

The Democrat controlled General Assembly and Governor Pritzker enacted Illinois' most sweeping and consequential legislative agenda in a generation, often with Republican help.

But for retirees, the message is what the General Assembly did not do. In his budget address in February, Governor Pritzker suggested he would not fully fund the required actuarially calculated pension contribution. In April, the Department of Revenue reported an unexpected increase of income tax collections. The Governor then announced he would apply those unexpected funds to fully funding the pensions.

The General Assembly did not attempt to tax retirement income. While several committee hearings were held about pensions and proposals for additional reforms, no legislation was considered. Several discussions about the weaknesses of the Tier II pension plan were considered but, again, no legislation was considered.

The Accelerated Pension Benefit Payment for SERS, TRS and SURS (COLA Buyout) continues. This applies to Tier 1 members with a retirement effective date of December 1, 2018 through June 1, 2021. This is an optional opportunity for a lump-sum payment and is only available to Tier 1 members who are retiring for the first time.

While pensions and retirement did not receive the attention of the General Assembly, it was an extraordinary year in many other ways.

A bipartisan balanced budget was passed with no new taxes. The budget was aided by an unexpected increase in revenue reported in April 2019 with an expectation of increased income tax collections of \$725 million in Fiscal Year 2020.

Voters in the November 2020 general election will have an opportunity to consider a constitutional amendment that will move Illinois from its current constitutionally mandated flat tax to a graduated income tax system. Additionally, the legislature approved tax rates which would go into effect should the constitutional amendment pass.

The General Assembly passed a \$45 billion capital plan to build bridges, roads and public buildings. On the roads, bridges and transportation side, the capital plan will be financed by user fees. The gasoline tax will double to 38 cents per gallon and could increase annually (although likely to be less than a penny per year increase) as the gasoline tax is now tied to the Consumer Price Index. Additionally, there will be a \$50 increase to the \$101 annual license plate fee. Electric vehicles will be charged \$248 per year (instead of the current \$35 for two years), and truckers will pay more for truck and trailer registration and for diesel fuel.

The bulk of the money for new buildings and renovations comes from sports-betting and casino expansion. Those revenues will come from an increase in video gaming terminals, sports wagering, new casinos, increased gaming positions in current casinos and gaming positions at the horse racetracks in Illinois. The state hasn't had a major capital plan since 2009 when former Gov. Pat Quinn signed the \$31 billion Illinois Jobs Now! Act. A large portion of those appropriations remain unfunded 10 years later.

With the governor's signature, Illinois will become the 11th state to legalize cannabis. The industry is meant to be taxed and regulated similar to alcohol with a lot of rules affecting its use. The bill will take effect January 1, 2020. Municipalities and counties may ban cannabis businesses within their boundaries but may not ban individual possession. Any person, business or landlord may prohibit cannabis use on private property. Consumption is prohibited in any public place like on the street or in a park, on school grounds (except for medical users) in any motor vehicle, near someone under 21, while driving a boat or flying a plane or by a school bus driver, police, fire or corrections officer while on duty. The use of cannabis is permissible at home, so long as outsiders can't see it. Colleges and universities may continue to prohibit marijuana use. The Medical Cannabis act continues in operation and has been expanded by adding a dozen new conditions to the list of qualifying conditions.