

State of Illinois
OFFICE OF THE GOVERNOR
Springfield, Illinois 62706

George H. Ryan
GOVERNOR

July 12, 2001

To the Honorable Members of
The Illinois Senate
92nd General Assembly

Pursuant to Article IV, Section 9(b) of the Illinois Constitution of 1970, I hereby veto Senate Bill 603 entitled "AN ACT in relation to economic assistance."

Senate Bill 603 purports to create the new State Economic Assistance Accountability Act. Senate Bill 603 defines state economic assistance to include tax exemptions under the EDGE Tax Credit Act, the Illinois Enterprise Zone Act, the High Impact Business Program and also includes grants or loans given to businesses under the Large Business Development Act, but does not include assistance given for the purpose of job training, road construction, local government assistance, or federal funding.

Senate Bill 603 purports to provide all state economic assistance provided by DCCA must be based on the terms of a written incentive agreement between DCCA and the business organization, which specifies jobs to be created or retained within a certain amount of time.

This legislation proposes that if a business receives state economic development assistance and the business later fails to create or retain the agreed-to requisite number of jobs within the specified period of time, the business organization shall be required to refund to the State the amount of tax credit, tax exemption, or grant received. However, it also allows the Director of DCCA to waive enforcement of the proposed Accountability Act if the waiver will promote the viability of the project, will contribute to an increase in employment associated with the project, or will contribute to the retention of jobs in Illinois associated with the project.

As Governor, I have made a priority of promoting economic development throughout the State of Illinois. A hallmark of these efforts is the creation of the EDGE tax credit, which has led to the creation and retention of more than 12,600 jobs and has generated a total of \$115 million in new state and local taxes. The mission of the State's economic development efforts often requires the State to provide assistance where conventional resources are not available or are fully extended. If enacted, SB 603 would require businesses to guarantee their economic performance and not reasonably consider the uncertain economic conditions that businesses face every day.

Perhaps most importantly, the provisions of Senate Bill 603 are unnecessary as the Department of Commerce and Community Affairs already requires the reimbursement of all state assistance if the company fails to meet specified job creation and/or retention goals. DCCA requires that all businesses receiving state incentives sign a written grant agreement that contains penalties if employers should fail to create or retain the requisite numbers of jobs or investments.

For these reasons, the proposed legislation is unnecessary and I hereby veto and return Senate Bill 603.

Sincerely,
George H. Ryan
GOVERNOR