporting House Joint Resolution No. 33 was taken up for immediate consideration.

Senator Viverito moved that the Senate concur with the House in the adoption of the resolution.

The motion prevailed.

And the Senate concurred with the House in the adoption of the resolution.

Ordered that the Secretary inform the House of Representatives thereof.

At the hour of 12:04 o'clock p.m., the Chair announced that the Senate stand at recess for the purpose of proceeding to the House of Representatives to meet in a joint session pursuant to House Joint Resolution No. 33.

### JOINT SESSION 12:15 O'CLOCK P.M.

The hour having arrived, the time heretofore fixed by Joint Resolution adopted by the Senate and the House of Representatives, the Joint Session convened for the purpose of receiving the Governor to deliver the Budget Message in person to the Ninety-Fifth General Assembly.

The Senate, preceded by the Honorable President Jones and Members of the Senate, appeared in the Hall of the House of Representatives and, by direction of the Speaker, took the seats assigned to them.

The two Houses being convened in Joint Session, President Jones of the Senate announced that a quorum of the Senate was present.

Speaker Madigan, of the House of Representatives, announced that a quorum of the House was present.

A majority of each House of the General Assembly being present, the Speaker of the House announced the Joint Session duly formed.

[March 7, 2007]

Representative Currie offered the following resolution and moved its adoption.

**JOINT SESSION RESOLUTION 1**

RESOLVED, That a committee of ten be appointed, five from the House, by the Speaker of the House, and five from the Senate, by the President of the Senate, to wait upon His Excellency Governor Rod Blagojevich and invite him to address the Joint Assembly.

The motion prevailed, and the resolution was adopted.

The President of the Senate announced his appointments, as Members of such Committee, on the part of the Senate: Senators William Delgado, Gary Forby, Linda Holmes, Randall Hultgren and John Millner.

The Speaker of the House announced the appointments, as Members of such Committee, on part of the House: Representatives Linda Chapa LaVia, Franco Coladipietro, Sandy Cole, Robert Flider and Harry Osterman.

His Excellency Governor Rod Blagojevich was admitted into the Hall of the House of Representatives, and was presented to the General Assembly, to deliver his message in person as follows:

**GOVERNOR ROD BLAGOJEVICH  
STATE OF THE STATE ADDRESS  
BUDGET MESSAGE FOR FISCAL YEAR 2008**

This budget address is prescribed by our constitution; the proposals I will offer today are prescribed by our collective conscience and by what I believe, is a moral imperative.

Today, we will begin the biggest, most fundamental change, in our 4 year effort, to put middle class and working families at the center of who we fight for.

It is a change that is long overdue and a change that is desperately needed.

For decades, it's been the middle class and the working families of Illinois that have shouldered more and more of the tax burden. And while they've paid more, the wealthiest corporations in our state have paid less and less. The impact of this imbalance weakens our economy, burdens our families and holds our state back.

And the saddest irony of all, the very people burdened by an unfair tax system, middle class families and working families were hurt by the under funding of education, healthcare and pension funds.

Let me give you two facts to frame the moral imperative of what we face.

Fact one. The average taxpayer in Illinois pays \$1500 in state income taxes, not to mention ever rising property taxes.

Fact two. 12,521 of the biggest corporations with sales of over \$263 billion in Illinois, paid on average \$151 in corporate income taxes.

The moral imperative is this: while the middle class pays more and huge corporations just walk, a child pays the price with increasingly crowded classrooms, the family in need of healthcare pays a price in healthcare they can't afford, the worker depending on a pension pays a price with a retirement that is no longer secure.

Illinois has one of the most regressive tax systems in the nation.

It's unfair and it doesn't work.

It puts small and medium size businesses at a competitive disadvantage.

[March 7, 2007]

It under funds our schools, shortchanges healthcare, and has forced a generation of our leaders here in Springfield, over the last thirty years, to under fund the pensions of teachers, state employees, and retirees.

It's a tax system that increases the burdens on middle class families, doesn't ease them.

It's a tax system that is archaic and ignores the realities of today's economy.

It's a tax system that is holding us back.

And it is a tax system we must change.

So today, I will unveil a historic Tax Fairness Plan that will replace the loophole riddled corporate income tax with a simple, fair Gross Receipts Tax.

This will close corporate loopholes, give the middle class the tax relief they need and allow us to meet our needs on schools, healthcare and pensions.

It will allow us to make an unprecedented commitment to education that will relieve the pressure on property taxes.

The choice is simple: higher property taxes or having corporations pay their fair share.

It will allow us to expand healthcare for all, to help small businesses with the cost of healthcare and to improve the quality of care.

The choice is simple: we can ignore healthcare or have corporations pay their fair share.

It will allow us to fund our pensions, removing this long created threat to our fiscal health.

The choice is simple: we can let the pension challenge worsen or have corporations pay their fair share.

We can take this historic step now because for the past 4 years, you have rejected the old politics that accepted failure.

Four years ago, our budget had a \$5 billion deficit, our economy was weak, our leadership misguided.

We have done so much to fix this mess. We gave nearly \$4 billion more to our schools, we created higher standards and gave every three and four year old a chance to go to preschool.

We made the biggest payment to our pension fund in Illinois history.

We gave more working parents healthcare in Illinois than any other state in America.

And, we made Illinois the first state in the nation to cover every single child with healthcare.

And don't forget for a minute that along the way, we cut millions of dollars in waste, consolidated agencies and made government answer to you, the taxpayer.

From the mismanagement, debt and failure we inherited, we've turned things around.

Our actions were built on a fundamental belief that we could create a new set of priorities that put the needs of people ahead of the political system.

That's why we squeezed government waste.

It's why we pushed and prodded the system.

It's why we never have, and never will, just accept things the way they are.

[March 7, 2007]

It's why we focused on real progress for people, in schools, and healthcare.

But now we are at a crossroads. Do we spend the next 4 years standing still, falling back on tired old solutions, or do we once again offer new ideas and rise to the challenges we face?

It's time for new ideas.

It's time we act boldly.

It's time to seize the moment and do more for the people of Illinois.

So here is my Tax Fairness Plan: it is big, it is bold, it addresses challenges, it solves problems, it will get the job done, remake our state, strengthen our economy, and meet the needs of the people.

And here's what we can achieve when fairness becomes reality, beginning with our schools:

My Tax Fairness Plan will allow us to invest a record \$10 billion more into our schools over the next 4 years.

\$10 billion to improve schools, to support our teachers and help our kids learn.

This increase in funds is nearly three times bigger than any increase in state history.

10 billion new dollars that will help relieve the pressure on local property taxes and finally bring an end to the savage inequality in how we fund our schools.

A permanent, dedicated, sustainable source of revenue.

No short term fixes.

The money our schools need to help build new classrooms, for more teachers, more training, more technology and better results.

And, more reforms.

More accountability. Consolidate more school districts, cut more administrative waste and put more money into the classroom where it belongs.

Our education program seeks to:

- 1) Build new schools.
- 2) Help schools afford special education teachers.
- 3) Fund after school tutoring for underachieving students.
- 4) Extend the school day and school year for underachieving schools.
- 5) Fully fund Preschool for All so every three and four year old can continue to attend preschool.
- 6) And, bring full day kindergarten to every school in Illinois.

So here is the choice we now face: overburden the steelworker, the farmer, the nurse, the janitor, stick it to the people who clock into work, who count pennies and cut out vacations to make ends meet, stick it to them again, by raising their income taxes or increasing their sales taxes, or, get the biggest corporations who are making billions of dollars in Illinois, to simply pay their fair share.

To me, the choice is simple.

[March 7, 2007]

I stand with the people.

When we embrace tax fairness we can fully fund our schools and make good on the promise of opportunity.

The time is now. Let us seize the moment.

But let's not stop there.

Public education is a right.

And I believe so is access to affordable, quality healthcare.

I am proud to say our "All Kids" program has helped more than 332,000 kids stay healthy by providing access to healthcare.

All Kids has given every child in our state a chance to see a doctor.

That's real progress.

But there are still tens of thousands of people across Illinois who can't.

We were right to start with kids the first time around. That's as it should be.

But now it's time to give everybody that chance.

There are those who say, "go slow." Don't attempt to do this.

It's too big of a job.

There's only so much you can do.

The politics is complicated. And besides, this is an issue the federal government should take up. This is not something states can do by themselves.

Well, I just don't see how we can pass the buck.

Illinois has not and will not wait for Washington to act.

It was forty two years ago today that Dr. Martin Luther King began his historic March from Selma to Montgomery.

When I was thinking about that, I remembered something he once said about healthcare.

He said:

"Of all the forms of inequality, it is the injustice in healthcare that is the most shocking and inhumane."

I'd like to ask you to just think about what that means.

I heard a story the other day about a young mother with three sons.

Her boys are 13, 11, and 7. They were younger then.

Her husband is self employed. A contractor, in business for himself.  
But as he was working to build his business he couldn't afford health insurance.

Little by little this young mother began noticing that she was getting tired easier.

[March 7, 2007]

But in the day to day juggling of raising her family, she put it out of her mind.

As time went by other symptoms appeared.

Something was wrong.

She was sick.

Only then when she started feeling so bad, did she stop putting off something she felt the family couldn't afford to do.

So she went to Cook County Hospital. But by then it was too late. She was diagnosed with Stage IV cancer.

It didn't take long after that.

Her cancer had spread and took her life.

And now her boys, will be raised without their mother.

I wonder how much of her putting off going to the doctor when she first experienced some of her symptoms, was because she didn't have insurance, or a regular doctor, or didn't feel she could afford to spend the money to get a simple checkup.

Had this family had healthcare, it's very likely that this mom would have seen a doctor earlier and received the treatment that maybe, could have saved her life.

I'm sure you all know of, or have heard stories like this.

It's all too common.

It's the inequality in healthcare that Dr. King spoke about.

Those of us that make the rules have the benefit of having access to healthcare. We're fortunate.

But how many of us have neighbors who don't?

Some can see a doctor and some can't.

I don't believe that's how God intended it to be.

For me personally, I can't think of a more important challenge for us to solve than this.

I believe this is the most important thing we can do.

We cannot accept inaction, it's not enough to just blame Washington.

We must act.

The need is clear.

The time is now.

And our Tax Fairness plan gives us the way to do it.

There are 1.4 million adults in Illinois who don't have health insurance.

But our healthcare challenges go way beyond just covering the uninsured.

[March 7, 2007]

There are 9.7 million adults in Illinois who do have health insurance.

But their costs keep going up and up as they keep getting less and less.

They pay high premiums for plans with high deductibles and high copays.

These families are getting squeezed.

And they're worried.

They know there are no guarantees. They know that if they lose their job, they lose their healthcare.

Or they may be stuck in a job, afraid to pursue their dreams. Maybe they want to start a new business.

But they can't do it because if they leave their job, they lose their healthcare.

Or they are the people, who year after year, buy health insurance but then they get sick.

Then the time comes to renew their policy but their health insurance company doesn't want them anymore.

Or they are the kids that are now grown up. They've left home. Gone to college. Joined the workforce. They're on their own. They're under 30 but over 20.

They're mostly healthy but mom and dad are worried, that God forbid, something happens and they don't have health insurance.

There are dozens of other examples of families and small businesses that are at the mercy of a healthcare system that may not be there for them when they need it.

People who have health insurance no longer feel secure.

That is why we have spent the last several months talking with experts, meeting with healthcare advocates, lawmakers, medical service providers and others with a commitment to reform, all in an effort to get it right.

I am proud to say we have developed a plan that is secure, affordable, reliable and leaves no one behind.

We call it "Illinois Covered", and it has three main components:

First, we will cover the 1.4 million uninsured adults here in Illinois.

Second, we will help provide assistance to middle class families so they can get, keep, and afford the healthcare they need.

Third, we will help small businesses pay for health insurance for their workers.

At the heart of our plan is one simple goal: everyone should have access to affordable, quality healthcare.

So here is the choice we now face: ignore the needs of the working families struggling to pay for healthcare, burden our small businesses costing us jobs and deny healthcare to hard working families, or, improve healthcare by having the biggest corporations pay their fair share.

We have made historic progress on healthcare.

Now, let's finish what we started.

[March 7, 2007]

Which brings me to the third great challenge our Tax Fairness Plan will help us meet.

We inherited a pension system awash in red ink.

We recognized early on that we would have to take swift and serious action to slow the bleeding.

We were saddled with the largest under funded pension system in the nation: \$43 billion.

And, while the numbers are still staggering, we have made significant progress.

Thanks to the help of many of you here, we have invested more than \$13 billion into the pensions. That's more than any administration in Illinois history.

We've reduced the unfunded liability but in spite of the progress we've made, this problem is getting worse, not better.

I wonder how many of you remember the story from Greek Mythology about Hercules and the Hydra headed monster?

Grappling with this pension mess reminds me of that story.

Hercules knew that if he cut off the head of the Hydra with his sword, two would grow back.

You cut off another head, two more would grow back, and on and on.

That's a lot like the interest payments on the pension liability we inherited.

It's not enough to just pay down the interest, you have to take a sword or a club to the principal.

When we were all elected last November 7th, the unfunded pension liability was down to \$37 billion.

Then we got together for the fall veto session where we raised the minimum wage, we celebrated Thanksgiving, enjoyed the holidays with our families, welcomed in the New Year, watched the Bears in the Superbowl and honored Abraham Lincoln on his birthday.

So here we are now, back together again in the first week of March, and lo and behold, our pension debt is back up to almost \$41 billion.

Now we know how Hercules felt, the more heads you cut off, the more heads grow back.

My Tax Fairness Plan will make paying down the principal a reality. Our plan will free up an asset like the Lottery, lease it, generate 10 to \$12 billion and put that toward our pension obligation.

That, along with another pension bond refinancing will put an infusion of \$26 billion into the system and bring down our liability from \$41 billion to \$15 billion.

And most important of all, it will make a big dent in the principal and finally put an end to the many headed monster of out of control interest payments.

My Tax Fairness Plan will also free up revenue from other parts of the budget so we can finally pass and fund a capital bill.

So here is the fundamental choice we face.

We can fund education, healthcare, our pension system, and strengthen our infrastructure by having the biggest corporations in Illinois pay their fair share, or, we can continue to burden the middle class.

That is our choice. I side with the middle class. Join me in this fight.

[March 7, 2007]

And it will be a fight.

But it's a fight worth having.

And it's a fight that's long overdue.

In 1977, the corporate share of the state income tax was 21%, individuals paid 79%.

Fast forward to today.

Even after closing 17 corporate loopholes over the last four years, the corporate share of the state income tax has gone from 21% in 1977 to 12% now. At the same time the people are stuck with 88% of the tax bill.

This is happening at a time in America when the average CEO of a large corporation earns 400 times more than the average worker.

That worker today has to work more than one year just to make the money that his or her CEO makes in one day.

In 2004, and that's the year we have the most complete available data, \$818 million of the \$850 million collected in corporate income taxes was paid by 4,956 companies.

That same year, there were 8,928 corporations with gross sales in Illinois of more than \$256 billion that paid no corporate income taxes.

In fact, 20% of the businesses in Illinois paid 96% of the corporate income taxes.

80% paid little or nothing.

That puts the businesses that do pay taxes at a competitive disadvantage.

But it's worse than that.

In 2004, 99 of the Fortune 100 companies filed income tax returns in Illinois.

37 of those paid no state income taxes even though they averaged \$1.2 billion in sales in Illinois.

These 37 firms reported total profits of \$95 billion nationwide and paid no corporate income taxes in Illinois.

And don't think for a moment that this is somehow just confined to 2004.

That 2004 was just a bad year.

The sad reality is that 2004 represents the same trends as every other year.

In fact, from 1997 2004, 48% of corporations with annual sales in Illinois of \$50 million or more paid zero corporate income taxes.

Yet these companies still enjoy all of the benefits provided by the state paid for by the taxpayers: education, roads, healthcare, emergency assistance, police protection.

When large corporations don't pay their fair share to the State, our schools are under funded, our healthcare needs go unmet, local governments suffer and property taxes go up.

This is grossly unfair.

[March 7, 2007]

It's unfair to individuals who play by the rules, who go to work, who pay their taxes. It's unfair to homeowners trying to afford ever rising property taxes.

It's unfair to small and medium size businesses who don't have fancy accountants or powerful lobbyists. It's grossly unfair that 20% of businesses pay 96% of the corporate taxes.

Any tax system that allows this is flawed and broken and needs to be changed.

Lets change this system. The time to do it is now.

So I am proposing that we adopt a Gross Receipts Tax on corporations that will replace the loophole ridden corporate income tax.

This will ease the burden on the middle class and force big corporations to start paying their fair share.

A Gross Receipts Tax is not an income tax.

It is based on the amount of receipts of a business.

No business with sales of less than \$1 million will pay it.

This means 75% of all Illinois companies will be exempt. Small business will be protected.

Illinois exports will not be affected which means the goods and services we make here, and sell to other states, or other countries, will not be subject to the GRT.

This is vital to protect our manufacturing and agricultural industries and keep Illinois an attractive and competitive marketplace.

The GRT we are proposing would set rates at 0.5% on the goods economy and 1.8% on the service economy.

By eliminating the loophole riddled corporate income tax and replacing it with the GRT, we will generate \$6 billion in recurring, new revenue.

This will give us the funding we need for schools and healthcare and allow us to commit the Lottery to the pension funds. No games, no ifs, no buts, we pay as you go, and the biggest corporations that have burdened the middle class finally pay their fair share.

Delaware, Washington, Texas, Hawaii and Ohio currently use the GRT and with great results.

During the period from 1980 through 2000, wage and salary employment grew by 64% in Washington State. That growth is almost 50% faster than the US average of 42.5%.

Ohio recently moved to a GRT. A study performed by Ernst and Young says the GRT will increase Ohio's gross state product by 5.6 billion and create nearly 80,000 new jobs.

The GRT is the right and responsible thing to do.

It is fair to all taxpayers in Illinois. It is fair to individuals and to business.

It is the tax reform we desperately need.

But the corporate business community has proposed a different solution.

They want me to raise the income tax and increase the sales tax.

They want us to raise taxes on people.

[March 7, 2007]

How on earth could any of us possibly entertain the thought of taking another \$1,000 out of the pocket of the guy who is making \$50,000 a year, who is struggling to raise his family and build a better life, when a big corporation that generates more than \$50 million in sales pays nothing.

I'm going to say again, what I've said before a million times: I will not raise the income tax or the sales tax. I will not raise taxes on people.

Instead, I intend to make our tax system fair. One that is less regressive, more progressive.

And one that meets the needs of funding our schools and giving people access to affordable healthcare.

You're going to hear the usual old refrain from the guardians of the status quo who want to keep the tax system the way it is.

Keep it, where they pay less and you pay more.

Here's what they'll say.

They'll say that doing this will cost us jobs.

And you know what?

They are just as wrong today as they have been for the last four years when we closed corporate loopholes and raised the minimum wage.

The unemployment rate today is at one of its lowest levels.

And despite their usual cries of doom and gloom, today, business in Illinois is enjoying record profits.

They're simply wrong again.

On the GRT, here are the facts:

Fact: 75% of businesses are exempt.

Fact: Sales of food and medicine are exempt.

Fact: Exports are exempt so there is no competitive disadvantage for Illinois.

Fact: The loophole riddled corporate income tax costs us jobs because it's inefficient and unfair.

Fact: Small businesses need affordable healthcare and better schools and this delivers that.

Fact: Leading business groups warned we need to address the pension debt.

Fact: Even the anti tax and conservative Chicago Tribune called the Gross Receipts Tax "a good idea."

You will be lobbied, you will be pressured, your arm will be twisted, the defenders of the status quo will invent all sorts of excuses to convince us to back down, to give up, to raise taxes on the middle class instead.

Let us say loudly and clearly: no.

No to the special interests, no the politics of inaction, no to excuses and half measures.

I also know there will be temptation to settle for half a loaf.

Let's just fund healthcare and let education remain under funded. Or, let's just fund education, and ignore our healthcare needs.

[March 7, 2007]

Education and healthcare; healthcare and education. One and inseparable.

Families need both, they should never have to choose. And neither should we.

The time for fundamental reform is now.

The average family in Illinois pays \$1500 in state taxes, and even more in property taxes. 12,521 of the biggest corporations in Illinois pay, on average, \$151 in state taxes. If you are middle class and you feel squeezed, you're right.

I'm pro business, but I'm also pro reform. Doing what's right demands that the middle class not carry the entire burden of our schools, our healthcare, and our pensions.

That's even more pressing now with middle class families already getting hit with higher consumer costs.

Everyone in this room knows about the huge impact of double and even triple increases in electric utility rates.

I know you've been working on plans to reduce the impact of these rates.

I'm eager to sign legislation, just as soon as you send it to me, that protects families and businesses from crippling rate hikes.

But remember, as we take these short term steps to help the middle class, we must address the fundamental unfairness of our state's tax system.

As I said when I took my oath of office, I work for the people who work hard and play by the rules, for the families without lobbyists, inside deals, stock options and hedge funds.

For the vast majority of the people in Illinois, they live in every part of our state, in every neighborhood, on every block.

You will not hear them in the legislative chamber, but your child will be taught by them.

You will not get a call from them, but they will answer our nation's call by serving in the military.

You will not be arm twisted by them, but they will use their arms and clean hotel rooms, collect garbage, build buildings, and make our cars.

I side with the middle class, with working families, with those who everyday work to build a better life.

Now we have a chance to take up their cause, to address the challenges that for 3 decades have burdened the families of Illinois.

Let us be the ones, let it be this General Assembly, that solves the school funding crisis, that gives everyone access to healthcare, that makes fundamental tax fairness a reality.

Let it be this General Assembly that rises to the challenge and does what others were unable to do.

Let it be said by the school teacher, the parent, the nurse, the factory worker, the shop keeper, that in this great chamber, at this unique time, we rose to the occasion, and had the courage, to do great things for the people of Illinois.

At the hour of 12:50 o'clock p.m., President Jones moved that the Joint Assembly do now arise.  
The motion prevailed.

**AFTER RECESS**

[March 7, 2007]

Thereupon the Senate returned to the Senate Chambers and resumed consideration of business. Senator Halvorson, presiding.

The Chair announced that all committees would meet at their regularly scheduled times.

At the hour of 1:07 o'clock p.m., the Chair announced that the Senate stand adjourned until Thursday, March 8, 2007, at 11:00 o'clock a.m.