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Veto Session Report

Prepared exclusively for the members of

Automotive Parts and Service Association of Illinois

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The 99th General Assembly returned to Springfield last week for the final week of the 2016 Veto Session. While the legislative leaders and the Governor met to discuss a budget and reforms, no actions were taken to pass a budget or enact meaningful reforms for business and taxpayers. The 6 month stop gap spending plan expires on December 31st. The 99th General Assembly is scheduled to return on January 9th and 10th for a lame duck session. The new 100th General Assembly will be sworn in on January 11th. Governor Rauner is pushing to continue meeting with the four legislative leaders during December to have a budget agreement and adoption of his economic turnaround agenda. **Below is a summary of the recently concluded Veto Session.**

Vehicle Code—Salvage Title

SB 2808 (Sen. Muñoz (D)/Rep. Turner (D)) passed both houses during Veto Session to amend the Illinois Vehicle Code to reduce the percentage of damage to a vehicle that would be considered salvage. Currently a vehicle is considered “salvage” when the cost of repairing the vehicle (including labor) is greater than 50% of its fair market value without damage. SB 2808 changes the percentage to 70% so that the cost of repairs and labor would need to be greater than 70% of the vehicle’s fair market value without damage for the vehicle to be considered “salvage”. It now goes to the Governor for his consideration.

More Games with Workers’ Compensation Reform

On Monday, November 28th, the House Labor and Commerce Committee met for a subject matter hearing on House Bill 4248, which was introduced in July 2015 by House GOP Leader Jim Durkin as a starting point for discussion and negotiations on workers’ compensation reform. The Committee hearing was scheduled at the exact same time as a legislative leaders meeting, and Leader Durkin was unable to present his bill or attend the subject matter hearing. House Democrats voiced their difference of opinions with the bill while Republicans argued HB 4248 was never meant to be their final offer for WC reform. Currently there is a major gap in philosophy between the two parties. Governor Rauner is still pushing workers’ compensation reform as a top priority.

Exelon Rate Hike –Gambling with Competitive Electricity Markets

The largest bill and heated subject at the Statehouse this past week was Senate Bill 2814 (Sen. Rose (R)/Rep. Rita (D)), also referred to as the “Exelon Bill” or “Future Energy Jobs Bill”. On the last day of the veto session, the bill had 10 amendments proposed with 7 complicated ones being filed in the 24 hours before the vote. The bill narrowly passed both chambers and only after the effective date was changed thus changing the vote requirement to a simple majority for passage during Veto Session ([House 63-38-0/Senate 32-18-0](#)). The legislation has a significant cost impact on the business community. Most discussion focused on the bill’s intention to keep two nuclear facilities from closing and saving those impacted jobs, but it also increases revenues for energy efficiency programs and changes the Renewable Portfolio Standard. Supporters of the bill propagated an imminent electrical rate increase for all ratepayers with the closure of two nuclear plants even though the numbers don’t definitively tell that tale. The bill is a gamble because legislators are betting that the increased rates they voted for will be less than what rates would be if nothing had been enacted. Exelon compromised by adding caps for ratepayers of 1.3% per year for the next 10 years. Consumers of 10 MW or more and residential customers will have their bills automatically adjusted. Commercial and industrial ratepayers must follow review of mitigation plans filed by their utility at the Illinois Commerce Commission. The Exelon compromise set the rate base calculation on a higher base than current energy markets inflating the caps. In the upcoming weeks, we will continue to look into the consequences of this legislation. The Governor signed the legislation on December 7th (PA99-906).

Effort to Extend Effective Date on New Paid Sick Leave Law

During the Veto Session, Rep. Peter Breen (R) proposed an amendment to the recently passed law, P.A. 99-841, which created the Employee Sick Leave Act to extend personal sick leave benefits to employees to care for sick family members. Senate Bill 2799 would have extended the effective date from January 1, 2017 to July 1, 2017. The reason for extending the effective date was to allow time for more clarification on certain provisions of the new law. AARP, the main proponents of the law, have agreed to meet with the Illinois Department of Labor and business groups to clarify these provisions through further amendments or the rulemaking process. APSA of Illinois lobbyist Jay Shattuck will be involved in these discussions.