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GOVERNOR QUINN'S STATE OF THE STATE ADDRESS

The Governor presented his State of the State speech today to the General Assembly, mentioning a few of the significant issues facing Illinois and announcing a new Illinois Jobs Agenda for 2012. The Governor also mentioned numerous thank yous to many who he felt have improved Illinois over the last year. Included among his "thank yous" were farmers for their hard work expanding exports. So...thank you farmers!

The Governor did open and close his speech by mentioning that Medicaid and pension reform must be addressed this year. As has been reported, these issues continue to put Illinois in severe financial hardship. The Governor mentioned his pension working group that he has assembled to propose solutions and that he would discuss those during his budget address later in February. As he closed his speech, he mentioned that it will take political courage in order to address these very significant issues.

To build on the recent export growth in Illinois, the Governor announced the creation of an Export Advisory Council. The Council will be chaired by Navistar CEO Dan Ustian and will be made up of other private sector leaders. This Council will reportedly work with the Dept. of Commerce and Economic Opportunity (DCEO) and the Dept. of Agriculture to recommend policies that will make Illinois more competitive in the global marketplace. The Governor also announced a new \$6 million competition to build ultra-high speed broadband across Illinois.

However, the majority of the speech focused on the Governor's announcement of his Illinois Jobs Agenda for 2012. Among the items included in the Jobs Agenda are three tax changes: abolishing the natural gas utility tax, establishing a Child Tax Credit for parents raising children, and a Hiring Veterans Tax Credit to recognize businesses who hire veterans. Abolishing the natural gas utility tax was promoted as targeted tax relief to businesses and consumers and would cost the State of Illinois approximately \$164 million. The Child Tax Credit proposed by the Governor would provide \$100 in tax relief each year for a typical family of four. The Hiring Veterans Tax Credit will reportedly provide businesses a tax credit to business for up to a maximum of \$5000 of a hired veteran's wages.

Another item included in the Illinois Jobs Agenda for 2012 was additional investment in education. Mentioned as investment items were implementing Lt. Governor Sheila Simon's proposed changes to the Community College system, increasing investment in early childhood

education, raising the minimum school attendance age to 18, investing in additional MAP scholarships, and upgrading classrooms with the latest technology.

The Illinois Foreclosure Prevention Network was also included as a part of the Jobs Agenda, providing resources, counseling, legal assistance, and mortgage relief for struggling homeowners.

Finally, the Jobs Agenda includes the Governors Clean Water Initiative which would replace aging water infrastructure, update wastewater treatment facilities, and clean up environmental threats.

While the Governor did present these ideas in his Jobs Agenda, he did not mention nor propose a way to pay for these changes and investments. A common refrain heard around the Capitol is...."how can we find a way to pay for it".

At the close of his speech, the Governor did comment that "cuts alone will not solve" Illinois' fiscal situation. He stated that we must also build and grow our economy. It will be interesting to hear how the Governor proposes to do address the State's fiscal crisis in more detail when he presents his budget address in a few weeks.