

# **Gov. Pritzker Signs Historic Budget Delivering \$1.8 Billion in Tax Relief for Families**

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CHICAGO – Building on three years of fiscally responsible leadership, Governor JB Pritzker signed the fiscal year 2023 budget into law, delivering his fourth balanced budget while providing \$1.8 billion in tax relief to the working families of Illinois.



The fiscal year 2023 budget provides historic funding for education, human services, law enforcement and violence prevention. It prioritizes fiscal responsibility, funding pensions at \$500 million more than required, repaying the state's remaining outstanding debts, and putting \$1 billion in the Budget Stabilization Fund, also known as the "rainy day" fund, for unforeseen emergencies.

"The budget I'm signing into law today brings real improvements to the lives of working families and sets us up for a stronger fiscal future," said Governor JB Pritzker. "Investments in stronger schools, modernized airports and newly paved highways, hundreds of thousands of well-paying infrastructure jobs, and a better funded pension system... these are the kind of priorities we can invest in when our state is governed responsibly."

"This budget reflects our administration's continued support for pathways of learning because we know access to education can change the trajectory of a student's life, families' lives, and their communities," said Lt. Governor Juliana Stratton. "We are building on our historic investments in education by increasing funding and support that will uplift young people from their earliest moments in school. From our nation-leading early childhood education efforts to funding MAP grants for nearly 25,000 additional students, we're aiming high and setting our sights on equitable, affordable education for all."

"This budget continues us down the path of financial surety, invests in critical resources like public safety and human services, and helps ease the burden of inflation for families with \$1.8 billion in tax relief," said House Speaker Emanuel "Chris" Welch (D-Westchester). "This is what financial responsibility looks like, and fiscal watchdogs agree. I'm proud of the work that went into this budget and grateful to see Governor Pritzker sign it into law today."

"We are continuing our practice of responsible budgeting while helping those who need help the most," said Illinois Senate President Don Harmon (D-Oak Park). "Families are struggling, and I hope this budget provides them a bit of relief."

"This two-year pandemic, plus the recent inflation, have combined to cause extreme financial pain for Illinois families," said Leader Greg Harris, (D-Chicago). "Our budget helps ease inflationary pain by cutting taxes on everyday needs like gas, groceries and school supplies; while also providing property tax relief, tax rebates and an expansion of the Earned Income Tax Credit. This new budget demonstrates our commitment to stepping up for the everyday people of this state."

"For far too long, many Illinois communities have been left behind when it comes to health care, and our Medicaid providers have been stretched thin," said Leader Robyn

Gabel (D-Evanston). "Healthcare is a human right, and this budget invests in the Healthcare Workforce Initiative so we make the system more inclusive and responsive to the medical needs of all Illinoisans."

"When we support and uplift our immigrant communities, the entire state benefits. By including ITIN filers in the permanent expansion of the Earned Income Tax Credit and extending Medicaid benefits to undocumented individuals, Illinois is treating this population with the dignity and respect they deserve," said Leader Elizabeth Hernandez (D-Cicero). "This budget is a moral document that exemplifies Illinois' commitment to equity and relief for all residents."

"This is one of the best budgets that we have seen in years," said Sen. Elgie R. Sims (D-Chicago). "As the Senate Appropriations Committee chairman, I set a mandate for our budget to solve the pressing economic problems facing low- and middle-income families. Because of our responsible fiscal approach, our state has generated the largest surplus in more than two decades and builds on the financial stability that we have seen over the past few years. In this budget plan, we were able to invest directly into families across Illinois by providing taxpayers major tax cuts and direct payments. Our plan sets us up for short- and long-term success and I remain committed to economically advancing the state of Illinois."

"With inflation creating more economic challenges for hardworking families nationwide, Illinois has delivered a responsible budget plan to offer relief, make smart investments and provide economic stability," said Sen. Bill Cunningham (D-Chicago). "By putting money back in residents' pockets, our state is making an effort to support families with inflation-related burdens, create opportunity and set money aside for a rainy day."

"This new law puts money back in the pockets of homeowners and families in the South Suburbs," said Sen. Michael E. Hastings (D-Frankfort). "We are slowly recovering from the most severe public health crisis that our state, country and the world has seen in the last century. It is crucial that we prioritize families by providing them with much needed and deserved relief to ensure Illinois' economy keeps growing."

"Investing in education is investing in a brighter future for our state," said Rep. Will Davis (D-Homewood). This budget continues our investment in evidence-based K-12 education, and includes millions of dollars for early childhood, special, and higher education so that all young people in Illinois have the tools necessary to reach their full potential."

"Given the pandemic and the impact of inflation, we know families are in desperate need of relief," said Rep. Mike Zalewski (D-Riverside). "After months of negotiations,

today the governor is signing a budget that supports people and families that need help the most, and provides tax incentives to support Illinois businesses. This budget reaffirms our commitment to recovery for families and businesses across Illinois.”

## **FISCAL YEAR 2023 BUDGET HIGHLIGHTS**

### **OVERVIEW**

The State of Illinois' fiscal year 2023 budget plan for both operations and capital are contained in HB 900 (Appropriations), along with HB 4700 (the Budget Implementation bill), and SB 157 (the revenue omnibus bill). The fiscal year 2023 General Funds budget plan reflects projected revenues of \$46.429 billion and expenditures of \$45.986 billion, resulting in a \$444 million surplus.

The fiscal year 2023 budget also directs federal dollars received from the American Recovery Plan Act (ARPA) to aid businesses, healthcare providers and families, and invest in Illinois' communities.

Highlights from the budget package include:

### **Help for Illinois Families**

#### **\$1.83 BILLION IN TAX RELIEF FOR FAMILIES**

- Suspends the tax on groceries for one year – saving consumers \$400 million
- Freezes the motor fuel tax for six months – saving consumers \$70 million
- Provides \$520 million for a one-time property tax rebate – 5% of property taxes paid, up to \$300 per household
- Permanently expands the earned income tax credit from 18 to 20 percent of the federal credit while expanding the number of households covered – putting \$100 million per year back into the pockets of working families who need it most
- Provides \$685 million for direct rebate checks to working families
  - \$50 per individual
  - \$100 per dependent, up to three children per family
- Income limits: \$200,000 for individuals and \$400,000 for joint filers

- Provides families with a “Back to School” sales tax holiday on clothing and school supplies for a week in August and doubles tax credit for teachers who buy classroom supplies – saving \$50 million

## **Responsible Fiscal Management**

Fiscally responsible choices over the last three years have resulted in historic progress toward financial stability in Illinois. The package of budget bills the Governor signs today:

- Builds on the \$4.1 billion payment of outstanding debts included in the recently passed P.A. 102-696 that will save taxpayers millions of dollars in interest payments.
- This included using ARPA funds for a \$2.7 billion repayment of federal advances to the Unemployment Insurance Trust Fund, reducing the potential tax burden on business and potential benefit reductions to labor.

Contributes \$1 billion to the Budget Stabilization Fund (BSF) across FY2022 and FY2023 - the first deposits in 18 years. Also creates ongoing, permanent funding for BSF for the first time.

Eliminates the payment delays in the employee and retiree health insurance program through \$898 million in FY2022 supplemental appropriations.

Adds an additional \$500 million directly to the Pension Stabilization Fund, reducing long-term liabilities by an estimated \$1.8 billion (\$300 million in FY2022 supplemental, \$200 million in FY 2023)

Keeps pace with payment of the state's bills, with estimated bill payment delays at the lowest levels since before the Great Recession

## **Public Safety & Violence Prevention**

The fiscal year 2023 budget demonstrates the State’s commitment to funding public safety and violence prevention initiatives with funding for:

- Approximately \$1 billion for violence prevention, youth employment, and diversion program appropriations, to deliver a multi-year investment in these programs that far exceeds previous levels. Includes appropriations for Reimagine Public Safety and R3 grants
- 300 new State Police troopers, the single largest dollar investment in state history to expand cadet classes
- \$50 million increase directly from cannabis revenues to support communities harmed by violence, excessive incarceration, and economic disinvestment

- \$240 million for the Reimagine Public Safety Act (\$235 million ARPA, \$5 million GRF)
- \$30 million to support the Violent Crime Witness Protection Program
- \$20 million for grants to non-profits for security investments to prepare for hate crimes
- \$30 million for Local Law Enforcement Body Camera grants
- \$20 million for less lethal device grants and associated training expenses
- \$10 million for the Co-Responder pilot program
- \$10 million for a local law enforcement retention grant program
- \$8 million for a multi-year equipment replacement program at the Illinois State Police that includes radios, body and car cameras and cloud storage
- \$5.4 million for increased staffing and equipment at new forensic lab in Decatur, after expanding state forensic capacity in Chicago and Joliet
- \$20 million for cameras and automatic license plate readers on state routes

### **Investments in Education**

The fiscal year 2023 budget is designed to foster the success of young people throughout the state through investments in preK-12 and higher education budgets.

Fiscal year 2023 funding reflects:

- \$350.2 million increase for Evidence-Based Funding (EBF) for K-12 schools, to a total of \$7.9 billion in EBF appropriations
- \$96 million increase for transportation and special education district reimbursements
- \$54.4 million increase for Early Childhood Education to \$598 million
- \$300 million to Strengthen and Grow Childcare Grants to stabilize childcare providers
- \$601.5 million in support of need based Monetary Award Program (MAP) funding, a one year \$122 million increase, plus an expansion of the maximum award to 50% of tuition at public universities and coverage for an additional 24,000 students
- A 5 percent operating budget increase to Public Universities and Community Colleges in fiscal year 2022 through supplemental appropriations and a continuation of the 5 percent increase in fiscal year 2023
- \$230 million to retire the unfunded liability for College Illinois! in P.A. 102-696, saving taxpayers \$75 million in unnecessary costs over the remaining life of the prepaid tuition program
- An increase in funding for minority teacher scholarships

### **Strengthening Healthcare, Mental Health and Social Service Funding**

The fiscal year 2023 budget reflects the State's commitment to supporting vital healthcare providers through the lingering challenges of the COVID-19 Pandemic, strengthens mental health services and the social service safety net.

## **Healthcare**

- Provides \$240 million in hospital tax relief through additional support to the Hospital Provider Fund
- Includes hundreds of millions in grant funding for safety net hospitals and other hospitals in Illinois from General Revenue Fund (GRF) and federal COVID-19 assistance dollars
- Fully funds nursing home rate reform and a redesigned provider assessment to maximize federal dollars, encourage staffing and improve quality, with more than \$700 million, all funds
- Waives licensing fees for nearly 470,000 frontline healthcare workers
- Sets aside \$180 million to preserve and expand the healthcare workforce, through Medicaid providers, focusing on underserved and rural areas
- Creates the \$25 million Pipeline for the Advancement of the Healthcare (PATH) Workforce grant program through the Illinois Community College Board, to train and provide support to students entering high demand healthcare professions
- Includes a \$7.8 million increase in state support to Nurse Scholarships and Grants in our Higher Education institutions

## **Mental Health and Substance Use**

- Increases funding by approximately \$230 million to mental health care and community-based substance use disorder treatment providers through rate enhancements
- Provides funding to fully implement the Pathways to Success Program for children with serious mental illnesses, with approximately \$150 million, all funds
- Creates the appropriation framework for the first year of funding from the National Multi-State Opioid Settlement agreement for prevention, treatment, and recovery services
- Allocates \$70 million to implement the 9-8-8 Call Center and Crisis Response for individuals experiencing a mental health crisis
- Increases funding for Substance Use, Prevention and Recovery
- \$8 million – Naloxone for distribution to first responders
- \$2 million– Mobile Treatment Units
- \$3 million – Illinois State Police Diversion Pilot - pilot project in three areas of the state to provide mental health, substance use or other services to crime victims.

Focuses on building up the Behavioral Health Workforce with the following investments

- \$6 million for the Workforce Center to strengthen Illinois' mental health workforce for the future
- \$8 million for Certified Recovery Support Specialist funding
- \$5 million Student Loan Repayment for mental health providers

### **Funding the Social Safety Net**

- Includes \$94.8 million for the second-year implementation of recommendations from an outside study of state programs supporting the Intellectual/Developmental Disability community which recommended organizational changes and funding increases.
- Provides \$14 million for January 1<sup>st</sup> rate increase for Department on Aging's Community Care Program and funds continued higher levels of home-delivered meals for seniors.
- Sets aside \$250 million to hire additional Department of Children and Family Services (DCFS) staff, increase rates for DCFS' private partners and create new residential capacity.
- Provides an additional \$90 million to the state's Low-Income Household Energy Assistance Program (LIHEAP), expanding per-household aid to help low-income households pay utility bills and avoid disconnection.

### **Support for Businesses and Communities and the Environment**

The fiscal year 2023 budget uses a variety of tools to support communities and businesses of all sizes, as well as funds initiatives to protect the environment and grow the economy.

### **Economic and Community Development**

- One-year waiver of retail liquor license fees to aid restaurants, bars, and liquor license holders
- \$38 million to Employer Training and Investment Program to assist with workforce and employee training efforts
- \$5 million to develop minority entrepreneurship programs and support small, minority-owned businesses
- \$35 million in new capital appropriations to Rebuild Main Streets and Downtown Commercial Corridors to promote new investment and bring jobs to communities
- \$25million in additional funding to communities through the Local Government Distributive Fund with a permanent increase in the state's revenue sharing formula



- \$20 million in grant funding for business attraction and retention
- \$7 million for marketing to increase the number of people entering high-demand manufacturing occupations, with \$2 million focused on electric vehicles and electric vehicle components
- \$20 million in new funding for State match for federal grants
- \$55 million in new capital funding to promote and enhance economic development throughout the state, including funds to support zero emission vehicle manufacturing, clean energy, supply chain manufacturing, and other environmental purposes
- Creates the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act, providing tax incentives to attract major manufacturers of semiconductors, microchips, and component parts
- Expands eligibility for the Reimagining Electric Vehicles in Illinois (REV Illinois) credit to battery recyclers, hydrogen and solar powered vehicles, and makers of their component parts.
- Modifies EDGE incentives to include startups, and extends the credit through 2027
- Supports Illinois' thriving film industry by expanding eligibility for the film tax credit and by the creation of the Illinois Production Workforce Development Fund – which will expand training opportunities for women and people of color.

## **Environmental Initiatives**

- Funds \$18.5 million in electric vehicle consumer rebates at the Illinois Environmental Protection Agency (IEPA)
- Continues funding for enforcement of the Clean Air Act and the Energy Transition Act at IEPA, including a \$1 million increase for expenses of air permitting and inspection activities
- Includes \$30 million for the Department of Central Management Services (CMS) to jump-start conversion of the state government vehicle fleet to zero emission vehicles and to deploy electrical charging infrastructure throughout Illinois
- Reappropriates \$70 million from Rebuild Illinois at IEPA for transportation electrification and charging infrastructure statewide
- Continues funding for unsewered communities planning and construction grants for communities around the state
- Includes \$56 million for new Open Space Lands Acquisition and Development grants at Department of Natural Resources (IDNR), providing the largest and most accessible opportunity in the state's history for distressed communities
- Provides \$39 million for new pay-as-you-go funding for improvements and construction projects at IDNR parks and historic sites, including Frank Holten State Park, Matthiessen State Park Annex project and Rend Lake.

## **Capital Funding**

The fiscal year 2023 capital budget, included in HB 900, represents a continuation of the historic **Rebuild Illinois** program and other ongoing capital initiatives. Continued use of federal funds will expedite delivery of critical initiatives. Illinois anticipates receiving billions of dollars from the federal **Infrastructure Investment and Jobs Act** (IIJA) to invest in transportation, water, broadband, clean energy and more.

- Provides continued utilization of \$1 billion in ARPA funds to cash-fund critical water and sewer infrastructure projects and for statewide broadband, including Connect Illinois
- Fully funds the fiscal year 2023 Road Program at an estimated \$3.76 billion
- Provides IIJA resources to Illinois Department of Transportation (IDOT) to prepare for the \$15.8 billion in combined federal formula funding addressing all modes of transportation across the state.
- Includes \$100 million to DCEO for community-driven broadband expansion to help close the digital divide.
- Supports the first year of IIJA lead service line replacement loans at \$113.1 million, as well as \$2 million in new IEPA funding to provide lead service line inventory and planning grants to communities around the state.
- Provides \$9.1 million to IEPA for the first year of IIJA funds to promote energy efficiency, conservation, and state energy programs.
- Allows IDOT to capture nearly \$150 million in formula funds through IIJA's National Electric Vehicle Infrastructure Formula Program to support the expansion of an EV charging network in the state.
- Supports Illinois competing for a share of \$2.5 billion in nationwide competitive grant program funding intended for to procure and install electric vehicle chargers, with the goal of building a national network of electric vehicle chargers and to support community charging infrastructure.
- Includes \$30.2 million to address cybersecurity risks and threats.

### **American Rescue Plan Act (ARPA)**

Appropriates the remaining \$4 billion in federal American Rescue Plan Act funding, including the \$2.7 billion deposited into the Unemployment Insurance Trust Fund (P.A. 102-696) and another \$1.37 billion to a number of agencies in COVID-19 related response, including:

- \$320 million in state COVID-19 response operational appropriations for Illinois Emergency Management Agency (\$200 million), Department of Corrections (\$50 million), Department of Human Services (\$50 million) and Department of Public Health (\$20 million)
- \$380 million in pandemic support healthcare provider payments including

- \$225 million for Nursing Homes
- \$67 million for Hospitals
- \$30 million for Ambulances
- \$58.7 million to support safety-net hospitals through DPH

\$235 million (plus \$5 million GRF) to support violence prevention grants through Reimagine Public Safety Act

\$150 million for affordable housing programs through the Illinois Housing Development Authority

\$83.4 million for violence prevention and interruption grants at Criminal Justice Information Authority (CJIA)

Support for industries impacted by the COVID-19 Pandemic through DCEO:

- \$75 million for a hotel jobs recovery program
- \$50 million for restaurant employment and stabilization grant program
- \$50 million for arts-related grants such as live venue operators, performing or presenting arts organizations, arts education organizations, and museums or cultural heritage
- \$15 million for tourism attraction development grants