



## 2018 End of Session Report

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The 2018 Spring legislative session wrapped up for the first time in three years with a full, appropriated fiscal year budget. This session had a tumultuous beginning as everything from the #metoo movement and primary election politics played crucial roles in bill introductions.

While taxes dominated much of 2017, employment law issues stole the limelight in 2018. The General Assembly continues to give lip service to structural reforms such as workers' compensation and property tax relief. However, on the whole the business community came out okay in the budget agreement, in the sense that we escaped any new tax burdens. The good news is that the budget does not contain any tax increases either in the form of rate increases or elimination of beneficial aspects of the federal tax reform law. The Chamber was also instrumental in defeating several regulatory bills, but also provided compromises that removed Chamber opposition.

Overall, this document does not reflect every piece of business-industry related legislation. Instead, it focuses on the Chamber's victories and other pertinent legislation that was brought forward this session that would impact the business community.

2018 is an election year. There was no doubt that lawmakers wanted to get out of Springfield on time and rest up before the November elections. This election year will become one of the most contentious and costly gubernatorial elections in the nation's history. It will be a wild ride, and only a matter of time before our airwaves are covered with campaign commercials.

### *Chamber Victories*

#### 5G internet becomes a reality for Illinois businesses

A new law signed by Governor Rauner this spring (P.A. 100-585) will bring 5G wireless technology, jobs and economic growth to Illinois. The bill will standardize and streamline regulation of small wireless cell facilities. Small cells are lower-profile wireless signal alternatives to traditional cell towers that can be attached to existing structures. Their deployment will help lay the foundation required to support the technologies of the future, such as the next generation wireless systems known as 5G. Illinois has tremendous potential to lead the nation in tech innovation. By having better network connectivity, this new law will help Illinois businesses attract and retain jobs while also keeping consumers connected.

But our efforts didn't stop there. Lawmakers opposed to the law attempted to undo much of it. [HB 1187](#) (Zalewski) included provisions that would derail 5G deployment and kill thousands of jobs and billions of infrastructure investment. It would have sought to make the small cell law attainable for the entire state. Fortunately, the bill was never called for a floor vote.

The Governor's signature is crucial for Illinois to join the other states throughout the nation who have enacted similar legislation. Full deployment of 5G wireless internet, along with "Internet of Things" and "Smart Cities" technologies that use data to help save taxpayer dollars, will generate enormous economic activity in Illinois. Based on methodology developed by Accenture Strategy, Illinois will enjoy nearly 100,000 jobs created and nearly \$8.9 billion in investment over seven years with the approval of this law. We were proud to work alongside our member-companies in testifying, lobbying, and writing op-eds to secure the law's enactment.

### Significant Human Rights Act reform on its way to Governor

The House and Senate unanimously approved [SB 20](#) (Stears) sending the measure next to the Governor for his consideration. This bill makes extensive procedural changes to the Illinois Human Rights Act and significant structural changes to the Illinois Human Rights Commission to provide for full-time, professional commissioners. A temporary panel of commissioners also will be responsible for eliminating the backlog of requests for review at the Commission.

The one provision of concern were proposals that allowed for a complainant to go to circuit court during the investigation process. While not ideal, we did agree to a 60-day option that will allow a charge to be moved to circuit court. Notice to respondents will be required and any charge that goes to circuit court will be closed by the Department and no similar charge will be allowed to be filed at the Department at a later time. The Chamber has been at the forefront of negotiations to advance reform of the Human Rights Act, especially addressing the backlog at the Human Rights Commission.

### Chamber supports consistent regulation of drones

Currently, unmanned aerial systems (UAS), also known as drones, are heavily regulated at the federal level and a proposal, deserving of our support, recognizes this authority. In Illinois, the state has passed a variety of common sense drone laws and regulations. However, at the local level a series of ordinances have left a patchwork of inconsistent and invalid drone regulations.

If signed, [SB 3291](#) (Clayborne/Evans) will preempt these local ordinances in order to simplify and streamline drone regulations and ensure that Illinois law complies with federal guidelines. This is of particular concern to commercial and public operators that routinely operate drones in multiple locations throughout the State and across municipal boundaries. The patchwork of laws often leads to local ordinances that conflict with federal law. The bill passed both houses and heads to the Governor's desk.

### Chamber helps keep Illinois a desired location for call centers

The Chamber was successful in defeating a proposed bill that would have damaged Illinois' status as a desired location for call centers. [HB 4081](#) (Halpin/Bennett) would have required an employer that intends to relocate a call center or portions of a call center out of state to provide notice to the State Treasurer at least 120 days before the relocation. Employers found non-compliant would be subject to a civil penalty of up to **\$10,000 per day**.

The bill would have also required the Treasurer to compile and post on the Treasurer's website a list of employers that have relocated call center and would have required an employer that relocates a call center from Illinois to another state or a foreign country to repay grants, loans, and tax benefits that may have been received. The Chamber led a coalition of industry groups in opposition, arguing that the Illinois WARN Act and the ability of DCEO to claw back state incentives in certain situations provide adequate protection that the legislation sought to address. The bill passed the House 61-47-0 but failed to receive the required number of votes in the Senate Telecommunications and IT Committee.

### "Right to Repair" not right for Illinois

[HB 4747](#) (D. Harris) would have created the so-called "Digital Fair Repair Act." This legislation would mandate direct access to machine repair and diagnostic tools, or access to embedded software code to everyone; risking the release of proprietary information. The bill as introduced would have applied to everything from televisions to tractors, tablets to refrigerators. The Chamber had concerns with forcing manufacturers to give up their intellectual property to just about anyone. Warranties, public safety and emissions are critical to a device or piece of equipment. The Chamber worked with other groups to soundly defeat the bill from advancing in the House.

### Business and labor unite to defeat bill to expand environmental regulatory burden

[SB 2213](#) (Biss/Stratton) would have required Illinois environmental laws and regulations, as well as workplace safety laws, remain as strict or more stringent than federal laws in place before January 19, 2017. This is bad policy for

Illinois and would have made our state less competitive among our neighbors if certain environmental regulations were modified and Illinois could not comply. This bill would have sent the message that the State of Illinois is unwilling to consider making changes to laws or regulations to ease the regulatory burden on its business community. After leading the effort to defeat the bill in the Senate once, the Chamber continued that work with a coalition of business and labor groups in keeping this bill from moving forward in the House.

### Systems Viability Act renewed

[HB 4508](#) (Sauer/Clayborne) passed both Houses this session and renews the Systems Viability Act. The Systems Viability Act (SVA) allows municipalities to receive fair market value if they choose to sell water or wastewater assets. The bill extends the sunset ten years (from 6/1/18 to 6/1/28), makes technical changes, and permits any size municipality, not just the small ones as the law currently stands, to receive fair market value when selling their water or wastewater assets. The bill heads to the Governor's desk where the Chamber will urge for the Governor's signature.

### *Business Regulation*

[SB 2332](#) (Morrison/Lilly) would raise the age to purchase tobacco products to 21. The Chamber opposes this legislation as it punishes businesses for the decisions of individuals. This bill heads to the Governor's desk where the Chamber will urge for the Governor's veto.

[SB 2641](#) (Munoz/Turner) passed both Houses this session. This bill would seek to apply the same statutory and regulatory obligations on non-traditional car rental companies (defined in the bill as *personal car facilitation*) as traditional car rental companies such as liability, loss or injury and the ability for local units of government to apply a rental service tax on vehicles. The Chamber had no position on the bill.

[SB 2436](#) (Nybo/Feigenholtz) passed both Houses this session. This proposal would grant authority to the local liquor control commissioner to give exemptions for businesses who wish to serve alcohol within 100 ft. of a churches, school, and other community establishments currently prohibited by state law. The Chamber supported this pro-business measure.

[HB 4275](#) (Andrade/Steans) passed both the House and Senate this session. This bill would remove the arbitrary cap on how much fitness clubs can charge in yearly contracts. This bill moves Illinois more in line with 47 other states that have no such cap. The Chamber supported this bill. It now heads to the Governor's desk.

### *Employment Law*

A motion to override the Governor's veto on [SB 193](#) (Raoul/Hoffman) failed to receive the required number of votes in the House. The measure would have created the Worker Protection Unit within the Office of the Illinois Attorney General to intervene in, initiate, enforce, and defend all criminal or civil legal proceedings on matters and violations relating to several statutes currently enforced by the Illinois Department of Labor. The Chamber opposed this bill.

[SB 2863](#) (Raoul/Hoffman) amends the Employer's Liability Rates Article of the Illinois Insurance Code. Provides that a rate is excessive if it is likely to produce a long run profit that is unreasonably high for the insurance provided or if expenses are unreasonably high in relation to the services rendered. Makes changes regarding competitive markets exists and disapproval of rates under specified circumstances. Provides that accidental injuries sustained while traveling to or from work do not arise out of and in the course of employment. Permits an employer to file with the Illinois Workers' Compensation Commission a workers' compensation safety program or a workers' compensation return to work program implemented by the employer. Provides that (i) injuries to the shoulder shall be considered injuries to part of the arm and (ii) injuries to the hip shall be considered injuries to part of the leg. Contains provisions concerning repetitive and cumulative injuries; permanent partial disability determinations; annual reports by the Commission concerning self-insurance for workers' compensation in Illinois; and duties of the Workers' Compensation Premium Rates Task Force. Makes additional changes to the Workers' Compensation Act. Provides for an evidence-based drug formulary. Requires an annual investigation of procedures covered for ambulatory

surgical centers and the establishment of a fee schedule. Changes a waiting period for benefits for certain firefighters, emergency medical technicians, and paramedics. Changes compensation computations for subsequent injuries to the same part of the spine. This bill is substantially similar to HB 2525 that was vetoed by Governor Rauner in 2017. The bill passed the Senate but was never called for a full vote in the House. The Chamber opposed.

Rep. Laura Fine (D-Glenview) also re-introduced a bill to create a state-backed workers' compensation insurer in [HB 4595](#). The measure is identical to legislation vetoed by Governor Rauner last summer. The measure includes a \$10 million loan from the IWCC Operations Fund. The fund is supported by fees paid by employers through their WC insurance policies or directly by self-insured employers. \$10 million represents one third of the Commission's budget. The measure was approved by the House on a 62-43 vote but was never called for a full vote in the Senate. The Chamber opposed.

House amendment 1 to [SB 1737](#) (Hoffman) cropped up late into the final days of session. This is an insurance-related measure. No changes were made to the Workers' Compensation Act. The only workers' compensation related changes were the workers' compensation insurance rates overseen by the Illinois Department of Insurance (DOI). Those changes would take Illinois from its current competitive marketplace approach to requiring an insurer/rating organization to file its rates, manuals, rules, etc. with DOI 30 days before their use. DOI would have 30 days from the filing to approve or disapprove the rates. It also, requires a company that intends to deviate from the filing of a licensed rating organization of which it is a member, the company shall provide the Director with supporting information that specifies the basis for the requested deviation and provides justification for the deviation. At renewal, if a rate is greater than 5% more than the rate filed with DOI, a notice of the increase must be provided to the policyholder 30 days prior to renewal. The Chamber was neutral on the bill. It passed both Houses and now heads to the Governor's desk.

[HB 4572](#) (Guzzardi/Castro) amends the Illinois Human Rights Act to redefine "employer" to include any person employing one (currently fifteen) or more employees within Illinois during twenty or more calendar weeks within the calendar year of or preceding the alleged violation. The Chamber opposed this measure. This bill passed both Houses.

[SB 904](#) (Hastings/Hoffman) passed both Houses this session. SB 904 will allow medical providers to pursue the 1% per month interest penalty on unpaid medical bills in circuit court. During debate it was clarified that the intent of the legislation is that the changes to Section 8.2 (d) apply to undisputed bills. In addition, the measure adds language to Section 8.2a Electronic Billing requiring the Illinois Department of Insurance to adopt rules regarding health care providers responsibility "for supplying only those medical records pertaining to the provider's own claims that are minimally necessary under the federal Health Insurance Portability and Accountability Act of 1996".

Nine Republicans joined 29 Democrats in passing the measure on a 38-7-4 roll call. The legislation now heads to Gov. Rauner for his consideration.

[SB 2999](#) (Van Pelt/Conyears-Ervin) requires an employer to reimburse an employee for all necessary expenditures or losses incurred by the employee directly related to services performed for the employer. It requires that the expenditure must be within the scope of employment, authorized or required and appropriate documentation is provided. The Chamber worked out an amendment to remove our opposition and were neutral on its passage. The bill now heads to the Governor's desk.

[SB 20](#) (Steans/Currie) – see victories.

[HB 4743](#) (Ford/Lightford) amends the Equal Pay Act providing that no employer may discriminate between employees by paying wages to an African-American employee at a rate less than the rate at which the employer pays wages to another employee who is not African-American for the same or substantially similar work on a job that requires equal skill, effort, and responsibility and is performed under similar working conditions. We

recommended that "race" would be more appropriate than singling out African Americans. We also pointed out that the protection being sought is already prohibited under state and federal law. The bill heads to the Governor's desk.

[SB 2480](#) (Hastings) would have the effect of requiring all construction and maintenance work at privately owned petroleum refineries and petrochemical facilities within the state to be exclusively performed by members of certain trade unions. It required a certain percentage of all workers to have successfully completed apprenticeship training and advanced safety training regulated by the Illinois Environmental Protection Agency (IEPA). The bill was never called for a full vote in the Senate. The Chamber opposed.

[HB 1595](#) (Stuart/Haine) amends the Nursing Mothers in the Workplace Act to require a paid break time rather than unpaid break time. The Chamber worked out changes to the bill in the Senate to minimize its impact. The bill heads to the Governor's desk.

[HB 2771](#) (C. Mitchell/Hutchinson) would have required employers to provide 40 hours of paid sick time. The bill exempts unionized construction companies, certain railroad employees, school districts, park districts, and City of Chicago sister agencies. An employee may earn sick days after 180 days of employment. The bill failed to receive the required number of votes in the House. The Chamber expects this bill to resurface during veto session.

[HB4324](#) (Welch/Lightford) amends the Illinois Wage Payment and Collection Act requiring the Illinois Department of Labor (IDOL) to adjudicate claims under the Act within 30 days. IDOL is required to request that an employer deposit up to 10% of a disputed wage claim with IDOL pending adjudication of the claim. Increases the administrative fees imposed upon an employer who has been demanded or ordered by IDOL or a court to a pay wage settlement. Authorizes the placement of a judgment lien upon an employer's real estate and authorizes action under the Code of Civil Procedure for a citation or a supplementary proceeding to discover assets. The original bill created a nightmare of regulation and potential liability for business owners. The broad, strong opposition of business interests led to a more reasonable approach that House Labor Chairman Jay Hoffman (D-Belleville) helped persuade the proponents to accept. However, Sen. Lightford amended the bill that unraveled the agreement. The House sponsor, Rep. Welch, filed a motion to non-concur which the House approved. During the fall veto session, Sen. Lightford may recede from the Senate amendment which then sends the measure to the Governor. If the non-concur motion is rejected, the bill likely dies.

This session saw two hearings on two related bills - [HB 5046](#) (Welch) and [SB 202](#) (Castro). Both measures create the Fair Scheduling Act to require employers to provide work schedules to employees at least 72 hours before the start of the first shift of the work schedule and to provide pay when an employee's work shift is canceled or reduced within 72 hours of the beginning of the shift. Neither of these bills were moved this session but we do expect this bill to return next session.

[HB 4163](#) (Moeller/Castro) amends the Equal Pay Act of 2003 prohibiting an employer from inquiring about salary and wage history by adding new standards that limit employer defenses and adding new compensatory and punitive damage penalties on businesses who are not compliant. The Chamber opposed this bill and would prefer the alternative method outline in SB 3100 (Bertino-Tarrant). SB 3100 only prohibits the inquiry about or using of a job applicant's wage, salary, benefits history. It does not diminish employer defenses or enhance and expand legal remedies and fines as HB 4163 does. HB 4163 passed both Houses. The Senate sponsor has filed a motion to reconsider the vote which hold the bill in the Senate until the motion is withdrawn. The Chamber will be urging a total veto when it goes to the Governor.

[SB 2471](#) (Holmes/Cavaletto) amends the Volunteer Emergency Worker Job Protection Act to provide that "volunteer emergency worker" means a person who serves as a member of a fire department of a fire protection district, municipality, or other unit of government on other than a full-time career basis and who meets the requirements for volunteer status under the Code of Federal Regulations and Opinion Letters from the United States Department of Labor. Provides that "volunteer emergency worker" also means, including, but not limited to, a person who serves on a volunteer basis and is licensed under the Emergency Medical Services (EMS) Systems Act as an Emergency Medical Responder (EMR)(First Responder), Emergency Medical Technician (EMT), Emergency Medical Technician-

Intermediate (EMT-I), Advanced Emergency Medical Responder (A-EMT), or Paramedic (EMT-P), or a volunteer ambulance driver or attendant, and the person does not work in one of these capacities for another fire department, fire protection district, or governmental entity on a full-time career basis. The measure was passed by both chambers and heads to the Governor.

[SB 3547](#) (T. Cullerton/Chapa La Via) creates the Service-Member Employment and Reemployment Rights Act. Contains provisions concerning matters relevant to the employment rights of service-members, including employment protections, additional benefits for public employee members of a reserve component, prohibitions on discrimination, a notice of rights and duties, violations, enforcement, remedies, and rulemaking. Provides that the Attorney General shall appoint an Illinois Service-Member Employment and Reemployment Rights Act Advocate to carry out various duties related to the Act. Provides that in times of national or State emergency, the Governor may extend the protections of the Act. Limits the concurrent exercise of power by home rule units. Makes corresponding and related changes throughout the statutes. Repeals the Military Leave of Absence Act, the Public Employee Armed Services Rights Act, the Municipal Employees Military Active Duty Act, and the Local Government Employees Benefits Continuation Act. Amends the Service Member's Employment Tenure Act to change the short title to the Service Member's Tenure Act. Approved by both Houses, SB 3547 is on its way to the Governor.

## *Energy and Environment*

[SB 3005](#) (Raoul) would allow any "persons" to appeal or intervene in lawsuits challenging decisions of state agencies. This means that any person, Illinois resident or not, can be listed as an interested party in a proceeding, a power currently afforded to the agencies and plaintiff party requesting the proceeding. The legislation currently has been refined to apply only to permitting decisions by the Departments of Agriculture, Natural Resources, Transportation, Public Health, and the Environmental Protection Agency. It was understood the legislation could be further amended to impact the agriculture community only. The Chamber led a coalition of members in opposition of this legislation and drafted a one-pager. There was a strong coalition of organizations, approximately thirty groups, opposed to the bill.

[SB 3156](#) (Aquino/C. Mitchell) passed both Houses. The bill required that Compliance Commitment Agreements (CCAs) be posted online within 30 days after taking effect. The Chamber learned of instances where companies that have entered into CCA's with the IEPA are being sued, despite the good faith effort of entering into the CCA and trying to resolve the issue. SB3156 would cause an increase in litigation on Illinois businesses. Therefore, we opposed the bill and [offered an amendment](#) that would add language to the bill that removes the threat of double jeopardy and provides that protection to companies to resolve their issues through the CCA instead of litigation by a third party. The bill passed without that amendment and the Chamber continues to work with the bill sponsors for alternatives to clarify this issue. The bill heads to the Governor's desk.

[SB 2213](#) (Biss/Stratton) – see victories

[SB 1531](#) (Harris) attempts to implement additional regulation on competitive energy suppliers and shift regulation of competitive retail energy market to the Attorney General's office, rather than the Illinois Commerce Commission. The bill started off very differently and the Chamber opposed many aspects of the bill. The bill was brought before the Illinois House on the last day of session and failed, but was postponed. The bill was referred back to the Rules Committee and could continue to evolve.

[SB 486](#) (Harmon/Currie) provides a standardized property tax value for commercial solar energy system. The bill passed both Houses and heads to the Governor's desk.

[SB 3174](#) (Koehler) would prohibit wells that utilize horizontal or directional extensions from a vertical bore hole from classifying as confidential. Currently, Illinois allows these wells to be classified as confidential for two years. There is no need to reopen the fracking law past further interest in making it tougher for fracking to actually happen in Illinois. The Chamber opposed and it was referred to a House Agriculture Subcommittee and not considered in the House.

[HB 5564](#) (Moeller) would require compensation to be determined by a jury trial before access is given to land in eminent domain cases for certain industries. This bill is similar to a bill that passed last session and advanced in subcommittee, but did not proceed in full Committee. The Chamber opposed the bill and ultimately failed to pass committee.

## *Healthcare*

[HB 5464](#) (Feigenholtz) requires that an insurance policy provide unlimited benefits for inpatient and outpatient treatment of mental, emotional, nervous, or substance use disorders or conditions. This would significantly add to health insurance costs. The Chamber was opposed to this legislation. We successfully negotiated a compromise that removed prior authorization for substance abuse treatments, but preserved a health plan's ability to ensure that treatments are medically necessary. The language was included in [SB 682](#) which passed both the House and Senate after the Chamber went neutral.

[HB 68](#) (Lang) was a particularly anti-business bill that created a private right of action to sue health plans to enforce state mental health parity laws. The Chamber led negotiations on behalf of employers and commercial insurers, which resulted in an acceptable amendment that codifies additional enforcement provisions at the Department of Insurance as well as creates a workgroup to study insurance reporting requirements regarding mental health parity. The language was attached to [SB1707](#) and passed both the Illinois House and Senate after the Chamber went neutral.

[HB 4900](#) (Guzzardi) regulates generic drug price "gouging" and brings the government into the decision-making process regarding how pharmaceuticals are priced. The Chamber opposed and testified against the legislation in committee. The House passed the bill, but was never called in committee in the Senate.

[HB 4146](#) (Fine/Steans) amends the Managed Care Reform and Patient Rights Act. During an enrollee's plan year, prohibits a health care plan from removing a drug from its formulary or negatively changing its preferred or cost-tier sharing unless, at least 60 days before making the formulary change, the health care plan provides certain notifications to current and prospective enrollees and prescribing providers. After session-long negotiations, an amendment was adopted that preserved patient access to drugs but still allowed a health plan to make formulary changes. The bill passed both the House and Senate the last week of session.

[SB 2334](#) (Murphy) would require that a hospital shall maintain a metal detector at each point of entry into the hospital. The Chamber opposed this bill and was never called for a vote in committee.

[HB 3479](#) (Feigenholtz/Manar) would mandate pharmacy reimbursement rates for Medicaid (and a filed amendment would extend that provision to private health plans). The Chamber believes that reimbursement rates should remain a contractual and market-based provision and not legislatively mandated. The bill passed the House but was never taken up for a final vote in the Senate.

[HB 1796](#) (G. Harris) creates the Health Insurance Claims Assessment Act. Imposes an assessment of 1% on claims paid by a health insurance carrier or third-party administrator. Provides that the moneys received and collected under the Act shall be deposited into the Healthcare Provider Relief Fund and used solely for the purpose of funding Medicaid services provided under the medical assistance programs administered by the Department of Healthcare and Family Services. This bill has been introduced in the past, but filed to gain much traction this session.

## *Infrastructure*

[HB 4508](#) (Sauer/Clayborne) – see victories

[SB 3101](#) (Castro) passed out of Senate Environment Committee, but was not considered in the House. The House Energy Committee did hold a subject matter hearing on the VW Beneficiary Plan. This bill contains provisions

requiring the Environmental Protection Agency to create a State beneficiary mitigation plan in accordance with specified consent decrees. Provides that the Agency shall establish the Volkswagen Settlement Task Force. Given the absence of business-industry on the task force, the Chamber opposed.

[SB 3291](#) (Clayborne/Evans) – see victories

[SB 1451](#) (Link/K. Burke) – see victories

[HB 4428](#) (Althoff/Meier) amends the Grade-A Pasteurized Milk and Milk Products Act. Provides that the Department of Public Health or a unit of local government electing to administer and enforce the Act shall provide a dairy farm with a paper copy of the dairy farm's inspection report. The bill passed both Houses. The Chamber supported this measure.

[SB 3080](#) (Steans) amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides that the Department of Commerce and Economic Opportunity shall by rule establish a comprehensive low-income water assistance policy and program. Contains various provisions concerning the policy and program. The Chamber supported this measure, however was never called for a full floor vote.

## *Taxes*

[SB 2604](#) (Althoff/Batinick) was an initiative of the Chamber. This bill reduces the underpayment penalty to 15% from current 20% maximum. Provides for an automatic abatement of underpayment penalty if at the end of an audit the Department determines the taxpayer has paid at least 95% of the tax required to be due by the commencement of the audit. The bill passed unanimously in the Senate but failed to move out of the House Revenue Committee.

[HB 4293](#) (Welch) was re-introduced this year. This bill would have put Illinois' vital financial service sector and the tens of thousands of jobs it employs at risk by imposing a new 20% tax on partnerships and S corps engaged in the business of conducting investment management services. The Chamber lead a coalition of like-minded associations in defeating the bill. Our efforts applied pressure on the sponsor and was never advanced out of committee.

[HB 4415](#) (Costello/Harmon) amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the exemption for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment sunsets on June 30, 2023 (currently, the exemption is subject to the Acts' automatic sunset provisions). The Chamber supports. It now heads to the Governor's desk.

[HB 2717](#) (Welch) provides that, subject to certain restrictions, if the Department of Revenue may disclose confidential financial information to a municipality or county, then the Department of Revenue may also disclose that financial information to an independent third party who is authorized in writing by that municipality or county to receive the information. The Chamber opposed this bill. It failed on the House floor 42-61-0.

[HR 1025](#) (Madigan) passed the House this session [61-52-0](#). HR 1025 urges support for the implementation of a "progressive" (graduated) income tax. This was a non-binding resolution. The Chamber opposes this resolution. This resolution signals what will be a major campaign issue in the 2018 November elections and proceeding years to come.

[HB 4237](#) (Carrol/Morrison), the work around to the \$10,000 federal SALT tax deduction cap was amended in the Senate to authorize the Treasurer to adopt rules for withholding of contributions and to provide that a taxpayer will receive credit against income and property tax liabilities of 90% of the donated amounts. The bill went back to the House this week, but apparently the sponsor did not agree with the changes made by the Senate and did not call the bill in the House for concurrence with the Senate amendments. Instead of calling HB 4237, the sponsor amended [SB 3238](#) to be a modified version of HB 4237. SB 3238 as amended added a direction to the Department

of Revenue to seek guidance from the Internal Revenue Service verifying that the contributions will qualify as charitable deductions.

[SB 3285](#) (Sims) passed out of both Houses this session. This bill Creates the Illinois Home Grown Business Opportunity Act. Provides that the Department of Commerce and Economic Opportunity shall develop an economic plan to assist businesses and municipalities located geographically close to bordering states. The Chamber supported this measure and is working with Sen. Sims to further the discussion to revamp our states economic development tool box.

[HB 3806](#) (Harmon) as amended, the bill would amend the Revised Uniform Unclaimed Property Act. This is an initiative of several financial institution groups. Makes changes concerning the time and circumstances under which financial organization deposits are presumed abandoned. Makes changes in provisions governing extending the reporting date of certain reported renewable time deposits. Deletes language requiring a holder to inform the administrator to provide a telephone number to contact the administrator to inquire about or claim property. Provides that the administrator does not need to notify the Department of Revenue of the names or social security numbers of apparent owners of abandoned property if he or she reasonably believes that the Department of Revenue will be unable to provide information that would provide sufficient evidence to establish that the person in the Department of Revenue's records is the apparent owner of unclaimed property in the custody of the administrator. Provides that the State Treasurer may, at reasonable times and upon reasonable notice: (1) examine the records of specified types of financial organizations under certain conditions; (2) issue an administrative subpoena requiring the financial organization to make records available for examination; and (3) bring an action seeking judicial enforcement of the subpoena. Provides that records obtained in examinations of State-regulated financial organizations are subject to the same provisions concerning use and confidentiality as records obtained in examinations of other persons. The Chamber's preferred amendment to the unclaimed property law is SB 2901 (Althoff). SB 3806, however, did not pass both Houses this session.

[SB 2577](#) (Castro/Moeller) mirrors the South Dakota law before the U.S. Supreme Court in the Wayfair case. Provides, beginning January 1, 2019, that an out-of-state retailer is required to charge and collect Illinois Use Tax on sales to Illinois customers if the company makes either 200 sales into Illinois or has gross receipts from Illinois sales of at least \$100,000 in a year. If the U.S. Supreme Court rules in favor of SD and abolishes the current physical presence requirement from the 1992 Quill case this law will be enforceable. If the court uphold the physical presence requirement it will not be enforceable. This bill passed the Senate 39-10-1 but was eventually held in the House. However, the language was eventually inserted into the budget implementation bill ([HB 3342](#)). The Chamber was neutral on the bill.

The FY 2019 budget consists of two pieces of legislation. [HB 109](#) contains the appropriations language. The budget implementation language, the substantive language that is necessary to implement the appropriations, is contained in [HB 3342](#). There are a number of tax provisions in HB 3342:

The Illinois income tax credit granted to for-profit hospitals for the provision of charity care was extended to tax years ending on or before December 31, 2022. The credit is a credit for charity care up to the amount of real property taxes paid by the hospital on property used for hospital purposes.

HB 3342 contains a new adoption tax credit for individual taxpayers. The Illinois credit is a credit in an amount equal to the amount of the federal adoption tax credit up to \$2,000 (\$1,000 in the case of a married individuals filing a separate return). The credit is increased up to \$5,000 in the case of the adoption of a child of at least one year of age who resides in Illinois at the time the expenses are paid or incurred.

HB 3342 amends the nexus provisions of the Use Tax Act to adopt the language currently before the U.S. Supreme Court in *South Dakota v. Wayfair, Inc.* This particular provision is scheduled to become effective beginning October 1, 2018. The Chamber suspects that by making the language effective October 1, it is anticipated that the U.S. Supreme Court will have ruled on the constitutionality of the South Dakota language in *Wayfair*. The legislation provides that a retailer making sales of tangible personal property to Illinois purchasers from outside the state will

be required charge and collect Illinois use taxes if the cumulative gross receipts from sales of tangible personal property to Illinois purchasers are \$100,000 or more or the retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

HB 3342 adjusts the contributions to the Income Tax Refund Fund. The Illinois Tax Act provides that a portion of income tax receipts are placed in a fund for the payment of refunds. Each year, as a portion of the budget the percentage of individual and corporate receipts are adjusted to ensure there are sufficient funds to pay refunds. For FY 2019 the individual percentage is changed from 9.8% to 9.7% and the corporate percentage is changed from 17.5% to 15.5%. In the Chamber's estimation, this slight reduction should not result in a lack of funds for corporate income tax refunds during the new fiscal year. The reduction stems from a determination by the budgeteers that there were excess funds diverted to the refund fund of approximately \$200 million during the current fiscal year.

HB 3342 extends the Natural Disaster Income Tax Credit to taxable years that begin prior to January 1, 2019 from the current deadline of 2018.

## *Technology*

[SB 3053 \(Cunningham\)](#) was an initiative of the Illinois Chamber. This bill exempts employers from the Biometric Privacy Act if: (i) the biometric information is used exclusively for employment, human resources, fraud prevention, or security purposes; (ii) the private entity does not sell, lease, trade, or similarly profit from the biometric identifier or biometric information collected; and (iii) the private entity stores, transmits, and protects the biometric identifiers and biometric information in a manner that is the same as or more protective than the manner in which the private entity stores, transmits, and protects other confidential and sensitive information. The Chamber received a considerable amount of attention in attempting to fix the abuses under the current law. However, the bill was never advanced for a full vote.

[HB 4330 \(Yingling\)](#) amends the Biometric Information Privacy Act. This bill provides that, except to the extent necessary for an employer to conduct background checks or implement employee security protocols, a private entity may not require a person or customer to provide his or her biometric identifier or biometric information as a condition for the provision of goods or services. Provides that the new provisions do not apply to: (i) companies that provide medical services; (ii) law enforcement agencies; or (iii) governmental entities. This bill was introduced in previous sessions but was never called for a committee vote. The Chamber opposed.

[SB 575 \(Raoul\)](#) would create the Keep Internet Devices Safe Act and would regulate any device with a microphone. The amendment would require notification and consent to users that the device contains a microphone. The bill failed to receive the required number of votes to pass the Senate Judiciary Committee.

[SB 3007 \(Raoul\)](#) would amend the state's data breach law (otherwise known as PIPA) to require a data collector to report data breaches of more than 100 Illinois residents to the Attorney General (AG) within 14 days. The AG must then report annually to the General Assembly of specified information concerning data breaches on an annual basis. This is contrary to current law which requires a data collector to only notify the resident "in the most expedient time possible and without unreasonable delay." Current law does not require notice to the AG or a report to the General Assembly (currently only a state agency is required to report to AG if a breach occurs). The bill was never called for a full Senate floor vote.

[HB 4819 \(Williams\)](#) creates the Broadband Procurement and Disclosure Act and states that the state may not award any contract to an Internet service provider that includes broadband service unless the contract provides specified terms concerning access to and impairment of Internet services. Further, the bill requires each Internet service provider to make available on its website a clear and conspicuous statement informing end users of the Internet service provider's network management practices and performance, including commercial terms offered to end users. While the Chamber is neutral on the overall concept of net neutrality, we vastly oppose weaponizing the

state's procurement code to address a federal issue. It is also important to note that the FCC repeal of the Obama-era net neutrality rules specifically preempted state's from enacting their own enforcement. While the Chamber is neutral on the concept of net neutrality, we opposed weaponizing the procurement code to address a federal issue. The bill passed the House committee but was ultimately never called for a floor vote.

[HB 4747](#) (D. Harris) – see victories.

[HB 4767](#) (Arroyo) would create the Cell Phone Lemon Law. Provides that if, within the period of a contract for wireless telephone service, a wireless telephone sold in conjunction with a contract for wireless telephone service requires repair or replacement on three or more occasions, the consumer may, in lieu of having the telephone repaired or replaced on the third or subsequent occasion: choose to cancel the contract for wireless telephone service without paying any early termination fee, penalty, or charge; or elect to upgrade or downgrade the telephone in accordance with specified provisions. This bill has been around in previous General Assemblies. The Chamber opposed, however the bill was never called for a vote.

[HB 5611](#) (Andrade/Martinez) passed both Houses and is now on its way to the Governor's desk. This bill codifies Governor Rauner's executive order creating the Department of Innovation and Technology (DoIT). DoIT yields innovation by providing statewide information technology and telecommunication service to all state government agencies, boards and commissions. In addition to these services, DoIT also delivers policy and standards development, lifecycle investment planning, enterprise solutions, privacy and security management, and leads the nation in Smart State initiatives. The Illinois Chamber supported HB 5611.