

GOVERNMENT RELATIONS AND PUBLIC POLICY REPORT

February 18, 2025

After a week off, the Illinois General Assembly will reconvene from February 18-20 with a packed agenda. Now that the bill-filing deadline has passed, over 6,300 bills have been introduced and committees are fully organized, setting the stage for legislative review at the committee level. A robust schedule of hearings will take place across both chambers as legislators prioritize bills for advancement ahead of the March 21 deadline to pass bills out of committee.

A key event this week will be Gov. JB Pritzker's **Budget and State of the State Address**, scheduled for noon on February 19 before a joint session of the legislature. He is expected to outline fiscal priorities for the coming year, address a projected \$3.2 billion deficit, and propose policy initiatives to navigate the state's financial challenges. This is expected to be his most challenging address to date, as he has pledged to present a "balanced budget" to keep Illinois on track for continued credit ratings upgrades. Pritzker faces several challenges to achieve that goal, including a high tax burden, structural budget deficits, legacy pension obligations, and a combination of disincentives and underinvestment in critical areas. Uniquely this year, he also faces uncertainties surrounding President Donald Trump's actions to eliminate billions in federal funding.

***Please review ICCTA's BILL LIST.

It is vital that we know your positions so that legislation does not slip through unopposed.***

KEY 2025 SESSION DATES FOR THE 104TH ILLINOIS GENERAL ASSEMBLY

February 19: Governor's State of the State/Budget Address

• March 21: Deadline – House & Senate Bills Out of Committee of Origin

April 12: Deadline – House & Senate Third Reading Deadline

• May 7: ICCTA LOBBY DAY

May 9: Deadline – House Bills out of Senate Committee / Senate Bills out of House Committee
May 23: Deadline – Third Reading Deadline for House Bills in Senate / Senate Bills in House

May 31: Adjournment

MADIGAN CONVICTED ON MULTIPLE CORRUPTION CHARGES

In a landmark decision, former Illinois House Speaker Michael Madigan was found guilty on 10 out of 23 federal corruption charges, including conspiracy, bribery, and wire fraud. The jury acquitted him on seven counts and was deadlocked on six others, leading to a partial verdict. The jury's inability to reach a unanimous decision on six counts, including an overarching racketeering charge, resulted in a mistrial on those charges. Jurors also failed to reach any verdict regarding Madigan's co-defendant, Michael McClain, who is still challenging his 2023 conviction for his role in the ComEd bribery conspiracy. Federal prosecutors have not yet announced whether they will seek a retrial for the unresolved counts.

A forfeiture hearing has been scheduled for May 5 to determine the amount of money Madigan must forfeit to the federal government. During the hearing, the court will assess the extent of Madigan's financial benefits from his criminal activities and decide on the exact amount to be seized. This is a separate proceeding from Madigan's sentencing, which has not yet been scheduled.

TRUMP PARDONS BLAGOJEVICH

President Trump has granted a full pardon to former Illinois Governor Rod Blagojevich, who was convicted in 2011 on 18 corruption counts, including attempting to sell President-elect Barack Obama's U.S. Senate seat in 2008. This pardon comes five years after Trump commuted Blagojevich's 14-year prison sentence in 2020, which led to his early release after serving eight years. The pardon restores Blagojevich's civil rights but does not reinstate his law license or lift the Illinois Senate's ban on him holding state office. Reports suggest that Blagojevich is being considered for the role of U.S. ambassador to Serbia, though no official appointment has been made.

AG PURSUES MULTIPLE LAWSUITS AGAINST THE TRUMP ADMINISTRATION

Illinois Attorney General Kwame Raoul has been actively involved in several significant lawsuits against the Trump administration, addressing various federal actions that impact the state and its residents. The increasing number of lawsuits has placed a strain on the resources of the AG's office. Despite these challenges, Raoul has expressed his intent to continue these legal battles without immediately seeking additional funding from the state legislature, acknowledging the broader budget constraints faced by the state:

1. Federal Funding Freeze

Raoul co-led a coalition of states in filing a lawsuit to prevent the Trump administration from withholding trillions in federal funding for health, education, law enforcement, disaster relief, and other critical state programs. The lawsuit argued that the administration's actions violated the U.S. Constitution and federal law by imposing new conditions on already awarded funding.

2. Department of Government Efficiency Access

Raoul joined a multistate lawsuit challenging the Trump administration's decision to grant Elon Musk's Department of Government Efficiency unauthorized access to the Treasury Department's central payment system. The lawsuit contended that this access compromised Americans' sensitive personal information, including bank account details and Social Security numbers, and lacked legal authorization.

3. National Institutes of Health Funding Cuts

Raoul led a coalition in filing a lawsuit against the Trump administration's attempt to unilaterally reduce "indirect cost" reimbursements for research institutions nationwide. These reimbursements are vital for covering expenses essential to biomedical research, such as laboratory maintenance, faculty support, safety protocols, data processing, and utility costs. The lawsuit emphasized that such cuts would severely impact medical and public health research.

4. Executive Order on Birthright Citizenship

Raoul also joined other states in challenging <u>Executive Order 14160</u>, which aimed to end birthright citizenship for certain children born in the United States. The lawsuit argued that the order violated the 14th Amendment of the U.S. Constitution. A federal judge granted a preliminary injunction, temporarily blocking the order's implementation.

DOJ SUES ILLINOIS AND CHICAGO OVER IMMIGRATION POLICIES

The U.S. Department of Justice has filed a federal lawsuit against the state of Illinois and the city of Chicago, alleging that they obstruct federal immigration enforcement and violate Trump administration policies. The lawsuit seeks to overturn state and local sanctuary laws. Citing President Trump's national emergency declaration, the DOJ argues that these laws discriminate against federal immigration enforcement.

In a related move, U.S. Attorney General Pam Bondi issued a memo stating that sanctuary jurisdictions should be ineligible for DOJ grants and that the department will act against those impeding immigration enforcement.

CHICAGO MAYOR TO TESTIFY ON SANCTUARY CITY STATUS

Chicago Mayor Brandon Johnson will appear before the U.S. House Oversight and Government Reform Committee on March 5 to discuss Chicago's sanctuary city policies. He will testify alongside the mayors of Boston, Denver, and New York.

ILLINOIS REVENUE SEES MIXED PERFORMANCE IN JANUARY

The Commission on Government Forecasting and Accountability's January report characterized the revenue for Illinois' General Funds as having had a mixed performance. Base revenue had a modest \$65 million increase (1.4%) in January 2025 but saw an overall \$35 million decline compared to last year due to a one-time transfer in 2024.

Key highlights:

- Federal receipts rose \$139 million, now 6.7% ahead of last year.
- Personal Income Tax grew 3.8% (+\$95 million net), but Corporate Income Tax fell 41.8% (-\$117 million net).
- Sales Tax receipts declined \$24 million year-over-year.
- Transfers In were mixed—sports wagering hit a record \$28 million, casino gaming added \$10 million, but capital project transfers dropped \$85 million, leading to a \$40 million overall decline.

ILLINOIS GAMING BOARD REPORTS \$1.7 BILLION IN GAMING TAX REVENUE

The Illinois Gaming Board announced that state and local governments collected more than \$1.7 billion in gaming tax revenue in 2024 from casinos, video gaming terminals, and sportsbooks. The breakdown includes \$1.46 billion in state taxes and \$270 million in local taxes.

ILLINOIS CANNABIS SALES REACH RECORD \$2 BILLION IN 2024

Illinois' cannabis industry hit a major milestone in 2024, reporting a record \$2 billion in sales, including over \$285 million in medical cannabis purchases, according to the Illinois Department of Financial and Professional Regulation. More than 56 million cannabis products were sold, with out-of-state customers contributing \$385 million in sales. The industry also generated \$490 million in tax revenue, reflecting steady growth since the legalization of adult-use cannabis in 2020.

IRMA REPORT HIGHLIGHTS RETAIL'S VITAL ROLE IN ILLINOIS ECONOMY

A new report commissioned by the Illinois Retail Merchants Association and conducted by the University of Cincinnati Economic Research Center reveals that Illinois' retail sector contributes over \$112 billion annually -- more than 10% of the state's GDP -- and employs 1.3 million people. Generating \$7.3 billion in annual income and sales tax revenues, retail's broad scope includes grocery stores, pharmacies, movie theaters, and more.

LEGISLATORS PROPOSE "UNITED WE MOVE ILLINOIS" TO ADDRESS PUBLIC TRANSIT BUDGET CRISIS

With a looming \$750 million Chicagoland public transit budget shortfall in 2026, state lawmakers are looking for ways to address the crisis. Rep. Marcus Evans (D-Chicago) and Sen. Ram Villivalam (D-Chicago) have introduced House Bill 2963 and Senate Bill 1938, collectively known as "United We Move Illinois," to reform public transportation finance and governance without merging agencies. Supported by the Labor Alliance for Public Transportation, the proposal emphasizes investments in a reliable and sustainable transit system. The legislation seeks to improve system efficiency, safety, and interconnectivity while preserving the autonomy of the Chicago Transit Authority, Metra, and Pace. It also proposes a pilot program to study user fees based on vehicle miles traveled.

JUDGE RULES ON ILLINOIS SWIPE FEE LAW

On February 7, a federal judge ruled that the existing injunction on Illinois' "swipe fee" law will not be extended to credit unions but will apply to out-of-state banks. The law, which limits transaction fees retailers pay for processing debit card payments, was challenged by several banking groups. The judge's decision means that while Illinois-based banks and credit unions must comply with the fee limits, out-of-state banks are exempt.

ILLINOIS OPENS \$2.6M IN NEW GRANT FUNDING FOR SMALL BUSINESSES

The Illinois Department of Commerce and Economic Opportunity has opened applications for \$2.6 million in Round II Innovation Voucher Program grants, supporting small businesses partnering with state universities for research. Eligible businesses can receive up to \$75,000 to fund biotech, clean energy, manufacturing, and IT research. To qualify, companies must have 100–500 employees and operate in key industries. Applications are open until funds are exhausted.

ILLINOIS TO CONSOLIDATE MENTAL HEALTH AND SUBSTANCE USE DIVISIONS

Gov. Pritzker has signed <u>Executive Order 2025-01</u> to merge the Division of Mental Health and the Division of Substance Use Prevention and Recovery into the new Division of Behavioral Health and Recovery within the Illinois Department of Human Services. The move aims to streamline services, improve access to care, and strengthen the workforce. The consolidation will take effect July 1, unless the General Assembly objects. Existing programs will remain in place.

THREE CHICAGO DEPARTMENT LEADERS ANNOUNCE RESIGNATIONS

Three top officials in Chicago's city government are stepping away from their roles. Chicago Department of Aviation commissioner Jamie Rhee, Office of Emergency Management and Communications executive director Jose Tirado, and Civilian Office of Police Accountability chief administrator Andrea Kersten have announced their resignations. Rhee's departure has sparked criticism, with Illinois Secretary of State Alexi Giannoulias calling it "dangerous." These departures signal significant changes in city leadership as Chicago navigates upcoming challenges.

For more information on state legislative and public policy issues, please contact:

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