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Illinois Governor Eyes \$41.5 Billion Plan to Rebuild State's Infrastructure.

CHICAGO — Illinois would spend \$41.5 billion over six years to rebuild roads, bridges, schools and other facilities that have fallen into “dire shape,” under a preliminary plan floated by Governor J.B. Pritzker on Friday.

The Democratic governor’s plan, which was distributed to lawmakers and seen by Reuters, would be funded in part with \$17.8 billion of bonds even as Illinois pays the biggest yield penalty among states to sell debt.

A huge \$133.5 billion unfunded pension liability and chronic structural budget deficits have helped push Illinois’ credit ratings down to a notch or two above the junk level.

Other funding sources in the draft plan include about \$7 billion in cash and \$10 billion in federal money.

Illinois would raise about \$1.78 billion annually for the plan by increasing state taxes on motor fuel, nonresidential real estate transfers and liquor, and hiking vehicle registration fees. The plan also calls for taxing ride shares, garage parking, and cable, satellite, and streaming services for the first time by the state.

Jordan Abudayyeh, Pritzker’s spokeswoman, said the administration is working on a preliminary draft of a comprehensive capital plan that included input from Democratic and Republican lawmakers and that would “finally fix our crumbling infrastructure.”

“The administration looks forward to continuing to engaging in productive conversations before the proposal is finalized,” she said in a statement.

State Senator Martin Sandoval, the Senate Democrats’ point person on infrastructure, said Pritzker’s plan has been eagerly awaited.

Steve Brown, a spokesman for Democratic House Speaker Michael Madigan, said the plan is “a good step forward.”

Meanwhile, the Democrat-controlled legislature, which is in the final two weeks of its spring session, has a full plate of issues, including a spending plan for the fiscal year that begins on July 1.

Pritzker’s \$39 billion proposed fiscal 2020 budget includes about \$370 million in new money if lawmakers legalize recreational marijuana and sports betting.

The governor also wants lawmakers to place a constitutional amendment on the November 2020 ballot to replace Illinois’ flat income tax with graduated rates – a key component of his long-term fix for the state’s sagging finances.

On Friday, Illinois' 10-year bond yield was 3.22 percent, well above California's 1.74 percent yield and New York State's 1.69 percent yield, according to Municipal Market Data.

By Reuters

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(Reporting by Karen Pierog in Chicago; Editing by Matthew Lewis)

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