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Illinois Legislators Pass \$46.5 Billion Budget With Tax Relief.

- **State fiscal 2023 budget includes fuel, grocery tax relief**
- **Budget adds to rainy-day fund, pays more toward pensions costs**

Illinois lawmakers passed a \$46.5 billion budget for the year that starts July 1, a spending plan that includes tax relief on groceries, fuel and property while bolstering the state's rainy-day fund.

The final votes from the House of Representatives and Senate to pass the fiscal 2023 budget came overnight as the legislature's spring session came to a close. The agreement includes about \$1.83 billion in tax relief and puts \$1 billion into the state's nearly empty rainy-day fund. It will now head to Governor J.B. Pritzker, a billionaire Democrat who's seeking a second term in November, for his signature.

"Short and long-term debt reduction and a balanced budget for the fourth year in row. We've achieved our state's strongest fiscal position in generations," Pritzker said on Saturday after the passage. "Just a few years ago some people said what we've achieved was impossible."

Pritzker along with House Speaker Chris Welch and Senate President Don Harmon, both Democrats, on Thursday announced that they had struck a deal on the broad strokes of the budget. In February, Pritzker had proposed a fiscal \$45.4 billion budget with a \$279 million contribution to the rainy-day fund, following \$600 million in fiscal 2022. A growing economy and higher-than-estimated revenue have led to a surplus, a sharp contrast to the \$406 million deficit forecast in November by the Pritzker administration.

The budget comes amid improving finances for the U.S. state with the lowest credit rating. Illinois received its first credit upgrades in two decades from Moody's Investors Service and S&P Global Ratings in 2021, partly due to higher tax revenue, billions of dollars in pandemic relief from the federal government, and improved fiscal management.

Passage of budgets on-time after a two-year impasse from 2015 to 2017 and reducing unpaid bills are among accomplishments cited by rating firms and investors. The state repaid early the full \$3.2 billion it borrowed from the Federal Reserve's Municipal Liquidity Facility in 2020 and lowered its unpaid bill backlog to about \$3.8 billion from more than \$16 billion in 2017.

Continuing improvements in operating performance toward structural balance may be among factors that support a move to the state's pre-pandemic rating or higher, Eric Kim, a senior director for Fitch Ratings, said in an emailed statement on Friday.

"The budget agreement in Illinois suggests the state is on track to implement credit-positive measures that rebuild fiscal resilience and reduce long-term liabilities including a meaningful deposit to the rainy day fund, addressing long-standing unpaid healthcare bills and chipping away at the pension liability," Kim said.

The state also is including supplemental pension payments in addition to the annual statutorily requirement amount and is reducing debts.

State Republicans, however, said the election-year budget includes “gimmicks” and some temporary fixes.

“Instead of committing to real solutions to combat crime and deliver permanent tax cuts, J.B. Pritzker pushed election year gimmicks that don’t reverse his anti-police, pro-criminal policies but do set up his campaign to permanently raise taxes after the election,” Richard Irvin, a gubernatorial candidate who is currently the mayor of Aurora, Illinois’s second-largest city.

Bloomberg Markets

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April 9, 2022

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