Spooky Season Under the Dome: Veto Session Wrap-Up

Hello and Happy Friday!
The second week of veto session was anything but quiet. Lawmakers worked late into the night (and into the early morning hours this morning), hearings were delayed or rearranged at the last minute, and new amendments and ideas surfaced with little warning. Much of the debate throughout this week centered on a transit proposal that included controversial revenue concepts, as well as an evolving energy package, an immigration enforcement bill, and divisive property insurance reforms. Fortunately, education remained largely out of the fray this week, allowing the focus to remain on one significant topic: Tier 2 pensions.

Tier 2 Pension Reform
On Wednesday morning, the House Executive Committee convened a hearing to discuss **SB 1937**, which aims to address the deficiencies with the Tier 2 benefit structure. The hearing lasted over an hour and could have continued longer if not for other pressing issues on the committee's agenda. Bill sponsor Leader Jay Hoffman indicated that while he hoped the measure could advance from committee, he did not plan to call it for a vote on the House floor at this time. The bill ultimately passed out of committee along party lines.

The hearing marked the twentieth time in the past three years that the House has publicly examined the Tier 2 issue, a stark contrast to the process fifteen years ago when the original Tier 2 law was filed and passed within about twelve hours. That point was raised multiple times throughout the hearing as legislators reflected on the need for a more deliberate approach this time around.

Outside the committee room, the We Are One coalition held a day of action at the Capitol, with members calling for lawmakers to pass what they described as a fair pension for Tier 2 employees. The increased advocacy from the group resulted in more than 9,000 proponent witness slips being filed for the measure. An AFL-CIO representative spoke on behalf of the coalition during the hearing, and he described the current benefit structure as illegal and immoral, arguing that it has created significant recruitment and retention challenges for public employers. He also pointed to analyses showing that Tier 2 members contribute nine percent of their salaries toward a retirement benefit valued closer to seven percent.

The bill contains language that would adjust the earnings cap upward to meet the Social Security Wage Base, provides for a 3% simple COLA in retirement, allows system members to retire at age 62 with maximum service (or age 65 with 20 years), and uses the highest six years of creditable earnings over the last ten years of service for annuity calculation.

Proponents shared that conversations with the Governor's Office have centered on three guiding expectations: that any solution cannot increase the state's overall pension debt, cannot destabilize the state budget, and cannot be credit negative. They believe the current proposal meets all three conditions, in part by reallocating a portion of the state funds currently dedicated to pension bond payments that are set to be retired in 2030 and 2034.

Opponents expressed concern that the proposal would not meet those parameters, and warned that it could worsen the state's unfunded liability and place additional financial pressure on local municipalities. Both sides referenced findings from a recent bill **analysis** by the Commission on Government Forecasting and Accountability (COGFA), which further explored the fiscal implications of the proposal.

Rep. Stephanie Kifowit, a chief co-sponsor of the measure, reminded the committee that Illinois' pension challenges are not the fault of employees. "Employees have always paid their share," she said. "The state of Illinois has not." The sponsors indicated they plan to continue negotiations and are willing to refine a few elements of the proposal, but do hope to pass a fair bill in the Spring session.

Property Tax Relief

Both chambers wrapped up action on a property tax relief measure in the early hours of Friday morning. Throughout the spring session, lawmakers from both sides of the aisle filed hundreds of bills aimed at easing the property tax burden for Illinois residents, creating significant pressure for the General Assembly to take action before adjournment.

The result was **SB 642**, which passed unanimously and makes several targeted changes designed to provide relief for low-income seniors and those struggling with early tax delinquencies. The bill raises the income limits for eligibility under the Low-Income Senior Citizens Assessment Freeze, expanding access to more older adults beginning with upcoming tax years. The income limits are raised from $65,000 to $75,000 in 2026, $77,000 in 2027, and $79,000 in 2028. The change is effective for Tax Year 2026 (payable in 2027). It also cuts in half the interest rate charged on late property tax payments in Cook County, lowering it from 1.5 percent to 0.75 percent per month starting in 2025. Additionally, counties that hold tax certificates will now have the ability to establish payment plans for taxpayers during the redemption period, with the option to waive interest if payments are made as agreed.

That's a Wrap!

Although there had been talk of a possible special session haunting the calendar before year's end if a transit package could not get across the finish line, lawmakers worked well into the early morning hours to complete the deal. For now, there do not appear to be any unfinished matters lurking in the shadows that would summon legislators back to Springfield before session resumes in January. As always, we will keep our eyes open for any surprises that might rise from the legislative graveyard and will let you know if anything unexpected creeps back onto the agenda.

Sincerely,

Emily Warnecke
Chief of Staff