

Item 8C:
Village President Underwood
Prevailing Wage Requirements - *Legislative Update*

Vote NO on HB 924 (Hoffman/Raoul)

New Burdensome Requirements for Prevailing Wage Act

HB 924 requires contractors and subcontractors to comply with Responsible Bidder requirements to qualify for public works projects at the local level. This means they will have to “participate” in a US DOL approved apprenticeship program in order to bid on public works as defined under the Illinois Prevailing Wage Act.

Responsible Bidder Requirements Will Prevent Small Contractors to Bid and Work on Local Government and Private Development Projects: Current law regarding the responsible bidder requirements only apply to contracts covered by the state procurement code (IDOT & CDB projects). Small contractors have been experiencing serious problems with the requirement of “participation” in a USDOL approved apprentice and training programs. Many are unable to comply with this requirement.

If this bill was enacted, this requirement would be extended to all public works projects including local government projects and private development that receive state or local assistance. It is not feasible or financially viable for small contractors to have a USDOL approved apprentice and training program. The result is that small contractors will be shut out of bidding local construction work and local workers working for those contractors will be out of work.

Unintended consequences of this measure is the likely compliance difficulty for small contractors who more and more are inclined to NOT to bid on public works projects because of the complication of compliance with the Prevailing Wage Act and the burdensome reporting requirements. Fewer bidders lessen competition and increase the cost of projects for taxpayers. It also makes it more difficult for local government units to procure local contractors and use local labor. The bill adds additional issues for local government units to have to administer and monitor.

OPPONENTS

Associated Builders & Contractors

McLean County

Chicagoland Chamber of Commerce

Metro Counties Assn.

City of Chicago

Midwest Truckers Association

DuPage Mayors and Managers Conference

National Federation of Independent Business

IL Assn. of County Board Members & Commissioners

Northwest Municipal Conference

Illinois Assn. of County Engineers

South Suburban Mayors & Managers Association

Illinois Black Chamber of Commerce

Township Officials of Illinois

Illinois Chamber of Commerce

West Central Municipal Conference

Illinois Electronic Security Assn.

Women Construction Owners & Executives

Illinois Landscape Contractors Assn.

Illinois Movers & Warehousemen’s Assn.

Illinois Municipal League

IL Section, American Water Works Assn.

Illinois State Council-SHRM

Illinois Statewide School Management Alliance

Lake County Municipal League

David Lothspeich

From: IML Legislation [IMLLegislation@iml.org]
Sent: Thursday, November 07, 2013 2:02 PM
Subject: Illinois Municipal League Statehouse Briefing - November 7, 2013

IML Statehouse Briefing



On the ground news and insider information!

November 7, 2013

The General Assembly wrapped-up the Veto Session today. Both chambers are adjourned subject to the call of the chair. The most notable bill approved over the past three days was the "Religious Freedom and Marriage Fairness Act." Otherwise known as the "same-sex marriage" bill, [SB 10](#) was amended and approved by both chambers and is expected to be signed into law by the Governor. Several other issues were also the focus of attention by the General Assembly during the final week of Veto Session.

Chicago Park District Pension Reform Legislation Approved

Pension reform legislation was approved by both chambers, but it's not exactly the legislation that reform advocates were hoping to see during the Veto Session.

The General Assembly did not take-up pension reform legislation for the state-funded pension systems prior to concluding business during the six-day Veto Session. However, both the House and Senate did manage to advance several reforms intended to shore up the pension fund administered on behalf of employees with the Chicago Park District. SB 1523 (Speaker Madigan, D-Chicago/Senate President Cullerton, D-Chicago) was approved on Wednesday, November 6 by a vote of [87-26](#) in the House and [46-4-4](#) on Thursday, November 7 in the Senate.

The funding ratio of the Chicago Park District Pension Fund has plummeted to 43.4% while the Fund accrued an unfunded liability of \$971 million. These trends pose a threat to the long-term financial solvency of the Fund.

[SB 1523](#) includes several provisions intended to place the Chicago Park District Fund on sound financial footing. They are as follows:

- increased retirement age from 50 to 58 years for those younger than 45;
- Tier 2 employees normal retirement age reduced from 67 to 65 and early retirement age reduced from 62-60;
- reduced retiree cost-of-living adjustments to one-half of CPI;
- COLA freeze for the years 2015, 2017, and 2018;
- Disability benefit reduction from 75% to 72% of salary;
- increased employee contributions of 3%;
- requirement that a funding source be identified before benefits can be increased; and
- increased employer contributions from \$7 million per year to \$10 million per year by 2019.

These reforms are intended to eventually achieve a 90% funded level.

These provisions are similar to pension reforms previously approved for the Metropolitan Water Reclamation District. The reforms are supported by Chicago Mayor Rahm Emanuel. Mayor Emanuel issued the following statement after the bill was approved by the House:

"This is an honest solution to address a problem that has been decades in the making. It reflects a balanced approach of reform and revenue, giving employees, retirees and taxpayers the security and certainty they deserve but that has long been missing."

According to House Speaker Madigan, the bill has also met with approval from trade unions. Non-trade unions remain ardent opponents of the bill. Proponents expect that the legislation could possibly receive a court challenge based upon the "diminishment" clause of the Illinois Constitution.

Earlier in the week, Speaker Madigan indicated that the General Assembly could return to consider a pension bill for the state-funded systems before the end of the year.

Senate Committee Approves 'Responsible Bidder' Legislation

[HB 924](#) (Senator Harmon, D-Oak Park) was approved on a [10-5](#) vote by the Senate Labor and Commerce Committee this morning.

There was significant opposition to the bill, particularly from the Black Chamber of Commerce based on the organization's contention that the bill treats minorities unfairly. We are encouraged that the sponsor of the bill, Senator Don Harmon (D-Oak Park), has committed to amending the bill and returning it to the Labor and Commerce Committee for further consideration. The additional costs that would be incurred by local government and their taxpayers must be addressed before IML opposition can be removed.

HB 924 would insert the "responsible bidder" provision from the Illinois Procurement Code into the Illinois Prevailing Wage Act. Businesses seeking to bid on public works projects would be required to have an affiliation with a United States Department of Labor apprenticeship program in order to be eligible to work on a project. The consequence would be fewer eligible bidders, less competition, and higher costs for public works projects. The IML opposes this legislation.

It should be noted that opposition from minority groups with concerns about existing barriers that unfairly preclude them from entering the trades is the primary obstacle that is keeping the bill from moving further at this point. Many legislators appear far less persuaded by the cost increase arguments being made by local government and business groups.

Corporate Tax Breaks Advance

Three bills that would create tax incentives to retain or lure business to Illinois were advanced through various stages of the legislative process this week.

[HB 3271](#) (Sen. Tom Cullerton, D-Villa Park) was amended to provide \$53 million in tax credits over 15 years to Office Depot, Inc. and unanimously approved by the Senate Executive Committee on November 6. The incentive is being sought to allow Illinois to compete for the corporate headquarters of the recently completed merger between Florida-based Office Depot and the Naperville-based Office Max. The income tax incentive is reportedly conditional upon the retention of 2,050 jobs and the addition of 200 new jobs in Illinois. Further work on the bill is expected to occur in January.

[HB 2536](#) (Sen. Manar, D-Staunton) would provide tax incentives worth \$1.5 million per year over 15-20 years to Archer Daniels Midland. The incentive is conditional upon the creation of 100 new jobs in Decatur to make-up for the 100 jobs that would move to Chicago. In addition, ADM would reportedly be required to hire 100 employees per year over five years. The bill as amended was unanimously approved by the Senate Executive Committee on November 6. Additional work on the bill is expected to occur in January.

[SB 1448](#) (Rep. Zalewski, D-Riverside) would provide an Edge Tax Credit worth \$5 million over 10 years to Univar. The incentive is reportedly conditional upon the retention of 100 full-time jobs and the creation of an additional 69 jobs. The bill as amended was approved in the House by a vote of 86-28. Senator Dillard will sponsor the bill in the Senate. Further work on the bill is expected to occur in

January.

Supplemental Appropriation Bill Approved

Both chambers approved a supplemental appropriation bill allowing for an additional \$40.2 million in state spending. This amount includes \$33.9 million for funding the concealed carry law. HB 209 (Speaker Madigan, D-Chicago/Sen. Kotowski, D-Park Ridge) was approved in the House by a vote of 96-17-2 and in the Senate by a vote of 54-1-2.

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David Lothspeich

From: IML Legislation [IMLLegislation@iml.org]
Sent: Friday, October 25, 2013 9:45 AM
Subject: Illinois Municipal League Statehouse Briefing - October 25, 2013

IML Statehouse Briefing



On the ground news and insider information!

October 25, 2013

Legislative activity was light during the first week of the Veto Session. Both the House and Senate cancelled session for Thursday, October 24. The General Assembly will return to Springfield from November 5-7.

Pension Reform Deadlocked

Progress toward pension reform was absent during the first week of the Veto Session. The bi-partisan committee tasked with finding a way forward is reportedly deadlocked in their consideration of a framework for reform. Six signatures are required to advance a proposal for consideration by the full General Assembly. Reports indicate that the Committee is split 5-5. We will provide an update if the deadlock breaks.

Despite legislative inaction on pension reform in Springfield, comments made by Senate President John Cullerton (D-Chicago) brought media attention to bear on the issue. The Senate President stated in a Sunday interview that Illinois' unfunded pension liability should not really be characterized as a crisis at the state level. That prompted Governor Quinn to offer his own pronouncement about the severity of a \$100 billion unfunded pension liability that is reportedly growing at the rate of \$5 million per day. Governor Quinn characterized the need to address Illinois' public pension debt as an "extreme emergency."

Talk abounds while the debt compounds.

No Movement on Regional Fire Protection Agency or Responsible Bidder Legislation

Two IML-opposed bills did not receive Senate hearings during the first week of the Veto Session. The first bill, [Senate Amendment 3](#) to SB 1681 (Sen. Link, D-Waukegan), would create another unit of local government known as a "Regional Fire Protection Agency" and establish a cumbersome alternative for fire service consolidations by introducing a petition and referendum requirement, management and labor joint committees, special mediators, and inflexible service standards into the consolidation process. SB 1681 establishes bad precedent for consolidations and service sharing, could actually hinder consolidations, and interjects potential labor and management acrimony into the consolidation and service sharing process. More information about this IML-opposed bill is [available here](#).

A second bill, [HB 924](#) (Sen. Harmon, D-Oak Park) would insert the "responsible bidder" provision from the Illinois Procurement Code into the Illinois Prevailing Wage Act. Businesses seeking to bid on public works projects would be required to have an affiliation with a United States Department of Labor apprenticeship program in order to be eligible to work on a project. The consequence would be fewer eligible bidders, less competition, and higher costs for public works projects. The IML opposes

this legislation. It should be noted that Senator Harmon recently assumed sponsorship of the bill from Senator Raoul (D-Chicago). More information about HB 924 is [available here](#).

House and Senate Approve Regional Office of Education Consolidation Trailer Bill

Both the House and Senate unanimously approved additional legislation to help facilitate a reduction in the number of Regional Offices of Education (ROE) from 45 offices to 35 offices. The General Assembly had previously approved legislation to reduce the number of ROEs. [SB 1689](#) (Sen. Haine, D-Alton and Rep. Mautino, D-Spring Valley) is intended to address problems that have prevented the consolidation from occurring within the parameters established by the General Assembly. The bill will next be sent to the Governor. As our members may recall, a portion of Corporate Personal Property Replacement Taxes has been diverted away from municipalities and other local governments to fund ROEs. ROEs had previously been a financial responsibility of the state. The decision to consolidate ROEs was made to enhance efficiency and reduce the costs associated with the offices.

Lawmakers Consider Testimony on Tax Credits and Gaming Expansion

The House Revenue and Finance Committee heard "subject matter only" testimony on corporate tax credit amendments on Tuesday, October 22.

The House Executive Committee heard "subject matter only" testimony on gaming legislation on Wednesday, October 23.

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