

Telscer: "House will come to order. The members please be in their seats. This is the regular session which we are now convening. The prayer this morning will be by Dr. Johnson. "

Dr. Johnson: "Prayer"

Selcke: "Roll call for attendance. Alsup, Anderson, Arnell, Barnes, Barry, Beatty, Beaupre, Berman, Bluthardt, Borchers, Boyle, Bradley, Brandt, Brinkmeier, Brummet, Caldwell, Calvo, Campbell, Capparelli, Capuzi, Carter, Catania, Chapman, Choate, Claybough, Collins, Craig, Cunningham, D'Arco, Davis, Day, Deavers, Dee, Deuster, DiPrima, Douglas, Duff, Ralph Dunn, R.L. Dunn, Dyer, Ebbeson, Epton, Ewell, Farley, Fary, Fennessey, Fleck, Flinn, Friedland, Garmisa, Geo-Karis, Getty, Gibbs, Giglio, Giorgi, Griesheimer, Grotberg, Hanahan, Harpstrite, Hart, Hill, Hirschfeld, Gene Hoffman, Ron Hoffman, Jimmy Holloway, R. Holloway, D. Houlihan, J. Houlihan, Hudson, Hunsicker, Huskey, Hyde, Jacobs, Jaffe, Emil Jones, Dave Jones, Juckett, Katz, Keller, Kelly, Kempiners, Kennedy, Kent, Klosak, Kosinski, Kozubowski, Krause, Kriegsman, Kacherski, LaFlour, Lauer, Laurino, Lechowicz, Leinenweber, Lemke, Leon, Londrigan, Lundy, MacDonald, Madigan, Mahar, Mann, Maragos, Martin, Matijevich, McAuliffe, McAvoy, McClain, McCormick, McGaw, McGrew, McLendon, McMaster, McPartlin, Merlo, Kenny Miller, Tom Miller, Molloy, Mugalian, Murphy, Nardulli, Neff, North, Palmer, Pappas, Patrick, Peters, Philip, Pierce, Polk, Porter, Randolph, Rayson, Redmond, Rigney, Rose, Ryan, Sangmeister, Schisler, Schlickman, Schneider, Schoeberlien, Schraeder, Sevcik, Sharp, Shea, Shurtz, Timothy Simms, Ike Sims, Skinner, Springer, Stedelin, Stiehl, Stone, Taylor, Telscer, Terzich, Thompson, Tipsword, Totten, Tuerk, Von Boeckman, Waddell, Wall, R. Walsh, W. Walsh, Walters, Washburn, Washington, Williams, B.B. Wolfe, J.J. Wolf, Yourell, Mr. Speaker."



Telscer: "Agreed Resolutions."

Selcke: "House Resolution 595, Kelly, House Resolution 596, Williams, House Resolution 597, Williams, House Resolution 598, Williams, House Resolution 599, Williams."

Telscer: "Gentleman from Cook, Mr. William Walsh."

Walsh: "Mr. Speaker and Ladies and Gentlemen of the House.

These are the agreed resolutions. House Resolution 595, because of the energy shortage, recommends the people of Illinois may participate in the national dial down program initiated throughout the United States. House Resolution 596 congratulates Gordon A. Black upon being selected to receive the Eagle Scouts Progress Award, House Resolution 597 congratulates Charles D. Curtis upon being selected to receive the Eagle Scouts Progress Award, House Resolution 598 congratulates Thomas Rout upon being selected to receive the Eagle Scouts Progress Award, House Resolution 599 congratulates Mr. and Mrs. Joe J. Major of Tovey upon the occasion of their 35th anniversary of their marriage and Mr. Speaker, I move the adoption of the agreed resolutions."

Telscer: "Are there any members who wish to call any veto motions in the regular session? I would like to make a point for the members this morning that Senate veto motions dated October 24th have to be acted upon by tomorrow. So if any members want to call them now. I see some motions on here from Rep. J.J. Wolf, Merlo, Day and Bradley. Ah....just as a reminder, tomorrow will be the last day in which to call them. Representative Bradley, for what purpose do you rise, sir?"

Bradley: "Well, Mr. Speaker, I would like to address myself to that problem that you just mentioned insofar as an attempted override and I think it would be unfair to call that bill this morning in this regular session. I would like to inform the members of the House, and I imagine some of them are probably over



there in their offices this morning, that tomorrow morning I intend to offer that motion to attempt to override the Senate Bill 620 which is the Vocational Education Bill that there is a great deal of interest. But I do need 107 votes. I think it would be beneficial to me and Senator Glass to hold that bill until tomorrow morning so what I am doing here this morning is trying to inform the members that we will take a shot at override and if they could be here, I would appreciate it very much."

Telscer: "Any further business for the regular session?"

Representative Merlo, for what purpose do you rise, sir?"

Merlo: "Mr. Speaker, is it agreed then that the override will be held over until tomorrow, is that correct?"

Telscer: "Well, you can have them called up through tomorrow."

Merlo: "Yeah."

Telscer: "I just made the announcement and the point that those of you who have override messages dated October 24th, tomorrow would be the last day in which you could have them called."

Telscer: "Representative Kennedy, for what purpose do you rise, sir?"

Kennedy: "Well, Mr. Speaker and Ladies and Gentlemen of the House, I recall on the day that the override for finish of House Bills when the Majority Leader made a very honest statement that people who are going to attempt to override the Governor's veto shouldn't be allowed to keep us here if there isn't enough members. I think the Majority Leader should state again that their presence should be here because if you wait another day, why, you are just that much closer to the end of the calendar. Thank you, Mr. Speaker."

Telscer: "Okay, is there anyone who has any business with respect to the regular session? If not, the Gentleman from Cook, Representative William Walsh. In the regular



session, it would appear as though no one has further business with respect to the regular session."

Walsh: "Mr. Speaker, I move that the regular session adjourn until the hour of 9:00 tomorrow morning."

Telscer: "Is there any discussion? 9:00 tomorrow morning. The Gentleman has offered and moved that the regular session do stand ajourned until the hour of 9 a.m. tomorrow morning. All in favor signify by saying aye, the opposed nay. The regular session stands adjourned."

Telscer: "The first special session will now come to order. Will the members please be in their seats? The Gentleman from Cook, Representative William Walsh, asks leave to have the attendance roll call from the regular session be used as the attendance roll call for the first special session. Are there any objections? Hearing none, that will be the attendance roll call for the first special session. The Gentleman from Cook, Representative William Walsh."

Walsh: "Mr. Speaker, I now move that the House resolve itself into a Committee of the Whole for the purpose of hearing the balance of the Bills assigned to the first special session. "

Telscer: "The Gentleman from Cook, Representative Walsh moves that the House do adopt itself into a Committee of the Whole for the purpose of hearing Bills assigned to it and not completed yesterday. And the Gentleman from Cook, Representative Arnell seconded that motion. All in favor of the Gentleman's motion signify by saying aye, the opposed nay and the House now stands as a Committee of the Whole. We are appointing Representative Bluthardt as acting chairman of the Committee of the Whole."

Bluthardt: "The Committee of the Whole will come to order. Yesterday, we left off with action on House Bill 13, the normal order then would be House Bill 14. I have a



note from Representative Lundy, who is the chief Sponsor of the House Bills 14, 15 and 16, said he would be a little late today and would I hold those Bills up for the time being. Said he ought to be in around 10:30 so do we have the Sponsor of House Bill 17? Is Representative Hyde on the floor? Representative Hyde? He is not here yet. House Bill 18, Representative Ray Ewell. Is he here? We are going to finish up in a hurry. House Bill 19, Representative Porter. Is Representative Porter here? I think in as much as the Sponsors of House Bills 14 through 21 have not yet arrived that we will merely stand at ease until at least one of them arrives. For what purpose does the Gentleman from Cook, Mr. James Houlihan wish to be recognized?"

Houlihan: "Mr. Chairman, while we are at ease, could you run through the explanation of the scenario of what happens after we operate as a Committee of the Whole?"

Bluthardt: "Well, I thought I already did that yesterday."

Houlihan: "I realize you explained it yesterday but I didn't quite understand it."

Bluthardt: "Well, I suppose that a repetition wouldn't hurt in this instance. After this Committee of the Whole has heard the various Bills that has been assigned to it, the Committee will arise and report back to the House. And that is the extent of our operation."

Houlihan: "Well, for example on the Bill that I have, House Bill 3 for Bernie Wolfe, am I right in understanding that we will report back that all of the Bills have been considered and all of the Bills are then on Second Reading so that B.B. when he comes down will have his Bill to handle on Second Reading?"

Bluthardt: "No, you are not correct. All this Committee can do is report back that we did hear the Bills. It is up to the House then to move, if they wish to move it up to Second, it is up to the House to take that action



and not up to the Committee."

Houlihan: "I see. Then B.B. will have to ask that the House move his Bill by a vote to Second Reading? Is that correct?"

Bluthardt: "Well, I would think that B.B. being such a great parliamentarian would know the procedure a lot better than I would. And I wouldn't attempt to answer that at this time."

Houlihan: "I see. Thank you, Mr. Chairman."

Bluthardt: "Are we on House Bill 17? Mr. Henry Hyde. The Chair recognizes Mr. Henry Hyde." I recognize him. There he goes. Honorable Henry Hyde."

Hyde: "Thank you very much, Mr. Chairman. Ladies and Gentlemen of the House. House Bill 17 is in response to two court decisions which held unconstitutional a portion of our Ethics Act providing for the forfeiture of office for failure to file your ethics statement. We have a very awkward situation because the Constitution requires that as the ultimate penalty for failure to file your ethics statement. House Bill 17 is an attempt to ameliorate the harshness of that requirement at the same time without abolishing it. And what I have done in this Bill is simply to say that if you do not file your ethics statement on time as required by law then by law you forfeit your pay from the time that it was to be filed until the date that you actually do file it. Therefore, you certainly are penalized for late filing. Secondly, to avoid the forfeiture of office, which I think is an extremely harsh punishment for failing to file your ethics statement, it is a fact that in order to enforce that constitutional provision some court action is necessary. This is usually done by the state's attorney of the County where the official resides. So this Bill provides that when the state's attorney initiates his action to declare your office vacant



because you have failed to file an ethics statement, you will get a notice from that state's attorney as a condition precedent to filing that action to declare your office forfeit, and that you would have fourteen days from the date the state's attorney serves you this notice to file an ethics statement and then having done so you would not forfeit your office. Now if after receiving a notice that you have not filed and they're going to commence an action to declare your office vacant, you still persist in not filing your ethics statement, then, of course, I think you should be removed from office but this provides safeguards for those oversights that we are all guilty of. It keeps the burden on you, the public official, to do what the law requires you to do but it will prevent you from being bounced out of office for failing to file an ethics statement, whether you are ill or out of the country or through clerical oversight. So I think it is a handling of a very difficult problem and I would solicit your questions."

Bluthardt: "Are there questions? Did somebody listen? Mr. Hudson. The Chair recognizes Mr. Hudson."

Hudson: "Henry, what I would call a friendly question here because I am quite in sympathy with your Bill and what you are trying to do. The question is the role of the state's attorney as opposed to the secretary of state. Can the state's attorney keep up with, how does he know who has filed, etc., etc.? I am sure you...."

Hyde: "All right, the analysis of this bill by Serunic, which by the way, all of the analyses are very well done. This analysis it seems to me sort of misses the point on imposing a burden on the state's attorney. I would not think that he has any burden at all because right now nobody has the legal obligation or responsibility of standing watch over whether you file or not. But sooner or later somebody does, whether it is the news media,



whether it is your political opponent or somebody notices that you have failed to file an ethics statement. Now the next question is then what? Well, as soon as this happens, it is brought to the attention of the state's attorney by the media or by your opponent or by the League of Women Voters or what have you. And then somebody has to take action. At the time that the state's attorney takes action as a condition precedent to bringing this action he would send you a notice. So I don't envision that the state's attorney has to sit in the secretary of state's office and look at all of these and compare them against a master list. He just goes on about his business but when it is brought to his attention and as I say right now, it is nobody's job to do this but surely it will be done, then before starting a proceeding to remove you, you will get a notice and this notice gives you fourteen days to get it filed. So I don't want to impose a burden on anybody to help you do your job that is up to you but when you don't do it and it comes to the attention of a prosecuting official you get a notice that you've got fourteen days to file. Do you follow me?"

Hudson: "Your feeling then is that there are enough almost automatic combing through of the records as it were to make this problem less than a serious one."

Hyde: "Well, I, as I say, I don't envision any public body having the duty to go through these but it does happen because people want to see if you have filed your return, er-your ethics statement. I mean that is the way it is done now. But, and if you haven't some prosecutor will have to take action so in the normal-- I don't impose a new duty on anybody. All I say is that before you can be removed from office you get a fourteen day notice. That is all this does, really."

Hudson: "Thank you. I appreciate that."



Bluthardt: "Further questions? No further questions. Well, thank you, Mr. Hyde. House Bill 18, Mr. Porter."

Porter: "Mr. Chairman and members of the House. House Bill 19, I think we just heard House Bill 18."

Bluthardt: "Right, House Bill 19."

Porter: "House Bill 19 addresses itself to the same problem as does House Bill 18 which Representative Hyde just presented to you."

Bluthardt: "Mr. Hyde's Bill is 17. Mr. Ewell's is 18 and Mr. Porter is 19. Mr. Porter."

Porter: "Basically, what it does is to provide that for every office holder who is required to file an ethics statement under the law, there will be provided a forty-five day notice prior to the due date deposited in the mail either by the secretary of state or by the clerk of the county. In other words, the party with whom the statement must be filed and those who have not filed their statement within the succeeding thirty days will receive a second notice fifteen days prior to the due date. The purpose is not to protect office holders but rather to meet constitutional objections that have been raised as to due process in removing a person from office who has not filed an ethics statement. The Constitution, as you know, provides that if the ethics statement is not filed timely the office is forfeited. I wonder in my own mind about Representative Hyde's provision that goes beyond that and says that fourteen days later the office shall be forfeited, I wonder if that provision is constitutional. This provides for a prior notice, it provides that if the notices are deposited in the mail and certified to by the depositing officer, that then the Constitution would become operative if the ethics statement is not filed. Are there any questions?"



Bluthardt: "Are there questions? There appear to be none.

Thank you, Mr. Porter. House Bill 14, Mr. Lundy."

Lundy: "Thank you, Mr. Chairman and Ladies and Gentlemen of the House. House Bill 14 is a Bill which on the face may be questionable in the special session on ethics but I think for reasons that I will point out, it is very much an ethics Bill and it is very much needed in this state, at least on the demonstration basis, that is proposed in in the Bill. House Bill 14 would establish on a demonstration basis in ten legislative districts throughout the state an experimental program of public financing of political campaigns both in primaries and in general elections. The districts, as I say, will be selected by lot. The program is limited in its scope. It is intended to give us information on what public financing would mean for our traditional political process. I think there are several very strong reasons that we need to have at least, on this experimental basis, a program of public financing in Illinois. First of all, as many of you know, the subject of public campaign financing is one of growing interest nationwide. The corrupting influence of private political contributions is now so clear in the post-Watergate era that many people feel the only way to really clean up the process is to eliminate public--er--private financing, eliminate the inevitable compromising impact of private financing of campaigns by instituting public financing. The major objection always is that it is simply too costly. And that is why in my proposed plan here, House Bill 14, we do it only on a demonstration basis, so that we find out how much it really does cost, whether it does, in fact, encourage frivolous candidates to run, as some people have charged it would and what the other impacts on our system might be. The second reason I think that we need public financing is that disclosure goes part of



the way toward eliminating the compromising influence of private political contributions. But it does not do two very important things that need to be done in our political system. One is to provide access to that system for people who simply don't have the money to start out in politics. Many of us have had the experience of once you get your first thousand dollars or your first 'kitty', then it is easier to raise money, then you have money for mailings, for advertising and so forth. But many potential political candidates don't even have that seed money and they are, thus, effectively closed out of the political system, they are priced right out of the political market. I think that is bad for our system. I think it is bad for government, I think we need some mechanism that will open access to the political system to anybody, regardless of his financial resources. Third, it seems to me that public financing does something that badly needs doing and that is to equalize financial resources among candidates. Under the present system, there is really no control. One candidate may spend 10, 20 or 30 times the amount of his opponent. In that kind of a situation you can't really expect that it will, that the outcome will be fairly determined on the merits of the candidate because that kind of financial power is simply too great to be overcome. So for all of these reasons, I think public financing is necessary. My Bill contains a number of safeguards to prevent, to try to head off objections to the program. In the first place, as I indicated, it is only on an experimental basis in ten districts, second a candidate never gets any cash from the state. They are only entitled to reimbursement for campaign expenditures actually made and then they are actually entitled to reimbursement only for the reasonable cost of those expenditures, not for any exorbitant cost they may take. Thank you, Mr.



Chairman."

Bluthardt: "May we have some order, please? Out of respect to an old man, for an old man who spent all night studying Bills, I wish you would, you know, kind of hold it down today, will you please? Proceed, Mr. Lundy."

Lundy: "Thank you, Mr. Chairman. Another safeguard in the Bill is that unless an election contest is contested, that is unless there are more candidates than there are positions to be filled, no candidate in that election will be entitled to any reimbursement grant at all, so it has to be a contested race. Finally, there is a safeguard to prevent the running of frivolous candidates, who simply want to do it for the ego trip, in that we have minimum required percentages of the vote which a candidate must receive before he is entitled to reimbursement under the Act. For the, for candidates for the House, a candidate must receive at least 15 percent of the vote, for the Senate at least 20 percent, and the reason for the difference is that since there are more House seats up in a given district, it seems fair to lower the percentage of required votes in order to receive, to be able to receive a subsidy. That is essentially the Bill. I won't take any more time to describe it. As I said, I think public financing is an idea whose time is at least coming, if it hasn't come. The Commonwealth of Puerto Rico already has a system of public financing. It is being seriously discussed in the U.S. Congress and in fact, has already been implemented to the extent of the \$1.00 income tax check off for presidential campaigns. Other states are discussing the possibility. California, the Legislature passed a Bill through one House of the Legislature to provide financing not as I proposed just for the Legislature, but for all offices, state-wide included, which, of course, would be considerably more expensive.



Let me close with just one point, the cost estimates on the Bill. It is, of course, enormously difficult to estimate what the Bill will cost because you just don't know how many candidates will be running but giving, taking the most liberal estimates of how many candidates will run, and also assuming that in every one of the ten districts all of the races would be contested, which as a matter of history probably just won't be true. Even taking those very liberal assumptions the most the Bill could cost is between four and five hundred thousand dollars. My estimate is that realistically it will not cost more than \$300,000. Perhaps closer to \$200,000. So for a relatively small expenditure of state funds we have a chance to, on a demonstration basis, inform ourselves about what the impact of public financing of political campaigns would be and at the same time to take a first step in the direction of cleaning up the mess that private campaign financing has gotten us into."

Bluthardt: "Roscoe, you insist on being one. I think you are. I recognize Roscoe Cunningham."

Cunningham: "Mr. Chairman, before I ask my questions, I would like to introduce the Circuit Judge of Lawrence County and a distinguished jurist and also a former member of the State Senate, the Honorable Phillip B. Benefield, in the left rear gallery. Now, Representative Lundy, I noted with interest your reference to the post-Watergate era and I would ask you if it would be equally apt and fair in Illinois to describe this as the post-Kerner, Isaacs, Barrett and Powell era. What would your answer to that be?"

Lundy: "I think depending on which side of the aisle you sit on, it probably would be equally fair."

Cunningham: "Precisely. We should both omit those references. Now, I wanted to ask you-your suggestion has been



advanced to some lengths in the federal system, you are aware of that, and it has been there for at least four years and it has been generally discounted in the federal system as being prohibitively expensive. Would you agree with that conclusion?"

Lundy: "Well, I am not sure that is why action has not been taken on it at the federal level. There are, there are lots of other possible objections to it but that is certainly, I am sure, one of them."

Cunningham: "But if the federal government, with its graduated income tax finds it prohibitively expensive, how do you propose the State of Illinois, with its non-graduated income tax, that none of us wish to raise, could ever finance a system that could cost far beyond the present foreseeable resources."

Lundy: "Well, I am not sure, Representative Cunningham, that we can't afford it and that is the reason I proposed to do it initially only on an experimental basis in a limited number of legislative districts, not including any statewide offices at all and for a relatively modest cost. As I have indicated, my best estimates are that it would cost only between \$200,000 and \$300,000 to fund all of the candidates in all of the campaigns in ten legislative districts, I think, and that would give us a data base on which to predict what it may cost if we decide to do it state-wide."

Cunningham: "One final question. Have you no fear that this policy of financing a candidate's adventure might snap the will of individual efforts?"

Lundy: "Well, I don't really have that fear because as I look at the present private financing system it depends really not on the will of individual efforts, of individual candidates, it depends on clout and connections and sometimes, very frankly, special treatment for certain kinds of constituents and I think those are all



undesirable aspects of the present private financing system, which might be done away with or at least improved by the public financing proposal."

Cunningham: "I think you have a splendid proposal. I wish the taxpayers could afford it."

Bluthardt: "The Chair recognizes Mr. Hudson."

Hudson: "Representative Lundy, you indicated in your opening remarks that if such a system were to be established, that one of the hallmarks of that system or at least one of the requirements, would be that it treats all candidates fairly, evenly and that they be entitled to well, equal treatment as it were. Now this being the case, do you see any danger of people facing a subtle form of coercion here through public financing to finance, in a sense, candidates that they might actually abhor or whose philosophy they might abhor. What I am getting at is this, we now recognize the Communist party as a legitimate political party, and I am sorry that we do, but apparently we do. Does this mean under public financing that a Communist running for office would be equally entitled to some percentage of the taxpayers' money to finance his campaign and to, in a sense, to finance his philosophy? I believe that I see a tremendous usurpation of the taxpayers' dollars, no matter how small, that is a possibility of using some of those dollars to finance philosophy, causes, actions that may indeed be aimed principally at our destruction as a Republic. Do you see any danger in this at all?"

Lundy: "Representative Hudson, I think there are two responses to that objection to this proposal. One is that when you are using tax dollars to finance candidates, it is really a matter of accounting how the individual taxpayers, it is pretty elusive, for the individual taxpayer to say that his tax dollars are going to support a specific candidate. I think it is really all a matter of how you



look at it. My second response to that is this, the idea behind this Bill is really in that old American saying 'I disagree with what you say but I will defend your right to say it'. What we are saying in this Bill is that it is more important in our kind of system for anybody who is a legal candidate and of course, remember that nobody who isn't a legally qualified candidate won't get a subsidy but anybody who can legally qualify as a candidate ought to have an opportunity as a candidate to propagate his ideas. They may not be ideas that we agree with but they shouldn't be suppressed simply because his friends aren't wealthy enough or he isn't personally wealthy enough to be able to get into the race. The idea behind this is that our whole system benefits if there is more clash of ideas, if there is more vigorous open debate, if there is more, if there are more candidates involved in the process. And, granted we aren't going to agree with the views of all of them but the idea is that the whole system benefits so much from opening it up and making it less expensive for candidates to participate that it is worth supporting with tax dollars."

Hudson: "Well, Representative Lundy, I am not opposed to free speech. I am certainly not. And if a particular candidates want to hire a hall and want to run and want to gain support for their ideas that is entirely up to them and should be their opportunity in this free country. My question is whether or not when we begin to say, when we begin to enact laws and statutes that say in effect to the citizen that your money is going to be used, at least in part, to support not one candidate but maybe across the board any number of candidates. I think there is a very serious philosophical question here as to whether or not we are being coerced and



forced by law into supporting someone or something or some philosophy that we may actually not agree with and I think this could be the beginning of a radical departure of transfer of what has traditionally been in this country a private matter into the public sector and backing it up with the force of law which says in effect whether you like it or not, taxpayer, you are going to support candidate X to some degree and I am wondering if this isn't a dangerous step to be taking. Shouldn't it remain strictly a private matter? That is not to say that private contributions, funding, financing, of candidates cannot be investigated, cannot be watched, cannot be regulated to some extent by law but shouldn't it remain strictly a private matter? I think that is essentially my question and with that I will rest."

Lundy: "Well, one brief response to your additional question and that is that if the Bill indeed had the effect that you say it does that taxpayers have to subsidize candidates they don't like this isn't the beginning of that process. We already as a society subsidize the political process in any number of ways which benefits candidates that we don't like. For example, it used to be the responsibility of candidates to help pay for the printing of ballots. The State has now taken that over. To some extent, that makes it easier, that is a subsidy to political candidates. Proposals in other countries for free air time or for a government funded newsletter or something, those all are forms of subsidy and I submit that the government already subsidizes politics to a great extent. What it doesn't do is give candidates the freedom to spend the money the way they want to within reasonable limits and run their own campaigns. It forces them to be subsidized only in very specific and limited ways."

Bluthardt: "The Chair recognizes Representative Mahar."

Mahar: "Representative Lundy, I have a couple of questions."



First of all, what is the reason for having a financing board as opposed to the State Board of Elections processing this?"

Lundy: "I am glad you asked that question. The reason is that the Bill was drafted before we knew we would have a State Board of Elections and I in fact have an Amendment which will substitute for the separate campaign financing board, the State Board of Elections so the administration of the Act would be lodged in the State Board of Elections."

Mahar: "Does that include the selection of the ten legislative districts, also? I noted in section 6 you say before November 1, 1973, I think it is, the secretary of state shall select by lot. Now that of course has gone by and will have to be changed, right?"

Lundy: "It, as presently conceived, my Amendment does not put that function in the State Board of Elections for the reason that it was conceived to be a purely ministerial function, there is no policy making aspect of it. However, I certainly would not object to an Amendment to the Bill that would also place that function in the State Board of Elections. As I say, I think it is a mechanical process."

Mahar: "And changing the date also, right?"

Lundy: "Yes, the dates do have to be changed."

Mahar: "Is there any mechanism in here for disbanding this committee of this function if it seems appropriate that it doesn't do, isn't doing the job?"

Lundy: "Well, what it does do is, of course, we will not now have a separate Campaign Financing Board, so that the Bill at the end of the '74 election period and once the State Board of Elections has submitted its report to the Legislature on the experience with public financing, there simply won't be any authority for the Board to do



that kind of thing again unless we re-authorize it. So in effect, yes, the program will go out of existence after the '74 elections."

Mahar: "Apparently you and I are the only two that are interested in this Bill from the sound of the noise on the floor here. It seems to me there ought to be a few others interested, listening to it. That is all I have to say."

Bluthardt: "Could we have a little order, please, so the Chair can hear what's being said. Are you through, Representative Mahar? Are you through?"

Mahar: "Yes, sir."

Bluthardt: "Are there any other questions? Representative Juckett."

Juckett: "Thank you, Mr. Chairman. Representative Lundy, are there any requirements of the candidates other than being legally qualified to share in this bonanza? Do they have to spend the money first and then collect?"

Lundy: "That is correct, Bob. They spend the money and they then submit receipts or in lieu of receipts vouchers, but receipts are the preferred form of application for reimbursement and the Board then determines whether the amount they have spent for the service provided is a reasonable amount. And the Board is authorized to set up a schedule of maximum payments for certain kinds of services so you can't have collusive deals between vendors and candidates and if the Board finds the amount spent for service was reasonable then it will reimburse the candidate for that amount expended up to the limit of the reimbursement grant."

Juckett: "Now who is sitting on the Board?"

Lundy: "As I just indicated to Representative Mahar, this, under an Amendment which I intend to offer on the Bill, the State Board of Elections will be administering the



Act. The only reason there was a separate Board under the original Bill is that we did not know at that point when the Bill was first drafted that we would have a State Board of Elections, so I intend to have the administration placed in the State Board of Elections."

Juckett: "Now what limitations will there be on the spending, if any?"

Lundy: "The general description of the kind of spending the candidates can do is that the expenditures must be made for goods or services which reasonably advance his candidacy as a candidate and the Board is then authorized to issue specific regulations defining more precisely the kind of expenditures that will be permissible and won't be permissible."

Juckett: "Would the candidate know how much money there is for reimbursement at the time that he starts his campaign?"

Lundy: "Well, we try to handle that problem by dividing the entitlements to reimbursements into two separate kinds of grant. When a candidate first qualifies as a legal candidate, in other words, when he files his petitions, if he is in one of the ten districts, he then becomes automatically entitled to a \$1,000 reimbursement grant. He still doesn't get any cash but he knows he is entitled, at that point, up to a thousand dollars. That we call the 'seed money'. That lets him open a headquarters or print a brochure or whatever he has to do to get started. Maybe send some fund raising letters to private contributors. The second reimbursement amount will depend, it is tied directly to the number of votes that the candidate gets in the primary or in the election. And the reason for that is to try to respond to the criticism that Representative Hudson made that if we reimburse all candidates equally, we may not really



be reflecting public sentiment because in a sense, it is not fair to reimburse a candidate who gets 15 percent of the vote to the same extent that a candidate who gets fifty percent of the vote because he hasn't got the same amount of public support so we make the second reimbursement grant dependent on how the candidate does in the election and he is not entitled to that reimbursement until after the election is over and the results are in and we know how many votes he got."

Juckett: "Will this money come out of where, the general revenue?"

Lundy: "Out of the general revenue fund, yes, that is right."

Juckett: "Has there been any indication from the Governor as to whether he would support such a Bill if it was presented to him?"

Lundy: "No, I haven't had any such indication."

Telscer: "Are there any further questions? Call Mr. Paul Neal who is registered as a proponent to House Bill 14, the Illinois State Chamber. Is Mr. Paul Neal here? Mr. Paul Neal, the Illinois State Chamber of Commerce."

Neal: "Thank you, Mr. Chairman. My name is Paul Neal. I am Manager of the Legislation Department, the Illinois State Chamber of Commerce. We have a membership of about 19,000 businessmen and women in more than 600 communities throughout Illinois. The problem of campaign financing practices is of concern to the State Chamber and because of the concern of our membership, the State Chamber's Board of Directors requested our public appearance form to develop recommendations. A full discussion and debate on the problems and the problems' possible solutions, developed a set of recommendations which our Board of Directors refuted to be, I am explaining this



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process to demonstrate the question has been under review for some time by us and the attendant problems were fully explored. As a result of this process, the Illinois State Chamber of Commerce Board of Directors voted not to oppose nor endorse any of the campaign financing reform Acts and instead to seek Chamber developed checklists of basic elements we feel would be needed to assure not only greater public confidence in the election process but protection of the constitutional civil liberties of all segments of our society. This is a delicate balance which needs to be achieved in the sensitive area of elections, the root of our system of representative democracy. While there have been abuses of the moral and legal trusts of both donor and the candidates in the area of campaign practices and financing, the great preponderance of both candidates and contributors, we feel, are conscientious, law-abiding citizens exercising their right within a representative democracy. State Chamber is concerned about the sky rocketing cost and the means and methods of raising campaign funds but we also believe any campaign finance reform Act enacted by the Illinois Legislature must contain proper constitutional safeguards and realistic administration enforcement procedures which we feel are the key to any effective reform. Reform should be aimed at creating more confidence by the general public in their government through better public knowledge of the complete election process to clear the clouds of uncertainty which now surround these practices. At the same time, any legislation should encourage participation by all segments of our society in election process and the encouragement of a legitimate campaign contribution and the prevention of illegal contributions should be the purpose of campaign reform legislation. As a result the State Chamber recommends the following criteria be

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used as a measure for any campaign finance reform Act adopted in this state to assure public confidence and safeguard our constitutional liberties. One, contribution to legally organized, approved party committees and subdivisions should be encouraged rather than discouraged. Two, voluntary contributions should be encouraged to legally organized political action committees that established in accordance with the Federal Contribution Act. Non-voluntary assessment of organization members should be prohibited. Three, contributions by any one organization or individual must be treated equally under the law. Four, no public fund should be appropriated for financing candidacies for public office. Five, greater similarity of requirements, forms, and administration between Illinois provisions and that of the Federal Campaign Contribution Act should be attempted. Six, disclosure responsibility should be placed on the recipients. That is, the candidate, or campaign, or party finance committee as opposed to the donor. Seven, the mechanics of compliance within the law should be made as simple as possible. Eight, the language should be sufficiently clear and simple to ensure that everyone fully understands it and removes as many potential loopholes as possible. Nine, administration, we feel, should be by the State Election Board. Ten, we feel, as evenly as possible, incumbents and non-incumbents should be treated equally with no undue advantages granted to either. And eleven, application of campaign finance reform legislation should be at both the state and local level to maintain uniformity. As a matter of implementation the State Chamber recommends if such reform is to come about, it is advisable to have it enacted either during the first session to become effective January 1 of next year...."

Bluthardt: "Just a minute, Mr. Neal. Ladies and Gentlemen,



will you please be courteous enough to the witness so that he may be heard? Proceed."

Neal: "Thank you, Mr. Chairman. Just on this note of implementation, we would recommend it be advisable that if any such legislation is enacted it go into effect the first of next year, January 1st, 1974 so that potential donors and solicitors can make their plans for 1974 accordingly. Or in the alternative, hold off the effective date of legislation until January, 1975. The reasons for this is, an effective date of July 1, 1974, which is what you are working on, would put the primary under one set of rules while the general election would be under a different set of rules. This is both impractical and unfair to all concerned. It could lead to confusion and misunderstandings, that we think are detriment to the election. Thank you for your indulgence and the opportunity to express our views. If you have any questions, I will be glad to try to answer them."

Bluthardt: "Are there any questions of the witness?"

Representative Schlickman."

Schlickman: "I have a question of the speaker. Does your association have any opposition to a prohibition on political contributions from corporations and labor organizations?"

Neal: "Mr. Schlickman, we feel that in this whole area of contributions that all parties and all organizations should be treated equally. If one is to be prohibited, then all should be prohibited. If all are not going to be prohibited, uniformly across the board, then none should be prohibited, singly or individually or class."

Schlickman: "So if labor organization were effectively prohibited from making contributions to political candidates as corporation would be effectively prohibited your organization would have no opposition."

Neal: "We would have answered that when we saw the language



sir."

Schlickman: "What is that?"

Neal: "We could have answered that when we saw the language."

Bluthardt: "Representative Hudson."

Hudson: "Sir, would, Paul, would your organization be in favor of statutes that might say in effect that a citizen had to go to the polls whether he wanted to or not."

Neal: "I don't believe that would be, I would not go for that. I don't think our organization would go for that."

Hudson: "I don't think it would, either. Now,"

Neal: "I am sure they wouldn't."

Hudson: "I am quite certain they wouldn't, either. Now my follow up question would be in your opinion is there any similarity in, by law, telling the individuals he must contribute to a political candidate. Let's say he doesn't want to contribute to any political candidates. That just happens to, I don't think that necessarily its good citizenship but he may not want to go to the polls, he may not want to contribute to political candidates at all. Would you say that there is then a similarity between a law which says he has to contribute to a political candidate and a law that might say he has to vote whether he wants to or not. I guess what I am trying to ask is are we beginning to enter into a state intervention here, into an area that has always been the sole prerogative of the individual's wishes in this regard to participate or not to participate. Do you see any philosophical intrusion of the state into what should be a private decision?"

Neal: "Representative Hudson, I think that when we get into the whole area of campaign financing by public means, I think we run into some real constitutional problems as to violation of free speech, free assembly, strictly First Amendment rights as well as possible invasion of



privacy. You are basically saying then the whole area of elections, and this has been proven by court cases, that the ability to contribute to a candidate the same as your ability to speak on any given issue when in effect, you give money to you as a candidate, and I say, Mr. Hudson, I support you in your candidacy. You are the same as saying I am saying that this is my candidate and therefore, it is my freedom of speech, assembly to express."

Bluthardt: "Are there any other questions? If not, thank you, Mr. Neal. The Chair will call on William Hood from the Better Government Association. I beg your pardon, that is a different Bill. Representative Lundy on House Bill 15."

Lundy: "Mr. Chairman, House Bill 15 is merely the appropriations Bill for House Bill 14, the Public Campaign Financing Act so that I think is about all that needs to be said for it. It authorizes about \$450,000 to administer the Act and for grants and as I indicated earlier, my feeling that no where near that amount would be needed, probably about half of that."

Bluthardt: "House Bill 16, Representative Lundy."

Lundy: "Thank you, Mr. Chairman. House Bill 16 is a Bill that was originally introduced in the regular session. It was intended to be a comprehensive revision of the existing Illinois Governmental Ethics Act and I re-introduced it in this session because ethics is the subject of our concern here. I am not unrealistic enough to think that comprehensive ethics proposals having been introduced by both the Speaker and the Governor, that this Bill, House Bill 16, will become the law of the State of Illinois. I do think that there are a few areas in which this Bill is different from any of the existing proposals where it might be useful for me to explain the thinking behind those provisions. But I



will not, I suspect that when we get to the Floor of the House, my preference rather than pushing hard on this Bill will be to offer an Amendment to the Speaker and the Governor's Bills in as much as those are clearly the Bills that stand the best chance of becoming law. Let me also say that since introducing House Bill 16 in this special session, I have thought better of the imposition of campaign contribution prohibitions. It seems to me that until we have full disclosure and we know where the existing private political contributions are coming from it would be premature to try and impose prohibitions or bans on contributions from any source so I would propose if this Bill were to receive serious consideration to eliminate from it on page 16, section 5A-101 which is, as far as I can tell, the only limitations put on contributions from any source. There are two aspects of House Bill 16 which are not covered in any of the other pending ethics proposals and I think would be worthy of consideration by this House. The first is that House Bill 16 relies extensively on civil penalties and civil remedies for the enforcing authority and for private citizens, rather than on criminal penalties. The reason I think we may well want to consider that possibility is when you impose criminal sanctions, you raise the enormous problems of statutory interpretation, strict construction, and of an altered burden of proof in proving violations of the Act. In other words, you must prove violations beyond a reasonable doubt even if the penalty is only a monetary fine as long as it is denominated a criminal penalty the proof beyond a reasonable doubt standard applies. That simply makes enforcement of the Act much more difficult. Secondly, as a practical matter, if you rely on civil penalties rather than criminal, the administrative body which administers the Act may be authorized to impose



those penalties if they don't have to go to a state's attorney for prosecution through the criminal justice system. It seems to me that there is a much more expeditious way to handle violations of the Act than to have to refer them to state's attorneys who are already, in many counties, overburdened with the work they've already got. Finally, it seems to me that civil penalties may well be more of a deterrent, especially if they are related to the amounts that are illegally received and not reported or illegally donated and so forth than a small criminal sanction, such as a mere monetary fine that may not even equal the amount illegally contributed or received and so for all of those reasons it seems to me we ought to consider strongly the advisability of using civil penalties, forfeiture of amounts illegally contributed and so forth, forfeiture of office, ineligibility for office and that kind of sanction rather than relying solely on criminal sanctions. The second aspect of House Bill 16 that I think may be valuable is that it speaks to a problem that concerns many of the members here and that is why shouldn't the disclosure provisions and the prohibitions on certain kinds of transactions by governmental officials apply at the local level as well as the state level. House Bill 16 contains a provision which would allow the voters of any political subdivision to, by referendum, make the prohibition and the disclosure provisions of which are applicable to statewide officials, applicable to officials of that jurisdiction. In other words, if the voters of a township or a city wish to require disclosure of their City Council members, their Mayor or others, they could, by referendum, simply kind of incorporate by reference procedure, make the disclosure requirement of the state

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law applicable to other local officials and I think that is an option that we ought to consider giving to local residents and not go any further than that. We don't have to impose these requirements from on top but can at least say to local residents of a jurisdiction, here is a ready made system of disclosure requirements, prohibitions on certain transactions, sanctions and so forth. If you wanted to be, you can make it applicable to your local officials as it will be to state officials."

Bluthardt: "Are there any questions?"

Lundy: "That is about all I have to say. I would welcome any questions on this Bill."

Bluthardt: "Well, thank you, Mr. Lundy. House Bill 21. Mr. Kempiners."

Kempiners: "Thank you, Mr. Chairman. Ladies and Gentlemen of the House, House Bill 21 is a rewrite of legislation which we considered during the spring session which was House Bill 757, I have reintroduced into the special session on ethics. We have been hearing a lot about campaign ethics but this Bill deals with ethics in government and it has a rather narrow application. It attempts to plug loopholes in governmental land transactions to prevent a public official from abusing his office for personal gain. It is aimed not at any one particular portion of the state or any one political party, it is aimed at a statewide problem that we in both parties have faced. What does House Bill 21 do? It requires the complete disclosure of all persons benefiting from land transactions with a governmental unit. It requires governmental units to secure affidavits from all individuals involved stating that they are the end of the line. In other words, no one derives any benefits through them who may be hidden through process of nominee or through some legal entity. It requires full disclosure in the case of any legal entity involved



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in a land transaction with a governmental unit. This would include land trusts corporations, partnerships, or any other type of association. It provides for citizens' suits to compel disclosure when a governmental unit may be lack in its duty or an individual is dragging his feet in the filing of an affidavit. The philosophy, I think, underlying this Bill is that where the taxpayers' dollar is concerned, disclosure of interest must go all the way or it does no good at all. We must not leave loopholes to be exploited by clever attorneys and corrupt public officials. If you have any questions on this Bill, I would be happy to answer them for you."

Bluthardt: "Are there questions of the Sponsor? No questions.

Thank you, Mr. Kempiners. There is one witness in connection with House Bill 21. That is Mr. William Hood of the Better Government Association. He is an investigator. Mr. Hood."

Hood: "Thank you, Mr. Chairman, Honorable Representatives, I am Bill Hood from the Better Government Association. I would like to speak very, very briefly in support of House Bill 21 to the first special session. The Board of Directors of the Better Government Association has voted and authorized me to say that the entire organization supports this Bill, as presently drafted, and that we have found in our investigation throughout the years in the State of Illinois that there are a number of loopholes when we look into transactions of government buying land. We think that this Bill does a very adequate job of covering those loopholes and we urge that it be passed in this session."

Bluthardt: "Are there questions of the witness? No questions for Mr. Hood. House Bill 20, Mr. Hyde, Mr. Henry Hyde."

Hyde: "Thank you, Mr. Chairman. Ladies and Gentlemen of the Assembly, House Bill 20 is the, House Bill 20 is a different approach to the problem of ethics. Ladies and



Gentlemen, as you know, the individual legislator still retains his citizenship and is still entitled to those protections that the Constitution, as interpreted by our Supreme Court, bestows on every other citizen, included in that is the right to privacy. That language is not in the Constitution but the Court finds it there regularly and I do believe that all of these Bills which compel a candidate or a public official to economically undress in front of the world suffers from some fatal constitutional flaws and that what we are going through is a charade when we pass a lot of strong public disclosure laws that the Court will just leap upon to strike down at the earliest opportunity. Nevertheless, no disclosure at all is not going to work anymore. I think the public, the electorate, is entitled to have some reassurance, other than the rhetoric of the candidate and his supporters that he is an honorable person and not owned by the special interests. And so to handle this, I have devised House Bill 20 which sets up a Board of Ethics that...."

Bluthardt: "May we have some attention, please?"

Hyde: "House Bill 20 creates a Board of Ethics not appointed by the Governor, not appointed by the Legislative leaders but a Board of Ethics composed of the deans of the eight law schools in Illinois in panels of three. Their terms are set out, they rotate and these gentlemen ex officio merely by the fact that they are the deans of the law schools would serve as this Board of Ethics. Now they would receive from each public official or candidate, and I'll go into that in a moment, confidential information, namely your income tax return, federal and state, together with a statement of your creditors, the people that you owe money to, over a thousand dollars and the terms of repayment. Now this information is absolutely secret, would be kept



secret by the Board and you would file this as well as your regular ethics statement with the secretary of state. Should the Ethics Board decide there is need for further inquiry, they would be empowered to hold a hearing and you would attend, you would have the right to confront people who want to testify against you, you would have the right to subpoena witnesses and to have your side of the story told. The wisdom, it seems to me, of having a Board of Ethics composed of the deans of law schools, in addition to the fact that they would be non-political would be the fact that by profession and by training they are committed to due process of law, and the equal protection of the law and that you as an official or a candidate would have your civil rights respected as well as the public interest protected. Now to go through the Bill very briefly, the first section that we amend in the present ethics law changes the requirements for disclosure of gifts from people, other than from your immediate family, to \$50. Right now it is \$500 but we lower it to \$50 unless it comes from a member of your immediate family. This must be filed with your statement of ethics with the secretary of state or the county clerk. As I have said the next section creates a three person Board of Ethics consisting entirely of the deans of the Illinois law schools and they would serve a three year term in rotation. The next section requires the Board to meet at least once every four months and set compensation for the Board at \$100 a day which is the same compensation the members of the Judicial Inquiry Board receive. The section also empowers the Board to employ administrative and clerical and other personnel as deemed necessary. The next section gives this Board the following powers: to maintain as confidential, ethics statements filed with the Board unless after notice and hearing the Board



believes such statements or part thereof should be made public. What I am getting at is this, if after your statements are filed, the Board feels by vote that there is a public interest to be served in disclosing the information that has been presented to them, then they would have that power. This is not before a hearing is held and you have an opportunity to present your side of the situation. The next thing the Board would have the power to act as custodian for a list of campaign contributions which are to be public. In other words, these campaign contributions will be available to the public. Another function the Board would have would be to study campaigns, elections, campaign contributions and all other matters bearing on public ethics in state government and to submit to the Governor and to the General Assembly an annual report of its findings and recommendations. Lastly, this Board would have the power to investigate and hold public hearings regarding specific alleged violations of the Act. These hearings would permit public cross examinations of witnesses and examinations under oath the right to counsel, the right to cross examination and the right to compel attendance of witnesses. The Board must express its decision in writing and also publish the opinion of the person who was investigated. So if the Board is going to issue a negative opinion about you, you have the right to issue your reply and they are published contemporaneously in the same document. The purpose of these hearings is to provide the public with information and any finding of the Board would not be binding or conclusive in any criminal proceedings that would stem from any alleged violations of this Act or any other Act. Now, the next section requires the following persons, these are the persons that are under the jurisdiction of this Act.



These persons must file their confidential ethics statement with the Board. The first are members of or candidates for the General Assembly. The next are persons holding and candidates for statewide elected office and thirdly, members of a commission or board created by the Illinois Constitution, such as the State Board of Elections and the State Board of Education. And lastly, anybody whose appointment to office is subject to confirmation by the Senate. Now this isn't a lot of people as compared to the other Bills which require state employees of over \$20,000, local government officials, and judges to file plussage, a blizzard to newspapers. The reason we have kept it small is it's a concept, it hits the most important people and we would like to see how it works. So, as I say, we exclude all local government officials, judges and state employees making in excess of \$20,000 a year. Now these confidential statements include two items which are now not required by persons filing an ethics statement. These are copies of federal and state income tax returns and a list of debts in excess of \$1000 specifying the creditor, the amount owing, the terms of repayment. This information shall remain confidential with the Board, unless the Board with notice, votes to make the information public. The next section forbids any campaign contributions in excess of \$50 unless the contribution is in the form of a check or unless the contribution is reported to the Board within seven days after it was made. An important point here. I don't believe it is constitutional to forbid cash donations. I don't think it is constitutional to restrict the amount of money that one person can give to the other for any purpose. But what we do here is encourage that anything over \$50 be in the form of a check. We don't prohibit it but if you want to give big cash donations,



both the contributor and the person accepting the contribution must report it to the Board if it is in cash and over \$50. The purpose, as I say, is to discourage cash contributions and by encouraging contributions to be in the form of a check, a record of the contribution is preserved. There is a penalty for violating this section, it is a Class A misdemeanor. Now the next section requires every political committee to file a list of contributors with the Board of Ethics and this list must include the donors name and the amount of each contribution made by check to the committee, the name of each contributor who contributed something of value other than money or his own personal services valued at more than \$100 and a description of that contribution. Now yesterday you heard the United Auto Workers official talk about disclosure. I understand that they, and I'm just naming them, there are many others, donate automobiles, office equipment and what have you to candidates of their choice. This, it seems to me, is just as important as a campaign contribution and money and ought to be reported if it has a value of over \$100. The next section requires political committees to file lists of contributions at the following time within 30 days after the election if the committee has spent more than a \$1000 during the election campaign. And then, on each October 1 and March 1, if the committee has received more than a \$1000 since the last filing. We chose these dates because they come shortly before election but not so close to the date that they are likely to interfere with the actual campaigns themselves. The next section provides that each political committee shall appoint a treasurer to file the list of contributions.



If he doesn't file a correct list, then the treasurer is guilty of a Class A misdemeanor. If no treasurer is designated and no list is filed, each member of the committee is guilty of a Class C misdemeanor, which is an offense punishable by 30 days in jail or a fine of \$500. The next section defines a political committee. And this includes any entity which accepts contributions or makes expenditures in excess of \$1000 in a calendar year in behalf of or in opposition to candidates for the office of state representative, state senator, governor, lieutenant governor, secretary of state, attorney general, comptroller, treasurer. A candidate or an office holder may be a political committee. The next subsection defines a contribution to include anything of value including fund raising tickets for purposes of influencing the nomination or election of any person to one of the above offices. Lastly, let me just say there is no effective day on this Bill, so if it is passed it would be effective July 1, 1974. This has three advantages, a constitutional majority is needed only, that is 89 votes, there will be time to gear up for this law and no appropriation is necessary since the Board won't come into being until the next fiscal year. Let me say the Bill is far from perfect, there are many changes that could be made to it but I didn't want to overload the Bill because the more amendments you put on a Bill, even if they are good and if they are well motivated, the more reasons you give people for not voting for the Bill. So that is House Bill 20. It is a concept and I would appreciate questions."

Bluthardt: "Are there questions? Mr. Mahar?"

Mahar: "Henry, I have a question in regard to the use of the law, the deans of the law schools. Supposing that



they were reluctant to serve, didn't want to serve?"

Hyde: "Well, that is a very good question. I have sent each of the deans a copy of the Bill and a letter outlining my rationale. I thought I would wait until the Bill got under way because it is easy for them to say no before there is any public sentiment for this. I feel the deans of law schools, and I say this not invidiously, but their job most of the time is to raise money from well meaning alumni and I think they could serve the public in this capacity, at least it is worth a try. But they would have to voluntarily, you know, want to serve. Now we provide that if someone is unable or unwilling to serve for a procedure whereby the next in line would take his place. It is just three deans and they rotate."

Mahar: "Is there any mechanism in the Bill to, for a flow of information between the State Board of Elections and the Ethics. It seems to me that they are working very closely and you have a group set apart and there may be a need certainly for cooperation and that sort of thing."

Hyde: "Yes, that could develop. The problem I have with the State Board of Elections is these are political people. They are selected by the Legislative leaders and then the Governor selects from them. And the deans should be above politics and not involved in seeking political favor and to them I don't mind disclosing my income tax return or anything but to people who are involved in the political process, I think I have a legitimate concern as we all would. Now they surely could cooperate and I am sure they would find areas within which they could. The guts of this Bill is the disclosure of your income tax and your creditors and those ought to be to a board that is not political and



ought to be the people who are sensitive to your civil rights."

Mahar: "Would there be any problem in making this Bill effective as of July 1, 1974 which would be between the primary and the general election? Would it be more appropriate to have it effective, say after the general election since you would be bringing in new regulations right in the middle of an election?"

Hyde: "Bill, your question was after July 1, 1974?"

Mahar: "Didn't you say it would become effective, if passed, July 1, 1974?"

Hyde: "Yes."

Mahar: "Which would be between the primary and the general election of 1974?"

Hyde: "Yes, I have had no objection to changing the date of its effectiveness. I just wanted to give enough time to gear up for the situation."

Mahar: "Thank you. A question has been asked. What about the judiciary? They are all state officials."

Hyde: "I didn't get into that because they do have a system, a Judicial Inquiry Board, and I felt we let well enough alone and would not involve them in this particular situation because they do have a self-regulating disciplinary system. Now it might prove later on they should be brought into this but as of now I felt their own system now is working and we would leave it alone."

Bluthardt: "Mr. James Houlihan."

Houlihan: "Mr. President, I mean, Henry."

Hyde: "I heard you the first time."

Houlihan: "Rumor has it, Henry, that there are a number, it is reported that there are a number of law schools vying for you to be a dean. Does this put you in a position of conflict of interest?"



Hyde: "A number of law schools are vying for what?"

Houlihan: "To have you serve as their dean."

Hyde: "I wanted you to repeat that."

Houlihan: "Henry, seriously I think there is a very mistaken direction in this kind of legislation which says that automatically that one category of people are pure because of some kind of process that they have gone through. I think that is questionable and that we ought not to set up one category to be above interest that automatically because they have all become a dean of law schools, that they are untainted or they are not involved with politics. I think that goes along with the feeling that lawyers are the people that should govern and lawyers are the people that should make the laws and I think that is a mistake."

Hyde: "Well, I appreciate your remarks and I don't say because a man is a dean of a law school he is better than a, you know, bus driver in the field of integrity or anything else but I simply say when you set up boards as the Walker Bill does that people are involved in the political process and are responsible to their sponsor, then you have a disability, maybe it is inordinate, maybe it is implicit rather than explicit but it is there, but to take a group as a group who are in the world of academics who are not out hustling for law business and trying to please and placate judges, but are teachers and administrators and who by their profession and however many of us do not live up to our standards, that we are committed to the rule of law. See, I am interested in protecting the official. I am not a masochist and I don't believe we are second class citizens and if I could find a group of people, the clergy, the deans of optometric schools, I don't care but it seemed to me the deans of law schools is a group, that as a group, most nearly fits



that neutral civil rights oriented people that I would like have sit on this Board. I don't want them politically appointed."

Houlihan: "Except, Henry, I think one of the things that we all recognize is whether it is in the church or an academic institution that sometimes politics in those institutions is much more vicious and in fact less controlled than the politics that is dealt with directly through elections and facing it head on."

Hyde: "You are right but it is my experience in trying lawsuits and in life that some people when they get appointed to something become elevated to the throne, so to speak. If I may be very practical, Lyndon Johnson was a parochial Texas legislator, anti-civil rights, he represented his people. When he became President, he became, he appealed to a much broader constituency and I think juries will do that. They are very much for observing the law when they become a juror. When they leave the courtroom, they may go through the first red light they come to. I think the deans when they are appointed on a Board of Ethics would be elevated to the throne, psychologically. It just, I don't know what other group, frankly."

Bluthardt: "Mr. Brian Duff."

Duff: "Mr. Chairman and Representative Hyde, first let me say that I think that this is perhaps one of the two best Bills that we are going to look at among this set of twenty that we have seen in this. If for no other reason than its simplicity, effectiveness and because it does take this thing out of the realm of politics. I really think that it has a great deal to commend it. I do have four questions as to whether or not you might be willing to consider variations in it as you proposed it. The first one is while I think it is a very good thing to have large debts listed and so forth,



I seriously question, as was raised yesterday by Representative Leinenweber, the invasion of privacy or the value. As you will recall, the gentleman from the B.G.A. responded to questions yesterday on filing an income tax return since income tax returns are first of all so clearly subject to deception and secondly because they don't really tell much and so to balance the value of invasion of privacy versus the benefits, I wonder if that one factor could be modified. Should I take all four of these?"

Hyde: "No, because I will forget them. May I answer them one at a time?"

Duff: "Would you?"

Hyde: "Alright, the income tax return is, in my judgement, the least subject to deception because Uncle Samuel, in the person of a bleak I.R.S. agent is salivating over the phony income tax return, particularly of public officials, and I think it would be a very unwise public official who would be deceptive in his income tax return. I think he can learn what stock somebody owns, what dividends they are getting, what income, maybe, the spouse has and from what sources, because as was said yesterday, the, by Adeline Geo-Karis, we are looking for conflicts of interest. So I think an income tax return is the basic document and I think that is the gap in our present ethics law. Secondly, a list of creditors. Sure, there is nothing more private, by the same token, there is no way to own a legislator more than to have him in hock to you for \$20,000 at no interest. These are the things that are relevant."

Duff: "I very much agree with the list of creditors and in fact, because of the confidentiality aspects in this Bill, I object less to the income tax return than I do in the other Bill, but I do think it is still a problem. Next, you put a \$50 gift limitation versus the \$500 which was determined



two years ago. If I recall the Commission two years ago came out with a recommendation of a \$100 which was raised to \$500. Would you be willing to drop that back down to the \$100 which was recommended two years ago?"

Hyde: "I don't think that is crucial to the Bill but I do think if somebody gives you something of a value over \$50, it is more than just a goodwill gesture. I have received very few gifts of a value over \$50 that there wasn't something more to it than well wishing and I would see no objections to reporting. If somebody gave you a pair of cuff links with diamonds in them, you know, I, unless it is from a member of your immediate family. I don't, but I am not hung up on that."

Duff: "The next, well, I think it might make the Bill a little easier for passage if it was just a little higher."

Hyde: "I agree."

Duff: "The next one is the recommendation of the Ethics Government Commission, which Comptroller Lindberg was chairman three years ago, wrestled long and hard with the figure of \$20,000 for state employees because it felt that above that level, by and large, decision making was possible that could be influenced. Now, I subscribe to your point that we don't need the plethora, as you described it, of returns which makes them uncumbersome but the \$20,000 figure or some figure in that range of appointed and state employees does have a lot of merit. Would you be willing to include that as an addition to the listing?"

Hyde: "Well, right, I frankly am concerned about the workload that these men would have and I think the public concern is about their elected officials or those people that are appointed in very sensitive posts requiring Senate confirmations. I would prefer going with the Bill now until we see how it works, what the workload is and then at some future date trying to get



those people in but right now I think the public's concern is with us, with those people that are elected and one of our decision is who do we appoint to a \$20,000 a year job."

Duff: "Finally and last question, you said that contributors should be listed in terms of the value including, as I took it, volunteers."

Hyde: "No, not personal services but things of value. I, you can't list personal, somebody loaned you a car for the use of the campaign, that is something that ought to be listed but if somebody gives their time, that is priceless."

Duff: "With those few questions, I still think this is one of the two best Bill's that we have had."

Hyde: "Thank you very much. "

Bluthardt: "Mr. Ralph Dunn."

Dunn: "Henry, the section 6A-103 requiring the filing of confidential information with the Board, your summary indicates that the Board cannot reveal this information unless after a notice and hearing the Board believes such statements are false. Could you elaborate a little bit? Some instances of where."

Hyde: "Yes, there is no point in filing these things if there never can be any action taken on them. They might get a public official who files an income tax return showing \$200,000 earned at the track. This is obviously worth looking in to and I think at that time they would call that man in and go into this to find out whether it was the track or he earned this money or whether some special interest bestowed this money on him in exchange for legislative favors. In other words, the normal legislator would file these things and that would be it. The unusual situation would be if something just didn't look right in a return. Supposing someone owned a great deal of insurance stock and was the chairman of an



Insurance Committee voting on sensitive Bills, this might be worth, kind of, looking in to at least for, not for prosecution but to reveal the fact that there is a conflict of interest here. This man is a director of three insurance companies, he is chairman of the Insurance Committee and he is voting on insurance Bills and this fact ought to be known to the public, that sort of thing."

Dunn: "What could a, under this Bill, could a newspaper man come to the Board and request a"

Hyde: "No."

Dunn: "Access to the information"

Hyde: "Only campaign contributions. But those are public records. Absolutely not. They would be confidential. Now you see the purpose of a hearing, supposing the Board, supposing you were director of three insurance companies and you were chairman of the Insurance Committee and, under different auspices, and you were called in and they would say what about this. You might be able to show these were health and accident companies and had nothing to do with liability insurance and you have never voted on a health and accident Bill. You have always voted 'present'. That might satisfy them and there would be nothing but, that would, I would rather meet with three men who aren't politically motivated or politically created, who are sensitive to your rights as well as the public's interests."

Dunn: "Well, it is certainly better than House Bill 10's position, I think. And one other question in another area. Sponsors of Speaker Blair's Bill and Art Berman's Bill, all of you, and you seem to take the same position, that we shouldn't include municipal and county elected officials and seemingly the indication from those two was that we are more important being in the House of Representatives than the President of the County Board



and I can't agree with this at all. I just cannot understand why this legislation cannot include the Mayor, the President of the County Boards and so forth."

Hyde: "A very good question."

Dunn: "They spend a heck of a lot more in campaigns than we do."

Hyde: "The difficulty, as you know, under our present ethics law, those men are required to file their ethics statement and there is no change in that but this procedure involving the filing of income tax returns and statement of debts, frankly, I don't want to overload it. I agree with you that it is vital to get certain local officials in but believe me that is difficult. Then you end up with including library members and mosquito abatement people, some people, zoning people, in little places that don't even get paid but I don't want to overload it, I want to, you know, crawl before you walk and walk before you run. If this concept is good, if it can work in respect to state officials, then we move it into the local areas. Certainly, the County is one and I would, there is nothing to stop them from setting up a similar type situation. But I just don't want to overload it now with thousands and thousands and thousands of income tax returns and reports."

Dunn: "Would you, if we could draft an Amendment to your Bill that would only include the more important county and municipal offices and that, I don't know exactly how that could be done. Do you think you could support that Amendment?"

Hyde: "Frankly, I think it might defeat the Bill at this time. I would like to get this concept started and then next session and if it is working, extend it. They would have a real good argument for extending it.

I agree that it is important. I don't want to give



anybody a pass that ought not to have one. But I also don't want to give people a reason not to vote for this because it is a concept that I would like to get started. People could say look, those legislators do it, why don't you do it? And the Governor does it and the Lieutenant Governor does it and the Attorney General. We are getting a lot of important people here and I think we could expand it next session if this flies."

Bluthardt: "Are there further questions? Thank you, Mr. Hyde."

Hyde: "Thank you."

Bluthardt: "If I am not mistaken, the last Bill, House Bill 21 is the last Bill to be considered by the Committee as a Whole, this Committee as a Whole and I now call Ray Ewell on House Bill 18, next to last Bill, House Bill 18, Ray Ewell."

Ewell: "Mr. Chairman, members of the Committee, I claim no original knowledge or no great thought for House Bill 18. It is a work product that is not mine, it is a product that belongs to the sum total of thoughts of the esteemed members of the Senate. It originally came to us as Senate Bill 1302, which is an Act for accountability in government. It passed the Senate by an overwhelming majority. It entered the House. It was advanced to Second Reading without reference to committee, there were no Amendments attempted to this Bill and there it died some time in 1971. I thought it was an excellent Bill but I was told, or advised that perhaps the Senate sponsors did not want it called exactly at that time and something was in the mill to be worked out. I have reviewed the various ethics Bills and I find that the old Senate Bill 1302, which I am now introducing as House Bill 18 since I was the House sponsor, is an excellent Bill. It creates a true



accountability in government. This Bill does a number of things. First of all, it is going to call for the name, location, value, cost and method of acquisition of all interests in excess of \$1000, all we are simply saying to you is the public has a right to know. If you want to run on your own interests, then reveal them and run on those interests but don't have alot of concealed interests. Kid the public and tell the people that I am out there to represent you. Expose your interests and have any of those who seek to run expose theirs. You are going to name all creditors in excess of \$1000 because who are you except the pawn of those people to whom you owe money. Again, this will call for a duplicate income tax return of not only the person but the spouse and all unemancipated children. We are not going to let you run 15 businesses in your wife's name, acquire 32 interests in your children's name and yet say, here I am the poor representative of the people. You are going to lay it all on the line. This Bill applies to naming all offices, directorships and produciary positions which you hold. You are going to tell of all gifts and gratuities in excess of \$100. You are going to require the disclosure of campaign contributions in excess of \$1000 and more important, all expenditures that exceed \$100 and this is for all state and local offices.. We are going to prohibit spending more than 50¢ per voter in the last primary or general election. That is for statewide offices. We are not going to allow anonymous contributions in excess of \$500. If you give more than that then you just simply turn it over to the State but none of this business about well, the little fairy came along and left me a few thousand dollars by the doorsteps and I really don't know where it came from. We are going to require all political committees to file statements of organizations and in

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addition to it, we are going to require every entity which accepts money for the publication or dissemination of political advertising to file monthly reports. No more of this business about saying I am just getting free publicity. If you pay for it and you spend a lot of money for it, then I think the people are entitled to know. You are going to create a Governmental Accountability Commission of 9 members, 3 are going to be appointed by the Governor, 3 by the Speaker and 3 by the President. The Bill contains a forfeiture provision, fines up to \$10,000 and imprisonment in a penitentiary up to 1 year for violation of the Act. This Act adds on to and does not take away or substitute for any other requirements that already are in the statute. This is a good Bill. It is a real Bill, it is a Bill that very few of you had questions about back in the days when the press was drumming us hard about ethics. It was a good Bill then, it is a good Bill now. I think the Bill should have been called then and I am going to make sure it is going to be called now. I will be glad to answer any questions that you might have in regard to this Bill. Again, I do not claim the original work product as being my own. This is Senate Bill 1302 which was never called in 1971. It is a good Bill, it is a workable Bill, it is a Bill that has already been approved by the Senate and if we really and truly want ethics, this is the Bill that will bring ethics about."

Bluthardt: "Gentleman from Cook, Mr. Peters, Petrovich."

Peters: "Representative Ewell, just one or two questions.

And I must say that I am speaking to and asking these questions from a summary of your Bill. The summary that I have here indicates that your Bill will require all state employees to also file these statements. Now, when we say all state employees do we go down as far as, let's say the security guard at a penal institution or



the...."

Ewell: "Earning more than \$15,000."

Peters: "Earning more than \$15,000 a year. Now, I think you are probably on the right track in attempting to put some kind of a spending limit in terms of statewide campaigns but if the summary is right, again in terms of what you say here, you are talking about 50¢ for each voter voting in the last primary election. It would appear to me that just on the face of it, that ends up putting whoever might be the Republican party candidate at a decided disadvantage since the Republican primary vote almost in every election statewide is probably one-third of what the Democratic party vote is."

Ewell: "Well, perhaps that is just because more people participate in the Democratic primary and I am not saying that we couldn't equalize that in some fashion. And I am not even adverse to an Amendment which would say that at the highest primary because surely we wouldn't want to penalize any /party. But it was simply thought of as the limitation in terms of the amount of money spent. In other words, it is sort of unrealistic to get to the stage where you are spending say a dollar and a half per voter, you know, because this becomes unrealistic wielding of money as power and as a tool."

Peters: "I understand what you are trying to get at and I think you are right in what you are attempting here but with, as with most of the Bills that we have had before us the mechanics and the implementation of what we are talking about is what I think ends up creating the problem. One of the other things I might just call to your attention is that the Socialist Party in Illinois, the Socialist Labor Party doesn't run in a primary at all, if my memory serves me right. They come on the ballot by party convention. So if that part of the Bill in there relating expenses to the number of people



who voted in the primary was in fact enacted what you would end up doing really is precluding any minority group who might, minority party group, who might want to form a third, fourth, or fifth party from really engaging in the political process."

Ewell: "I don't think that would be the interpretation the, I don't think that is the interpretation as it is written."

Peters: "That is possible."

Ewell: "If that is so, I will try to review it with better election lawyers to ascertain the answer to that question. Perhaps we can have some minor form of an Amendment that would clarify that point."

Peters: "Now in terms of the Governmental Accountability Commission, which consists of 9 members, it is very possible that the Governor, the Speaker and the President of the Senate would, could all be members of the same political party and in terms of what we might expect of the Governmental Accountability Commission, not that we would doubt the activity of the members but in terms of the public mind and the question of improprieties that might exist on the Commission members itself, do you think that there is some validity to the argument that the Governmental Accountability Commission, as you see it, should in some way be a non-partisan, Republican-Democrat-Independent kind of Commission, somewhat along the line of the compromise reached in the State Elections Board."

Ewell: "Well, I took a look at the way we overrode the Governor's veto on the Election Commission and it seems that we don't have that great fear in our hearts, you know. In other words, it is possible because when we talk about a negative tie breaker and we thought that that was a very acceptable thing. It is obvious that at one time there is going to be a 2 to 1 majority in



favor of somebody else but this is what you call faith in your government and I am pretty sure if you talk to those, all those Republican members in the Senate who thought that this was a good idea, and who felt that they could live with this, thought that it was acceptable, I assure you that I think that we or at least many members on my side of the aisle have indicated that they could live with it. They feel that it could be a workable thing and after all we are engaged in trying to find meaningful solutions to a problem."

Peters: "Representative Ewell, I bring these various points up not in necessary disagreement with what you are advocating here but really I think it kind of indicates that all of us who are very much interested and I think every member of the House here is interested in passing some meaningful kind of ethics legislation. There is a very real problem in a proper kind of Bill that can be implemented properly and can be brought to the people, something that is sound and we don't come back out years later saying that we don't do the job. But one last question, again, you indicate here that as a candidate for office, my spouse would have to also make her income tax forms available."

Ewell: "That is correct."

Peters: "Given what the attitude in society is today in terms of the rights of the woman, if she had her own business and she filed her own income tax returns, how could I as her husband force her to file her income tax if she did not want to?"

Ewell: "We are simply saying that you and your wife are a legal entity. And"

Peters: "It is possible that if my wife refused to file it, I couldn't run for office."

Ewell: "No, I think that a simple statement. I mean it is obvious that you can't compel her to do anything. The



simple, her simple refusal to do it would just be her declaration that she simply refuses to do it and I think that would appear very poorly in the eyes of many voters in your community. But I think your wife is one of the strongest lobbyists that you are confronted with. And we wouldn't want her exerting undue pressure on you as a legislator while she is concealing certain interests that she has."

Peters: "Ray, that could well be the point, her, just what you are saying that the fact that my wife may refuse to file this is interpreted on the part of people that there is really something wrong here. The wife ought to be the husband's asset. But members of the Legislature, people every place else have domestic problems, all kinds of problems."

Ewell: "But I think that is what you call fair consideration for the political voter. I mean, I think that is only imminently fair because basically a decision to run for public office, a person or any man ought to consider his wife and his family as one of the fine considerations and I think that in general if you're trying to serve in office and your wife is trying to say you shouldn't serve, it is questionable as to whether you can really give the effective type of service to your constituency or public that you should and I am saying that it is not impossible but I am simply saying that if your wife refuses or we put that down as a refusal, people would simply say that you are a greater man because of it or you are a lesser man if you are subject to the pressures of home."

Peters: "Which really, then, has nothing to do with my qualifications for office? Ray, I am only saying all of these things here because again I repeat all of us here are interested in some kind of meaningful ethics legislation but at the same time I think we have got to realize that there are some very, very deep problems involved in



all of this and if we are to do our job properly and come to the people with something that is meaningful, we have got to consider all of these things so that two, three years from now the people don't come back and say, hey, I mean you guys really didn't do the job. You tried clouding up the situation. It is my point."

Ewell: "It is a good point and I am willing to work with any of the, assuming we can get through committee, I am willing to work with the Body as a Whole because I claim no pride of authorship."

Bluthardt: "Gentleman from Cook, Mr. Collins."

Collins: "Very briefly, Ray, your method of appointment to the Commission is unique to say the least. The Bill provides that the three members are appointed by the Speaker and the President of the Senate must appoint two of the same party as the Governor so in spite of the fact that the Speaker and the President of the Senate are of one party they would have to appoint members of, two, the majority of their appointments would be of the opposite party. As I say this is unique, I believe."

Ewell: "Well, Mr. Collins, this has been worked out because I am sure that the Speaker of this House could always find what would be acceptable Democrats to receive his appointment and I think he would be willing to go along with that and I am sure Senator Harris could always find some acceptable Democrats to appoint since he is appointing Democrats. I am sure he could do it, there would be no problem. "

Collins: "Only because I am unable to do so, would you define acceptable Democrat for me?"

Ewell: "I will have a little consultation with the Speaker of the House and I am sure we will come out with a list of adequate names."

Bluthardt: "Are there no further questions? Thank you, Ray Ewell."



Ewell: "Mr. Chairman."

Bluthardt: "You have something else to add?"

Ewell: "Yeah, just one other word. That this Bill had been the product of a great deal of testing over in the Senate and we do know that at least if we can get it out of this House, the Senate, since it is their own product, would be very prone to accept it and I think that we ought to give this consideration because we might not recognize some of the other Bills when they come back."

Bluthardt: "Gentleman from Cook, is it, Mr. Grotberg. Kane. Mr. Grotberg."

Grotberg: "Mr. Chairman, I rise on, I think, a point of order."

Bluthardt: "State your point."

Grotberg: "My point is would you rule me out of order if I suggested in this Committee of the Whole after two very grueling days of listening to a full spectrum of ethics legislation as put together by very well meaning legislators, if it would be possible to throw the key sponsors of each of these Bills into a tank for 48 hours and have them come up with something. I am quite serious Ladies and Gentlemen of the House. Is that proper business for this session for me to make such a suggestion?"

Bluthardt: "Well, it may be proper before the session but it is not proper before the Committee of the Whole. We can merely hear these Bills and report back but not to entertain any such motion or any consideration of that sort. I would have to rule you out of order, Mr. Grotberg. Mr. Waddell. Thank you, Mr. Ewell. Mr. Waddell."

Waddell: "I have a question for Representative Ewell."

Bluthardt: "Question of Representative Ewell. Mr. Ewell."

Waddell: "In the provisions of your Bill, you took great pains to put the wife in on the boat so that she had to



reveal what her income and interests were. I wonder if the same applies, any place in this Bill, regarding a business partner let's say, for example, you are a lawyer, that a partner in your law firm...."

Ewell: "It is all there. Where, not your law partner but you have to disclose your relationship. In other words, you have to at least acknowledge that you are for directorships, offices, and prodcuiciary positions. You have to disclose all of those."

Waddell: "Yes, but my point is somebody now who wants to get to you comes in with a case for your law partner, in turn the profits of the same are then divided through the law firm at the end so that there is no record of any where along the line of the fact that you are influenced subversively through a law partner and yet you participated in the crude practices at the end of the year and so forth and you got your percentage."

Ewell: "Well, the only way we can really get at that is by the first portion which says you have to disclose all interests over \$1000 and when once we can see that you are getting multiple thousand dollars of interest, then I think the attention at least or the knowledge of the public would be there that you are receiving certain, you know, types of assets that you are accumulating certain types of things and although they could not know the intricate workings as between yourself and your law partners and other prodcuiciary relationships, your growth would be there for all to determine and to examine and to weigh in the light of experiences."

Waddell: "This is my point. Yours but not your law partners and this has been the contribution through the back door. Right?"

Ewell: "Well, it is hard to close all doors. I mean I would like all doors closed but there are alot of people here say that they want a fire exit. Now, I am to, I am only



as I say, again, I only produce the Bill because I feel that it has the greatest possible chance for doing the maximum amount of good and, let us be fair, that this suggests an attempt to make what is known as a legislative compromise in the best interest of the people.

Thank you."

Bluthardt: "There no further questions? Thank you. The Chair recognizes Mr. William Walsh."

Walsh: "Mr. Speaker, Mr. Chairman, I move that the Committee as a Whole rise."

Bluthardt: "Mr. Walsh, Mr. William Walsh has moved that the Committee as a Whole rise. That motion is seconded by Mr. Tom McMaster. All in favor of the motion indicate by saying aye. Contrary. And this Committee now rises."

Telscer: "Now we are back in the first special session. Gentleman from Cook, Representative, one second, Bill. Gentleman from Cook, Representative William Walsh."

Walsh: "Now, Mr. Speaker, I move that the first special session adjourn until the hour of 9:15 tomorrow morning."

Telscer: "Is there any discussion? Gentleman has moved the first special session stand adjourned until the hour of 9:15 tomorrow morning. All in favor aye, the opposed no. The first special session stands adjourned until the hour of 9:15 tomorrow morning. Now the next order of business would be the third special session which was adjourned until the hour of 12:30 today. Now in order to give the members a chance to have a little luncheon break, we are going to come back in at 12:30 officially and probably recess but all of you ought to be back here certainly by 1:00 so that we can proceed with the business of the third special session at which time we understand there will be a motion to suspend some rules and will take an affirmative of 107 votes so will the members please be back here by 1:00 at the latest so that we can proceed with the business of the third special session."



Telscer: "The third special session will now come to order.

Will the members please be in their seats. The Gentleman from Cook, Representative William Walsh, asks for leave to have the attendance roll call from this morning's regular session be used as the attendance roll call for the third special session. Are there any objections? Hearing none, the third special session roll call will be that of the regular session this morning. Messages from the Senate."

Selcke: "Message from the Senate by Mr. Fernandes, Secretary, Mr. Speaker, I am directed to inform the House of Representatives the Senate has concurred with the House on the following Joint Resolutions, House Joint Resolution #2 concurred in by the Senate, October 31, 1973, Edward E. Fernandes, Secretary. Message from the Senate by Mr. Fernandes, Secretary. Mr. Speaker, I am directed to inform the House of Representatives the Senate has passed Bills with the following title the passage of which I am instructed to ask the concurrence of the House, Senate Bills 4, 5, 6, 16, 20 passed by the Senate at a third special session October 30, 1973 by a 3/5 vote, Edward E. Fernandes, Secretary. No further messages."

Telscer: "Introduction and First Reading."

Selcke: "House Bill 33. My God are we that far? Giorgi, et al, amends Senior Citizens Disabled Personal Property Tax Relief, First Reading of the Bill. House Bill 34, Giorgi, et al, amends Senior Citizens Disabled Personal Property Tax Relief Act, First Reading of the Bill. House Bill 35, Giorgi, et al, amends the Revenue Act of 1939, First Reading of the Bill. House Bill 36, Beaupre, et al, amends State Finance Act, First Reading of the Bill. House Bill 37, R. Holloway, et al, as the Illinois Motor Vehicle Code, First Reading of the Bill."

Telscer: "Representative Walsh, for what purpose do you rise, sir?"



Walsh: "With respect to House Bill 38, Representative Tuerk was going to make a motion that that Bill be read a first time and put on the order of Second Reading without reference to a committee. However, he was going to do that after Representative Katz made his motion with respect to some Bills that he has either introduced or will introduce. Maybe you could hold reading that until we can get together, reading House Bill 38 until we can get together with Representative Katz."

Telscer: "All right, Bill, the clerk informs me we can just come back to that matter or hold it, whatever you wish. Okay, Fred?"

Selcke: "House Bill 38, Tuerk, et al, amends School Code, First Reading of the Bill. House Bill 39, Katz, et al, creates a Regional Transportation Authority Act, First Reading of the Bill. House Bill 40, Katz, et al, provides for the use of \$15 for each registration fee a vehicle transports. First Reading of the Bill."

Telscer: "Is Representative Katz on the floor? I am waiting for Representative Katz. Has anybody seen, Jerry, have you seen Representative Harold Katz anywhere. Gentleman from Cook, Representative Shea."

Shea: "No, but he said that you had agreed to move his Bill to Second Reference without committee or something."

Telscer: "On what?"

Shea: "Oh, actually I understand that he put the Bills in today. I don't know anymore than that. Representative Walsh informs me that he wanted those Bills heard in the Committee of the Whole hearing R.T.A. tomorrow. Is that right, Mr. Walsh? And it would seem to me that the Speaker had made the statement that the Bills that were added today would be heard in that Committee of the Whole. Now is there that kind of a committment from the Chair, do you know?"

Telscer: "Yes, there is, Representative Shea. However, ought



we not suspend the rule with 107 votes?"

Shea: "All right, I move then to suspend the rules on behalf of Representative Katz and ask that the roll call for attendance be the roll call to suspend the rule. Or if you want, call the roll."

Telscer: "Roll call. Representative Walsh, do you wish to comment on the Gentleman's motion? No. Okay, the Gentleman has moved that the provisions of Rule 18 be suspended for the purpose of hearing Representative Katz' Bills in committee tomorrow. The Gentleman from Cook, Representative Jim Houlihan."

Houlihan: "Mr. Speaker, I have a question for Representative Walsh. Does this mean, I had a Bill for the R.T.A., which is called 'charta' which was introduced last session. I was considering introducing it. Does that mean that I could introduce it and get it suspended, also, if I do it today?"

Walsh: "Since it is you, Jim, no."

Houlihan: "I just wanted to have it established for the record the fairness of the House of Representatives."

Telscer: "Okay, is there any discussion? All in favor of the Gentleman's motion will signify by voting aye, the opposed by voting no. It will take 107 votes. The clerk will take the roll call."

Telscer: "Are these objections to the attendance roll call? I don't know if they were. The Gentleman from Cook, Representative Shea, for what purpose do you rise?"

Shea: The reason I suggested using that was that I understand this is an agreed motion. If it is going to be a contested motion, I would ask then to hold it until Representative Katz is here and let him make it. And he is here, now, so....."

Telscer: "Well, let's see, now. Is there leave to use the attendance roll call as the roll call for the aye votes to suspend the provisions of Rule 18 for Representative



Katz' Bills. Hearing no objections, that will be the roll call. Representative Juckett is objecting.

Representative Juckett, for what purpose do you rise?"

Juckett: "Well, Mr. Speaker, I think we ought to have some explanation of what the Bill is and there are a lot of Bills on this subject that have been introduced and they are not getting the advantage of being advanced to Second Reading without reference to...."

Telser: "The Gentleman's motion, Bob, is to suspend the provision of the posting notice so it can be heard in committee."

Juckett: "Oh, if that is how it is, I would remove my objections."

Telser: "The Gentleman removes his objections and the attendance roll call will be used as the affirmative. Representative William Walsh, for what purpose do you rise, sir?"

Walsh: "I hate to be a killjoy but I do think that we ought to have a roll call other than the attendance roll call on this matter. And this roll call can be the roll call for subsequent Bills but I don't think we should use the attendance roll call."

Telser: "Alright, fine. Representative Berman for what purpose do you rise?"

Berman: "Well, Mr. Speaker, I believe some time in the minutes of this third special session we have had a unanimous roll call other than a roll call. I mean a unanimous...."

Telser: "Not today."

Berman: "Not today but previously and I would ask for leave to use the last unanimous roll call other than the attendance roll call for purposes of this vote."

Telser: "There is some objections on our side, the Republican side, to that. Okay, objection have been heard. Will the clerk please call the roll and we will



get it over with 1, 2, 3. Where is Harold? Representative Katz. Representative Shea, for what purpose do you rise?"

Shea: "Now that Representative Katz is on the floor, might I, with leave of the House, withdraw my motion and let Representative Katz make it and perhaps he can explain what he wants to do better than I could have."

Telscer: "Representative Katz, does this pertain to Bills 39 and 40?"

Katz: "39 and 40, yes. The purpose of the motion is not to bypass committee but to simply have them heard in the Committee of the Whole along with the other Bills that are considering the same subject. It would be a shame to not have the Committee of the Whole hear the Bills. I am not trying to bring them to the floor without committee hearing. I just want to have them heard by the Committee."

Telscer: "Okay, objections are raised to Representative Berman's suggestion so all in favor to the Gentleman's motion signify by voting aye, the opposed no. The clerk will take an oral roll call."

Selcke: "Alsup, Anderson, Arnell,"

Telscer: "Representative Dunn, for what purpose do you rise, sir?"

Dunn: "Clarification on what we are voting on right now."

Telscer: "Gentleman has moved to suspend the provisions of Rule 18 for the purposes of having Representative Katz' two Bills, House Bill 39 and 40 in the third special session be heard in the Committee of the Whole tomorrow. And to suspend the provisions of the posting notice for one week of the six and a half day posting notice. Simply to let Representative Katz' Bills be heard with the rest."

Dunn: "Does this require 107 votes right now?"

Telscer: "107 votes."



Selcke: "Arnell, Barnes, Barry, Beatty, Beaupre, Berman, Bluthardt, Borchers, Boyle, Bradley, Brandt, Brinkmeier, Brummet, Caldwell, Calvo, Campbell, Capparelli, Capuzi, Carter, Catania, Chapman, Choate, Claybaugh, Collins, Craig, Cunningham, D'Arco, Davis, Day, Deavers, Dee, Deuster, DiPrima, Douglas, Duff, Ralph Dunn, R.L. Dunn, Dyer, Ebbesen, Epton, Ewell, Farley, Fary, Fennessey, Fleck, Flinn, Friedland, Garmisa, Geo-Karis, Getty, Gibbs, Giglio, Giorgi, Griesheimer, Grotberg, Hanahan....

Could I have your attention, please? Would you kindly refrain from answering unless it is your own name. It is real hard to hear up here and when I get three or four yeses, why, you know, some of these yeses are absent on the attendance roll call, it screws it up a little bit. Griesheimer, Grotberg, Hanahan, Harpstrite, Hart, Hill, Hirschfeld, Gene Hoffman, Ron Hoffman, Jimmy Holloway, R. Holloway, D. Houlihan, J. Houlihan,.....

J. Houlihan, do you want to vote? Hudson, Hunsicker, Huskey, Hyde, Jacobs, Jaffe, Emil Jones, Dave Jones, Juckett, Katz, Keller, Kelly, Kempiners, Kennedy, Kent, Klosak, Kosinski, Kozubowski, Krause, Kriegsman, Kucharski, LaFleur, Lauer, Laurino, Lechowicz, Leinenweber, Lenke, Leon, Londrigan, Lundy, Macdonald, Madigan, Mahar, Mann, Maragos, Martin, Matijevich, McAuliffe, McAvoy, McClain, McCormick, McCourt, McGaw, McGrew, McLendon, McMaster, McPartlin, Merlo, Kenny Miller, Tom Miller, Molloy, Mugalian, Murphy, Nardulli, Neff, North, Palmer, Pappas, Patrick, Peters, Philip, Pierce, Polk, Porter, Randolph, Rayson, Redmond, Rigney, Rose, Ryan, Sangmeister, Schisler, Schlickman, Schneider, Schoeberlein, Schraeder, Sevcik, Sharp, Shea, Shurtz, Timothy Simms, Ike Sims, Skinner, Soderstrom, Springer, Stedelin, Stiehl, Stone, Taylor, Telscer, Thompson, Tipsword, Totten, Tuerk, VonBoeckman, Waddell, Wall,



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R. Walsh, W. Walsh, Walters, Washburn, Washington,
Williams, J.J. Wolf, B.B. Wolfe, Yourell, Mr. Speaker."

Telscer: "You got the Speaker as aye? Record Representative Porter aye. This question, there are 121 ayes, no nays, none answering present. The provision of Rule 18 are suspended for the purpose of hearing House Bills, special session, 3, 39, and 40 in the Committee of the Whole tomorrow. Gentleman from Peoria, Representative Tuerk with respect to a motion in regards to Bill 38. Okay, Bill 38, Gentleman from Peoria, Representative Tuerk."

Tuerk: "Mr. Speaker and Members of the House, let me just take a moment to explain to you what House Bill 38 is in the third special session. Then I think it will clarify a lot of thoughts on the matter. Earlier this year, I introduced and passed and was signed by the Governor, a Bill to allow school districts to levy the 5¢ tax for purposes of environmental, meeting environmental standards. It is the same 5¢ levy that school districts have an option levying for safety, fire safety. Now, what happened was House Bill 1406 was drafted based on '71 statutes rather than '72 statutes, which then eliminated part of the Amendments that we made to the statutes in 1972 and the possibility that this would invalidate all of the Amendments made in the '72 session. It was, therefore, felt necessary to introduce this special Bill in order to correct it and re-enact the language. With that explanation, Mr. Speaker and Members of the House, I would move now to suspend the appropriate rule to advance this Bill to Second Reading without reference to committee."

Telscer: "Is there any discussion?"

Tuerk: "Could I have leave of the House to use the last roll call on this matter?"

Telscer: "Okay, are there any objections to the Gentleman's motion to suspend the provisions? Okay, hearing no



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objections, the Gentleman has asked leave to use the last unanimous roll call. Are there any objections? Hearing none, on this question, there are 121 ayes, no nays, and none answering present and House Bill 38 will be put on the order of Second Reading without reference. Okay, now the Gentleman from Cook, Representative William Walsh now moves that the third special session do stand adjourned until the hour of 10:00 a.m. tomorrow morning. All in favor of the Gentleman's motion signify by saying aye, the opposed no and the third special session stands adjourned. Okay, the second special session will now come to order. Will the members please be in their seats. The Gentleman from Cook, Representative William Walsh asks leave that the attendance roll call from the regular session be used as the attendance roll call for the second special session. Are there any objections? Hearing none the attendance roll call will be that of the regular session early this morning. Now the Gentleman from Cook....Messages from the Senate."

Selcke: "Messages from the Senate by Mr. Fernandes, Secretary, Mr. Speaker, I am directed to inform the House of Representatives the Senate has concurred with the House on the adoption of the following Joint Resolutions, House Joint Resolution 2, concurred in by the Senate October 31, 1973, Edward E. Fernandes, Secretary."

Telser: "Gentleman from Cook, Representative....Introduction and First Reading."

Selcke: "House Bill 2, Juckett amends the Revenue Act of 1939, First Reading of the Bill."

Telser: "Gentleman from Cook, Representative William Walsh now moves that the second special session resolve itself into a Committee of the Whole. All in favor of the Gentleman's motion signify by saying aye, the opposed no and the second special session is now sitting as a



Committee of the Whole. Okay, the Gentleman from Cook, Representative William Walsh now moves that the second special session now stand in recess for a period of 5 minutes. All in favor of the Gentleman's motion signify by saying aye, the opposed no. The second special stands in recess. The fourth special session will now come to order. The Gentleman from Cook, Representative William Walsh moves that the attendance roll call from this morning's regular session be used as the attendance roll call for the fourth special session. All in favor of the Gentleman's motion signify by saying aye, the opposed no. That will be the attendance roll call. The Gentleman now moves that the fourth special session, Representative William Walsh, now moves that the fourth special session do stand adjourned until the hour of 9:45 a.m. tomorrow morning. All in favor of the Gentleman's motion signify by saying aye, the opposed no. The fourth special session stands adjourned until the hour of 9:45 tomorrow morning. The second special session will now come back into order from the recess and the Gentleman from Cook, Representative William Walsh moves that the second special session resolve itself into a Committee of the Whole. All in favor signify by saying aye, the opposed no. The second special session is now resolved into a Committee of the Whole and acting as temporary Chairman will be Representative Randolph, who will preside over the Committee of the Whole."

Randolph: "Will Representative Schlickman come forward, please. If there are witnesses to be heard during the second special session regarding House Bill 1 or Senate Bill 1, will the witnesses please come forward and fill out a witness slip? The second special session is now in order and the first Bill to be heard is House Bill 1 second special session. This amends the Retailer's



Occupational Tax, Use Tax Service Occupation Tax and Service Use Tax, exempts prescriptions and non-prescriptions, medical drugs, medical supplies and common household medical remedies. The sponsor is Representative Gene Schlickman. Representative Schlickman. May we have order please. We are now in special, second special session and Mr. Schlickman will be heard."

Schlickman: "Thank you, Mr. Chairman. Members of the Committee of the Whole, House Bill 1 of the second special session would eliminate entirely all taxes on prescription and non-prescription medicines, drugs, medical supplies and common household medicinal remedies for human consumption. It is identical to House Bill 2 of the third special session, which is a companion to House Bill 3 of the third special session, which would increase from \$1000 to \$1300 the state income tax exemption. The Bill before you today, House Bill 1, second special session, eliminating taxes on drugs and medicines generally speaking would provide tax relief to individual citizens of the state in the total amount of approximately thirty million dollars. It is common knowledge that the sales tax of Illinois is regressive and burdens low income persons the most. Fortunately, the 1970 State Constitution allows us to reduce the regressive nature of the sales tax by exempting reasonable classifications. Today, thirty other states have acknowledged the regressive nature of the general sales tax by either exempting entirely or levying a lower rate on drugs and medicines in one form or another. House Bill 1, in the second special session, is being presented to you for the third time. It was first introduced last year and it reached Third Reading and died there from failure of being called. This past spring it was reintroduced and passed the House by more votes than any other tax relief measure but it died in a subcommittee of the Senate



Revenue Committee. On February 16, 1973, Maurice Scott, Executive Vice President of the Illinois Taxpayers Federation was quoted as saying that tax relief proposals in nearly all cases were drafted without providing for replacement of state revenues that would be lost. A state, he said, should have a substantial surplus in its treasury in order to maintain its credit rating and to have a cushion to offset any extraordinary drain on the state treasury caused by emergencies. He continued 'one good guideline on whether to adopt a proposal to relieve sales and income taxpayers is whether it begins at a modest level. Modest beginning relief would permit testing of the relief machinery with the least damaging impact on state financings if calculations should prove faulty.' In light of these principals, Mr. Scott gave highest ratings to this Bill eliminating the sales tax on drugs and medicines only. The Chicago Retail Druggist Association of Metropolitan Chicago stated last year that the tax relief offered by House Bill 1, second special session, will be most beneficial to all citizens in the state of Illinois. According to the Association's Executive Director, Fred E. Schwartz, the pressing need of taxes is affecting all of us, as you know, but especially our senior citizens and the indigent. House Bill 1, standing alone or in conjunction with House Bill 3, of the third special session, is a fiscally responsible approach with three primary advantages over other tax relief programs. First it helps the beleaguered individual, non-business taxpayer. Secondly, by reducing the regressive nature of sales tax, it will aid those in greatest need. That is the sick, the elderly and the poor. Additionally, the administrative cost of this two part tax relief program involved is kept to a minimum. In House Bill 1, we have not only tax relief but we also have tax reform. I earnestly



solicit your support of it. Thank you."

Randolph: "Are there questions? Mr. Berman."

Berman: "Would the sponsor yield? Gene, I notice in your remarks you refer to House Bill 3 of the third special session. That is an exemption increase Bill."

Schlickman: "That is right."

Berman: "Are you suggesting that you would like to see both of these Bills passed?"

Schlickman: "The subject of this special session is the reduction of sales tax. I am here speaking relative to House Bill 1 of the second special session. Tomorrow, I will have the opportunity of addressing myself to House Bill 2 of the third special session, which is identical to House Bill 1 presently under consideration and was introduced in the third special session as a companion to House Bill 3 of the third special session. I think any remarks I may have today, other than those what I made of an introductory comment, would be irrelevant and at this time, I would prefer to restrict my comments to the subject matter of this special session. Generally speaking, sales tax reduction most specifically, this Bill, House Bill 1."

Berman: "All right, in other words, tomorrow we will have both this Bill again and an exemption Bill?"

Schlickman: "And House Bill 3, which would increase the individual income tax exemption from \$1000 to \$1300 and that is sponsored by Representative Richard A. Walsh."

Berman: "All right, could you tell me how much in dollars the passage of this Bill would result in in the reduced revenue for the state?"

Schlickman: "Well, as I indicated in my formal comment, the total tax relief as estimated last spring would be by the Department of Revenue or Bureau of the Budget, was thirty million dollars. Of that thirty million dollars, twenty-four million dollars would come from the



General Revenue Fund."

Berman: "What is the other six?"

Schlickman: "Well, the other six million would be from the county and municipal share of the sales taxes. Twenty-four million from the state's General Revenue Fund, six million from local government shares of sales tax."

Berman: "Have you, do you have an estimate of or fiscal note or some other computation of what the additional administrative cost the Department of Revenue might be in, in the increase policing of the sales tax returns that would be necessary by this Bill?"

Schlickman: "A fiscal note was requested by the Department of Revenue in the spring session relative to House Bill 300 of the regular session, which this is identical to. I secured a fiscal note from the Department of Revenue and all that fiscal note provided were the figures that I have already given to you. Twenty-four million dollars, General Revenue Fund, six million dollars, municipalities and counties, total of thirty million. There was no statement in the fiscal note prepared by the Department of Revenue as to administrative costs. I, therefore, assume that the additional administrative costs would be minuscule."

Berman: "Could you, when this Bill is on Second, either by phone call or some other inquiry, get from the Director of Revenue a response as to whether there would or would not be an increase request, budget request. Or what I think, there would have to be some additional expense for the additional policing of the differentiation between the exempt items and the non-exempt items."

Schlickman: "I will ask the Department of Revenue to expand its fiscal note and provide it, too, as well as file it with the clerk."

Berman: "How do you anticipate this Bill, if it was passed, would be administered in the large chain stores. Take



the Jewels, where they sell food, prescriptions, drugs, patent medicines, etc. along with alot of other items. I know that we wait in long lines at the check out counters now. How would this be administered so that we wouldn't spend all day in the Jewels?"

Schlickman: "Well, as you know, these large stores are now already selling things at retail that are exempt from sales tax and the exempt items, magazines, newspapers, etc. are going through the same counter. Now, the State Constitution allows us to exempt reasonable classifications. We have in drugs, medicines, medical supplies, probably the most reasonable identifiable, precise classification that you could have and it would seem to me that the two percent that the retailer is able to retain for cost of administration and with the identifiable unique nature of drugs and medicines that there would be minimal administrative matters, if any."

Berman: "Do you contemplate that an item like toothpaste would be non-exempt? I am sorry, would be exempt?"

Schlickman: "The Bill specifically states prescriptions and non-prescription medicines, drugs, medical supplies and common household medicinal remedies for human consumption. I would view any item that is used either to regain health or to maintain health as an exempt item. As a specific, I think that we would have to leave to the Department of Revenue with regards to rule making. We could go down a whole list. I haven't told this, that in terms of reasonable classification, we have a very easy matter here compared to what would be most onerous and that is exempting sales tax on food. Not only would you have a fiscally responsible approach there, you are talking maybe two hundred and fifty million dollars loss but you have such a variety of food stuff that administratively it would be horrendous. But as far as drugs and medicines, I know of no difficulty



and I should say that in the state of New York, which exempts drugs and medicines as we have them exempt here, has had no difficulty administratively either at the state or retail level and I rely on that experience."

Berman: "Thank you."

Randolph: "Mr. Maragos."

Maragos: "Mr. Schlickman, this is similar to a Bill we had in spring session, is that correct?"

Schlickman: "It is identical to House Bill 300 of the regular session this past spring."

Maragos: "You were the chief sponsor of that one at that time?"

Schlickman: "I maintain consistency, yes."

Maragos: "And I think the Speaker, also, was the chief sponsor of a similar Bill which was later amended in the Senate."

Schlickman: "Well, the Speaker, if I may, had a Bill which initially would have reduced the sales tax on drugs and medicines by 2 cents. The Bill passed the House, it was amended in the Senate to go from a one-half cent, two cent reduction on drugs, prescription drugs, only, I should say, prescription drugs only and food and it went from that to a one-half cent across the board reduction and that Bill came back for the House to concur with the Amendment and the House did concur with the Amendment. As you know, the Governor rejected that Bill with an amendatory veto and is now on our calendar."

Maragos: "Although the organizations that you listed that were in favor of this legislation were many, especially the Retail Druggists, but, however, you did not mention the Retailers and the Merchants who have objected to this form of exemption because of the problems that would arise due to the fact that the administration of it on the store level would be so very difficult. Have they



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changed their minds since last spring and...."

Schlickman: "No one from the Retail Merchants Association has contacted me or called except that Mr. Joseph Meak last week did request seventeen copies of the Bill. I should say I did not include in my formal remarks all of those who are in support of the Bill and any who may be opposed of whom I am not familiar. I could have stated that the City Council of the City of Chicago supports the Bill and I have a letter from Mr. Alderman Vasilski on that point but I didn't think it would be relevant at this time."

Maragos: "Well, I don't know whether the Alderman Vasilski speaks for the whole City Council or for the Mayor of Chicago but that is neither here nor there. The next question is, isn't the fact that the prescription drug reduction represents a windfall to the retail druggist and not the consumers?"

Schlickman: "That is why I had an objection to the other Bill that you referred to, a two cent reduction. That two cent reduction applied only to prescription in drugs and then to medicine. It was my feeling that if you are going to have a reasonable classification, you include all drugs and medicines. Now, I should say the prescription part is relatively small compared to the non-prescription and the other items that we have and it would be my thought and hope considering the competitive society we have that those who dispense prescription drugs and who do receive some relief will provide that relief through a reduction on their prices."

Maragos: "Well, the point is how, they would not state that necessarily but it is still, even though it includes others beside prescription drugs in your Bill, present Bill, it would still give them a windfall. Do you agree to that? And you are depending on competitiveness as a promise not as necessarily a guarantee that



that would happen."

Schlickman: "I wouldn't characterize the forty million dollars windfall to businesses in another Bill under consideration by this Legislature."

Maragos: "And one other item is that you mentioned many other states that have similar laws and I believe one of them is Wisconsin, who is our neighboring state to the north. Do you have any figures as to what the cost of administering this particular exception is to that state in comparison to the administration of the other 'freshman' sales tax as they call it up there."

Schlickman: "My recollection and I am looking for the report, my recollection is that the State of Wisconsin exempts only prescription drugs from the sales tax and not prescription as well as non-prescription and medical supplies as we have provided."

Maragos: "It also exempts food, does it not?"

Schlickman: "Yes, but I thought the subject was restricted to the matter of drugs and medicines."

Maragos: "Assuming that what you have now made me corrected with the Wisconsin picture, does this Bill not give us, can you give us any breakdown as to the cost of administering that particular section as compared to what revenue will be saved or gained by the Department of Revenue of that state?"

Schlickman: "Well, I had requested from the Legislative Council certain information as to what other states are doing and the report that they have given me does not indicate what the administrative costs will be."

Maragos: "Could you have that at Second Reading available for us so that we could better judge the merits of this Bill or not."

Schlickman: "Well, what I will have is what Representative Berman requested and that is an expanded fiscal note from the Department of Revenue which will indicate what the



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additional administrative cost, if any, there will be to the State of Illinois under this Bill which I am asking...."

Maragos: I know what Representative Berman thought that we would like to have that but as addition because of the experience factor maybe they cannot give you a concrete figure and that was why I was asking about the, if you could give it from other states who have similar laws who have the experience factor to use that as a guideline."

Schlickman: "I think it would be more appropriate to write to the State of New York, which has an exemption proposal which is akin to what we have here."

Maragos: "All right, I have no objections to the State of New York but I was thinking the State of Wisconsin would be closer, more comparable in its size and nature."

Randolph: "Are there further questions of Mr. Schlickman? Mr. Cunningham."

Cunningham: "Gene, in the happy event that you pass this Bill, have you any indication from the Governor's office whether or not it would be approved? You remember we passed a very fine sales tax reduction Bill last session and it was severely executed, assassinated by the Governor. Have you made that inquiry?"

Schlickman: "I have discussed this Bill with a representative of the Governor's office. I do not have any committment, positive or negative, from the Governor's office as to what the Governor's reaction will be when this Bill arrives on his desk for his action."

Randolph: "Further questions? Thank you very much, Mr. Schlickman."

Schlickman: "Thank you, Mr. Chairman and Members of the Committee for your courtesy."

Randolph: "There are no witnesses. Further discussion on this. Then we will go to Senate Bill 1, Senate Bill 1



in the second special session amends the Retailers Occupation Use Service Use and Service Occupation Tax Act reduces the rate at which such tax are imposed to three and a half percent which is now four percent. Speaker Robert Blair."

Blair: "Well, thank you, Mr. Chairman. Senate Bill 1 of this second special session is the product of the joint Republican leadership's desire to provide direct, immediate and affordable relief to all taxpayers of Illinois. It is, of course, no secret that this proposal will provide tax relief directly in the case of 96 downstate counties and indirectly in the case of 6 Chicago metropolitan area counties. The members of this General Assembly are committed to tax relief and it is apparent to us that relief of the magnitude and the type we propose will benefit every citizen of the State. Tax relief means not only holding the line on governmental spending so as to not require a tax increase. Tax relief, also, and just as importantly, means reducing the prevailing rate of taxation. There is also a third kind of tax relief which is much more difficult to deliver, but which we fortunately have it within our power to grant. We can by responsible and responsive action create a Regional Transit Authority. We can be responsible, we can be responsible, for the third largest metropolitan area in the United States and we can fund that authority without levying or collecting so much as one new penny from a new or increased tax. We can give that Authority a stable, productive financial base to launch its program and insure its present and future capabilities to provide the mass transit services the people of that region so desperately need while at the very same time preventing a tax increase for any taxpayer in that six county region. By changing the beneficiary of one-half cent



of the state's 4¢ share of the sales tax from the state to the R.T.A. would mean a financial kitty for the R.T.A. of 107 million dollars a year. Now, 107 million dollars is more revenue than is generated. 107 million dollars is more revenue than is generated by the cities of Seattle, Washington, Omaha, Nebraska, Oklahoma City, Oklahoma, Miami, Florida, Louisville, Kentucky, Indianapolis, Indiana, and Albuquerque, New Mexico. Today, the people in the 6 county region pay a full 5¢ sales tax. Passage of Senate Bill 1 and our R.T.A. proposal will mean residents of that region will pay a 5¢ sales tax but the difference and it is a very large difference is that enactment of this legislation will mean that for the same rate of taxation they will have and benefit from an R.T.A. A substantial percent of that financial basis for the R.T.A. will come from the sales tax receipts generated by purchases made by business and industry. Downstate the one-half cent sales tax reduction will mean a stimulus to small businesses who will be able to lower their prices and stimulate sales. May well be able to pass savings on to their customers. Thereby, probably increasing their overall prospects for increased business success. Since that 9¢, there is enough money coming into the state coffer to permit implementing the direct and indirect tax relief proposed by Senate Bill 1. It is tax relief which will be implemented at no costs. There are no filing requirements. No need for a new layer of bureaucracy. There will be no publicity program to tell those who didn't file that they should and there will be no letters to type and mail telling the taxpayer that a political figure is happy to give him a tax relief check. Plain and simple, this is anonymous tax relief to benefit all the people of this state. The credit for it will belong to the people because it is they who have told us



to provide a lessening of their tax burden. Now, I would be happy to respond to any questions."

Randolph: "Mr. Maragos, Mr. Speaker."

Maragos: "Mr. Chairman and Speaker Blair, this Bill is similar to the one you brought forth again last session in the spring. Is that correct? That was brought before the Revenue Committee in the House and passed the House and amended in the Senate. Is that correct?"

Blair: "And to which the Governor addressed an amendatory veto. It was House Bill 634."

Maragos: "Don't feel that you are unique. I also had an amendatory veto this past session, too. Some outright vetoes, as well. But the question that we have before us, Speaker Blair, is the question what does this do to the nature, the real problem of the sales tax of this regressive nature. How does it eliminate the burden, the great burden you have on the middle income or low income people as compared to the wealthier or higher income class of people?"

Blair: "Well, I think I have pointed out that downstate on a per capita basis what it means in terms of relief. I don't need to go through those figures. They range from \$16 to \$22 in terms of what they buy and pay the R.O.T. on. In the six county area, what it means in terms of relief is that there will not have to be a tax increase for the R.T.A. and in other words, I think if we can accomplish tax relief for people downstate and at the same time no tax increase for something that is in great need of revenue, the mass transit problem, that that is a sounder way to attack this particular problem. Now as your question is that with people with larger incomes that on the basis of total dollars there might be more dollars reduction coming to them because they spend more to, on things which they pay the R.O.T. for, I would agree with that



but that is not the question, Mr. Maragos. It seems to me the question is the percentage relationship, the percentage relationship of the amount of goods for which a low income family has to pay the R.O.T. on. In relationship to their spendable income and on that basis on the relationship percentage wise, there is no question that the family with lesser income has to spend a greater amount of their spendable income on the necessities such as food and drugs and therefore, I contend that this is a greater relief in so far as regressivity is concerned."

Maragos: "Doesn't this approach, that is entailed in this Bill, give also relief to corporations and give relief to, as I say, greater relief in many areas to the rich because when they buy a yacht or they buy a big high priced automobile, don't they get \$400, \$500, \$600 relief right off the bat for that one item as compared to maybe \$200, \$300 for the whole family of a poor man or middle class income person?"

Blair: "Well, you are talking about a relatively small situation and I just take you back to the fact that the way I approach the problem is the percentage relationship of amount of spendable income and the amount of that spendable income that is spent on items on which R.O.T. is charged and I say that people in lower income brackets are spending a greater percentage of their income into R.O.T. than people with larger incomes would be. And I am not denying that on a dollar basis, if you want to go the dollar route, that you can come up with examples showing people that have more spendable income could end up having in total dollars a greater reduction. Nobody is contesting that. It is just that on percentage relationship, I think that the case is made that people in lower income and I have support over the years from the Democratic State and Democratic



National platform because they have certainly been in the forefront of those who have wanted to reduce the sales tax and I think they are as concerned about people in lower incomes as the members of the Republican party are."

Maragos: "My concern is also the fact that you're facing the fact that if this thing, if this Bill passes, it is adopted by the Governor and the Legislature, that automatically that this will be the basis for the, for any mass transportation will be in the 6 county area. What if the people of the 6 county area, what if the Legislature, the Governor, that they don't want to use it as a basis for funding mass transit so therefore, you are saying that the reason you are primarily going ahead on this basis is the fact that you want to use this as a vehicle to fund the F.T.A., R.T.A., whatever it may be. My question is that supposing we cannot make it this time on the Bill, the merits of the Bill."

Blair: "The time this Bill is up for passage, I think the Members of this Assembly will have the opportunity to make that decision. Because the R.T.A. Bill, which shall be heard tomorrow, as you well know, the package we have introduced does have the power for the R.T.A. Board to re-institute the one-half cent. We make, we are not trying to hide that from anybody. It has been out in the open for a long time."

Maragos: "I know. One other question on this particular Bill, the philosophy behind the fact that certain segments of the State of Illinois will be given relief and then they have to buy the mass transit package, they have to take this as a burden on their backs but other parts of the state do not have to take this burden because they may not have the mass transit problem. Or their mass transit problem may be solved by another means,



other types of revenue."

Blair: "What is the burden?"

Maragos: "What?"

Blair: "What is the burden in the region?"

Maragos: "The burden is that they have to put back their half cent sales tax in order to fund the mass transit according to your philosophy."

Blair: "That is right but there is no net tax increase in the six county area. Would you agree with that?"

Maragos: "There would be after...."

Blair: "Now wait a minute. There is no net tax increase right now. They are paying 5¢, they'd be paying 5¢. Do you agree with that?"

Maragos: "Yes, if both plans are adopted. But the rest of the state will not have that half cent put back out for their mass transit problem. I am asking you is that fair and uniform throughout the state that a certain segment of the state has to take out half cent sales tax whereas any other mass transit problem throughout the state may not have to take that."

Blair: "Well, we figured that it is the most practical, feasible way to get off the ground. Something I think that is vitally needed and has been established as being vitally needed in that six county area. It is difficult for the people in the suburban areas, it is difficult for the people in the outlying five counties and it was our thought from a practical, political, feasible standpoint that if we can get a R.T.A. established that did not have any tax increase in it for those people, I am talking about net tax increase now compared to then, that would be the most saliable way to get the program off and running. Now, other people have different plans. It is just a matter of this Assembly making up its mind about which it prefers to live with."



Maragos: "Well, getting back again to the plan itself, and not worrying about the package or the mass transit, I still say do you feel that this criteria takes in the question of where it is most needed for relief in this area? And, again, I still haven't been satisfactorily answered in this."

Blair: "Again, may I say this to you that it seems that this House and the Senate made that determination when they passed House Bill 634 because that was the only Bill that this Assembly saw fit to send down to the Governor. There were more than 89 votes here in the House for that, there were more than, there were 30 votes or more in the Senate for that. So we have spoken on that subject once."

Maragos: "Well, of course I was on the opposition throughout this period because I thought, again I believe in the philosophical question that this type of relief should be given to those who need it the most rather than those that are going to benefit the most whether the corporation entities or the richer...."

Blair: "Now wait a minute, that is going a little far. Why don't you spell out when you say that it would mean corporate? Give me some details."

Maragos: "Well, to give an example, would it not be true if a corporation 20%, I mean, the effect on corporation when they purchased items for retail purposes would also receive the benefits out of this package, out of this Bill, as a plain individual would?"

Blair: "Yes, that is true. Now let me say this about that, though. That in the 6 county area where 72% of the business revenues are derived they would be paying their fair share of mass transit because that would be re-instated in that area."

Maragos: "Assuming for a minute, though, that this Bill did pass and then the mass transit program did not



include a half cent sales tax of the package for support, assuming other revenue was found by agreement of all the leadership throughout the state would that then still give a boon and a workfall to the corporate entities who I feel do not need it?"

Blair: "Well, if your question is, does the R.O.T. impact on whomever makes purchases be they individuals or businesses the answer to that question is yes. Now if you want to get into the specific figures I have them here and I will be happy to talk about them."

Maragos: "But taking it also one step further, isn't it a fact that the corporate entities through this approach, through this Bill would be also getting a windfall but they could take the sales tax reduction against an income tax when they file it and whereas the individual cannot take the sales tax plurality exemption against income tax so therefore, you are giving twice as much."

Blair: "Well, I don't think that tracks to the extent that they are able to use it as an income tax deduction item. The greater the tax the greater the deduction so if you reduce the tax the smaller the reduction so I don't agree with what you said."

Maragos: "Well, the percentage though would be because they pay a smaller rate of income tax."

Blair: "I don't agree, I don't understand, Sam, what you are asking. I disagree with what you are saying."

Maragos: "We are dealing with, in the income tax basis, we are dealing with a net to the corporation, net profit whereas we are talking about gross income to the taxpayer. And even though we have 2½ to 4, it is still not equivalent in the sense that the basis of the figures."

Blair: "I have, you know, I have agreed if you want, we are talking in generalities now and I said that I agreed that



all of those who pay the R.O.T. now because of purchases be they individuals or business to the extent that they were outside the 6 county area they would benefit the $\frac{1}{2}$ ¢ reduction. Inside the 6 county area in as much as we are tying our proposal to the funding of the R.T.A., businesses in that area would be paying their full share. The cost would be re-instated."

Maragos: "Well, Mr. Chairman and Members of the Committee here and Mr. Speaker, the fact that I think again the same honesty that had in the previous session, that the criteria and the need for this type of legislation is mostly for those in the lower income and middle income rather than in the higher income and the corporate entities. Again, it is a philosophical approach as to who we are going to give the most relief to. And because of that I have objected to it and I have brought these questions up. So the greater proportion though is I still feel it is unfair and it is not the constitutional question that bothers me, whether if we give relief for R.T.A. to the other counties beside the 6 counties involved in the regional district we may have a constitutional question which is uniform in approach."

Blair: "The lawyers that did the drafting for us in connection with that subject have assured us that there is no problem. In so far as giving a municipal corporation the power by legislative action to levy taxes that would be in the same area as the state is now levying taxes."

Maragos: "May I ask one more question, Mr. Speaker. If would you agree then that if you based, any mass transit program should have as its base the, putting back on the half-cent sales tax as a base for retail transit. Would you also say that statement would apply to East St. Louis, Decatur, Rock Island, and the other



states of they wanted to adopt programs of a similar nature as the R.T.A. in the 6 county area."

Blair: "Well, we have from time to time had that under discussion. It is a matter of relativity of the problem. The problem in the 6 county area is basically in Chicago, where you are from, it is greatly, greatly magnified over the transit operating deficit downstate, the largest problem being, of course, in the East St. Louis area. We happen to think that on the basis of historical record that the sales tax as such is the base to use in the funding of the R.T.A. and quite frankly, we felt that if we used the washout that it would not impact, you know."

Maragos: "I am arguing over the fact whether St. Clair County, Danville, or wherever they have similar problems, in DuQuoin."

Blair: "The opportunity you can't, you really can't create a R.T.A. just for East St. Louis. It is not a region and ours is a regional situation but if you want to advance some legislation that would address itself to those areas that have transit problems downstate about allowing them the re-instatement authority that we provide in the R.T.A. Bill, I would be glad to discuss that with you."

Maragos: "The reason why I say that, would you be able to support, would you be as eager to support it down there as you would be in Cook County, or the 6 county areas. You have no decision to make at this time, Mr. Blair."

Blair: "I don't what?"

Maragos: "You have no decision, you have made no decision on that point, whether you support the same formula for downstate as you would for the 6 county area."

Blair: "Well, we are conscious of the problem in the downstate transit district. I think we addressed ourselves to that in House Bill 89 when we provided



them the short subsidy, money for them. Our, we were mandated by the Assembly to come up with a 6 county permanent funding solution, permanent solution to the transit problem in that area, the magnitude of the dollars there is just tremendous compared to the magnitude of dollars where transit is involved downstate. I, we had wanted to provide tax relief for downstate and if you are suggesting, would you be willing to provide the right to re-instate what I suggest to you is that that is a generalization because you have to look at the amount of dollars in St. Clair County that are generated from the $\frac{1}{2}\%$ and see the relationship of that to what the operating deficits is of the Bi-State Authority. We know what the operating of the C.T.A., commuter buses, the private rail carriers are but we know that the re-instatement of the $\frac{1}{2}\%$ for 107 millions does not come over top their deficit situation, that the deficit is higher than that."

Maragos: "Well, I would agree that you need more study but I think a symposium could also use theirs as long as you are consistently saving it for the one area."

Blair: "On the basis of consistency, I agree."

Maragos: "Thank you, Mr. Speaker."

Randolph: "Would you please hold your voices down, some of the Members would like to hear the questions and the answers. The next question, Mr. Speaker, is from Mr. John Alsup."

Alsup: "Mr. Speaker, I was just wondering when you abolish a part of a tax, as I understand it under our new Constitution you are suppose to replace this tax, now I assume under your plan that you are intending to replace it for certain areas of the state but this doesn't really do anything for replacement of state revenue for the calendar year of 1975. That is looking ahead. Now, next year we only are going to lose half of the amount, in as much as the Bill calls for July 1



which is half of the year but the following year, do you then maintain that we have a substantial surplus in the state that would enable us to cover all of our state expenditures and maintain our credit and that type of thing without a replacement tax?"

Blair: "The only thing that we are aware of, that the Constitution addresses itself to, is the provision by the General Assembly in connection with the personal property tax. We, if you can give us a citation in the Constitution where it directs itself to replacement of reduction of state revenues, then we would be happy to address ourselves to that question. But we know of none. In the personal property tax, we felt, on our side of the aisle, we had acted responsibly to replace that loss with the Bill which we couldn't get 107 votes from your side to give back to local governments 60 million dollars this year. We would have, we certainly concur if that is your question, that the Assembly should have provided that replacement income for local governments. We tried to, the Governor didn't want it and you all didn't want it on that side of the aisle, either. "

Alsup: "Well this still doesn't get to the question of what is going to happen in 1975."

Blair: "All right, about what?"

Alsup: "About the state's ability to meet its revenue, to maintain its credit or to meet its expenditures and maintain its credit."

Blair: "All right, let me give you this. If nothing would occur the balance of this fiscal year in the area of tax relief, in other words, no tax relief plans were to pass so that there would be a reduction in yield and I am looking at fiscal year '74, our staff, the joint House-Senate staff, on our side, estimates that from the income tax gross we would have 1 billion, 383 million



and from the sales tax 1 billion, 300 million. Now, the first, on the income tax, that is a 29 million dollar higher estimate than that of this Administration's. And the sales tax, 1 billion, 300 million, that is 55 million higher than this Administration's estimate. Interest on state funds and investments, our October estimate, is 55 million versus the Administration's estimate of 40, which is a plus 15. Other sources we are agreed on, on federal aid our figure is 899 million versus the Administration's 850 million. So that is a difference of 49 million dollars. Giving a net difference on estimated revenues, over expenditures of 148 million dollars. Now, in addition to that, you have to add the fiscal year 1973 surplus which is 60 million dollars and there is in the aviation and motor fuel protest fund 18 million dollars so if you have no tax relief at all and go to July 1 of 1974 which is the start of fiscal year 1975 there would be surplus of 200, of at least 226 million dollars. And that would more than cover what the revenue loss would be for fiscal year '75 with the tax being reduced for that entire year.

Alsop: "Where did you get this estimate?"

Blair: "I indicated that this estimate was provided by the Appropriations and Revenue Staff personell of the majority side in the House and the majority side in the Senate. I also would like to point out that in the last several months that the Bureau of the Budget has revised upward their revenue estimates for both sales tax and income tax for fiscal year '74 by over 60 million dollars and there is still 8 months left in this fiscal year."

Alsop: "You are maintaining that at the end of '74 we would have 200 million dollar surplus?"

Blair: "More than 226 million dollars if there is no tax



relief."

Alsup: "Which is more than our loss would be in '75?"

Blair: "No, that is not true."

Alsup: "We got to live in '75 or somebody does."

Blair: "Now wait a minute, give me a figure. What are you comparing it to?"

Alsup: "That is what I am wondering."

Blair: "The yield if you are talking about the $\frac{1}{2}$ ¢ reduction, in 1975 the reduction would be 174 million dollars and I am saying starting fiscal year '75, which would be July 1, '74, we will be operating with a surplus of around 226 million, better than 226 million dollars. This Bill does not take affect until July 1 of '74."

Alsup: "That is the point I am trying to make. You are assuming that we cannot increase our aid to public education, that we cannot better fund the various pension plans or all of that type of thing in the future years then."

Blair: "Well, I think we have addressed ourselves to that question but we still haven't been able to put the vote together to override the Governor's vetoes of such things as fully funding the downstate teachers' retirement fund. I was pleased that the members of the House on your side of the aisle saw their way clear to provide the votes in that instance but I understand there is still some problems over in the Senate that we can't get the votes on your side of the aisle to provide adequate funding for the downstate pension, school teachers' retirement fund. Now, if those things are not going to come to pass because of the lack of Democratic votes then I think we have certainly got the dollars to provide for tax relief. Some place you ought to do something for the people. You ought to reduce their taxes or you ought to take

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take care of their pension funds. Now make up your mind."

Alsop: "I would like to make this observation. That when you anticipate an increase in revenue due to inflation which we are having and I am not going to point my finger at anybody. I think two bond issues and what have you, the whole country got into this thing. But you have to also anticipate increases in expenditures. And it is pretty much of an offset. And to merely emphasize the increase in our revenue without an equal anticipation of our expenditures is merely fooling the people."

Blair: "Well, it was your Governor who said that he could find the savings in expenditures when he took office and if that is so you certainly wouldn't want to be holding him up if that was an attempt to fool the people. So the money is here now to provide tax relief or to have provided the 60 million dollars for the personal property reimbursement or to have provided the funding of the downstate teachers' retirement fund. Along there some place a decision has to be made."

Randolph: "The next question, Mr. Speaker, comes from Representative Deuster."

Deuster: "Mr. Speaker and Ladies and Gentlemen of the House, first, Mr. Speaker, I want to commend you for continuing on in what I regard to be the right direction and the right track in connection with the suggestion that a fine way of financing mass transit is the sales tax. And I think as you and I both know, the voters in Atlanta, Georgia went in with a referendum and they imposed a one half cent sales tax on themselves and just last month the voters out in Denver, Colorado did the same thing. So we know that it is a popular way or at least a proper way in other regions of the country



and the problem seems to be this, my conversations with the leaders around here, what little I know about the Legislature leads me to believe that the Governor is rather adamant about this position that he is responsible for the budget of this State and the Governor does not believe he has got the money to suffer this loss of the $\frac{1}{2}$ cent sales reduction. Now, we, I suppose the people are hoping that all of us here in the Legislature will reconcile our differences and move to try to compromise and I want to suggest this to you, Mr. Speaker, I am inclined to believe if this Legislature passed this $\frac{1}{2}$ cent sales tax reduction knowing that it would be re-imposed in the six county area, that the Governor would, if that were part of a R.T.A. Bill, he would exercise his amendatory veto and then this whole gang of people here, we'd be back in Springfield again to deal with that subject. And we don't want to cause that dislocation and I know a very thoughtful and bipartisan group of representatives on both sides of the aisle have suggested and I have high regards for all the names I have seen on a Bill limiting this suggesting perhaps we could have a $\frac{1}{4}$ cent reduction in the sales tax. And I am wondering if when we get to the Amendment of your Bill for the Amendment stage next week perhaps whether you have given any thought to whether a $\frac{1}{4}$ cent instead of $\frac{1}{2}$ cent reduction would be acceptable and would be workable. Is there any reason that you know that this would be impossible to do or unwise and would you comment on that suggestion of a way we might go down the middle of the road."

Blair: "I have certainly thought about the alternatives to the $\frac{1}{2}$ cent and the alternative when you take into consideration the amount of dollars that are necessary for funding the R.T.A. are tax increase and we are not disposed to provide tax increase for the people in



that six county area. The $\frac{1}{2}$ cent to which you refer would only provide around 52.5 million dollars, if my memory serves me right and there is no way that the R.T.A. would get by, as you well know, on the basis of 52 and a half million dollars a year."

Deuster: "Well, Mr. Speaker, I might pursue that by suggesting that it is my understanding that the Governor is willing to commit some of the State's General Revenue Fund to complement the financing of R.T.A. Now, would there be anything wrong. You are saying it is not adequate. Now,....."

Blair: "Obviously, you asked me the question of whether or not I would bring from one half down to one quarter and my answer to you was that I would look at the alternatives on the funding requirement for the R.T.A. and I suggested that when you take a one half down to a one quarter you are reducing it from around 107 million dollars in fiscal year '75 to around 53, let's say, .5. Now you have got to make up just that difference to start with and I'd come back to you and say where do you want to increase taxes on the people in that six county area to make up that difference? That is the unique feature of the wash. The Governor by the way, let me correct one thing, the Governor is talking about taking more than the figures you referred to. He is planning on taking 29 million dollars out of the State Road Fund and giving it to local roads downstate. He is talking about taking 45 million dollars out of the State Road Fund and giving it to the R.T.A. If you add all of those up you are certainly going to get up into the magnitude of the dollars we are talking about as far as the one half cent sales tax reduction is concerned. With this exception, he wants to take 75 million dollars of it out of the State Road Fund and I maintain that on the basis of the fact that there



is no way the State Road Fund can incur that loss and have anywhere near a viable freeway construction program, a continuation of the program that was carried out so well under the Ogilvie Administration."

Deuster: "Mr. Speaker, might I just paraphrase or rephrase your answer to make sure I understand it. I think you are saying that if some satisfactory method could be found by this Legislature, acceptable to the Governor to come up with that 50 million, you would have no objections to cutting the sales tax one quarter cent instead of one half. Is that about what you suggested?"

Blair: "Well, the key to your question is the word satisfactory."

Deuster: "Thank you."

Randolph: "The next question comes from Representative John Matijevich."

Matijevich: "Yes, Mr. Speaker, in your discussion with Representative Maragos you mentioned the fact that the reduction of the sales tax would provide relief for the lower and middle income person. How about that person who might be a low income person who might live in my county, Lake County, or Will County, McHenry County, DuPage, Kane, who and I think really this is a majority of the people who lives in those counties, who find throughout their times they will never go to Chicago, they will never use R.T.A. What are you giving to them in tax relief, these are the little guys who can't make it."

Blair: "In comparison to whose plan? In comparison to whose plan? In comparison to Walker's...."

Matijevich: "Are you always in the job of comparing? We are on this plan. Do you always have to be comparing a plan. I made no reference to...."

Blair: "I think I am entitled to qualify my answer in the same way you qualify yours."



Matijevich: "All right, I will answer you. In comparison to no plan."

Blair: "Well, all right, I think if you would have listened to my testimony when I started out on this area, I made it very clear that this program provides for direct tax relief in 96 counties. Insofar as the 6 counties are concerned rather than having tax increase which is involved in all these other R.T.A. plans that there would be no tax increase on the people in that 6 county area. The way you get tax relief sometime is to have no tax increase and that is what we are providing people in Lake, McHenry, and so forth. Under our R.T.A. plan."

Matijevich: "Well, I don't think that is tax relief. In fact, I think any time we waste here is really adding on to the tax burden. This Bill doesn't become effective until July 1, 1974. We could pass it in the spring. We are wasting tax dollars by being here and you know it."

Blair: "No, I don't."

Matijevich: "Well, I think you ought to."

Blair: "Well, why don't...."

Matijevich: "Now, Mr. Speaker, you mentioned the fact that the sales tax is regressive, right? Didn't you say that?"

Blair: "No, Sam said that but I agreed with him."

Matijevich: "You agree with him."

Blair: "Sure, so does the Democratic party."

Matijevich: "All right if it is so regressive and you want to use that tax means to finance R.T.A. You want to say in the 6 county area it is not regressive for us. It is not regressive. Keep it on forever. R.T.A. is going to be here forever and you know it. That is not regressivity but you are going to do something for downstate."



Blair: "I think it is a lot better deal for Lake County than increasing the gas tax and increasing and putting a wheel tax on such as your Governor proposes. I will tell you that."

Matijevich: "Well, if you are going to get rid of a regressive tax, why not get rid of it, period."

Blair: "Because when you are comparing the regressivity in comparison to the motor fuel tax and the wheel tax which is the way your people get around out in Lake County, they would have a far fairer impact on their pocketbooks by going the sales tax route than they would by Walker's motor fuel tax increase and his wheel tax."

Matijevich: "That is your opinion."

Blair: "You bet and I have got alot of people up in your county feel the same way. If you want to look at the polls, I will show you what the people in your county feel on the basis of the motor fuel tax and they think it is a very bad idea."

Matijevich: "Mr. Speaker, if that is true, why did Congress say that we can use the highway trust fund for mass transportation?"

Blair: "For what, capital improvement or operating subsidy?"

Matijevich: "Well, we can use it. We can use it at least."

Blair: "For what, answer the question. For capital improvement, not for operating subsidy and that is the problem. If we operate subsidy out of the federal highway fund we wouldn't have to be discussing an R.T.A."

Matijevich: "I think this whole matter starts with the fact we ought to hear these Bills in the order of priority. The first Bill we ought to pass is that lottery Bill of Zeke Giorgi's. Then we will find out where we are at."

Blair: "The first Bill in this session, in this Committee



of the Whole was House Bill 1. The second Bill and only other Bill was Senate Bill 1. We have no place to go."

Matijevich: "I think we ought to hear House Bills before we get into Senate Bills."

Blair: "They were heard. There are only two Bills in the Committee of the Whole, House Bill 1 and Senate Bill 1. House Bill 1 was heard first."

Randolph: "Do you have any further questions, Mr. Matijevich?"

Matijevich: "Yes, Mr. Speaker, I agree with John Alsup. He mentioned about inflation. I think that one thing about inflation it comes at such a bad time. It always comes when things are so high and I think, Mr. Speaker, we as members of this House, all we can do is rely on your figures. Our staff tells us that the budgetary balance isn't the millions that you say but rather 140 million dollars. How can we be sure, we have got to be certain before we pass legislation. And I think, Mr. Speaker, when you go flying around the State, you better be more accurate because you have got to really tell the people that you are in their best interests, serving their interests. Not the highway people but the people of the State of Illinois."

Blair: "Well, I shouldn't even dignify that with a response but I will tell you this that the people in the places I went around downstate, when they got the information about how the Democratic party stalled the supplemental freeway for downstate Illinois they responded in a very positive fashion."

Matijevich: "Would you come to Waukegan?"

Blair: "You brought it up."

Randolph: "Representative Choate."

Choate: "Well, I just want to advise the Speaker that I thought as a witness for this Bill, he was here to answer questions and not make political tirades because any time you want to talk about my activity or the



Democratic party activity as far as downstate highways are concerned, you and I will get on a forum and discuss them."

Blair: "The record speaks for itself, Clyde."

Choate: "We are not going to discuss them when we are talking about you being here as a witness today on a Bill that has nothing to do with downstate highways. Any time that you want to do it, babe, I will go with you."

Blair: "Your man, let me tell you something, your man brought up the question of a fly around the State. I never injected that into this testimony at all and that is a fact. Look at the transcript and as far as the road program is concerned, look at the record."

Randolph: "No further questions of the witness. We have one opponent, Mr. Harold Hovey, director of Bureau of the Budget. Director Hovey. Ladies and Gentlemen, Director Hovey of the Bureau of the Budget, an opponent to Senate Bill 1, Mr. Hovey."

Hovey: "Mr. Chairman, Members of the Committee of the Whole, I appear as an opponent on Senate Bill 1 in the second special session. The impact of the Bill I would like to cover very briefly and then be available for such questions anyone may have. The primary impact of the Bill should be understood in terms of the groups it benefits. Twenty-four percent of the sales tax in the State of Illinois is paid by business and thus twenty-four percent of the benefits under the Bill would go to business with the remaining portion of the Bill that would impact upon individuals rather than business. The main thrust of the Bill would be to provide relief where the sales tax payments are the highest which is higher income groups. Logically enough, the more you earn, the more you spend on sales tax items and thus the more tax you pay.



Lower income groups would receive proportionately less relief under the Bill than higher income groups would receive. The other point which is relevant to your consideration of the Bill is the overall financial condition of the state. Briefly, we are in this situation. You are not in a position where you have 250 million dollars to play with in fiscal year 1974. The figures which the Speaker quoted are comparisons estimates of revenue that were contained in the March budget estimate of the Governor. You will recall since that time this body has passed substantial, additional appropriations predated upon the same increase in revenue that is being discussed here. For example, provided more money for higher education salaries, a pay increase for state employees, a program of construction for public schools around the state and a variety of other measures. It is my belief as your chief budget officer that you are in this situation. You can provide up to 110 million dollars of tax relief or thus additional spending, if you choose to go that way, which we are not recommending during the fiscal year 1974 and in my opinion sustain that level of relief indefinitely without an increase in state taxes in any form in the foreseeable future. You can opt for another alternative in Senate Bill 1 which basically has a full annual cost of approximately 107 million and it tends to rise over the years as sales tax receipts would rise. In my opinion if you choose to do that now, the consequences that you will see in fiscal year 1976 and 1977 is a choice between sharply lower expenditures or lower expenditure increases in higher education, elementary and secondary education and retirement, particularly, than you have opted for in the past. Or the alternative of re-imposing taxes in order to finance that tax cut decision now. Thank you."



Randolph: "Speaker Blair."

Blair: "May I refer you back to the first part of your testimony with regard to the 24% figure that you used in computing the 40.8 million dollars that you attribute for fiscal year '75, is that amount with the R.O.T. that business would be accountable for and therefore, receive that as a benefit? Do you have a definitive, statistical data upon which that percentage figure is arrived?"

Hovey: "Yes, sir. The twenty-four percentage point figure was derived from an article in the National Tax Journal, which as far as we know, is the only reputable, academic analysis of that question. The data base was the Illinois data and the National Tax Journal is and was the most reputable journal of tax policy experts that I know."

Blair: "All right. And let's establish the date of that. 1964, right?"

Hovey: "Sounds correct."

Blair: "You bet it is. Now...."

Hovey: "We detect no change in the basic composition of the character of sales between now and 1964."

Blair: "Can you give us a break-out of the number of questionnaires that were sent out, the number of responses that were obtained and the break-out of those responses, the ones that came back in from businesses as compared to other types."

Hovey: "If I can keep from falling off the platform. I have the article from the National Tax Journal here and let me say this, I can read these if it is the pleasure of the Committee I do that. The point I would like to make is this is the best and the only study on this subject."

Blair: "That doesn't necessarily make it definitive does it?"

Hovey: "No. Not all the questionnaires were returned."



Usable questionnaires percentages retail 71% returned, wholesale 37, mining and manufacturing 23, services 51, and all these cases you adjust for non-response. But if the non-response differ in characteristics from the respondent it is correct that your number might be, with equal probability higher or lower than 24%."

Blair: "Okay, let's shift over from the percentages to the actual figures because I think that that would be indicative to the members what we are talking about. There were only 1100 questionnaires sent out. There were only 486 that were usable questionnaires. I think of those 486 only 250 were from retailers. The point I am getting at is this information is not available from, that you maintain, from the Bureau of the Budget or the Department of Revenue. It was from questionnaire survey by somebody writing an article for the National, whatever it was, in 1964 that you are using to, as a base for your 24%."

Hovey: "That is quite correct. The alternative to that is to use some other number that is based on no questionnaires at all."

Blair: "But what I am really getting at is your figure is really not definitive, just because there is nothing else doesn't mean that what you have is acceptable. Can you tell me, well, I can tell you, in case you don't have it, there are 142,000 retailers, alone, paying the sales tax and you had responses in 1964 from 250 so I am just questioning the statistical data as far as its current usability and whether or not even then it was a reliable fact."

Hovey: "Let me answer that question this way. It is the most reliable thing we have. It is obviously an independent source because it was published in June, 1969 before we were in office and if there is a better



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alternative I would be happy to use that. Any alternative will show that a substantial percentage is paid by business whether it be 20 or 30."

Blair: "All right, let's get into the definition of business, then, as it was used in that article. Isn't it true that farmers were used in it, as business?"

Hovey: "I believe that the definition of business included proprietorships which would include anybody who was in the process of operating a business for profit. The farm component ought to be fairly small. Because there is no great deal of other categories that are affected."

Blair: "The term business is used in this paper refers to any type private, profit motivated enterprises such as a retailer, hotelier, contractor or farmer. So we actually have farm R.O.T. in your business definition on the basis of your statistical data."

Hovey: "That is correct."

Blair: "Okay. What was the main point of that article? What was it advocating?"

Hovey: "To tell you the truth, because I used it as a fiscal source, I didn't look but I think...."

Blair: "Is it advocating sales tax relief?"

Hovey: "Another thing here, the end product of the article would appear to be an argument for the exclusion of the sales tax on certain types of business. So the subjective content of the goal might have had something to do with the statistical analysis. I might just offer that for consideration."

Blair: "Insofar as the budgetary figures are concerned, you are well aware of the figures that we are using on the Joint-Republican Appropriations and staff and we just simply have a difference of opinion about what the estimates are for the year ending balances next July 1 of 1974."

Hovey: "If I may comment on that. When the Bureau of the



Budget prepares revenue estimates, we use an elaborate statistical estimating model and what that basically does is take predictions of something going on nationally, in this case, the change in the Gross National Product, and extrapolate those to Illinois based on past relationships between national plans and what happens to our revenue here in the State. What the Speaker's revenue estimates have done is to agree with certain of the Bureau of the Budget revenue estimates and disagree with others. For example, agree with either income and sales and disagree with the others. To do that in an economically accurate fashion one of two things must be the case, either they are using either a different revenue estimating model or they are using a different Gross National Product forecast than we. But we have been unable to get from your staff a revenue estimating model that differs from ours so we find that yours is internally inconsistent."

Blair: "All right, I just have one final question. That is that in July and August of this year that the Bureau of the Budget revised upwards their revenue estimates for both sales tax and income tax for this fiscal year by over sixty million dollars. Is that true or false?"

Hovey: "There is no question and I have forgotten the specific numbers but what this Bureau of the Budget and every other failed to anticipate what the Nixon economic policies would do in terms of inflation which did indeed raise our revenues and everybody else's including the federal government."

Blair: "Sixty million dollars."

Hovey: "I suspect that is quite right."

Blair: "That is right. In other words, if you had to revise yours upward what you projected earlier in July and August you projected that for fiscal year '74



that we were going to be up sixty million dollars over what your initial projections were."

Hovey: "To keep it in perspective that would be about a cent and a half and I think your staff and similar staffs in legislatures all over the country were making similar revisions at the same time for similar reasons."

Blair: "What we are looking at is that is what your revision upwards is now and we have an estimate that we are looking at that would indicate to us the kind of increase yield so that we can see in the remaining eight months of the year. Thank you."

Randolph: "Director, the next question comes from Representative Cunningham."

Cunningham: "As I understood your testimony your primary objection to this Bill is that the cost of 170 million is approximately 50% more than the 110 million that you feel would be indefinitely available for tax relief in Illinois commencing in '74. Is that an accurate summation?"

Hovey: "That is an accurate summation."

Cunningham: "Now if the reduction, if the amount of tax relief were reduced to one-third instead of the present proposed one-half would you be in favor of the Bill with its present sponsorship and would your superior be likewise favorably disposed?"

Hovey: "If that change were made, then the objections that I raised to the Bill on the grounds of its impact on the State's overall financial posture would no longer be a valid objection. The cost of the two Bills would then become comparable. The other part of the statement I made, namely that a reduction of one-half cent in a sales tax provides more money to rich people than to poor is equally valid for one-third or one-fourth."

Cunningham: "Then it is on that philosophical basis of soaking the rich as well as on the arithmetic that you



quote that you base your objections. Is that true?"

Hovey: "Yes, I would not call it a philosophical basis so much as the notion that if the State is to provide relief to the taxpayers, we ought to be providing the relief to those taxpayers who need it the most."

Cunningham: "But if the reduction were incorporated in the district involved for the R.T.A. wouldn't you concur with the prior assertion that then these businesses that got the windfall to which you object were paying a larger share in the cost of that R.T.A. service that the public apparently desires?"

Hovey: "If the, just a basic answer to that question, is yes, meaning that if a tax such as the sales tax is used to shift from the state government to the R.T.A. the economic impact on the affected people in the six county area is not tax relief but just a different source in which to pay it. And the people who would be paying it would include a substantial business component."

Cunningham: "Now considering the moment together the alternatives for the financing of R.T.A. as I understand the proposal from your office and from the Governor's office it would involve the removal of approximately 75 million dollars from the present highway funds for the financing of local highways and for financing R.T.A. on a split of, what was it, 29 and 45 million. Is that correct?"

Hovey: "That is my understanding."

Cunningham: "Has your office and department given any thought whatever to the replenishment of those funds for necessary state highway construction."

Hovey: "Yes."

Cunningham: "From whence did you get them?"

Hovey: "The Governor's proposal includes, as I think most people realize, a bonding component that as I recall



involves the utilization of bonds for approximately 45 million dollars of capital a year."

Cunningham: "Well, wouldn't there be an unnecessary expense incurred by the public in regard to the cost of the bonds? Hasn't that been in prior years an objection to bonding and to mortgaging the future?"

Hovey: "There is no question but that when you bond something rather than operating a pay as you go situation that you do pay interest which you would otherwise not pay. The question is in this area, and higher education, construction, elementary construction and other areas where we bond where you feel that the assets being bought are providing benefits to this year's people and the year after that and therefore you feel comfortable with bonding. Or if you feel more comfortable with pay as you go purchase."

Cunningham: "In the interest of saving your time, I hope that it is permissible to inquire as to the administrative costs of the alternative tax relief program. Hasn't it been the experience in the State of Illinois in regard to the circuit breaker relief that the administrative costs are prohibitive in terms of the relief actually received by the public and shouldn't that factor be disqualifying on the proposed \$10 giveaway to each resident or each person in the state on the 15th of April? "

Hovey: "Consider if you will the things that would drive administrative costs of any type of a plan that involves a rebate to the taxpayer. What we are basically asking the taxpayer is one question. That question is how many people in your household in this year. We asked the taxpayer the same question for the purposes of his filling out this income tax return. Under those circumstances I see this program as triggering from the taxpayers' point of view a single piece of



paper with one or two numbers on it and an address that hopefully he would mail to us with his tax return.

Then all we have to do is either offset what he owes us or add to what we owe him and write him a single check in most cases. I cannot see the administrative costs of that simple a program as being significant."

Cunningham: "Well, would you, are you in a position to answer whether or not in your judgement the circuit breaker program has been a success as presently administered."

Hovey: "There are a variety of ways of looking at that. There is no question but what the circuit breaker program has benefited hundreds of thousands of people or whatever the number is who have actually applied. At this point the participation rate in the circuit breaker is not as good as we would like."

Cunningham: "Is that the reason for the Lieutenant Governor is on the radio constantly asking more people to file?"

Hovey: "I would hope that a significant number of people, including members of the Legislature, are encouraging constituents who are eligible for this benefit to file."

Cunningham: "Final question. Would you not concede that from an administrative standpoint, this Bill offers a far more feasible means of giving tax relief to the people of Illinois than all the alternatives that have been suggested, from an administrative standpoint."

Hovey: "From administrative standpoint I have no question that what all of the alternatives, including the Governor's proposal and several other alternatives that you considered, are feasible."

Randolph: "The next question comes from Representative Juckett."

Juckett: "Thank you, Mr. Chairman. I am on but I feel a point of order being raised."



Randolph: "Representative Washington."

Washington: "Representative Barnes has been standing here for half an hour and you called....."

Randolph: "I have Representative Barnes on the list.

These other Gentlemen, I am just going down the line."

Juckett: "Mr. Chairman, I will yield to Mr. Barnes and I will follow him then."

Randolph: "Representative Barnes."

Barnes: "Thank you very much, Mr. Chairman. I will be very brief. Actually I only have one or two questions. High finance kind of goes over my head and I am sure it goes over the heads of many of my constituents. But I want to talk about something that is a little more practical that they can understand and it seems to me and correct me if I am wrong or address it to whichever manner you think is correct. But it seems to me that people that are on fixed incomes and lower incomes that buy in small portions, that do not buy in large quantities. Now I was just wondering, a person, and I have many in my district, they go into the store under the present plan at 5% and spend a dollar for basic essential food items, are now paying 5¢ on that dollar for sales tax. Is that correct?"

Hovey: "Yes."

Barnes: "Well, it also, would that not logically follow that those same people who are spending their funds and they buy in very small quantities for basic necessities under the plan that is being offered here at 4½%, would they not continue to pay 5¢ sales tax on that same dollar?"

Hovey: "Yes."

Barnes: "Well in effect then they will not, and these are the people that I think need the relief the most, would not be receiving any relief under the new program. It would be the same to them as it was in the old program.



Is that correct?"

Hovey: "That is correct. If you are taking off the tax and re-imposing it from the standpoint of the taxpayer, his situation is unchanged."

Barnes: "But what I, yes, I understand that. And, okay, the point I am getting at, and I believe I understand you correctly, is that not only in the six county area but in the area all over the state for those very small personage as I have cited in example, they would not get any relief whatsoever."

Hovey: "Oh, I am sorry. I misunderstood the point. That is correct. The tax table breaks which, as I understand it, are administratively determined can produce exactly that effect. A fractional decrease would not affect a very low value item."

Barnes: "Thank you very much."

Randolph: "And now we will go back to Mr. Juckett."

Juckett: "Thank you Mr. Chairman. I am glad you clarified your last remark because I think it would be a despicable act upon your statement that the change would not come into place. You were thus accusing businesses of taking that extra $\frac{1}{2}$ ¢ and I think you ought to be aware that the businesses already have new tax tables, in case the $4\frac{1}{2}$ does go into effect. And I hope that you will apologize to the businesses on that point."

Hovey: "If I may comment on that. I interpreted the question as dealing with a six county area and presuming a re-imposition of the tax."

Juckett: "There was not mention of the six county area in his statement. "

Hovey: "If I misinterpreted the question and it applied downstate and not in the six county area, it is correct that the tax tables would then on the whole show a change in rate from 5% to $4\frac{1}{2}$ % where there was an optional penny."



Juckett: "So that would be a $\frac{1}{2}$ ¢ savings?"

Hovey: "Oh, yes, depending on, and obviously this is a particularly interesting effect, though, the tax charge to the retailer would be reduced by that $\frac{1}{2}$ ¢. Then you have the tricky question what the retailer does with price and policy but unbalanced over a long period of time increase or decrease in sales tax tend to be passed on to the customer."

Juckett: "So, in other words there would be a savings?"

Hovey: "Yes."

Juckett: "Now, in your statement originally you opposed this because there would be a benefit to business. You would seem to indicate that business would not pass this on to the customers. Is that correct?"

Hovey: "The situation with respect to a benefit to business would be this that tax relief to a business ultimately would pass on to some combination of suppliers, stockholders and customers. For many businesses in the State of Illinois, many of the customers are not even in the State of Illinois, so a business that, for example, like Caterpillar Tractor that reduced its prices as a result in the change of things it bought in Illinois, even if it did pass it on to the customers would be passing it on to customers, fifty percent of whom in this case are not even in the United States."

Juckett: "Now wouldn't it be true that it could be passed on in the form of higher wages to its laborers or maybe higher dividends to its owners. Couldn't this money then be put back into circulation?"

Hovey: "Yes, the owners of particularly major businesses, as you know, as the suppliers and wage earners tend to be not just concentrated within this State but the answer is clearly yes."

Juckett: "It appears that you are treating the business



segment of this State as certainly a dirty, rotten relative of everybody else in the State. And it would appear to me that you as the chief financial officer to the Governor and not the chief financial officer to this Assembly or to the people of the State of Illinois are giving misleading statements on your position or on the position of the Speaker's Bill. It is sort of incomprehensible to me that you would be opposing a tax decrease to the people of the State of Illinois. Now you know and I know that those people that are on relief don't pay sales tax on food. Is that correct? When they are using food stamps?"

Hovey: "To the extent that your purchase's covered by food stamps, that is correct."

Juckett: "And so what we are trying to do in one respect is to relieve part of this burden but you as the chief financial officer to the Governor are telling us this is not the way to go. Is that right?"

Hovey: "I am simply telling you that you are relieving more burdens for the rich than you are the poor."

Juckett: "And so you would then want to impose a program that would redistribute the wealth of this State."

Hovey: "You are already imposing a program which redistributes the wealth in the State which is your current system of taxing."

Juckett: "Such as?"

Hovey: "Such as when you get all through, the impact of the State's system of taxation tends to draw disproportion to income from poorer people. If I may comment on the comment on business. When I make a statement that x% of money goes to business I am not saying that business is bad or good. There is an alternative plan which is to give all of the money to individuals. It is obviously a policy decision as to whether you give tax relief to individuals and business,



either one or some combination."

Juckett: "And this distribution scheme which you are in favor of is a redistribution of giving it from those who are paying the taxes and providing the jobs and making Illinois a great state to those people who are not necessarily contributing to the welfare of this State."

Hovey: "Not quite because the taxes paid by any individual in the State in any conceivable circumstances that I can think of would exceed the amount of the relief."

Juckett: "The people who are not paying taxes will not receive any money in relation to what they are paying. Is that what you are saying?"

Hovey: "What I am saying is I can't imagine, for example, a family of three in the State of Illinois that does not pay \$30 in taxes to the State of Illinois but isn't it a fact that your scheme is not talking about families of three. You're talking about much larger families and many of whom do not pay that amount of taxation into the State and that is why we come with the redistribution alone."

Hovey: "It is very hard for me to imagine the effective burden of Illinois state taxes not being at least \$10 per person. And to use your point from earlier, remember that such taxes, as taxes on insurance companies and public utilities are passed on to consumers so I can see it, readily, a burden to every individual in the State regardless of his economic status, it is clearly as much as \$10 per person."

Juckett: "Well, it is my understanding that this is sales tax relief. It is not general tax relief but sales tax relief and if that is so then your scheme would not come under the call of the Legislature."

Hovey: "We will be testifying on that Bill tomorrow but it is in the form of a sales tax change."



Juckett: "One further question. How long have you been a resident of this State?"

Hovey: "I have been a resident of this State since January of 1973."

Juckett: "'73, a relative newcomer."

Hovey: "A relative newcomer to the State but the issues in the National Tax Journal are the same in other states as they are here."

Juckett: "From 1964. Thank you."

Randolph: "Representative Berman and then Representative Schlickman. Representative Berman."

Berman: "Director Hovey, part of the questioning that preceded my remarks dealt with the article that you had in your hand. Isn't it a fact that a very recent study, I think it was in the past few months, was published by the Illinois State Chamber of Commerce, and their studies of the imposition of replacement of the personal property taxes, the study by the Illinois State of Commerce confirms that approximately 24% of the state sales tax is paid by corporation. Isn't that a fact?"

Hovey: "Dick Bratner of my staff, who is here, says apparently the Chamber has indicated its clearly at least 20% and as far as I know they are using the same numbers and same sources as we are."

Berman: "So that within a few percentage points the figure from 1964 is confirmed by the study of 1973."

Hovey: "Yes, and they are confirmed a variety of other ways. The best indication that they are confirmed is that no one else is introducing another figure."

Berman: "The previous Gentleman seemed to try to imply that we have some kind of communistic scheme of re-apportionating the income. I would like for you to comment on some figures that were debated before this



Administration came into power and I would like some confirmation or comments on the imposition of income tax in this State. As I recall, the following figures were given to me that a realistic approach in other industrial-type states like New York, Pennsylvania, California, that an income tax imposition that many times...."

Randolph: "Would you please keep the conversations low. We would like to hear the questions, please."

Berman: "That 75% comes from individuals and 25% comes from business. I'm sorry, let me reverse those. That 67% was what the projection was for business and one-third from individuals. And these were the figures, I think, when the state income tax was debated. And then it was reported that the Ogilvie income tax plan in effect was 70, 30 from individuals and corporations and that the actual amount collected is 75 from individuals and 25 from business. Are these figures accurate? Or could you comment on them?"

Hovey: "Let me comment that the circumstances basically is this that you can have any weight in most states of income tax on either business or upon individuals and any progression and exemption structure that you want. Therefore, the effective burden on business varies by state. If you want to levy a uniform rate tax on both business and on individuals, you would tend to raise about 80% of your money from individuals. The current break between individuals and businesses in Illinois tends to place somewhat more burden on individuals than do many of the income taxes in the major industrial states, such as New York, I believe, California, Ohio for three examples. There are a few states, such as Pennsylvania where that would not be true."



Berman: "In other words, if we are looking to other states for examples, New York, California and Ohio, businesses in Illinois have a lesser tax impact than do businesses in those states. Is that what those figures say?"

Hovey: "That is correct for a substantial number of industrial states and I can provide you with a study that shows the percentage impact among the various states."

Berman: "All right, wouldn't it follow that the proposal of the Governor for a tax refund to individuals instead of a tax refund to individuals and businesses would in fact be achieving a seller tax distribution overall than what our present tax system is. Is that correct?"

Hovey: "Yes, if you were shooting for..... "

Randolph: "Just a second, Representative Juckett."

Juckett: "Mr. Speaker, I think a point of order should be called. We are not discussing the proposal that the Representative just mentioned. We are discussing the Speaker's Bill on the $\frac{1}{2}$ ¢ sales tax reduction."

Randolph: "Your point is well taken. Will you....."

Berman: "I would submit what we are looking for and which subject was open by the Gentleman who raised the point of order is the question of total impact of taxes and I have completed this line of questioning but I think the point and the response which was interrupted is relevant. And that is that the Governor's tax proposal will result in a fairer impact over the entire economy."

Randolph: "Mr., the next question comes from Mr. Schlickman. Mr. Schlickman."

Schlickman: "Mr. Director, I have just one question and in response to the question I should like in a loud clear tone a yes or a no. It's all I ask. George W.



Lindberg is a Republican and constitutionally he is the chief fiscal officer of this State. On October 25, Mr. Lindberg stated with regard to the Governor's tax relief proposal that if it were passed we would be faced with one of three dire consequences, number one new revenue or tax increase, number two a reduction in state appropriations, number three a sharp reduction in a savings cushion of the State which is indispensable for a credit rating and extraordinary emergencies. Now if Mr. Lindberg is correct in his conclusions as to the dire consequences of the Governor's Bill, wouldn't he in his remarks and conclusion be even more applicable to this Bill?"

Hovey: "I am suppose to answer yes or no but because you misquoted Mr. Lindberg I can't. So I would like to read from his release and then answer the question. You quoted him as saying three alternatives, new sources of revenue, spending cut, or the savings cushion built up in the past couple of years will have to be reduced and then you went on to say something about indispensability for the State's credit rating. I have Mr. Lindberg's release and it stops where he says has to be carefully reduced. That is obviously the alternative. What we have had happened in this State is we came into fiscal year 1973 with a positive budgetary balance and increased that amount during the fiscal year. That money could have been spent within the context of a balanced budget in fiscal year 1973. It was not. It can be spent in the context of fiscal year 1974 and the combination of fiscal year 1973 and '74 will, used together, be basically, in balance. There is nothing that is harming to the State's credit possibilities about that. The State has been in a posture like that before and Lindberg didn't say that it would be



irrevocably damaging to anything."

Schlickman: "I concede that my characterization of the savings cushion as being indispensable was an editorial comment on my part. I, therefore, shall rephrase the question. The Comptroller stated that if the Governor's Bill passes, one of three dire, one of three consequences will follow. New revenue will be required, one and two, state appropriations will have to be reduced or three, there will be a sharp reduction in the savings cushion of the State. Now, if Mr. Comptroller, Mr. Lindberg, the State's Comptroller, is correct in his conclusions as to the Governor's proposal wouldn't he even be more correct, relevant to Senate Bill #1?"

Hovey: "The answer to the two questions is a resounding yes on the first and a resounding yes on the second."

Schlickman: "Thank you."

Randolph: "The next witness, Mr. Hoffman. Gene Hoffman."

Hoffman: "Director Hovey, I just have two or three questions. On the 23rd of October, I had some figures from the Bureau of the Budget which indicates that the projected estimated balance July 1, '74 would be 79 million dollars. Is that a correct figure, on other words on the basis of revenues, including budgetary balance minus the 4 billion, 212 million appropriations assuming that no vetoes were overridden by the Legislature."

Hovey: "There are a million and one assumptions on both the spending side and the revenue side but let me accept that figure for now because I think the point you want to make, you probably can make with that number and it's in the right ballpark."

Hoffman: "The estimated gross for fiscal '75 is, in round numbers, 250 million in gross of present revenues with no change in the revenue structure."



Hovey: "That is correct."

Hoffman: "As we look at some analysis in terms of legislation which we passed in the last session, I have figures from the L.S.C.I. which indicates that to fund the state aid formula the resource equalizer formula which we passed during the last session will take 170 million new dollars. Does your office concur in that general area?"

Hovey: "Yes."

Hoffman: "How do you suggest then that with the 170 million commitment that we have made plus other commitments in the area of education which will take us somewhere in the neighborhood of 194 million dollars given the projected revenue gross and revenue balance. How can we fund any new program which reduces the State's revenue and reduces their ability to fund programs which we already have taken positions on."

Hovey: "If you take the broad category of programs on which the General Assembly has taken a position which includes a substantial number of items that were vetoed but also a substantial number of items that were not vetoed and you took what we would call full funding of everything, obviously you would be very pressed for resources in fiscal '75 and a similar phenomenon occurs in fiscal year 1976. It mathematically can be done. At the level of tax reduction recommended by the Governor, we contemplate an ability to carry out what we consider to be probable appropriate levels of State programs. If you counted on a higher level than that, obviously that level is being cut into by any form of tax relief proposal but significantly more affected by the sales tax reduction proposal which costs more."

Hoffman: "Director Hovey, when you use the word appropriate funding level, are you suggesting that an appropriate



funding level would be any less than 100% funding for these programs for which we committed ourselves."

Hovey: "Each individual Representative differs in his views on that to which we are committed. I would say this that if we added up all of the programs that all of you individually think we are committed to, we probably could not fund all of them even if there was no tax relief."

Hoffman: "The phrase 'think we are committed to' leads me to believe and that we are suggesting that the formula to which we made the commitment last session and to which schools are counting on, there is a suggestion that we would fund this at less than the level of the commitment. I am inclined to think that we need to all keep in mind that we do have these commitments and any type of revenue reduction will put us individually as legislators and as a Legislature in an extremely difficult position if we come back in April and are faced with the funding of these programs which reduce resources. Thank you for your direct answers, Director."

Hovey: I say in answer to that both you as Representatives and we as the Administration obviously can satisfy less spending pressures if we have tax relief. That is a bullet that we think we ought to bite."

Randolph: "Representative Peters."

Peters: "Director Hovey, just a few questions. Being very much confused in all the figures that are being used in the various plans here and having some problem sometimes with figures as you might well remember from your appearance in Appropriations Committee, I just want to get one or two things kind of clear in my mind. Now according to the half-cent reduction in the sales tax, that cost to the State treasury would be roughly 173 million dollars. Am I right? Now of



that 173 million dollars, 106 would be applicable to the six county area, northern Illinois, the R.T.A. area."

Hovey: "Yes, that is right."

Peters: "The other 67 million to the downstate areas. Right?"

Hovey: "Yes."

Peters: "Now you are, part of what you said was that you objected to this because you thought that this gave too heavy of a break to industry rather than giving the kind of tax relief to the people that you thought they ought to have and you indicated that some 40 million dollars would go to industry. Am I right?"

Hovey: "Twenty-four percent of 173 is about that, yes, about 40 million."

Peters: "Now I am sure that you wanted to be accurate in your figures and in what you are saying. Now if 106 million dollars is going back to Cook County and if in fact this sales tax relief is part and parcel of an R.T.A. program for the northern six county area then I take it that your figures of 40 million in terms of industry would have to only apply to the downstate area and not to Cook County where it would be re-applied."

Hovey: "A difficulty in being a witness is this, I can treat the portion that would go to R.T.A. as a spending proposal in which case we are not comparing two different forms of tax relief or I can address the Bill which is before you which does not spend the money but rather provides that tax relief. If you pass the Bill before you, yes, there will be business relief in the six county area. If you pass it and an R.T.A., then your point is absolutely correct that there will be no tax relief in the six county area for business or individuals."

Peters: "Fine. Now do you have any idea of the estimate of



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that forty million dollars that would be re-applied in the six Cook County area? "

Hovey: "I would guess that it would tend to be a slightly higher percentage than the percentage in the six county area of the total."

Peters: "Probably 30, 32 million?"

Hovey: "Let's take 30 for argument's sake."

Peters: "Okay, 30. So when you are talking about your objections to this because of its fantastic tax relief to business, you are not really talking about a 40 million dollar tax relief, you are talking here somewhere in the neighborhood of 10 million dollars and not 40 million dollars."

Hovey: "I will agree with that if you will agree by the same token not to talk about the advantages of tax relief to individuals in the six county area."

Peters: "Part of all this that it is mixed together with the R.T.A. and everything else and if we are going to come up with something here, I think we have got to keep all of these things in our mind and what it means one way or another."

Hovey: "Agreed."

Peters: "With the R.T.A. we are not really talking 40 million, we are talking maybe 10 million. Now, if I have got this figure right again, what did you indicate would be the State's surplus?"

Hovey: "There are a variety of concepts for it but the concept that practically everybody uses has the State coming into this fiscal year with 155 million dollars."

Peters: "155 million. Now, one of the programs for a Regional Transit Authority talks about 60 million dollars out of the General Revenue, which as I take it is suppose to come from the lottery. Now in your figure of 155 million surplus did you include a 60 million dollars that is in anticipated from the lottery?"



Hovey: "No, and I am not trying to be tricky in my answer but since the figure of 155 million as of the July 1, 1973 figure, I couldn't because the lottery would come at a later date. Well, see in conceptionally looking ahead, I have not included the proceeds of the lottery which I think is the point you want to make. Nor the expenditures on an R.T.A."

Peters: "But if we are talking about the R.T.A. thing which talks about 60 million dollars from General Revenue we have got to figure that that 60 million has got to come from some place."

Hovey: "That is exactly right. And if you are taking, for example, the point at which the Bureau of the Budget looks at the State's financial situation, what you are in effect talking about doing by new legislation is adding revenues in the form of a lottery and adding expenditures in the form of an R.T.A."

Peters: "All right. Now, assuming that the lottery Bill does not pass, from your point of view as Director of the Budget, which I think you ought to indicate to us, if the lottery Bill does not pass and we have a 155 million dollar and a \$10 tax relief is going to cost something like 110, we are left with 45 million dollars which is nowhere near the 60 that is anticipated to come to the General Revenue, we are going to be short a lot of cash. Right?"

Hovey: "Basically correct. Let me rephrase it slightly differently. If from my perspective we have an uncommitted 110 million dollars in fiscal year 1974 assuming no revenues from the lottery then any combination of tax reduction and increased spending that exceeds 110 creates a financial problem unless it is compensated for by changes in revenue such as the lottery."

Peters: "Right. So if we have no lottery, or if we have



a lottery and it doesn't bring in the 60 million dollars and we are concerned about an R.T.A., if not the implementation of a Regional Transit Authority but even an operating subsidy to the C.T.A., we are not going to have the money for it, if we give the \$10 tax relief."

Hovey: "I am not particularly worried about the lottery in this fiscal year because remember that your primary financial problem is '75, '76, '77."

Peters: "Yes, Director, but again addressing yourself to the Legislature here and in terms of an R.T.A. program or the solution of a transit program in Cook County, we have got to be talking about a program that '74, '75, '76, '77 and on and on and on. We cannot limit ourselves to saying this year and the next year doing something else. That time will pay us for the program."

Hovey: "One has to plan ahead on the expenditure projection. But what I am saying to you is that if in this fiscal year, you enacted a R.T.A. or any other expenditure of 70 million dollars or 80 million dollars and a tax relief program of any number then, higher than 30, you will end up spending more than my current projections show you we are spending."

Peters: "All right, just one or two more here. In response to Representative Cunningham, who asked you about a one-third percent reduction in the sales tax, did I understand you correctly that you indicated that would meet with your approval or that would be possible as far as you are concerned."

Hovey: "No, I think my precise statement was that if you are talking about the State's overall financial posture and I have said that one tax relief proposal costing 110 million dollars can be afforded. If you show me any other tax relief proposals costing 110 or less I would have to say that can be afforded. That



didn't mean that endorsing the equity aspects in that proposal."

Peters: "So then the one-third percent, at least or one-quarter percent, at least in terms of what the State can afford, would meet one of the criteria that you set out."

Hovey: "Yes."

Peters: "So that your objection here is not necessarily the principal, in principal, you are not objecting to relief via the sales tax."

Hovey: "That is not correct. I tried to be very careful to separate two arguments with respect to the Bill that is pending before this body. The first was affordability and the second was tax policy, what is an equitable thing to do. I am saying that no sales tax reduction of a uniform type is an equitable thing to do. You can create one that we can't afford, which the Bill pending before you does or you can create one that we can afford."

Peters: "Two questions and that will be it before Representative Ewell, he is next. Now in terms of the \$10 tax relief the question was asked yesterday what it might cost. In my experience as the Assistant Treasurer in Cook County when we sent out refund checks it costs us somewhere around \$4, \$4½ to send a check back, regardless whether that check was \$.89 or \$3000, whatever it was. Now, maybe in Cook County our prices are alot higher than they are here in Springfield, I don't know. But you suggested that you envisioned the taxpayer just filling out a little slip of paper, along with his tax form saying four dependants, three dependants, they send it off to the Department of Revenue, I take it, and a check gets mailed back. Would it not be just as simple a matter for someone to deduct the \$10 right off what he owes the State?"



Hovey: "The original plan which was before you in the spring had exactly that feature. There is some question as to timing with respect to General Assembly action but what seems logical to me, approximates that by mailing it in the same envelope so there is no special auditing procedures required over and above what we do for income tax any how."

Peters: "Last question. In response to Representative Juckett when you talked about the regressive nature of the sales tax, you made some reference to the income tax situation of the State, the fact that the people who really made more money were not paying in proportions to the blessings of this society as the less fortunate individual. Can I by some stretch of the imagination imply from that, in your personal feeling, not including the Administration at all, but in your personal feeling that it is your belief that the State may be better off with a graduated income tax?"

Hovey: "That is one of the subjects on which I have learned not to have any personal feelings when I am appearing as an Administration spokesman. I can tell you this, the Governor is firmly committed to no new taxes."

Peters: "Thank you."

Randolph: "The next question comes from Representative Ewell."

Ewell: "Mr. Chairman and to the witness, I just want to make a couple of things clear, at least clear in my mind. It appears that some prior questioners talked about the fact that the estimates of the State's income had to be revised upward. In other words, you got more money in than you really anticipated. Is that correct?"

Hovey: "That is correct."

Ewell: "Would it also be correct to say that the State's expenses have been estimated upwards, also?"



Hovey: "The original plan which was ~~the~~ ~~of~~ ~~the~~ ~~spring~~ ~~has~~ ~~probably~~ ~~that~~ ~~figure~~ ~~is~~ ~~the~~ ~~question~~ ~~is~~ ~~in~~ ~~timing~~ ~~with~~ ~~the~~ ~~Assembly~~ ~~but~~ ~~what~~ ~~is~~ ~~the~~ ~~idea~~ ~~is~~ ~~that~~ ~~mailing~~ ~~is~~ ~~in~~ ~~the~~ ~~state~~ ~~of~~ ~~the~~ ~~is~~ ~~no~~ ~~special~~ ~~auditing~~ ~~procedures~~ ~~are~~ ~~and~~ ~~above~~ ~~what~~ ~~we~~ ~~do~~ ~~for~~ ~~income~~ ~~tax~~ ~~is~~ ~~it~~?"

Peters: "In response to the question. Juckett you talked about the ~~the~~ ~~tax~~, you made some reference to the income ~~situation~~ of the State, ~~the~~ ~~fact~~ ~~that~~ ~~the~~ ~~people~~ ~~who~~ ~~really~~ ~~made~~ ~~more~~ ~~money~~ ~~were~~ ~~not~~ ~~getting~~ ~~in~~ ~~proportion~~ ~~to~~ ~~the~~ ~~blessings~~ ~~of~~ ~~this~~ ~~state~~ ~~as~~ ~~the~~ ~~less~~ ~~fortunate~~ ~~individual~~. Can I by ~~any~~ ~~stretch~~ ~~of~~ ~~the~~ ~~imagination~~ ~~imply~~ ~~from~~ ~~that~~, in your personal feeling, ~~including~~ ~~the~~ ~~Administration~~ ~~at~~ ~~all~~, but in your personal feeling that it is your belief that the ~~state~~ ~~may~~ ~~be~~ ~~better~~ ~~off~~ ~~with~~ ~~a~~ ~~reduced~~ ~~income~~ ~~tax~~?"

Hovey: "This is one of the subjects on which I have learned not to ~~have~~ ~~any~~ ~~personal~~ ~~feelings~~ when I am appearing as an ~~Administration~~ ~~spokesman~~. I can tell you this, the ~~Government~~ ~~is~~ ~~firmly~~ ~~committed~~ ~~to~~ ~~no~~ ~~new~~ ~~taxes~~."

Peters: "Thank you."

Randolph: "The next question comes from Representative Ewell."

Ewell: "Chairman and to the witness, I just want to make a ~~number~~ ~~of~~ ~~things~~ ~~clear~~, at least clear in my mind. ~~It~~ ~~appears~~ ~~that~~ ~~some~~ ~~prior~~ ~~questioners~~ ~~talked~~ ~~about~~ ~~the~~ ~~fact~~ ~~that~~ ~~the~~ ~~estimates~~ ~~of~~ ~~the~~ ~~State's~~ ~~income~~ ~~tax~~ ~~is~~ ~~to~~ ~~be~~ ~~revised~~ ~~upward~~. In other words, you ~~are~~ ~~anticipating~~ ~~more~~ ~~than~~ ~~you~~ ~~really~~ ~~anticipated~~. Is ~~that~~ ~~correct~~?"

Hovey: "That is correct."

Ewell: "It also be correct to say that the State's ~~income~~ ~~tax~~ ~~is~~ ~~being~~ ~~estimated~~ ~~upwards~~, also?"



Hovey: "That is correct, particularly with respect to the items that require General Assembly action of the type that pays State employees."

Ewell: "So in other words, it is not just all income, income is up a little but so are expenses. Is that correct?"

Hovey: "That is correct."

Ewell: "Now, I did understand from some of the testimony that one of the reasons that the income is up is because of the continued policies of inflation which are either plaguing or blessing the Country."

Hovey: "I guess it is all a question of where you are and whether you are being footed or wearing the shoe."

Ewell: "What would happen, say, if current policies continue, like on the stock market, and we get a depression. What would happen to estimates of income then?"

Hovey: "This is a point that I would like to make as a caution to everyone. The Gross National Products assumptions, and I realize these are big terms, that are built into our revenue estimates for this fiscal year, assume that the economy will grow by 9.6% in one year. While I am talking about the future affordability of other programs and tax relief, I am using the assumption that the economy will continue to grow and the assumption that prices will rise. If for some reason those two events did not occur, then we have been over-optimistic in our estimates and two very serious things would happen to all of us. The first is that our revenue would fall off substantially below our estimates in those years and the second is that certain of our expenditures, particularly public aid case load would grow very sharply."

Ewell: "So in other words we could be in very perilous times because we are just what we call sort of estimating



on hope more or less. I mean we are dependant upon a growing national product. But if the products should level off or depress, we are in a world of trouble."

Hovey: "That is true of Illinois and true of the federal government and there is no question about it."

Ewell: "One of the things that concerns me, what percentage of the sales tax is collected in Cook County, could you give me...."

Hovey: "We were just using some estimates that would suggest about 65%."

Ewell: "You mean Cook County pays 65%?"

Hovey: "I am sorry I was using the 6 county area."

Ewell: "And all these other areas, only, all the other 100 counties only pay 33, 35%?"

Hovey: "You probably got misled by a witness, which was me. The Cook County amount is obviously smaller than the 6 county amount but it is still a substantial number. There is a caveat on that, remember that as many firms are reporting collections from Cook County that result from sales that took place somewhere else. If the business is located in Cook County, he reports from Cook even though his store may be some place else."

Ewell: "Well, I was just concerned about the people who are paying all these taxes because it seems like some times the people that the least taxes they pay the louder they seem to squeal about all the taxes and it just sort of amazes me some times. And some times when I sit here and listen to the member of the Concrete Club extol about the virtues of the highway, it just amazes me when I get down to statistics and find out how much actual gas tax or what do we call that tax, again? You know the tax they pay, motor fuel tax."

Hovey: "Yeah, that is it."

Ewell: "How much they pay in and I was astounded when I



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I looked at all the miles of highways that some of these counties can get when they only pay a couple of thousand dollars in taxes, you know, it is astounding. Well, I am always glad to be a little more informed about the issues of the day and I will try to give it serious consideration when it comes up for a vote. Thank you, Mr. Chairman."

Randolph: "The next question from Representative Skinner."

Skinner: "I had a question that was totally unrelated to the prior speaker's questions but looking at these statistics I have in front of me I wondered if you could verify that the approximate take from Cook County is about 716 million dollars in sales tax per year. That is what the figures in front of me look like."

Hovey: "I am really unprepared but I didn't anticipate that question and I will have to...."

Skinner: "It shows the State tax take to be one and a half million dollars and I would like to suggest to the previous speaker that one and a half million dollars is a little more than twice as much as that which is collected in Cook County and we haven't even yet factored out the amount of money of people in McHenry County who happen to take the trip down the Chicago Northwestern to go shopping in Marshall Fields downtown. So I don't think we can contribute all the taxes that are collected in Cook County to Cook County taxpayers. I have a question with regard to revenue estimates. If you assume the lottery passes and we get an extra sixty million dollars for that and if we assume that the Governor is not going to allow the so-called Blair Regional Transit program to become law because he is not going to allow tax relief to be regional, that he is going to make it state-wide, don't we have enough money for the Blair sales tax relief?"



Hovey: "The basic answer to that question is yes. Let me rephrase the question to make sure I got it right. The question is if I say a hundred and ten million dollars is available and you give me sixty million dollars in additional revenue and no additional spending, can I afford a million dollar bill and the answer is yes."

Skinner: "The other assumption is correct, also, that is that the Governor is not going to allow a regional tax relief plan from becoming law if he can help it?"

Hovey: "That assumption I don't know about."

Skinner: "Well, that assumption I have heard the Governor say both on radio and in person so I would suggest that it is a fairly solid one because he wouldn't be telling me something he wouldn't tell you."

Hovey: "If that is something that he said, he undoubtedly will do what he says."

Skinner: "In answer to Representative Cunningham's question about administrative feasibility, you said all of the plans are feasible. You did not say all of the plans are economical. What will the administrative costs be per check of the \$10 rebate plan?"

Hovey: "We were trying to calculate this and it depends on how good a job you do of combining the mailing of checks and the minusing and plusing of checks. For example, if you are writing us a check and have a credit coming, if we can get you to offset that, then we will collect 1 check from you but in a reduced amount. Conversely, if we are paying you a refund and we merely enlarge the size of the check the administrative costs are minuscule. If we write a separate check, it is going to cost us per check, obviously, a mailing and stuffing charge but the check processing thing is pretty well computerized and so would the identification of addresses which are on a computer and of the



calculation of amount."

Skinner: "Well, I think I would have to dispute your last comment that you think you have all of the means. At the present time, approximately 60% of the budgeted amount of the circuit breaker funds have been paid out. Now, if you have got to find 40% of the people that, you have got to find their names some place, where are you going to find them and how is it going to cost us in \$10 a name?"

Hovey: "Well, there is a very big difference between the two because in the circuit breaker we are asking people to tell us something that we don't learn from any other source namely how much real property tax they pay. In the income tax plan we are asking them a question which we ask everybody who files an income tax and everybody who gets a public aid check. That question is how many people are in your household. So, we already have that kind of information and we know it is good data because it is, we hope it is good data because it is where we are sending out public aid checks and our income tax refunds."

Skinner: "How many individuals can you account for in the State of Illinois from your welfare and income tax sources?"

Hovey: "We can account for, and these are approximate numbers, something like 4½ million households and remember they are usually more than one person to a household in the income tax. All right, if you use a two person per household figure, you can come very close to the population of Illinois, which I believe suggests that in the income tax count there may be a certain duplicate count by virtue of people in a household filing separate returns or filing more than one return for one reason or another."



Skinner: "And how many individuals do we have on welfare?"

Hovey: "Something like a million, plus."

Skinner: "Well, if you have got two times four millions that takes you to eight million, plus one million welfare, that takes you to nine million. You are missing two million people."

Hovey: "That is correct."

Skinner: "Where are we going to find them?"

Hovey: "Well, I can do that numbering and come out very well you take $4\frac{1}{2}$ million returns times two persons in the average household and get the 9 and add 1 or 10 or 2.3 person household you can get to 11. Basically the only way you can find the category of people who neither pay an income tax nor receive public aid payments at any time during the year which makes that number larger, is you have got to, in effect, go out and tell them about it. Make announcements. You have got to ask taxpayers' groups, welfare rights organizations, people like that to get the word to their people."

Skinner: "I would like to suggest that the ability to do this as evidenced by the circuit breaker results have been dismal. A 60% compliance or 60% participation is absolutely miserable among the senior citizens of the State of Illinois."

Hovey: "The circuit breaker experience today is not as good as we would like but notice the difference between the circuit breaker which is applicable to a relatively small group in our society and a tax relief package that is applicable to everybody. In that case, the circuit breaker, you would not expect the news to spread quite the way it would if everybody were applicable."

Skinner: "I disagree. It is applicable to everyone over 65 who is earning less than \$10,000 a person or at least they have tentative eligibility. At least enough



eligibility to apply. There are not many people over 65 that are earning over \$10,000 a year so you have a universal, almost a universal population all of which should apply and they are not."

Hovey: "If you were to take the odds of a back fence conversation being held with a neighbor being eligible for the circuit breaker the odds are something like 1 in 5, I am sorry, 1 in 10 or 1 in 20. The odds of a back fence discussion being with someone who is eligible for the Governor's plan is 100% because everybody is."

Skinner: "But senior citizens group together in age groups and so the odds are greater than you are willing to admit and I really think you have a severe compliance problem, not compliance, but application problem. You have got people you are not going to be able to find and it is going to cost you one helluva lot more money than a \$.10 or shall we say \$.11 postage stamp plus whatever it costs to write the check. It seems to me that you can be extremely grim and say 4½ million times 2 people per household and that doesn't get you up to 11 million. When you add the extra million in for welfare, you just raise the number of people per household and that is not good enough. I think you have got to be able to prove to the General Assembly that you are going to find everybody in this State for your plan to work. And so far you haven't done that."

Hovey: "Let me try to prove it to the General Assembly. Do you imagine if there were a tax relief program recommended by the Governor and adopted by the General Assembly that a large number of people wouldn't really have a strong incentive to publicize that?"

Skinner: "Well, I can't imagine any state representative or any state senator not having a very strong incentive



to publicize the circuit breaker thing and yet there are not that many of the General Assembly that have done it. I can only use this, I was talking about a total, almost a total population being eligible, over 65, or at least as I said, possibly eligible and it hasn't worked."

Randolph: "We must proceed. Just a little quieter, please. We are almost through. Hopefully, Representative Shea will close the questioning period."

Shea: Well, Director, some time ago one of the questions was that you found 60 million dollars, you upgraded your revenue estimate by 60 million dollars and somebody tried to show that this was a substantial amount compared to the overall budget and then I think Representative Ewell brought out the fact that certain economic changes could make a substantial difference in those figures. Now have you, since you have been at the Bureau of the Budget, had an opportunity to look over the revenue projections of the prior director, Director McCarter? It appears that he was that director."

Hovey: "I had an opportunity to review the forward projections that the previous director had provided. I did not look, for example, at his estimates of the yield of income tax in comparison to actuals."

Shea: "Well, the reason I say that is I can remember being on the what is now the Economic and Fiscal Commission, then the Budgetary Bureau, when we were in what was called, mildly termed, a recession, where every month and some time at McCarter's request every two weeks we would have a meeting to change the revenue estimate upward due to the recession for two factors. One that the sales tax and income tax revenues drop off disproportionately to the rate of inflation and that the number of people going on welfare or receiving



some sort of public aid grows disproportionately to that loss where you have a twofold, where you have a tremendous pressure on spending and a helluva decrease in income in a very short period of time. Is that correct?"

Hovey: "That is absolutely right."

Shea: "Thank you."

Randolph: "Representative Dunn for the last question."

Dunn: "Not really a question, Mr. Chairman, I just want to say without discussing the merits of different forms of tax relief, in some spirit of bi-partisan, I want to thank Director Hovey for what, in my opinion, was intelligent and objective answers to questions. I enjoyed it very much."

Hovey: "Thank you."

Randolph: "The Chair now recognizes Majority Leader, Representative Walsh."

Walsh: "Mr. Speaker, I move that the joint session now rise."

Randolph: "Move that the joint session do now rise. All in favor say aye, the joint session now rises."

Walsh: "Now, Mr. Speaker."

Blair: "Representative Walsh."

Walsh: "I move that the second special session adjourn until 9:30 a.m. tomorrow."

Blair: "Is there any discussion? The Gentleman has moved the second special session do stand adjourned until the hour of 9:30 a.m. tomorrow morning. All in favor signify by saying aye the opposed no, second special session stands adjourned. As a reminder, Ladies and Gentlemen, the first session tomorrow morning is a regular session at 9:00."



Telscer: "The third special session will now come to order. Will the members please be in their seats. The Gentleman from Cook, Representative William Walsh, asks for leave to have the attendance roll call from this morning's regular session be used as the attendance roll call for the third special session. Are there any objections? Hearing none, the third special session roll call will be that of the regular session this morning. Messages from the Senate."

Selcke: "Message from the Senate by Mr. Fernandes, Secretary, Mr. Speaker, I am directed to inform the House of Representatives the Senate has concurred with the House on the following Joint Resolutions, House Joint Resolution #2 concurred in by the Senate, October 31, 1973, Edward E. Fernandes, Secretary. Message from the Senate by Mr. Fernandes, Secretary. Mr. Speaker, I am directed to inform the House of Representatives the Senate has passed Bills with the following title the passage of which I am instructed to ask the concurrence of the House, Senate Bills 4, 5, 6, 16, 20 passed by the Senate at a third special session October 30, 1973 by a 3/5 vote, Edward E. Fernandes, Secretary. No further messages."

Telscer: "Introduction and First Reading."

Selcke: "House Bill 33. My God are we that far? Giorgi, et al, amends Senior Citizens Disabled Personal Property Tax Relief, First Reading of the Bill. House Bill 34, Giorgi, et al, amends Senior Citizens Disabled Personal Property Tax Relief Act, First Reading of the Bill. House Bill 35, Giorgi, et al, amends the Revenue Act of 1939, First Reading of the Bill. House Bill 36, Beaupre, et al, amends State Finance Act, First Reading of the Bill. House Bill 37, R. Holloway, et al, as the Illinois Motor Vehicle Code, First Reading of the Bill."

Telscer: "Representative Walsh, for what purpose do you rise, sir?"



Walsh: "With respect to House Bill 38, Representative Tuerk was going to make a motion that that Bill be read a first time and put on the order of Second Reading without reference to a committee. However, he was going to do that after Representative Katz made his motion with respect to some Bills that he has either introduced or will introduce. Maybe you could hold reading that until we can get together, reading House Bill 38 until we can get together with Representative Katz."

Telscer: "All right, Bill, the clerk informs me we can just come back to that matter or hold it, whatever you wish. Okay, Fred?"

Selcke: "House Bill 38, Tuerk, et al, amends School Code, First Reading of the Bill. House Bill 39, Katz, et al, creates a Regional Transportation Authority Act, First Reading of the Bill. House Bill 40, Katz, et al, provides for the use of \$15 for each registration fee a vehicle transports. First Reading of the Bill."

Telscer: "Is Representative Katz on the floor? I am waiting for Representative Katz. Has anybody seen, Jerry, have you seen Representative Harold Katz anywhere. Gentleman from Cook, Representative Shea."

Shea: "No, but he said that you had agreed to move his Bill to Second Reference without committee or something."

Telscer: "On what?"

Shea: "Oh, actually I understand that he put the Bills in today. I don't know anymore than that. Representative Walsh informs me that he wanted those Bills heard in the Committee of the Whole hearing R.T.A. tomorrow. Is that right, Mr. Walsh? And it would seem to me that the Speaker had made the statement that the Bills that were added today would be heard in that Committee of the Whole. Now is there that kind of a commitment from the Chair, do you know?"

Telscer: "Yes, there is, Representative Shea. However, ought



we not suspend the rule with 107 votes?"

Shea: "All right, I move then to suspend the rules on behalf of Representative Katz and ask that the roll call for attendance be the roll call to suspend the rule. Or if you want, call the roll."

Telscer: "Roll call. Representative Walsh, do you wish to comment on the Gentleman's motion? No. Okay, the Gentleman has moved that the provisions of Rule 18 be suspended for the purpose of hearing Representative Katz' Bills in committee tomorrow. The Gentleman from Cook, Representative Jim Houlihan."

Houlihan: "Mr. Speaker, I have a question for Representative Walsh. Does this mean, I had a Bill for the R.T.A., which is called 'charta' which was introduced last session. I was considering introducing it. Does that mean that I could introduce it and get it suspended, also, if I do it today?"

Walsh: "Since it is you, Jim, no."

Houlihan: "I just wanted to have it established for the record the fairness of the House of Representatives."

Telscer: "Okay, is there any discussion? All in favor of the Gentleman's motion will signify by voting aye, the opposed by voting no. It will take 107 votes. The clerk will take the roll call."

Telscer: "Are these objections to the attendance roll call? I don't know if they were. The Gentleman from Cook, Representative Shea, for what purpose do you rise?"

Shea: The reason I suggested using that was that I understand this is an agreed motion. If it is going to be a contested motion, I would ask then to hold it until Representative Katz is here and let him make it. And he is here, now, so....."

Telscer: "Well, let's see, now. Is there leave to use the attendance roll call as the roll call for the aye votes to suspend the provisions of Rule 18 for Representative



Katz' Bills. Hearing no objections, that will be the roll call. Representative Juckett is objecting.

Representative Juckett, for what purpose do you rise?"

Juckett: "Well, Mr. Speaker, I think we ought to have some explanation of what the Bill is and there are a lot of Bills on this subject that have been introduced and they are not getting the advantage of being advanced to Second Reading without reference to...."

Telscer: "The Gentleman's motion, Bob, is to suspend the provision of the posting notice so it can be heard in committee."

Juckett: "Oh, if that is how it is, I would remove my objections."

Telscer: "The Gentleman removes his objections and the attendance roll call will be used as the affirmative. Representative William Walsh, for what purpose do you rise, sir?"

Walsh: "I hate to be a killjoy but I do think that we ought to have a roll call other than the attendance roll call on this matter. And this roll call can be the roll call for subsequent Bills but I don't think we should use the attendance roll call."

Telscer: "Alright, fine. Representative Berman for what purpose do you rise?"

Berman: "Well, Mr. Speaker, I believe some time in the minutes of this third special session we have had a unanimous roll call other than a roll call. I mean a unanimous...."

Telscer: "Not today."

Berman: "Not today but previously and I would ask for leave to use the last unanimous roll call other than the attendance roll call for purposes of this vote."

Telscer: "There is some objections on our side, the Republican side, to that. Okay, objection have been heard. Will the clerk please call the roll and we will

get it over with 1, 2, 3. Where is Harold? Representative Katz. Representative Shea, for what purpose do you rise?"

Shea: "Now that Representative Katz is on the floor, might I, with leave of the House, withdraw my motion and let Representative Katz make it and perhaps he can explain what he wants to do better than I could have."

Telscer: "Representative Katz, does this pertain to Bills 39 and 40?"

Katz: "39 and 40, yes. The purpose of the motion is not to bypass committee but to simply have them heard in the Committee of the Whole along with the other Bills that are considering the same subject. It would be a shame to not have the Committee of the Whole hear the Bills. I am not trying to bring them to the floor without committee hearing. I just want to have them heard by the Committee."

Telscer: "Okay, objections are raised to Representative Berman's suggestion so all in favor to the Gentleman's motion signify by voting aye, the opposed no. The clerk will take an oral roll call."

Selcke: "Alsop, Anderson, Arnell,"

Telscer: "Representative Dunn, for what purpose do you rise, sir?"

Dunn: "Clarification on what we are voting on right now."

Telscer: "Gentleman has moved to suspend the provisions of Rule 18 for the purposes of having Representative Katz' two Bills, House Bill 39 and 40 in the third special session be heard in the Committee of the Whole tomorrow. And to suspend the provisions of the posting notice for one week of the six and a half day posting notice. Simply to let Representative Katz' Bills be heard with the rest."

Dunn: "Does this require 107 votes right now?"

Telscer: "107 votes."



Selcke: "Arnell, Barnes, Barry, Beatty, Beaupre, Berman, Bluthardt, Borchers, Boyle, Bradley, Brandt, Brinkmeier, Brummet, Caldwell, Calvo, Campbell, Capparelli, Capuzi, Carter, Catania, Chapman, Choate, Claybaugh, Collins, Craig, Cunningham, D'Arco, Davis, Day, Deavers, Dee, Deuster, DiPrima, Douglas, Duff, Ralph Dunn, R.L. Dunn, Dyer, Ebbesen, Epton, Ewell, Farley, Fary, Fennessey, Fleck, Flinn, Friedland, Garmisa, Geo-Karis, Getty, Gibbs, Giglio, Giorgi, Griesheimer, Grotberg, Hanahan....

Could I have your attention, please? Would you kindly refrain from answering unless it is your own name. It is real hard to hear up here and when I get three or four yeses, why, you know, some of these yeses are absent on the attendance roll call, it screws it up a little bit. Griesheimer, Grotberg, Hanahan, Harpstrite, Hart, Hill, Hirschfeld, Gene Hoffman, Ron Hoffman, Jimmy Holloway, R. Holloway, D. Houlihan, J. Houlihan,.....

J. Houlihan, do you want to vote? Hudson, Hunsicker, Huskey, Hyde, Jacobs, Jaffe, Emil Jones, Dave Jones, Juckett, Katz, Keller, Kelly, Kempiners, Kennedy, Kent, Klosak, Kosinski, Kozubowski, Krause, Kriegsman, Kucharski, LaFleur, Lauer, Laurino, Lechowicz, Leinenweber, Lemke, Leon, Londrigan, Lundy, Macdonald, Madigan, Mahar, Mann, Maragos, Martin, Matijevich, McAuliffe, McAvoy, McClain, McCormick, McCourt, McGaw, McGrew, McLendon, McMaster, McPartlin, Merlo, Kenny Miller, Tom Miller, Molloy, Mugalian, Murphy, Nardulli, Neff, North, Palmer, Pappas, Patrick, Peters, Philip, Pierce, Polk, Porter, Randolph, Rayson, Redmond, Rigney, Rose, Ryan, Sangmeister, Schisler, Schlickman, Schneider, Schoeberlein, Schraeder, Sevcik, Sharp, Shea, Shurtz, Timothy Simms, Ike Sims, Skinner, Soderstrom, Springer, Stedelin, Stiehl, Stone, Taylor, Telscer, Thompson, Tipsword, Totten, Tuerk, VonBoeckman, Waddell, Wall,



R. Walsh, W. Walsh, Walters, Washburn, Washington, Williams, J.J. Wolf, B.B. Wolfe, Yourell, Mr. Speaker."

Telscer: "You got the Speaker as aye? Record Representative Porter aye. This question, there are 121 ayes, no nays, none answering present. The provision of Rule 18 are suspended for the purpose of hearing House Bills, special session, 3, 39, and 40 in the Committee of the Whole tomorrow. Gentleman from Peoria, Representative Tuerk with respect to a motion in regards to Bill 38. Okay, Bill 38, Gentleman from Peoria, Representative Tuerk."

Tuerk: "Mr. Speaker and Members of the House, let me just take a moment to explain to you what House Bill 38 is in the third special session. Then I think it will clarify a lot of thoughts on the matter. Earlier this year, I introduced and passed and was signed by the Governor, a Bill to allow school districts to levy the 5¢ tax for purposes of environmental, meeting environmental standards. It is the same 5¢ levy that school districts have an option levying for safety, fire safety. Now, what happened was House Bill 1406 was drafted based on '71 statutes rather than '72 statutes, which then eliminated part of the Amendments that we made to the statutes in 1972 and the possibility that this would invalidate all of the Amendments made in the '72 session. It was, therefore, felt necessary to introduce this special Bill in order to correct it and re-enact the language. With that explanation, Mr. Speaker and Members of the House, I would move now to suspend the appropriate rule to advance this Bill to Second Reading without reference to committee."

Telscer: "Is there any discussion?"

Tuerk: "Could I have leave of the House to use the last roll call on this matter?"

Telscer: "Okay, are there any objections to the Gentleman's motion to suspend the provisions? Okay, hearing no



objections, the Gentleman has asked leave to use the last unanimous roll call. Are there any objections? Hearing none, on this question, there are 121 ayes, no nays, and none answering present and House Bill 38 will be put on the order of Second Reading without reference. Okay, now the Gentleman from Cook, Representative William Walsh now moves that the third special session do stand adjourned until the hour of 10:00 a.m. tomorrow morning. All in favor of the Gentleman's motion signify by saying aye, the opposed no and the third special session stands adjourned. Okay, the second special session will now come to order. Will the members please be in their seats. The Gentleman from Cook, Representative William Walsh asks leave that the attendance roll call from the regular session be used as the attendance roll call for the second special session. Are there any objections? Hearing none the attendance roll call will be that of the regular session early this morning. Now the Gentleman from Cook....Messages from the Senate."

Selcke: "Messages from the Senate by Mr. Fernandes, Secretary, Mr. Speaker, I am directed to inform the House of Representatives the Senate has concurred with the House on the adoption of the following Joint Resolutions, House Joint Resolution 2, concurred in by the Senate. October 31, 1973, Edward E. Fernandes, Secretary."

Telser: "Gentleman from Cook, Representative....Introduction and First Reading."

Selcke: "House Bill 2, Juckett amends the Revenue Act of 1939, First Reading of the Bill."

Telser: "Gentleman from Cook, Representative William Walsh now moves that the second special session resolve itself into a Committee of the Whole. All in favor of the Gentleman's motion signify by saying aye, the opposed no and the second special session is now sitting as a



HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH GENERAL ASSEMBLY

SECOND SPECIAL SESSION - SEVENTH DAY

NOVEMBER 6, 1973

1:44 O'CLOCK P.M.

REPRESENTATIVE ARTHUR A. TELCSER, SPEAKER

IN THE CHAIR



GENERAL ASSEMBLY
STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES

HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH GENERAL ASSEMBLY

FOURTH SPECIAL SESSION - SECOND DAY

NOVEMBER 6, 1973

1:46 O'CLOCK P.M.

REPRESENTATIVE ARTHUR A. TELCSER, SPEAKER

IN THE CHAIR



GENERAL ASSEMBLY
STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES

Page	Time	Speaker	Information
1		Speaker Telcser	House to order
		Dr. Johnson	Prayer
		Clerk Selcke	Roll call for attendance
2		Speaker Telcser	Resolution
		Clerk Selcke	Named agreed resolutions
		Speaker Telcser	
		Walsh, W.	Explains
3		Speaker Telcser	Resolution adopted
		Bradley	Discussion
		Speaker Telcser	
		Merlo	Question
		Speaker Telcser	
4		Kennedy	Discussion
		Speaker Telcser	
		Walsh, W.	Move to adjourn regular session
		Speaker Telcser	Adjourned. First Special Session
		Walsh, W.	Move to use same roll call
		Speaker Telcser	
		Walsh, W.	House become Committee of the whole
5		Arnell	2nd motion
		Bluthardt	Appointed Chairman
		Houlihan	HB's 14 thru 21 arrive
6		Houlihan	Question
		Bluthardt	Reply
		Houlihan	Discussion
		Bluthardt	Discussion
7		Hyde	HB 17 explain bill

Bluthardt

GENERAL ASSEMBLY

STATE OF ILLINOIS

HOUSE OF REPRESENTATIVES



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u>
		Hudson	Question of sponsor
8-9		Hyde	Replies
		Bluthardt	
		Porter	Explain HB 19
10		Bluthardt	Questions
11-12		Lundy	Explain HB 14
13		Bluthardt	
		Cunningham	Question
		Lundy	Response
14		Cunningham	Discussion
15		Lundy	Discussion
		Bluthardt	
		Hudson	Question
16		Lundy	Response
17		Hudson	Discussion
		Lundy	Discussion
18		Mahar	Discussion
19		Lundy	
		Bluthardt	Requests order
		Juckett	Discussion
20-21		Lundy	
		Bluthardt	
22-23		Neal, Paul	HB 14, discussion
24		Bluthardt	Request order
		Neal, Paul	
		Bluthardt	



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u>
		Schlickman	Question
25		Neal, Paul	
		Hudson	
26		Neal, Paul	
		Bluthardt	
27-28		Lundy	HB 15
29		Bluthardt	
		Lundy	HB 16
		Bluthardt	HB 21
30		Kempiners	HB 21 explanation
		Bluthardt	
		Hood, William	
		Bluthardt	
31-32-33		Hyde	HB 20
34-35-36		Bluthardt	
37		Mahar	Discussion
38		Hyde	
		Houlihan, J.	Discussion
39-40		Hyde	
41		Duff	Discussion
42-43		Hyde	
44		Dunn, R.	Discussion
45-46		Hyde	
		Bluthardt	
47-48		Ewell	HB 18
		Bluthardt	



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u> 4.
49		Peters	Discussion
50-51		Ewell	
52-53		Bluthardt	
		Collins	Question
54		Ewell	Reply
		Grotberg	Point of order
		Bluthardt	
55		Waddell	Question
		Ewell	
		Waddell	
56		Ewell	
		Bluthardt	
		Walsh, W.	Move to rise
		McMaster	Seconds
57		Speaker Telcser	Convenes 1st Special Session
		Walsh, W.	Moves for 1st Special Session adjourns
		Speaker Telcser	Convenes 3rd Sp. Session Recess 3rd Sp. Session Convenes 3rd Sp. Session
		Walsh, W.	Use previous roll call
		Clerk Selcke	Messages from Senate
		Speaker Telcser	
		Clerk Selcke	Introductions & 1st readings
58		Walsh, W.	HB 38
59		Shea	Question
		Houlihan, J.	Question
		Walsh	
		Houlihan, J.	



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u> 5.
		Shea	
60		Speaker Telcser	
		Juckett	Question
		Walsh, W.	
		Berman	Request previous roll call
61		Speaker Telcser	
		Shea	Withdraws motion
		Katz	HB 30. 40
62-63		Clerk Selcke	Roll call
		Speaker Telcser	
		Tuerk	HB 38 explanation
64		Speaker Telcser	
		Walsh, W.	Moves to adjourn 3rd Sp. Session
		Speaker Telcser	Adjourn. Convenes 2nd Sp. Session
		Clerk Selcke	Messages from Senate
		Clerk Selcke	HB 2, 1st reading
		Walsh	Moves to resolve 2nd Sp. Session into Committee of the whole
		Walsh	2nd in recess
		Speaker Telcser	Convenes 4th Sp. Session
		Walsh	Moves to adjourn 4th Sp.
		Speaker Telcser	Adjourns
		Speaker Telcser	Re-convenes 2nd Sp. Session
65		Walsh	Resolve 2nd in Committee of the whole
		Randolph	In chair
66		Randolph	Calls HB #1
67-68		Schlickman	



6.

<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u>
		Berman	Question
69-70		Schlickman	
71-72-73		Maragos	Question
74		Schlickman	
		Cunningham	Question
		Schlickman	
75		Randolph	
76-77		Blair	Explains SB 1
78-79-80-81		Maragos	Discussion
82-83-84-85		Blair	
		Randolph	
86-87-88-89		Alsup	Discussion
		Blair	
		Randolph	
90		Deuster	Discussion
91-92		Blair	
		Randolph	
93		Matijevich	Discussion
94-95		Blair	
		Randolph	
96		Choate	Discussion
		Blair	
		Bluthardt	
97		Hovey, Harold	
98		Randolph	
		Blair	



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u>
99-100-101 102		Hovey, Harold Randolph	
103		Cunningham	Discussion
104-105		Hovey, Harold Randolph Washington	
106		Juckett Randolph	
107		Barnes Hovey, Harold Randolph	Discussion
108		Juckett	Discussion
109-110-111		Hovey, Harold Randolph	
112		Berman	Discussion
113		Hovey, Harold Randolph Juckett Randolph Berman Randolph	Point of order
114		Schlickman	Discussion
115		Hovey, Harold Randolph	
116-117		Hoffman, G. Hovey, Harold	Discussion



<u>Page</u>	<u>Time</u>	<u>Speaker</u>	<u>Information</u>
		Randolph	
118-119		Peters	Discussion
120-121-122		Hovey, Harold	
		Randolph	
124-125		Ewell	Discussion
126		Hovey, Harold	
		Bluthardt	
127		Skinner	Discussion
128-129-130		Hovey, Harold	
		Bluthardt	
131-132		Shea	Discussion
		Hovey, Harold	
		Bluchardt	
		Dunn, R.	
		Hovey, Harold	
		Bluthardt	
		Walsh, W.	Joint session rises
		Blair	Adjourn 2nd Special Session



100TH LEGISLATIVE DAY
November 6, 1973

- 10:01 A.M. - Regular Session - Speaker Blair
- 10:12 A.M. - 1ST SPECIAL SESSION - 10TH DAY
Telcser
Committee of the Whole
Bluthardt
- 12:12 P.M. - Adjourned
- 1:20 P.M. - 3RD SPECIAL SESSION - 7TH DAY
Telcser
- 1:44 P.M. - 2ND SPECIAL SESSION - 7TH DAY
Telcser
- 1:46 P.M. - Recessed
- 1:46 P.M. - 4TH SPECIAL SESSION - 2ND DAY
Telcser
- 1:47 P.M. - 2ND SPECIAL SESSION
Telcser
Committee of the Whole
Paul Randolph
- 4:06 P.M. - Adjourned

HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH GENERAL ASSEMBLY

ONE HUNDRETH LEGISLATIVE DAY

NOVEMBER 6, 1973

10:01 O'CLOCK A.M.

THE HONORABLE W. ROBERT BLAIR, SPEAKER

IN THE CHAIR



GENERAL ASSEMBLY

STATE OF ILLINOIS

HOUSE OF REPRESENTATIVES

A Roll Call for Attendance was taken and indicated that all were present with the exception of the following:



HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH GENERAL ASSEMBLY

FIRST SPECIAL SESSION - TENTH DAY

NOVEMBER 6, 1973

10:12 O'CLOCK A.M.

REPRESENTATIVE ARTHUR A. TELCSER, SPEAKER

IN THE CHAIR



GENERAL ASSEMBLY
STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES

HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH GENERAL ASSEMBLY

THIRD SPECIAL SESSION - SEVENTH DAY

NOVEMBER 6, 1973

1:20 O'CLOCK P.M.

REPRESENTATIVE ARTHUR A. TELCSER, SPEAKER

IN THE CHAIR



GENERAL ASSEMBLY
STATE OF ILLINOIS
HOUSE OF REPRESENTATIVES